



## Trust Automation Terms and Conditions of Sale

This Terms and Conditions of Sale and Service Agreement applies to all quotations and offers made by and purchase orders accepted by Trust Automation (hereinafter "TA") and, to the extent of any conflict with other written or oral terms or conditions relating to the subject matter hereof, takes precedence over those other terms and conditions, whether made by any customer or prospective customer (hereinafter "Buyer") or TA. Buyers should not rely on precedence language attached to purchase orders or other documents and should bring any concerns related to terms and conditions to the attention of TA prior to placing orders. Any changes in the terms and conditions contained herein must specifically be agreed to in writing by a corporate officer of TA before becoming binding on either party.

### 1. Cancellation/Rescheduling

Order cancellation/reschedule is accepted in Purchase Order form only. Standard product orders may be cancelled or rescheduled 31 days or more prior to acknowledged shipment date with no penalty. Standard product orders cancelled or rescheduled 30 days or less prior to acknowledged shipment date are subject to a cancellation/reschedule charge equaling 10% of the price of the cancelled/rescheduled items. Reschedule notices requesting delivery date more than 60 days after the originally scheduled ship date are considered cancellation. Cancellations may affect quantity discounts. Custom product orders (sometimes indicated with a TA part number "x"- "nnnn"- "suffix" ex. C-1234-D01) may not be cancelled or modified except by express written consent of TA. Cancellation of orders for or Buyer's refusal to accept delivery of all or any portion or installment of such custom product orders shall entitle TA to recover the price of any installment of the custom product as to which delivery has been refused, the value of any work in process and the cost of any material purchased by TA or TA's suppliers in order to manufacture the custom products. No cancellation by Buyer for default by TA shall be effective unless TA shall have failed to correct such alleged default within thirty (30) days after receipt by TA of a written notice of default.

### 2. TA Initiated Cancellation

TA may decline to make further shipments and/or cancel Buyer's order if Buyer is in default on payment or any obligation to TA or in the event that Buyer becomes insolvent or bankrupt, makes a general assignment for the benefit of, or enters into any arrangement with creditors, files a voluntary petition under any bankruptcy, insolvency, or similar law, or has proceedings under any such laws instituted against it. TA may take such action without affecting TA's rights and remedies under this Agreement including, but not limited to, any right to cancellation charges and quantity discount adjustments. In the event TA is unable to perform, wholly or in part, because of any cause beyond its control, TA may cancel an order without any liability to the Buyer.

### 3. Payment Terms

Payment terms for Buyer, with TA pre-approved credit, are net thirty (30) days from the date of invoice. Buyer shall pay interest on any invoice balance unpaid after thirty-one (31) days from invoice date thereof at a rate of 1.5% per month. TA reserves the right to change credit terms if Buyer's financial condition changes or Buyer fails to make any payment when due. Prices do not include any taxes, now or hereafter applicable, which apply or may apply to the products sold or to this transaction. Taxes will be added by TA to the sales price where TA is required by law to collect them, and will be paid by Buyer unless Buyer provides TA with proper tax exemption documentation in form and substance satisfactory to TA.

### 4. Delivery

Shipping terms are FOB TA's shipping point. TA will select the carrier for shipments if Buyer does not. TA reserves the right to make deliveries in installments. Delivery delay or default of any installment shall not relieve Buyer of its obligations and in no event shall TA be liable for increased manufacturing costs, loss of profits or goodwill or any other incidental or consequential damages. Claims for shortages must be made within ten (10) days after arrival.

### 5. Quantity Discounts

TA reserves the right to review quantity discounts at any time and to revise or eliminate such discounts based on the Buyer's purchasing history, order cancellation activity, or forecast. If, as a result of such review, quantity discounts are revised or eliminated, TA may apply revised pricing to pending or in-process orders.

### 6. Title/Risk of Loss

Title to hardware and risk of loss passes to Buyer upon delivery to carrier at shipping point.

### 7. Installation and Acceptance

Products that do not include installation services in the purchase price are deemed accepted by the Buyer upon delivery. Products that include installation services in the purchase price are deemed accepted by the Buyer upon successful completion of TA's installation and test procedure. If TA installation is scheduled or delayed by Buyer more than 30 days after delivery, acceptance of the product will be deemed to have taken place on the 31 St day after the delivery.

### 8. Warranty

**GENERAL** - All products sold by Trust Automation Inc. are warranted against defects in material and workmanship for a period of one (1) year from the date of shipment. If you believe any Trust Automation Inc. product you have purchased has a defect in material or workmanship, or has failed during normal use within the warranty period, please contact Trust Automation Inc. at (805) 544-0761 for assistance and/or a Return Material Authorization Number (RMA#). If product repair or replacement is necessary, the Customer will be responsible for all return shipping charges, freight, insurance and proper packaging to prevent damage in transit, whether or not the product is covered by this warranty. During the warranty period, product determined by Trust Automation Inc. to be defective in form or function will be repaired or, at Trust Automation Inc.'s option, replaced at no charge. Trust Automation Inc. will pay the return shipping charges (ground for US based shipments, most economical air for international shipment. Customer may elect to change shipment method and pay the difference.), for products that have been repaired or replaced. All duties and taxes remain the responsibility of the customer. All shipments of repaired or replaced products will be F.O.B. at Trust Automation Inc. headquarters in San Luis Obispo, California. For tracking purposes, products to be repaired or replaced must be returned to Trust Automation Inc. with a Trust Automation Inc. RMA#, and a Purchase Order. The standard charge for non-warranty repair work is \$120 per hour, plus parts. Trust Automation will provide repair cost estimate prior to performance of out of warranty repair work. Send product to:

Trust Automation  
143 Suburban Road, Suite 100  
San Luis Obispo, CA. 93401  
ATTN: "RMA Number"

Material and workmanship used in the repair and replacement of Trust Automation products under this warranty are warranted additionally against defects for a period of ninety (90) days from the date of return shipment to the customer.

