

OEwaves, Inc.

Terms and Conditions of Sale

1. Limits of Agreement

The terms and conditions as set forth herein as well as any additional terms and conditions that may appear on the face hereof shall constitute the entire agreement between OEwaves, Inc. ("Seller") and Buyer. These Terms and Conditions of Sale shall prevail over terms and conditions contained in any purchase order, confirmation or other writing submitted to Buyer. Acceptance by Buyer of these terms may be made either (a) by written acceptance, or (b) by receipt by Buyer of delivery of any goods or services described on the face of this form ("Products") and failure by Buyer to return the Products within five (5) days following such delivery. The Agreement shall not be modified except in writing, signed by the parties hereto. No waiver by Seller of any default or provision hereof shall be deemed a waiver of any subsequent default or provision.

2. Products Provided and Price

(a) Unless otherwise provided on the front of this form, Products furnished hereunder shall be new, free from defects in workmanship, materials, and design; and to be in accordance with performance of work and services pursuant to the Seller's specifications and highest professional standards.

(b) The price of all Products unless otherwise specifically stated on the face hereof is F.O.B. Carrier, at the place of manufacture or warehouse location, which is the address set forth on the face hereof, exclusive of insurance cost. The cost of packaging for normal domestic shipment is included in the invoiced price. Where special domestic or export packaging is specified, involving greater expense, Buyer will be charged an amount to cover such extra expense.

(c) Prices and orders do not include any sales, use, excise or other taxes, customs duties or tariffs. When Seller has the legal obligation to pay or collect any such taxes, the appropriate amount shall be separately itemized on the Seller's invoice and paid by Buyer, unless Buyer provides Seller with a proper tax exemption certificate. In the event Seller is required to pay any such tax, fee or charge at the time of sale or thereafter, the Buyer shall reimburse Seller therefore.

(d) Prices quoted are for the Products described on the face hereof only and do not include technical data, proprietary rights of any kind, patent rights, qualification, environmental or other than Seller's standard tests unless expressly agreed to in writing by Seller.

(e) Unless otherwise stated by Seller in writing, all quotations are firm for, and expire, thirty (30) days after date thereof.

3. Payment Terms

(a) Unless otherwise stated on the front of this form, the terms of the sale are immediate 40% down, net 30 on the balance from date of invoice. Seller reserves the right to require alternative payment terms, including, without limitation, letter of credit or payment in advance. All payments shall be made to seller at its principal office in Pasadena, California. Interest accrues on overdue invoices at the rate of five percent (5 %) after 14 days, with an additional 5% every week thereafter on the unpaid balance from the original due date of the invoice. Payment shall not be withheld for delay in installation if at Buyer's request nor for delay in delivery of required documentation unless a separate price is stated therefore, and only to the extent of the prices stated.

(b) All orders are subject to, and the obligation of Seller to make deliveries is subject to, the right of the Seller as provided in Section 11, to require of the Buyer payment of all or any part of the purchase price in advance of delivery or to make shipment C.O.D. If the Buyer fails to make advance payment when requested by Seller, or if the Buyer is or becomes delinquent in the payment of any sum due Seller (whether or not arising out of this order) or refuses to accept C.O.D. shipment, then Seller shall have the right, in addition to any other remedy to which it may be entitled in law or equity, to cancel the sales order, refuse to make further deliveries, and declare immediately due and payable all unpaid amounts for Products previously delivered to the Buyer. Partial shipments made under any order shall be treated as a separate transaction and payment thereof shall be made accordingly. However, in the event of any default by Buyer, Seller may decline to make further shipments without in any way affecting its rights under such order.

