

PANASONIC FACTORY SOLUTIONS COMPANY OF AMERICA
Unit of PANASONIC CORPORATION OF NORTH AMERICA
1701 Golf Road, Suite 3-1200 Rolling Meadows, IL 60008

EXHIBIT A
TERMS AND CONDITIONS OF SALE
ELECTRONICS ASSEMBLY EQUIPMENT

1. Entire Agreement

The accompanying Quotation, if any, automatically expires thirty (30) calendar days from the date of its issue by Seller and is also subject to termination by written notice from Seller within that period. Buyer shall accept this Quotation by having its duly authorized representative sign in the appropriate space on the face hereof and returning said signed copy to Seller within the aforesaid period, provided, however, that, notwithstanding the foregoing, Buyer shall be deemed to have accepted this Quotation upon (i) Buyer's submission to Seller of any order for any Electronic Assembly products specified on the face hereof (which, together with all replacement parts and accessories therefore, are hereinafter referred to as the 'Products') or (ii) Buyer's acceptance of delivery of any Products at the F.O.B. point (in which event Buyer shall be deemed to have accepted this Quotation on the tenth day after the date of this Quotation). By accepting the quotation as aforesaid, Buyer expressly understands and agrees that all sales of the Products shall be governed by and subject to the following terms and conditions and those contained on the face hereof, which terms and conditions shall constitute the entire contract between Buyer and Seller and shall supersede Buyer's order form and other documents, if any, and that there are no representations, warranties, covenants, agreements, or collateral understandings, oral or otherwise, express or implied, affecting this instrument not expressly set forth herein. No delay on the part of either party in exercising any of their respective rights hereunder or the failure to exercise the same shall operate as a waiver of such rights except in the specific instance. None of the terms, conditions or provision hereof may be, nor shall they be held, deemed or construed to have been, changed, waived, varied, modified or altered by any act or knowledge of either party, their respective agents, servants or employees, and the terms of this instrument may not be changed, waived, varied, modified or altered except by a statement in writing signed by duly authorized representatives of both parties.

2. Taxes

Prices quoted herein do not include any amount of Federal, state, or local excise, sales, use, service, occupation, income, property or similar taxes. If any taxes (excluding import duties or impositions) are determined to be applicable to this transaction, the prices to be paid by Buyer hereunder shall be increased by the amount of such taxes. Any request by Buyer for exemption from any tax must be accompanied by properly executed tax exemption certificates.

3. Delivery, Installation, Acceptance

(a) Seller will deliver the Products to the F.O.B. point within a reasonable time of the estimated delivery date(s) set forth on the face hereof, but Seller shall in no event be liable for any special, incidental, consequential or any other indirect damages or loss of profits suffered by Buyer due to a delay in such delivery. The delivery dates herein set forth are based upon the timely receipt by Seller from Buyer of any and all material or information reasonably requested by Seller hereunder.

(b) Buyer shall be responsible, at its sole risk, cost and expense, for: (i) transporting the Products from the F.O.B. point to the site of installation thereof; (ii) preparing the installation site for installation of the Products (including the provision of satisfactory utilities and operating environment); and (iii) position of the Products at the installation site, all in accordance with Seller's written instructions therefore which are to be provided by Seller to Buyer.

(c) As promptly as practicable after receiving written notice from Buyer that all of the steps provided for in Paragraph 3(b) above have been satisfactorily completed, and upon Seller's confirmation thereof, Seller will install the Products at the installation site and make such final adjustments to the Products as are reasonably necessary to place such Products into operating condition.

(d) Upon completion of the installation of the Products, acceptance testing of the installed Products shall be jointly conducted by the representatives of both Seller and Buyer. Buyer shall be responsible, at its sole cost and expense, for delivering to Seller in a timely fashion sufficient quantities of printed circuit boards and electronic components necessary to conduct both the factory and the installation site portions of the acceptance testing of the Products. Upon the successful completion of such acceptance testing, Buyer shall deliver to Seller an executed acceptance report in form and substance satisfactory to Seller; provided, however, that, unless previously expressly rejected by Buyer in writing, the Products shall be deemed to have been accepted by Buyer on the date ninety (90) days following delivery of the Products at the F.O.B. point. Notwithstanding the foregoing, productive use of the Products by Buyer shall constitute acceptance of the Products by Buyer.

