

TEDDINGTON CONTROLS, INC. STANDARD TERMS AND CONDITIONS OF SALES ORDER

1. DEFINITIONS AND INTERPRETATIONS

1.1. In these Conditions:

"TCI" means Teddington Controls, Inc., correspondence is c/o Eide & Eide, 3 South Greenleaf Street, Suite G, Gurnee, Illinois 60031;

"Buyer" means the person firm or company so described in the Order;

"Conditions" means the standard terms and conditions of purchase set out in this document and the TCI Sales Order (unless the context otherwise requires) includes any varied or special terms and conditions agreed in writing between TCI and the Buyer;

"Contract" means the contract of the sale and supply of the Goods and/or the supply and performance of the Services stipulated in the TCI Sales Order and subject to these Conditions;

"Goods" means the Goods (including Deliveries and Services and any installment of the Goods or any part of them) described in the Order;

"Order" means any written quotation of TCI which is accepted by the Buyer, or any written order of the Buyer which is accepted by TCI for the supply of Goods or performance of Services;

"Price" means the Price of the Goods and/or the charge for the Services;

"Specification" includes any plans, drawings, data, chemical formula or process or other technical requirements or information including TCI's web site relating to the Goods or Services agreed between the parties;

"Web site" shall mean TCI's web site at www.tedcon.com

2. GENERAL BASIS OF SALE

2.1. These Conditions apply to all Contracts for sale of Goods by TCI.

2.2. The placing of an Order by the Buyer for the Goods shall constitute acceptance of these Conditions notwithstanding any other terms and conditions subject to which any quotation by TCI is accepted or purported to be accepted or any such order is made or purported to be made by the Buyer. This Agreement shall take precedent over any Terms and Conditions indicated in an Order by the Buyer for Goods.

2.3. No Order submitted by the Buyer shall be deemed to be accepted by TCI unless and until confirmed in writing by TCI's authorized representative or through a TCI Sales Order.

2.4. No variation to these Conditions shall be binding unless agreed in writing between the authorized representatives of the Buyer and TCI.

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2.5. The Buyer acknowledges that all advice, instructions or recommendations of TCI rely and are dependent upon all the information and technical background given to TCI by the Buyer.

3. ORDERS AND SPECIFICATIONS

3.1. The Buyer shall be responsible to TCI for ensuring the accuracy of the terms of any Order (including any applicable Specification) submitted by the Buyer, and for giving TCI any necessary information relating to the Goods pursuant to clause 2.5 or otherwise within a sufficient time to enable TCI to perform the Contract in accordance with its terms.

3.2. The quantity, quality, description, functionality, facilities, functions, capacity and description of the Goods shall, subject as provided in these Conditions, be as specified in the Order and any applicable Specification as set out either in TCI's quotation or in the web site of TCI or any documents referred to in the Order. In the event of conflict, preference will be given to TCI's web site www.tedcon.com

3.3. All drawings, illustrations or any product literature or other publications of TCI must be regarded as approximations only.

3.4. Any Specification supplied by TCI to the Buyer in connection with the Contract, together with all intellectual property rights in the Specification, shall be the exclusive property of TCI. The Buyer shall not disclose to any third party or use any such Specification except to the extent that it is or becomes public knowledge through no fault of the Buyer, or as required for the purpose of the Contract. Upon request of TCI the Buyer will return to TCI any documents (or other media) in or upon which any part of the Specification has been supplied by TCI and shall not retain copies thereof.

3.5. If the Goods are to be manufactured or any process is to be applied to the Goods by TCI in accordance with a Specification submitted by the Buyer, the Buyer shall indemnify TCI against all loss, damages, costs and expenses awarded against or incurred by TCI in connection with any claim for infringement of any intellectual property rights of any other person which results from TCI's use of the Specification so submitted by the Buyer.

3.6. TCI reserves the right to make any changes in the Specification of the Goods which are required to conform with any statutory or other regulatory requirements applicable to the Goods.

3.7. No Order which has been accepted by TCI may be cancelled by the Buyer except with the agreement in writing of TCI and on terms that the Buyer shall indemnify TCI in full against all loss, costs, damages, charges and expenses incurred by TCI as a result of cancellation.

