

## EDP COMPANY'S TERMS AND CONDITIONS FOR CONTRACT MANUFACTURING SERVICES

1. EDP's Quotation, together with EDP Company's Terms and Conditions stated herein and any other Terms and Conditions or specifications made a part hereof, contain the complete and final Agreement between Buyer and EDP Company or EDP Technical Services, Inc. ("EDP") to provide contract manufacturing services. None of the Terms and Conditions of this Agreement can be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized representative of EDP after the date of this Quotation and delivered by EDP to Buyer.

2. **DEFINITIONS.** As used in these Terms and Conditions, the following terms shall have the following meaning:

(a) "Assembly drawing" shall mean a drawing showing how components are placed or inserted on the bare printed circuit board ("PCB").

(b) "Assembly of PCBs" shall mean any or all of the following: preparation (i.e., bending and/or clipping leads) of all components and materials, insertion or placement of components on PCBs, lead trimming, soldering and cleaning.

(c) "Bill of Materials" shall mean a document that will state as to each component required for completed assembly the name of the manufacturer, manufacturer's part number, reference designator, total quantity, general description, package size and style, component tolerance, and possible substitute manufacturer and part number.

(d) "Comprehensive engineering specification" shall mean a document which defines the physical, electrical, functional, parametric, mechanical and environmental attributes of a circuit design. It should also include any testing, reliability, durability and quality requirements.

(e) "Contract manufacturing services provided by EDP" shall mean any or all of the following: electronic engineering design services, procurement of components, assembly of PCBs, testing of completed assembly and final assembly of product ("job").

(f) "Electrical schematic" shall mean a drawing detailing circuit design.

(g) "Electronic engineering design services" shall mean creation of an electronic schematic and prototype, development of the circuit and creation of Bill of Materials.

(h) "Final product assembly" shall mean actual placement of completed PCB inside a module or enclosure.

(i) "Functional Testing" shall mean the process of using a customer provided or defined test fixture and evaluating the completed PCB for proper function.

(j) "Manufacturing defect analysis" shall mean the process in which most of the components on the completed PCB assembly are tested for proper static value with no power applied to PCB, using a computerized testing system.

(k) "PCB design and layout" shall mean layout of traces, etc. to emulate a schematic and creation of any assembly drawing.

(l) "Procurement of components" shall mean obtaining the necessary components and materials required to assemble PCBs.

(m) "Testing of completed assembly" shall mean either manufacturing defect analysis (MDA) or functional testing.

3. **PRICE.** Any prices quoted in writing shall be valid for 30 days from issuance. Components, their price and availability, are subject to change without notice. EDP may increase the price of any components, to be procured by EDP on behalf of Buyer, but not yet shipped by EDP's supplier, if EDP's cost of such parts has been increased by EDP's supplier. EDP may increase its quoted price by a percentage equal to the percentage of increase in EDP's costs for the components and Buyer agrees to pay such increased price in accordance with these terms.

4. **PAYMENT TERMS.** Terms of payment are Net 30 days from date of invoice unless otherwise specified by EDP in writing. Terms of payment are subject to EDP's approval of Buyer's credit. EDP may revise Buyer's payment terms at any time. Payments received from Buyer may be applied by EDP against any obligation under this or any other written Agreement between Buyer and EDP. EDP may refuse or delay shipments if Buyer fails to pay promptly any payments due EDP under any purchase order or Agreement. C.O.D.: Regular freight terms. Certified check, money order or cash only, unless account has been approved for credit. Refused C.O.D. shipments will only be shipped upon receipt of advance payment.

(a) In the event that payment is not received within such 30 day period, any unpaid balance shall commence to bear interest at the rate of 18 percent (18%) per annum from the 31<sup>st</sup> day after delivery.

(b) If EDP is procuring components for Buyer on an order with more than one release date, payment for such components used in the first release is due thirty (30) days after EDP's acknowledgment. Thereafter, payment is due thirty (30) days after every scheduled release date. All release dates must appear on Buyer's Purchase Order.

5. **BUYER'S SPECIFICATIONS.** Buyer will provide EDP with its electrical schematic which shows sufficient detail necessary for EDP to perform the assembly of PCBs as set forth in Buyer's purchase order. The electrical schematics shall include specifications that state the proper placement of components on the PCBs. Buyer will also provide to EDP a comprehensive Bill of Materials and complete assembly drawing. If Buyer requests EDP to perform electronic engineering design services, Buyer must provide a comprehensive engineering specification to EDP. All contract manufacturing services shall be based solely upon information provided by Buyer. If Buyer requests a change to the contract manufacturing services or if any information or the specifications provided by Buyer is determined by EDP to be inaccurate or incomplete, EDP may: (a) stop until Buyer and EDP agree on an adjustment, or (b) upon ten (10) days prior notice, terminate this Agreement immediately, without liability to EDP and assess Buyer cancellation charges.

