



STANDARD TERMS AND CONDITIONS OF PURCHASE

1. Terms of Agreement. These Standard Terms and Conditions of Purchase shall be a part of the Purchase Order issued by CCI Valve Technology GesmbH (the "Buyer") to which these Standard Terms and Conditions of Purchase are attached, and the Purchase Order is subject to the following terms and conditions. No waiver, alteration, or modification of the terms and conditions set forth herein shall be valid unless expressly agreed to in writing by Buyer. Any different, additional or conflicting terms or conditions set forth in Seller's invoice or any other document issued by Seller are expressly objected to by Buyer; the terms of the Purchase Order shall exclusively govern the purchase and sale of the goods covered by the Purchase Order.
2. Delivery Terms.
 - 2.1. If delivery of goods is not made in the quantities and/or at the time(s) specified, Buyer reserves the right, without liability to take either or both of the following actions: (a) direct expedited routings of goods (the difference in cost between the expedited routing and the order routing costs shall be paid by Seller); (b) cancel this order or balance by notice effective when delivered to Seller; to purchase substitute goods elsewhere and charge Seller with any loss incurred, including the difference between the cost of substitute goods and the goods that would have been provided by Seller.
 - 2.2. All deliveries of goods ordered by Buyer shall be F.O.B. shipping point unless otherwise mutually agreed by Buyer and Seller, with all title and risk of loss passing to Buyer upon delivery of the goods at the F.O.B. shipping point to the common carrier specified by Buyer.
 - 2.3. Each shipment of goods shall include separate packing slips showing: (a) Buyers' purchase order number; (b) Buyer's part number and revision level for each goods shipped, if applicable; (c) a description of the goods; (d) individual serial numbers of the goods, if applicable; and (e) the total quantity of goods shipped.
 - 2.4. Buyer will have no liability for payment of goods delivered to Buyer in excess of quantities specified in this contract or prior to the delivery schedule specified. Such goods may be subject to rejection and returned at Seller's expense, including transportation charges both ways. Buyer will not be liable for any material or production costs incurred in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedules.
 - 2.5. Seller shall package the goods in a manner that will prevent damage during shipping and ship the goods in accordance with Buyer's instructions. Seller shall be liable for any loss or damage incurred as a result of improper packaging, crating and/or routing, including additional transportation costs due to improper routing.
3. Prices. Seller's prices shall not be higher than last quoted or charged to Buyer, or as stated in this Purchase Order, unless otherwise agreed to in writing. No charges will be allowed for taxes, transportation, boxing, packing or returnable containers unless specifically agreed to in writing. All sales, use, excise and similar taxes to be paid by Buyer must be itemized separately hereon and on invoices.
4. Seller's Warranties.
 - 4.1. AN EXPRESS WARRANTY FROM THE SUPPLIER IS CREATED BY ANY AFFIRMATION OF FACT OR PROMISE MADE BY SELLER WHICH BECOMES PART OF THE BASIS BY WHICH THE AGREEMENT RELATING TO THE GOODS WAS MADE. ANY SAMPLE OR MODEL PROVIDED BY SELLER, AS A BASIS FOR AN AGREEMENT BETWEEN THE PARTIES CREATES AN EXPRESS WARRANTY THE GOODS SHALL CONFORM TO THE PROVIDED SAMPLE OR MODEL. AN IMPLIED WARRANTY THAT THE GOODS SHALL BE FIT FOR A PARTICULAR PURPOSE EXISTS WHERE SELLER HAS REASON TO KNOW OF SUCH PARTICULAR PURPOSE AND HAS ASSIGNED IN SELECTION AND/OR APPROVAL OF ITS USE FOR A PARTICULAR PURPOSE.
