

Reel Axis, Inc.

TERMS AND CONDITIONS

All sales made by Reel Axis, Inc. ("Reel Axis") to its customers with Reel Axis U.S. resale accounts ("Purchaser") are subject to these terms and conditions. Purchaser's acceptance of these terms and conditions shall be made by either (i) Purchaser providing a purchase order number to Reel Axis or (ii) Purchaser's acceptance of any Product from Reel Axis, whichever occurs first. These terms and conditions shall apply to sales of all products described in Reel Axis' current comprehensive product listing including special order product except as otherwise noted below ("Product"). The term "Special Order Product" as used herein shall mean products that are not listed in Reel Axis's current comprehensive product listing or have been configured to Purchaser's specifications.

1. ORDERING

Prior to placing an order, Purchaser must have an active Reel Axis sales account number and Purchaser's account must be current and in good standing. Purchaser must provide Reel Axis with complete Product order information as required by Reel Axis. The Product order information will include without limitation the (i) Product description, (ii) unit quantity, (iii) Reel Axis SKU number and/or vendor part number, (iv) current unit price as provided by Reel Axis, (v) correct shipping address, (vi) and other information as appropriate. Purchaser personnel will identify, for each Product order, the ship-to destination as either Purchaser, Purchaser's customer, or to some other specified third party. Reel Axis reserves the right to require additional information based on the requirements of the manufacturer or publisher of the Product. Purchaser shall not disclose any confidential information when ordering from Reel Axis. Purchaser may place orders by email, over telephone, via facsimile, and via Reel Axis approved electronic ordering methods only through persons who identify themselves as Purchaser personnel and provide their Reel Axis customer number prior to placing the order. Reel Axis will have no obligation to confirm the validity of any order placed or the authority of the person placing an order in this manner. Purchaser will disclose its Reel Axis customer number only to its personnel with a need to know. Purchaser bears all responsibility and risk of unauthorized purchases using Purchaser's account. Reel Axis' acceptance of any order from Purchaser is limited to these terms and conditions in their entirety without addition, modification, or exception. Any additional or different terms in Purchaser's purchase order or submitted by Purchaser in any form are hereby deemed to be material alterations hereto and notice of objection to them is hereby given. All orders below the applicable minimum order value are subject to additional fees. Orders for direct shipment to Purchaser's customers or Special Order Products may require prepayment and may be subject to additional fees. Reel Axis will have no obligation to hold Product for future sale to Purchaser if Purchaser's order is incomplete.

All Product pricing, description and availability information ("Information") provided by Reel Axis, in any form, is the property of Reel Axis. Reel Axis hereby grants Purchaser a limited, non-exclusive, non-transferable license to use the Information for Purchaser's internal use only for purposes of Purchaser's sales and purchases of Products sold by Reel Axis. If Reel Axis provides Information to Purchaser electronically, Purchaser agrees to update such Information regularly to ensure its accuracy. Purchaser agrees to hold in confidence and not to directly or indirectly use, reveal, report, publish, disclose or transfer to any other person or entity any of the Information or utilize the Information for any purpose except as permitted herein. REEL AXIS MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED ON THE INFORMATION. ALL INFORMATION IS PROVIDED TO PURCHASER "AS IS." REEL AXIS HEREBY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS AND IMPLIED, RELATING TO INFORMATION INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

2. PRICE

All prices are subject to change without notice and will be established at time of order acceptance by Reel Axis. Order acceptance and sale by Reel Axis occurs at time of shipment. Prices for backordered Products are not guaranteed. Additional fees may apply in accordance with Reel Axis's policies in effect on the date of shipment.