3.8. No order which has been accepted by TCI may be changed or altered by the Buyer except with the agreement in writing of TCI and payment by the Buyer of a 10% surcharge (calculated as 10% of the Price) to TCI.

3.9 Buyer understands that the Goods are custom Goods and TCI shall not be responsible for incorrect specifications provided by the Buyer. Buyer shall be responsible for paying TCI for any Goods made by TCI in accordance with specifications provided by Buyer.

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4. PRICE OF THE GOODS

4.1. The Price shall be TCI's quoted price and is quoted in U.S. dollars. The Price quoted is valid for 30 days only, after which time they may be altered by TCI without giving notice to the Buyer.

4.2. TCI reserves the right, by giving notice to the Buyer at any time before delivery, to increase the Price to reflect any increase in the cost to TCI which is due to any factor beyond the control of TCI (including but not limited to raw material and energy costs), any change in delivery dates, quantities or the Specifications which is requested by the Buyer, or any delay caused by any instructions of the Buyer or failure of the Buyer to give TCI adequate or accurate information or instructions.

4.3. Except as otherwise stated under the terms of the Order and unless otherwise agreed in writing between the Buyer and TCI, the Price is given by TCI on an ex works/warehouse basis as defined by Incoterms 2000, and where TCI agrees to deliver the Goods otherwise than at TCI's premises, the Buyer shall be liable to pay TCI's charges for transport and insurance. Price includes packaging costs but does not include pallet costs.

4.4. The Price is exclusive of any applicable value added or sales tax, which the Buyer shall be additionally liable to pay to TCI if applicable.

5. TERMS OF PAYMENT

5.1. Subject to any special terms agreed in writing between the Buyer and TCI, TCI shall be entitled to invoice the Buyer for the Price on or at any time after delivery of the Goods or the Buyer wrongfully fails to take delivery of the Goods, in which event TCI shall be entitled to invoice the Buyer for the Price at any time after TCI has notified the Buyer that the Goods are ready for collection or (as the case may be) TCI has tendered delivery of the Goods.

5.2. The Buyer shall pay the Price within 30 days of the date of TCI's invoice unless otherwise notified by TCI to the Buyer in writing, and TCI shall be entitled to recover the Price, notwithstanding that delivery may not have taken place and the property in the Goods has not passed to the Buyer. The time of payment of the Price shall be of the essence of the Contract. Receipts for payment will be issued only upon request.

5.3. If the Buyer fails to make any payment on the due date then, without prejudice to any other right or remedy available to TCI, TCI shall be entitled to:

5.3.1. cancel the Contract or suspend any further deliveries to the Buyer;

5.3.2. appropriate any payment made by the Buyer to such of the Goods (or goods and/or services supplied under any other contract between the Buyer and TCI) as TCI may think fit (notwithstanding any purported appropriation by the Buyer); and

5.3.3. charge the Buyer interest (both before and after any judgment) on the amount unpaid, at the rate of 4 per cent per annum above the U.S. prime rate from time to time, until payment in full is made (a part of a month being treated as a full month for the purpose of calculating interest) before and after judgment.

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6. DELIVERY

6.1. Delivery of the Goods shall be made to some place agreed by TCI, by TCI delivering the Goods to that place.

6.2. Any dates quoted for delivery of the Goods are approximate only and TCI shall not be liable for any early or late delivery of the Goods however caused. Lead times are normally at least sixteen (16) weeks from the receipt of an Order unless otherwise stated in the quotation or agreed to in writing by both parties.

6.3. Where delivery of the Goods is to be made by TCI in bulk, TCI reserves the right to deliver up to 2½ per cent more or 2½ per cent less than the quantity ordered without any adjustment in the price, and the quantity so delivered shall be deemed to be the quantity ordered.

6.4. Where the Goods are to be delivered in installments, each delivery shall constitute a separate contract and failure by TCI to deliver any one or more of the installments in accordance with these Conditions or any claim by the Buyer in respect of any one or more installments shall not entitle the Buyer to treat the Contract as a whole as repudiated.

