



PURCHASE ORDER TERMS & CONDITIONS

The following terms and conditions (the "Terms and Conditions") shall apply to the sale or other provision of goods and products (collectively, the "Products") to Gatekeeper Systems, Inc. ("Buyer") by the supplier of the Products provided hereunder ("Seller") and shall be in addition to the prices, quantities and delivery schedules set forth in any Purchase Order (as defined below). In the event of any conflict between these Terms and Conditions and any written order or any purchase order from Buyer (each a "Purchase Order") with respect to the Products, these Terms and Conditions shall control. Buyer rejects any other terms and conditions appearing on, referenced in or attached to Seller-issued documents. Seller's acceptance of (i) Buyer's Purchase Orders or (ii) delivery of the Products to Buyer shall each constitute acceptance of these Terms and Conditions.

1. DELIVERY

All Products must be shipped at the most advantageous rates unless otherwise authorized in writing by Buyer. Any extra expense in effecting delivery of the Products not so shipped will be charged to Seller. Delivery shall not be deemed to be complete until all Products have been actually received and accepted by Buyer, notwithstanding any agreement to pay freight, express or other transportation charges.

If Seller fails to provide and deliver the quality or quantity of Products specified in any Purchase Order, Seller shall be liable for any additional costs or expenses incurred by Buyer to fulfill the applicable order. If Seller is delinquent in shipping product based on their commitment date, Seller is responsible for upgrading the shipment to an expedited method at their expense.

Adequate scheduling of shipment of Products shall be made by Seller. Seller acknowledges that the delivery dates specified by Buyer are essential to fulfilling Seller's obligations to Buyer. Seller shall not, however, make material commitments or production arrangements in advance of such time as is reasonably necessary to meet Buyer's delivery schedule. No claims shall be allowed for such advance efforts. Shipments shall be strictly in accordance with Buyer's delivery schedule and Seller shall have no claims or rights against Buyer for any production commenced in advance of an order from Buyer. Buyer reserves the right to return, at Seller's expense, all Products received in advance of delivery schedules or to hold the Products and pay Seller's invoices on normal maturity after the scheduled delivery date.

2. PACKING AND SHIPPING

An itemized list of contents must be placed in each package delivered to Buyer by or on behalf of Seller. Buyer will not be liable for any charge for cartage or packing unless agreed upon in writing prior to the shipment of the applicable Products. All expenses incurred due to Seller's failure to furnish necessary shipping documents shall be paid by Seller. Unless otherwise specified, (i) all packing and crating by Seller shall be in compliance with carrier's tariffs and in suitable containers for protection in shipment and storage, and (ii) the price or prices for the Products shall include all charges for Seller's packing and crating.

3. INVOICING

Copies of packing lists and itemized invoices, each bearing the applicable order number, must be mailed on day of shipment. THE APPLICABLE BILL OF LADING OR EXPRESS RECEIPT MUST BE ATTACHED TO THE APPLICABLE SELLER INVOICE. The applicable order number shall be displayed immediately after Buyer's name on such invoice or bill of lading.

Invoices subject to cash discount should be mailed on the day that they are dated. If the invoice is not mailed on such date, the discount period will begin on the day that such invoice is received by Buyer's Purchasing Department. Seller's failure to attach the applicable Bill of Lading or Express Receipt to the applicable invoice will delay payment and the discount period will begin when the documents are received.

All invoices must bear the following certification in order to be processed for payment. "We hereby certify that these goods were produced in compliance with the Fair Labor Standards Act of 1938 as amended, and regulations and orders issued by the United States Department of Labor thereunder."

4. INSPECTIONS, TESTING AND SAMPLES

Buyer shall have the right to expedite, inspect and test any of the Products prior to shipment. All Products are also subject to Buyer's inspection and approval on arrival. If rejected, they will be held for disposal at Seller's risk. Such inspection, or the waiver thereof, however, shall not relieve Seller from full responsibility for furnishing Products conforming to the requirements of the Purchase Order, prejudice any claim, right or

privilege Buyer may have because of the use of defective or unsatisfactory Products or work.

Samples and grading are to be supplied to Buyer, as requested from time to time, at Seller's sole cost and expense.