 - 4.2. WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE MUST EXIST BETWEEN THE TWO PARTIES AS APPLICABLE, WITHOUT LIMITATIONS. ANY EXPENSES, CHARGES OR LIABILITY ASSOCIATED WITH DEFECTIVE PRODUCT IN CASES OF ABOVE STATED WARRANTIES WILL BE BORNE BY SELLER. IN CASES WHERE A DESIGN CHANGE IS MADE TO AN EXISTING APPROVED PRODUCT WITHOUT KNOWLEDGE AND CONSENT BY BUYER, SELLER WILL BE ACCOUNTABLE FOR ANY INCREMENTAL CHARGES INCURRED. SELLER ABIDES BY THE WARRANTY OF MERCHANTABILITY, WHEREBY SELLER HAS OBLIGATION TO RELAY KNOWLEDGE AND SAMPLE OF REVISED PRODUCT FOR LAB TESTING TO BUYER FOR APPROVAL(S), AS APPLICABLE. WHERE PERFORMANCE SPECIFICATIONS HAVE BEEN THE BASIS FOR PRODUCT DEVELOPMENT, SELLER IS LIABLE FOR ANY AND ALL WARRANTY ISSUES REGARDING FITNESS FOR USE IN BUYER'S PRODUCT.

- 4.3. SELLER WILL BEAR RISK OF INCIDENTAL AND CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE OR LOSS OF MARKET SHARE RESULTING FROM SELLER'S BREACH OF PERFORMANCE. BUYER MAY RECOVER FROM SELLER THE DIFFERENCE BETWEEN THE COST OF COVER OR CHARGES INCURRED FOR SUBSTITUTE GOODS AND THE CONTRACT PRICE.
 - 4.4. SELLER REPRESENTS AND WARRANTS THAT ALL COMPUTER SOFTWARE AND HARDWARE NECESSARY TO CARRY OUT SELLER'S OBLIGATIONS UNDER THIS INVOICE ARE YEAR 2000 COMPLIANT. "YEAR 2000 COMPLIANT" SHALL MEAN THAT NEITHER PERFORMANCE NOR FUNCTIONALITY IS AFFECTED BY DATES PRIOR TO, DURING AND AFTER THE YEAR 2000. SPECIFICALLY: (i) NO VALUE FOR CURRENT DATE WILL CAUSE INTERRUPTION IN OPERATION; (ii) DATE-BASED FUNCTIONALITY MUST BEHAVE CONSISTENTLY FOR DATES PRIOR TO, DURING AND AFTER YEAR 2000; (iii) IN ALL INTERFACES AND DATA STORAGE, THE CENTURY IN ANY DATE MUST BE SPECIFIED EITHER EXPLICITLY OR BY UNAMBIGUOUS ALGORITHMS OR INFERRING RULES; AND (iv) YEAR 200 MUST BE RECOGNIZED AS A LEAP YEAR.
 - 4.5. IF SELLER PERFORMS ANY LABOR OR SERVICES FOR BUYER IN CONNECTION WITH THIS AGREEMENT, SELLER AGREES TO INDEMNIFY, DEFEND AND PROTECT BUYER AGAINST ALL EXPENSES, LIABILITY, CLAIMS OR DEMANDS FOR PERSONAL INJURIES, PROPERTY DAMAGES, COMMERCIAL OR ECONOMIC LOSS, INCLUDING INCIDENTAL AND CONSEQUENTIAL DAMAGES, ARISING IN CONNECTION WITH SELLER'S PERFORMANCE OF THIS AGREEMENT OR CONTRIBUTED TO BY ITEMS FURNISHED BY SELLER.
 - 4.6. SELLER AGREES TO SECURE AND MAINTAIN ADEQUATE INSURANCE COVERAGE FOR THE PROTECTION OF THE BUYER IN ACCORDANCE WITH THIS SECTION 4.
5. Specifications. Seller hereby warrants that Seller will supply or manufacture the goods in accordance with the specifications, if any, provided by Buyer and the parties agree that this warranty shall survive acceptance of and payment for the goods. All goods rejected by Buyer shall be returned to Seller for full credit at the price charged, plus transportation charges. Buyer, in its sole discretion, may require Seller to replace rejected goods at the purchase price stipulated in the original purchase order. Buyer may, in its sole discretion, accept a part of any shipment that fulfills Buyer's specifications, and reject any part that does not fulfill such specifications, and consider the order breached to the extent of the amount of the rejected goods. Seller will not make any changes in such specifications or make any changes in any components or processes used in manufacturing the goods previously agreed to by Buyer without Buyer's prior consent.
