

TERMS AND CONDITIONS OF SALE

1. TERMS AND CONDITIONS: Products and services (referred to herein individually and/or collectively as “Deliverables”) furnished by Covaron Inc. are sold only on the terms and conditions stated herein as well as any additional terms and conditions that may appear on the face hereof. In the case of a conflict between the terms and conditions stated herein and those appearing on the face hereof, the latter shall control. Notwithstanding any terms or conditions on Customer’s order, Covaron Inc.’s performance of any contract is expressly made conditional on Customer’s agreement to Covaron Inc.’s Terms and Conditions of Sale unless otherwise specifically agreed to in writing by Covaron Inc.. In the absence of such agreement, commencement of performance and/or delivery shall be for Customer’s convenience only and shall not be deemed or construed to be acceptance of Customer’s terms and conditions, or any of them. If a contract is not earlier formed by mutual agreement in writing, acceptance of any Deliverable shall be deemed acceptance of the terms and conditions stated herein. These Terms and Conditions of Sale may not be amended or any provision thereof waived in any way except by an instrument in writing signed by both parties.

2. ORDERS: All orders must be in writing and shall be subject to acceptance by Covaron Inc. at its home office in Ann Arbor MI, USA.

3. QUOTATIONS AND PRICES: Covaron Inc.’s prices and quotations are subject to the following:

(a) All published prices are subject to change without notice.

(b) Unless otherwise stated in writing by Covaron Inc., all prices quoted shall be exclusive of transportation, insurance, taxes (including, without limitation, any sales, use or similar tax), license fees, customs fees, duties and other charges related thereto, and Customer shall report and pay any and all such shipping charges, premiums, taxes, fees, duties and other charges related thereto and shall hold Covaron Inc. harmless therefrom, provided that, if Covaron Inc., in its sole discretion, chooses to make any such payment, Customer shall reimburse Covaron Inc. in full upon demand. If claiming a tax exemption, Customer must provide Covaron Inc. with a valid tax exemption certificate.

(c) Stenographical, typographical and clerical errors are subject to correction.

(d) Quotations are based on Covaron Inc.’s Acceptance Quality Levels (“AQL”) commensurate with normal processing. If particular AQL values are required, Customer must state them along with its original request.

(e) Prices quoted are for Deliverables only and do not include technical data, proprietary rights of any kind, patent rights, tests other than Covaron Inc.’s standard tests, or packaging other than Covaron Inc.’s normal domestic commercial packaging, unless expressly agreed to in writing by Covaron Inc..

(f) Published weights and dimensions are approximate only. Certified dimension can be obtained upon request. Manuals, programs, listings, drawings or other documentation required hereunder must be referenced specifically.

(g) On custom made Deliverables, Covaron Inc. reserves the right to ship 10% over or under the quantity ordered by Customer. Customer agrees that shipment within that range constitutes complete performance, and that the total price will be adjusted to conform to the quantity delivered.

4. TOOLING: A tooling charge may be applicable to cover partial tooling costs for new and revised parts. This will be a one-time service charge covering a portion of the preparatory operations necessary to manufacture Customer’s Deliverables, but does not constitute payment for any resulting special tools, which shall remain the property of Covaron Inc.

5. TERMS OF PAYMENT: Unless otherwise agreed in writing, and unless credit is granted, payment shall be in U.S. Dollars and is due in full prior to the scheduled date of shipment. All payments for Deliverables released and shipped on approved credit accounts shall be due in full 30 days from date of invoice therefor. Past due balances shall accrue interest at the rate of 1½% per month or the highest rate allowed by law, whichever is less. Partial shipments will be billed as made and payments therefor are subject to the above terms. Payment shall not be withheld for delay in delivery of required documentation unless a separate price is stated therefor and then only to the extent of the price stated for such undelivered documentation. Covaron Inc. may cancel or delay work on or delivery of Deliverables in the event Customer fails to make prompt payment therefor, in the event of an arrearage in Customer’s account with Covaron Inc., or if, in Covaron Inc.’s judgement, the financial condition of Customer at any time prior to delivery does not justify continuation of work on or shipment of the Deliverables.