6. **INSPECTION AND ACCEPTANCE OF GOODS.** Final inspection and acceptance of the goods shall be at Buyer's facility. Buyer shall be responsible for conducting the final acceptance tests, if necessary. These tests shall be completed promptly and in no event later than fifteen (15) days after delivery, at which time Buyer must either accept or reject PCBs in accordance with Paragraph 8. Any discrepancy in shipment quantity must be reported to EDP in writing within two (2) working days of receipt or the goods will be deemed accepted at the quantity set forth in EDP's shipper.

7. **DELIVERY AND TRANSPORTATION.** All orders will be picked up by Buyer at EDP or orders will be shipped FOB Livonia. Title to and risk of loss of all orders shall pass upon EDP's delivery of goods to Buyer or carrier. Buyer shall pay all freight, handling, delivery (including, but not limited to, V.A.T., duty and customs), special packing and insurance charges for shipment of orders. Choice of carrier and shipping method and route shall be at election of EDP. EDP shall have the right to deliver all orders covered hereby at one time or in portions from time to time, within the time for delivery provided in such order.

8. **LIMITED WARRANTY/REMEDY FOR DEFECTS IN WORKMANSHIP.** EDP guarantees that the work it performs on the PCBs is free from defects in workmanship and conforms to the specifications regarding proper placement of components on the PCB as set forth in Buyer's electrical schematics, for a period of three (3) months from the date of invoice. This warranty shall exist for any particular defect only if:

(a) Buyer gives written notice of the defect to EDP within five (5) days after Buyer first can determine that the PCBs are defective and in no event later than fifteen (15) days after delivery;

(b) EDP has the right to inspect the PCBs at any reasonable time; and

(c) EDP determines to its reasonable satisfaction on inspection that the PCBs are, and have been, subjected only to ordinary use and service.

This warranty does not cover damage through accident or misuse. Buyer's sole and exclusive remedy against EDP regarding PCBs (where EDP has not performed electronic engineering design services) shall be limited to EDP's repair of PCBs having a defect in workmanship or not conforming to the specifications regarding proper placement of components on the PCB as set forth in Buyer's electrical schematics.

9. **REMEDY FOR COMPONENT DEFECTS.** EDP MAKES NO WARRANTY CONCERNING COMPONENT DEFECTS. Buyer acknowledges that EDP is acting solely as a Purchaser of the components sold by the component distributor and that the manufacturer, licensor or other vendor of the components is solely responsible to Buyer, EDP and to third parties for all liability, claims, damages, obligations and cost and expenses related to the components. Buyer agrees to look solely to the manufacturer, licensor or other vendor of the goods for breaches of the licensor's or manufacturer's

warranty and/or for any maintenance, support, repair or replacement of the goods. EDP MAKES NO REPRESENTATION, COVENANT OR WARRANTY WITH RESPECT TO THE EXTENT OR ENFORCEABILITY OF THE MANUFACTURER'S OR LICENSOR'S WARRANTY. If components are defective, EDP will return such components to the component distributor to be replaced by non-defective component parts. EDP shall not be responsible for labor or any other costs incurred with removal or replacement of such component parts. If Buyer requests, and EDP agrees, to perform the necessary labor to remove the defective component parts, rework the PCBs, and replace with non-defective component parts, EDP will be paid its technical rates to perform such work.

10. **REMEDY FOR IMPROPER CIRCUIT DESIGN AND IMPROPER OPERATION OF COMPLETED ASSEMBLY.** EDP MAKES NO WARRANTY CONCERNING CIRCUIT DESIGN OR PROPER OPERATION OF THE COMPLETED ASSEMBLY IN THE EVENT EDP HAS NOT DESIGNED THE ELECTRICAL SCHEMATIC. In the event EDP provides electronic engineering design services, along with the assembly services, it warrants that the PCBs delivered pursuant to its design shall be merchantable and fit and of satisfactory quality for the purpose required by Buyer as may be known to EDP by Buyer as set forth in Buyer's comprehensive engineering specification. Buyer's sole remedy against EDP for improper circuit design or improper operation of the completed assembled circuit board when EDP has designed and assembled such circuit board shall be limited to repairing, reworking or replacing the circuit board.

11. **DISCLAIMER.** EDP IN NO EVENT SHALL HAVE ANY LIABILITY FOR PAYING INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES RESULTING FROM PERSONAL OR BODILY INJURY OR DEATH, OR DAMAGES TO, OR LOSS OF USE OF, ANY PROPERTY. NOTWITHSTANDING ANY OF THESE TERMS AND CONDITIONS, THE WARRANTIES IN THIS AGREEMENT SHALL APPLY IN CONNECTION WITH ANY MATERIALS DELIVERED AS A RESULT OF CONTRACT MANUFACTURING SERVICES BY EDP AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE EXPRESSLY DISCLAIMED, EXCEPT AS STATED IN PARAGRAPH 10. EDP MAKES NO WARRANTY CONCERNING THE COMPLIANCE OF THE CIRCUIT BOARDS WITH ANY LOCAL, STATE OR FEDERAL LAWS OR REGULATIONS, INCLUDING WITHOUT LIMITATION ELECTRICAL, BUILDING, OR OTHER CODES OR REQUIREMENTS. EDP MAKES NO WARRANTY CONCERNING, AND DOES NOT ASSUME IN THIS OR ANY OTHER AGREEMENT ANY OBLIGATION OR LIABILITY IN CONNECTION WITH PATENT INFRINGEMENT SUITS BROUGHT AGAINST BUYER WITH RESPECT TO THE PCBs.

