

SYSTEMS ENGINEERING & MANAGEMENT COMPANY (SEMCO)

POLICIES AND TERMS OF SALE

Effective 01 July 2003; subject to change by SEMCO

1. HOW TO ORDER

Call our Sales Department (800-995-0636, Extension 143), Monday through Friday, 8:00 a.m. to 5:00 p.m. (Pacific Time). Please have your shipping and billing addresses available.

Payment Options: SEMCO accepts VISA, MasterCard, money orders, cash or check with orders; or purchase orders with Net 30 days payment terms (on approved credit).

Quotations: SEMCO will be happy to provide you with either a verbal quote (supported by a faxed, e-mailed, or mailed written quote) or a written quote (faxed, e-mailed, or mailed). Any quotation is only valid for the products and quantities expressed in the quotation. If the product carries a special 2-year (as opposed to 1-year SEMCO standard) warranty on SEMCO developed and manufactured products that will be specified in the quotation. Quotations are valid for 90 days from the date of issue, unless expressly stated otherwise. All clerical errors are subject to correction.

Acceptance of Order: SEMCO reserves the right to accept or reject any order, and acceptance will be only in accordance with the policies and terms contained herein. A verbal order will be accepted and executed only upon receipt of written confirmation from you, usually in the form of a purchase order. An exception to the purchase order policy can be made if the payment is by credit card. In those cases, SEMCO will prepare a written "Verbal PO" (for internal use).

Orders for those products that require a specific frequency (main carrier and sub-carrier), a set of frequencies, or size(s) of clothing may not be processed or executed until SEMCO receives that frequency or size information in writing. SEMCO may, at its discretion, elect to begin executing the order, but we will not agree to a delivery schedule until that frequency/size information is received. Please be advised that there will be a charge if a frequency change is made subsequent to SEMCO's acceptance of the initial frequency (or set of frequencies). See paragraph entitled "Modification(s) to Original Order."

Cancellation of Order: Most of the products listed herein, while standard, often have customer-specified parameters (e.g., frequency, type of microphone to be employed, number of audio sub-carriers, etc.). As a result, SEMCO imposes a 20% restocking fee on all cancellations that are received more than 5 days after the date of the purchase order. For special order cancellation, please see "SPECIAL PROJECTS" below.

Modification(s) to Original Order: The most common modifications to purchase orders are changing the number of ordered units and changing the specified frequency(s). Reducing the number of ordered units will incur the same restocking fee rate as an order cancellation. (This fee will only be imposed on the quantity that is reduced from the original order.) Except for units with extended temperature range requirements, for a change in frequency within the same frequency band that occurs more than 5 days after the original order, SEMCO imposes the following rework charges:

a.	<u>Transmitters</u>	
	VT10/VT40 Series fixed frequency models	\$295
	VT22 Series fixed frequency models	\$225
	For all multi-channel models employing frequency plugs	\$175 per plug
b.	<u>Receivers</u>	
	VR6X/7X Series fixed frequency models	\$245
	All other fixed frequency receivers	\$395
	For all multi-channel models employing frequency plugs	\$175 per plug

For those units with extended temperature range requirements, the rework charge will be somewhat greater and will be quoted as the requirement becomes known.

2. PRICING

All prices quoted are in U.S. dollars.

Prices are subject to change without notice. Quantity discounts are available and are a function of the number ordered and the proposed delivery schedule. For example, 25 units delivered simultaneously may receive a larger discount than 5 units per month for 5 months.

Unless otherwise specified by us in writing, all prices are exclusive of all taxes and shipping/handling charges. They will be charged as separate items on the invoice. It is requested that tax exemption certificates (if applicable) be submitted at

the time the order is placed. If the exemption is not received prior to preparation of the invoice, sales tax will be charged at the rate appropriate to the shipping address.

3. DELIVERY

Scheduled delivery dates shall be as stated in our catalog, or as otherwise identified by us in our quotation or by other special arrangement made by us in writing. SEMCO prides itself on its ability to deliver on schedule, if not earlier. However, if your order will be delayed for any reason, you will know it as soon as we do. If a delay causes an unnecessary hardship, please advise us so that we may be able to temporarily relieve your situation through the use of available demonstration equipment.

We ship F.O.B. factory. Damage in shipment is the carrier's responsibility. You are responsible for filing claims with the common carrier for those shipments originating from SEMCO.

