

TERMS AND CONDITIONS

1. PACKING AND SHIPPING: INVOICES

All invoices, packing slips, bills of lading, containers, tags and correspondence pertaining to this order must bear Buyer's order number and coding, if any, and all invoices must be accompanied by a bill of lading if shipment is made by common carrier. A separate invoice must be rendered for each lot of material shipped or delivered to Buyer on account of this order. Material received and not covered by an invoice will be held at Seller's risk and expense. All goods shall be prepared for shipment and packed to prevent damage and deterioration and to comply with carrier tariffs. No charges will be paid by Buyer for preparation, packing, crating, or freight unless so noted on the face of this agreement. Shipments shall be strictly in accordance with the quantities and schedule specified in the order. If it appears Seller will not meet such schedule, Seller shall promptly notify Buyer and, if requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum of the extent possible, and added cost shall be borne by Seller. Buyer is not obligated for any articles shipped in excess of quantities shown in the quantity column on this order unless written approval has been given by Buyer. Buyer is not obligated for any articles shipped which differ in any respect from the articles described in the description column on this order unless written approval has been given by Buyer to Seller to vary the order. Upon shipment, Seller must mail copies of their invoice to the Buyer.

2. DELIVERY AND RECEIPT OF GOODS

The place for delivery of the goods shall be the place of business of Buyer at 365 Upland Drive, Tukwila, WA 98188, or other place as may be directed by Buyer. Goods sold under this agreement shall be deemed received by Buyer when delivered to Buyer at the above address or such other address as directed.

3. QUANTITY

Advance shipments and shipment of a greater quantity than that ordered will not be accepted unless authorized in writing by Buyer, nor shall shipment of a lesser quantity and Buyer's acceptance thereof relieve Seller of his obligation to deliver the balance of the goods ordered except that Seller may deliver a greater or lesser quantity than that ordered to the extent allowed by standard industry practices.

4. WARRANTIES AND LIABILITY

Seller warrants that all goods furnished: (i) will meet Buyer's specifications therefor; which specifications, together with related drawings, samples and descriptions are incorporated into this Agreement by reference; (ii) will be merchantable and fit for the particular purpose intended; and (iii) will be of good quality, workmanship and design. Buyer may reject, at any time, all goods that do not conform to specifications, or if none have been specified, to standard specifications.

5. RIGHT TO INSPECT

Buyer shall have the right to inspect all articles and material ordered, both in Seller's plant before shipment and after arrival at shipping destination. If Seller employs the services of any sub-contractor or agent, Seller shall upon request by Buyer, furnish the name and address of such sub-contractor and arrange for inspection by Buyer. Buyer may reject any and all articles and materials not conforming to specifications, drawings, samples or descriptions. Any rejected articles or materials held by Buyer pending Seller's disposition will be at Seller's risk.

6. WARRANTY AGAINST PATENT INFRINGEMENTS

To the extent articles to be furnished hereunder are not manufactured pursuant to design originated by the Buyer, the Seller, by accepting this order warrants that the sale or use of any and all articles or materials delivered hereunder will not infringe any United States or foreign patent and agrees that he will at his sole cost and expense defend any action, suit or claim in which a violation of patent rights is alleged with respect to the sale or use of any material or articles ordered hereby and that he will hold harmless the Buyer and its customers and either of them, for any loss, damage, or liability incurred on account of any violation or alleged violation of patent rights with reference to the materials or articles ordered hereby.

7. TERMS

If invoices are subject to discount for prepayment, Seller shall state so clearly on its invoice so that payment can be made within the time specified.

8. GUARANTEES

All materials ordered that are required by Federal or State laws or regulations to meet certain specifications or to be produced in accordance with certain standards shall be guaranteed by Seller to conform thereto. All invoices must bear a certification that the goods covered thereby have been produced in accordance with the requirements of the Fair Labor Standards Act of 1938, as from time to time in force and effect.

9. CONTINGENCIES

Buyer shall not be liable to Seller or any other person for any failure or delay in the performance of any obligation under this agreement due to events beyond its reasonable control including, but not limited to, fire, storm, flood, earthquake, explosion, accident, acts of the public enemy, sabotage, riots, civil disorders, war, strikes, lockouts, labor disputes, labor shortages, work stoppages, transportation embargoes or delays, failure or shortage of materials, supplies or machinery, acts of God, or regulations or priorities of the Federal, State or local governments or branches or agencies thereof. Similar events shall excuse Seller for delay or failure to deliver merchandise as ordered due to any such events.

