

TERMS AND CONDITIONS OF SALE SL POWER ELECTRONICS CO.

1. CONTROLLING TERMS AND CONDITIONS. Any term(s), condition(s), and/or provision(s) of Purchaser's order which is, in any way, inconsistent with or in addition to the terms and conditions of this Agreement shall not be applicable herein or binding upon Seller and in no event shall any such inconsistent term and/or condition of Purchase's order, whether by acknowledgment or otherwise, become a part of this Agreement. If Purchaser objects to one or more of the terms herein, such objection must be in writing and received by and accepted by Seller prior to the commencement of performance by Seller. Acceptance and/or relocation of any goods or any part thereof delivered by Seller hereunder shall be conclusively deemed acceptance of the terms and conditions hereof. Seller's failure to object to terms contained in any communication from Purchaser shall not be a waiver of any of the terms of this Agreement. The acknowledgment and acceptance of an order is subject to written management approval by Seller and must include the product description and the terms and conditions of sale. Any deviation from this acceptance or acknowledgment must be approved in writing by the management of Seller.

2. PRICES AND TAXES. The prices shall be Seller's standard prices, which are in effect at the time Seller accepts Purchaser's order. Seller reserves the right to change prices, terms, conditions and/or specifications without notice unless otherwise specified. If prices are increased, the prices in effect immediately prior to the increase will apply to the unshipped portion of all orders for a period of thirty (30) days following the effective date of the increase. Seller also reserves the right to correct typographical and clerical errors. The price quoted does not include any taxes or assessments of any government or subdivision thereof, including, without limitation, any and all local, state, federal, export, import, sales or use tax or duties, unless specifically agreed upon in writing. Purchaser agrees to pay any and all taxes or assessments required to be paid as a result of the transactions herein contemplated or reimburse Seller for any and all taxes or assessments that Seller is required to pay.

3. TITLE, RISK OF LOSS AND DELIVERY. Title to the goods shall pass to Buyer when the goods are identified to this contract and placed in a shipping container with a shipping address to Buyer. For goods produced in Mexico, goods will be identified to a contract and title will pass to Buyer at point of manufacture in Mexicali, Mexico. For goods produced in China or the United States, goods will be identified to a contract and title will pass to Buyer in Oxnard, California. For goods produced in Mexico, Seller has included in the invoice price a charge for shipping and for insurance, and Buyer and Seller agree that the risk of loss will transfer to Buyer upon delivery of the goods to a freight forwarder, delivery of the goods to a common carrier or delivery of the goods to a freight forwarder's warehouse in Calexico, California, whichever occurs first. Seller agrees that Seller will either ship the goods itself to a freight forwarder's warehouse in Calexico, California, or will arrange for shipment of the goods to said warehouse from Mexicali, Mexico with a reliable common carrier or freight forwarder. In arranging for the shipment of goods produced in Mexico, if a third party shipper or freight forwarder is used, Seller shall agree to a valuation with the common carrier or freight forwarder in the amount of the invoice price under this contract, and shall procure insurance from a reliable insurance company of Seller's choosing, covering the goods during the shipment, in the amount of the invoice price under this contract. Seller shall be responsible for loading the goods produced in Mexico onto the carrier. For goods produced in Mexico, the cost of loading, transport, insurance to Calexico, California is included in the quoted price unless separately shown and identified. For goods produced in China, Seller has included in the invoice price a charge for shipping and

insurance to Oxnard, California and risk of loss shall transfer to Buyer in Oxnard, California. Separately shown and identified costs, if any, will be invoiced and shall be paid by Purchaser in addition to the quoted price.

