

**VAE INDUSTRIES CORPORATION
GENERAL TERMS AND CONDITIONS OF SALE**

"Seller" means VAE Industries Corporation, a Delaware corporation. "Buyer" means the person, firm or entity which is purchasing goods or services from Seller. Seller and Buyer are at times herein collectively referred to as the "Parties."

1. AGREEMENT. These General Terms and Conditions, in combination with any quotation which may have been supplied by Seller (collectively the "Agreement"), are intended by the Parties as the final expression of their agreement and are the complete and exclusive statement of the terms and conditions of that Agreement. If Buyer's Purchase Order ("PO") or any other form supplied by Buyer states terms or conditions which are additional to, different from or contrary to those set forth herein, this writing shall be deemed notification of objection to such additional or different terms or conditions and they are hereby rejected. ACCORDINGLY, THIS AGREEMENT IS EXPRESSLY CONDITIONED ON BUYER'S ACCEPTANCE AND ASSENT TO THE TERMS AND CONDITIONS CONTAINED HEREIN. Acceptance of the terms and conditions contained herein shall be considered to have occurred unless written notice of objection is received by Seller prior to shipment of Products. Seller reserves the right to modify the terms and conditions of this Agreement upon written notice to Buyer.

2. PRODUCTS. The description of the Products set forth in Seller's catalogues are only provided as a reference. Seller reserves the right to modify or take off sale any Product or technical item shown in the catalogue, and may do so at any time and without notice or obligation to Buyer to make any such modifications to Products ordered prior to Seller's implementation of such modifications.

3. ACCEPTANCE. Acceptance by Seller shall be deemed conclusively to have occurred upon Seller's (i) written acknowledgement of and confirmation by Seller (by mail or facsimile) of the PO, or (ii) shipment of any Products covered by the Agreement; and (iii) the payment of a deposit by Buyer equal to forty percent (40%) of the price of the Product that is the subject of the PO (the "Deposit").

4. DELIVERY.

4.1 Delivery Dates are specified as precisely as reasonably possible and delivery shall be made by Seller at such times and places, and of such items and quantities, as may from time to time be specified by Buyer.

4.2 In the event of a loss or damaged Product, Buyer shall report the same to the freight company that delivered the Product and shall request compensation for such loss to such freight company. In the event of any potential claim for loss or damaged Product against Seller, Buyer shall make such claim to Seller, in writing, within eight (8) business days of Buyer's receipt of the Product and prior to any use of the Product.

4.3 Products delivered to Buyer may not be returned or exchanged without Seller's prior written consent thereto. In the event of a return of Product, Seller will issue a credit note to Buyer. Any costs or expenses incurred in the exchange or return of Product shall be borne by Buyer.

4.4 If Seller cannot deliver the Product within thirty (30) days of the agreed-upon delivery date, Buyer may, in writing, request cancellation of the PO and reimbursement of the Deposit.

5. OVERSHIPMENT. Products shall not be supplied in excess of quantities specified in the PO. Any over shipped material will be returned by Buyer to Seller by means of transport specified by Seller and at Seller's expense.

6. PRICES.

6.1 Unless otherwise specified, prices are FOB point of shipment (Seller's warehouse), and are exclusive of state sales and use taxes and transportation costs. Seller's prices are those reflected in the Product catalogues at the time of the PO.

6.2 Unless otherwise stated, prices are subject to change without notice, including, but not limited to, as a result of fluctuations in any applicable currency exchange rate. No cash discounts or other discounts for prompt payment are offered unless specifically stated on the face of the invoice issued for Products sold hereunder.

6.3 Buyer will pay or reimburse Seller for all freight. Seller shall not be responsible for storage, transportation, or similar charges incurred at destination. Title and all risks of loss and damages shall pass to Buyer upon delivery of the Products to the freight carrier at Seller's warehouse.

6.4 Buyer acknowledges and agrees that the pricing information under this Agreement is confidential and Buyer agrees not to disclose, directly or indirectly, to any third

party any portion of the pricing without the prior written consent of Seller.