6.5. If TCI fails to deliver the Goods (or any installment), TCI's liability shall be limited to the excess (if any) of the cost to the Buyer (in the cheapest available market) of similar goods to replace those not delivered over the Price of the Goods.

6.6. If the Buyer fails to take delivery of the Goods or fails to give TCI adequate delivery instructions at the time stated for delivery (otherwise than by reason of any Force Majeure or by reason of TCI's fault) then, without prejudice to any other right or remedy available to TCI, TCI may:

6.6.1. store the Goods until actual delivery and charge the Buyer for the reasonable costs (including insurance) of storage; or

6.6.2. sell the Goods at the best price readily obtainable and (after deducting all reasonable storage and selling expenses) account to the Buyer for the excess over the Price or charge the Buyer for any shortfall below the Price under the Contract.

6.7. Any charges quoted for delivery of the Goods including transport, packaging and insurance are approximate only and TCI shall not be liable for any changes to the charges quoted however caused.

7. RISK AND TITLE

7.1. Risk of damage to or loss of the Goods shall pass to the Buyer:

7.1.1. In the case of Goods to be delivered otherwise than at TCI's premises, at the time of delivery or, if the Buyer wrongfully fails to take delivery of the Goods, the time when TCI has tendered delivery of the Goods.

7.1.2 To the extent the Buyer utilizes its own system of delivery, the Buyer shall be responsible for any delivery delays or damages to the Goods during delivery.

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7.2. The title in the Goods shall not pass to the Buyer until TCI has received in cash or cleared funds payment in full of the Price and all other goods agreed to be sold by TCI to the Buyer for which payment is then due.

7.3. Until such time as the title in the Goods passes to the Buyer, the Buyer shall hold the Goods as TCI's fiduciary agent, and shall keep the Goods separate from those of the Buyer and third parties and properly stored, protected and insured and identified as TCI's property, but shall be entitled to resell or use the Goods in the ordinary course of its business.

7.4. Until such time as the title in the Goods passes to the Buyer (and provided the Goods are still in existence and have not been resold), TCI shall be entitled at any time to require the Buyer to deliver up the Goods to TCI and, if the Buyer fails to do so forthwith, to enter upon any premises of the Buyer or any third party where the Goods are stored and repossess the Goods.

8. BUYER INDEMNIFICATION

Buyer hereby indemnifies TCI (and its employees and/or agents) in respect of any claims which may be made against TCI (or its employees and/or agents) as a result of the use of the Goods.

9. WARRANTIES

9.1. Subject to the conditions set out in clauses 9 and 10, TCI warrants that the Goods will correspond with the Specification at the time of delivery and will be free from defects in material and workmanship for a period of 18 months from the date of invoice or such other period specified in the TCI Sales Order or subsequently agreed between the parties in writing.

9.2. The above warranty is given by TCI subject to the following conditions:

9.2.1. TCI shall be under no liability in respect of any defect in the Goods arising from any drawing, design or specification supplied by the Buyer;

9.2.2. TCI shall be under no liability in respect of any defect arising from fair wear and tear, willful damage, negligence, abnormal working conditions, failure to follow TCI's instructions (whether oral or in writing), misuse or alteration or repair of the Goods without TCI's approval;

9.2.3. TCI shall be under no liability under the above warranty (or any other warranty, condition or guarantee) if the total Price has not been paid by the due date for payment;

9.2.4. the above warranty does not extend to parts, materials or equipment not manufactured by TCI, in respect of which the Buyer shall only be entitled to the benefit of any such warranty or guarantee as is given by the manufacturer to TCI.

9.3. TCI will not be liable for any loss whether direct or indirect or consequential or loss of profit or any damage as a result of:

9.3.1. any inaccurate or insufficient information or technical background given to TCI;

9.3.2. any failure to comply strictly with the instructions, advice or recommendations given to the Buyer by TCI;

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9.3.3. any use or application of the Goods for any purpose other than those detailed in the Specification or advised by TCI; or

9.3.4. any failure to comply with any applicable legislation or any guidelines issued by any appropriate regulatory authority current at the time of use of the Goods by the Buyer or any of its employees, agents or sub-contractors.

