

PURCHASE ORDER TERMS AND CONDITIONS

1. DEFINITIONS. As used herein, the following terms shall have the meanings set forth below, whether or not capitalized.

(a) "Purchase Order" or "order" means this purchase order, including these Purchase Order Terms and Conditions. Any additional written purchase agreements between Seller and Buyer with regard to the Supplies are hereby incorporated into these Purchase Order Terms and Conditions.

(b) "Buyer" means the buyer that purchases under this order, being PCT International, Inc. or a subsidiary or affiliate of PCT International, Inc., as the case may be.

(c) "Seller" or "vendor" or "lessor" or "licensor" means the party furnishing the Supplies under this order.

(d) "Supplies" means what Seller furnishes Buyer under this order and includes, without limitation, the following: (1) "the work", "materials", "articles", "deliverable items", "items", "data", and "services", whether tangible or intangible, or any combination thereof; and (2) what is leased or licensed, pursuant to the lease(s) or license(s) signed by both Buyer and the lessor or licensor if attached to and made a part of this order.

(e) "Loss" means any or all of the following: claims, liabilities, damages, losses, costs, or expenses (including reasonable attorneys' fees and expenses and other legal costs).

2. ACCEPTANCE. The order constitutes an offer which shall become a binding contract upon the terms and conditions herein set forth upon acceptance by Seller either by acknowledgment of this order or commencement of performance. Buyer objects to any different, conflicting or additional terms proposed by Seller in the acceptance of this order, and no such terms shall be effective unless expressly accepted by Buyer in writing. Each shipment received by Buyer from Seller shall be deemed to be only upon the terms and conditions contained in this order, except by such written instrument modifying the order or other written agreements, signed by Buyer, notwithstanding any terms and conditions that may be contained in any acknowledgment, invoice, or other form issued by Seller and notwithstanding Buyer's act of accepting or paying for any shipment, or similar act by Buyer.

3. PRICES. Seller represents that the prices, terms, warranties, and benefits contained in this order are comparable to or better than those offered to any other customer of Seller for items which are the same or substantially similar. Buyer shall receive the benefit prospectively or retrospectively if Seller offers any item or service included in this order to any other customer at a lower price, more favorable terms, more favorable warranties, or more favorable benefits up to one year after completion of this order. If the parties agree upon a new price for any Supplies, the new price shall apply to all purchase orders issued by Buyer after the day when the new price is effective; however, if the parties agree, the new price shall also apply to those undelivered Products that were ordered by Buyer before the day when the new price is effective. Buyer may, in its sole discretion, deduct and offset any amount owed by Seller to Buyer from and against its equivalent amount payable to Seller, regardless of when the amounts are due.

4. PACKING AND SHIPPING. All items shall be suitably preserved, handled, packed and prepared for shipment in conformance with good commercial practice, including to protect the Supplies from any Loss or damage, to secure the lowest transportation cost, and to comply with the requirements of carriers designated by Buyer, Buyer's instructions and government regulations. Buyer's order number shall appear on all documents and correspondence relating to these items. Packing lists shall accompany the items, and shall include the order number, Buyer's part number, Seller model number, description of items shipped, quantity shipped and any other information called for in the order or otherwise requested by Buyer. Buyer's count or weight shall be final and conclusive on shipments not accompanied by a packing list. Seller shall be liable for all excess transportation and other charges resulting from Seller's failure to comply with Buyer's packing, shipping, routing and delivery instructions. Unless otherwise agreed by Buyer, Seller shall in no event make partial shipments.

