TOROID CORPORATION
Terms and Conditions of Sale

1. GENERAL: The terms and conditions of sale contained herein apply to all quotations made and all purchase orders entered into by Seller, and acceptance by Seller of any order by confirmation or commencement of performance shall be on the basis of these terms and conditions of sale, even though no reference is made thereto at the time of acceptance. Seller's failure to object to provisions contained in any communication from Buyer shall not be deemed a waiver of these terms and conditions of sale. Buyer's assent to these terms and conditions of sale shall be deemed to be given by implication unless Buyer gives written notice of objection to Seller promptly upon receipt of this document. Any changes in the terms and conditions of sale contained herein must specifically be agreed to in writing by an officer of Seller before becoming binding on Seller.

2. ACCEPTANCE OF ORDERS: All orders from Buyer are subject to acceptance by Seller, and Seller reserves the right to accept or reject any orders in whole or in part.

3. PRICES: Prices acknowledged by Seller are firm for the quantities and the shipping schedules set forth in the order acknowledgment, but are subject to revision if quantities and/or shipping schedules are changed by buyer or due to the volatility of the raw material market and/or Tariffs on imported material.

4. TAXES: Unless otherwise specifically provided for in quotation or order acknowledgement, the amount of any present or future sales, revenue, excise or other tax applicable to the products covered by this quotation or order or the manufacture or sales thereof, shall be added to the purchase price and shall be paid by Buyer, or in lieu thereof Buyer shall provide Seller with a tax exemption certificate acceptable to the taxing authorities.

5. TRANSPORTATION: All sales are made F.O.B. shipping point. Seller's title passes to Buyer upon making delivery of material purchased hereunder to carrier at shipping point in good condition. All claims for loss or damage must be filed by Buyer with the carrier. Unless Buyer gives specific instructions, Seller reserves the right to select most economical carrier and routing.

6. DELIVERY: Shipping dates are approximate and are based on prompt receipt from Buyer of all necessary information, Seller reserves the right to make partial shipments. For merchandise custom made to Buyer's specification Seller reserves the right to deliver up to 5% more than the exact quantity ordered (1 unit if quantity ordered is 5-19), and Buyer is obligated to pay for the full quantity shipped.

7. PAYMENTS AND TERMS: All invoices on credit terms are due and payable 30 days from the date of invoice. No discounts are allowed. Invoices remaining unpaid after their due date will be subject to interest charge of 1.5% per month (or the maximum rate allowed in Buyer's State, if lower) from their due date until paid. Buyer will pay all costs and expenses of collection of overdue accounts, including reasonable attorney's fees.

Each shipment shall be considered a separate and independent transaction, and payment therefore shall be made accordingly. If Buyer delays shipment, Seller has the right to issue invoice on the date he is prepared to make shipment. If Buyer delays the work covered by the purchase order, the invoiced amount shall be based on the purchase price and the percentage of completion. Products held for Buyer shall be at the risk and expense of Buyer. Seller reserves the right to ship to its order and make collection by sight draft with bill of lading attached.

If, in the judgment of Seller, the financial condition of Buyer at any time does not justify continuation of production or shipment on the terms of payment originally specified. Seller may require full or partial payment in advance. In the event of bankruptcy or insolvency by Buyer or in the event any proceeding is brought by or against Buyer under the bankruptcy or insolvency laws, Seller shall be entitled to cancel any order then outstanding and shall receive reimbursement for its cancellation charges.

8. LIMITED WARRANTY: Seller warrants merchandise sold by it to be free from defects in materials and workmanship to equal or exceed the applicable published ratings and specifications at the time of shipment, or in the case of custom made merchandise or prototypes the specifications agreed on, under proper storage and use, for a period of 12 months from the date of the original shipment. Buyer's approval of prototype shall be proof that the design meets the agreed specification. Performance data and or physical dimensions of production volume transformers that have not been agreed upon in writing by the Seller, prior to Seller's production release of customer's order, including specified levels of mechanical hum and magnetic strayfield, which are found by the customer to deviate from the originally accepted prototype will, if technically possible, be modified by Seller at Buyer's expense after authorization of such work has been received from the Buyer.

