

# QUOTATION GENERAL TERMS AND CONDITIONS



The terms and conditions set forth in the ZERO Manufacturing ("ZERO") quotation (the "Quotation") and in these General Terms and Conditions (the "Terms and Conditions") are the terms and conditions governing the Quotation. THE QUOTATION IS NOT AN OFFER. Each Quotation is valid for 60 days from the date of the offer unless extended, modified, or withdrawn in writing by ZERO, unless otherwise provide in the Quotation. The return of a purchase order or any other reasonable manner of acceptance by Buyer communicated to ZERO during such period shall constitute an offer by Buyer to enter into an agreement on the terms and conditions of the Quotation, including these Terms and Conditions. ANY ACKNOWLEDGEMENT BY ZERO OF A PURCHASE ORDER FROM BUYER IS AN ACKNOWLEDGEMENT OF RECEIPT OF THE PURCHASE ORDER ONLY, AND SHALL NOT CONSTITUTE ACCEPTANCE OF THE PURCHASE ORDER UNLESS EXPRESSLY STATED OTHERWISE IN SUCH ACKNOWLEDGEMENT. ZERO'S WRITTEN EXPRESS ACCEPTANCE OF A PURCHASE ORDER DELIVERED TO BUYER, OR DELIVERY OF THE PRODUCTS PURSUANT TO SUCH PURCHASE ORDER, SHALL CONSTITUTE ACCEPTANCE OF SUCH PURCHASE ORDER PURSUANT TO THESE TERMS AND CONDITIONS.

1. DEFINITIONS. Whenever used herein, the following definitions shall be applicable:

A. "Agreement" means the Quotation, these General Terms and Conditions and Buyer's Purchase Order or other document evidencing acceptance of the ZERO offer as set forth in the Quotation.

B. "Purchase Order" means a purchase order submitted by Buyer to ZERO (excluding any preprinted terms and conditions on said purchase order and in any attachment or attachments to said purchase order).

C. "Buyer" means the person(s) purchasing the Products, as specified in the Purchase Order.

D. "Products" means the product(s) identified in the Quotation.

2. QUOTED TERMS. The Quotation is based on standard methods of manufacturing and process. ZERO reserves the right to provide a revised Quotation should a Purchase Order include terms different than the Quotation. Any notice or instruction from Buyer received subsequent to ZERO's submission of a Quotation, including supplementary information contained in a Purchase Order, will be effective only upon an appropriate adjustment in the price and/or delivery date, and written acceptance of any change by ZERO.

3. QUOTED LEAD TIME. The quoted lead time is in working days and covers order processing and manufacturing time. Quoted lead times may be subject to change due to any of the following: Factory loading and capacity changes, long lead materials, custom designs and corollary requested customer approval response time, custom tooling, any other cause outside ZERO's control. Any changes or modifications after placement of the Purchase Order could impact price and/or shipment date.

4. TERMS AND METHOD OF PAYMENT. Unless otherwise provided in the Quotation, invoices are due upon receipt, without set-off, reduction or other avoidance. Where ZERO has extended credit to Buyer, terms of payment shall be net thirty (30) days from date of invoice. The amount of credit or terms of payment may be changed, or credit withdrawn by ZERO at any time. If the Products are delivered in installments, Buyer shall pay separately for each installment. ZERO may, in its sole discretion, require such other payment terms as it deems appropriate, including full or partial payment in advance of shipment or by letter of credit. If at any time Buyer's financial responsibility becomes impaired or unsatisfactory to ZERO, ZERO reserves the right to stop shipment, on notification to Buyer, and to demand payment in advance or at the time of delivery for future deliveries or to require other security satisfactory to ZERO and, in the absence thereof, to cancel, without liability, the unfilled portion of the Agreement.

5. PAST DUE ACCOUNTS. Past due amounts shall bear interest at the lesser of 1.5% per month, or the highest rate permitted by law. Failure to make payment in full when due shall be a material breach permitting ZERO to pursue its rights and remedies at law or in equity, including, but not limited to, suspension of production, shipment and/or delivery under this or any other contract between Buyer and ZERO. Buyer shall pay all attorneys' fees and court costs incurred by ZERO relating to or arising out of any default under the Agreement, including, but not limited to, expenses associated with any suspension.

