

Monogram Systems - GENERAL TERMS & CONDITIONS OF SALE

GENERAL

These terms and conditions of sale apply to the sale of components ("Components") offered by Monogram Systems ("Monogram Systems"). Any terms and conditions proposed in buyer's purchase order which vary, add to or conflict with these terms and conditions of sale are expressly rejected and are not binding on Monogram Systems. Monogram Systems will not be deemed to have waived these Conditions of Sale if it fails to object to provisions submitted by buyer. Buyer's silence or acceptance or use of Components constitutes its acceptance of these Conditions of Sale. Any modification or addition to these terms and conditions will only be effective if accepted in writing by Monogram Systems. In the event different terms are specifically agreed to in writing, those terms shall be exclusive as to the particular subject covered.

BUYER'S ORDERS

Orders must specify: (1) Monogram Systems' Components part number; (2) requested delivery dates; (3) applicable price; (4) quantity; (5) location to which the Components is to be shipped; and (6) location to which invoices will be sent for payment (7) if for aircraft application, designate aircraft model. Orders are subject to acceptance by Monogram Systems. Monogram Systems' order acknowledgment will not constitute acceptance. Any additional or conflicting terms on purchase orders will not apply unless specifically agreed to in writing by Monogram Systems. Monogram Systems will schedule delivery in accordance with its standard lead time unless buyer's Order requests a later delivery date; or Monogram Systems agrees in writing to a separate delivery date.

FOB: Monogram Systems facility (Incoterms 2000). Title will pass to buyer when Monogram Systems places Component at the disposal of buyer or carrier at Monogram Systems' facility.

Currency: US Dollars.

Payment Terms: Payment terms are net 30 days from the date of invoice. A monthly invoice carrying charge interest on delinquent amounts at a rate of 1.5% per day or the maximum rate permitted by law, may be assessed for invoices not paid in net 30 days. If, in the sole judgment of Monogram Systems, the financial condition of buyer does not support commencement or continuance of any manufacture of Components or shipment of completed Components, Monogram Systems may make a written demand for full or partial payment in advance, deliver future shipments on a cash with Order or cash in advance basis; charge storage or inventory carrying fees on Products; recover all costs of collection including, without limitation, reasonable attorneys' fees. At Monogram Systems' sole option, it may suspend performance until such payment is received and cancel if such payment is not received within 30 days of such demand. Monogram Systems may combine any of the above rights and remedies as may be permitted by applicable law. The above remedies are in addition to all other remedies available at law or in equity. Buyer will not set off or recoup invoiced amounts or any portion thereof against sums that are due or may become due from Monogram Systems, its parents, affiliates, subsidiaries or other divisions or units.

Customer-Supplied Materials: For any customer-supplied material, parts or hardware, Monogram Systems will be held responsible only for the value-added labor and material content provided by Monogram Systems during manufacture of the Components. Buyer agrees to indemnify and hold Monogram Systems harmless for all claims, costs and damages incurred by Monogram Systems as a result of defective, inaccurate or incomplete customer-supplied material, parts or hardware. Scrap allowances, if any, are indicated on the front of a quotation.

TAXES

United States Sales: The price does not include any Federal, state or local property, license, privilege, sales, use, excise, gross receipts, value added or other like taxes which may be applicable to, or imposed upon, the transaction, the goods, or the sale, transportation, delivery, value or use thereof, or any services performed in connection therewith. Such taxes are for the account of the buyer and the buyer agrees to pay or reimburse any such taxes which Monogram Systems or its contractors or suppliers are required to pay.

Sales Outside of the United States: All present and future taxes (other than corporate income taxes imposed on Monogram Systems), duties, tariffs, fees and other charges, including, but not limited to excise, import, purchase, sales, use, turnover, added value, consular, gross receipts, gross wages, and similar assessment imposed by the United States or the buyer's government (or the government of any country through which the product must pass en route from the country of origin to the country of destination) or any subdivision thereof or any taxing authority or any agencies therein with respect to this order or the subject matter thereof, shall be the obligation of the buyer. Any such items paid by Monogram Systems shall be added to the price and buyer shall reimburse Monogram Systems for the amount of such taxes, duties, tariffs, fees and other charges and expenses incidental thereto upon presentation of an invoice therefore.

EXCUSABLE DELAY

Monogram Systems shall not be liable for failure to perform or for delay in performance due to any cause beyond its reasonable control including but not limited to fire, flood, strike or other labor difficulty, act of God, any legal proceeding, act of any governmental authority, act of the buyer, war, riot, sabotage, civil disturbance, embargo, fuel or energy shortage, wreck or delay in transportation, major equipment breakdown, inability to obtain necessary labor, materials or manufacturing facilities from usual sources, or any act, delay or failure to act of Monogram Systems' suppliers and subcontractors of any tier beyond Monogram Systems' or such supplier's or subcontractor's reasonable control. In the event of delay in performance due to any such cause, the date of shipment or time for completion will be extended by a period of time reasonably necessary to overcome the effect of such delay.

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ACCEPTANCE

Buyer will inspect Products within a reasonable period after delivery not to exceed five (5) calendar days. Products will be presumed accepted unless Monogram Systems receives written notice of rejection explaining the basis for rejection within the same timeframe. Monogram Systems will be afforded a reasonable opportunity to repair or replace, at Monogram Systems' option, the rejected Product. Following initial delivery, the party initiating the shipment will bear the risk of loss or damage to Products in transit. If Monogram Systems reasonably determines that rejection was improper, Buyer will be responsible for all expenses caused by the improper rejection.

