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RE: Termination Liability Schedule and Add-On Request

Dear Valued Consumers:

Upon cancellation or termination of a processed order, in whole or in part, the following charges apply; (1) the price for completed products, (2) cost of work in progress, (3) raw material, and (4) costs involved in the settlement of claims with subcontractors. Cost is defined to include material, direct labor, overhead, material handling, general & administrative expenses and profit.

Due to the substantial amount of material required to fulfill orders greater than \$250,000.00, G.T Microwave will request a 15% advanced material payment at the time of order placement, which will be due according to the terms of the purchase order. This 15% will cover any and all cancellation fees applicable to that purchase order up until 3 weeks prior to the first scheduled delivery. At any point after this time has elapsed, cancellation fees will be applied as the amount of units to be delivered the month of said cancellation, at a prorated unit price, plus the 15% advanced material payment. Any units that are shipped prior to the receipt of an official letter of termination will be due as invoiced. This termination schedule will apply to each purchase order greater than \$250,000, and not as a combination of purchase orders, even if the same part has been ordered.

In regards to additional quantities added onto original order placement, a one-time allotment of follow-on business can be added to the pre-existing purchase order within the 30 calendar days subsequent of order acknowledgement. Any additional quantities, when combined with the original quantities, shall be recorded on the revised purchase order utilizing the unit price of the originally purchased quantities. Any one-time allotment of follow-on business that is greater than \$250,000.00 will also be subjected to the advanced material payment and invoiced accordingly. Quantity discounts cannot be reflected for follow-on business which sum to a larger quantity price break.

If you have any questions regarding our cancellation, advanced payment or add-on policies, please feel free to contact the undersigned. Thank you!

Regards,

Amy Kulp

Amy Kulp
Director of Marketing