6. DELIVERY/RISK OF LOSS. Except as otherwise specifically provided in the Quotation, (a) delivery dates are the estimated time in which the Products will be ready for shipment at the contractual point of delivery and are contingent on fulfillment by Buyer of its obligations, and (b) Buyer is responsible to arrange and pay for freight, transportation, insurance, shipping, packing, storage, handling, demurrage, transit damage, or similar charges. If such charges are included in the sales price, any increase in rates for such services becoming effective after the date hereof will be for the account of Buyer. Unless otherwise provided in the Quotation, all sales will be Prepay + Add Freight/FOB Origin, ZERO's warehouse and risk of loss will pass to Buyer upon delivery to Buyer at ZERO's warehouse. Claims for damage or shortage in transit must be made by Buyer against the carrier. Buyer has the responsibility to inspect shipments before or during unloading to identify any such damage or shortage and see that appropriate notation is made on the delivery tickets or an inspection report furnished by the local agent of the carrier in order to support a claim.

7. TAXES. The price paid or to be paid to ZERO does not include any federal, state or local sales, use, property, license or privilege, tax or other governmental charge now or hereafter levied upon production, manufacture, delivery, storage, sale, use or shipment of Products ordered or sold. Buyer agrees to pay or reimburse ZERO for any such taxes which ZERO or its suppliers are required to pay.

8. DELAYS. All orders are subject to ZERO's ability to make delivery at the time and in the quantities specified, and ZERO shall not be liable for damages for failure to make partial or complete shipment or for the delay in making shipments. Shipment dates are predicated on the prompt receipt by ZERO of all information necessary to commence and complete the work without delay or interruption. Notwithstanding the foregoing, ZERO shall not be liable for delays or defaults in delivery caused by forces not reasonably within ZERO's control (including, but not limited to, delays or defaults by carriers, extreme cold weather, partial or total failure of ZERO's intended production, transportation or delivery facilities, etc., floods, fires, storms, or other acts of God, war or act of public enemy (or civil disturbance), strikes, lock-outs, shortages of labor or raw materials and supplies (including fuel), action of any governmental authority, or other force majeure event). Buyer shall be liable for any added expenses incurred by ZERO because of Buyer's delay in furnishing requested information to ZERO, delays resulting from order changes by Buyer, or delay in unloading shipments at delivery point that are the fault of Buyer. If date of shipment of an item is guaranteed in the Quotation and is delayed of causes that are within the reasonable control of ZERO, the final payment due by Buyer will be deferred for twice the period of time that such shipment was delayed. THE REMEDIES OF BUYER SET FORTH ABOVE FOR DELAY IN SHIPMENT CAUSED BY ZERO ARE EXCLUSIVE AND NO OTHER REMEDIES OF ANY KIND WHATSOEVER SHALL APPLY.

9. WARRANTY/TIME FOR MAKING CLAIMS. ZERO warrants only that it will convey good title to the Products and that, at the time of shipment, the Products will conform to ZERO's written specifications provided to Buyer as a part of the Agreement. NO OTHER WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED, IS MADE BY ZERO, INCLUDING ANY IMPLIED

WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT, AND ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED.

10. EXCLUSIVE REMEDIES. If the Products furnished by ZERO fail to conform to ZERO's limited warranty, ZERO's sole and exclusive liability to Buyer shall be (at ZERO's option) to repair, replace or credit Buyer's account for any such Products that are returned to ZERO, provided that (i) ZERO is notified within fifteen (15) days of delivery in writing by Buyer that such Products failed to conform to ZERO's written specifications with a detailed explanation of any alleged deficiencies, (ii) such Products are returned to ZERO, F.O.B. ZERO's warehouse, and (iii) ZERO's examination of such Products shall disclose to ZERO's satisfaction that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation or unauthorized repair. If such Products are non-conforming, ZERO shall reimburse Buyer for the transportation charges paid by Buyer for such Products. Prior to the return of any Product, Buyer must obtain written authorization and shipping instructions from ZERO. If ZERO elects to repair or replace such Product, ZERO shall have a reasonable time to make such repairs or replace such Product.