(e) If Buyer shall, at any time, refuse to accept delivery of any of the Products at the F.O.B. point, then Buyer may, from time to time, be invoiced by Seller, and Buyer agrees to promptly accept and pay each such invoice, for any and all freight handling, warehouse, labor and other costs

incurred by Seller which arise there from or which are in any way related thereto or associated therewith.

4. Cancellation

For a period ending sixty (60) days prior to the scheduled ex-factory date thereof, Buyer may cancel, upon Seller's receipt of a written notice of cancellation, all, or any part, of its order hereunder upon payment to Seller of a cancellation charge equal to the sum of:

(i) more than 120 days prior to such ex-factory date - 5% of the purchase price of the canceled Products (ii) between 120 days and 91 days prior to such ex-factory date - 10% of such purchase price (iii) between 90 and 60 days prior to such ex-factory date - 20% of such purchase price; and 100% of the cost therefore incurred by Seller and/or Seller's suppliers with respect to all special modifications to the canceled Products, if any, requested by Buyer and agreed to by Seller.

Buyer may not cancel its order hereunder after the 60th day prior to the scheduled ex-factory date; provided, however, that Buyer may cancel, upon Seller's receipt of a written notice of cancellation, its order hereunder, upon payment of the cancellation charges provided for in clause (iii) of the preceding sentence, if delivery of the Products to the F.O.B. point is delayed more than 45 days beyond the estimated delivery date(s) set forth on the face hereof, unless said delivery is made by Seller within 5 business days after its receipt of any such notice.

Any parts returned with an authorization RMA # will have a 20% re-stocking fee assessed upon their return.

5. Specifications

Seller may, from time to time, after the specifications or design of the Products, or components thereof; provided, however, that, unless such alteration is required by reason of compliance with the standards of any United States governmental body or regulatory or standard-setting agency, Seller will make no such alteration which affects the form, fit or functional interchangeability or operation of the Products without Buyer's prior written consent.

6. Warranties and Liability of Seller

(a) Seller warrants to Buyer only that the Products shall be free from defects in material or workmanship, and shall conform to the manufacturer's normal specification therefore, for a period (the 'Warranty Period') of: (i) twenty-four (24) months from the date of completed equipment installation, for mechanical components of SMT Products manufactured by Panasonic Corporation, or any subsidiary or affiliate thereof; (ii) twelve (12) months from the date of completed equipment installation, for mechanical components of Selective Soldering and Microelectronics Products manufactured by Panasonic Corporation, or any subsidiary or affiliate thereof; (iii) ninety (90) days from the date of shipment, for replacement parts sold by Seller; or (iv) ninety (90) days from the date of completed equipment installation, for all other components. The only warranty given by Seller with respect to perishable tooling and consumables sold to Buyer by Seller is that Seller will replace perishable tooling and consumables delivered to Buyer in a defective condition if so notified in writing within thirty (30) days of such delivery. The foregoing warranties shall remain in effect only for so long as the Products remain at the installation sites therefore referred to in Paragraph 3(b) above, and any movement of the Products from such sites shall immediately void this warranty.

(b) in the event that Buyer shall allege the existence of defects in material or workmanship in any of the Products, Buyer shall, as a condition to Seller's obligations hereunder, promptly, but in no event more than ten (10) days after discovery of the alleged defect, give Seller written notice thereof and permit Seller reasonable access to the affected Products for inspection and testing purposes. In the event that Seller shall confirm that defects in any of the Products covered by the foregoing warranty have occurred within the applicable Warranty Period. Seller shall remedy such defects in one of the following ways to be selected by Seller in its sole and absolute discretion: (1) repair of the defects, at Seller's sole cost and expense for both parts and labor during the first twelve (12) months of the Warranty Period, and at Seller's sole cost and expense for parts and Buyer's expense for labor during the remainder of the Warranty Period; (ii) replacement of the defective Products, components thereof or replacement parts therefore; or (iii) refund to Buyer of the purchase price for the defective Products, components thereof or replacement parts therefore.

(c) Anything in Paragraphs 6(a) and 6(b) to the contrary notwithstanding, Seller shall have no obligation for any defects in Products, components thereof or replacement parts thereof that have been caused by failure to perform recommended normal maintenance, use of components, parts, peripherals, attachments, accessories, and/or perishable tooling not provided to Buyer by Seller (or not approved by Seller), accident, misuse,

neglect, abuse, mishandling, misapplication, modification, alteration, acts of God or improper installation, service or maintenance.

