PURCHASE ORDER TERMS AND CONDITIONS

1. ACCEPTANCE – This purchase constitutes Buyer's offer to seller, and is a binding contract on the terms and conditions set forth herein when it is accepted by Seller either by signature on the acknowledgment copy or the commencement of performance hereunder. No condition stated by Seller in accepting or acknowledging this order shall be binding upon Buyer if in conflict with, inconsistent with, or in addition to the term and conditions contained herein unless accepted by Buyer's Written approval. This order expressly limits acceptance to the terms of this order and additional or different terms proposed by the seller are rejected unless assented to in writing by the Buyer.

2. REVISIONS – No revisions of this order or any of the terms or conditions hereof shall be valid unless in writing and signed by an authorized representative of Buyer's Purchasing Department.

3. CHANGES – Buyer may at any time by written order, without notice to any surety, make changes or additions within the general scope of this purchase order in or to drawings, designs, specifications, and instructions for work, method of shipment or packing, or place of delivery. If any such changes causes an increase or decrease in the cost of or time required for performance of this purchase order, Seller shall notify Buyer in writing immediately and an appropriate equitable adjustment will be made in the price or time of performance or both, by written modification within thirty days after Seller's receipt of notice of the change or within such other period as may be agree on in writing by the parties. Nothing herein shall excuse Seller from proceeding with the contract as changed.

4. QUANTITY – Buyer need not accept any variation in quantity except as specified herein.

5. PACKING AND SHIPMENT – Deliveries shall be made as specified without additional charge for boxing, crating, or storage. Unless otherwise specified, an article shall be suitable packed to secure the lowest transportation cost in accordance with the requirements of common carriers. Material shall be described in bills of lading in accordance with current national mode of freight or uniform freight classification whichever is applicable. Buyer's order number and symbols, and identification number must be plainly marked on all invoices, package, and bills of lading and shipping orders. Packing lists shall accompany each box or package shipment showing Buyer's order number and symbol item number and description materials. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists. Articles shall be packed to assure against damage from weather or transportation.

6. DELIVERY – Delivery shall be strictly in accordance with the delivery schedule set out or referred to in this order. Not with standing this provision, the seller shall not be liable for delays or defaults due to causes beyond its control and without its fault or negligence, provided.

7. INVOICING – Invoices shall be mailed in duplicate only one of which shall be identified as "original", immediately after each shipment to ValveTech Inc. Accounting Department at the address shown on the face of the purchase order. Delay in receiving invoices, errors or omissions on invoice or lack of supporting documentation required by the terms of this order will be cause for withholding settlement without losing discount privileges.

8. PAYMENT – Payment for the articles covered by this purchase order will be made promptly following receipt of such articles at destination and appropriate invoice.

9. INSPECTION – If a specification number is noted for the article orders, Seller shall, upon request, furnish a report confirming manufacture of the articles according to specification.

   All articles will be subject to final inspection and acceptance by Buyer within a reasonable time after receipt at the designated destination, irrespective of prior payment.

   Buyer may reject any article which contains defective material or workmanship or does not conform to specifications, samples or warranties. Any articles so rejected may be return to Seller at Seller's risk and expense, and at full invoice price plus applicable transportation changes both ways. No defective article or material or material shall be placed unless requested by Buyer.

10. WARRANTY – Seller warrants that all articles, material and work furnished hereunder will be free from defect in material and workmanship and will conform to applicable specification, drawings, samples and/or descriptions furnished by Buyer. The warranties of Seller together with its service guarantees shall run to Buyer and/or its customers.

11. PATENT INDEMNITY – Seller agrees to indemnity Buyer and its customers against any liability, including cost and expenses, for or by reason of any actual or alleged infringement of any patent or trademark arising out of the manufacture use, sale or disposal of supplies or articles furnished to Buyer under this purchases order, except where such supplies or articles would be normally non-infringing but are rendered infringing by reason of Seller's compliance with Buyer's detailed design and specifications and Sellers gives prompt notice of any claim of infringement related thereto.

12. SUBCONTRACTING – Seller agrees to obtain Buyer's written approval before sub-contracting this order or any substantial portion thereof, provided, however, that this limitation shall not apply to the purchase of standard commercial supplies or raw material on which Seller will perform further work.