**LIMITATIONS** - This warranty does not apply to damage resulting from accidents or any Customer actions, such as mishandling, misuse, improper interfacing, operation outside of design limits, improper repair, or unauthorized modification. No other warranties are expressed or implied. Trust Automation Inc. liability shall be limited to the actual purchase price of any defective unit or units of equipment to which a claim is made, and shall in no event include the Customer's manufacturing costs, lost profits or goodwill, or any other direct, indirect, special, incidental or consequential damages.

### 9. Intellectual Rights Indemnification

TA shall indemnify and hold BUYER harmless from any and all claims, liabilities, losses, costs, and expenses incurred by BUYER arising from any claim or proceeding made or brought against BUYER based on an allegation that a PRODUCT as supplied hereunder infringes any U.S. patent, trademark or copyright of any third party. BUYER shall promptly notify TA and TA shall be responsible for defending against such action, with counsel of TA'S choice and shall indemnify BUYER from such claims of infringement, provided that BUYER (1) gives TA prompt written notice of any such claim, (2) allows TA to direct the defense and settlement of the claim, and (3) provides TA with the authority, information, and assistance that TA deems reasonably necessary for the defense and settlement of the claim. If a final injunction is obtained in an action based on any such claim against BUYER'S use of the PRODUCTS by reason of such infringement, or if in the TA'S opinion such an injunction is likely to be obtained, TA may, at its sole option, either (1) obtain for BUYER the right to continue using the PRODUCT, (2) replace or modify the PRODUCT so it becomes non-infringing, or (3) if neither (1) or (2) can be reasonably effected by TA, credit to BUYER the prices paid for the PRODUCT during the six (6) months prior to the credit, provided that such PRODUCTS are returned to TA in an undamaged condition. Notwithstanding the above, TA shall not be liable to BUYER for any claim arising from or based upon the combination, operation, or use of any PRODUCT with equipment, data or programming not supplied by TA, or arising from any alteration or modification of Products.

### THE PROVISIONS OF THIS SECTION SET FORTH THE ENTIRE LIABILITY OF TA AND THE SOLE REMEDIES OF BUYER WITH RESPECT TO INFRINGEMENT AND ALLEGATIONS OF INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OR OTHER PROPRIETARY RIGHTS OF ANY KIND IN CONNECTION WITH THE INSTALLATION, OPERATION, DESIGN, DISTRIBUTION OR USE OF PRODUCTS.

BUYER agrees to indemnify TA (including paying all reasonable attorneys' fees and costs of litigation) against and hold TA harmless from, any and all claims by any other party resulting from BUYER'S acts (other than the mere marketing of Products and/or Services), omissions or misrepresentations, regardless of the form of action.

### 10. Limitation of Liability

The total liability of TA for any claim or damage arising out of this Agreement, and whether in contract or in tort, shall not exceed the price of the individual product(s) whose defect or damage is the basis of the claim.

### REGARDLESS WHETHER ANY REMEDY SET FORTH HEREIN OR IN COMPANY'S LIMITED WARRANTY ACCOMPANYING DELIVERY OF PRODUCTS FAILS OF ITS ESSENTIAL PURPOSE OR OTHERWISE, COMPANY WILL NOT BE LIABLE FOR ANY LOST PROFITS, BUSINESS INTERRUPTION, LOST DATA, OR ANY FOR OF SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND SUFFERED BY BUYER OR OTHERS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR PRODUCTS FOR ALL CAUSES OF ACTION OF ANY KIND EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

### 11. Hazardous Applications

Buyer acknowledges that TA products are intended for standard commercial uses. The products are not sold, licensed or distributed for use in any hazardous environments requiring fail safe performance, such as operation of nuclear facilities, aircraft navigation or communications systems, air traffic control, direct life support machines, weapon systems, or any other application in which the failure of products could lead directly to death, personal injury, or severe physical or environmental damage.

### 12. General

If any provision of this Agreement is held to be unenforceable, the enforceability of the remaining provisions shall in no way be affected or impaired. TA's failure to exercise any of its rights under this Agreement shall not constitute a waiver or forfeiture of such rights. This Agreement, along with any exhibits or schedules thereto, supersedes all prior agreements and understandings, oral or written, between TA and Buyer and is intended as the complete and exclusive statement of this Agreement. The prevailing party in any action or proceeding brought in connection with a breach of this Agreement will be entitled to reimbursement by the other party for reasonable costs and reasonable attorney's fees. Any controversy or claim arising out of or relating to the Agreement or the breach thereof shall be settled in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The location of such arbitration proceedings shall be San Luis Obispo, CA, USA for actions initiated by Buyer or, a U.S. city specified by Buyer for actions initiated by TA. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Agreement will be governed by and construed in accordance with the laws of the State of California, USA, without regard to the conflict of laws principles thereof.