(d) THE WARRANTIES SET FORTH HEREIN THIS PARAGRAPH 6 ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES OTHER THAN WARRANTY OF TITLE, WHETHER ARISING FROM A COURSE OF DEALING, COURSE OF PERFORMANCE OR TRADE USAGE, OR WHETHER ORAL, WRITTEN, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, ALL OF WHICH ARE HEREBY WAIVED BY BUYER.

The employees and agents of Seller are not authorized to make modifications to such warranties or additional warranties binding on Seller; accordingly, additional statements, whether oral or written, do not constitute warranties and should not be relied upon by Buyer. Seller's liability Buyer's exclusive remedy under this warranty shall be limited solely to the cost of any necessary repairs to, replacements of or refunds of Buyer's purchase price for, the Products, components thereof or replacement parts therefore.

(e) No suit shall be brought on an alleged breach of the warranties set forth in this Paragraph 6 more than fifteen (15) months after the date of Buyer's acceptance of the Products. The warranties set forth in this Paragraph 6 allocate the risks of Product failure between Seller and Buyer, as authorized by the Uniform Commercial Code and other applicable law.

(f) Seller does not represent or warrant that the Products comply with any local laws, ordinances or rules and Buyer hereby assumes sole and complete responsibility for compliance therewith, and Buyer hereby agrees to obtain any and all permits, licenses, authorizations or certificates required by any governmental or regulatory agency or other body-for the installation and use of the Products.

(g) IN NO EVENT SHALL SELLER HAVE ANY LIABILITY OR RESPONSIBILITY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, ANY WORK DELAYS, LOST GOODWILL, PROFIT, REVENUE OR SAVINGS, LOSS OF USE, COST OF CAPITAL, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, DOWNTIME COSTS, OR CLAIMS OF ANY PARTY DEALING WITH BUYER FOR SUCH DAMAGES, EVEN IF SELLER HAS BEEN ADVISED OR IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL SELLER'S LIABILITY FOR MONETARY DAMAGES UNDER THIS CONTRACT EXCEED THE TOTAL AMOUNTS PAID BY BUYER TO SELLER HEREUNDER.

7. Maintenance

Spare Parts: If any of the Products proves to be defective and such defect is not covered by the warranty provided for in Paragraph 6 above, then Buyer shall be responsible, at its sole cost and expense, for providing or obtaining all necessary maintenance and repair service and spare and replacement parts for any such defective Product.

Seller may, from time to time, offer maintenance and repair service for the Products pursuant to such terms and conditions, including without limitation, Seller's charges therefore, as may then be in effect. Seller will supply Buyer with list of spare and replacement parts for the Products, the current prices thereof, and the quantity thereof that Seller recommends that Buyer keep in stock at all times, which list may be amended by Seller in writing at any time and from time to time, Seller shall use reasonable commercial efforts to make such spare and replacement parts available for purchase by Buyer for a period of not less than five (5) years after discontinuance of the manufacture of the Products.

8. Termination

(a) Seller may terminate the contract created hereby effective immediately upon written notice to Buyer (i) in the event of a material breach by Buyer of any of the terms or conditions of this contract and Buyer has failed to cure such material breach within five (5) days after written notice from Seller describing the breach and requesting its cure, or (ii) bankruptcy or insolvency proceedings are instituted by or against Buyer, or Buyer is adjudicated a bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, or a receiver is appointed for all, or substantial part, of Buyer's assets or Buyer proposes or make any arrangement for the liquidation of its debts, and any such proceedings, assignment or appointment is not dismissed or vacated within thirty (30) days.

(b) Buyer agrees that it shall, not later than thirty (30) days following the effective date of termination of the contract created hereby, pay all moneys owed to Seller at the time of any such termination regardless of the terms of payment of such moneys that may have otherwise been granted to Buyer by Seller prior to the effective date of such termination, provided, however, that if any terms of payment previously granted to Buyer by Seller provide, at the time of such termination, for payment in less than thirty (30) days, such payment shall be made pursuant to the applicable terms of payment.

(c) Seller shall not, by reason of its termination of this Agreement in accordance with the terms hereof, be liable to Buyer for compensation, reimbursement or for any damages on account of the loss of profits

or anticipated sales, or on commitments in connection with the business or good-will of Buyer or otherwise or for direct, special, indirect or consequential damages.

