

G & F MEDICAL, INC.

TERMS & CONDITIONS OF SALE

1. PRIMACY OF SELLER'S TERMS AND CONDITIONS. Any order, including written purchase orders, electronic orders, or any other writings or communications from the buyer of the purchased goods and/or services (the "Buyer") to G & F Medical, Inc. (the "Seller") received and accepted by Seller, and any verbal or written quotations from Seller to Buyer which are accepted by Buyer, shall be construed as an acceptance of Seller's offer to sell its goods and/or services in accordance with the terms and conditions of sale set forth herein. Except as otherwise explicitly provided in a separate written agreement executed by Buyer and Seller, this document contains all of the terms and conditions of the agreement between Seller and Buyer of the goods and/or services sold, to the exclusion of any terms and conditions incorporated in Buyer's order or other documents of Buyer. Seller's acceptance of Buyer's order is expressly conditioned on Buyer's acceptance of the terms and conditions contained herein. Buyer, upon placing an order, is presumed to have accepted all of the terms and conditions without modification. No alternation, waiver, modification of or addition to the terms or conditions shall be binding on Seller unless specifically agreed to in writing by a person authorized by Seller to accept such different or inconsistent terms or conditions.

2. WAIVER. No waiver, whether express or implied, by Seller of any of the terms or conditions hereof shall be deemed a continuing waiver or trade custom between the parties, but shall apply solely to the instance to which the waiver is directed.

3. ACCEPTANCE BY SELLER. All orders received by Seller are subject to revision and possible rejection by Seller after its receipt of the same at its home office, notwithstanding the fact that the same may have been signed by Seller's field personnel. An order shall become a firm purchase agreement upon the earlier of the Seller's written acceptance of such order or the Seller's delivery of the goods and/or services specified in such order.

4. PRICE. Unless otherwise agreed to by Seller (a) all prices, quotations, shipments and deliveries of goods by Seller are FOB Shipping Point, Freight Collect; (b) all prices, including related extras and deductions, are subject to change without notice and the price to be paid by Buyer will be in accordance with Seller's price in effect on the day of Seller's acceptance; (c) goods prices do not include Seller's freight/handling charges; (d) prices do not include any sales, use, excise, value-added or other tax, all of which present or future tax obligations are the responsibility of, and must be paid by, the Buyer.

5. DELIVERY, TITLE AND RISK OF LOSS FOR GOODS. Except as otherwise agreed to by the Seller and Buyer in writing, Seller's obligation is to deliver goods to a carrier at the shipping point. Seller reserves the right to produce and ship all or any part of the goods specified in any order from any of its plants or facilities or those of its suppliers. Seller will use all reasonable efforts to comply with Buyer's requests as to method of transportation, but Seller reserves the right to use an alternate method of transportation whether or not at a higher cost to Buyer, if the method specified by Buyer is deemed by Seller to be unavailable or otherwise unsatisfactory. Title and risk of loss passes to the Buyer at the moment of Seller's delivery of the goods to the carrier at the shipping point; provided that if Seller and Buyer have agreed that Seller shall deliver goods to Buyer using Seller's delivery vehicles, title and risk of loss passes to the Buyer at the moment of Seller's delivery of the goods to the Buyer at the delivery point. Although Seller may assist Buyer in connection with pursuing any claim for damages sustained during the transportation of goods by a third party carrier, Seller shall not thereby assume any obligations for such damage or continue to assist Buyer in the presentation of its claim to any carrier.

6. INSPECTION OF GOODS. Buyer must inspect or test all goods upon actual receipt. Buyer waives any right to assert any claim against Seller arising from any defects, damages or shortages which would have been observable upon reasonable inspection or testing at the time of delivery, unless Seller is advised of such defects, damages or shortages within two (2) days after receipt of the defective goods by Buyer, a period which the parties agree is reasonable for this purpose. All other claims relating to goods and services are subject to the warranty terms in Section 9 below.