5. DELIVERY. Seller shall deliver the Supplies on the date or within the period specified in this order or otherwise instructed by Buyer at the place of delivery specified in this order or otherwise designated by Buyer. Any delivery schedule made a part of this order is an important, material condition: time is of the essence of this order. Unless otherwise agreed to in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedule. In addition to any other rights or remedies, Buyer may cancel all or any part of this order for Seller's failure to deliver in strict accordance with the delivery terms set forth herein. Seller shall promptly notify Buyer of any anticipated delay in the delivery date and Buyer may require Seller to ship by alternate means in order to expedite delivery. Buyer shall be entitled an amount equal to the greater of (i) 1% of the total payment price of the delayed Supplies for each day of delay or (ii) any resulting costs or damages incurred by Buyer and any customers of Buyer occasioned by the delay (including the damages paid by Buyer to its customers due to the delay); provided, however, that if the amount set forth in clause (i) above is determined under applicable law to be unenforceable, then Seller nonetheless shall continue to be liable for any costs or damages incurred by Buyer or any customers of Buyer as a result of such breach. Delivery shall not be deemed to be complete until the items have been received and accepted by Buyer. Advance and excess shipments may at Buyer's option be rejected and returned to Seller at Seller's expense or retained as substitution of Supplies to be delivered.

6. TERMS OF TRANSACTION. Except as otherwise provided in this order, terms of transaction including allocation of transportation charges on Supplies shall be INCOTERMS 2000 f.o.b. named port of shipment, at Seller's sole cost and expense. Risk of loss from any casualty to the Supplies ordered hereunder, regardless of cause, shall be Seller's responsibility until goods have been delivered to Buyer's designated delivery post. No insurance or premium transportation costs beyond the price listed in this order will be allowed unless authorized by Buyer in writing. If Seller does not comply with Buyer's delivery schedule, Buyer may, in addition to any other rights that Buyer may have under this order, require delivery by fastest way, and charges resulting from the premium transportation must be fully prepaid and absorbed by Seller.

7. WARRANTY. Seller warrants that all supplies delivered pursuant to this order shall strictly conform with this Purchase Order and the applicable specifications (including without limitation information on functional performance, material content, size, appearance, response times, etc.), drawings, samples and technical documents, shall be free from all defects in material and workmanship, including latent defects, shall be free from defects in design and technology and suitable for their intended purpose, and shall be free from all claims, encumbrances, and liens. This warranty shall survive inspection, delivery and payment, shall run to Buyer, its successors, assigns, customers and the users of the items and shall not be deemed to be exclusive. If the parties agree to a warranty period for any Supplies, this warranty shall be effective throughout such warranty period. Seller shall indemnify, defend and hold Buyer, Buyer's affiliates, Buyer's customers, agents, employees and those for whom Buyer may act as agent harmless from all damages and Loss, including consequential and incidental damages, incurred or sustained by Buyer by reason of any breach of any warranty with respect to the Supplies purchased, including but not limited to lost revenue and lost profits, additional labor costs, additional costs of materials and expenses to return, replace or repair defective products supplied to Buyer's customers. Seller shall promptly reimburse Buyer for all expenses incurred in the handling, inspection, return, replacement and scrapping of defective items, including all costs associated with the related finished product, packaging, handling, and shipment, and Seller shall bear the risk of loss on all such items. If any of the supplies are found at any time prior to acceptance or within the applicable warranty period to be defective in material or workmanship, or otherwise not in conformity with the requirements of this order, Buyer (in addition to any other rights which it may have under warranties or otherwise) may at its option (1) correct or have corrected the nonconformity at Seller's expense, or (2) reject and return such supplies or other deliverable items at Seller's expense, such supplies or other deliverable items not to be replaced without suitable written authorization from Buyer. If Buyer opts for replacement or repair of non-conforming Supplies, Seller shall deliver the replacement or repair within reasonable time required by Buyer. Buyer shall not be obligated to pay for any non-conforming Supplies.

8. CHANGES. Buyer may at any time request in writing changes to this order including but not limited to the specifications, packing, shipment, quantities, delivery schedules, and other matters. If any such change causes an increase or decrease in the costs of or the time required for performance, Seller shall immediately notify Buyer. Any request for an equitable adjustment must be made in writing within 30 days from the date of Buyer's written request for the change. No additional charge or change in the specifications, packing, shipment, quantities, delivery schedules, and other matters will be allowed unless authorized by Buyer in writing.