3. SHIPMENT AND DELIVERY

A U.S. Shipments - All Product shipments will be made FOB origin. For Products owned by Reel Axis, title and risk of loss will transfer to Purchaser upon Reel Axis tendering the Product for delivery to the carrier. Reel Axis will ship Products using Reel Axis' carrier of choice in accordance with Reel Axis' shipping policies at the time of shipment. Additional fees and charges may also apply. If Purchaser requests Reel Axis prepay and bill Purchaser for freight charges, Purchaser agrees that Reel Axis retains the right to choose the carrier. Purchaser shall examine all Products upon receipt and shall notify Reel Axis, as specified herein, of all discrepancies and refusal to accept delivery of purchased Product. Such notice shall be reasonably detailed and explain the discrepancy and if rejection is intended within five (5) calendar days after receipt. Failure to give such notice within such time shall be deemed an acceptance of the Products as of the date of shipment. Refused shipments will be assigned a 15% restocking fee.

B International Shipments - All shipments by Reel Axis to Purchaser or Purchaser's customers at an address outside of the United States or the District of Columbia are subject to additional terms. These shipments will be made FCA, Reel Axis' warehouse via Reel Axis' carrier of choice. Title and risk of loss will transfer to Purchaser upon Reel Axis tendering the Product for delivery to the carrier. Purchaser will bear all the costs related to shipment and delivery. Purchaser shall examine all Products promptly upon receipt and shall notify Reel Axis of all discrepancies and if rejection is intended within five (5) calendar days after receipt. Such notice shall be reasonably detailed and shall specify the discrepancy or reason for rejection. Failure to give such notice within such time shall be deemed an acceptance of the Products as of the date of shipment. If the approval of any government or governing organization is required with respect to these terms and conditions or the distribution of the Products including without limitation, giving legal effect to these terms and conditions, protecting intellectual property and other rights in the Products or compliance with exchange regulations,

Purchaser will, at its expense, immediately take whatever steps may be necessary to secure such approvals. If any such approval requires or results in the deletion or amendment of any provision of these terms and conditions, then Reel Axis will have the right to immediately terminate these terms and conditions.

4. CREDIT AND PAYMENT TERMS

Purchaser shall furnish to Reel Axis all financial information reasonably requested by Reel Axis from time to time for the purpose of establishing or continuing Purchaser's credit limit. Purchaser agrees that Reel Axis shall have the right to decline to extend credit to Purchaser and to require that the applicable purchase price be paid prior to shipment. Purchaser shall promptly notify Reel Axis of all changes to Purchaser's name, address, or of the sale of substantially all of its assets. Reel Axis shall have the right from time to time, without notice, to change or revoke Purchaser's credit limit on the basis of changes in Reel Axis' credit policies or Purchaser's financial condition and/or payment record. Purchaser shall not deduct any amounts owing from any Reel Axis invoice without Reel Axis' express written approval, which approval shall be contingent upon Purchaser providing all supporting documentation for such deduction as required by Reel Axis. A service charge of the lesser of two percent (2%) per month or the maximum amount allowed by law will be charged on all past due balances commencing on the date payment is due. Unless prepayment is required, payment terms are net 30, with full payment due within 30 days of invoice. Payment can be made by cash, check, electronic funds transfer, and certain credit cards. Credit cards (MasterCard and VISA) will only be accepted at the time of order and will be charged at time of shipment. Reel Axis retains (and Purchaser grants to Reel Axis by submitting a purchase order) a security interest in the Products to secure payment in full, and Purchaser agrees to execute any additional documents necessary to perfect such security interest. If Purchaser fails to make timely payment of any amount invoiced hereunder, Reel Axis shall have the right, in addition to any and all other rights and remedies available to Reel Axis at law or in equity, to immediately revoke any or all credit extended, to delay or cancel future deliveries and/or to reduce or cancel any or all quantity discounts extended to Purchaser. Purchaser shall pay all costs of collection including reasonable attorneys' fees. Any obligation of Reel Axis under these terms and conditions to deliver Products on credit terms shall terminate without notice if Purchaser files a voluntary petition under a bankruptcy statute, or makes an assignment for the benefit of creditors, or if an involuntary petition under a bankruptcy statute is filed against Purchaser, or if a receiver or trustee is appointed to take possession of the assets of Purchaser.