4. Transportation and Risk of Loss

Unless otherwise agreed to in writing by Seller, all transportation shall be at the expense of Buyer, Seller reserving the right to ship Products freight collect and to select the means of transportation and routing. Unless otherwise advised, Seller may insure to full value of the Products or declare full value thereof to the transportation company at the time of delivery and all such freight and insurance costs shall be for Buyer's account. Risk of loss or damage shall pass to Buyer upon delivery of the Products to the transportation company at the FOB point, whether or not installation is provided by or under supervision of Seller. Seller may at its option obtain insurance for its Products covering their delivery to Buyer and Buyer agrees to reimburse Seller for the cost of providing such insurance. If Buyer has not been notified of the existence of insurance coverage and provides its own insurance for such shipment Seller will waive its insurance charge. Confiscation or destruction of, or damage to Products shall not release, reduce or in any way affect the liability of Buyer therefore. Notwithstanding any defect or nonconformity, or any other matter, such risk of loss shall remain in Buyer until the Products are returned at Buyer's expense to such places as Seller may designate in writing. Buyer, at its expense, shall fully insure Products against all loss or damage until Seller has been paid in full therefore, or the Products have been returned, for whatever reason, to Seller.

5. Shipment

Seller will attempt to meet shipment schedules. However, any shipment quotation or forecast on an order acknowledgment is only an estimate of the time required to make shipment and Seller will not assume liability, consequential or otherwise, because of any delay or failure to deliver all or any part of any order for any reason, including its active or passive negligence. Seller reserves the right to allocate inventories and current production in any way it deems desirable.

6. Inspection and Acceptance

The Buyer shall have the right to inspect the Product upon tender of delivery. Failure of the Buyer to inspect the Product and give written notice to the Seller of any alleged defect or nonconformity within thirty (30) days after tender of delivery shall constitute an irrevocable acceptance by Buyer of the Products delivered to him, provided the Products for which Seller agrees in writing to provide installation by its personnel, shall be deemed accepted by Buyer upon completion by Seller of its applicable acceptance tests or execution of Seller's acceptance form by Buyer. Notwithstanding the foregoing, use of any such Products by Buyer, its agents, employees or licensees, for any purpose after delivery thereof, shall constitute acceptance of the goods by Buyer.

7. Returns

The Products may not be returned to Seller without first obtaining Seller's consent and a Return Merchandise Authorization ("RMA") number. The request for return and credit must be filed with Seller and shall include purchase order number, approximate date shipped and any and all other identifying numbers (such as invoice number, date of invoice, P.O. numbers, etc.). Each request for return of Products for credit should state the type and quantity of goods, the part numbers and the reasons for the return. If return authorization is granted, Products shall be returned in a clean, well packaged condition, with the RMA number clearly referenced on the returning package. RMA's shall be valid for 30 days from their date of issuance. No credit allowance on defectives will be made and no replacement for defectives will be shipped in any event, unless the alleged defectives are, among other things, established to Seller's satisfaction after suitable testing and inspection by Seller.

8. Terminations

Any order for a standard Product with a published price accepted by Seller and terminated by Buyer prior to shipment, shall be subject to a termination charge of not less than ten percent (10%) of the order value to cover costs of processing and order handlings. Termination thereof within thirty (30) days before shipment shall be subject to a written acceptance by Seller and termination charge of not less than twenty-five percent (25%) of the order value, thereafter no such order may be terminated except by mutual agreement in writing. No order for nonstandard Products or Products without a published price may be terminated by Buyer except by mutual agreement in writing. Terminations by mutual agreement are subject to the following conditions:

(a) Buyer will pay, at applicable contract prices, for all Products which are completely manufactured and allocable to Buyer at the time of Seller's receipt of notice of termination;

(b) Buyer will pay all costs, direct and indirect, which have been incurred by Seller with regard to Products which have not been completely manufactured at the time of Seller's receipt of notice of termination, plus a pro rata portion of the normal profit on the contract;

(c) Buyer will pay a termination charge on all other Products affected by the termination. Seller's normal accounting practices shall be used to determine costs and other charges. To reduce termination charges, Seller will divert completed parts, material or work-in-progress from terminated contracts to other customers whenever, in the Seller's sole discretion, it is practicable to do so. In the event of a termination, Buyer will have no rights in partially completed goods.