Seller's entire liability and obligation to Buyer under this warranty shall be expressly limited to the repair, replacement or crediting, as Seller may determine at its sole discretion, of any defective or nonconforming merchandise for which Buyer has first given written notice to Seller of such defect or nonconformity in the manner as provided below. No claim under this warranty shall be valid unless within 30 days of its receipt of any applicable specifications, specifying in detail any such defect or nonconformity. Absent such timely notice, Buyer shall be deemed to have waived any such defect or nonconformity which could be determined based upon a reasonable inspection of such goods. With respect to orders contemplating a series of shipments of merchandise by Seller to Buyer, unless Buyer notifies Seller in writing within 30 days of the initial shipment of any nonconformity with any applicable specification, then Buyer shall be deemed to have waived such nonconformity with respect to subsequent shipments involving the same specification. Other than with respect to the repair, replacement or crediting of defective merchandise by Seller under the limited warranty as provided above, Seller shall have no obligation to Buyer with respect to any monetary damages by reason of any such nonconformity or defect, and in no event shall Seller be liable to Buyer for any lost profits or consequential damages.

Seller shall have the option, exercisable in its sole discretion, of requiring the return to it or an authorized representative of the defective merchandise, transportation prepaid, for inspection. No warranty claim will be allowed which, in the opinion of Seller, resulted from merchandise being altered or repaired by other than Seller or an authorized representative or resulted from misuse, negligence or accident. In the event that some, but not all items of merchandise are defective within the terms of the limited warranty set forth above, the repair, replacement or crediting of merchandise at Seller's option shall apply only to such defective items falling within the terms of such limited warranty and Buyer shall to return or seek credit for any items not so defective.

THE FOREGOING WARRANTIES AND REMEDIES ARE EXCLUSIVE, AND SELLER SHALL HAVE NO FURTHER OR ADDITIONAL OBLIGATION WITH RESPECT TO ANY MERCHANDISE SOLD TO BUYER. ALL IMPLIED WARRANTIES, INCLUDING MERCHANTABILITY AND FITNESS FOR PURPOSE, ARE DISCLAIMED.

9. LIMITATION OF LIABILITY: Seller's sole liability and Buyer's exclusive remedy for damages from any cause whatsoever (and regardless of the form of action) shall be limited to the repair, replacement or crediting, at seller's sole option pursuant to the limited warranty set forth above, of the specific merchandise that caused the damages or are the subject matter of, or directly related to the cause of action. In no event shall Seller be liable for damages caused by Buyer's negligence or for any lost profits, or other incidental or consequential damages, including loss to other machinery or equipment of which a product of Seller is a part, even if Seller has been advised of the possibility of such damages.

10. FORCE MAJEURE: Seller shall not be liable for any failure or delay in manufacture or delivery resulting from any cause beyond the reasonable control of Seller, including by way of illustration and not by way of limitation, compliance by Seller with any Government or military regulation, or from acts of God, fires, or other casualty or accident, strikes, lockouts, factory shutdown or alterations, embargoes, riots or other disorders, delay or shortages in transportation, or inability to obtain sufficient quantity of fuel, power, labor, manufacturing facilities of materials or other supplies from the usual sources of Seller. Neither shall the Seller be held to the price of the product in his quotation and \ or order acknowledgment, in the event cost of materials needed for the Seller's manufacturing process of the product, as the result of events listed in this paragraph, and being beyond the reasonable control of the Seller, would increase beyond what can normally be expected during the contract. Should such cost increases of occur, Seller and the Buyer agree to re-negotiate the price for the product based on the actual cost increases to the Seller for the Buyer's product as a result of said price increases of materials used in the manufacturing of the product in question.

11. CANCELLATION: Cancellation of orders will be subject to a cancellation charge equal to 10% of the Order Value, or the value of materials and labor performed on the canceled product at the time of cancellation, whichever is larger. Completed orders will carry a 100% cancellation charge.

12. RETURN POLICY: Buyer must obtain a Return Materials Authorization (RMA) Number from Seller prior to shipping any Product back to Seller. All Returns to be sent prepaid by Buyer. At the discretion of the Seller, unused and undamaged Standard Products may, under certain circumstances, be accepted back for credit or exchange. A restocking charge may apply. Please consult the factory. Custom made products, which are returned as defective, but are found to meet the specifications agreed upon, will be subject to a re –testing charge payable by the Buyer.

13. DISPUTES: the laws of the State of Maryland shall in all respects govern This Agreement. Disputes between the parties shall be settled by arbitration according to the Rules of the American Arbitration Association with three arbitrators.