5. TAXES

Purchaser shall bear applicable federal, state, municipal, and other government taxes (such as sales, use, etc.). Unless otherwise specified, prices do not include such taxes. Exemption certificates, valid in the place of delivery, must be presented to Reel Axis prior to, or at the time of PO placement if they are to be honored. If it is subsequently determined that notwithstanding a representation by Purchaser, Reel Axis is liable for such taxes, Purchaser shall defend and indemnify Reel Axis from any and all liability associated with such taxes, including any and all interest, penalties and attorneys' fees including non-attorney professional fees associated therewith.

6. WARRANTY

Product warranties, if any, are provided by the manufacturer or publisher of the Products. IN NO EVENT SHALL REEL AXIS BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES OR DAMAGES OF ANY KIND OR NATURE ALLEGED TO HAVE RESULTED FROM ANY BREACH OF WARRANTY. REEL AXIS MAKES NO WARRANTIES, EITHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE WHATSOEVER. ALL INFORMATION IS PROVIDED TO PURCHASER "AS IS."

7. PRODUCT RETURNS

A Requirements – Purchaser must obtain a valid Return Material Authorization ("RMA") number from Reel Axis for all returns. RMAs will be issued, at Reel Axis' sole discretion, in accordance with these terms and conditions. Returns may be subject to more restrictive manufacturer or publisher policies and processes that can take up to ninety (90) calendar days to complete a review of the RMA request. Purchaser must provide all information as required by Reel Axis for all returns. RMAs are valid for ten (10) Calendar days from the date of issuance. Purchaser must allow for in-transit time for Products to be returned to Reel Axis, as Reel Axis must physically receive Products within the ten (10) calendar days. Purchaser is responsible for ensuring that the RMA number is clearly visible on the address label of the Product packaging when it is returned to Reel Axis. Reel Axis may refuse delivery of any boxes without a valid, clearly visible RMA number as noted above. Any Products received by Reel Axis (I) without a valid RMA number, including Product shipments refused by Purchaser or Purchaser's customer (ii) later than ten (10) calendar days from the RMA date, or (iii) in a condition unsuitable for resale (excluding Defective Products), will be considered Overgoods. Reel Axis will return Overgoods to Purchaser or Purchaser's customer, and may charge Purchaser a \$50 or more processing fee per shipment plus related freight charges. If Purchaser refuses the shipment of Overgoods from Reel Axis or returns the Overgoods to Reel Axis a second time without Reel Axis' prior authorization, Purchaser agrees to relinquish all right and title to and waives all claims against Reel Axis for credit related to such Products. Notwithstanding anything to the contrary, Reel Axis reserves the right not to authorize the return of Products that are no longer in production or are being produced or published by a manufacturer or publisher that (i) is insolvent, (ii) has declared bankruptcy, or (iii) will not accept returns from Reel Axis. Except for approved Defective Product Returns or Damaged Product Returns that, once returned, are confirmed to be defective or damaged, or approved wrong product shipped returns, Reel Axis may charge a 15% restocking fee for returned product. Except for approved Defective Product Returns where a small amount of product was removed from its original factory sealed containers and that amount of product has been provided to Reel Axis prior to an approved RMA number, all returned product must be original factory sealed containers. Products returned and claimed to be in factory sealed container condition but found to have been opened will be returned to the shipper and the RMA request will be cancelled.

