

GRAPHEL CORPORATION  
SALES TERMS AND CONDITIONS  
NOVEMBER 1, 2005

1. The purchaser, by the acceptance or use of any of the goods specified herein, agrees to be bound by all of the terms and conditions set forth herein. No modification of these terms and conditions, shall be of any force or effect unless it is in writing and signed by the party to be bound thereby and no modification shall be effected by the seller's acceptance of any form of acknowledgment or purchase order containing different or additional provisions. All terms and provisions on the face and reverse side of your order or attached thereto are excepted.
2. In addition to the price or prices specified herein, the purchaser shall pay to the seller, or at its election, to the appropriate taxing authorities, the amount of all governmental taxes, excises or other charges, present or future, imposed upon or payable or collectible by the seller with respect to or which is ascertained by reference to the production sale, transportation, possession or use of any product or equipment sold, rented or otherwise furnished by the seller hereunder except taxes imposed upon or measured by net income.
3. There is no warranty of merchantability and there are no other warranties which extend beyond the description herein and on the face hereof of the articles sold or delivered hereunder. Furthermore, the seller shall not be liable for any damages, consequential, special, indirect or otherwise, arising out of or in connection with the manufacture, labeling, packaging, delivery, storage or use of any article sold or delivered hereunder and resulting from any breach of warranty contained in or created by said description of said article except that in the event any product sold or delivered hereunder shall fail to meet said description. The buyer shall be entitled to replacement of such article at no cost to the buyer, with an article which does meet said description, and this remedy shall be the buyer's exclusive remedy. Failure of the buyer to give written notice of claim within twenty (20) days after receipt of any article shall constitute a waiver by the buyer of all claims with respect to such article.
4. Seller shall not be responsible for delays and non-delivery caused, directly or indirectly, by labor difficulties, accidents, acts or regulation of any governmental authority or agency interruption, inability to obtain or shortage of transportation facilities, power or raw materials, war or acts of GOD, or any other cause whatever beyond the seller's reasonable control, whether or not similar to those enumerated.
5. Cancellation of an order, or any part thereof, shall be subject to the following terms:  
  
The purchaser shall pay the contract price of all goods that have been completed. In addition to such payment, as to any part of the order that shall be in process the purchaser shall pay a sum equal to the same proportion of the contract price as the degree of completion of the goods in process on date cancellation is received bears to full completion. Termination charges on government contracts and subcontracts will be determined in compliance with applicable laws and regulations. At the seller's option the purchaser's request for delays of shipment may be deemed to be cancellations.
6. We hereby certify that these goods were produced in compliance with all applicable requirements of the fair labor standards act as amended, and of regulations and orders of the U.S. Department of Labor.
7. This invoice covers material furnished pursuant to an agreement concluded in the state of Ohio, USA and delivered to carrier for the account of the buyer F.O.B. our factory, title and possession transferring to buyer at the time and place of delivery to carrier.
8. With respect to any or part or item received for machining or similar work, Graphel's liability for damage or loss is limited to one hundred dollars (\$100) for each item received.