9. Limited Warranty and Limitation of Remedies

(a) Except as otherwise specified herein, Seller warrants the Products:

(1) To be free from defects in material and workmanship for a period of time and under such conditions as specified in Seller's warranty for the individual Product, or for twelve (12) months from shipment if a warranty for an individual Product is not specified, and

(2) To perform in the manner and under the conditions as specified in Seller's warranty for the individual Product or for twelve (12) months from shipment if a warranty for an individual product is not specified.

(b) This warranty is the only warranty made by Seller with respect to the Products; however, this warranty shall not extend to Products produced by Buyer's specifications. No representative or person is authorized to bind Seller for any obligations or liabilities beyond the warranty in connection with the sale of Seller's Products. This warranty is made to the original Buyer only at the original location and is nontransferable, and may only be modified or amended by a written instrument signed by a duly authorized officer of Seller. Components manufactured by other firms but integrated into Seller's Product are covered by the original manufacturer's warranty and Seller makes no warranty, express or implied regarding such components. Components or parts which are replaced or repaired under this warranty are warranted only for the remaining unexpired portion of the original warranty period applicable to the specific product.

(c) These remedies are available only if Seller is notified in writing by Buyer promptly upon discovery of the defect, and in any event within the warranty period for the individual Product, Seller's examination of such goods discloses to Seller's satisfaction that such defects actually exist and the goods have not been (i) repaired, worked on, or altered by persons not authorized by Seller so as, in Seller's sole judgment, to injure the

stability reliability, or proper operation of such Products; (ii) subject to misuse, negligence or accident; or (iii) connected, installed, used or adjusted otherwise than in accordance with the instructions furnished by Seller.

(d) All Products which Buyer considers defective shall be returned to Seller's office as designated on the face hereof transportation costs prepaid and borne by Buyer (unless otherwise provided on the face hereof). The risk of loss of the goods shipped or delivered to Seller's plant for repair or replacement will be borne by Buyer.

(e) If it is found that any Product has been returned without cause and is still serviceable, Buyer will be notified and the Product returned at Buyer's expense. In addition, a charge for testing and examination may, in Seller's sole discretion, be made on Products so returned.

(f) THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES (EXCEPT FOR SPECIFIC WRITTEN PRODUCT PERFORMANCE GUARANTEES) WHETHER WRITTEN, ORAL OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SHALL BE THE BUYER'S SOLE REMEDY AND SELLER'S SOLE LIABILITY ON CONTRACT OR WARRANTY OR OTHERWISE FOR THE PRODUCT.

10. Seller's Right to Subcontract

Seller may subcontract any portion of the work on any item subject to this Agreement, but Seller's obligations and rights hereunder shall not thereby be limited or affected.

11. Bankruptcy or Insolvency of Buyer

If the financial conditions of the Buyer at any time is such as to give Seller, in its judgment, reasonable grounds for insecurity concerning Buyer's ability to perform its obligations under this agreement. Seller may (a) by notice in writing to Buyer, cancel this agreement, without judicial intervention or declaration of default of Buyer and without prejudice to any right or remedy which may have accrued or may accrue thereafter to Seller, (b) require full or partial payment in advance and suspend any further deliveries for continuance of the work to be performed by Seller until such payment has been received or (c) make shipments C.O.D.

12. Patent Protection

(a) Seller will defend Buyer at its own expense, as set forth herein, against any claim that the design or manufacture of any standard Product furnished hereunder constitutes an infringement of any United States patents or other industrial property rights. Buyer shall notify Seller promptly in writing of any such claim of infringement and shall give Seller full authority, information and assistance in settling or defending such claim. Seller shall have no liability whatsoever with respect to any claims settled by Buyer without Seller's prior written consent. Seller shall not have any liability to the Buyer under any provision of this clause if any patent infringement or claim thereof, is based upon the use of the goods as modified by any person other than the Seller or in a manner for which the goods were not designed.