B Defective Product Returns - Defective returns are only for Products purchased from Reel Axis that are inoperable or do not function in accordance with the specifications published by the manufacturer or publisher and are covered under the manufacturer's or publisher's warranty. All defective returns are subject to more restrictive manufacturer or publisher policies. Purchaser may request an RMA for the return of defective Products, excluding Special Order Products, within thirty (30) calendar days of invoice date. Upon receipt of the defective Product for which the RMA was issued, Reel Axis may test the Products and may return to Purchaser, at Purchaser's expense, any Products found not to be defective. Upon verification that the returned Product is defective, Reel Axis may, at Reel Axis' sole discretion, either (i) ship Purchaser a replacement Product, or (ii) provide Purchaser a credit equal to the lesser of the Product's invoice price or current replacement value less any applicable charges or fees. Reel Axis reserves the right to require Purchaser to return defective Products directly to the manufacturer or publisher for replacement. Reel Axis shall not be obligated to repair, replace, or issue credit to Purchaser for Products rendered defective, in whole or in part, by causes external to the Products, including, but not limited to, catastrophe, power failure or transients, overvoltage on interface, environment extremes, improper use, maintenance or application of the Products or use of unauthorized parts. Purchaser shall bear all risks of loss when returning defective Products.

C Damaged Product Returns - Damaged Product returns are only for Products purchased from Reel Axis and shipped via Reel Axis' carrier of choice that are damaged in transit from Reel Axis to the Purchaser or from Reel Axis to the Purchaser's customer. Purchaser or Purchaser's customer shall refuse any Product delivered in damaged condition. If the Product is received in damaged condition, Purchaser shall notify Reel Axis and request an RMA within two (2) business days of receipt of such Product. Failure to notify Reel Axis and request an RMA within such time shall be deemed an acceptance of the Product as of the date of shipment.

8. BILLING AND SHIPPING DISCREPANCIES

Billing and shipping discrepancies are for Products purchased from Reel Axis that were invoiced or shipped incorrectly. These include lost shipments, short shipments, wrong sales, wrong shipments, and pricing/invoice errors. Purchaser may request an RMA for verified billing and shipping discrepancies within thirty (30) calendar days of invoice date. In addition, Purchaser must notify Reel Axis of any related billing discrepancies related to Purchaser's authorized returns within thirty (30) calendar days of RMA date. Such notice shall be reasonably detailed and shall specify the discrepancy. Failure to give such notice within the time specified herein shall be deemed a waiver of Purchaser's rights to claim such discrepancy.

9. PATENT AND TRADEMARK INDEMNITY

REEL AXIS SHALL HAVE NO DUTY TO DEFEND, INDEMNIFY, OR HOLD HARMLESS PURCHASER FROM AND AGAINST ANY OR ALL DAMAGES AND COST INCURRED BY PURCHASER ARISING FROM THE INFRINGEMENT OF PATENTS OR TRADEMARKS OR THE VIOLATION OF COPYRIGHTS BY PRODUCTS. REEL AXIS WILL BEAR NO LIABILITY TO PURCHASER OR ANY THIRD PARTY RELATED TO, AND PURCHASER WILL INDEMNIFY AND DEFEND REEL AXIS AGAINST, ANY CLAIM BASED UPON THE COMPLIANCE BY REEL AXIS WITH DESIGNS, SPECIFICATIONS, OR INSTRUCTIONS PROVIDED BY PURCHASER.