9. Force Majeure

Seller shall not be liable for any direct, indirect, special, incidental or consequential damages arising out of a total or partial failure to perform hereunder or delay in such performance by reason of any event or occurrence beyond the control of Seller, including, without limitation, non-performance or delays of a supplier to Seller, acts of God, wars, acts of a public enemy, acts of the Governments of any state or political subdivision or any department or regulatory agency thereof or entity created thereby (whether or not valid), quotas, embargoes, acts of any person engaged in subversive activity or sabotage, fires, floods, explosions, or other catastrophes, epidemics, or quarantine restrictions, strikes, lockouts, or other labor stoppages, slowdowns or disputes. It is understood and agreed that this provision shall have the effect of excusing Seller's delay under the contract created hereby for such time as is occasioned by any of the aforesaid conditions, but such delay shall not in any event be deemed to lessen the full amount of Products purchased and sold hereunder, but only as deterring delivery in the event and to the extent herein provided for.

10. Security

(a) In the event that Seller, in its sole and absolute discretion, deems Buyer's financial condition inadequate or unsatisfactory to Seller for any reason whatsoever, Seller shall have the right in addition to any other rights it may have, upon written notice to Buyer, to cancel the contract created hereby, to delay shipment of the Products to Buyer, or to require payment for the Products in cash prior to their shipment to Buyer, without incurring any liability for loss or damage of any kind occasioned by reason of any such cancellation or delay. Seller reserves the right, in its sole and absolute discretion and at any time, to decrease, eliminate or otherwise limit the amount or duration of credit extended to Buyer hereunder.

(b) Seller shall have, and is hereby granted, a security interest in all Products sold by Seller to Buyer pursuant hereto and in all proceeds and products there from, whether now held or hereafter acquired, to secure the full and prompt payment and/or performance of all obligations hereunder. Buyer hereby expressly agrees to execute such documents as are deemed necessary by Seller to effectuate and perfect the security interest granted herein and further authorizes and irrevocably appoints Seller as its attorney-in-fact to sign and file in Buyer's name Uniform Commercial Code (UCC) Financing Statement(s) and such other documents as Seller may request, including, without limitation, additional security agreements, to implement the foregoing, without Buyer's signature for the express purposes set forth herein. It is understood and intended by Buyer that said power of attorney is coupled with an interest.

11. Assignment

Neither the contract created hereby, nor any of the rights or interests of Buyer hereunder, may be assigned, transferred or conveyed by Buyer, by operation of law or otherwise, except under the prior written consent of Seller.

12. Notices

Any notice, request, consent, demand or other communication given or required to be given under the contract created hereby shall be effective only if in writing and shall be deemed to have been given when mailed by first class registered or certified mail, postage prepaid, return receipt requested, addressed to Buyer at the address set forth on the face hereof and to the Director of Sales, with a copy to the General Counsel of Seller at the address set forth on the face hereof and to the Director of Sales, with a copy to the General Counsel, of Seller at the address set forth on the face hereof.

13. Indemnification

A. Seller agrees to indemnify and hold Buyer harmless against all claims that the Products directly infringe any patent, copyright, trade secret or other intellectual property rights of third parties. Seller shall assume the defense of any suit, action, proceeding or objection based on any such claim of infringement brought against Buyer specifically relating to the Products, by counsel retained at Seller's own expense, and shall pay any damages assessed against or otherwise payable by Buyer in any such suit as a result of the final disposition of any such claim, suit, action, proceeding or objection, provided Buyer, upon receiving notice thereof, promptly notifies Seller in writing of such claim or of the commencement of any such suit, action, proceeding or objection, or threats thereof, and Seller is afforded the opportunity, in its sole and absolute discretion, to determine the manner in which such claim, suit, action, proceeding or objection shall be handled or otherwise disposed of. Buyer shall give Seller the cooperation Seller requires, at Seller's sole cost and expense for all reasonable and direct costs and expenses incurred by Buyer, except for salaries of the employees of Buyer and fees and expenses of any counsel retained by Buyer in the defense of any such claim, suit, action, proceeding or objection. Notwithstanding the foregoing, Buyer may be represented in any such suit by its own counsel at its own cost and expense; provided however, that Buyer shall not consent to any judgment or decree in any such suit or pay or agree to pay any sum of money or agree to do any other act in compromise of any such claim of a third party without first obtaining Seller's written consent thereto.

