

THE FOLLOWING TERMS AND CONDITIONS SHALL APPLY TO ALL QUOTATIONS, ACKNOWLEDGMENTS, INVOICES AND/OR PURCHASE ORDERS ISSUED BY QT MAGNETIC SOLUTIONS ('QT MAGNETICS') TO ANY CUSTOMER OR SUPPLIER.

PROPRIETARY INFORMATION: In the course of negotiating and/or issuing Quotation, Acknowledgments, Invoices and/or Purchase Orders, it may be necessary for QT Magnetics to disclose to a buyer or supplier confidential proprietary information, including but not limited to design and/or manufacturing technology which is not readily available to QT Magnetics' competitors. Any such disclosure is made solely for purposes of facilitating such a transaction, and the receiving party agrees not to disclose, duplicate or reproduce any such proprietary information other than in the course of performing its obligations to QT Magnetics. The receiving party also agrees to take all reasonable steps to prevent the disclosure, duplication or reproduction of any QT Magnetics' proprietary information.

DISPUTES: all disputes between buyer and seller shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The venue for such arbitration shall be San Jose, California. The award rendered by the arbitrator(s) shall be final, and the judgment may be entered on it in any court having jurisdiction. This Quotation, Acknowledgment, Invoice or Purchase Order shall be for all purposes be governed by and interpreted in accordance with the laws of the State of California.

NO WAIVER: QT Magnetics' failure on any occasion to insist on strict compliance with any term of condition herein shall not constitute a waiver of compliance with such term or condition or any other occasion, or a waiver of any default.

ENTIRE AGREEMENT: The applicable terms and conditions set forth in this Quotation, Acknowledgment, Invoice and/or Purchase Order constitute the entire agreement relating to the transaction between QT Magnetics and the buyer and supplier hereunder. No modification to these terms may be made without the express written consent of QT Magnetics.

ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO QUOTATIONS ACKNOWLEDGMENTS AND INVOICES.

TERMS OF PAYMENT: Unless credit is granted, payment is due upon delivery. All payments for products released and shipped on approved credit accounts shall be due in full thirty (30) days from date of invoice. Past due balances shall be subject to a service charge of 1% per month. Partial shipments will be billed as made and payments are subject to the above terms. Payment shall not be withheld for delay in delivery of required documentation unless a separate price is stated, and then only to the extent of the price stated for such undelivered documentation. QT Magnetics may cancel or delay delivery of products or services in the event customer fails to make prompt payment, or in the event of a change in Customer's account status with QT Magnetics.

DELIVERY: QT Magnetics will make all reasonable effort to observe its dates indicated for delivery; however, QT Magnetics shall not be liable in anyway because of any delay in performance due to unforeseen circumstances or to causes beyond its control, including without limitations strike, lock out, riot, war, fire, act of God, accident, failure or breakdown of components necessary from subcontractor, supplier or customer caused delays, or substantial rises in the price of labor, materials or manufacturing facilities. QT Magnetics reserves the right, in its sole discretion to allocate inventories and current production as appropriate, and substitute suitable materials when, in its opinion, such allocation or substitution is necessary due to circumstances for causes

ACCEPTANCE: The furnishing by QT Magnetics of a product or service to the customer shall constitute a acceptance of that product or service by the customer, unless notice of defect or nonconformity is received by QT Magnetics within twenty (20) days of receipt of the product or service at the Customer's designated receiving address. Any use of a product by a customer, its agents, employees, contractors or licensees, for any purpose after receipt, shall constitute acceptance of the product by the Customer. QT Magnetics may repair, or at its option, replace defective or nonconforming parts after receipt of proper notice of defect or nonconformity. Any attempt by a customer, its agents, employees, contractors or licensees to repair or modify conforming or nonconforming product or part voids all warranties and is performed at customers risk and expense unless authorized, in writing, by QT Magnetics.

TERMINATION OF ORDER: Any assignment by the Customer of any contract hereunder without the express written consent of QT Magnetics is void. No order may be terminated by the customer except by mutual agreement in writing. Terminations by mutual agreement are subject to the following conditions: (1) Customers will pay at applicable contract prices, for all products which are completely manufactured or fabricated and allocable to the Customer at the time of QT Magnetics' receipt of notice of termination: (2) the Customer will pay all costs direct and indirect, which it been incurred by QT Magnetics with regard to Products which have not been completely manufactured or fabricated at the time of QT Magnetics receipt of notice of termination plus a pro rata portion of normal profit on the contract: (3) Customer will pay a termination charge on all other Products affected by the termination. QT Magnetics will divert completed parts, material or work-in-process from terminated contract to other Customers whenever, in QT Magnetics' sole discretion, it is practical to do so.

WARRANTY: QT Magnetics customarily warrants that each product sold by it is free of defects in materials and workmanship. If no other period of time as stated, then such warranty is limited to thirty (30) days.

DAMAGES: QT Magnetics' liability for damages shall not exceed the payment, if any, received by QT Magnetics for the unit of product or service furnished or to be furnished, as the case may be, which is the subject of claim or dispute.

