

**KRAUSZ****KRAUSZ INDUSTRIES LTD.****GENERAL TERMS & CONDITIONS OF SALE**

(October 2010)

The terms and conditions set out below shall govern any purchase order submitted to Krausz Industries Ltd. (hereinafter, referred to as "**Krausz**") for the purchase of any products from Krausz (hereinafter, referred to as the "**Order**"). Any party submitted such an Order shall hereinafter be referred to as "**Buyer**".

- 1. APPLICATION.** Unless expressly agreed otherwise, in writing, these General Terms & Conditions shall supersede Buyer's preprinted general terms and conditions of purchase, if any, as well as all prior proposals, negotiations and communications, oral or written, between Krausz and Buyer with respect to the same. These General Terms & Conditions of Sale may not be modified by any course of dealing or performance or usage of trade between Krausz and Buyer. These General Terms & Conditions may be amended only by written document duly executed by an authorized representative of Krausz and Buyer.
- 2. ORDER ACCEPTANCE.** No Order shall be binding on Krausz until accepted by Krausz in writing, and receipt of an Order does not constitute Krausz' acceptance thereof or bind Krausz to supply any products to Buyer thereunder. Krausz' acceptance of any Order is expressly conditioned on Buyer's assent to these terms.
- 3. DELIVERY.** Unless expressly agreed by Krausz otherwise, in writing, any products purchased by Buyer from Krausz shall be delivered "Ex-Works" Krausz' site in Israel (INCOTERMS 2000). All shipping dates and schedules are approximate. Krausz may make partial shipments. Each shipment will be considered a separate and independent transaction, and may be invoiced separately. Krausz may withhold production and partial shipments of products if Buyer has failed to timely pay any invoice. Krausz may charge Buyer a reasonable amount for any storage of any products due to Buyer's change in the delivery or shipment date and invoice Buyer accordingly. Shortages in delivery must be reported to Krausz within thirty (30) days of delivery. Failure to report such shortages within such thirty (30) day period will result in denial of credit.
- 4. PURCHASE PRICE.** The purchase price of each product shall be in accordance with Krausz's price list at the time of purchase, as may be amended from time to time, at Krausz's sole discretion and without prior notice. Due to possible cost fluctuations, Krausz' purchase prices are subject to change until the date of acceptance of Buyer's Order. Krausz will notify Buyer of any price changes occurring between the date of submission of an Order and the date of acceptance thereof, so that the Order can be revised. Unless expressly agreed by Krausz otherwise, in writing, Buyer is responsible for any costs associated with freight and overseas packaging of products.
- 5. PAYMENT TERMS.** Unless expressly agreed by Krausz otherwise, in writing, payment for any products ordered from Krausz shall be made at Krausz's designated bank by wire transfer, check or other means acceptable to Krausz, on the date Krausz notifies Buyer that the products are ready for delivery. Krausz reserves the right to charge default interest on all outstanding amounts due under any Order or pursuant to the purchase of any product from Krausz at a rate of 1.5% per month, compounded simply.
- 6. TITLE AND RISK OF LOSS.** Title in any products delivered by Krausz shall pass to Buyer upon full payment of the purchase price thereof. Risk of loss of all such products shall pass to Buyer upon delivery thereof.



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7. **TAXES.** Buyer will bear all governmental taxes, charges, levies, duties, or other fees and contributions imposed by any competent authority, relating to the products purchased from Krausz (including, without limitation, export and import taxes and duties, sales, withholding, value-added and similar taxes, but excluding taxes on the net income of Krausz payable in the State of Israel), as well as all bank fees or charges, arising from payments made for the products.
8. **PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY RIGHTS.** All drawings, data, inventories, procedures, quotations and other technical information, if any, supplied by Krausz shall remain the property of Krausz and shall be held in confidence by Buyer. Buyer shall not reproduce, use or disclose such information to others without Krausz' written consent. All intellectual property and other rights with respect to Krausz' products, including, but not limited to, all patents, trademarks, copyrights, service marks, trade names, technology, know how, moral rights and trade secrets, all applications for any of the foregoing, and all permits, grants and licenses or other rights relating to the products, both registered and unregistered, owned and/or otherwise used by Krausz and all goodwill related thereto (hereinafter, referred to as the "**IP Rights**") are and shall remain at all times the sole and exclusive property of Krausz. Buyer will not have or acquire any right, title or interest in or otherwise become entitled to any IP Rights by taking delivery of, making payment for or otherwise using the products. Buyer may will not reverse-engineer the products or allow any person or entity to do so.
9. **BUYER UNDERTAKINGS.** Buyer agrees that it may use any product delivered by Krausz only for the purpose for which it was purchased. Buyer shall be required to install, maintain and operate any product delivered by Krausz in accordance with the installation instructions for such product available on Krausz's website at www.krausz.com or attached to the products, but in any event at no less than the best practices accepted in the trade. Buyer may not use the product in contravention of any use restrictions or warnings set out in the catalog or installation instructions for such product available on Krausz's website at www.krausz.com or attached to the products. Buyer may not, and may not allow any other person or entity to, repair or alter any product delivered by Krausz, without the prior written approval of Krausz.
10. **WARRANTY.** Krausz warrants to Buyer that the products supplied to Buyer shall be free from defects in materials and workmanship, and shall substantially comply with the technical specifications for such product available on Krausz's website at www.krausz.com, as such specifications may be amended by Krausz from time to time (the "**Specifications**"). Such warranty shall remain in force for a period of twelve (12) months from the actual date of delivery (the "**Warranty Period**"). If a product delivered by Krausz to Buyer is found defective in design, materials or workmanship, or is substantially incompliant with the applicable Specifications, Buyer's sole remedy shall be to return the defective product to Krausz and receive a replacement product (fixed or new) in return, or a credit in respect of the defective product. The cost of shipment of defective products to Krausz shall be for the account of Buyer, and the cost of return of the replacement product shall be for the account of Krausz. Before returning any product to Krausz, Buyer must obtain from Krausz a return material authorization number. If a defective product cannot be fixed and renewed, as determined by Krausz in its sole judgment based on appropriate evidence received from Buyer to Krausz' satisfaction, Krausz may, in its sole discretion, waive the return of the defective product.