6. Inspection and Acceptance. Payment for any goods under this contract shall not constitute acceptance. All goods purchased hereunder are subject to inspection at Buyer's destination either before or after payment or before or after acceptance at Buyer's option. Buyer reserves the right to reject and refuse acceptance of goods which are not in accordance with the instructions, specifications, drawings, or data as furnished to Seller before or during the Purchase Order process. Items not accepted or goods whose acceptance is revoked will be returned to Seller for full credit or replacement at Buyer's option and at Seller's risk and expense, including transportation charges both ways; provided, however, that such goods may be held at Buyer's discretion for Seller's instructions and stored at Seller's risk. If within 48 hours after receipt of notice of rejection or revocation of acceptance, Seller gives no instructions for the disposition of the goods, the Buyer may, at its discretion, return for full credit at Seller's expense. Seller shall not replace rejected goods or goods whose acceptance has been revoked unless specified by Buyer. Buyer shall not be liable for failure to accept any part of the goods if such failure is the result of any cause beyond the control of Buyer. Such causes include, but are not limited to, fires, floods, Acts of God, strikes, differences with employees, casualties, delays in transportation, or total or partial shutdown of Buyer's plant for any cause.
7. Invoices. Seller's invoices shall, at a minimum, include: (a) Buyer's purchase order number, against which the goods were shipped; (b) the date of shipment; (c) Buyer's part number and revision level for each goods shipped, if applicable; (d) a description of the goods; (e) the total quantity of goods shipped; (f) the per unit price of the goods shipped; and (g) the total invoice price.

8. Confidential Information. Seller acknowledges and agrees that any specifications and all related writings, drawings, designs and similar works provided to Seller by Buyer shall be deemed "Confidential Information." Seller further acknowledges and agrees that any other information which is disclosed by Buyer in any tangible form and is clearly labeled or marked as confidential, proprietary or its equivalent, or information which is disclosed orally or visually, is designated confidential, proprietary or its equivalent at the time of its disclosure and is reduced to writing and clearly marked or labeled as confidential, proprietary or its equivalent within thirty (30) days of disclosure shall be deemed "Confidential Information." All Confidential Information shall be the exclusive property of Buyer, and Buyer retains all right, title and interest, including copyright, relating to "Confidential Information." Seller agrees not to use any Confidential Information for any purpose other than as permitted or required for performance by Seller under the Purchase Order and not to disclose or provide any Confidential Information to any third party and to take all necessary measures to prevent any such disclosure by its employees, agents, contractors or consultants. Upon request of Buyer or completion of the Purchase Order, Seller shall return all such Confidential Information to Buyer. The return of Confidential Information shall be complete in every respect, so as to permit an experienced manufacturer to manufacture, assemble, maintain and service the goods and shall include a full drawing package in reproducible form and any revisions or updates, including but not limited to, AutoCAD files, fabrication drawings, approved supplier list, test specifications, tooling specifications and drawings, manufacturing assembly instructions, routings, quality assurance protocols, test equipment, specifications and drawings and engineering change notice history.
9. Ownership of Tooling and other Material/Equipment. All jigs, dies, fixtures, special cutting tools, special gauges, special test equipment, computer programs, patterns, other special equipment and manufacturing aids and drawings and any replacements of the foregoing ("Equipment") furnished to Seller by Buyer or specifically paid for by Buyer will remain the property of Buyer. Such Equipment while in Seller's custody or control, will be maintained in good working condition, reasonable wear and tear excepted, by Seller at Seller's expense, held at Seller's sole risk and will be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Such Equipment will be delivered in good working condition, reasonable wear and tear excepted, to Buyer immediately upon request by Buyer. Equipment shall not be disposed of without prior written approval by Buyer. No use of Buyer's Equipment shall be permitted without prior written approval by Buyer. Seller shall not publish or display Buyer's product manufactured by Buyer's Equipment, without prior written approval by Buyer.