7. PAYMENT. Except as otherwise specified in Seller's applicable sales quotation or order acknowledgement, payment for each order shall be made within thirty (30) days from date of invoice. If complete payment is not made when due, the Seller may withhold delivery of the goods subject to the order. The unpaid past due balance for goods that have been delivered shall bear interest at the rate of 1½% per month until paid. Buyer will be responsible for all costs of collection, including reasonable attorney's fees.

8. CANCELLATIONS. Buyer may cancel an order prior to receipt only upon prior written notice by Buyer to Seller and upon payment to Seller (i) the full purchase price for all goods produced (whether or not delivered) or services provided prior to the cancellation date; (ii) all costs incurred by Seller prior to the cancellation date associated with all work-in-progress, and (iii) all costs incurred by Seller for the purchase of raw materials prior to the order cancellation date that were to be used in the production of goods following the cancellation date to the extent Seller is unable to cancel without penalty its order for, or return to the supplier without penalty or charge, such raw materials.

9. WARRANTY. Subject to the terms of Section 6 above, Seller warrants to Buyer that its goods are free from defects in materials and workmanship, and conform in all material respects to the applicable, mutually agreed upon specifications for such goods for thirty (30) days from the date a good is shipped to Buyer (the "Applicable Warranty Period"). The foregoing warranty shall not apply with respect to materials specified or provided by Buyer. No claims under this warranty will be valid unless Buyer notifies Seller in writing within five (5) days of Buyer's discovery of a defect, but in any event prior to the expiration of the Applicable Warranty Period. Buyer must obtain shipping instructions and a Return Material Authorization from Seller prior to returning the goods to Seller for repair or replacement. Unless otherwise agreed, returned goods must be shipped freight

prepaid or they will not be accepted by Seller. This warranty does not cover ordinary maintenance, wear and tear within the normal consumable life of a good, abuse, improper use, alterations, repairs and installations which have not been performed by an authorized Seller's representative, and goods which have not been maintained, stored or operated in accordance with Seller's written instructions. Seller warrants that all services shall be performed in a professional and workmanlike manner. **THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER EXPRESS AND IMPLIED WARRANTIES WHATSOEVER, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.** Seller disclaims any warranties or liability with respect to the design of goods produced for Buyer. At its option, Seller will repair, replace, or refund the purchase price for any goods (or parts thereof) which are covered by this warranty and which are found by Seller to be in breach of the foregoing goods warranty. Repair or replacement of a defective good will not extend the Applicable Warranty Period. When a warranty claim arises, the risk of loss or damage to any goods returned to Seller will be with Buyer. Seller's sole obligation with respect to services that are in breach of the foregoing services warranty is to reperform such services in a professional and workmanlike manner. **THE FOREGOING REMEDIES ARE BUYER'S EXCLUSIVE REMEDIES IN THE EVENT OF AN ALLEGED BREACH OF THE FOREGOING WARRANTIES.**

10. LIMITATION OF LIABILITY. SELLER WILL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR SPECIAL DAMAGES OR FINES, INCLUDING WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM THE LOSS OF LIFE, PERSONAL INJURY, PROPERTY DAMAGE, LOST PROFITS OR LABOR COSTS, ARISING FROM THE SALE, USE OR INSTALLATION OF GOODS OR SERVICES PROVIDED BY SELLER, FROM GOODS BEING INCORPORATED INTO OR BECOMING A COMPONENT OF ANOTHER GOOD, FROM ANY BREACH OF THIS AGREEMENT OR FROM ANY OTHER CAUSE WHATSOEVER, WHETHER BASED ON WARRANTY (EXPRESSED OR IMPLIED) OR OTHERWISE BASED ON CONTRACT, OR ON TORT OR OTHER THEORY OF LIABILITY, AND REGARDLESS OF ANY ADVICE OR REPRESENTATIONS THAT MAY HAVE BEEN RENDERED BY SELLER OR SELLER'S AGENTS OR REPRESENTATIVES CONCERNING THE SALE, USE OR INSTALLATION OF THE GOODS. SELLER'S MAXIMUM LIABILITY UNDER THIS AGREEMENT SHALL BE LIMITED TO THE COST OF THE GOOD OR SERVICE GIVING RISE TO SELLER'S LIABILITY.

