

STANDARD TERMS AND CONDITIONS OF SALE

1. General Provisions. These terms and conditions shall apply to all sales of products by Carel USA, LLC ("Carel") to Buyer, including all future orders of products. Carel's acceptance of Buyer's purchase order is expressly limited to the terms and conditions contained herein and any provisions of any purchase order of Buyer which are consistent with the terms and conditions contained herein. Any and all other terms and conditions proposed by Buyer in any fashion are objected to and rejected by Carel, unless they have been accepted in writing by an authorized representative of Carel and specifically refer to the proposed terms and conditions. Acceptance of products from Carel by Buyer shall be deemed to be an acceptance of these terms and conditions. Notwithstanding the foregoing, if at the time of Buyer's purchase of products there is in effect a supply or purchasing agreement between Carel and Buyer, any of these terms and conditions which are inconsistent with the provisions of such supply or purchasing agreement shall be ineffective and the terms of the supply or purchasing agreement shall control.

2. Payment and Shipping Terms. With approved credit, the terms of payment for each order of Buyer shall be net cash (U.S. Dollars) in thirty (30) days from the date of Carel's invoice. All payments not received within thirty (30) days of the invoice date shall bear interest at the rate of one and one-half percent (1.5%) per month and shipments on credit will not be made if any invoices have not been paid within forty-five (45) days of the invoice date. Products will be shipped Ex Works (INCO TERMS 2000) Carel's shipping facility and title and risk of loss pass to Buyer upon delivery to the common carrier. Shipping charges are the responsibility of Buyer and will be prepaid by Carel and invoiced to Buyer or paid directly by Buyer.

3. Taxes, Duties and Special Packaging. Prices for all products do not include taxes, duties or special packaging. Any sales, use or excise taxes or other charges or levies which Carel is required to pay or collect under any applicable law, ordinance, rule or regulation (domestic or foreign), upon or with respect to the sale, shipping, delivery, storage or use of the products purchased by Buyer, shall be for the account of Buyer and Buyer agrees to pay the amount thereof to Carel, as invoiced or upon request.

4. Delivery Time. Shipment of products is subject to availability of Carel's inventory and, while Carel shall make all commercially reasonable efforts to comply with estimated delivery times, no particular shipment or delivery date is guaranteed and Carel shall not be liable in any manner for failure to make delivery by any particular time.

5. Force Majeure. Carel shall not be responsible nor liable to Buyer for any failure to perform its obligations to Buyer as a result of any strikes, work stoppages or labor unrest, earthquakes, fires, floods, storms or other natural disasters, shortages of materials or supplies or availability of goods or inventory, acts of war, terrorism, crimes,

unrest or violence, shipping or other transportation delays or restraints, acts, laws, rules or regulations of any governmental or legal authority, or any other cause or circumstance beyond Carel's reasonable control.

6. Product Warranty. Carel warrants that its products sold to Buyer pursuant hereto will be free from defects in workmanship and materials for (i) two (2) years from the date of manufacture with respect to controls products, and (ii) two (2) years and one (1) month from the date of shipment with respect to humidification systems, provided the products have been installed and operated in accordance with all applicable manuals, wiring diagrams and instructions for use, they are not used in any application or manner not specified or recommended by Carel, or have suffered damage due to negligence, improper use or abuse. Notwithstanding the foregoing, components of the products which must be routinely replaced due to wear or consumption, such as steam cylinders and gaskets, are not covered by this warranty.

Carel's sole liability and obligation to Buyer in the event of a breach of the foregoing warranty shall be to repair or replace the defective product or component or, in its discretion, to provide a credit to Buyer in the amount of the purchase price thereof. Labor costs for the repair or replacement of defective products or components is not included in this warranty and shall be the responsibility of Buyer. Carel reserves the right to inspect any product or component before replacing or repairing the same and if the product or component is found not to be covered by this warranty, Buyer shall be responsible for payment of an evaluation fee in the amount of twenty percent (20%) of the purchase price of the product.

