

VAHLE, INC. TERMS AND CONDITIONS OF SALE

1. SCOPE: These Terms and Conditions of Sale ("Terms") govern the sale of goods and services ("Goods") by VAHLE, Incorporated ("VAHLE"), and shall apply to all quotations offered, purchase orders accepted, or any direction to proceed with engineering, procurement, manufacture or shipment of any said Goods, or acceptance of all or part of such Goods, or payment of all or part of such Goods. VAHLE desires to provide its customers ("Buyers") with prompt and efficient service; however, to negotiate individually the Terms of each sales order would substantially impair VAHLE's ability to provide such service. These Terms represent the entire sales agreement ("Agreement") between VAHLE and Buyer as to purchases made by Buyer from VAHLE. VAHLE's performance is made exclusively conditional on and limited to the provisions of the Terms set forth herein, notwithstanding contrary or additional terms or conditions on Buyer's purchase order or any Buyer generated procurement documents. **THESE TERMS SHALL TAKE PRECEDENCE OVER BUYER'S CONFLICTING TERMS AND CONDITIONS TO WHICH NOTICE OF OBJECTION BY VAHLE IS HEREBY GIVEN.** Acceptance of Buyer's purchase order is conditioned upon Buyer's acceptance of these Terms, irrespective of whether Buyer accepts these Terms by written acknowledgement, by implication, or by retention of, or payment for Goods ordered hereunder. These Terms apply to all sales made by VAHLE except to the extent the Terms conflict with a written agreement signed by VAHLE and Buyer. In the absence of such additional signed agreement between the parties, commencement of performance and/or delivery shall be for Buyer's convenience only and shall not be deemed or construed to be acceptance of Buyer's terms and conditions, or any part of them. All correspondence or written agreements pertaining to any part of these Terms shall be in the English language.

2. PRICING AND QUOTATIONS: Published prices are subject to change without notice. Prices quoted are for the Goods described on the face hereof only and do not include technical data, proprietary rights of any kind, patent rights, qualification, environmental or other than the manufacturer's standard tests. All quotations are subject to the Terms contained herein unless otherwise agreed to in writing by VAHLE. Quotations issued by VAHLE field Sales Representatives are not offers and should not be construed as offers to sell. Such quotations issued are not binding on VAHLE until expressly confirmed in writing by the VAHLE main office at Houston, Texas. Unless otherwise stated in the written quotation, quoted prices are firm for thirty (30) days from the date of VAHLE's written quotation; otherwise, prices are as in effect at the time of shipment. Prices are quoted exclusive of taxes, transportation, impositions and fees, other charges, including sales, use, excise, value-added and insurance. Buyer will pay any and all shipping charges, premiums, taxes, fees, duties, documentation, handling and other charges related thereto and shall hold VAHLE harmless there from; provided that, if VAHLE, in its sole discretion, chooses to make any such payment, Buyer shall reimburse VAHLE, in full, upon demand. Prices include VAHLE's standard packaging only. The cost of any special packing or special handling caused by Buyer's requirements or requests shall be added to the amount of the order.

3. ORDER ACCEPTANCE: Any quotation of VAHLE is subject to, and shall not become binding upon VAHLE until actual receipt by VAHLE of Buyer's written order based on all Terms herein, without qualification, within thirty (30) days after the date hereof. All orders shall be subject to acceptance by VAHLE; insofar as these Terms conflict with any terms and conditions in Buyer's order, these Terms shall govern. No order shall be binding upon VAHLE until VAHLE sends Buyer acceptance and confirmation of such order through electronic mail, facsimile, or other written communication.

4. CANCELLATION OR CHANGE ORDER: Buyers may request a change in Goods or delivery by submitting to VAHLE a written change order request signed by Buyer detailing the scope of such change to be accepted or rejected by VAHLE in its sole discretion. Buyers desiring to cancel, in whole or in part, an order

once accepted by VAHLE, must notify VAHLE of such request in writing within thirty (30) days time prior to shipment. Upon written acceptance by VAHLE of any such cancellation request, Buyer shall be liable for all costs, expenses and charges related to such order based upon the percentage of completion of all work performed through the date of acceptance of cancellation including administrative and handling costs and any damages sustained by VAHLE. Orders may not be cancelled subsequent shipping and Buyer is liable for all costs, expenses, and fees sustained by VAHLE for any refusal of acceptance of delivery of Goods by Buyer.