6. SECURITY AGREEMENT (Conditional Sale) It is agreed by Customer and Covaron Inc. that as to the Deliverables which are the subject of this contract of sale and all accessions thereto and proceeds thereof, a purchase money security interest shall attach with Covaron Inc. as secured party, and with respect to Deliverables which are resold in any form by Customer, Covaron Inc. shall be the assignee of any security interest which Customer retains or obtains in such Deliverables until Customer has made payment in full therefor in accordance with the terms hereof. Customer shall be in default if it fails to make any payment as provided for herein or if bankruptcy, receivership or insolvency proceedings are instituted by or against Customer or if Customer makes any assignment for the benefit of creditors. Upon Customer’s default, Covaron Inc. shall have all the rights and remedies of a secured creditor as well as those of a Covaron Inc. of goods, under the Uniform Commercial Code and other applicable law, including but not limited to the RIGHT TO TAKE POSSESSION of the Deliverables herein furnished. Covaron Inc. may remedy any default and may waive

any default without waiving the default remedied or without waiving any prior or subsequent default. Customer agrees to cooperate fully and assist Covaron Inc. in perfecting and/or continuing Covaron Inc.'s security interest and to execute such documents and accomplish such filings and/or recordings thereof as Covaron Inc. may deem necessary for the protection of Covaron Inc.'s interest in the Deliverables herein furnished. The making of this contract of sale by Customer and Covaron Inc. shall constitute their signing of this Security Agreement.

7. TRANSPORTATION AND RISK OF LOSS: Transportation will normally follow Customer's shipping instructions, but Covaron Inc. reserves the right to ship Deliverables freight collect and to select the means of transportation and routing when Customer's instructions are omitted or deemed unsuitable by Covaron Inc.. Unless otherwise advised, Covaron Inc. may insure the full value of the Deliverables or declare full value thereof to the transportation company at the time of delivery and all freight and insurance costs shall be for Customer's account. All Deliverables are shipped FOB point of manufacturing, whether or not installation is provided by or under supervision of Covaron Inc.. Title shall pass from Covaron Inc. to Customer when Deliverables are loaded on the transportation company's vehicle at the location of Covaron Inc.'s manufacturing plant from which the Deliverables are shipped. Subsequent confiscation or destruction of or damage to Deliverables shall not release, reduce or in any way affect the liability of Customer therefor. Notwithstanding any defect or nonconformity, or any other matter, such risk of loss and/or damage shall remain in Customer until the Deliverables are returned at Customer's expense to such place as Covaron Inc. may designate in writing. Customer, at its expense, shall fully insure Deliverables against all loss and/or damage until Covaron Inc. has been paid in full therefor, or the Deliverables have been returned, for whatever reason to Covaron Inc.. All Deliverables must be inspected upon receipt and claims should be filed with the transportation company when there is evidence of shipping damage, either concealed or external.