11. INDEMNIFICATION OF SELLER. To the maximum extent allowed by law, Buyer must defend and indemnify Seller and its employees and agents against all sums, costs, liabilities, losses, obligations, suits, actions, damages, penalties, fines, interest and other expenses (including investigation expenses and attorney's fees) that Seller may incur and be obligated to pay as a result of: (a) Buyer's negligence, use, ownership, maintenance, transfer, transportation, or disposal of any goods sold to Buyer; (b) any infringement or alleged infringement of the intellectual property rights of others arising from any goods made to Buyer's specifications; (c) Buyer's violation or alleged violation of any federal, state, local or local laws or regulations, including without limitation, the laws and regulations governing product safety, labeling, packaging, and labor practices; or (d) Buyer's breach of these terms and conditions.

12. EXCUSABLE DELAYS. Seller shall not be liable for delays or failure in or default in delivery arising out of, or resulting from, causes beyond its control or negligence. Such causes include, but are not limited to, acts of God, acts of Buyer or of the government, or of a public enemy, fire, flood, epidemic, quarantine restrictions, strikes, freight embargoes, unusually severe weather, or default of suppliers due to any such causes.

13. ASSIGNMENT. Buyer shall not assign any order or any interest therein without the written consent of Seller. Any such actual or attempted assignment without Seller's prior written consent shall entitle Seller to cancel the order upon written notice to the Buyer.

14. TOOLING REMOVAL, STORAGE, AND INSURANCE. By written notice to Seller, Buyer may remove all of Buyer's tooling from Seller's manufacturing facility provided that prior to such removal, Buyer has paid Seller (i) all outstanding invoiced amounts, and (ii) any amounts due under Section 8 of these Terms & Conditions of Sale. Buyer shall be responsible for all costs associated with the removal and return of Buyer tooling. Seller shall store all Buyer tooling free of charge as long as the tooling is actively being used to fulfill Buyer purchase orders. If a tool is idle for more than one year, the tooling will be considered inactive and Seller may, by written notice to Buyer, charge Buyer an annual, non-refundable storage fee in advance, which fee shall be determined by Seller. At Buyer's written request and expense, Seller shall destroy Buyer's tooling in Seller's possession. Buyer shall be responsible for insuring Buyer's tooling while in Seller's possession.

15. MATERIALS SUPPLIED BY BUYER. To the extent that Seller manufactures goods for Buyer that incorporate materials or components supplied by Buyer, (i) the warranties set forth in Section 9 above shall not apply to the extent that such materials or components are the cause of or result in the breach of such warranties, and (ii) each individual box or container shipped to Seller must (a) be labeled with the applicable purchase order numbers, part numbers, and quantities, and (b) must contain all applicable material specification data sheets and any other documentation specified in writing by Seller.

16. MOLD ORDER "HOLDS". With respect to accepted orders for the production of molds, Buyer may request by written notice to Seller that Seller put such order "on hold", and upon receipt of such notice, Seller shall cease work on such mold production. Seller shall be entitled to charge Buyer a reinstatement fee upon Buyer's request to resume production of any mold on hold. Such fee is intended to recover Seller's re-scheduling, re-tooling, and other administrative and manufacturing costs resulting from Buyer's hold request. Any amendments to the original mold specifications may be subject to additional charges. Seller reserves the right to cancel or re-quote any mold order for which delivery has been or is likely to be delayed by more than 180 days from the original intended delivery date as a result of one or more Buyer hold requests. Upon any such cancellation, and in addition to any of the additional charges set forth above relating to an "on hold" mold, Buyer shall be responsible for all costs incurred by Seller with

respect to the design and manufacture of such molds prior to the date the order for such mold was put "on hold" by Buyer.