5. SELLER EXPRESSLY WARRANTS AND REPRESENTS AS FOLLOWS:

a. All Products are free of defects in material and workmanship, conform to applicable specification, drawing samples and descriptions, and are of merchantable quality, and are suitable for Buyer's intended purposes.

b. The Products are owned by Seller, and upon acceptance by Buyer, will be delivered to Buyer free and clear of all claims, liens, encumbrances and penalties.

c. No part of the Products are subject to any actual or claimed trademark, patent or copyright infringements or any litigation based thereon.

d. All Products and packaging shall bear markers and labels and be manufactured and distributed in compliance with all applicable federal, state and municipal laws, rules and regulations, including without limitation the Fair Labor Standards Act, the Federal Food, Drug and Cosmetic Act, the Fair Practices and Labeling Law and the Toxic Substances Control Act, as applicable.

e. No product, component, or ingredient with a foreign country origin is to be used without prior written approval from Buyer.

f. Products meet all requirements of the Federal Food, Drug and Cosmetic Act as amended, including those related to pesticide and chemical residues, as applicable.

g. Seller is in compliance, and will be in compliance, with all applicable foreign, federal, state and local laws, statutes and ordinances including, but in no way limited to rules, regulations and standards of the Occupational Safety and Health Act of 1970 and the Federal Contract Work Hours and Safety Standards Act and the rules and regulations promulgated under these acts.

h. Neither Seller, nor any of its subcontractors, will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of Products under these Terms and Conditions.

The foregoing warranties and representations shall survive Buyer's acceptance and payment for the Products covered by these Terms and Conditions.

6. WARRANTY

All Products furnished by Seller and any services or installation relating thereto pursuant to any Purchase Order shall be warranted to be of the best quality of their respective kinds and to be free of defects in design, workmanship, or material and when known to Seller suitable for their intended purposes. In the event of breach, Seller shall take all necessary action, at Seller's expense, to correct such breach in the most expeditious manner possible. Should Seller fail to correct any such breach in a timely manner, Buyer may proceed, at Seller's expense, to perform the necessary corrective work. This warranty shall also inure to the benefit of Buyer's customers and users of the Products.

7. ASSIGNMENT AND SUBCONTRACTING

Seller may not assign or factor these Terms and Conditions or any Purchase Order without the prior written consent of Buyer. Any attempted assignment of these Terms and Conditions or any Purchase Order in violation of the foregoing shall be null and void.

8. CHANGES

Buyer may, at any time, by written notice to Seller, make changes within the general scope of any Purchase Order in any one or more of the

following (i) drawings designs, or specifications; (ii) method of shipping or packing; (iii) place of inspection, acceptance or point of delivery; and (iv) schedule of deliveries.

9. TERMINATION FOR DEFAULT

Buyer may terminate all or any part of any Purchase Order by giving notice of default to Seller, if Seller: (a) refuses or fails to deliver the Products within the time specified; (b) fails to comply with any of the provisions of these Terms and Conditions or any Purchase Order or so fails to make progress so as to endanger performances hereunder; or (c) becomes insolvent or subject to proceedings under any law relating to bankruptcy, insolvency or the relief of debtors.

In the event of a termination for default, Buyer's liability shall be limited to the payment for Products delivered and accepted by Buyer under the applicable Purchase Order.

10. TERMINATION FOR CONVENIENCE

Buyer may terminate any order at any time for its convenience, in whole or in part, in which event, Buyer's sole obligations shall be to reimburse Seller for (a) those Products actually shipped and accepted by Buyer up to the date of termination, and (b) costs incurred by Seller for unfinished Products, which were specifically manufactured for Buyer prior to termination in accordance with a Purchase Order and which are not standard products of Seller. In no event shall Buyer be responsible for loss of anticipated profit nor shall reimbursement exceed the applicable order value.

11. STOP WORK ORDERS

Buyer may at any time, by written notice to Seller, stop all or any part of the work called for by any Purchase Order. Upon receipt of such notice, Seller shall take all reasonable steps to minimize the incurrence of costs during the period of work stoppage. Buyer may subsequently either cancel the stop work order resulting in an equitable adjustment in the delivery schedule and/or the price, or terminate the work in accordance with the provisions of these Terms and Conditions or the applicable Purchase Order. Acceptance and/or payment of all or any part of the Products shall not be deemed to be a waiver of Buyer's rights either to (i) cancel shipments already sent, (ii) cancel future shipments, (iii) return all or any portion of the Products because of failure to conform to any Purchase Order, by reason of defects, latent or patent or other breach of warranty, or (iv) make any claim for damages including manufacturing costs and loss of profits or other special damages incurred by Buyer. Such rights shall be in addition to any other rights and remedies provided by law which shall not be limited by anything contained herein or otherwise.

