

**EXCEPT AS OTHERWISE AGREED IN WRITING, THESE TERMS AND CONDITIONS GOVERN ALL OUR CONTRACTS TO THE EXCLUSION OF OTHER TERMS AND CONDITIONS. OUR QUOTATIONS AND ESTIMATES ARE NOT OFFERS CAPABLE OF ACCEPTANCE BY YOU, AND ANY ORDER PLACED BY YOU WILL ONLY BE ACCEPTED BY OUR WRITTEN CONFIRMATION OF SUCH ORDER.**

## **GENERAL PROVISIONS**

1. The definition of terms used, interpretation of this agreement and rights of parties hereto shall be construed under and governed by the Uniform Commercial Code of the State of Illinois. "Seller" when used herein means **Air Power Systems Co., LLC**. "Purchaser" when used herein means the person, firm or corporation to whom this quotation is addressed. "Equipment" or "Products" means those articles, supplies, drawings, data or other property/services described herein.
2. All quotations are for immediate acceptance and subject to change or withdrawal without notice before an order is acknowledged by Seller. This proposal shall not become effective until accepted by an authorized employee of the Seller. This proposal cannot be changed or varied by any verbal agreement. If this proposal is deemed to constitute an offer, it may be accepted only on terms set forth in this proposal, including, without limitation, these Terms and Conditions. If this proposal constitutes an acceptance of an offer, such acceptance is expressly conditioned on Purchaser's assent solely to the terms of proposal, including, without limitation, these Terms and Conditions. An acceptance of any part of the Equipment or services covered hereunder shall be deemed to constitute such assent. Any additional and/or different terms and conditions proposed by Purchaser and/or any attempt by Purchaser to vary any of these terms and conditions is a material alteration and is hereby objected to and rejected.
3. Unless otherwise agreed by Seller in writing, Seller's prices are subject to change without advance notice at any time prior to order acknowledgment. Seller reserves the right to adjust the invoice price, after the price is quoted and/or acknowledged, to take account of any material variation in Seller's costs beyond Seller's reasonable control since the date of the quotation or (if no quotation is issued) the order acknowledgement, and the invoice so adjusted shall be payable as if the price set out therein were the original contract price. All sales are subject to increase without notification by the amount of any sales or excise tax levied or charged by any governmental agency and are subject to any price adjustment necessitated by Seller's compliance with any government action.
4. All sales under all orders and these terms and conditions are subject to Seller and/or Government priorities, laws and regulations, now or hereafter established.
5. The Seller reserves the right to change, discontinue or modify the design and construction of any product or to substitute material equal to or superior to that originally specified, without notice to the Purchaser.
6. All claims by Purchaser for shortages in a shipment of Equipment or Equipment damaged in transit must be made against the carrier. All claims by Purchaser against Seller for nonconforming Equipment and claims for shortages in a shipment or damaged Equipment (other than claims to be made against the carrier) must be made in writing to Seller within ten (10) days after receipt of shipment or thirty (30) days after date of shipment, whichever occurs first, or they are waived.
7. Any action for breach of the contract hereunder must be commenced within one year after the cause of action has accrued. Only variations or modifications to the contract which are made in writing signed by Seller and Purchaser shall be enforceable. Any failure by Seller to enforce its rights under this contract will not be deemed a waiver of such rights.
8. All disputes arising under or in connection with this Contract shall be resolved by (a) good-faith negotiations by knowledgeable, responsible representatives of each party who are fully authorized to settle any such dispute, or (b) in the event such negotiations do not resolve such dispute, binding arbitration held in Chicago, Illinois, by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Each party shall bear its own costs of these procedures; the parties shall equally split the fees of the arbitration and the arbitrator. Notwithstanding the above, either party shall have the right to seek a temporary restraining order or an injunction related to the purposes of this Contract, to compel compliance with confidentiality obligations, or to file suit to compel compliance with this dispute resolution process.
9. Purchaser may not assign, novate or otherwise transfer its rights or obligations under this contract without Seller's prior written consent, and any attempt to do so shall be null and void and of no effect.

## **CANCELLATION**

Purchaser cannot cancel orders under any circumstances without Purchaser first reaching an agreement in writing with Seller covering all Seller's damages. At a minimum, such an agreement must reimburse the Seller for all expenses incurred (including but not limited to costs of purchased materials), engineering costs, and a reasonable mark-up to cover overhead and profit; cancellation charges shall be, at a minimum, at least 15% of the purchase price of the goods covered by the cancelled orders.