8. PERFORMANCE: Covaron Inc. will make all reasonable efforts to observe the dates it has indicated for delivery or other performance. However, Covaron Inc. shall not be liable in any way because of any delay in performance hereunder due to acceptance of prior orders, technical difficulties, strike, lockout, riot, war, fire, act of God, accident, failure or breakdown of components necessary for completion of the Deliverables, delays caused by any subcontractor, supplier or Customer, inability to obtain or substantial rises in the price of labor, materials or manufacturing facilities, curtailment of or failure to obtain sufficient electrical or other energy supplies, or compliance with any law, regulation, or order, whether valid or invalid, of any governmental body or any instrumentality thereof, whether now existing or hereafter created, or due to any unforeseen circumstances or causes beyond Covaron Inc.'s control. Provided such delay is neither material nor indefinite, Covaron Inc.'s performance shall be deemed suspended during and extended for such time as it is so delayed, and thereafter Customer shall accept performance hereunder. Delay in performance shall not be considered material or indefinite unless it exceeds or is reasonably estimated by Covaron Inc. to exceed a period of six (6) months. In addition, Covaron Inc.'s inventories and current production must be allocated so as to comply with applicable Government regulations. In the absence of such regulations, Covaron Inc. reserves the right, in its sole discretion, to allocate inventories and current production and substitute suitable materials when, in its opinion, such allocation or substitution is necessary due to such circumstances or causes. In the interest of conservation of scarce materials, and of efficient utilization of high value parts and components, the Deliverables may contain remanufactured parts and components. Such parts and components are covered by the same warranty and are subject to the same high standards of quality control applied to other parts and components. No penalty clause of any kind shall be effective. As used herein "performance" shall include, without limitation, fabrication, shipment, delivery, assembly, installation, testing and warranty repair or replacement, as applicable.

9. ACCEPTANCE OF DELIVERABLES: The furnishing by Covaron Inc. of a Deliverable to Customer shall constitute acceptance of that Deliverable by Customer unless notice of defect or nonconformity is received by Covaron Inc. within thirty (30) days of receipt of the Deliverable at Customer's designated receiving address, provided that, for Deliverables for which Covaron Inc. agrees in writing to perform acceptance testing after installation, the completion of Covaron Inc.'s applicable acceptance tests, or execution of Covaron Inc.'s acceptance form by Customer, shall constitute acceptance of that Deliverable by Customer.

10. ASSIGNMENT AND TERMINATION: Any assignment by Customer of any contract hereunder without the express written consent of Covaron Inc. is void. No order may be terminated by Customer except by mutual agreement in writing. Terminations by mutual agreement are subject to the following conditions: (1) Customer will pay, at applicable contract prices, for all Deliverables which are completely manufactured and allocable to Customer at the time of Covaron Inc.'s receipt of notice of termination; (2) Customer will pay all costs, direct and indirect, which have been incurred by Covaron Inc. with regard to Deliverables which have not been completely manufactured at the time of Covaron Inc.'s receipt of notice of termination, plus a pro rata portion of normal profit on the contract; and (3) Customer will pay a termination charge on all other Deliverables affected by the termination. Covaron Inc.'s normal accounting practices shall be used to determine costs and other charges. To reduce termination charges, Covaron Inc. will divert completed parts, material or work-in-progress from terminated contracts to other Customers whenever, in Covaron Inc.'s sole discretion, it is practicable to do so.

11. SUPPLIES OR SERVICES FOR THE UNITED STATES GOVERNMENT: To the extent that Deliverables furnished hereunder are furnished for delivery pursuant to, or for use in the performance of any contract with the United States or any related subcontract, and to the extent that any contractual provisions are expressly required by the laws or procurement regulations of the United States to be included in such contracts or subcontracts, such contractual provisions are expressly incorporated herein by this reference, with necessary changes in points of detail, e.g., references to parties.

12. INTELLECTUAL PROPERTY

(a) Covaron Inc. shall, at its own expense defend any suit that may be instituted against Customer for alleged infringement of any United States patent, trademark or copyright related to the Deliverables (except Deliverables covered by subsection 12(b) below) provided that: (1) such alleged infringement does not arise from use of such Deliverables as a part of or in combination with any other devices or parts; (2) Customer gives Covaron Inc. prompt notice in writing of any such suit and permits Covaron Inc. through counsel of its choice, to answer the charge of infringement and defend such suit; and (3) Customer gives Covaron Inc. all needed information, assistance and authority to enable Covaron Inc. to defend such suit. In the case of a final award of damages in any such suit Covaron Inc. shall pay such award, but shall not be responsible for any settlement made without its prior written consent. THIS SECTION STATES COVARON INC.'S SOLE RESPONSIBILITY AND LIABILITY, AND THE CUSTOMER'S SOLE REMEDY, FOR ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT BY ANY DELIVERABLE DELIVERED HEREUNDER OR ANY PARTS THEREOF. THIS SECTION IS IN LIEU OF AND REPLACES ANY OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTY AGAINST INFRINGEMENT. IN NO EVENT SHALL COVARON INC. BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY SUCH INFRINGEMENT.