5. PAYMENT TERMS: Buyer agrees to pay for the Goods according to VAHLE's payment terms. In VAHLE's sole discretion, first-time orders or international orders are payable in full, in advance, and in collected funds. An application for credit may be submitted to VAHLE's Accounting Department for review and approval, and VAHLE reserves the right, in its sole and absolute discretion, to approve or deny credit for any reason whatsoever. Upon granting terms, and unless otherwise agreed to in writing by VAHLE, the terms of sale are net thirty (30) days from date of invoice, made payable in U.S. currency. VAHLE reserves the right in its absolute discretion to require alternative payment terms, including, without limitation, letter of credit or payment in advance. All remittance shall be to VAHLE, Inc. P.O. Box 676243, Dallas, TX 75267-6243. In addition, Buyer will be deemed to have accepted an invoice upon the 15th day from the date of invoice and no further objections to the invoice will be permitted or accepted. If VAHLE otherwise specifies in writing payment terms longer than thirty (30) days from the date of invoice, then (1) the invoice will be deemed accepted upon the 30th day from the date of invoice and no further objections will be permitted or accepted; and (2) Buyer must certify within thirty (30) days from the date of invoice that payment has been submitted for processing. VAHLE may invoice each shipment separately and each shipment shall be considered a separate and individual sales agreement. Buyer agrees to pay such invoice pursuant to the terms without the benefit of setoff or deduction. Invoices not paid when due will bear fees to date of payment at the annual rate of eighteen (18%) percent or such lower rate as may be the maximum permitted by law. VAHLE may pursue any legal and equitable remedies, in which event VAHLE will be entitled to reimbursement of costs for collection and reasonable attorneys' fees in any action to collect past due amounts. VAHLE reserves the right to establish and/or change credit and payment terms, or suspend its performance extended to Buyer when, in VAHLE's sole opinion, Buyer's financial condition or previous payment record warrants such action. Buyer, in order to provide security for payment of the full price of Goods furnished hereunder, grants VAHLE a purchase money security interest in said Goods. Buyer agrees to execute any document or furnish information necessary to perfect this security interest. Further, on delinquent accounts, VAHLE shall not be obligated to continue any or all performance under these Terms or any other written agreement with Buyer.

6. SECURITY INTEREST: VAHLE retains a purchase money security interest in the Goods delivered to Buyer, including accounts receivable to secure payment of all amounts due under these Terms. Buyer's failure to pay all amounts hereunder in full when and as due shall constitute a default hereof and shall give VAHLE all rights of a secured party. VAHLE shall not be required to waive any lien in advance of payment. Buyer agrees from time to time, to take any act and execute and deliver any document (including, without limitation, financing statements) reasonably requested by VAHLE to transfer, create, perfect, preserve, protect and enforce this purchase money security interest. No Goods furnished by VAHLE shall become a fixture by reason of being attached to real estate.

7. SALES TAX: Prices and quotations do not include federal, state or local excise, sales, use or other taxes now or hereinafter enacted, which are applicable to the Goods sold hereunder (excluding only taxes based on VAHLE's income), which tax will be added by VAHLE to the sales price when VAHLE has the legal obligation to collect the same and will be invoiced to and paid by Buyer, unless Buyer provides VAHLE with a proper tax exemption certificate. In the event VAHLE is required to pay any such tax, fee or charge at the time of sale or thereafter, Buyer shall reimburse VAHLE therefore.