13. ASSIGNMENT – The assignment of any right or interest in this contract without the written permission of the Buyer shall be wholly void and totally ineffective except that the Seller may, with written consent of Buyer, assign claims for money due or to become due hereunder through a bank, trust company, federal lending agency or other financing institution. Buyer and seller also agree that neither shall delegate any obligation which he has under this purchase order without the written permission of the other party and any attempted delegation without written permission shall be wholly void and totally ineffective for all purpose. Any permitted assignment shall provide that payment to an assignee of any such claim shall be subject to set off or recoupment for any present or future claim or claims which Buyer may have against Seller and shall be valid only after Seller has supplied Buyer with two properly executed copies of the assignment.

14. TERMINATION – Without limiting Buyer's right to cancel this purchase order for default of Seller, as provided below, Buyer may terminate all or any part of the work under this order and process claims therefore, for its convenience in accordance with the provisions set fourth in FAR 49.502 entitled, "Termination for the convenience of the Government"

15. DEFAULT OF SELLER – Buyer reserves the right to cancel all or any part of the undelivered portion of this purchase order in the event Seller for any reason fails to perform any of the provisions of this purchase order, including specified times for delivery, or so fails to make progress as to endanger performance of this purchase order in accordance with its terms. Buyer shall also have the right to can cancel this order or any part thereof if Seller becomes insolvent or a bankruptcy petition is filed which is not vacated within thirty days from the date of filling. Except with respect to defaults of its subcontractors, Seller shall not be liable for damages if the failure to perform this purchase order arises out of causes beyond the control and without fault or negligence of Seller, such acts of God or of the public enemy, fires, floods, strikes, freight embargoes, or acts of Government in either its sovereign or contractual capacity, but in every case the failure to perform must be beyond the control and without the fault or negligence of Seller. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of cause beyond the control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable for damages suffered by Buyer. If after notice of cancellation under the provisions of this article, it is determined that such cancellation was not in accordance with the terms of this purchase order, such notice of cancellation shall be deemed to have been issued pursuant to Article 14 entitled "TERMINATION". And the right and obligations of the parties hereto shall in that event be governed by such article. The failure of Buyer to insist upon strict performance of any of the terms of this purchase order or to exercise any rights herein conferred, shall not be construed as a waiver of Buyer's right to assert or rely on any such terms or rights on any future occasion.

16. BUYER FURNISHED PROPERTY – Seller assumes complete liability for any tooling, articles or material furnished by Buyers to Seller in connection with this purchase order and Seller agrees to pay Buyer for all such tooling, articles or material spoiled by it or not otherwise accounted for to Buyer's satisfaction. The furnishing to Seller of any tooling articles or material in connection with this purchase order shall not, unless otherwise expressly provided, be construed to vest title thereto in Seller.

    All drawings, design, tools, patterns, equipment and information supplied by Buyer hereunder and proprietary rights embodied therein are reserved and their uses restricted to work to be performed for Buyer. Where no government contract number is shown on the face of this purchase order and where payment is made for experimental development or research work performed hereunder, Seller shall disclosed and dose hereby assign to Buyer all inventions resulting there from and does grant Buyer the right to use for any purpose all data specified to be delivered under this purchase order.

    If any Government property, including but not limited to material and/or special tooling, is furnished to the Seller in connection with this purchase order the appropriate provision of FAR Subpart 45.3 entitles "Providing Government Property to Contractors" and form a part of this purchase order.

    Not with standing any other provision of these Term and Conditions, upon prior notice to Buyer and to extent such use will not interfere with Seller's performance of purchase order with Buyer in effect at the time, Seller with the Government's authorization, may use on other contracts all drawings, design, tools, patterns, equipment, engineering data or other technical or proprietary information, which the Government own or has the right to authorize use thereof.

17. SPECIAL TOOLING – Dies, tools and patterns specially developed for and used in the manufacture of the articles herein ordered shall be finished by and at the expense of Seller and shall be kept in good condition and when necessary, shall be replaced by Seller without expense to Buyer

    Buyer may at any time become the owner and entitled to possession of any or all such special tooling acquired or manufactured specialty for use in the performance of this order if any portion of the coat of such special tooling is separately stated or included in the price of articles, material or work covered by this order upon Seller being reimbursed the unpaid amount of Seller's cost of such special tooling.

    If the price stated on the face hereof includes separately the entire cost of any such dies, tools and/or patterns acquired by Seller for the purpose of filling this order, such dies, tools and/or patterns shall become the property of the Buyer. To the extent feasible Seller shall identify said property as Buyer directs and shall retain such property for exclusive use of Buyer. At completion of this order such tools, dies, and/or patterns shall be stored for a reasonable time by Seller at no cost to Buyer, and until disposed of as Buyer may direct.