B. In the event that, as a result of an infringement claim covered by Paragraph A above, a preliminary or permanent injunction is issued against Buyer's continued utilization of the Products, Seller shall, at Seller's sole cost and expense, take any one of the following actions, in Seller's sole and absolute discretion: (i) procure for Buyer the right to continue its use of said Products; or (ii) modify the infringing Products so they become non-infringing; or (iii) authorize Buyer to return said enjoined Products theretofore sold to and paid for by the Buyer and agree to refund the Buyer the full purchase price of the enjoined Products and any reasonable and necessary transportation cost associated with such return; and upon Seller's fulfillment of (i), (ii) or (iii), Seller shall thereafter be relieved of any further obligation or liability, other than liability pursuant to Paragraph A above, to Buyer as a result of any such infringement. In no event shall Seller be liable for any award of enhanced damages or attorneys fees not attributable to Seller, or for special, incidental, consequential or any other indirect damages or loss of profits suffered by Buyer due to any such claim of infringement.

C. Notwithstanding any other provision herein or in any Buyer document related to Buyer's acquisition of the Products from Seller, Seller's obligations under Paragraphs A and B above shall not apply to any claims of infringement arising out of any designs, specifications, modifications originating with Buyer, the combination of the Products with other equipment not supplied by Seller or the process of production of manufactured goods using the Product; but, rather, in such cases, Buyer shall indemnify and hold Seller harmless and defend Seller against all claims of third parties in the United States in accordance with the terms and provisions hereof.

D. THIS PARAGRAPH 13 SETS FORTH THE ENTIRE OBLIGATION AND LIABILITY OF SELLER FOR INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS RELATED TO THE PRODUCTS OR OTHERWISE RELATED TO THIS AGREEMENT.

14. Governing Law

This contract and performance hereunder, shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflict of laws principles thereof. The parties hereby agree that any and all causes of action arising under this contract shall be brought only in the United States Federal District Court for the Southern District of New York or, if the United States Federal District Court does not have jurisdiction, the Supreme Court of New York County, and the parties hereby submit to the jurisdiction of said Court, and agree not to object to the venue nor the convenience of the forum. The parties agree that the 1980 United Nations Convention on Contracts for the International Sales of Goods, as amended to date, shall not apply to this contract.

Exhibit B TRAINING

1. Training at PFSA Included with Purchase

A software training Credit is included with the purchase of each PANASONIC Insertion/Placement Machine, according to the following terms:

1.1. DGS/PanaPRO Training at PFSA

DGS or PanaPRO determined by machine type, Training is conducted at the PFSA Global Training Center in Buffalo Grove, Illinois. Training will be for one (1) person per Insertion/Placement Machine purchased. Training credits are valid for one (1) year after machine installation date.

1.2. Start-up Training at PFSA

"Start-up Training" will be provided at the time of installation free of charge for a maximum of three (3) persons for no longer than four (4) days. The length of the class may vary in length at Seller's discretion depending on the needs of the students, machine availability or the type of machine under study. There is NO CHARGE for this training. If there is a need for training for more than three (3) person, but no more than six (6), Buyer should consult with its local service manager for a quotations. Travel and living expenses for the students are the responsibility of Buyer.

2. Additional Training Beyond Credits

Training for persons in addition to the above allowed numbers and outside the allowed time period will be billed according to the following charges:

2.1. Training at PFSA Locations

2.1.1. For Operator/Operations training conducted at the PFSA Global Training Center billing will be at the prevailing rate per student/per course.

2.1.2. Corrective Maintenance Training

Is available at the prevailing rate per student for a two (2) to five (5) day class conducted at the PFSA Global Training Center ONLY. 2.1.3. For PanaPRO IPO/Host (5) Day Course-conducted at the PFSA Training Center, billing will be at the prevailing rate per student/per course for PanaPRO IPO/Host.

2.2. Training at Customer Location

For Operator/Operations, and PanaPRO IPO/Host training conducted at Buyer's facility billing at the prevailing rate per day plus expenses. Class size must be limited to a maximum of six (6) students.

3. Equipment other than PANASONIC

Insertion/Placement machines (Ovens, Board Handling Units, etc.) are considered peripheral equipment. Training will be conducted on peripheral equipment during Insertion/Placement training depending on the needs of the students. Please contact Panasonic for confirmation of rates and to schedule classes.

For information on pricing and to schedule classes, please call (847) 637-9700.

*Rates are subject to change without notice.