8. TRANSPORTATION: Unless otherwise agreed to in writing by VAHLE, all domestic shipments by VAHLE shall be F.O.B. shipping point and all international shipments shall be Ex Works per the International Chamber of Commerce's INCO TERMS. Delivery of the Goods to the carrier shall constitute delivery to Buyer and risk of loss or damage shall thereupon pass to Buyer. VAHLE shall retain a purchase money security interest in the Goods until Buyer's final payment to VAHLE for the Goods. BUYER SHOULD INSPECT DELIVERY OF VISIBLY DAMAGED PACKAGING AND/OR CRATING SHIPMENT MAY SUSTAIN DURING HANDLING BY CARRIER AND BUYER MUST FILE ANY CLAIMS FOR LOSS, DAMAGE, OR MISDELIVERY THEREAFTER WITH THE CARRIER. Acceptance of such visibly damaged packaging and/or crating, or acceptance of packaging and/or crating where VAHLE's crate seals or strapping is not intact, excludes VAHLE from any and all liability arising presently or in the future of concealed damaged Goods claims pursuant to Paragraph 9 herein following. Buyer should notify VAHLE immediately upon receipt of damaged shipment and its intent to file claims with the transportation carrier. Buyer acknowledges that delivery dates provided by VAHLE are estimates only and VAHLE shall not be liable for delays in delivery or for failure to perform due to causes beyond the reasonable control of VAHLE, nor shall the carrier be deemed an agent of VAHLE. In the event of delay caused by such event, the date of delivery shall be extended for a period equal to the time lost as a consequence of the delay in delivery without subjecting VAHLE to any liability or penalty. Delivery of a quantity, which varies from the quantity specified, shall not relieve Buyer of the obligation to accept delivery and pay for the Goods delivered. Delay in delivery of one installment shall not entitle Buyer to cancel other installments.

9. INSPECTION AND ACCEPTANCE: Buyer agrees to inspect the Goods immediately upon receipt and prior to any installation or use of such Goods. Unless Buyer provides written notice to VAHLE for shortages or incorrect shipment in the Goods within three (3) days after Buyer's receipt of shipment, such Goods shall be deemed finally inspected and accepted by Buyer. Failure to notify VAHLE in writing of any concealed damages sustained in transport pursuant to Paragraph 8 herein shall constitute a waiver of any claims of concealed damaged Goods by Buyer hereunder these Terms. Failure to notify VAHLE in writing of quantity shortages or incorrect shipments within such three (3) day period shall constitute a waiver of any claims of shortages, incorrect shipments, or concealed damages and Buyer waives all rights to return such Goods on the basis of nonconformity of Buyer's order. Where Buyer delivers those certain Goods to its customers or any third party, VAHLE's obligation under this provision shall be for the benefit of Buyer's customer and shall extend to fifteen (15) days after such tender of delivery.

10. RETURN MATERIAL AUTHORIZATION (RMA): IN NO EVENT SHALL CUSTOM MANUFACTURED AND/OR SPECIAL ORDER GOODS BE RETURNED. Goods received may not be returned by Buyer except by written agreement with VAHLE. Returns are only authorized pursuant to Paragraphs 9 and 16 respectively herein. In all events, a Return Material Authorization ("RMA") number must be secured from VAHLE before such Goods can be returned. The RMA is valid for thirty (30) days only from the date the authorization is issued. In addition, RETURNS WILL BE CREDIT ONLY unless otherwise remedied by VAHLE pursuant to Paragraph 16 herein. Obtaining a RMA does not guarantee credit. VAHLE reserves the sole right to determine the amount of credit to be issued on all Goods returned. All returns are subject to a minimum service charge of twenty-five (25%) of the selling price, plus all transportation charges and inspection and acceptance by VAHLE. No unauthorized returns will be accepted within VAHLE facilities. To obtain an RMA, Buyer must specify the reason for the return. Only new, unused, standard, currently manufactured VAHLE products will be considered for return and credit. VAHLE will, in its sole discretion, make determinations on warranty claims following criteria set forth in Paragraph 16 herein. No credit allowance on defectives will be made and no replacement for defectives will be shipped in any event unless the alleged defectives are, among other things, established to VAHLE's satisfaction after suitable inspection by VAHLE.

11. FORCE MAJEURE: Buyer agrees that VAHLE shall not be liable for any damage or penalty for delay in delivery or for failure to perform its obligations due to cause beyond its reasonable control, including, but not limited to, product allocations, material shortages, labor disputes, transportation delays, unforeseen circumstances, acts of God, acts or omissions of other parties, acts or omissions of civil or military authorities, governmental priorities, fires, strikes, floods, severe weather conditions, computer interruptions, terrorism, epidemics, quarantine restrictions, riots or war. VAHLE's time for delivery or performance will be extended by the period of such delay, or VAHLE may, at its opinion, cancel any order, or remaining part thereof, without liability by giving written notice to Buyer.