4. TERMS, METHOD OF PAYMENT AND SECURITY AGREEMENT. All payments to be in U.S. Dollars. Where credit is extended to Purchaser, terms of payment shall be net 30 days from date of receipt of goods by customer. Buyer agrees to pay a finance charge commencing on the thirty-first (31st) day following the later of shipment date or invoice date, of 1½% per month or portion thereof on the unpaid balance of overdue payments. If payment is not received by the thirty-first (31st) day following the later of shipment date or invoice date, Seller may also advise credit agencies, and/or exercise any and all rights and remedies at law or in equity. The amount of credit or terms of payment may be changed or credit withdrawn by Seller at any time without advance notice for orders that have not yet shipped, and upon such change by Seller, such orders may be cancelled by Purchaser. On noncredit sales, shipment shall be, at Seller's election, either cash with order or other normal commercial means. If the goods are delivered in installments, Purchaser shall pay for each installment in accordance with the terms hereof. Payment shall be made for the goods without regard to whether Purchaser has made or may make any inspection of the goods. If shipment is delayed by the Purchaser, final payment shall become due 30 days after the date when Seller was prepared to make shipment. Any goods held for Purchaser shall be at Purchaser's sole risk and expense. Until the goods are paid for in full, Seller retains a security interest in the goods and shall have all rights of a secured party thereon pursuant to the provisions of the applicable Uniform Commercial Code Purchaser shall, upon request of Seller, execute a Financing Statement as required by Applicable Uniform Commercial Code, and Seller shall have the right to require receipt of such executed Financing Statement prior to shipment of the goods. In furtherance of the foregoing irrevocable power, coupled with an interest, is hereby granted and reserved unto Seller to execute such Financing Statement on Purchaser's behalf and stead. The acceptance of goods by Purchaser shall be deemed a grant and an acknowledgement of and conclusive evidence of such grant and reservation of powers to Seller as Purchaser's attorney-in-fact for purposes of executing any such Financing Statement. Any delay in shipment caused by Purchaser's failure to execute such Financing Statement shall not otherwise affect the rights of Seller or liability of Purchaser under the purchase documents. If progress payments are required to be made by Purchaser during the period the goods are being manufactured, and if the progress payments are not made when due, Seller shall without liability to Purchaser, have the right to cease further preparation of the goods.

5. CONTINGENCIES. Seller shall be excused from performance and shall not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond the control of Seller or beyond the control of Seller's suppliers, including, not limited to, war (declared or not), terrorism, sabotage, insurrection, riot, or other act of civil disobedience, act of public enemy, failure or delay in transportation, act of any government or subdivision thereof affecting the terms of the sale or otherwise, judicial action, labor dispute, accident, fire, explosion, flood, storm, or other act of God, shortage of labor, fuel, raw material, or machinery, or mechanical failure where Seller has exercised ordinary care in thereof. If any contingency occurs, Seller may allocate production and deliveries among Seller's customers in Seller's sole discretion.

6. RESCHEDULES. Custom / modified standard product is designed for a specific customer. 30-day notice is required to reschedule standard product and 90 days' notice is required for custom product. Custom product that is in Seller's finished goods or work in

process cannot be rescheduled. Reschedules are allowed one time on a given model number and purchase order number without incurring added cost to the Buyer. Reschedules are not allowed beyond twelve (12) months of original purchase order date without requesting the original purchase agreement.

7. CANCELLATION. Custom product is defined as product designed for a specific customer. Standard product may be cancelled with sixty (60)-days' prior written notice at no charge to Buyer. There will be a 5% cancellation charge if 31 to 59 days' prior written notice of cancellation is given, and a 10% cancellation charge if 15-30 days' prior written notice of cancellation is given. Product cannot be cancelled with less than fifteen (15) days' notice. Orders for custom product are not cancellable unless agreed upon by Seller. If less than fifty percent (50%) of the original quantity of units are taken, the customer will be re-billed on the units taken to the proper price break.