All claims for breach of the foregoing warranty shall be made by Buyer in writing within sixty (60) days after discovery of the defect and the defective product or component shall be shipped to Carel's facility at Buyer's expense. Buyer's claim shall include a returned materials authorization number, which may be obtained from Carel prior to assertion of the claim. If a defective part must be replaced at Buyer's location, Carel will ship replacement parts via standard ground courier, prepay shipping and invoice the shipping costs to Buyer.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, CAREL NEITHER MAKES, NOR SHALL HAVE ANY LIABILITY UNDER, ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR AN INTENDED USE OR PURPOSE. NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE BY ANY REPRESENTATIVE, AGENT OR EMPLOYEE OF CAREL WHICH IS NOT SPECIFICALLY SET FORTH HEREIN SHALL BE BINDING UPON CAREL.

7. LIMITATION OF LIABILITY. IN NO EVENT SHALL CAREL BE LIABLE TO BUYER WITH RESPECT TO ANY SALES OF PRODUCTS, WHETHER UNDER THEORIES OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY, STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS OR SPECIAL,

CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, EVEN IF CAREL HAS BEEN APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.

8. Product Returns. Any shortages on shipments of products to Buyer shall be reported to Carel within five (5) working days after receipt of the shipment. Products shipped to Buyer which do not conform to Buyer's order may be returned to Carel within ten (10) days of shipment for replacement or reimbursement or credit in the amount of their purchase price plus shipping costs and taxes, provided they are accompanied by a returned materials authorization number. Products for which a warranty claim is validly made under Section 6 hereof shall be returned as specified in Section 6.

9. Returns Procedures. Prior to the return of any products, Buyer must obtain a returned materials authorization number from Carel by telephone, fax or email request. For issuance of a returned materials authorization number, Carel will require the products, product code, serial number and a description of the defect or nonconformity. The returned products must be clearly marked with the returned materials authorization number, product code, serial number and a description of the alleged defect or nonconformity. Shipping must be prepaid on product returns; COD shipments will not be accepted.

10. Order Cancellation. Orders may be cancelled by Buyer only upon payment of the following cancellation fees:

(a) If the written notice of cancellation is received prior to Carel's commencement of production of the products, a fee in the amount of ten percent (10%) of the purchase price for the order; or

(b) If the written notice of cancellation is received after commencement of production of the products, a fee in an amount equal to that percentage of the purchase price which is equivalent to the percentage of completion of production of the products.

11. Adequate Assurance/Suspension of Orders. Carel may, at any time or times, suspend performance of any order to Buyer or require payment in cash, security or other adequate assurance satisfactory to Carel when, in Carel's opinion, the financial condition of Buyer or other grounds for insecurity warrant such action.

12. Assignment. Buyer shall not assign its rights nor delegate its duties with respect to any purchase order for Carel's products and/or its agreement with Carel without the prior written consent of Carel.

13. Governing Law. These terms and conditions and the agreement between Carel and Buyer shall in all respects be governed by, and the respective rights and

obligations of the parties enforced under, the laws of the Commonwealth of Pennsylvania, without reference to its choice of law provisions.

14. Miscellaneous. The terms and conditions contained herein, the provisions of Buyer's purchase order which are consistent herewith, and the terms of any supply or purchasing agreement between Carel and Buyer, if applicable, constitute the entire agreement between Carel and Buyer with respect to the sale of Carel's products to Buyer. No amendment or modification hereof shall have any force and effect unless in writing and signed by the respective duly authorized representatives of Carel and Buyer. No waiver by Carel of any provision hereof or any breach of any provision hereof by Buyer will be deemed to be a continuing waiver of any such provision or a waiver of any subsequent breach by Buyer. If any provision hereof is deemed invalid or unenforceable in any jurisdiction, it shall not render invalid or unenforceable the remaining provisions hereof or affect the validity or enforceability of any of the provisions hereof in any other jurisdiction. The headings contained in these terms and conditions are for convenience of reference only and shall not have any effect on the interpretation or enforceability of the parties' agreement.