12. INSTALLATION WORK: Buyer agrees that unless specifically quoted and agreed to, VAHLE prices for Goods do not include an allowance for installation and/or final on-site testing, training, or adjustment. Any such service shall be billable to Buyer as a separate item. Buyer agrees that if VAHLE is contracted to provide for installation of some or all of the Goods, Buyer shall have all things in readiness, including but not limited to equipment, connections and facilities, for installation at the time the Goods are delivered. Any movement of the Goods from Buyer's warehouse or other location to the installation site shall be at Buyer's added expense, unless otherwise agreed in writing. VAHLE shall have free use of Buyer's hoisting equipment and operator. Buyer shall reimburse VAHLE for any and all expenses arising out of (1) Buyer's failure to have all things in readiness for installation on the scheduled installation date, and (2) any and all other unusual and/or unexpected conditions that may develop or be encountered in the installation process. Buyer shall be responsible for any damage to VAHLE's work caused by anyone other than VAHLE or VAHLE's subcontractor. Proposed changes in the scope of any installation work to be performed hereunder shall be subject to an adjustment in price to be agreed upon by Buyer and VAHLE in writing prior to any obligation of VAHLE to accept and make such changes.

13. PROPRIETARY RIGHTS: Buyer agrees that the sale of Goods hereunder shall in no way be deemed to confer upon Buyer any right, interest or license in any patents or patent applications or design copyrights VAHLE may have covering the Goods. VAHLE retains for itself all proprietary rights in and to all designs, engineering details, and other data and materials pertaining to any Goods supplied by VAHLE and to all discoveries, inventions, patents and other proprietary rights arising out of the work done by VAHLE in connection with the Goods or with any and all Goods developed by VAHLE as a result thereof, including the sole right to manufacture any and all such Goods. Buyer warrants that it will not divulge, disclose, or in any way distribute or make use of such information, and that it will not manufacture or engage to have manufactured such Goods.

14. INSTRUMENTS OF SERVICE: Buyer agrees that designs, plans, specifications, reports and similar documents prepared by VAHLE are instruments of professional service and many not be altered without VAHLE's prior written approval. Buyer warrants that VAHLE's instruments of service will be used only as submitted by VAHLE. Buyer waives any claims against VAHLE, and shall indemnify, defend and hold harmless, VAHLE from any claim or liability for injury or loss arising from unauthorized alterations of VAHLE's instruments of service. Buyer shall compensate VAHLE for any time or expense incurred by VAHLE defending any such claim.

15. TECHNICAL ASSISTANCE OR ADVICE: Buyer agrees that any and all technical assistance or advice offered by VAHLE in regard to the use of Goods or provided in connection with Buyer's purchase order is free of charge and only as an accommodation to Buyer. VAHLE shall have not obligation to provide any technical assistance or advice to Buyer and if any such assistance or advice is provided, such fact will not obligate VAHLE to provide any further or additional assistance or advice. VAHLE shall not be held liable for the

content or Buyer's use of such technical assistance or advice nor shall any statement made by any of VAHLE's representatives in connection with the Goods constitute a representation of warranty, express or implied.

16. WARRANTY AND LIMITED LIABILITY: VAHLE warrants to Buyer that the Goods manufactured by VAHLE shall be free of defective material or faulty workmanship for a period of one (1) year from the date of shipment of such Goods by VAHLE ("Warranty Period") and shall conform to specifications, if any, as interpreted by the instruments of service, if any, so long as such Goods have been properly installed (if not installed by VAHLE), serviced and used under conditions that are normal and prudent in Buyer's industry and in accordance with VAHLE instructions. The liability of VAHLE for any breach of the foregoing warranty shall not extend to dismantling, installing or reinstalling, but shall be limited to repairing or replacing, at VAHLE's option, said defective items or parts of said Goods without charge, within a reasonable time after receipt of written notice from Buyer of any such defective Goods, provided that such notice is received by VAHLE within the Warranty Period. Buyer and VAHLE expressly agree that Buyer's sole and exclusive remedy against VAHLE with respect to defective Goods shall be for the repair or replacement (at VAHLE's option) of defective Goods as provided herein. Buyer shall not in any event be entitled to, and in no event shall VAHLE be liable for any claim for loss or damage arising out of the supplying of any Goods to Buyer, whether based on contract, warranty, tort, including negligence, or other grounds, other than the purchased price for such Goods. Allegedly defective Goods must not be returned except after receipt of authorization pursuant to Paragraph 10 hereof. Without limiting the generality of the foregoing, VAHLE does not warrant any of its components or systems used in conjunction with any systems manufactured by others without written consent by VAHLE of such warranty. Buyer assumes any and all risks and liability for the results obtained by use of the Goods in combination with any other equipment or materials or in the practice of any system. Buyer agrees that VAHLE is not responsible for any conditions over which VAHLE has no control. VAHLE's warranty does not apply to any Goods that have been subjected to misuse, mishandling, neglect, improper maintenance, accident, improper installation, modification (including but not limited to use of unauthorized parts of attachments), adjustment or repair by anyone other than VAHLE or one of VAHLE's authorized agents. This warranty is for Buyer's exclusive benefit and is not transferable. However, Buyer is permitted to represent to its customer that such customer may rely on this warranty, WITH the prior written consent of VAHLE. VAHLE specifically disclaims any other warranties, express, implied, or statutory; including without limitation any implied warranty of fitness for a particular purpose or implied warranty of merchantability.