WARRANTY

Monogram Systems warrants that the designated Components furnished under any agreement, or under release orders placed under any agreement will conform to Monogram Systems' specifications and drawings, and be free of defects in workmanship and material. "Nonconformance" means failure to comply with, or failure to operate due to noncompliance with, the aforementioned documents or having defects in workmanship or material. Normal wear and tear and the need for regular overhaul and periodic maintenance do not constitute a Nonconformance. In advance of return of a Component for Nonconformance, the buyer shall obtain from Monogram Systems a Return Material Authorization ("RMA"). After receipt of an RMA, the buyer shall return the Component, with the RMA attached, to Monogram Systems' designated repair facility. The buyer shall provide sufficient detail necessary for Monogram Systems to identify and address the Nonconformance,. Any return of a Component without an RMA and sufficient details regarding the Nonconformance shall not be accepted by Monogram Systems. The buyer shall thereafter respond promptly to all Monogram Systems inquiries regarding the Nonconformance. Monogram Systems shall, at its election, either repair at its cost a Component which is returned to Monogram Systems, when confirmed that such Component does not comply with the foregoing warranty ("Defective"), or ship a replacement Component free of charge to buyer's point of shipment. Monogram Systems shall bear all costs of shipping a Defective part. All breach of warranty claims must be made within twelve (12) months after a Component is shipped. The foregoing is buyer's exclusive remedy for breach of warranty by Monogram Systems. All Products repaired or replaced will be warranted only for the un-expired portion of the original warranty period. Monogram Systems assumes round trip shipping costs for Nonconforming Products in an amount not to exceed normal surface shipping charges to and from Monogram Systems' nearest warranty repair facility for such Products delivered under an Order. The party initiating transportation will bear the risk of loss or damage to Products in transit. If Monogram Systems determines, after commercially reasonable analysis of the returned Product, that a Nonconformance does not exist, then buyer will pay all expenses related to the improper return including, but not limited to, analysis and shipping charges.

Exclusions: The above warranty does not cover, and Monogram Systems will have no responsibility for any failure to meet any warranty caused by any failure of buyer or its agents to store, install, operate, inspect or maintain the

Components covered by these terms and conditions in accordance with the recommendations of the OEM or its agent manufacturer or in the absence of such recommendations, in accordance with the generally accepted practices of the industry, including but not limited to applicable quality assurance procedures relating to the installation of the Components covered by these terms and conditions or resulting from any defect in any casting, forging part or assembly delivered to Monogram Systems by buyer that did not occur as a result of any work performed by Monogram Systems. Buyer agrees to indemnify and save Monogram Systems and its affiliates and hold them harmless from any and all such liability.

Limitations: Buyer expressly agrees that, notwithstanding any other provision of these terms and conditions, under no circumstances shall Monogram Systems' aggregate liability resulting from the performance, failure to perform or breach of Monogram Systems' obligations herein or from any activity undertaken by Monogram Systems with respect to the Components covered by this contract, whether based on negligence of any kind, strict liability or tort, on the part of Monogram Systems or its suppliers or subcontractors of any tier, or otherwise, exceed the value of the purchase order or delivery order which is applicable to the Components in question.

The warranties set forth above are the only warranties applicable to components supplied by Monogram Systems. There are no other expressed or implied warranties of any kind including but not limited to implied or express Warranties of merchantability or fitness for a particular purpose which are hereby disclaimed. The remedies for breach of warranties set forth above are exclusive remedies and Monogram Systems shall not be responsible for any indirect, special, incidental or consequential damages, loss of profits, loss of revenues, or loss of use, even if informed of the possibility of such damages. To the extent permitted by applicable law, these limitations and exclusions will apply regardless of whether liability arises from breach of contract, tort (including but not limited to negligence), by operation of law, or otherwise.

CHANGES

Any changes in orders requested by buyer, including without limitation, Component design, scope of work, delivery, or increase or decrease in quantities shall only be effective if accepted in writing by Monogram Systems. Such changes may require other terms and conditions to be modified, including price terms and Monogram Systems reserves the right to make such adjustments.

GENERAL

These terms and conditions of sale do not supersede any confidentiality agreement executed by buyer and Monogram Systems that otherwise applies to products, services, technical data or other information delivered in connection with an order. In the absence of such an agreement, buyer may use Monogram Systems' confidential information only in the normal operation of Monogram Systems' products. Further, buyer may disclose information only on a need-to-know basis, will protect against inadvertent disclosure, and will not disclose information to any third party without Monogram Systems' prior written consent. The contract arising pursuant to this order shall be governed by the laws of the

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State of California without giving effect to its conflict of law principles. Any dispute which is not settled by negotiation shall be settled by binding arbitration under the rules of the American Arbitration Association. Three arbitrators shall be used. Each party shall choose one arbitrator, and the two arbitrators shall choose the third arbitrator who shall act as chairman. The arbitration shall take place in the county of Los Angeles and the language shall be English. The remedies provided herein shall be cumulative and in addition to any other remedies provided by law or equity. Either party's failure to insist on performance of any of the terms and conditions of this order or exercise any right shall not be deemed a waiver unless in writing signed by the party waiving performance. A waiver on one occasion shall not thereafter operate as a waiver of any other terms, conditions or rights, whether or the same or similar type.