(b) Customer shall, at its own expense, indemnify and hold Covaron Inc. harmless from and against any expense or loss resulting from any infringement of any patent, trademark or copyright arising as a result of Covaron Inc.'s compliance with any of the Customer's designs, specifications or instructions, including any marking or branding made at Customer's request, and shall defend at its own expense, including attorneys' fees, any suit brought against Covaron Inc. alleging any such infringement provided that Covaron Inc. (1) gives Customer prompt notice in writing of any such suit and permits Customer, through counsel of its choice, to defend such suit and (2) gives Customer all needed information, assistance and authority to enable Customer to defend such suit.

(c) Customer shall not and agrees not to challenge or take any position inconsistent with Covaron Inc.'s ownership of such rights at any time.

(d) In the absence of a superseding written agreement expressly to the contrary, all right, title to, and interest in all intellectual property (including patents, copyright, design rights, know how, and trade marks) and materials (including all chemistry, compositions, reactions, plans, diagrams, specifications, designs, data, drawings and models) which are developed, designed or generated by Covaron Inc. shall be owned by Covaron Inc. as legal and beneficial owner. Covaron Inc. retains ownership of all intellectual property in its materials and Deliverables, even if incorporated into Customer's products. Customer shall not, without prior written approval of Covaron Inc., incorporate, describe, disclose, or otherwise refer to any Deliverables or any of Covaron Inc.'s intellectual property, materials, or products in the claims or specification of any patent application in any jurisdiction worldwide regardless of any anticipated publication date(s) thereof.

13. WARRANTY: Covaron Inc. customarily warrants that each Deliverable sold by it will conform to the applicable specifications at the time of delivery. Covaron Inc.'s obligation under said warranty continues for a period of time and under such conditions as specified in Covaron Inc.'s warranty for the individual Deliverable. If no period of time is stated, then such warranty is limited to thirty (30) days. Unless otherwise specified on the face hereof or otherwise mutually agreed in writing, Covaron Inc.'s applicable standard warranties are incorporated herein by this reference. Repair, or at Covaron Inc.'s option, replacement of defective parts shall be the sole and exclusive remedy under warranty, provided that Covaron Inc. may, as an alternative, elect to refund an equitable portion of the purchase price of the Deliverable. THE WARRANTY STATED HEREIN CONSTITUTES THE EXCLUSIVE WARRANTY PROVIDED BY COVARON INC. WITH RESPECT TO ALL DELIVERABLES AND IS EXPRESSLY GIVEN IN LIEU OF AND EXCLUDES ALL OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR PARTICULAR PURPOSE, USE OR APPLICATION, AND ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF COVARON INC., UNLESS SUCH OTHER WARRANTIES, OBLIGATIONS OR LIABILITIES ARE EXPRESSLY AGREED TO IN WRITING BY COVARON INC.. **Some experimental, developmental or special application Deliverables, or Deliverables with a life test requirement, are sold without warranty.** IN SUCH CASE, COVARON INC. WARRANTS THAT THE DELIVERABLES MEET APPLICABLE SPECIFICATIONS WHEN SHIPPED BY COVARON INC. BUT COVARON INC. SHALL HAVE NO OTHER OR FURTHER RESPONSIBILITY OR LIABILITY WHATSOEVER.