8. EXCLUSION OF ALL WARRANTIES EXCEPT LIMITED WARRANTY. SELLER MAKES THE LIMITED WARRANTY THAT IT WILL REPLACE OR REPAIR AT ITS SOLE OPTION, ANY POWER SUPPLY THAT IT MANUFACTURED THAT DOES NOT PERFORM TO PUBLISHED SPECIFICATIONS AS A RESULT OF DEFECTIVE MATERIAL OR WORKMANSHIP, FOR A PERIOD OF TWO YEARS FROM DATE OF ORIGINAL PURCHASE FOR SWITCHING, AND THREE YEARS FROM DATE OF ORIGINAL PURCHASE FOR INTERNATIONAL SERIES LINEAR POWER SUPPLIES. THIS LIMITED WARRANTY SET FORTH IN THE PRECEDING SENTENCE IS IN LIEU OF ANY OTHER TYPE OF WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THAT THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS OR SUITABILITY FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED. Prior approval for returns or replacement or rejection on the basis of lot reliability replacement, must be obtained from the management of Seller and returns must be sent to Seller freight prepaid. Seller does not warrant product rejected as a result of reliability testing or processing not previously agreed to in writing by Seller. This limited warranty does not apply to defects arising as a result of Buyer's design or formula.

9. LIMITATION OF DAMAGES. SELLER'S SOLE AND EXCLUSIVE MAXIMUM LIABILITY UNDER THIS AGREEMENT FOR BREACH OF THE LIMITED WARRANTY SET FORTH IN PARAGRAPH 8 ABOVE SHALL BE LIMITED TO REPLACEMENT OF DEFECTIVE GOODS OR REFUND OF THE PURCHASE PRICE, AT THE SOLE OPTION OF SELLER. If Seller breaches any other provision of this Agreement or if Purchaser has any other claim against Seller, Seller's sole and exclusive maximum liability, whether based on contract, tort, or otherwise, shall not in any event exceed the purchase price for the particular item or goods involved. Seller shall not have any liability to Purchaser and/or to third parties if Purchaser alters or misuses the goods, or fails to follow written instructions or warnings concerning the goods. Purchaser is also responsible for all liability associated with the resale of the goods or incorporation of the goods into other work for any third party. In no event shall Seller be liable to Purchaser or any customer of Purchaser, or anyone for any other direct, incidental, or consequential damages, including but not limited to, lost profits, interruption of business, lost revenue, loss of use, cost of down time, business goodwill, extra work, or damages to third parties, or punitive damages, even if Seller has been advised of the possibility of such damages. Purchaser expressly agrees that Seller's sole maximum liability for damages for any cause whatsoever shall be limited to the purchase price of the goods and when Buyer accepts the goods under this agreement, Buyer is precluded from seeking any other damages against Seller. Purchaser assumes all risk

and liability for loss, damage or injury to property of Purchaser or Purchaser's customers or others arising out of the use of the goods sold under this Agreement.

10. TECHNICAL ASSISTANCE. Seller's limited warranty shall not be enlarged, and no obligation or liability shall arise out of Seller's rendering of technical advice and/or assistance, computerized data, facilities or service in connection with Buyer's order or the goods finished.

11. DAMAGE OR SHORTAGE. A claim relating to the shipment or packaging of goods must be made within fifteen (15) working days of receipt of the goods by Purchaser at its warehouse. Any goods being returned to Seller must have management approval from Seller. Any returned goods must be received in their original condition and Purchaser shall pay to Seller a restocking charge of 25% on any returned goods, unless the goods were defective.

12. INFORMATION DISCLOSED TO PURCHASER AND SELLER. Purchaser and Seller shall not disclose to any person outside its employ or use for any purpose, other than to fulfill its obligations under this order, any information received from the other party. All communications of Seller to Purchaser, or Purchaser to Seller, including, without limitation, quotations, specifications, drawings, diagrams, customers, pricing information and other information and materials furnished by one party to the other and identified in writing as confidential, shall not be disseminated or otherwise disclosed to any person, firm or corporation, except as herein set forth, without the prior written consent of the disclosing party. All specifications, technical information, and data heretofore and hereafter furnished by Seller to Purchaser or Purchaser to Seller in connection with the purchase of goods or services covered by this order and/or copies or extracts thereof shall not be disseminated or otherwise disclosed to any person, firm or corporation, without the prior written consent of the disclosing party.