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The foregoing warranties are conditioned on satisfaction of each of the following: (i) all claims regarding defective products must be made in writing to Krausz (with appropriate documented evidence of the defect as Krausz reasonably requests) during the Warranty Period and shall stipulate the type of defect and the circumstances in which it was caused; (ii) Buyer has complied with the provisions of Section 9 above, (iii) Buyer has received Krausz' prior written authorization to the return of the defective product, unless such return was waived by Krausz, in accordance with the preceding paragraph; (iv) the defective product was installed in accordance with the installation instructions and use restrictions or warnings for such product, as published on Krausz' website at www.krausz.com or as attached to the products; (v) the defect was not caused by the use of the warranted products beyond the recommended limits published by Krausz or resulting from improper storage, transportation, handling, installation, operating or environmental conditions, wear, deterioration or any other misapplication, alteration, abuse, misuse or accident, and (vi) the defect was not caused due to reasons beyond Krausz's control. To the extent Krausz provides technical information, advice or service concerning Krausz products, whether with or without charge, such technical assistance shall be advisory only, and Krausz shall have no liability for any adverse consequences resulting from any such technical assistance.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES, CONTRACTUAL OR OTHERWISE, EITHER TO THE ORIGINAL BUYER OR USER OR TO ANY OTHER PERSON, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE HEREBY EXPRESSLY DISCLAIMED AND WAIVED.

BUYER IS ADVISED TO TAKE MEASUREMENTS OF ITS OWN PIPE REQUIREMENTS AND TO DETERMINE THE SUITABILITY OF KRAUSZ' PRODUCTS FOR EACH APPLICATION, BEFORE PLACING ORDERS FOR PRODUCTS WITH KRAUSZ.

BUYER'S REMEDY FOR BREACH OF WARRANTY AS EXPRESSLY PROVIDED ABOVE CONSTITUTES KRAUSZ'S SOLE AND EXCLUSIVE OBLIGATION AND WARRANTY AND BUYER'S SOLE REMEDY FOR DEFECTIVE PRODUCTS.

- 11. LIMITATION ON LIABILITY.** The total cumulative liability of Krausz arising out of or in connection with any product Ordered by Buyer shall be limited to the purchase price paid by Buyer for such product. In no event shall Krausz be liable for indirect, incidental, special, consequential, or punitive damages, of any nature or kind whatsoever and under any theory of law (whether in contract, tort, or otherwise), including but not limited to loss of anticipated profits, loss of revenue, loss of production, loss of business opportunity, downtime, loss of use of equipment or any installation, system or facility into which Krausz' products may be located, even if advised of the possibility of such damages in advance, and Buyer will hold Krausz harmless from and against any and all such liability in excess of this amount. Krausz shall not be liable for any latent defects or any other defects that might appear after the lapse of the Warranty Period.

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12. **FORCE MAJEURE.** Any failure of performance by Krausz shall not constitute default hereunder or give rise to any claim for damages or otherwise, if, and to the extent caused by, an act, event or occurrence beyond the reasonable control of, and not resulting from the fault of Krausz (an event of “**Force Majeure**”) including, but not limited to: unusually severe weather conditions, fires, flood, earthquakes, quarantine, blockade, labor disputes, strikes, governmental authority, war, sabotage, explosions, epidemics, lightning, injunctions, insurrection, civil strife, or any other similar events. Upon the occurrence of any event of Force Majeure, Krausz shall (a) within four (4) business days advise Buyer of such event and (b) diligently pursue all reasonable efforts to minimize the effect of any such event of Force Majeure on the production of products.
13. **GOVERNING LAW.** The rights, obligations and remedies of Buyer and Krausz, the interpretation of the parties’ contract and any other matter arising in relation to any Order shall be governed and construed in all respects by the laws of the State of Israel, without giving effect to the conflict of laws principles thereof. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the relationship of Krausz and Buyer. Any disputes arising out of or in connection with any Order or the delivery of products by Krausz that are not resolved amicably shall be subject to the exclusive jurisdiction of the authorized courts of the city of Tel-Aviv, and by accepting delivery of products Buyer waives and claim of “*forum non conveniens*”.

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