14. WARRANTY REPLACEMENT AND ADJUSTMENT: All claims under warranty must be made promptly after occurrence of circumstances giving rise thereto and must be received within the applicable warranty period by Covaron Inc. or its authorized representative. Such claims must include the Deliverable type and serial numbers, if any, Customer's purchase order number, and a full description of the circumstances giving rise to the claim. Before any Deliverables are returned for repair and/or adjustment, a Return Material Authorization ("RMA") number must be obtained from Covaron Inc. or its authorized representative for the return

and instructions as to how and where these Deliverables should be shipped must be obtained. Any Deliverable returned to Covaron Inc. for examination shall be sent prepaid via the means of transportation indicated as acceptable by Covaron Inc.. Covaron Inc. reserves the right to reject any warranty claim not promptly reported and any warranty claim on any item that has been altered or has been shipped by unacceptable means of transportation. When any Deliverable is returned for examination and inspection, or for any other reason, Customer shall be responsible for all damage resulting from improper packing or handling, and for loss in transit, notwithstanding any defect or non-conformity in the Deliverable. In all cases Covaron Inc. has sole responsibility for determining the cause and nature of failure and Covaron Inc.'s determination with regard thereto shall be final. If it is found that the Deliverable has been returned without cause and is still serviceable, Customer will be notified and the Deliverables returned at Customer's expense. In addition, a charge for testing and examination may, in Covaron Inc.'s sole discretion, be made on Deliverables so returned.

15. DAMAGES AND LIABILITY: COVARON INC.'S AGGREGATE LIABILITY IN DAMAGES OR OTHERWISE SHALL NOT EXCEED THE PAYMENT, IF ANY, RECEIVED BY COVARON INC. FOR THE DELIVERABLES FURNISHED OR TO BE FURNISHED, AS THE CASE MAY BE, WHICH IS THE SUBJECT OF CLAIM OR DISPUTE. IN NO EVENT SHALL COVARON INC. BE LIABLE FOR LOSS OF USE, ANTICIPATED PROFITS OR ANY OTHER INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, HOWSOEVER CAUSED, REGARDLESS OF WHETHER IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

16. DISPUTES, GOVERNING LAW: All disputes under any contract concerning Deliverables not otherwise resolved between Covaron Inc. and Customer shall be resolved in a court of competent jurisdiction for the location of Covaron Inc.'s manufacturing plant from which the Deliverables are shipped, and in no other place, provided that in Covaron Inc.'s sole discretion such action may be heard in some other place designated by Covaron Inc. (if necessary to acquire jurisdiction over third persons), so that the dispute can be resolved in one action. Customer hereby consents to the jurisdiction of such court or courts and agrees to appear in any such action upon written notice thereof. No action, regardless of form, arising out of or in any way connected with the Deliverables furnished by Covaron Inc. may be brought by Customer more than one (1) year after the cause of action has accrued. If any part, provision or clause of the terms and conditions of sale or the application thereof to any person or circumstances is held invalid, void or unenforceable, such holding shall not affect and shall leave valid all other parts, provisions, clauses or applications of the terms and conditions remaining and to this end the terms and conditions hereof shall be treated as severable. All contracts for the sale of Deliverables shall be construed under and governed by the law of the location of Covaron Inc.'s manufacturing plant from which the Deliverables are shipped.

17. EXPORT: Unless an appropriate license, exemption, or similar authorization has been duly obtained to Covaron Inc.'s satisfaction, Customer shall not, nor shall Customer authorize or permit its employees, distributors, customers, and/or agents to, export or re-export any of the Deliverables (including any information relating thereto) to any country specified as a prohibited destination in applicable U.S. laws and regulations, including the Regulations of the U.S. Department of Commerce and/or other government agencies. Customer agrees to defend, indemnify, and hold harmless Covaron Inc. from and against any claim, loss, liability, expense, or damage (including liens or legal fees) incurred by Covaron Inc. with respect to any of Customer's export or reexport activities contrary to the foregoing instructions.

18. TERM: Customer's obligations hereunder, including those under Section 12, shall remain in full force and effect until such time Customer requests and is granted in writing a release from Covaron Inc. Absent such a release, Customer's obligations hereunder survive even mutual termination under Section 10.

19. SEVERABILITY: In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and these Terms and Conditions shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.