10. LIMITATION OF LIABILITY

REEL AXIS SHALL NOT BE LIABLE TO PURCHASER, PURCHASER'S CUSTOMERS, OR ANY OTHER PARTY FOR ANY LOSS, DAMAGE, OR INJURY THAT RESULTS FROM THE USE OR APPLICATION BY PURCHASER, PURCHASER'S CUSTOMER, OR ANY OTHER PARTY, OF PRODUCTS DELIVERED, UNLESS THE LOSS OR DAMAGE RESULTS DIRECTLY FROM THE INTENTIONALLY TORTIOUS OR FRAUDULENT ACTS OR SIGNIFICANT OMISSIONS OF REEL AXIS IN WHICH CASE LIABILITY WILL NOT EXCEED THE NET AMOUNT PAID TO REEL AXIS BY PURCHASER FOR THAT PRODUCT WHICH IS THE SUBJECT OF THE CLAIM. IN NO EVENT SHALL REEL AXIS HAVE ANY LIABILITY FOR ANY PRODUCTS USED FOR AVIATION, MEDICAL, LIFESAVING, LIFE-SUSTAINING OR NUCLEAR APPLICATIONS. IN NO EVENT SHALL REEL AXIS BE LIABLE TO PURCHASER OR ANY OTHER PARTY FOR LOSS, DAMAGE, OR INJURY OF ANY KIND OR NATURE ARISING OUT OF OR IN CONNECTION WITH THESE TERMS AND CONDITIONS, OR ANY AGREEMENT INTO WHICH THEY ARE INCORPORATED, OR ANY PERFORMANCE OR NONPERFORMANCE UNDER THESE TERMS AND CONDITIONS BY REEL AXIS, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS, IN EXCESS OF THE NET PURCHASE PRICE OF THE PRODUCTS OR SERVICES ACTUALLY DELIVERED TO AND PAID FOR BY PURCHASER TO REEL AXIS HEREUNDER. IN NO EVENT SHALL REEL AXIS BE LIABLE TO PURCHASER OR ANY OTHER PARTY FOR INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO LOSS OF GOOD WILL, LOSS OF ANTICIPATED PROFITS, OR OTHER ECONOMIC LOSS ARISING OUT OF OR IN CONNECTION WITH REEL AXIS'S BREACH OF, OR FAILURE TO PERFORM IN ACCORDANCE WITH ANY OF THESE TERMS AND CONDITIONS, OR THE FURNISHING, INSTALLATION, SERVICING, USE OR PERFORMANCE OF ANY PRODUCTS OR INFORMATION REEL AXIS SHALL PROVIDE HEREUNDER, EVEN IF NOTIFICATION HAS BEEN GIVEN AS TO THE POSSIBILITY OF SUCH DAMAGES. PURCHASER HEREBY EXPRESSLY WAIVES ANY AND ALL CLAIMS FOR SUCH DAMAGES.

11. COMPLIANCE WITH U.S. EXPORT LAWS

If Purchaser delivers the Products to its customer who may use the Products outside the United States, Purchaser acknowledges and shall advise its customer that the Products are controlled for export by the U.S. Department of Commerce and that the Products may require authorization prior to export from the United States or re-export. Purchaser agrees that it will not export, re-export, or otherwise distribute Products, or direct products thereof, in violation of any export control laws or regulations of the United States. Purchaser warrants that it will not export or re-export any Products with knowledge that they will be used in the design, development, production, or use of chemical, biological, nuclear, or ballistic weapons, or in a facility engaged in such activities, unless Purchaser has obtained prior approval from the Department of Commerce. Purchaser further warrants that it will not export or re-export, directly or indirectly, any Products to embargoed countries or sell Products to companies or individuals listed on the Denied Persons List published by the Department of Commerce.

12. RELATIONSHIP OF THE PARTIES

Purchaser will not have, and will not represent that it has, any power, right or authority to bind Reel Axis, or to assume or create any obligation or responsibility, express, implied or by appearances, on behalf of Reel Axis, or in Reel Axis' name, except as herein expressly provided. Purchaser's relationship with Reel Axis will be that of an independent contractor and nothing stated in these terms and conditions will be construed as constituting Purchaser and Reel Axis as partners or as creating the relationships of employer/employee, franchisor/franchisee, or principal/agent between the parties. Purchaser will make no warranty, guarantee or representation, whether written or oral, on Reel Axis' behalf.

13. LEGAL COMPLIANCE /ANTI – CORRUPTION

Purchaser agrees to abide by all laws and regulations applicable to the performance of their respective obligations under these terms and conditions. Purchaser has not made, and will not make, any direct or indirect payment, offer to pay, or authorization to pay, any money, gift, promise to give, or authorization of the giving, of anything of value to any government official, or the immediate family of any such official, for the purpose of influencing an act or decision of the government or such individual in order to assist, directly or indirectly, Purchaser in obtaining or retaining business, or securing an improper advantage.