18. INSURANCE – Seller agrees, if and when requested by Buyer to procure a policy or polices of insurance in form satisfactory to Buyer insuring all property on Sellers premises owned by Buyer against loss or damage resulting from fire (including extended coverage), malicious mischief and vandalism. Satisfactory evidence of such insurance shall be submitted to Buyer within a reasonable period of time requested by Buyer.

19. INDEMNITY – If Seller, in connection with the performance of this purchase order, shall send any of its agents or employees onto premises owned or controlled by Buyer, Seller shall (1) provide safety protection for persons and property in accordance with all applicable laws and regulations and (2) Indemnify and save harmless Buyer from and against any and all liabilities and losses whatsoever (including without limitation cost and expenses in connection therewith) on account or by reason of injury to or death of any person whatsoever or loss of or damage to any property whatsoever suffered or sustained in the course of or in connection with the performance of the work. Buyer at its option may require Seller to finish evidence of insurance reasonably satisfactory to Buyer covering the liabilities and indemnifications provided above, but no acceptance of such evidence by Buyer shall be deemed a waiver or release of such liabilities or duty to indemnify.

20. SECURITY REGULATIONS – Seller aggress that, if required, prior military security clearance, will be obtained by any of its personnel requiring access to Buyer's plant premises for the purpose of performing the work covered by this purchase order.

21. COMPLIANCE WITH LAWS AND REGULATIONS – Seller agrees that the articles will be produced and work hereunder will be performed in accordance with all applicable statutes and laws (including, but not limited to the Fair Labor Standards Act, the Walsh Healey Act, the Occupational Safety and Health Act, and all lawful orders, rules and regulations there under), all executive orders, regulations of any of the Executive Departments of the united States Government, or any state or political subdivision thereof, and agrees to indemnify Buyer against any loss, cost, liability or damage by reason of Seller's violation of any such applicable laws, orders, rules or regulations.

22. ADDITIONAL PROVISIONS FOR GOVERNMENT CONTRACTS – When a Government contract is indicated on the face of this order, the clause as set forth in the paragraphs of "Federal Acquisition Regulations (FAR) Department of Defense FAR Supplements (DFARS) and National Aeronautics and Space Administration FAR Supplements "(NASAFARS)" as listed on an attachment to the order are incorporated herein by reference. In addition, where any of the provision of said regulations relates to specific statues, and is furtherance of the provisions of such statute, such statute shall also be incorporated into the contract and shall be applicable to the extent required where necessary to make the context of the above regulations applicable to this order. The term "Government or Contracting Officer" and equivalent phrases shall mean the Buyer and the term "Contractor" shall mean hereunder and the term "Contract" shall mean the purchase order.

23. INTERPRETATION – The interpretation of this purchase order shall be governed in all respect by the laws of the state which is shown as part of the address of ValveTech Inc. on the face of this purchase order.

24. EQUAL OPPORTUNITY – Seller will comply with all applicable federal, state and local laws and regulations, guidelines and rules relating to (i) equal employment opportunity including, without limitation, all requirements contained in or authorized by Federal Executive Order No 11246 of September 24, 1956 and any amendments thereto (ii) employment of qualified disabled veterans and veterans of the Vietnam era, including but not limited to, all requirement contained in or authorized by the Vietnam Era Veterans Readjustment Assistance Act of 1974, and any amendments thereto and (iii) employment of the handicapped, including but not limited to all requirements contained in or authorized by the Rehabilitation Act of 1973, and any amendment thereto.

    The following clause and regulations, except to the extend the Subcontractor is exempt there from, are hereby incorporated herein by reference thereto: (i) the applicable Equal Employment Opportunity Clause contained in 41 CFR, Sec 60-14; (ii) the Affirmative Action Clause covering the employment of qualified disabled veterans and veterans of the Vietnam era and the regulations contained in 41 CFR, Sec 60-250 and (iii) the Affirmative Action Clause covering the employment of handicapped workers and regulation contained in 41 CFR part 60-741.

25. ANTI-KICKBACKS – The federal Acquisitions Regulations FAR 52.203-7 (41 USC 51-58) of 1986 is in force on this purchase order and in compliance with FAR 52.203-7 This provision must be "flowed-down" to all subcontract tiers.