

HYDAC INTERNATIONAL

TERMS AND CONDITIONS OF SALE

1. General Terms and Conditions of Sale

Payment Terms: Net 30 Days

FOB Point: Bethlehem, Pennsylvania, Glendale Heights, Illinois, Houston, Texas

Routing: Unless a purchase order specifies a preferred routing, shipments will be made by the most economical means with the freight charges "collect". Exception to this will be carriers which require payment in advance.

Returned Goods: To return goods, the Buyer must get approval from HYDAC and must obtain an authorization number (RGA #) from the HYDAC Customer Service Department. Only parts that are under current warranty can be accepted. A restocking charge at least of 25% of the original purchase price will be applied. Large quantity returns, if accepted, are subject to prior approval.

Cancellations: Cancellations, if accepted, will be subject to a charge of at least 25% of the original purchase price.

Warranty and Liability: Please refer to "HYDAC Limited Warranty and Limitation of Liability" and the attached "HYDAC Intellectual Property Terms and Conditions".

Material Costs: If raw material costs increase by more than ten percent (10%), HYDAC reserves the right to renegotiate the product prices within a 60 day period.

ALL HYDAC TERMS AND CONDITIONS OF SALE ARE SUBJECT TO CHANGE

2. HYDAC Limited Warranty and Limitation of Liability

For the limited purpose of this LIMITED WARRANTY AND LIMITATION OF LIABILITY, **HYDAC CORP.**, and **HYDAC TECHNOLOGY CORP.**, both Pennsylvania corporations, are hereinafter referred to collectively as "**HYDAC**". However, HYDAC CORP. and HYDAC TECHNOLOGY CORP. provide this LIMITED WARRANTY AND LIMITATION OF LIABILITY in their individual capacity, on their own behalf and separate from the other corporation. Each corporation is solely responsible for its products and warranty, and any other obligation pursuant to any agreement or otherwise. HYDAC CORP., or HYDAC TECHNOLOGY CORP., will not be responsible for the obligations of the other company.

HYDAC warrants products sold by it to be free from defects in material and workmanship, under normal use and service, for a period of eighteen (18) months from the date of HYDAC's shipment of the products to the original Buyer, or for a period of twelve (12) months from the date the product is first placed in operation, whichever comes first (hereinafter referred to as the "warranty period"), subject to the following:

HYDAC during the warranty period will, at its option, refund the purchase price, repair or replace any product, which under normal conditions proves to be defective in material or workmanship. No charge will be made for labor or parts with respect to defects covered by this warranty, provided that the work is completed by HYDAC. However, this warranty does not cover expenses incurred in the removal and reinstallation of any product, whether or not proven defective.

To obtain protection under this warranty, Buyer shall provide HYDAC with written notice of the alleged defect along with the purchase receipt or other proof that the product is within the warranty period. All warranty claims are subject to HYDAC's inspection of the product and HYDAC's determination of a defect prior to HYDAC's acceptance of a warranty claim and issuance of the applicable credit for shipping charges, repairs, replacement or refund. Buyer shall be obligated for all costs, expenses, charges and risk of loss for shipment of the non-conforming product to HYDAC. However, shipping charges will be credited to Buyer after HYDAC's acceptance of a warranty claim.

Specifically excluded from this warranty are any claims arising as a result of improper use, neglect, abuse, improper operation or filtration, extreme temperatures, or unauthorized service of parts or Buyer's failure to comply with all installation, operation and maintenance requirements and specifications provided to Buyer by HYDAC. **THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.** No attempt to alter, amend or extend this warranty shall be effective unless in writing and signed by an executive officer of HYDAC.

HYDAC and/or any affiliate or related company will not be liable for any consequential, incidental, special, punitive, exemplary or other damages (including, but not limited to, damages resulting from commercial or economic loss) or costs and expenses (including, but not limited to, attorneys' fees and litigation costs), incurred as a result of any claim whether based on breach of warranty or otherwise. In no event shall HYDAC's liability exceed the cost of repairing or replacing the product which gives rise to any claim or refunding the purchase price of the product which gives rise to any claim.

