

SOLENOID SOLUTIONS, INC. TERMS AND CONDITIONS
EFFECTIVE DATE- NOVEMBER 13, 2006

- 1. Application of Conditions:** Any purchase order or similar document given to Solenoid Solutions, Inc. shall be considered as an offer to purchase on the part of the customer, and shall be subject to acceptance in writing by Solenoid Solutions, Inc.. These conditions of sale shall be a part of such acceptance and shall prevail over any inconsistent terms of such offer, except as these conditions may be waived, altered or modified in writing by an officer of Solenoid Solutions, Inc..
- 2. Terms of Payment:** All invoices are 1% 10, net 30 days in the United States and Canada (when payment is made by credit card or cash in advance, prices are net); F.O.B. Factory unless otherwise noted; Exports, net, EXW (EXWorks) factory, per Incoterms 2000, unless otherwise noted.
- 3. Prices and Quotations:** Prices are subject to change without notice; but any such change shall not affect orders already accepted and shipped within 30 days of the change except in the case of a price decrease. In such case, Solenoid Solutions, Inc. will charge the customer the reduced price. Partial shipments made within the 30 days protection period will not obligate Solenoid Solutions, Inc. to make further shipments after the protection period at the lower price. Prices quoted are firm for 60 days from date of quotation. Typographical and mathematical errors and omissions are subject to corrections by Solenoid Solutions, Inc. at any time.
- 4. Orders/Taxes:** All orders are subject to acceptance by Solenoid Solutions, Inc.. Prices given are exclusive of all taxes and subject to change without notice. Orders for less quantities than quoted are subject to change of price.
- 5. Deliveries:** Solenoid Solutions, Inc. shall not be responsible for delay or failure in performance due to acts of God, war, riot, legal restrictions, material shortage, energy shortages, labor controversies, delays in transportation or any cause beyond its reasonable control.
- 6. Cancellations:** Orders cannot be cancelled once placed and accepted without the consent of Solenoid Solutions, Inc. and upon terms which will reimburse Solenoid Solutions, Inc. for cost incurred and a reasonable profit.
- 7. Designs and Published Data:** Solenoid Solutions, Inc. reserves the right to change designs and specifications of its components or to discontinue any items without notice. Such changes are not to be considered retroactive and Solenoid Solutions, Inc. assumes no responsibility for revision of products sold before such changes. Cataloged information is sufficiently accurate for general use; but Solenoid Solutions, Inc. assumes no responsibility for errors or omissions.
- 8. Returned Goods:** Solenoid Solutions, Inc. will accept no returns without written permission prior to shipment. Only active items in current demand will be considered for return for credit. All goods returned will be subject to a re-inspection and repackaging charge together with any expense incurred in restoring the goods to new condition. Any credit allowed for returns will be based on the invoiced price. All return shipping charges must be prepaid.
- 9. Limited Warranty:** Solenoid Solutions, Inc. warrants that it will replace defective products sold provided:
 - A. Customer notifies Solenoid Solutions, Inc. of any claims of defects in materials or workmanship within 30 days after receipt of shipment;
 - B. Return of goods is authorized by Solenoid Solutions, Inc. and then returned to the factory within 15 days after said authorization, transportation charges pre-paid; and
 - C. Products or parts are found to be defective in materials and workmanship upon examination by Solenoid Solutions, Inc..

Products shall not be considered as defective or nonconforming if they substantially fulfill performance requirements and are manufactured in accordance with Solenoid Solutions, Inc.'s specifications. This warranty will not extend to goods which have been subject to misuse, neglect, accident, or improper installation, misapplication under conditions not expressly made specifically known to nor approved by Solenoid Solutions, Inc. in advance of shipment, or which have been repaired or altered outside our factory. Solenoid Solutions, Inc.'s liability shall be limited to replacement or repair of Solenoid Solutions, Inc.'s products.
- 10. Exclusions/Express and Implied Warranties:** The foregoing warranty is in lieu of all other warranties and Solenoid Solutions, Inc. makes no other warranties, express or implied. Customer agrees to assume all risk and liability resulting from the use of the products, whether used singly or in combination with other products. There are no oral agreements or warranties collateral to or affecting the sale of Solenoid Solutions, Inc.'s products. Solenoid Solutions, Inc. shall not be liable for any expense, damage, penalties, or indirect or consequential damage of any kind suffered by the customer or anyone else with respect to defective or non-conforming material. The implied warranties of merchantability and fitness for a particular purpose are excluded from the sale of Solenoid Solutions, Inc.'s products.
- 11. Patents:** Customer agrees to indemnify and hold harmless Solenoid Solutions, Inc. against all claims and losses for infringement of any patent rights arising from production in accordance with customer's designs and/or specifications.
- 12. Indemnification of Seller:** Solenoid Solutions, Inc. does not sell its products for use in ultra-hazardous activities. Customer represents that it will use Solenoid Solutions, Inc.'s product in normal commercial use only, and not in ultra-hazardous uses, including, without limit, aircraft, spacecraft, pollution and hazardous substance control. Customer assumes the risk of all damage, loss, cost and expense against any and all liability, damage, loss, cost and expense which may arise out of Customer's use of Solenoid Solutions, Inc.'s product, whether or not the same is caused by the negligence of Solenoid Solutions, Inc., in excess of the amount of liability insurance covering Solenoid Solutions, Inc. with regard to such event.
- 13. Export Compliance:** Buyer warrants that it is and will remain in compliance with all U.S. export and re-export requirements, including but not limited to the Export Administration Act, the Arms Export Control Act, the Foreign Assets Control Regulations, and any regulations, orders and license issued there under (collectively the "U.S. Export Laws"). Buyer warrants that it has not been, and is not currently, debarred or suspended, prohibited or impaired from exporting, re-exporting, receiving, purchasing, procuring or otherwise obtaining any goods, commodities, or technical data by any agency of the government of the United States. Buyer will not re-export, sell, transfer or deliver, either directly or indirectly, any goods commodities or technical data, or the direct product thereof to any country, person or entity where such would cause Seller or Buyer to be in violation of applicable U.S. export laws. Seller will not be liable if authorization of any government is delayed, revoked, restricted or not renewed, and Buyer will not be relieved thereby of its obligations to pay Seller for the products or any other charges. Buyer will be responsible for timely obtaining and maintaining any required import license, export license, exchange permit, or any other government authorizations required for the import or export of the product.
- 14. Governing Laws:** The laws of the State of Pennsylvania shall govern the sale of Solenoid Solutions, Inc. products and any arbitration thereof.