9.4. Any parameters given in respect of the performance of the Goods are based on the design parameters set out in the Specification and TCI will not be liable for any failure of the Goods to achieve these parameters unless the operating conditions for the Goods are the same as set out in the Specification.

9.5. It is understood that TCI is not an insurer and insurance (if any) shall be obtained by the Buyer, and that amounts payable to TCI under the Contract are based upon the value the Goods to be provided hereunder and the scope of TCI's liability as set forth herein. TCI makes no guarantee or warranty that any services rendered in respect of the Goods will avert or prevent occurrences or the consequences thereof which any services are designed to detect.

9.6. Subject as expressly provided in these Conditions, all warranties, conditions or other terms implied by statute or common law are excluded to the fullest extent permitted by law.

9.7. Any claim by the Buyer which is based on any defect in the quantity, quality or condition of the Goods or their failure to correspond with the TCI Sales Order shall be notified to TCI within 5 days from the date of delivery or (where the defect or failure was not apparent on reasonable inspection) within a reasonable time after discovery of the defect or failure. If delivery is not refused, and the Buyer does not notify TCI accordingly, the Buyer shall not be entitled to reject the Goods and TCI shall have no liability for such defect or failure.

9.8. Where any valid claim in respect of any of the Goods which is based on any defect in the quality or condition of the Goods or their failure to meet the Specification is notified to TCI in accordance with these Conditions, and provided the Goods are returned to TCI's premises carriage paid TCI will at its option either replace the Goods (or the part in question) free of charge or refund to the Buyer the Price of the Goods (or a proportionate part of the price), but TCI shall have no further liability to the Buyer.

9.9. Except in respect of death or personal injury caused by TCI's negligence, TCI shall not be liable to the Buyer by reason of any representation, or any implied warranty, condition or other term, or any duty at common law, or under the express terms of the Contract, for any indirect, special or consequential loss or damage (whether for loss of profit or otherwise), costs, expenses or other claims for compensation whatsoever (whether caused by the negligence of TCI, its employees or agents or otherwise) which arise out of or in connection with the supply of the Goods or their use or resale by the Buyer and the entire liability of TCI under or in connection with the Contract shall not exceed the Price, except as expressly provided in these Conditions.

10. BUYERS INDEMNITY

10.1. The Buyer shall indemnify TCI and keep it indemnified for the duration of the Contract against all injury (including death) to any persons and any loss and/or damage as a result of any act, default or negligence by the Buyer and its employees or agents (other than TCI or its sub-contractors) and against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever in respect thereof or in relation thereto.

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11. INSOLVENCY OF BUYER

11.1. If the Buyer makes any voluntary arrangement with its creditors or becomes bankrupt or becomes subject to an administration order or goes into liquidation or TCI reasonably apprehends that any of the events mentioned above is about to occur then TCI shall be entitled to cancel the Contract or suspend any further deliveries under the Contract without any liability to the Buyer, and if the Goods have been delivered but not paid for the price shall become immediately due and payable notwithstanding any previous agreement or arrangement to the contrary.

12. GENERAL

12.1. TCI shall not be liable to the Buyer or be deemed to be in breach of the Contract by reason of any delay in performing, or any failure to perform, any of TCI's obligations in relation to the Goods, if the delay or failure was due to any cause beyond TCI's reasonable control.

12.2. Any notice required or permitted to be given by either party to the other under these Conditions shall be in writing addressed to that party as its registered office or principle place of business or such other address as may at the relevant time have been notified pursuant to this provision to the party giving the notice.

12.3. No waiver by TCI of any breach of the Contract by TCI shall be considered as a waiver of any subsequent breach of the same or any other provision.

12.4. If any provision of these Conditions is held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of these Conditions and the remainder of the provision in question shall not be affected thereby.

12.5. The Contract and its performance shall be governed by the laws of the State of Illinois, and TCI agrees to submit to the non-exclusive jurisdiction of the Illinois courts.