13. PATENT INDEMNIFICATION. Buyer agrees to indemnify, defend and hold harmless Seller (including but not limited to Seller's attorneys' fees and costs of suit) from and against any claim, demand, lawsuit, proceeding, damage or loss based upon a claim that Buyer's product infringes a United States or foreign patent, and to pay attorneys' fees and costs and damages finally awarded in any such suit. In no event shall Seller be liable for any incidental or consequential damages arising from infringement or alleged infringement of patents, copyrights, trademarks or trade secrets.

14. SUBCONTRACTING - ASSIGNMENT. Purchaser and Seller shall not assign their rights or transfer their obligations hereunder except with the prior written consent of the other party.

15. SET-OFF. Purchaser shall not, at any time, be entitled to set off any amount whatsoever owing at any time from Seller to Purchaser or any of Purchaser's affiliated companies against any amount payable at any time by Purchaser or any of its affiliated companies to Seller.

16. APPLICABLE LAW AND JURISDICTION. The validity, performance and construction of this contract shall be governed by the laws of the State of California for contracts made and to be performed in the State of California. Purchaser hereby irrevocably submits to the exclusive jurisdiction and venue of any action, arbitration, or proceeding in Ventura County, California.

17. NON-WAIVER. The failure of Purchaser or Seller to insist in any one or more instances upon performance of any of the terms, covenants, or conditions of this Agreement or to exercise any right or remedy hereunder or in law or in equity, shall not be construed as a waiver or relinquishment of any such term, condition, rights or remedy, or any other terms,

conditions, rights or remedies under this Agreement or any future performance of any terms, covenant, or conditions of the future exercise of any right or remedy. Each shipment made hereunder shall be considered a separate transaction. In the event of any default by Purchaser, Seller may decline to make further shipment. If Seller elects to make shipments, Seller's actions shall not constitute a waiver of any default by Purchaser or, in any way, affect Seller's legal rights or remedies for any such default.

18. ENTIRE AGREEMENT. This contract constitutes the entire agreement between the parties relating to the sale of goods described herein and supersedes all previous communication, representation, or agreements, either oral or written, with respect to the subject matter hereof. No representations or statements of any kind made by any representative of Seller which are not stated herein, shall be binding on Seller. No addition to or modification of any provision to the contrary shall be binding upon Seller unless made in writing and signed by a duly authorized representative of Seller located in Seller's business offices. No course of dealing or usage of trade or course of performance shall be referenced to explain or supplement any terms expressed in this contract.

19. ATTORNEYS' FEES. In the event a lawsuit or legal action is filed to collect money due under this contract, the prevailing party shall recover its reasonable attorneys' fees and costs of suit.

20. ARBITRATION. Any dispute arising out or related to this Agreement, or the breach, termination or validity thereof, shall be submitted to binding arbitration before the American Arbitration Association, which shall be the sole and exclusive procedure for the resolution of any such dispute. The American Arbitration Association shall appoint a person who is a retired judicial officer to be the arbitration hearing officer. The arbitration shall be conducted in accordance with the rules and procedures of the American Arbitration Association.

21. Terms and Conditions of Sale Anti-Bribery. Buyer shall comply fully at all times with applicable national and international anti-bribery rules, including, without limitation, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010, and any other applicable EU, OECD and Council of Europe anti-bribery rules. Buyer will not offer, make, promise to make, or authorize the making of any gift or payment of money or anything of value either directly or indirectly for purposes of (a) influencing any act or decision of any government official or political party (or candidate thereof) (collectively, "Officials"); (b) inducing an Official to do or omit to do any act in violation of the lawful duty of that Official; or (c) inducing an Official to use influence with a non-U.S. government or instrumentality.

CERTIFICATE OF CONFORMANCE

I certify that the units listed on the reverse side have been built in accordance with the SL Power Electronics Corp. Quality Control Procedures and 100% electrical and safety tested to insure compliance to SL Power's published specifications. Reference hi-pot procedure 41-31977-0001.

By *Ron Strauss*
Manager of Corporate Quality Assurance