9. TOOLS, MATERIALS AND INTANGIBLES. Unless otherwise provided herein, any items, tools, materials, data, technical information, and intellectual property developed or created by Seller in the performance of this order shall become and shall be identified by Seller as property belonging to Buyer. In the case of works that contain copyrightable or patentable subject matter, such works shall be considered works made for hire on behalf of Buyer. Alternatively, in case that the applicable law does not permit automatic ownership and title of such works to Buyer, Seller hereby assigns all right, title and interest to such works, including the copyrights, right to apply for patent and patent therein, to Buyer. Seller agrees to execute any documents useful or necessary for Buyer to establish, preserve, perfect or enforce its rights, title and interest in such works. Any such property in the possession or control of Seller during the performance of this order shall be deemed as a bailment on behalf of Buyer at Seller's risk, shall be used exclusively in the production or delivery of the Supplies by the terms of this order, and shall be subject to disposition by Buyer at any and all times. Upon written demand of Buyer, Seller shall deliver all such property to Buyer at Seller's risk and expense. Seller shall be responsible for all Loss with respect to such tools, materials and intangibles while in its possession and shall adequately insure against such Loss. Seller shall clearly mark the tools, materials and intangibles as those of Buyer and shall keep them segregated within Seller's plant. Seller shall not encumber such tools, materials and intangibles and shall not allow such tools, materials and intangibles to be used for the benefit of any third party. Buyer retains its ownership and title over any items, tools, materials, data, technical information and intellectual property it provided to Seller, and Seller shall dispose of or returned same to Buyer in accordance with Buyer's written instructions. Seller shall not reproduce the items, tools, materials, data, technical information and intellectual property provided by Buyer without prior express written authorization by Buyer. Buyer does not warrant the accuracy of any tooling furnished by it.

10. COMPLIANCE WITH LAW. Seller warrants that it has and will produce the Supplies and render all supplies, services and obligations required under this order in strict compliance with all applicable federal, state, national, provincial, and local laws, rules, regulations and orders. Seller hereby agrees to indemnify, defend and hold Buyer and its affiliates harmless for any and all costs incurred by Buyer directly or indirectly by any failure of Seller to comply fully with the requirements of any applicable law, rule, regulation or order. Seller shall further provide certifications of such compliance and sufficient data to support such certifications, either generally or specifically, upon request of Buyer. It is agreed that each and every provision required by law to be inserted in this order is deemed to be inserted herein, and if, through mistake or otherwise, any such provision is not inserted or incorrectly inserted, then this order shall promptly be amended so as to comply strictly with the law without prejudice to the rights of either party hereunder. Seller and its employees or agent(s) shall not, directly or indirectly, offer to give or give to the employees of Buyer or Buyer's affiliates any bribes and/or other improper interests, including but not limited to discount, commission and unmerited presents.

11. TAXES. The price of the Supplies in this order includes all applicable federal, state, national, applicable, local and other taxes, duties, and fees, unless otherwise provided in this order. Any taxes that Buyer has specifically assumed the obligation to pay (and which are provided for in this order) shall be separately set forth on Seller's invoices. Seller shall accept all tax exemption certificates provided by Buyer.

12. PATENT, TRADEMARK, COPYRIGHT AND TRADE SECRET INDEMNITY. Seller represents that the items furnished hereunder will not infringe upon any United States, PRC, or other patent, copyright, trademark, or trade secret. Seller shall indemnify, defend and hold Buyer, Buyer's affiliates, Buyer's customers, and those for whom Buyer may act as agent harmless from and against any and all costs, damages and expenses resulting from any actual or alleged infringement. Seller further agrees that upon the request of Buyer, Seller will repurchase such nonconforming items sold hereunder from Buyer at the order price plus all costs associated with the related finished product, packaging, handling, and shipment.

