

## GCN SUPPLY LLC. TERMS AND CONDITIONS

It is generally recognized that even after employing all the science known to us, and capable men & women with years of training, there still remain variables in the converting & manufacturing industry. Therefore, in order to avoid misunderstandings, GCN Supply LLC. has established the following Terms and Conditions. These Terms and Conditions apply to all sales.

1. We warrant that processing and manufacturing shall meet customer's specifications supplied in writing with the order and that such processing and manufacturing shall be free from defects in material or workmanship at time of delivery. If the customer specifies methods and procedures to be followed, we will assume no responsibility for the correctness of such methods and procedures or the result when they are followed. We assume no liability for subsequent failures or defects.

2. Our liability for any cause is limited to the cost of direct labor and material of the product loss or directly damaged by our processing or two times our processing charges on such material, whichever is the lesser. Our charges are based on this policy limiting liability. By placing your order, you expressly agree to this limitation.

3. No claim for shortage in weight, defect or count will be allowed unless made by the customer within three (3) working days after delivery of material or merchandise to the customer or the customer's consignee to whom it was delivered. A shrinkage or defective quantity in bulk processing of three percent (3%) is considered to be acceptable. We will, in no event be responsible for weight counts or other inspection functions for merchandise received from third parties on behalf of the customer.

4. In order to assert a claim against us, the customer must return any material or merchandise processed by us for our inspection. No claim shall be allowed until such inspection is performed by us.

5. To satisfy a claim, we will have the right, but not the obligation, to replace the material at our

cost. Any material or merchandise found, upon our inspection, to be improperly processed by us may be replaced without charge provided:

a) Notice of defect is given verbally within three (3) working days and in writing within ten (10) working days from the date of delivery;

b) Materials or merchandise returned has not been altered structurally since processed by us. Processing or assembly of any such rejects by you or any other party shall constitute a waiver of any liability on our part.

6. We assume no liability for any loss or damage to merchandise or material while in transit to or from our facility, whether in trucks or vehicles owned by us, the customer, or any third party person acting in our or the customer's behalf.

7. In the event that results of our replacement operations are unsatisfactory due to material imperfections, manufacturing and/or fabrication imperfections, and similar variables over which we have no control, the customer will be required to pay the contracted amount for the replacement operation performed.

8. We reserve the right, at our option, either to reject work or to make an extra charge for replacing any material below our agreed standard.

9. We assume no responsibility for defective parts or other materials or merchandise previously supplied by others.

10. We shall not, under any circumstances, be considered as an insurer of customer's material or merchandise and shall not be liable, regardless of cause, for loss by fire, explosion, theft, pilferage, vandalism, casualty or acts of God while such material or merchandise is in our possession.

11. Quotations are open for acceptance thirty (30) days from issuance. After thirty (30) days, prices and terms are subject to change without notice unless otherwise specified.

12. All quotations, orders or agreements or modifications, thereof are contingent upon and subject to any and all occurrences beyond our control, including but not limited to strikes or boycotts (whether occurring at our facility, your facility, the facility of any supplier, either of the customer or of ourselves, or elsewhere) accidents, thefts, fires, war, shortage of materials or equipment, casualty or acts of God and we shall not be liable for failure to perform any agreement for such causes.

13. For special modifications to parts, our charges are not contingent upon success of the work or benefit derived therefrom by the customer.

14. Deliveries made by us within ten (10) days of the time specified shall be deemed in full compliance with our agreement. We reserve the right to make partial or installment deliveries, for which the customer shall pay at the contracted price. Defective delivery or non-delivery with respect to any installment or partial delivery under this contract shall be servable breach and shall not give the customer the right to treat the entire contract as breached.

15. Special tools, racks and fixtures required for the performance of the work herein described which have been designed and/or built by us shall be and remain our property whether or not the customer is charged with time and/or material in connection therewith.

