

POLICY

Terms and Conditions of Sale

Acceptance of your order is expressly made conditional on your assent to our conditions of sale below, and we (The Company) Pacific Transformer Corporation agree to furnish the items described only upon these conditions. Any additional or conflicting terms other than terms specifying quantity, character of the products ordered and shipping instructions are hereby rejected and shall be of no effect.

1 WARRANTY

The Company warrants for a period of one year from date of purchase that each product to be delivered hereunder will conform to the applicable specification and be free from defects in material and workmanship, and no other warranty, express, implied or statutory (except of title), shall be implied, including but not limited to, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE whether or not advised of any such use, or Delay to Accept Delivery. Upon timely notification by Purchaser of a warranty claim, The Company may, at its sole option, either repair, replace or refund the purchase price of the product(s). The foregoing is The Company sole liability for breach of warranty.

2 LIMITATION OF LIABILITY AND INDEMNITY

The liability of The Company (except as to title) arising out of or relating to the supply of the product, or its use, whether on contract, warranty, negligence, strict or product liability, or otherwise, shall not in any case exceed the cost of the product. Upon expiration of the liability period as hereinabove specified all such liability shall terminate and the foregoing shall constitute the sole remedy of the purchaser. IN NO EVENT SHALL The COMPANY BE LIABLE FOR CONSEQUENTIAL OR SPECIAL DAMAGES. Purchaser shall indemnify and hold harmless The Company, its officers, directors and employees from and against all claims, judgments, liabilities, losses, injuries, and damages of every nature (including incidental costs and expenses) caused by the acts or omissions to act by the Purchaser arising out of or relating to its use of the product.

3 PATENTS

The Purchaser shall hold The Company harmless against any expense or loss resulting from infringement of patents or trademarks arising from compliance with Purchaser's designs or specifications or Purchaser's use of The Company standard product in combination with products not supplied by The Company.

4 PAYMENTS

If in the judgment of The Company, the financial condition of the Purchaser at any time does not justify continuance of production or shipment on the terms of payment originally specified, The company may require full or partial payment in advance, and, in the event of the voluntary or involuntary bankruptcy or insolvency of the Purchaser or the bringing of any proceeding by or against the Purchaser under any bankruptcy or insolvency laws, The Company shall be entitled to terminate the order and shall receive reimbursement for any cancellation charges or costs. Each shipment shall be considered a separate and independent transaction, and payment therefor shall be made accordingly. If shipments are delayed by the Purchaser, payments shall become due on the date when The Company is prepared to make shipment. Products so held at the risk and expense of Purchaser. Expense reimbursement for held shipments to be determined by the Company. Title and right of possession of the product sold hereunder shall remain with The Company until all payments have been made in full. Purchaser is responsible for any and all taxes applicable to the sale of the products. Purchaser is responsible for any and all costs, appertaining to request for Termination or Modification of Issued & Accepted Purchase Orders up to the point of cancellation, as incurred by The Company.

5 NO WAIVER

The waiver or failure of either party to require performance by the other party of any provision of this Agreement shall in no way affect the right of such party to require performance of that provision. Any waiver by either party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Agreement.

6 INTEGRATION AND SEVERABILITY

This Agreement is the complete and exclusive statement of the agreement between the parties with regard to the subject matter, which supersedes and merges all prior and contemporaneous proposals and understandings whether oral or written. If any provision of this Agreement is found to be invalid, illegal or unenforceable under any applicable statute or rule of law, it is to that extent to be deemed omitted. The remainder of the Agreement shall be interpreted so as to be valid and enforceable to the maximum extent possible.

7 APPLICABLE LAW

This Agreement shall be interpreted and governed under the laws of the State of California without regard to its principles regarding conflicts of laws. Any suit or action arising under or related to this Agreement or any provision hereof shall be brought exclusively in the courts of the County of Orange, State of California.

POLICY	REV	APPROVAL DATE	THIS COPY IS UNCONTROLLED WHEN PRINTED
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