



HARMONIC DRIVE LLC

TERMS AND CONDITIONS OF SALE

ACCEPTANCE OF ORDERS; CONTRARY TERMS: BUYER'S ORDER IS ACCEPTED ONLY ON THE TERMS AND CONDITIONS CONTAINED HEREIN AND SELLER'S ACCEPTANCE IS EXPRESSLY MADE CONDITIONAL ON BUYER'S ASSENT TO THESE TERMS AND CONDITIONS. IF ANY OF THESE TERMS AND CONDITIONS ARE NOT ACCEPTABLE TO BUYER, SELLER MUST BE NOTIFIED PROMPTLY. ANY PROVISION OF BUYER'S FORM THAT IS INCONSISTENT WITH THESE TERMS AND CONDITIONS IS HEREBY OBJECTED TO BY SELLER.

PRICES AND QUOTATIONS: Except as hereinafter provided, prices quoted in writing are firm for orders placed within 90 days of the quotation date which call for shipment within 6 months of the quotation date. Prices for orders which do not call for shipment within 6 months of the quotation date shall be the prices in effect at the date of shipment. All prices are F.O.B. Shipping Point, unless otherwise specified. Prices do not include the cost of any qualification tests, unless otherwise stated. All prices are in U.S. dollars.

PAYMENT; CREDIT; SETOFF: Each shipment shall be a separate transaction and shall be made accordingly. Unless otherwise agreed in writing, payment for products shall be made on the basis of net cash 30 days from the date of invoice. If, in the exclusive judgment of Seller, the financial condition of Buyer at any time does not justify the commencement of or continuance of production or shipment on the terms specified in advance, Seller may suspend its performance until such payment is made and may cancel Buyer's order if such payment is not received by Seller within 30 days after delivery in person or by mailing of said demand by Seller. If shipments are delayed by Buyer, payments shall become due from the date Seller is prepared to make shipment. If manufacture is delayed by Buyer because of such delay in delivery, manufacture shall be at risk and expense of Buyer. Seller may setoff any amount due from Buyer, whether or not under this agreement, against any amount that may become due to Buyer hereunder.

TAXES AND FEES: The prices quoted are subject to any addition which may be necessary to cover any tax, charge or duty now existing or hereafter imposed by federal, state or municipal authorities upon goods or services herein described, or the production, sale, distribution, or delivery thereof, or upon any feature of this transaction. Buyer shall pay any collection fees and reasonable attorneys' fees incurred by Seller in enforcing this agreement.

DELIVERY; RISK OF LOSS; TITLE: Delivery of products shall be F.O.B. Shipping Point. Risk of loss and title shall pass to Buyer upon tender of the goods by Seller to the carrier. Any claims for loss or damage after risk of loss has passed as herein provided shall be filed with the carrier. Seller shall retain a security interest in the goods until payment in full is received. Except where otherwise specifically provided for, the tool charge quoted does not cover the entire cost, and payment therefore does not convey title to the tools to Buyer or the right to remove them from Seller's possession.

EXCLUSIVE WARRANTY: Seller warrants that all parts manufactured by it shall be free from defects in material or workmanship under proper and normal use. When Seller is to custom design an installation, and if Seller is to supply design specifications only, Seller makes no warranty with respect to defects in material or workmanship in the completion of such installation. If Seller is to undertake the completion of such an installation, as well as supply design specifications, Seller warrants that the installation shall be free from defects in material or workmanship under proper and normal use. THIS WARRANTY IS EXCLUSIVE AND IS IN LIEU OF ANY OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR INFRINGEMENT.

EXCLUSIVE REMEDY; LIMITATION OF DAMAGES: Seller's total liability and Buyer's exclusive remedy under this contract is limited, at Seller's option, to: (a) repair or replacement of any part covered by the warranty, for which part shall be returned to Seller's shipping point, transportation charges prepaid, within one year from shipment of such part by Seller and which examination proves to be defective; and (b) repair of any installation performed by Seller, covered by the warranty if Seller receives written notice of an installation defect within one year from the completion of such installation and which examination proves to be defective. In no event shall Seller's liability exceed the contract price for the goods or services that are the basis for any covered claim. Even if the repair or replacement remedy should be deemed to have failed of its essential purpose under Section 2-719 of the Uniform Commercial Code, Seller shall have no liability to Buyer for consequential damages, such as lost profits, lost revenue, damage to other equipment, or liability for injury to a third party.

FORCE MAJEURE: Seller is not liable for delays in performance or delivery due to causes beyond its reasonable control, including without limitation, any delay, interruption in or failure of sources to supply materials or equipment; labor disputes; transportation problems; or any governmental order, contract, priority, or request, whether or not voluntarily assumed. If such a delay occurs, Seller can, at its option, extend the performance or delivery date for a period of time equal to the delay or terminate this agreement.

CANCELLATION; CHANGES; SUSPENSION: Cancellations, changes, suspensions or delays in shipment of Buyer's order must be confirmed in writing by Buyer and accepted in writing by Seller and are subject to the following: (a) No cancellation, change or suspension shall be accepted by Seller on terms that will not fully reimburse Seller against loss, including recovery of all direct costs incurred, including normal indirect and overhead charges and a normal profit; (b) Buyer will accept delivery of, and pay for the agreed upon price within the payment terms for all products which are completely manufactured and allocable to Buyer's order at the time such notice of cancellation, change or suspension is received by Seller; (c) Buyer will pay all costs, direct or indirect, which are incurred by Seller with regard to products which have not been completely manufactured at the time such notice is received by Seller; (d) If a change by Buyer causes an increase or decrease in the cost of performance by Seller, an equitable adjustment shall be negotiated promptly and the original price quotation shall be modified accordingly.

MISCELLANEOUS: The validity, construction and enforcement of this agreement shall be governed by the laws of the Commonwealth of Massachusetts. This constitutes the final, complete and exclusive agreement between Seller and Buyer on this subject and supercedes any prior or contemporaneous agreements, whether oral or written thereon. No waiver, alteration or modification of any of the provisions hereof shall be binding on Seller unless in writing and signed by duly authorized representative of Seller and Buyer. All drawings, novel techniques and inventions made by Seller or its agents or employees in the fulfillment of this agreement shall be the property of Seller. Buyer may not assign its rights or duties under this agreement without the prior written consent of Seller.