14. CHOICE OF LAW/CHOICE OF FORUM

These terms and conditions (and any agreement into which they are incorporated) shall be construed, interpreted and enforced under and in accordance with the internal laws of the State of California, excluding its conflicts or choice of law rule or principles which might refer to the law of another jurisdiction. Purchaser agrees to exercise any right or remedy in connection with these terms and conditions exclusively in, and hereby submits to the jurisdiction of the State of California, Santa Clara County, California. The state and federal courts situated in Santa Clara County, California will have non-exclusive jurisdiction and venue over any dispute or controversy that arises out of these terms and conditions. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to these terms and conditions.

15. RESTRICTIONS

All Products delivered to Purchaser hereunder may have additional restrictions on their use, including those specified by the manufacturer or publisher. Purchaser is solely responsible for ensuring its adherence to any and all such restrictions and requirements and agrees to hold Reel Axis harmless from all costs, fees, expenses, and liability arising from Purchaser's direct or indirect violation of same.

16. FORCE MAJEURE

Reel Axis will not be liable for any delay or for failure to perform any obligation under these terms and conditions resulting from any cause beyond Reel Axis' or its subcontractor's reasonable control, including but not limited to: Purchaser's or Purchaser's customers' failure to timely supply necessary data, information or specifications; any changes in data, information or specifications made by Purchaser or Purchaser's customer; third party equipment manufacturer design defects, flaws or errors; acts of God; Internet blackouts or brownouts; severe weather; fire; explosions; floods; strikes; work stoppages; slowdowns or other industrial disputes; accidents; riots or civil disturbances; acts of war, sabotage or terrorism; dangerous conditions which present a threat to the safety or health of Reel Axis or its subcontractor's personnel; acts of government; inability to obtain any license or consent necessary in respect of any third party software; and delays by suppliers or material shortages. Scheduled performance dates shall be extended for these causes.

17. ATTORNEY'S FEES

If there is any dispute concerning these terms and conditions or the performance of either party pursuant to these terms and conditions, and either party retains counsel for the purpose of enforcing any of these terms and conditions or asserting these terms and conditions in defense of any suit filed against it, each party will be solely responsible for its own costs and attorney's fees incurred in connection with the dispute irrespective of whether or not a lawsuit is actually commenced or prosecuted to conclusion.

18. NOTICES

All notices, requests, demands, and other communications that either party may desire to give the other party must be in writing and may be given by (i) personal delivery to an officer of the party, (ii) mailing the same by registered or certified mail, return receipt requested, or via nationally recognized courier services to the party at the address of such party as set forth herein, at the official corporate address of such party, or such other address as the parties may hereinafter designate, or (iii) facsimile subsequently to be confirmed in writing pursuant to item (ii) above. Notices to Reel Axis shall be sent to: Reel Axis Inc., 1902 Wright Place, Suite 200, Carlsbad CA 92008, and Attn: Business owner.

19. BINDING EFFECT/ASSIGNMENT

These terms and conditions shall be binding upon and shall inure to the benefit of the parties hereto and their respective representatives, successors and permitted assigns. Neither party may assign its rights and/or duties under these terms and conditions without the prior written consent of the other party. Any such attempted assignment shall be void. Notwithstanding the foregoing, Reel Axis may assign any purchase order received from Purchaser to a subsidiary or affiliate upon notice to Purchaser.

20. PARTIAL INVALIDITY

If any provision of these terms and conditions shall be held to be invalid, illegal or unenforceable, such provision shall be enforced to the fullest extent permitted by applicable law and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

21. NO WAIVER

Failure or delay of Reel Axis to exercise a right or power under these terms and conditions shall not operate as a waiver thereof, nor shall any single or partial exercise of a right or power preclude any other future exercise thereof.

22. CAPTIONS

The captions used herein are for reference purposes only and shall have no effect upon the construction or interpretation of any provisions herein.

23. GENERAL

These terms and conditions, as published on Reel Axis' web site located at www.reelaxis.com at the time of sale, are the official terms and conditions of sale between Reel Axis and Purchaser and may be amended from time to time without notice at Reel Axis' sole discretion.