10. Termination.
- 10.1. Buyer may, by notice in writing to Seller, terminate this order or work under this order, in whole or in part, at any time and such termination shall not constitute default. In such event, Buyer will pay Seller contract price for finished goods covered by this agreement held in Seller's inventory provided product is completed to specifications and accepted by Buyer. Buyer will reimburse Seller verifiable costs associated with components in manufacture of incomplete Buyer's proprietary products covered by this agreement.
- 10.2. Buyer shall have the right to cancel for default all or any part of this order upon the occurrence of any of the following events: (i) Seller does not make deliveries or furnish services according to the terms specified, (ii) Seller repudiates this contract, (ii) Buyer rightfully rejects or revokes acceptance, (iii) Seller breaches any of the terms hereof including warranties of Seller, (iv) Seller makes an arrangement, extension or assignment for the benefit of creditors, (v) Seller dissolves or otherwise ceases to exist or liquidates all or substantially all of its assets, (vi) Seller becomes insolvent or generally does not pay its debts as they become due or (vii) Seller is adjudicated as bankrupt or files a voluntary petition in bankruptcy. Buyer may, at its option, request that Seller provide adequate written assurance of future performance pursuant to the Uniform Commercial Code as enacted in the State of California. In such a case, Seller must provide said written assurance of performance within ten (10) days of the Buyer's written request (excluding the date of mailing). This right of cancellation and the right to request an adequate written assurance of future performance are in addition to and not in lieu of any other remedies which Buyer may have in law or equity.

11. Patent Infringement Indemnity. Seller shall defend and hold harmless Buyer, its customers, agents and subsequent owners from any claim that any product or article sold by Seller hereunder (except goods specifically of Buyer's design), infringes any letters, patent, copyright or trademark, or from any claim of unfair competition, by reason of its use or sale by Buyer, its customers or agents. Seller further agrees to indemnify (and as incurred, reimburse) Buyer against any and all expense, loss, royalties, profits and damages, including court costs, attorneys' fees and reasonable value of time expended by Buyer's employees (as determined by Buyer in its sole discretion), in connection with or resulting from such suit or proceedings, including any settlement or decree of judgment therein. Seller's obligations hereunder survive acceptance and payment by Buyer.
12. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the making, performance or interpretation thereof, including without limitation alleged fraudulent inducement thereof, shall be settled by binding arbitration in Austria. Judgment upon any arbitration award may be entered in any court having jurisdiction thereof.
13. Changes. Buyer reserves the right at any time to make written changes in any one or more of the following: (a) specifications, drawings and data incorporated in this contract where the items to be furnished are to be specially manufactured for Buyer; (b) methods of shipment or packing; (c) place of delivery; (d) time of delivery; (e) manner of delivery; or (f) quantities.
14. Notices. Notices and communications under the Purchase Order shall be deemed given to either party at the address set forth on the Purchase Order: (a) upon the expiration of five (5) business days after the date of deposit in the U.S. mail if sent by registered mail, return receipt requested; or (b) upon the next business day if sent by recognized overnight supplemental delivery service; (c) the same business date if notice is delivered personally or (d) upon electronic confirmation of transmission if sent by facsimile.
15. Assignment. Seller may not assign, transfer or subcontract the Purchase Order or any interest herein or any rights or duties hereunder without the prior written consent of Buyer.
16. Force Majeure. Neither party shall be liable in damages for any failure due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine restrictions, strikes, or freight embargoes.
17. Governing Law. The Purchase Order shall be interpreted and construed in accordance with the laws of the Republic of Austria.
18. Affiliates. Any right, cause of action claim for relief or remedy granted to Buyer herein shall extend without exception to any entity that controls, is controlled by, or is under common control with Buyer.
19. Entire Agreement. This Purchase Order, including these Standard Terms and Conditions and all attachments, specifications, and, where applicable, any written agreement signed by Buyer and Seller, constitutes the complete and final agreement between the parties and supersedes all prior negotiations and agreements between the parties concerning its subject matter.

