

CRAFTECH INDUSTRIES, INC.

Terms and Conditions

1. GOVERNING TERMS AND SCOPE. These terms and conditions (these "Terms and Conditions") shall govern the purchase of the products described in the purchase order (the "Hardware") to which these terms and conditions are attached (the "Purchase Order"). Performance of an order does not constitute Seller's acceptance of any new or different terms, including pre-printed terms on Buyer's order forms. This Agreement may be modified only by a separate written instrument, executed by the parties and intended as a modification. All purchase orders issued by Buyer shall be deemed subject to these terms and conditions.

2. ORDERS AND PRICING. All orders shall be subject to acceptance by Seller's office in Hudson, New York. Prices shall be based upon Seller's then-current list prices, less any negotiated discounts. Prices quoted do not contemplate packaging other than Seller's normal commercial packaging unless expressly agreed to in writing by Seller. Prices are subject to change without notice, including but not limited to changes as a result of cost of production increases. Seller reserves the right to cancel any order if the item is unavailable due to discontinuation of product. Cancellation, reduction, or change of any order by Buyer is subject to Seller's approval with terms to protect Seller from any loss. Returns must be approved by Seller. Seller reserves the right to inspect the Hardware, on the Buyer's premises if necessary, before authorizing returns. Returns require a return authorization number. All claims must be made within Twenty (20) days of shipping date.

3. TERMS OF PAYMENT.

A. Seller accepts the following charge cards: Master Card, Visa, American Express. Terms of payment are Net Thirty (30) days, or Net Minus One Percent Ten (10) days, from the date of invoice, which date shall not precede shipment of Products unless the parties otherwise agree in writing. The payment terms set forth herein are subject to Buyer and Seller maintaining a mutually acceptable credit arrangement. Seller may assess late payment charges on amounts not paid within thirty (30) days of the invoice date at the maximum rate allowed by law or 1 1/2 % per month, whichever is less.

B. Unless otherwise specifically quoted, all amounts due hereunder are payable in U.S. funds and shall be exclusive of taxes and any import duties or other charges imposed by the country of final destination upon shipments to any non-U.S. Buyer sites. Buyer shall pay any and all such taxes and duties and shall hold Seller harmless therefrom. However, if Seller, in its sole discretion, chooses to make any such payment, Buyer shall reimburse Seller in full. All transactions pursuant to this Agreement shall be considered taxable, unless Buyer provides Seller with appropriate verification of exemption.

4. SHIPPING AND RISK OF LOSS. Products shall be shipped F.O.B. Origin (Seller Facility). Title to Hardware and risk of loss shall pass to Buyer upon delivery of the Products to the carrier by Seller. Seller shall be responsible for arranging for the Products to clear customs as necessary and shall bear all costs associated with clearing customs. Buyer shall be responsible for transportation charges to Buyer's location. Freight charges shall be separately identified on all invoices. Shipping method is as requested by Buyer. If shipping method is not specified, routing is at Seller's discretion. Buyer will be charged for the cost of shipping and bear any additional expenses of insurance, of unusual transportation, or of handling. Buyer bears responsibility for filing claims if goods are Lost or damaged in transit. Seller reserves the right to Withhold any shipment in part or in its entirety if the account is determined to be delinquent. Delivery will be indicated at the time of purchase. Delivery date quoted represents shipping date from Seller. Delivery time begins upon the receipt of a purchase order. Delivery date is subject to change upon notification from Seller.

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5. TERMINATION. The occurrence of any of the following acts or events shall constitute a material breach of this Agreement, entitling the non-breaching party to terminate this Agreement:

A. Either party fails to substantially perform any of its material obligations under this Agreement and does not cure such failure within thirty (30) days of written notice of the same, in the event of such termination by Buyer, Buyer shall be obligated to pay only the contract price for the Hardware delivered prior to the effective date of termination.

B. Either party becomes insolvent, admits in writing its inability to pay its debts as they mature, files a petition in bankruptcy, makes an assignment for the benefit of creditors, or has an involuntary petition under any bankruptcy laws filed against it which is not dismissed within thirty (30) days.

C. Buyer assigns this Agreement or any purchase order hereunder in conflict with the Assignment provision in Section 9 of this Agreement.

Except for Buyer's obligation to make payments hereunder, neither party shall be liable for any failure or delay in performing its obligations hereunder during any period in which such performance is prevented or delayed by causes beyond its reasonable control, including without limitation, flood, war, embargo, strike or other labor dispute, riot, or the intervention of any government authority.

6. HARDWARE WARRANTY

A. Seller warrants the following with respect to Hardware manufactured by Seller or bearing the Seller label: (1) that such Hardware is free from defects in material and workmanship and will conform to the Seller specifications applicable to the product purchased; and (2) that upon payment in full for such Hardware, they shall be rendered free and clear of liens, claims or encumbrances of any kind.

B. The above warranty shall extend to the original end user purchaser, providing that the product is in "as new" condition, for a period of eighteen (18) months from the date of shipment. With respect to Hardware sold but not manufactured by Seller or bearing the Seller label, Seller will assign to Buyer all available manufacturer warranties.