10. SPECIAL TOOLING

If the price of the materials purchased includes any machinery, designs, drawings, tools, jigs, dies, fixtures, patterns or testing equipment (herein called special tooling) required by Seller for the purpose of filling this order, such special tooling shall become the property of Buyer. Such special tooling shall be maintained by the Seller in good condition at Seller's expense and shall be used only in filling orders from Buyer. Upon completion or termination of the order, Seller shall deliver the special tooling to Buyer or as instructed by Buyer.

11. PURCHASER'S PROPERTY

Seller agrees to assume all risk and to indemnify Buyer for any loss or damage of any property in Seller's possession or under possession of someone to whom Seller has temporarily assigned the property belonging to or which an equitable interest exists in Buyer.

12. INDEMNIFY

Seller agrees to indemnify, hold harmless, and defend Buyer, its officers, agents and employees, from liability of any kind (including costs, expenses and attorney's fees incurred) from any and all claims, suits and liabilities for injuries to property or persons, including death, resulting from any act or omission of Seller or its officers, agents and employees arising out of or connected with the materials furnished under this Purchase Order.

13. REPLACEMENT OF REJECTED GOODS

At Buyer's option and upon written request, Seller shall replace those goods rightfully rejected by Buyer. Seller shall bear all additional costs incurred in shipping and delivering such replacement goods. Buyer's request for and acceptance of replacement goods will not constitute a waiver of any claim Buyer may have against Seller arising from the initial shipment of nonconforming goods.

14. CANCELLATION AND CHANGES

Buyer reserves the right to cancel this order without penalty if prices, deliveries, or conditions specified by the Seller upon the acknowledgement copy of this order are unsatisfactory to Buyer or if shipments are not made as promised. Buyer further reserves the right to cancel a portion or all of this order, prior to shipment, for no reason or for any reason, such as, but not limited to suspension of Seller's business, insolvency of Seller institution, or bankruptcy, reorganization, arrangement, or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, or any assignment by Seller for the benefit of creditors. Upon such cancellation, Buyer shall be obligated to pay Seller all reasonable costs actually and necessarily incurred by Seller prior to receiving notice of cancellation, plus a reasonable profit based on such costs, and not to exceed fifteen percent (15%) thereof. The failure of Seller to perform any obligation of this agreement shall be deemed a breach, and buyer shall thereon be entitled to cancel this agreement.

Buyer shall in addition, have the right at any time by written order to make changes in the work to be performed by the Seller. If such changes cause an increase or decrease in the amount due under the Purchase Order or in the time required for its performance, an equitable adjustment shall be made and the Purchase Order shall be modified in writing accordingly. In no event shall Buyer have any liability for loss of anticipatory profits of either Seller or Seller's suppliers.

15. WAIVER

No course of conduct, nor any delay of Buyer in exercising any rights hereunder, shall waive any rights of Buyer or modify this agreement.

16. ASSIGNMENT

Seller shall make no assignment of any monies due under this agreement or delegate any obligations or part thereof which this agreement imposes without first obtaining Buyer's written consent thereto.

17. GOVERNING LAW

Any question concerning the validity, construction or performance of this agreement shall be governed by the laws of the State of Washington including the Uniform Commercial Code (as enacted in Washington). The parties consent to the jurisdiction of the courts of the State of Washington.

18. EQUAL EMPLOYMENT OPPORTUNITY

Except to the extent this order is exempted therefrom, the Equal Employment Opportunity clause required by Section 202 of Executive Order 11246, as amended, and Executive Order 11375 are incorporated herein by this specific reference and Seller is bound thereby.

19. OSHA

Seller agrees to comply with the provisions of the Occupational Safety and Health Act of 1970, and the standards and regulations issued thereunder and warrants that all goods and/or services furnished under this order will conform to and comply with said standards and regulations.

20. NON-DISCLOSURE AGREEMENT

All data, drawings, designs, samples, or other forms of specifications and information provided by Buyer are proprietary and confidential information which is the property of Buyer. Seller shall not use or disclose such drawings, designs, samples, or other forms of specifications and information belonging to or supplied by or on behalf of Buyer, except in the performance of this or other orders for Buyer. Upon Buyer's request, such data, designs, or other information and any copies thereof shall be returned to the Buyer. Where Buyer's data, designs, or other information are furnished to Seller's suppliers for procurement of supplies by Seller for use in the performance of Buyer's orders. Seller shall insert the substance of this provision in its orders for the benefit of Buyer.