TIME LIMIT FOR SUIT: Any action by a customer hereunder must be commenced within one year of the date of delivery of any products, or the date the cause of action arose, whichever is earlier.

SEVERABILITY: If any provision of these terms and conditions shall be ruled unenforceable, then the remainder shall be enforced to the extent permissible.

ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO PURCHASE ORDERS

GENERAL: This Purchase Order constitutes QT Magnetics' offer to purchase the materials or services described. It becomes a binding contract on the terms provided when it is accepted either by acknowledgement or by performance. Notwithstanding any terms or conditions on Seller's sales or invoicing documents. QT Magnetics' purchase and/or performance is expressly made conditional on the Seller's agreement to the terms and conditions of this Purchase Order unless otherwise specifically agreed to in writing by QT Magnetics. In the absence of such agreement, acceptance of delivery any product or service shall not be deemed to be acceptance of Seller's terms and conditions. QT Magnetics' failure to object to any terms and conditions contained in any communication from Seller shall not be deemed a waiver of these Terms and Conditions. Acceptance of this Purchase Order is hereby expressly limited to the terms hereof. This Purchase Order shall for all purposes be governed by and interpreted in accordance with the laws of the State of California as such law is applied to contracts between California residents made and to be performed entirely in California.

SHIPPING: All materials or articles furnished by Seller hereunder shall be shipped in accordance with shipping instructions provided by QT Magnetics, or, if no such instructions are provided, by best route and mode of transportation. Seller shall be liable for any cost, loss, damage, liability or excess shipping costs incurred by or for the account of QT Magnetics as a result of Seller's failure to comply with this paragraph. When the applicable carrier's tariffs do not include insurance, all shipments must be forwarded properly insured. No charge will be allowed for cartage, packaging or handling unless specifically agreed to in writing by QT Magnetics. When the terms of delivery are FOB destination, all transportation costs, including insurance charges, shall be at Seller's expense. Delivery must be effected within the time stated in this Purchase Order. Unless otherwise agreed to in writing by QT Magnetics, no partial or COD shipments will be accepted.

EXCESS AND EARLY SHIPMENTS: Unless otherwise specified, the quantity set forth is the net quantity to be delivered, and no payment shall be made for shipments in excess of such quantity unless authorized by QT Magnetics in writing. Shipments received in advance of the scheduled delivery date may, at QT Magnetics' option, be returned at Seller's sole risk and expense.

PAYMENT AND DISCOUNT: Any prompt payment discount periods applicable hereto shall commence on the date QT Magnetics receives the material or service, or QT Magnetics receives a correct invoice therefor, whichever is later. Unless a specific prompt payment discount applies, payment will be processed no sooner than thirty (30) days from the receipt of materials or services.

INSPECTION: All materials or services to be furnished are subject to final inspection by QT Magnetics after receipt, and QT Magnetics, in addition to any other rights of QT Magnetics, may reject or revoke acceptance of all or any portion of such materials and articles which fail to conform to the requirements of this Purchase Order. Any material or articles so rejected will be returned to Seller at Seller's sole risk and expense, and seller will promptly refund any payment made by QT Magnetics on account. QT Magnetics may inspect the materials and workmanship covered by this Purchase Order from time to time at any reasonable time and it any reasonable place.

CHANGE IN SPECIFICATIONS: QT Magnetics reserves the right by notice to Seller, whether written or oral, to make changes in specifications, drawings, delivery date, quantity or shipping instructions applicable to any materials and/or services covered by this Purchase Order. Any difference in the price applicable to, or the time required for the performance of, this Purchase Order resulting from changes specified in such notice to Seller shall be equitably adjusted and this Purchase Order be modified in writing accordingly; provided, however, that no increase in price or delivery time shall be made unless QT Magnetics receives from Seller a claim in writing for such increase within ten (10) days after the receipt by Seller of such notice to make changes.

DEFAULT AND EXCUSABLE DELAYS: Any failure by Seller to fully comply with any requirement of the Purchase Order, including, but not limited to, any failure to meet the delivery schedule set forth herein, shall constitute default. Upon Seller's default, QT Magnetics may, at its option and in addition to any other remedies to which QT Magnetics may be entitled, cancel all or any portion of this Purchase Order. Seller will reimburse QT Magnetics for any cost, loss, damage and liability incurred by QT Magnetics by reason for Seller's default.

TERMINATION FOR CONVENIENCE: QT Magnetics reserves the right at any time to terminate this Purchase Order, in whole or in part, for QT Magnetics' convenience by delivery to Seller of written notice of such termination. In the event of such termination, QT Magnetics shall pay Seller the price specified herein for the portion, if any, of Seller's performance which has accepted herein. QT Magnetics may exercise its rights hereunder and any time, whether or not Seller is or has been in default hereunder.

LIENS: all materials or services furnished by Seller shall be free of all liens, and encumbrances, and a QT Magnetics' request Seller shall deliver to QT Magnetics a release of all liens or other evidence thereof satisfactory to QT Magnetics.