

## Standard Terms and Conditions of Sale

**1.0 General**

1.1 (a) The Standard Terms and Conditions may not be modified or cancelled without GAE's written agreement. The sale of Products hereunder shall be governed by the Standard Terms and Conditions, notwithstanding contrary to additional terms and conditions in any purchase order, planning schedule, acknowledgment, confirmation or any other form of document issued by either party effecting the purchase and/or sale of Products. (b) No rights, duties, agreements or obligations hereunder may be assigned or transferred by either party without the prior written consent of the other. The obligation, rights, terms and conditions hereof shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. (c) The waiver of any breach of any term, condition or covenant hereof or default under any provision hereof shall not be deemed to constitute a waiver of any other term, condition, or covenant contained herein or of any subsequent breach or default of any kind of nature. (d) Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or enforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provisions in any other jurisdiction. (e) The Standard Terms and Conditions shall be governed by and construed in accordance with the laws of the State of California and the applicable laws of the United States of America.

**2.0 Quotations and Orders**

2.1 All quotations are subject to final written acceptance by GAE in Modesto, California of Customers purchase order, including any exceptions thereto, before any responsibility for performance shall exist on the part of GAE. All purchase orders received by GAE not in response to a quotation are subject to written acceptance by GAE. All changes from the written quotation of GAE must be approved and accepted in writing by GAE at its address in Modesto, California. Customer is hereby notified in advance of GAE's objection to any proposed additional or different terms or conditions.

2.2 Unless otherwise set forth in the details of a written quotation or proposal, all quotations are valid for a period of thirty (30) days from the date thereof. Any purchase orders issued by the Customer with respect to a quotation from GAE shall be subject to written confirmation of acceptance by GAE.

2.3 The Customer issuing a purchase order ("Purchase Order") to GAE will initiate orders. Purchase Orders will identify the Products, unit quantities, part numbers, descriptions, applicable prices and requested delivery date. Orders are subject to GAE acceptance and to these Standard Terms and Conditions.

2.4 Customer request to reschedule is subject to acceptance by GAE in its sole discretion. Orders may not be canceled or rescheduled after delivery by GAE to the carrier.

**3.0 Pricing and Taxes**

3.1 All prices are F.O.B. GAE's facility in Modesto, California unless otherwise specified.

3.2 Applicable federal, state and other taxes are not included in price quotations and must be paid by the Customer.

3.3 GAE reserves the right to correct all typographical or clerical errors which may be present in prices or specifications contained in a quotation.

3.4 GAE reserves the right in accepting any Purchase Orders to adjust GAE's prices at the time of invoicing to reflect price increases from GAE's suppliers under the following conditions:

- (a) Time from issuance of GAE's quotation to receipt of the Customer's Purchase Order exceeds thirty (30) days;
- (b) Time from acceptance of Customer's purchase order to shipment, as mutually agreed upon, exceeds ninety (90) days;
- (c) Customer's requests changes related to delivery, materials, performance, or specialized equipment which require GAE to incur cost in excess of those included in GAE's quotation.

**4.0 Payment and Terms of Payment**

4.1 Payment and Credit

- (a) Upon approval of credit, payment for sale of standard catalog priced items shall be net thirty (30) days after delivery.
- (b) Sales in excess of twenty thousand dollars (\$20,000) are subject to a special provision for terms of payment as set for in GAE's quotation and may include:
  - (1) Full or partial payment at time of acceptance of purchase order;
  - (2) Progress payment(s);
  - (3) Payment prior to shipment;
  - (4) Other terms as defined by Company.

4.2 Failure on the part of Customer to make full payment on all sums due to GAE as set forth in the GAE's quotation and these standard terms and conditions of sale shall constitute a material breach of contract by the Customer.

4.3 GAE may, at its sole option, thereafter proceed to exercise any or all of GAE's remedies for breach of contract. In addition, GAE may charge and collect from Customer a late charge for any overdue balances due GAE computed at the rate of one-and-one-half percent (1.5%) per month for the period of time said balance or any part thereof is overdue. Said late charge shall be added to any overdue balances.

**5.0 Cancellation**

5.1 Any request by Customer for cancellation in total or in part of any purchase order accepted by GAE shall be subjected to the following conditions:

- (a) GAE must receive written notice of Request for Cancellation stating the reason therefore.
- (b) Customer shall be liable for payment of the following charges to GAE in the event of cancellation:
  - (1) All charges incurred (including overhead, G&A and profit) prior to the date that notice of cancellation is received by GAE for all parts peculiar to Customer's requirements. Upon payment by Customer of these charges such parts become the property of Customer. GAE will store said parts for a reasonable period of time pending receipt of Customer's instructions for disposition. Such storage is at Customer's risk and may be subject to storage charges if stored by GAE for longer than thirty (30) days from the cancellation date; plus
  - (2) Charges to convert modified standard parts for return to GAE's inventory; plus
  - (3) A restocking charge of a minimum of twenty percent (20%) but not to exceed total sales value.
- (c) Custom or special orders are non-cancelable.

**6.0 Shipment and Delivery**

6.1 Receipt of Damaged Goods: it is the responsibility of Customer to immediately file claims for any damages to contents.

- (a) Inspect the contents of the shipment and check the merchandise carefully.
- (b) If any damage is found, contact the carrier and request to file a damage claim. Request for inspection must be made immediately. The delivering carrier will want to know:
  - (1) Name & address of shipper (GAE)

- (2) Shipper number (if applicable) and tracking number
- (3) Contents of shipment and value
- (4) Nature of damage and if available, estimated repair cost.

(c) Keep the container, all packing material and invoice until damage claim is settled. The package and contents will need to be inspected by the carrier.