Any sale, resale, use, lease, assignment or other transfer of HYDAC products shall be made pursuant to and limited by the above-stated terms.

HYDAC CORPORATION

Accumulator Division

2280 City Line Road
Bethlehem, PA 18017
610-264-9503

F-0030-R3 Eff. 5/7/07

HYDAC TECHNOLOGY CORPORATION

HYCON Division

2260 City Line Road
Bethlehem, PA 18017
610-266-0100

Electronic Division

2260 City Line Road
Bethlehem, PA 18017
610-266-0100

Hydraulic Division

445 Windy Point Drive
Glendale Heights, IL 60139
630-545-0800

Houston Office:

1718 Fry Road, Suite 150
Houston, TX 77084
281-579-8100

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3. Intellectual Property Terms and Conditions

Trademarks: All trademarks, trade names, or other identifying marks (collectively referred to as the "marks") now or hereafter registered or used by HYDAC are its property and Buyer's use of these marks must be approved in advance in writing by HYDAC and shall be limited to use on or in connection with HYDAC's products. HYDAC reserves the right to review, approve or restrict the use of all printed materials bearing any HYDAC mark. Buyer shall, under no circumstances use any HYDAC mark as part of a corporate name. If Buyer is required to register under any statute for registration of a fictitious business name bearing any HYDAC mark, Buyer shall register in a form approved by HYDAC.

Copyrights: Any written materials supplied by HYDAC are its property and Buyer's use of these materials must be approved in writing by HYDAC. HYDAC at all times reserves the right to review, approve or inspect the use of all supplied written materials. No copies may be distributed by Buyer without bearing HYDAC's copyright notice in the following form:

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Patents: HYDAC, at its sole discretion, may prosecute any infringement of HYDAC patents. In the event that HYDAC elects to prosecute alleged patent infringements, Buyer shall render such assistance to HYDAC as may be reasonably necessary to carry out such prosecution. Furthermore, Buyer shall immediately inform HYDAC of any known infringements of HYDAC's patents and of any and all known or claimed patent infringements relating to goods supplied or manufactured by HYDAC.

Warranties and Limits of Liabilities: **HYDAC MAKES NO WARRANTY WITH RESPECT TO AND SHALL NOT BE LIABLE TO BUYER FOR ANY DAMAGES RELATING TO ANY TRADEMARK, PATENT AND/OR OTHER INTELLECTUAL PROPERTY INFRINGEMENT ARISING FROM: (i) GOODS MANUFACTURED ACCORDING TO BUYER'S DESIGN OR SPECIFICATIONS; AND (ii) USE OF THE GOODS IN CONJUNCTION OR COMBINATION WITH ANY OTHER GOODS NOT FURNISHED BY HYDAC WHERE INFRINGEMENT WOULD NOT HAVE OCCURRED BUT FOR SUCH USE.** With respect to any claimed infringements arising out of (i) or (ii) above, Buyer shall indemnify HYDAC for any and all losses and damages incurred by HYDAC as a result thereof. **HYDAC SPECIFICALLY DISCLAIMS ANY LIABILITY WITH RESPECT TO PROCESS PATENTS OF OTHERS INVOLVING THE MANNER IN WHICH THE GOODS MAY BE INSTALLED, APPLIED OR USED.**

Where HYDAC goods are adjudged by a court of competent jurisdiction to infringe upon any trademark, patent or other intellectual property right, or where HYDAC written materials are adjudged to infringe upon any copyright, HYDAC shall have the right to repair, replace or otherwise remove the patent, trademark, copyright or other intellectual property infringement. In such circumstances, HYDAC's liability is limited to the refund of the costs of the goods or the written materials. In any and all circumstances, HYDAC shall not be responsible for any consequential, incidental, special, punitive, exemplary or other damages.

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