13. CONFIDENTIALITY AND INVENTIONS. All data, documents, materials, and other information supplied by Buyer, including drawings, specifications, financial, marketing and customer data and other business information, and all proprietary rights embodied therein are exclusively reserved by Buyer and the same shall not be used, disclosed or reproduced for any purpose except for the performance of work under this order. Such information shall be disposed of at any time in accordance with Buyer's written instructions, or returned to Buyer promptly upon completion of this order. Seller shall not reproduce the information in any form without express written authorization by Buyer. Seller shall keep information

and data confidential and secret, and shall not now nor hereafter disclose such information to any person, firm, corporation, competitor of Buyer or Seller, or entity without the express written consent of Buyer. Nothing contained in this order shall be construed as granting or conferring any rights by license or otherwise in any proprietary and/or confidential information disclosed to Seller. If this order involves payment by Buyer for experimental, development or research work, Seller hereby grants Buyer all right, title and interest in and to any and all inventions conceived or first actually reduced to practice during performance of this order, and Seller agrees to furnish Buyer with full written disclosure of the details of each such invention. Any information furnished by Seller to Buyer in connection with the purchase of the Supplies shall not be deemed to be confidential information and shall be acquired free from any restriction as part of the consideration for this order, unless otherwise agreed upon in writing by the parties. Seller is hereby notified that this order is proprietary information of Buyer. Unless specifically authorized in writing by Buyer, Seller shall not discuss this order with any third party. These third parties include without limitation Buyer's customers, Buyer's other vendors, Seller's other customers, Seller's vendors, the general public, or the media.

14. ASSIGNMENT. Neither this order nor any interest herein may be assigned, in whole or in part, by Seller without the prior written consent of Buyer.

15. SUBCONTRACTING. Seller shall not enter into a subcontract for any part of this order, including completed or substantially completed items or major components thereof, without Buyer's prior written consent. Nothing in this order shall be seen as prohibiting Seller's purchase of standard commercial articles, raw materials, or other supplies specified in this order if these are typically purchased by Seller in the normal course of business.

16. TERMINATION. In addition to the provision of Article 17, Buyer may terminate or suspend performance under this order in whole or in part from time to time by sending written notice to Seller. Upon receiving notice of such action by Buyer, Seller shall immediately comply with its terms and take all reasonable steps to avoid incurring any additional costs under this order. Buyer's sole liability to Seller shall be for items completed and delivered to Buyer in accordance with this order and for Seller's reasonable actual costs to the date of termination, such costs being solely attributable to this order and not being recoverable from other sources including resale to third parties. Seller shall take all reasonable steps to avoid incurring any additional costs under this order. In no event shall Buyer be liable to Seller for loss of any anticipated profits or revenue or any other indirect, consequential or incidental damages.

17. DEFAULT. Buyer may, by written notice to Seller, terminate the whole or any part of this order if (i) Seller fails to make delivery of the supplies pursuant to schedule; (ii) Seller fails to perform any provisions of this order; (iii) supplies delivered do not conform to contractual requirements; (iv) in Buyer's reasonable opinion, Seller's ability to perform this order is endangered or impaired, or Seller fails to provide the security or guarantee for its future performance upon Buyer's request; (v) Seller becomes insolvent or the subject of proceedings under any law relating to bankruptcy or the relief of debtors or admits in writing its inability to pay its debts as they become due; (vi) a trustee or administrator is appointed to protect Seller's assets; or (vii) Seller fails a second time or continuously to complete the replacement or repair of the Supplies in the reasonable time requested by Buyer. Buyer may, at its sole option and only in writing, provide a period within which Seller may cure its default prior to Buyer's terminating the order for default. In the event that Buyer terminates this order for Seller's default, Buyer may recover so much of the price as has been paid for the Supplies not accepted and may procure, upon terms and in a manner as Buyer may deem appropriate, similar supplies from any third parties, and Seller shall be liable to Buyer for any excess cost for such similar supplies. In addition, Seller shall be liable to Buyer for any incidental and consequential damages sustained or incurred by Buyer, less expenses saved in consequence of the Seller's breach. Seller shall continue performance of this order to the extent a default is not declared by Buyer. Buyer's rights as set forth herein shall be in addition to Buyer's other rights in case of Seller's default, and Buyer shall be entitled to pursue any and all remedies available to Buyer at law or in equity. Failure of Buyer to insist on strict performance shall not constitute a waiver of any of the provisions of this order or waiver of any other default of Seller.

