Terms and Conditions of Sale

ALL Magnetics Inc. "Seller",

By placing an order with Seller, the "Buyer" agrees to the following terms of sale.

Acceptance: Quotations are valid for ten (10) calendar days from the sent date. Stenographic and clerical errors by Seller's staff on the quotation are subject to correction by Seller at any time. Seller reserves the right to revise any quote without notice prior to acceptance by buyer. Quotations are subject to revision, after Buyer acceptance, according to changes outside of Seller's control "Force Majeure". These cost changes include but are not limited to: strikes, wars, governments, raw materials, exporting, inspections, tariffs, duties, shipping, importing. Documented proof of these changes are to be submitted to Buyer.

Any terms, conditions, purchase contracts, purchase orders, etc. in conflict with those terms herein, shall not be binding upon Seller and shall not supersede the terms and conditions found herein unless expressly titled "Modification to Sales Terms" and signed by the President or General Manager of Seller and Buyer.

Changes and Cancellations: Orders may be changed, canceled, or deferred for shipment if Seller is indemnified for all costs resulting there from.

Blanket Order Quotations: A 30% non-refundable deposit is required for all blanket orders. Deposits will be applied to final payment made at the end of the blanket order. Blanket orders term maximum is 6 months. If the full quantity of a blanket order is not shipped within 6 months then the Buyer will be subject to storage costs OR payment of the higher quantity price break price for the actual quantity of product purchased.

Payment Terms: All first purchases by Buyers will be COD or prepaid by cash, check, or credit card. Buyers approved for credit after first order, may receive limited net 30 day billing terms. Special "RUSH" orders may require full pre-payment. Special "CUSTOM" orders require not less than a 30% non-refundable deposit to begin production. Late payments, NSF checks, or stop payments will result in "cash terms" for a probationary 3 orders, then will be reviewed. Buyer agrees, that in the event payment is not made, reasonable collection costs and court costs shall be paid by the debtor. Furthermore, the debtor agrees to pay maximum legal interest and late charges. Accounts 30 days past due will be charged a minimum of $15.00 per month handling. Product taken delivery of by Buyer remains the property of Seller until full payment is made. Said past due product is subject to repossession. Further shipments may be held in lien until past due accounts are paid.

Security Interest and UCC-1 Authorization: For all accounts with credit limits or outstanding orders exceeding $5,000.00, Buyer hereby grants to Seller a purchase money security interest (PMSI) in all products delivered, as well as all proceeds thereof, to secure the full payment of the purchase price. Buyer explicitly authorizes Seller to file a UCC-1 Financing Statement and any necessary amendments with the appropriate state authorities to perfect this security interest. This authorization shall remain in full force until the entire balance owed to Seller is paid in full and cleared.

Delivery Time: Delivery dates shall be determined from the date the accepted quotation is received by Seller, Terms and Conditions of Sale herein are accepted by Buyer and payment terms have been fulfilled by Buyer. Deliver dates are Seller's best estimates; not allowing for contingencies. Expedited "RUSH" deliveries may be available if the costs prepaid.

Shipping and Risk of Loss: Unless otherwise agreed in writing signed by Seller, all shipments are made F.O.B. Origin (Seller's facility). Title to the products and all risk of loss or damage passes entirely to the Buyer upon Seller's delivery of the goods to the common carrier or shipping agent. Delivery dates are good-faith estimates only. Seller shall not be liable for any delays, losses, or damage in transit, and all claims for shipping damage must be filed by the Buyer directly with the transportation company.

Warranty: Permanent magnetic products are inspected per Magnet Manufacturers & Producers Association standards (with specialized levels available upon request). Liability is limited to supplied product and performed work, with misuse or application performance risks resting on the Buyer. Seller's obligation is restricted to replacing defective goods.

IN NO EVENT SHALL SELLER (ALL MAGNETICS INC.) BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES.

Liability for damage caused by use or misuse of product is solely the responsibility of Buyer. Seller's sole obligation is to replace said goods shown to be defective in material or workmanship according to specification made clear by the Buyer in writing prior to quotation. Any quality control inspections performed by Seller do not relieve Buyer of responsibility of final inspection before product use or re-sale. Receiving goods inspection and testing for Buyer's application are the Buyer's responsibility. Buyer assumes the risk of how goods perform in their specific application, regardless of consulting offered by Seller. This express written warranty is in lieu of and excludes all other warranties expressed or implied, by operation of law or otherwise.

Patents: Products are manufactured to Buyer's specifications. The Seller's intent is to avoid patent infringement. It is agreed that Buyer will defend and hold harmless the Seller for any and all expenses resulting from alleged patent infringement.

Returns: Returns can be made only with authorization from ALL Magnetics Managers, Edith Johnson or Rosemary Kute. Products must be inspected by the Buyer upon receipt for shipping damage. Damage in shipping must also be reported to the delivery driver upon delivery. It is best to get his initials on any damage noted. Pictures of shipping damage must be taken immediately and submitted to the Shipping Company by the Buyer for credit.

In order to request the return of defective products the products must be:

Fully tested and inspected by the Buyer within 10 days of receipt and before use or resale. Reported to Seller in writing within 10 days of receipt, photographed in the defective areas, by Buyer and submitted to Seller. Products are tested before shipment by Seller and Seller will not

issue refunds for used or mis-used magnets. In order to request the return of Non-Defective products the products must be: Current Seller stock product in “new” condition and new packaging. Buyer is responsible for 15% restocking charges. Buyer is responsible for all freight and handling charges incurred for return of product. Custom Made Products, Discounted Products, Surplus Products, Books, Electrical, and Electronic Products CANNOT BE RETURNED.

Exceptions: Any parts of this agreement prohibited by the laws of the United States and the State Of California may be excluded without prejudice.

PRODUCT WARNINGS:
MAGNETS AND MAGNETIC PRODUCTS ARE HAZARDOUS !
DO NOT ALLOW UNAUTHORIZED PERSONNEL TO COME NEAR, TOUCH OR OPERATE!
CRUSH AND PINCH HAZARD !
ELECTRICAL SHOCK HAZARD !
SWALLOW HAZARD !
EYE HAZARD FROM CHIPS !
GRINDING POWDER EXPLOSIVE HAZARD !
DAMAGE TO NEARBY ELECTRONIC DEVICES INCLUDING PACE MAKERS, MONITORS, MAGNETIC MEMORY, ETC. HAZARD !
SCRATCHING SURFACE FINISHES HAZARD!

California Proposition 65 Warning Acknowledgement: Buyer acknowledges that certain products sold by Seller may contain chemicals known to the State of California to cause cancer, birth defects, or other reproductive harm. Pursuant to California Health and Safety Code § 25249.5 et seq., the products are provided with the following warning where applicable: ⚠ WARNING: This product can expose you to chemicals including [e.g., Nickel, Cobalt, phthalates], which is known to the State of California to cause cancer. For more information, go to www.P65Warnings.ca.gov. By placing an order, Buyer agrees to maintain all product labels intact and explicitly assumes all responsibility for providing clear and reasonable Proposition 65 warnings to end-consumers or subsequent buyers if the products are redistributed or resold within the State of California.