(d) After notifying the carrier, contact GAE and request a Return Authorization Number. (See Section 9.0, Return Policy)

(e) Failure to contact the carrier and file a claim results in Customer liability.

6.2 Title to all items sold passed to Customer upon delivery of purchased items to the carrier for shipment per Customer's instructions. GAE is not responsible for loss or damages after delivery to carrier. Title to items supplied on lease or consignment remains with GAE, and Customer is responsible for safeguarding same.

6.3 GAE shall not be liable for any claims for loss or damaged whatsoever resulting from disturbance, transportation difficulties, inability to obtain materials or services, acts of federal, state, country or local governments, fires, floods, storms, or acts of God.

6.4 GAE's delivery estimates represent the best information available at that time and GAE will make every effort to meet such dates. Unless there is a specific agreement in writing by GAE, GAE shall not be liable for any claims of damage by Customer resulting in shipping dates from those quoted.

**7.0 Installation**

7.1 All equipment shall be installed by and at the expense of Customer unless otherwise specified in writing.

**8.0 Warranty and Limitations of Remedies**

8.1 GAE warrants that all equipment manufactured by it shall be free from defects in materials and workmanship under normal use and service for a period of twelve (12) months from date of shipment from GAE's facility. This warranty is subject to GAE's equipment being installed, maintained and operated in accordance with the operating and maintenance instructions accompanying each item manufactured by GAE. Warranty shall be void if GAE's equipment is modified by Customer or used in other than the recommended manner or application. Purchased equipment incorporated into any items supplied by GAE will be covered by manufacturer's warranty.

8.2 GAE warrants that, at the time of delivery, any other products processed or manufactured and sold by it hereunder are free of defects in material and workmanship and conform to Company's specifications.

8.3 No warranty is provided by GAE for products sold hereunder which are not manufactured or processed by GAE, but the manufacturer's warranty for such products, if any, shall be assigned to Customer without recourse to GAE.

8.4 Any GAE product or part thereof that is subject to failure due to normal wear and use and thereby considered to be "consumable" (e.g. magnetrons) shall not be covered under warranty unless provided for in writing by GAE.

8.5 Acceptance of any warranty claim by Customer shall be solely at the option of GAE.

8.6 All repair and service under warranty shall be performed by GAE. Unless otherwise agreed in writing by GAE, all applicable taxes, duties, insurance and shipping charges for warranty repair and service shall be the sole responsibility of Customer.

8.7 The foregoing warranties are in lieu of and exclude all other warranties not expressly set forth herein, whether expressed or implied by law or otherwise, including without limitation any warranty of merchantability or fitness for a particular purpose. In no event will GAE be liable for consequential damages.

8.8 IN THE EVENT OF GAE'S LIABILITY, WHETHER BASED ON CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, CUSTOMER'S SOLE AND EXCLUSIVE REMEDY WILL BE LIMITED, AT COMPANY'S OPTION, TO REPAIR OR REPLACEMENT (F.O.B. GAE'S FACILITY) BY GAE OF ANY NONCONFORMING ITEM WHICH CLAIM IS MADE BY THE CUSTOMER OR TO REPAYMENT OF THE PORTION OF THE PURCHASE PRICE PAID BY THE CUSTOMER ATTRIBUTABLE TO THE NONCONFORMING ITEM. GAE WILL NOT BE LIABLE FOR ANY OTHER DAMAGES, WHETHER DIRECT OR INCIDENTAL, CONSEQUENTIAL OR OTHERWISE.

**9.0 Return Policy**

9.1 Any request by Customer for return of products for restocking, for all or any part of purchase order accepted by GAE, shall be subject to the following conditions:

- (a) All sales of GAE products received by Customer are considered final unless otherwise expressly allowed in writing by GAE.
- (b) A RETURN MATERIALS AUTHORIZATION ("RMA") number must be assigned to and accompany all goods or materials being returned by Customer to GAE. Said number must be assigned by GAE prior to any and all returns. Goods not accompanied by a RMA number will be refused by GAE and returned at Customer's expense.
- (c) Customer shall prepay shipping charges for products being returned to GAE.
- (d) Products being returned to GAE should be properly crated for shipment and Customer shall bear the risk of loss until delivered to GAE.
- (e) Products being returned to GAE must be returned in the condition originally received by Customer and free from damage, use or modification which would render the product unusable for resale as new equipment by GAE.
- (f) All applicable taxes, duties, insurance and shipping charges shall be the sole responsibility of Customer.
- (g) Goods being returned for other than warranty repair shall be subject to a restocking charge of twenty (20%) percent of the original sales price of the returned item.

9.2 Return of Equipment for Repair or Servicing

- (a) Before shipping equipment for repair or servicing the Customer must obtain a RMA number assigned by GAE.
- (b) All non-warranty repair and service performed by GAE shall be at Customer's expense.

**10.0 On-Site Service Calls**

10.1 Any service requested by Customer to be performed by GAE at a location other than a GAE facility, other than those required by the specific terms of quotation, shall be made at the expense of Customer.

**11.0 Patents and Rights**

11.1 The equipment to be provided by GAE under its quotation may include items for which a supplier or GAE holds patent rights, has patent rights pending, or has a license to manufacture under patent rights held by others. GAE shall not be liable for any claim against Customer arising from such patent or license rights.

11.2 The acceptance of a purchase order, submittal or quotation, or supply of products, services or equipment does not constitute an offer nor imply the obligation of GAE to make any patents, patent rights, or license to manufacture available to Customer or any third party having a contractual relationship with Customer with respect to any items supplied by GAE.

11.3 All drawings, unique techniques and inventions made by GAE, its agents or employees in the fulfillment of any contracts shall be and remain the sole property of GAE.