16. In the event of customer's cancellation of order, the customer shall reimburse us for the work completed and work in process as well as for tooling and engineering expenses incurred in connection with such order as well as any lost profit.

17. All customers' materials and merchandise in our custody or control shall be subject to a general lien for all monies owing by the customer to us, whether or not due or payable.

18. During storage and transportation of customer's material or merchandise, customer's containers used for delivery to us shall be used for reshipment and any damage resulting from the use of such containers shall be at the customer's risk. Should the customer desire other packaging or containers, we will charge for material and handling and will provide such service upon receipt of a

written order. Additional charges may be incurred by the customer for repackaging goods to other specification.

19. The provisions of the Uniform Commercial Code shall govern, except as provided in these Terms and Conditions to the contrary and all interpretation of the terms of the transaction between the parties shall be governed by the laws of the State of California.

20. If any provision or part of this instrument shall be declared invalid by a court of competent jurisdiction, such invalidation shall not affect the valid provisions hereof.

21. Customer shall pay and discharge all costs, expenses and legal fees which shall be incurred and extended by us in enforcing the covenants and agreements of this contract, whether by the institution of litigation or in taking the advice of counsel, or otherwise.

22. We make no warranties or representations, expressed or implied, as to workmanship, performance, quality, durability, or fitness for purpose or merchantability for any of the articles we process. This disclaimer is for all liability including, but not limited to, liability for consequential, incidental and special damages. The only warranties applying to such articles are those which are written and are specifically provided by us. Seller makes no warranties concerning the manufacturer's warranties. **THE WARRANTY EXPRESSED IN THIS PARAGRAPH 22 IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.**

23. The provision of this agreement may be altered or modified by separate written agreement and any liability we assume will be covered by a separate charge for such coverage.

24. The provisions hereof constitute the entire agreement between the parties. Any changes, alterations, waivers or modifications with respect either as to the job performed or the terms of sale, or any other matter set forth herein must be in writing and signed by a duly authorized

representative of GCN SUPPLY LLC. These terms and conditions shall apply to any existing or future order or agreement for the processing of any materials or merchandise. Our acceptance of your order is expressly made conditional on your assent to these Terms and Conditions.

25. We will release credit information requested by others about the customer only upon written request.

26. We shall not, under any circumstances be required to submit any additional documentation unless it is requested on the initial purchase order. Documents which are considered proprietary information by GCN SUPPLY LLC, will under no circumstances be submitted to the customer.

27. Payment Terms: For Customers with established credit, terms are net thirty (30) days from the date of shipment. Credit is extended solely at GCN SUPPLY LLC discretion and is subject to revocation at any time. For customers without established credit, or for any other reason at the sole discretion of GCN SUPPLY LLC, the terms shall be COD. Cash discounts are not allowed. All payments must be in U.S. dollars unless otherwise arranged in advance. GCN SUPPLY LLC shall have the right of set-off and deduction for any sums owed. If Customer fails to make timely payment, GCN SUPPLY LLC, at its sole option, reserves the right to defer any shipment until such payment is made, or may cancel any or all of the remaining unshipped order. A service charge in the amount of the lesser of 1.5 % per month (18% per annum), or the maximum amount allowed by law, will be added to all invoices that are fifteen (15) days past due. Customer shall be liable for all costs and expenses incurred by GCN SUPPLY LLC if Customer fails to perform its obligations pursuant to his Contract, including, but not limited to, collection costs, attorneys' fees and expenses, and all other expenses incurred by GCN SUPPLY LLC. to collect on any unpaid amount. GCN SUPPLY LLC shall have a lien on Customer's property in GCN SUPPLY LLC possession until the outstanding balance on the property is satisfied which may extend to property that is subject to an installment contract. GCN SUPPLY LLC'S right shall be considered a security interest under the Uniform Commercial Code and foreclosure thereon shall be in the manner prescribed for security interests in Article 9 of the Uniform Commercial Code.

Respectfully,

GCN SUPPLY LLC