4. SPECIAL PROJECTS

If the products presented in our catalog cannot satisfy your unique applications, please contact us and we'll be happy to discuss them. It's quite possible that your needs can be met either by simple modifications to our standard products or by special products that we developed for previous customers and that are not listed in our catalog. SEMCO will be pleased to entertain your special requests. We will quickly assess your requirements and advise you of whether or not we can develop a cost-effective solution. Special orders are not cancelable after a period of 5 working days from receipt of purchase order. Contact our Sales Department (800-995-0636, Extension 143) with any special requests.

5. FCC LICENSING

Most of the transmitter products sold by SEMCO require an FCC license for their use. Upon request, SEMCO will enclose an FCC licensing package and instructions with all products/systems that require it. If you wish to get an early start to your application, please notify us and we will forward you a licensing package. If you have any questions regarding our products and the FCC licensing process, please do not hesitate to contact our Customer Service Department (800-995-0636, Extension 188).

6. TECHNICAL ASSISTANCE

SEMCO's staff of engineers and technicians is always available to assist you in selecting the right components you'll need to satisfy your requirements or in helping you to maximize the effectiveness of the systems you already own. Please contact our Sales Department (800-995-0636, Extension 143).

7. RETURN PROCEDURES (IN OR OUT OF WARRANTY)

All repairs/replacements (whether in or out of warranty) must be sent freight prepaid to our Vista, California, facility and accompanied with a SEMCO Return Material Authorization (RMA) number. Contact our Customer Service Department (800-995-0636, Extension 188) for an RMA number. Our representative will request the following information:

- a. Model and Serial Number
- b. Date of shipment; your P.O. number or SEMCO invoice number
- c. Details of the problem
- d. Return address

**Note: Do not return any unit without an RMA number.
No work can be performed until an RMA number is issued.**

Ship all warranty and non-warranty repairs/replacements to:

Systems Engineering & Management Company (SEMCO)
1430 Vantage Court
Vista, CA 92081-8596

Whenever possible, please use the original shipping containers to reduce the risk of damage in shipment. SEMCO will return all warranted repaired/replaced items using the same shipping mode as the customer.

8. EXTENDED MAINTENANCE CONTRACT

SEMCO is pleased to offer extended warranties. Please contact our Sales Department (800-995-0636, Extension 143) for details.

9. OUT-OF-WARRANTY REPAIR SERVICE

It is not possible to establish a standard pricing program for out-of-warranty repairs because of the various failure modes of RF equipment. As a result, SEMCO has instituted a two-phase approach to repair costing:

- a. Repair Estimate Fee - the cost of evaluating the extent of damage, misalignment, etc., and determining the expected level of repair and its attendant cost. (In many cases, the repair estimate process can identify and fix the deficiency.)
- b. Repair Cost - a firm, fixed price repair cost derived from the repair estimate. SEMCO will either repair or replace the affected item for this cost.

Please be advised that SEMCO may recommend a complete replacement of an out-of-warranty product because of the uneconomical nature of a required repair. We will always explain our costing and repair recommendations to you in detail prior to you incurring any additional Repair Cost charge. Please follow the steps outlined under RETURN PROCEDURES (IN OR OUT OF WARRANTY) to return the unit to SEMCO for repair service.

ALL ORDERS ARE SUBJECT TO THE FOLLOWING FORMAL "TERMS OF SALE" (ITEMS 10-23). SEMCO'S OFFER (OR COUNTEROFFER IF IN RESPONSE TO A PREVIOUS OFFER OR COUNTEROFFER BY YOU) IS EXPRESSLY CONDITIONED ON THE ACCEPTANCE OF THE TERMS OF SALE CONTAINED HEREIN. ANY DIFFERENT OR ADDITIONAL TERMS AND CONDITIONS IN ANY CORRESPONDENCE BETWEEN SEMCO AND YOU SHALL BE SUPERSEDED BY THE TERMS OF SALE CONTAINED HEREIN. BY SUBMITTING ANY FURTHER WRITINGS TO US, YOU AGREE THAT YOU ACCEPT THESE TERMS OF SALE VERBATIM AND THAT ANY DIFFERENT OR ADDITIONAL SUCH TERMS OF SALE IN ANY SUCH WRITINGS ARE TO BE DISREGARDED UNLESS THE WRITING IS NOT PREPRINTED AND EXPRESSLY REFERS, BY PARAGRAPH NUMBER, TO THE INCONSISTENT TERMS OF SALE CONTAINED HEREIN.