12. PATENTS

Seller agrees to indemnify and save harmless Buyer, its officers, employees, agents, representatives or any of its customers buying or using the Products specified herein from any loss, damage or injury arising out of a claim or suit at law or equity for actual or alleged infringement of letters patent, by reason of the buying, selling or using the Products supplied under these Terms and Conditions, and, if required by Buyer, will assume the defense of any and all suits and will pay all costs and expenses incidental thereto.

13. CONFIDENTIAL INFORMATION

"Confidential Information" means any confidential or proprietary information that Buyer discloses to Seller hereunder. Confidential Information does not include any information that (i) is already in Seller's possession without obligation of confidence; (ii) becomes publicly available other than through a breach of these Terms and Conditions; or (iii) is required to be disclosed pursuant to a court or government agency order or rule, provided that before disclosing any Confidential Information, Seller, to the extent permitted by law, provides reasonable notice of such order or rule to provide Buyer the opportunity to object to or limit such disclosure. Seller will exercise reasonable care to protect Confidential Information from unauthorized disclosure, which care shall not be less than Seller exercises to protect its own Confidential Information. Seller will use the Confidential Information solely in furtherance of fulfilling any Purchase Orders hereunder and will disclose the Confidential Information only to its employees or agents who need to know such information and agree to adhere to the confidentiality provisions of these Terms and Conditions. Notwithstanding any other provision in these Terms and Conditions, Buyer may seek provisional remedies in a court of competent jurisdiction, with or without notice, to enforce these obligations.

14. RISK OF LOSS

Seller assumes the following risks: (a) all risks of loss or damage to all Products, work in process, materials and other things until the delivery thereof as herein provided; (b) all risks of loss or damage to third persons and their property until the delivery of all the Products as herein provided;

(c) all risks of loss or damage to any property received by Seller from, or held by Seller or its supplier for the account of, Buyer, until such property has been delivered to Buyer or its customer as the case may be, and (d) all risks of loss or damage to any of the Products or part thereof rejected by Buyer, from the time of shipment thereof to Seller until redelivery thereof to Buyer.

Any fixtures (including patterns, dies, molds and jigs) furnished to Seller by Buyer, or specifically paid for by Buyer, shall be the property of Buyer and subject to removal by Buyer upon completion of the order, and shall be used only in filling Buyer's orders and held by Seller at its sole risk.

15. INSURANCE AND INDEMNIFICATION

Seller agrees to indemnify, defend and hold harmless Buyer and its officers, agents and employees, successors and assigns, from any and all liability, loss, damage or expense which Buyer may suffer as a result of claims, demands, costs or judgements against it involving Seller's activities related to the Products, any Purchase Order or any failure by Seller to comply strictly with these Terms and Conditions, including the warranties stated in Sections 5 and 6 above, or otherwise to fully and timely discharge its obligations under these Terms and Conditions or any Purchase Order. This indemnity shall include the expense of any defense, including attorney's fees, and shall be in addition to any other remedies provided by law.

Seller shall carry comprehensive general liability insurance, including contractual and product liability coverage, with minimum limits acceptable to Buyer. Seller shall, at the request of Buyer, supply certificates evidencing such coverage.

16. NORTH AMERICAN FREE TRADE AGREEMENT

Seller agrees to deliver as a separate line item a NAFTA Certificate of Origin (Customs Form 434) for all Products that meet the NAFTA Rules of Origin. Buyer reserves the right to withhold all payments to Seller until such time as a completed NAFTA Certificate is delivered. A NAFTA Certificate is mandatory for all Products which are labeled "MADE IN THE USA".

17. NET PAYMENT TERMS

Seller agrees to a minimum of Net 60 payment terms from receipt date unless otherwise stated on the applicable Purchase Order.

18. APPLICABLE LAW AND JURISDICTION

These Terms and Conditions and any Purchase Orders hereunder are governed by and shall be construed in accordance with the laws of the State of California, excluding its conflicts of law rules. The parties consent to the sole and exclusive venue and jurisdiction of the federal and state courts situated in or having jurisdiction over the State of California.

19. INDEPENDENT CONTRACTOR

Except as specifically and expressly provided herein, the parties shall be considered independent contractors for the purposes of these Terms and Conditions and any Purchase Order. The relationship between Buyer and Seller shall not be that of partners, agents or joint venturers. Nothing in these Terms and Conditions or any Purchase Order shall be deemed to constitute a partnership, agency agreement or joint venture between them for any purpose whatsoever.