17. INDEMNITY: Buyer agrees to indemnify, defend and hold harmless VAHLE from and against any and all damages (even if VAHLE has been advised of the possibility of such damages), liabilities, losses, costs, expenses and fees (including reasonable attorneys' fees and court costs), including but not limited to, all losses related to property damage, loss of profits or revenues, loss of use of any property, cost of capital, cost of purchased or replacement Goods (as related to Paragraph 16 herein) or temporary equipment, personal or bodily injury, or death, from any suits, claims, counterclaims, demands, judgments, and other actions (each a "Claim"), regardless of whether a Claim is based on theories of contract, tort, negligence, strict liability, warranty, indemnity, contribution, statute or otherwise, including without limitation, all Claims relating to injury to and death of any and all persons and for loss of and/or damage to property arising from or in connection with (a) Buyer's efforts to promote, market, sell and distribute the Goods, including, without limitation, any negligent, reckless or wanton acts of omissions of its employees, representatives and agents arising in connection with or pursuant to those sales efforts, (b) the use, handing, repair, alterations, adjustment, operation or modification of the Goods by any of Buyer's employees, representatives or agents, and (c) any claims of patent, trademark or other intellectual property infringement for Goods manufactured in accordance with Buyer's specifications.

18. CONTROLLING LAW: Buyer agrees that the transactions contemplated herein have a substantial relationship with and impact on the State of Texas. The laws of the State of Texas and the United States of

America, when applicable, shall govern and control the construction, interpretations and enforcement of this Agreement. Any terms of this Agreement which are not enforceable are deemed severed only to the extent of such non-enforceability. All disputes and matters whatsoever arising under, in connection with or incident to this Agreement shall be litigated, if at all, in the United States District Court of the Southern District of Texas, Houston Division, if such court has subject matter jurisdiction. However, if there is no subject matter jurisdiction in this United States District Court, then the dispute shall be litigated in the State District Court in Harris County, Texas, excluding any conflict of law rule that would refer any matter to the laws of a jurisdiction other than the State of Texas.

19. MISCELLANEOUS: These Terms constitute the entire sales Agreement between VAHLE and Buyer with respect to the sale of Goods and transactions by VAHLE herein and shall not be modified or rescinded, except by a writing signed by VAHLE and Buyer. These Terms supersede all prior oral and written quotations, communications, agreements and understandings between VAHLE and Buyer with respect to the Goods and transactions described herein. The obligations, rights, terms and conditions hereof shall be binding on VAHLE and Buyer hereto and their respective successors and assigns. Any changes hereto must be in writing signed by both VAHLE and Buyer. In the event any provision of this Agreement is deemed unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. VAHLE and Buyer expressly agree that Buyer is an independent contractor in the performance of the order and is solely responsible for its employees and agents and will indemnify VAHLE for any and all claims, liabilities, damages, debts, settlements, costs of attorneys' fees, and expenses of any type whatsoever arising on account of Buyer's activities, including, but not limited to authorized representations or warranties (or the failure to disclaim effectively all warranties and liabilities on behalf of VAHLE to the same extent disclaimed herein) to its customers.