C. Seller's sole liability under the Hardware warranty shall be either: (1) to repair or to replace, at Seller's option, the defective Hardware component in accordance with Section 8 below, or (2) if after repeated efforts Seller is unable to resolve the defect by repair or replacement, to refund the purchase price upon return of the defective item. The warranty period for repaired or replaced Hardware components shall be the remainder of the original warranty period for the repaired or replaced item or ninety (90) day, whichever is greater. Seller shall incur no obligation under this warranty if the allegedly defective Hardware is returned to Seller more than thirty (30) days after the expiration of the applicable warranty period, or if Seller's verifiable tests disclose that the alleged defect is not due to defects in material or workmanship.

7. WARRANTY LIMITATIONS AND EXCLUSIONS. THE WARRANTIES SET FORTH ABOVE FOR THE PRODUCTS PROVIDED HEREUNDER ARE COMPLETE AND ARE IN LIEU OF, AND BUYER HEREBY WAIVES, ALL OTHER CONDITIONS, REPRESENTATIONS, AND WARRANTIES, EXPRESS OR IMPLIED BY STATUTE, USAGE, CUSTOM OF THE TRADE OR OTHERWISE, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING ANY OTHER OR PRIOR STATEMENT, WRITTEN OR ORAL, SELLER MAKES NO OTHER WARRANTIES REGARDING THE QUALITY OF ITS PRODUCTS) OR THE MATERIALS CONTEMPLATED HEREUNDER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY WARRANTIES OF DURABILITY.

8. DAMAGES AND LIMITATION OF LIABILITY. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING FROM, CONNECTED WITH OR RELATING TO THE PURCHASE ORDER, WHETHER OR NOT SUCH DAMAGES ARE FORESEEABLE AND WHETHER OR NOT SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS OR REVENUE, LOSS OF BUYER GOODWILL, ATTORNEYS' FEES, DAMAGE TO BUSINESS OR BUSINESS RELATIONS, LOSS OF USE OF EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTED FACILITIES OR SERVICES, DOWN-TIME COSTS, CLAIMS BY CLIENTS OR BUYERS OF BUYER, OR DAMAGES FOR ECONOMIC LOSSES OR PROPERTY DAMAGE ARISING FROM, CONNECTED WITH OR RELATING TO SELLER'S ACTS OR OMISSIONS, WHETHER UNDER NEGLIGENCE, STRICT LIABILITY, ENTERPRISE LIABILITY OR OTHER PRODUCT LIABILITY THEORIES. SELLER'S TOTAL LIABILITY SHALL NOT EXCEED THE AMOUNT PAID TO SELLER PURSUANT TO THE PURCHASE ORDER.

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9. GENERAL PROVISIONS

A. The Purchase Order, together with these Terms and Conditions, shall be governed exclusively by the law of the State of Delaware without regard to principles of conflicts of law.

B. If any provisions of the Purchase Order or the Terms and Conditions are declared by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision shall be severed and all other provisions shall remain in full force and effect.

C. The Purchase Order, together with these Terms and Conditions, constitutes the entire agreement of the parties and supersedes any and all prior written or oral agreements, representations and understandings of the parties relating to the subject matter hereof. The Purchase Order, together with these Terms and Conditions, shall not be amended or modified except by written instrument duly executed by the authorized representatives of the parties. No course of dealing or usage of trade by or between the parties shall be deemed to cause or constitute any amendment or modification of the terms hereof.

D. All headings and captions employed herein are for convenience of reference only and shall not be considered in the construction or interpretation of any provision of the Purchase Order or these Terms and Conditions.

E. Any notice required to be given to Seller or Buyer shall be via U.S. mail or overnight carrier to the address listed on the purchase order between the parties; notices shall be valid if sent via facsimile and if followed by an original copy, sent via U.S. mail or overnight carrier.

F. No term or provision of the Purchase Order or these Terms and Conditions shall be deemed waived and no breach excused unless such waiver or consent is in writing and signed by the party claimed to have provided such waiver or consent. No waiver by either party of any right, failure to perform, or of any breach by the other party hereunder shall constitute a waiver of any other right hereunder or of any other breach or failure by such other party, whether of a similar nature or otherwise.

G. Buyer expressly warrants that it will not directly or indirectly export, re-export, or transship the Hardware in violation of any export laws, rules or regulations of the United States.

H. Seller and Buyer agree to cooperate fully and in good faith in order to achieve the purposes of the Purchase Order and these Terms and Conditions. If a problem should arise, the parties shall immediately discuss the issue, ascertain the facts, and work together to arrive at an equitable and mutually acceptable solution.

I. The Purchase Order, together with these Terms and Conditions, and all rights and obligations hereunder may not be assigned by either party without the express written consent of the other party, which consent shall not be unreasonably withheld, except that either party may assign its rights and delegate its duties hereunder without such consent in the event that either party sells substantially all of its assets, merges or consolidates with another entity, or otherwise undergoes a change in control. The Purchase Order, together with 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.

J. Notwithstanding the expiration or termination of the Purchase Order, it is agreed that those rights and obligations which by their nature and context are intended to survive such expiration or termination shall survive, including without limitation the provisions relating to limitation of liability, warranty exclusions, and the making of all payments due hereunder for Hardware delivered.