10. PAYMENT; SECURITY INTEREST

If payment with order was not required, the purchaser (you) must pay SEMCO within 30 days from the date of invoice. Products are invoiced on the date of shipment. All balances remaining unpaid on the due date are subject to a service charge of 1.5% per month or part of a month (18% per annum) until paid. SEMCO reserves the right to refuse orders, suspend credit, accelerate payment due dates, retain possession of products in SEMCO's possession, stop products in transit and cancel unfilled orders when it determines, in its sole discretion, that your credit conditions warrant such action. If you become delinquent in the payment of any sum due SEMCO, SEMCO will not be obligated to continue performance under any agreement with you. Without limiting the generality of the foregoing, your failure to pay any invoice at its maturity date shall make all subsequent invoices immediately due and payable irrespective of contrary dating set forth in such invoices; and upon such failure, SEMCO may thereafter require that you make payment before shipment is made from SEMCO or at such other time as SEMCO may specify, or SEMCO at its option may cancel the unfilled portion of any or all orders and withdraw all unaccepted quotations. All of the foregoing remedies, and all other remedies of SEMCO, are cumulative and not alternative.

You hereby grant and SEMCO reserves a purchase money security interest in each product purchased pursuant to this contract, and in any proceeds thereof, for the amount of the purchase price. Upon request by SEMCO, you will sign any further documents required to perfect such security interest. Payment in full of the purchase price of any product will release the security interest in that product.

11. SHIPPING

Terms are FOB Factory, Vista, CA. SEMCO's standard shipping mode is UPS Ground. If you desire expedited shipping service, you must advise SEMCO in writing. If you wish to use your own shipping account, just give our sales department the information. SEMCO will accept changes to the mode of shipment up to the date of shipment. SEMCO's invoice will include the shipping cost, regardless of the mode of shipment.

12. WARRANTY

EXCEPT AS MAY BE PROVIDED BELOW, ALL WARRANTIES BY SEMCO, WHETHER EXPRESS, IMPLIED OR STATUTORY, AND ALL OBLIGATIONS AND REPRESENTATIONS AS TO PERFORMANCE, INCLUDING ALL WARRANTIES THAT MIGHT ARISE FROM COURSE OF DEALING OR CUSTOM OR USAGE OF TRADE AND INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED BY SEMCO.

SEMCO warrants its products as follows:

- a. SEMCO developed and manufactured products - SEMCO warrants most of its products to be free from defects in workmanship and materials for a period of 1 year, parts and labor. Certain individual products are warranted to be free from defects in workmanship and materials for up to 2 years, but only if the 2-year warranty period is specified in the price quotation.

- b. Other manufactured products that are integrated into SEMCO systems (e.g., cameras, monitors, VCRs, etc.) - SEMCO will meet the manufacturer's express warranty.

The warranty described above does not apply to items exposed to abuse, accident, misapplication, neglect, alteration, misuse or repair by anyone other than SEMCO or its designated representatives.

Within the warranty period, SEMCO will, at its option, repair or replace, without charge, any product proved defective in material or workmanship and returned to SEMCO in accordance with SEMCO's return policies within the prescribed warranty period. All warranty repairs/replacements are warranted for 90 days or the original warranty period (whichever is longer).

13. LIMITATION OF LIABILITY

INDEPENDENTLY OF ANY OTHER LIMITATION OF THIS CONTRACT, IT IS AGREED THAT IN NO EVENT WILL SEMCO BE LIABLE FOR SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR INDIRECT DAMAGES OR FOR LOSS OF ANTICIPATED PROFITS TO YOU, YOUR CUSTOMERS, END USERS OR ANY OTHER PERSON.

SEMCO does not assume any liability because of its failure to deliver, or not to deliver on schedule, or for errors made in the filling of orders for any reason.

SEMCO shall not be responsible or held liable for failure of performance of contracts resulting from orders placed hereunder, due to causes beyond its control including, but not limited to, fires, civil disturbances, riots, rebellions, strikes, acts of God and similar occurrences.

In any event, SEMCO's liability for breach of warranty, infringement and other matters shall not exceed the purchase price of the goods.

14. PATENT AND COPYRIGHT INFRINGEMENT

Any liability for infringement of patent or copyright shall be limited to those items designed and manufactured by SEMCO. In the event of any actual infringement, SEMCO's obligation shall be limited to (at SEMCO's option) replacing the infringing item with a non-infringing item or securing a license at SEMCO's expense permitting use of the item by you.