(b) In case the Products furnished by Seller with respect to any such claim are held in and of themselves to constitute infringement and their use is enjoined, Seller, within a reasonable time, shall, at its option, either (i) secure for Buyer the right to continue using the Products by suspension of the injunction, by procuring for the Buyer a license or by some other means, or (ii) at Seller's own expense, replace the Products with non-infringing goods, or (iii) remove the enjoined Products and refund the sums paid therefore. The foregoing states the entire liability of Seller with respect to infringement of intellectual property rights by the goods or any part thereof or by their operation. These provisions, however, shall not apply to any equipment, device or parts specified by Buyer but not manufactured by Seller. THE FOREGOING STATES SELLER'S ENTIRE LIABILITY AND OBLIGATION (EXPRESS, STATUTORY, IMPLIED OR OTHERWISE) WITH RESPECT TO INTELLECTUAL PROPERTY INFRINGEMENT OR CLAIMS THEREFORE.

13. Proprietary Rights

The sale of the Products hereunder to Buyer shall in no way be deemed to confer upon Buyer any right, interest or license in any patents or patent applications or design copyrights the Seller may have covering the Products. Seller retains for itself all proprietary rights in and to all designs, engineering details, and other data and materials pertaining to any Products supplied by Seller and to all discoveries, inventions, patents and other proprietary rights arising out of the work done by Seller in connection with the Products or with any and all Products developed by Seller as a result thereof, including the sole right to manufacture any and all such Products. Buyer warrants that it will not divulge, disclose, or in any way distribute or make use of such information, and that it will not manufacture or engage to have manufactured such Products.

14. Compliance with Law

Seller warrants that the Products to be furnished or rendered under this Agreement shall be manufactured, sold, used and rendered in compliance with all relevant federal, state, local law, orders, rules, ordinances, and regulations and in compliance with applicable international prohibitions on child labor. Seller certifies that with respect to the production of the articles and/or the performance of the services covered by this Agreement, it has fully complied with Sections 6, 7, 12, and 15 of the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the United States Department of Labor under Section 14 thereof, if applicable.

15. Export Control

(a) Buyer agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C.2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq; and the Export Administration Act, 50 U.S.C. app. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Buyer agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Buyer or Buyer's lower-tier suppliers, without the authority of an export license, agreement, or applicable exemption or exception.

(b) Seller agrees to notify Buyer if any deliverable under this agreement is restricted by export control laws or regulations.

(c) Buyer shall immediately notify the Seller's Sales Representative if Buyer is, or becomes, listed in any Denied Parties List or if Buyer's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.

(d) If Buyer is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Buyer represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.

(e) Where Buyer is a signatory under an export license or export agreement of Seller (e.g., TAA, MLA), Buyer shall provide prompt notification to the Seller's Sales Representative in the event of changed circumstances including, but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U.S. Government investigation, that could affect the Buyer's performance under this contract.

(f) Buyer shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Buyer, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

16. Applicable Law; Jurisdiction and Venue

This agreement will be governed by the laws of the State of California. The California state courts of Los Angeles County, California (or if there is exclusive federal jurisdiction, the United States District Court for the Southern District of California) will have exclusive jurisdiction and venue over any dispute arising out of this agreement, and Buyer hereby consents to the jurisdiction of such courts.

17. Limitation of Remedies Liabilities

THE REMEDIES PROVIDED HEREIN ARE THE BUYER'S SOLE AND EXCLUSIVE REMEDIES. IN NO EVENT SHALL SELLER BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, PRODUCTION OR USE, ARISING OUT OF OR IN CONNECTION WITH THESE TERMS AND CONDITIONS OF SALE OR THE USE OR PERFORMANCE OF ANY PRODUCTS, WHETHER BASED ON CONTRACT OR TORT, INCLUDING NEGLIGENCE, OR ANY OTHER LEGAL THEORY, EVEN IF BUYER HAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TOTAL EXTENT OF SELLERS LIABILITY FOR DAMAGES OF ANY NATURE TO THE BUYER, REGARDLESS OF FORM OR ACTION, SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE SPECIFIC PRODUCT ON WHICH LIABILITY IS BASED.

18. Substitutions and Modifications

Seller will have the right to make substitutions and modifications to the specifications of Products sold by Seller, provided that such substitutions or modifications will not materially affect overall Product performance.