11. LIMITATION OF LIABILITY. ZERO'S LIABILITY FOR ANY DAMAGE, LOSS OR CLAIM OF ANY NATURE IS LIMITED TO THE AMOUNT OF THE NET PURCHASE PRICE OF THE PRODUCTS SOLD PURSUANT TO THE AGREEMENT. ZERO SHALL IN NO EVENT BE LIABLE TO BUYER OR ANY THIRD PARTY FOR PERSONAL INJURY, PROPERTY DAMAGE, LOSS OF PROFIT, DELAY OR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE. Buyer assumes all risks and liability for any damage to persons or property resulting from the use of the Products delivered pursuant to a Purchase Order in manufacturing processes of Buyer or in combination with other materials, substances or otherwise. THE PROVISIONS OF THIS SECTION SHALL PREVAIL OVER ANY CONFLICTING OR INCONSISTENT PROVISIONS SET FORTH ELSEWHERE IN THIS AGREEMENT.

12. INDEMNIFICATION. TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND ZERO AND ITS AFFILIATES AND THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, INSURERS, AGENTS AND REPRESENTATIVES (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM ALL CLAIMS, LIABILITIES, DAMAGES, SUITS, PROCEEDINGS, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEY FEES) (COLLECTIVELY, THE "LOSSES"), FOR ANY DAMAGE, INJURY, DEATH, LOSS OR DESTRUCTION OF ANY KIND RELATING TO OR ARISING OUT OF THE USE OF THE PRODUCTS, INCLUDING, WITHOUT LIMITATION, LOSS OR DAMAGE TO ANY PROPERTY OR INJURY TO OR DEATH OF ANY PERSON (INCLUDING, WITHOUT LIMITATION, BUYER OR ITS EMPLOYEES), WHETHER ARISING AS A WORKERS COMPENSATION CLAIM OR UNDER THEORIES OF NEGLIGENCE, TORT, STRICT LIABILITY, INTENTIONAL MISCONDUCT, OR FAULT OF ANY KIND, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTIES. THIS PROVISION SHALL SURVIVE EXPIRATION OR TERMINATION OF THE AGREEMENT.

13. SECURITY INTEREST. Buyer hereby grants to ZERO and ZERO hereby retains a security interest in all Products furnished by ZERO and the proceeds thereof, until the purchase price therefore is fully paid. Buyer agrees to execute such financing statements and other documents as ZERO may determine to be necessary to perfect such security interest.

14. EXPORT COMPLIANCE. U.S. customers who purchase products from ZERO for export accept responsibility for complying with all U.S. export requirements. Due to U.S. export control regulations it is required that, at the time of order placement, Buyer inform ZERO if the end-use purpose of the products being purchased will be military or commercial and whether such products may be exported. If Buyer intends to export products purchased from ZERO beyond the country identified in the Ship-to address on a Purchase Order, Buyer is required, as a condition of placing a Purchase Order, to notify ZERO of the destination and end-use of the products purchased. All custom military end-use products shipped to non-U.S. locations require that Buyer complete all export license approval forms supplied by ZERO. When an ITAR export compliance license is required, an additional 2 to 3 weeks will be added to the lead time. The ITAR export license application will not be submitted until Buyer supplies all of the required information. ZERO will not proceed with a Purchase Order until an export license is granted.

15. CANCELLATION. Once ZERO has received and accepted a Purchase Order, the order can only be cancelled with ZERO's written consent and upon terms that will indemnify ZERO against any and all costs, expenses and losses incurred, plus the anticipated profit on the work ZERO would have performed had the Purchase Order not been cancelled.

16. GOVERNING LAW/JURISDICTION. This Agreement and any sales hereunder will be governed by the laws of the State of Utah without regard to conflicts of law rules. Both parties consent to the jurisdiction of the state and federal courts in Salt Lake County, Utah courts over any matters arising out of this Agreement or any sales hereunder. THE PARTIES HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION THAT MAY BE REQUIRED TO RESOLVE A DISPUTE INVOLVING OR ARISING FROM THIS AGREEMENT.

17. ENTIRE AGREEMENT/ASSIGNMENT. This Agreement contains the entire agreement and understanding between the parties as to the subject matter hereof, and merges and supersedes all prior agreements, commitments, representations, writings and discussions between them, and may be modified only in writing signed by the parties. This Agreement shall be binding upon Buyer and ZERO and their respective successors and assigns. However, this Agreement is not assignable by Buyer without the prior written consent of ZERO and any purported assignment without such consent will be void.

18. NO WAIVER. The failure by ZERO to enforce at any time any of the provisions of these Terms and Conditions, or to exercise any rights provided herein, will not be construed as a waiver of such provisions or options, nor in any way be construed to affect the validity of this Agreement, or the right of ZERO thereafter to enforce each and every such provision.

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