This liability is conditional upon SEMCO receiving the earliest possible notice from you of any claim being made or action brought against you, and you permitting SEMCO to conduct any litigation that may ensue and/or negotiate a settlement of the claim.

15. OBLIGATIONS AND CONDITIONS OF PRODUCT USE AND RESALE

Purchaser warrants that it will not resell the goods, or any portion thereof, to any private individual. Purchaser further warrants that should it resell the goods, or any portion thereof, it will notify SEMCO of the sale and provide complete identification of the buyer and the goods sold. Purchaser warrants that it will provide a copy of these Terms of Sale and impose all conditions on any subsequent owner of the goods.

16. INTERNATIONAL RESALES

Purchaser will not remove or export from the United States or re-export from anywhere, the product or any part of the product to any country to which export or re-export is from time to time forbidden by the U.S. Export Administration Regulations, or otherwise, except with and in compliance with all licenses and approvals required under all applicable export laws and regulations, including without limitation, those of the U.S. Departments of Commerce and State.

17. FOREIGN PURCHASERS

The basic conditions of these Terms of Sale apply to non-U.S. purchasers with the following additional terms:

- a. Until a long-term relationship is established, all orders will be supported by irrevocable lines of credit approved by a U.S. bank or cash in advance.
- b. Payment of all costs relating to documentation, stamps, duties, tariffs and bank charges shall be borne by the purchaser.
- c. Each foreign purchaser warrants that it is not a citizen or resident of a foreign country or otherwise a person or entity to which SEMCO is forbidden by U.S. law to sell such products/systems.

18. ASSIGNMENT

This contract shall be binding and inure to the benefit of the parties to this contract and their respective successors and assigns.

19. WAIVER

No waiver of any provision of this contract shall be binding unless and until set forth expressly in writing and signed by the waiving party. The waiver by any party hereto of a breach of any provision of this contract shall not operate or be construed as a waiver of any preceding or succeeding breach of the same or any other term or provision, or a waiver of any contemporaneous breach of any other term or provision, or a continuing waiver of the same or any other term or provision. No failure or delay by a party in exercising any right, power, or privilege hereunder or other conduct by a party shall operate as a waiver thereof, in the particular case or in any past or future case, and no single or partial exercise thereof shall preclude the full exercise or further exercise of any right, power, or privilege.

20. GOVERNING LAW; DISPUTE RESOLUTION

This contract will be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of law, and the Courts within the State of California will have sole and exclusive venue and jurisdiction. You hereby submit to the personal jurisdiction of such Courts.

21. ATTORNEYS' FEES

If any suit or other proceeding is brought for the enforcement or interpretation of this contract, or because of any alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this contract, the successful or prevailing party will be entitled to recover, from the other party, reasonable attorneys' fees and other costs incurred in that suit or proceeding, in addition to any other relief to which such party may be entitled.

22. SEVERABILITY

If any term or provision of this contract is held to be to any extent invalid or otherwise unenforceable by any court of competent jurisdiction, such provision will be construed as if it were written so as to effectuate to the greatest possible extent the parties' expressed intent; and in every case, the remainder of this contract will not be affected thereby and will remain valid and enforceable.

23. ENTIRE AGREEMENT; AMENDMENTS

These Terms of Sales, plus the price, warranty and delivery date terms specified by SEMCO and the model number and quantity specified by the purchaser, constitute the entire agreement between the parties pertaining to the subject matter hereof and completely supersede all prior or contemporaneous agreements, understandings, arrangements, commitments, negotiations and discussions of the parties, whether oral or written (all of which shall have no substantive significance or evidentiary effect). No amendment, modification, or supplement of such agreement shall be binding unless it is expressly identified as an amendment (referring by name to SEMCO's Terms of Sale), executed in writing, and signed by all of the parties hereto.

ALTHOUGH THE INFORMATION HEREIN IS CURRENT AT THE TIME OF PRINTING, SEMCO RESERVES THE RIGHT TO CHANGE DESIGNS, MODELS, SPECIFICATIONS, DELIVERY TIMELINES, AND PRICING WITHOUT NOTICE AND WITHOUT THE OBLIGATION TO MAKE THE SAME OR SIMILAR CHANGES TO ANY PRODUCT ALREADY ON ORDER AND/OR SOLD AND DELIVERED. SEMCO DOES NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR CLERICAL ERRORS THAT MAY APPEAR HEREIN.