7. PAYMENT. All payments will be made in US Dollars. The balance due after payment of the Deposit shall be due and payable upon delivery to Buyer and in accordance with Seller's invoice. All payments to Seller shall be made by wire transfer, certified check or approved letter of credit.

8. LATE PAYMENT. Late payment of Seller's invoice shall result in a default under the terms of this Agreement. Seller shall, upon such default, have the right, without need for additional notice to Buyer, to: (i) suspend all current orders of Buyer; (ii) require immediate payment of all amounts due; (iii) require payment of interest at the rate of one and one-half percent (1.5%) per month on all unpaid balances until they are paid in full; and (iv) require the immediate return of all Products delivered and for which payment is due. Buyer shall be responsible for all costs of return of the subject Products. In the event that Buyer is making installment payments to Seller, and upon default in the payment of any single installment, the entire unpaid balance shall become immediately due and payable. In the event that other than standard catalogue Products are the subject of the default, Buyer shall make payment in full with no right of return.

9. SETOFF. Any amount due to Seller under this Agreement may be set off against any damages caused to Buyer, monetary or otherwise, as a result of Seller's violation of the terms and conditions of this Agreement.

10. LIMITED WARRANTY. Seller warrants that Products ordered to specifications requested by Buyer will conform thereto and to any plans, drawings, patterns, samples, or other description furnished or adopted by Buyer and communicated to Seller. Seller warrants that for a period of one (1) year from the Delivery Date, such Product will be fit and sufficient for the purpose intended; and that all goods are merchantable, of good material and workmanship, and free from defect. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive Buyer's inspection, acceptance of, and payment for the Products and shall run in favor of Buyer, its successors and assigns. Notices of any defects or nonconformity shall be given by the Buyer to the Seller within five (5) business days after delivery to Buyer. In the event the Product fails to properly perform or has a defect, Buyer may, at Seller's option, and in addition to all other remedies available at law, require prompt correction (repair) or replacement of the defective or nonconforming Products. Seller shall bear the cost of labor and components to correct any defective or nonconforming Products. The return to Seller of such defective or nonconforming Products shall be at Buyer's expense. Seller shall not be required to provide Buyer with the aforesaid options if the failure of the Product is due to normal wear, negligence in the use of the Product, including, but not limited to, the use of the Product in high-wind conditions or failure to maintain the Product in the manner prescribed by Seller. Any correction or replacement of the Product or its parts by Seller does not extend the initial one (1) year warranty period.

11. COMPLIANCE WITH LAWS AND REGULATIONS. Seller warrants that it will comply with all applicable statutes, rules, regulations and orders of the United States, and of any State or political subdivision thereof, and agrees to indemnify Buyer against any loss, cost, damage or liability, by reason of Seller's violation thereof.

12. TAXES AND OTHER CHARGES. To the extent legally permissible, all present and future excise levies or taxes or any similar charges imposed by any federal, state, foreign or local authority which Seller may be required to pay or collect, upon or with reference to the sale, purchase, transportation, delivery, storage or use of the Products, including taxes upon or measured by the receipts there from (except net income and franchise taxes), shall be for the account of Buyer.

13. RIGHT AND TITLE TO THE PRODUCT. Seller shall retain all right, title and ownership to the Products sold until Buyer has made full and complete payment of the purchase price, including any and all applicable taxes and charges. The foregoing does not modify or change the risk of loss or damage provision of this Agreement. Should Buyer fail to pay the full purchase price for the Product, including any applicable taxes and charges, in accordance with the terms of this Agreement, Seller shall have the right to demand and require the immediate return of the Products, in good and workable condition. Any expenses incurred in the return of the Product to Seller shall be borne by Buyer.