## **ENGINEERING CRITERIA**

The Equipment furnished by Seller are sophisticated engineering products; accordingly, Purchaser undertakes:

1. That it has provided and will promptly provide all the information reasonably necessary to enable Seller to (i) evaluate the requirements for performing and (ii) perform the Contract, and that all such information is full and accurate;
2. That all premises, plant, engineering support, spare parts, connected pipe work and machinery and inputs that it is required to provide for the design, engineering, installation, testing and use of the Products are fit for their purpose and of good engineering quality;
3. Fully to co-operate with Seller in the design, engineering, installation, testing and use of the Products;
4. To use the Products for the intended purpose only and in accordance with the Product literature; and
5. Not under any circumstances, to use any unapproved spare part, connected machinery, service or repair or use the Products in any manner as may render the Products dangerous and agrees that any breach of these negative criteria will negate all specific and implied conditions and obligations on the part of Seller relating to the quality of the Products.

Purchaser further agrees that it will be liable to Seller for any costs, expenses and losses it suffers by reason of any breach of these undertakings.

## **DRAWINGS, DESIGNS AND CONFIDENTIALITY**

1. All of Seller's specifications, designs, drawings, indications of physical, chemical and electronic properties and indications of inlet pressure or vacuum, pressure output and power consumptions ("the Designs") are made in good faith and are approximate indications only and are not binding in detail unless Purchaser has specified in writing a particular indication upon which he is relying and Seller shall be entitled to vary the same and/or to correct errors and omissions provided the Products remain in substantial conformity with the contractual requirements.
2. The Designs (including all copyright, design right and other intellectual property in them) shall as between the parties be the property of Seller; and Purchaser is not entitled to make any use of the Designs other than for the purpose of this Contract.
3. Any inventions, modifications, improvements, techniques or know-how affecting the Products made or gained in the course of performing this Contract, shall belong to Seller absolutely.
4. Neither party shall disclose to third parties or use for its own purposes any confidential information or trade secrets of the other party.

## **SHIPMENT, PAYMENT AND CREDIT**

1. Credit Terms of Payment: A. Domestic – Net thirty (30) days from date of invoice. Delinquent accounts shall bear interest at 18% per annum thereafter, until paid. Said interest rate shall be reduced to the maximum permissible rate in any state having laws which so require. B. International – Unless otherwise agreed to by the Seller's Manager of Credit and Collection, payment shall be in U.S. Funds by wire transfer or irrevocable Letter of Credit, confirmed by a major U.S. Bank. In addition to such late payment charges, Seller may add to the amount past due any costs associated with collection thereof, including reasonable attorneys' fees.
2. Seller may, in its sole discretion, accept payment for Products by cash in advance or by money-down with scheduled progress payments.
3. Shipments and deliveries shall be subject to approval of Seller's Credit Department. If Purchaser fails to fulfill the terms of payment, or if at any time before payment in full is made (whether or not payment is yet due) a petition is presented or resolution passed for the winding up or bankruptcy of Purchaser, or in the event of the appointment of a receiver or administrator of Purchaser's business, Seller may defer further shipment or at its option, cancel the unshipped balance. Seller reserves the right previous to making any shipments, to require from Purchaser satisfactory security for performance of Purchaser's obligation. No failure of Seller to exercise any right accruing from any default of Purchase shall impair Seller's right in case of any shipment default of Purchaser.
4. All sales are Ex Works (EXW, Incoterms 2010) Seller's plant unpacked and subject to VAT or other taxes (unless specifically stated to the contract). Seller may, in its discretion, select the carrier unless specified in advance by Purchaser.
5. While expected dates of delivery of goods are given in good faith, the same are not of the essence of or in any way terms of the contract or representations of fact. All shipping dates given are approximate, and while effort is made to maintain schedules, Seller will not be liable for damages on account of delay. In case of delay by Purchaser in furnishing complete

schedules or information, delivery dates may be extended for a reasonable time depending on factory conditions. The Seller shall not be responsible for reasonable or excusable delays nor shall the Purchaser refuse to accept delivery because of any such delays. Excusable delays include, without limitation, delays resulting from accidents, fires, floods, severe weather or other acts of

God, strike, lockout or other labor difficulties, embargoes, government controls or other forms of intervention, inability to obtain labor, materials or services and other causes beyond Seller's control. If there is a scarcity in any of its products or goods, Seller will allocate its available supply in its sole discretion.

6. Title to the Products shall transfer to the Purchaser on the earlier of full payment and delivery; provided, however, that in the event delivery is prior to full payment, the Seller shall retain a security interest in the Products until the Seller receives payment in full. Pending payment of the full purchase price of the Equipment or parts furnished by Seller, Purchaser shall at all times keep the Equipment or parts comprehensively insured against loss or damage by accident, fire, theft and other risks usually covered by insurance in the type of business carried on by Purchaser in an amount at least equal to the balance of the price for the same from time to time remaining outstanding. In addition, the Purchaser undertakes not to charge by way of security any of the Products that remain the collateral of the Seller.
7. In the event of Cancellation in accordance with the provisions hereof, or in the event of non-payment (in full or in part) for the Equipment by the due date, Purchaser hereby irrevocably licenses Seller (insofar as it is able) to enter upon any premises to repossess the Equipment.