17. VALIDITY OF SEPARATE CLAUSES. If any provisions of this agreement shall be held invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions shall not be affected or impaired thereby.

18. LIMITATION OF ACTIONS. Any cause of action arising from the agreement or the breach must be commenced within two years after the cause of action accrues.

19. GOVERNING LAW. The interpretation, construction and validity of the Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

20. DISPUTE RESOLUTION. Seller reserves the right to invoke the jurisdiction of any competent court to remedy or prevent violation of any provision of these Terms and Conditions of Sale or to otherwise protect its interest. Any dispute with Buyer in connection with these Terms and Conditions of Sale may, at Seller's sole discretion, be resolved through binding arbitration in the Commonwealth of Massachusetts, pursuant to the commercial arbitration rules of the American Arbitration Association ("Arbitration"). Absent Seller's express written authorization, in the exercise of its sole discretion, in favor of a judicial forum for dispute resolution, Buyer's only forum is Arbitration. The results of Arbitration shall be final, binding and nonappealable, except as allowed by law.

21. JURISDICTION AND VENUE. Buyer irrevocably submits and agrees to the jurisdiction of the state courts of the Commonwealth of Massachusetts and the Federal courts, where appropriate, within the Commonwealth of Massachusetts, in any action, suit or proceeding related to, or in connection with, the Sales Agreement, and to the extent permitted by applicable law, Buyer waives and agrees not to assert as a defense in any such action, suit or proceeding any claim: (a) that Buyer is not personally subject to the jurisdiction of the state courts of the Commonwealth of Massachusetts and/or the Federal courts, where appropriate, within the Commonwealth of Massachusetts; (b) that the venue of the action, suit or proceeding is improper; (c) that the action, suit or proceeding is brought in an inconvenient forum; or (d) that the subject matter of the Sales Agreement may not be enforced in or by the state courts of the Commonwealth of Massachusetts and/or the Federal courts, where appropriate, within the Commonwealth of Massachusetts.

22. PROVISIONS FOR INTERNATIONAL TRANSACTIONS. The following provisions apply to sales to customers located outside the United States: (a) the 1980 United Nations Conventions on Contracts for the International Sale of Goods shall not apply; (b) except as otherwise specified, terms of delivery are Ex-Works (within the meaning of INCOTERMS 1990) and all customs fees, import duties, cargo insurance, taxes and other charges imposed on or relating to the purchase or sale of the goods shall be paid by Buyer in addition to the stated price; (c) at Seller's request, payment shall be made by issuance to Seller of an irrevocable letter of credit which (i) is issued and confirmed by a U.S. bank acceptable to Seller, (ii) is governed by the Uniform Customs and Practice for Documentary Credits (ICC Publication No. 500 effective January 1, 1994) and otherwise acceptable in form and substance to Seller, and (iii) provides for payment to Seller of the full amount of the purchase price plus pre-paid freight in U.S. dollars upon presentation by Seller of sight drafts, Seller's invoice and such other documents as shall be required by the letter of credit. All banking and other charges for such letter of credit shall be for the account of Buyer; (d) prices include Seller's standard commercial export packaging which may vary depending on whether shipment is made by air, land or sea. Buyer will bear any additional expenses required to satisfy Buyer's specifications. Packages will be marked in accordance with Buyer's instructions, if any. Seller shall furnish packing lists and such other information as may be necessary to enable Buyer's agent to prepare documents required for export shipment. Buyer shall supply Seller with all necessary information and assistance for the most expeditious clearance of such shipment through customs; (e) all shipments hereunder are subject to compliance with U.S. Export Administration Act as amended, regulations thereunder and all other U.S. laws and regulations concerning exports. Buyer agrees to comply with all such laws and regulations concerning the use, disposition, re-export and sale of the goods hereunder.