14. LIMITATION OF LIABILITY. Seller is not the manufacturer of the Products and is only responsible for the sale of the Products and arranging their delivery. Seller does not perform the assembly of the Products and shall have no liability for bodily injury or other damages caused

by the failure of the Products to perform. In no event shall Seller be liable for any special, indirect, consequential, incidental, or punitive damages, whether arising under contract, warranty, tort, negligence, strict liability or any other theory of liability, including but not limited to loss of profits, loss of use of the Products or services, or loss of goodwill. Notwithstanding whether any remedy fails of its essential purpose or otherwise, in no event shall Seller's liability for any Products or services supplied hereunder exceed the purchase price paid by Buyer to Seller for the applicable Products or services, regardless of whether the claim is based on contract, tort, warranty or any other theory of liability.

15. PATENTS, COPYRIGHTS AND TRADEMARKS. No license or other rights under any patents, copyrights or trademarks owned or controlled by Seller or under which Seller is licensed are granted to Buyer or implied by the sale of Products hereunder. Seller's plans, specifications, designs, drawings, patterns, computer codes, technical information, intellectual property and know-how shall be the exclusive property of Seller, and Buyer shall have no right, title or interest therein. Buyer shall maintain in confidence, and shall not disclose to any third party, or use for any purpose other than that for which it was supplied, any information or property of Seller which is designated by Seller as confidential, secret or proprietary information of Seller. Buyer shall not identify as genuine Products of Seller, Products purchased hereunder which Buyer has treated, modified or altered in any way, nor shall Buyer use Seller's trademarks to identify such Products. Seller shall be entitled to rely upon any information, plans, specifications, designs, drawings, patterns, computer codes, technical information or other information supplied to Seller by Buyer or Buyer's representatives, and Seller shall not be responsible for any damages or loss arising out of the use or incorporation by Buyer of the same in Products purchased by Buyer. Buyer warrants to Seller that neither any plan, specification, design drawing, pattern computer codes, technical information or other information provided to Seller by Buyer or Buyer's representatives, nor any use contemplated by Buyer of the Products, infringes any patent, copyright, trade secret or other intellectual property rights.

16. DELAY IN DELIVERY AND FORCE MAJEURE. Delivery dates are approximate and estimated, and are based on Seller's prompt receipt of all necessary information from the Buyer. Seller may make partial shipments of any one or more items covered by any quotation or acknowledgment and may ship from any location it may select. Seller shall not be liable for any loss, damage, detention, delay or failure to deliver resulting from causes beyond its reasonable control including (without limiting the generality of the foregoing) fire, explosion, flood, strike or other differences with workmen, accidents to Seller's facility, acts of sabotage, shortage of facility, material or labor, delay in transportation, delay of supply of product to Seller, breakdown or accident, riot, insurrection, civil or military authority, governmental controls, restrictions or regulations, whether legal or *de facto*, including but not limited to failure to obtain export or import licenses, a force majeure event occurring in respect to one of Seller's suppliers and any other cause beyond Seller's control. All delivery and performance periods shall be adjusted and extended as necessary due to any such occurrence.

17. INDEMNIFICATION. Buyer agrees to indemnify, defend and hold Seller harmless from and against any and all claims, demands, actions, causes of action, costs, liabilities, losses, harm and damages of any kind (including attorneys' fees), regardless of the theory of liability, incurred by or threatened to Seller in connection with any modifications by Buyer to the Products or services supplied hereunder, the incorporation of the Products into any product, the extension of any warranties beyond those provided herein, or any other acts or omissions of Buyer related to the sale or distribution of the Products or services provided by Seller.

18. EXPORTS. If Goods are sold for export, Seller's standard terms and conditions for export sales apply. Acceptance of export orders is not valid unless confirmed in writing by Seller. Buyer, NOT Seller, is responsible for compliance with all United States export control rules and regulations. Buyer shall not name Seller as shipper or exporter of record in connection with the export of any Products purchased from Seller.

19. GOVERNING LAW. These Terms and Conditions of Sale and all disputes related to it shall be governed by the laws of the State of California, United States of America, without giving effect to its conflict of law rules.