12. **PROCUREMENT OF COMPONENTS BY EDP OR CONSIGNMENT OF COMPONENTS TO EDP.** If Buyer consigns components to EDP, Buyer will purchase and supply all necessary materials and components to EDP for assembly on PCBs. Buyer should provide an additional three percent (3%) of all small parts to EDP for attrition. EDP will notify Buyer of any component shortage within two (2) working days after receipt of components by providing a shortage list indicating which parts and what quantities still need to be provided to EDP. Buyer may also request EDP to procure such components. NO ASSEMBLY WILL BEGIN BY EDP UNTIL ALL COMPONENTS ARE RECEIVED, COUNTED AND VISUALLY INSPECTED. All unused components will be returned to Buyer.

13. **TESTING OF COMPLETED ASSEMBLY.** If Buyer requests EDP to provide testing of completed assembly, Buyer shall state the method of testing requested, being either manufacturing defect analysis or functional testing.

14. **CANCELLATION/CHANGE.** Orders accepted by EDP may be cancelled only upon written consent of EDP. Where EDP consents to a cancellation or other withdrawal of an order, Buyer shall pay EDP, at EDP's discretion, reasonable cancellation charges (in an amount not less than 15 percent (15%) of the cancelled order). Buyer agrees to pay all EDP's costs associated with cancellation/change, including but not limited to, retooling and setup charges, reworking and reprogramming charges. Buyer further agrees to comply with component distributor's return/cancellation policies and agrees to pay all costs associated with such return or cancellation, including but not limited to costs for restocking and short-rating. All orders to component distributors for non-standard items are non-cancellable, non-returnable and non-refundable.

15. **FORCE MAJEURE.** EDP shall not be liable for delays in delivery or for failure to perform due to causes beyond the reasonable control of EDP, which causes shall include, without limitation, acts of God, acts or omission of Buyer, acts of civil or military authorities, fire, strikes, power surges or outages, epidemics, quarantine restrictions, flood, earthquakes, riot, war, delays in transportation or inability to obtain necessary labor, materials or supplies. In the event of any delay, the set date of delivery, if any, shall be extended for a reasonable period, or, at EDP's option, cancelled.

16. **DEFAULT.** In the event of any default, Buyer shall pay all costs incurred by EDP in collecting any amounts due under this Agreement, including reasonable attorneys fees and costs. The waiver by EDP of any breach or default in any payment shall not be deemed to be a waiver of any later breach or default. EDP shall have all remedies provided under the Uniform Commercial Code, including those of a secured party and any other remedies which EDP may have at law, in equity or under any other Agreement. All such remedies shall be cumulative. The exercise or failure to exercise any remedy shall not preclude the exercise of that remedy at another time or of any other remedy at any time.

17. **INDEMNIFICATION.** Buyer represents and warrants that all specifications provided by it, including but not limited to electrical specifications, Bill of Materials and assembly drawings shall be accurate and complete. Buyer represents and warrants that the PCBs assembled by EDP will not be used in connection with (a) nuclear installation or material or (b) safety applications or (c) medical devices or surgical implants or (d) any aircraft or aviation applications or (e) any applications where failure or malfunction could create a situation in which personal injury or death is likely to occur. Buyer shall indemnify, defend and hold harmless EDP, including reasonable attorneys fees, court costs and costs of investigation and defense, from any harm or damages or liability caused to it by any breach of the foregoing representations or for the failure to comply with any laws or regulations.

18. **DISPUTES.** All disputes under any contract concerning the order not otherwise resolved between EDP and Buyer shall be resolved in a court of competent jurisdiction for the location of EDP's place of business. No action, regardless of form arising out of, or in any way connected with the services rendered by EDP, may be brought by Buyer more than one (1) year after the cause of the action has accrued.

19. **INTEGRATION.** This Agreement sets forth the sole and entire Agreement between the parties with regard to the sale of contract manufacturing services herein and supersedes any and all prior or contemporaneous oral agreements between them regarding the same. When Buyer and EDP enter into additional written Agreements with respect to contract manufacturing services to be provided to Buyer by EDP, these Terms and Conditions shall be deemed incorporated by reference in those additional writings.

20. **GENERAL.** If any provision or portion of this Agreement is held to be invalid, illegal, unconscionable or unenforceable, the other provisions and portions hereof shall not be affected. The several captions used herein are for the convenience of the parties only and shall not affect the construction or interpretation hereof. Any clerical errors are subject to correction. This Agreement and performance by the parties hereunder shall be construed in accordance with the laws of the State of Michigan.