18. INDEMNIFICATION. Seller agrees to indemnify, defend and hold Buyer, Buyer's affiliates, Buyer's customers, and those for whom Buyer may act as agent harmless from (i) any and all claims and liabilities for injuries or death of persons or damages to or destruction of property any other Loss caused by or resulting from the acts or omissions of Seller, its agents, subcontractors, suppliers or employees in the performance of this order; (ii) any other Loss caused by or resulting from the acts or omissions of Seller, its agents, subcontractors, suppliers or employees in the performance of this order; (iii) any Loss caused by or resulting from the Supplies purchased under this order or other products or materials provided by Seller, including without limitation any Loss caused by or resulting from the use or disposal of hazardous and/or toxic materials, such materials to include at minimum all materials recognized by the Environmental Protection Agency as hazardous; or (iv) any breach by Seller of any express or implied warranties. If Seller's work hereunder involves operations by Seller's agents, subcontractors, suppliers or employees on Buyer's premises or any of Buyer's customer's premises or any place where Buyer conducts operations, Seller shall take all necessary precautions to prevent the occurrence of any injury or damage to persons or property during the progress of such work. Further, Seller shall indemnify, defend and hold Buyer, Buyer's affiliates, Buyer's customers, and those for whom Buyer may act as agent harmless for any injuries occurring to Seller's agents, subcontractors, suppliers or employees and Seller shall maintain public liability, property damage and employee's liability and compensation insurance sufficient to protect Buyer from any claims under any applicable law, statute, or regulation.

19. INSPECTION AND QUALITY CONTROL. Buyer and its customers may inspect during normal business hours the Supplies and manufacturing process at any site where Seller is conducting the manufacturing or storing the Supplies. Seller shall provide all facilities and supporting services reasonably required by Buyer or its customers in connection with such inspection. Buyer may inspect the Supplies prior to their shipment to Buyer and has the right to enter Seller's site to examine and remove any and all Buyer's properties. Any Supplies inspected prior to shipment shall still be subject to the final inspection on Buyer's site or on the sites of Buyer's customers. Seller warrants that the production of the Supplies shall at all times comply with the latest version of quality requirements, environmental protection warranties and restricted material requirements and any technical documentation, their complementary or updated versions provided by Buyer. Upon request by Buyer, Seller shall provide its own quality standards, testing supporting documents and technical information for Buyer's review and approval.

20. MODIFICATION; WAIVER. No waiver or modification of this order shall be effective unless in writing and signed by both of the parties hereto. Failure of either party to enforce its rights under this order shall not constitute a waiver of such rights or any other rights.

21. ENTIRE AGREEMENT. This order is intended by the parties as a final expression of their agreement and also as a complete and exclusive statement of the terms thereof, any prior or contemporaneous oral or written agreements as to the same subject matter notwithstanding.

22. SEVERABILITY. Wherever possible, the terms of this order shall be construed and interpreted to be valid and enforceable under the governing law. If any provision of this order shall be determined to be invalid or unenforceable, such provision shall be invalid or unenforceable only to the minimum extent required, and the parties shall promptly attempt in good faith to agree on a legally enforceable modification that gives effect to the commercial objectives of the invalid or unenforceable provision, and every other provision shall remain in full force and effect.

23. AGREEMENT BINDING. This agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

24. NOTICE. All notices and communications hereunder shall be in writing, including by facsimile, email, hand delivery, or registered or certified mail, postage and fees prepaid, or via nationally or internationally recognized overnight courier to the respective addresses of the parties listed on this order.

25. NOTICE OF LABOR DISPUTES. Whenever any actual or threatened labor dispute exists which may delay the timely performance of this order, Seller shall promptly give Buyer notice thereof.

26. GOVERNING LAW AND DISPUTE SETTLEMENT. The provisions and performance of this purchase order shall be governed by the laws of the State of Arizona and applicable federal law of the United States, regardless of the rules of conflicts. Any dispute arising out of or in relation to this order, including any question regarding its existence, validity, or termination that is not resolved by the parties within 30 days of a notice of the dispute by either party to the other party shall be referred to arbitration by the American Arbitration Association ("AAA") for binding arbitration in Tempe, Arizona, conducted in accordance with the AAA Commercial Arbitration Rules (the "Rules") in effect at the time of the application for arbitration. If any provision of the Rules is in conflict with the provisions of this order, the provisions hereof shall prevail.