## INDEMNITY

Purchaser will indemnify, defend and hold Seller, its affiliated companies and their respective directors, officers, employees and agents harmless from any loss, claim, cost, expense or damage (including payment of reasonable attorneys' fees) suffered or incurred by any of them and/or for which any of them may be liable to any third party due to, arising from or in connection with, directly or indirectly:

- (i) any violation of law, negligence, omission or intentional misconduct on the part of the Purchaser, its servants, agents or employees;
- (ii) Purchaser's instructions or lack of instructions or Purchaser's failure or delay in taking delivery;
- (iii) the breach of any provision of this Agreement by Purchaser; or
- (iv) any infringement or alleged infringement of patents, trademarks, copyright, design, right or other intellectual property right occasioned by the importation, manufacture or sale of the Equipment if made to the specification or special requirement of Purchaser.

## LIABILITY

Seller's total liability for any and all claims, damages, losses and injuries arising out of or relating to Seller's performance or breach of any term herein shall not exceed the purchase price of the Equipment. IN NO EVENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL SELLER BE LIABLE FOR LIQUIDATED, INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, EXPENSES OR COSTS, INCLUDING BUT NOT LIMITED TO: (1) LOSS OF PROFITS, BUSINESS OR GOODWILL; (2) LOSS OF USE OF EQUIPMENT OR FACILITIES; OR (3) LOSS RESULTING FROM UNUSABLE MACHINERY OR FACILITY DOWNTIME, HOWSOEVER CAUSED AND EVEN IF THE POTENTIAL FOR SUCH DAMAGES WAS DISCLOSED AND/OR KNOWN.

## DISCLAIMER OF WARRANTY

SELLER DOES NOT WARRANT THE MERCHANTABILITY OF ITS PRODUCTS AND DOES NOT WARRANT THE FITNESS OF THE PRODUCTS FOR A PARTICULAR PURPOSE. SELLER DOES NOT MAKE, AND HEREBY DISCLAIMS AND EXCLUDES, ANY WARRANTY, EXPRESS OR IMPLIED, OTHER THAN THE WARRANTY CONTAINED HEREIN. THERE ARE NO WARRANTIES EXPRESS OR IMPLIED BEYOND THAT WHICH IS DESCRIBED BELOW.

## WARRANTY OF GOODS MANUFACTURED BY SELLER

1. Except to the extent Seller specifies another warranty period in writing, Seller warrants products and parts manufactured by it and sold hereunder to be free from material defect in material and workmanship for a period of twelve (12) months from date of startup or twenty-four (24) months from date of shipment whichever occurs sooner; or, for Thermaflow® coolers, (24) months from date of shipment (the "Warranty Period"). provided, however, that Seller's sole responsibility under this warranty shall be to either repair or replace at Seller's option, any part which fails during the Warranty Period because of a defect in workmanship and material. Such replacement parts shall be provided at no cost to Purchaser, at the business establishment of Seller during regular working hours. Seller's obligation under this warranty shall not include any transportation charges, cost of installation, duty, taxes or any other charges whatsoever.
2. Seller shall be under no liability for breach of the warranty set forth herein:
  - (i) unless the Equipment has been properly installed, used, maintained and serviced;
  - (ii) unless Purchaser has promptly informed Seller in writing of the defect alleged within the Warranty Period and within 7 days of the discovery thereof;
  - (iii) with respect to wearing and consumable parts;
  - (iv) if Purchaser places Products in long-term storage and fails to perform proper long-term

storage preparations per Seller's instructions; and/or (v) to Equipment or component parts or accessories thereof not manufactured by Seller.

3. Seller makes no representation regarding compliance with any state, provincial, or local law, rules, regulations, building code or ordinance relating to the installation or operation of the Equipment.
4. If the Purchaser informs the Seller of a defect after the Warranty Period has expired, then Seller may offer advice (free of charge) and may offer repair or replacement at Purchaser's expense. Any dispute as to whether a defect is covered by the Warranty shall be immediately referred to an expert to be agreed by Seller and Purchaser whose decision shall be final and binding upon the parties.
5. There are no third party beneficiaries of the Warranty granted by Seller.

## WARRANTY OF OTHER MANUFACTURER'S PRODUCTS

Seller makes no warranties or representations of any kind whatsoever, either expressed, implied or statutory on any component parts or accessories sold hereunder not manufactured by Seller. Seller hereby extends the manufacturer's warranty or guaranties, if any, given to Seller by the manufacturer of said component parts and accessories, but only to the extent Seller is able to enforce such warranty or guaranties. Seller does not guaranty warranties of other manufacturers' products. Claims under any manufacturer's warranty shall be made in accordance with the manufacturer's requirements regarding the return, repair or replacement of the goods. Seller agrees to use its best efforts and cooperate with Purchaser in enforcing claims against manufacturer(s) for defects that may occur.

Seller has not authorized any party to make any representation or warranty other than the above warranty statements.

## CONFLICTING LAW

Some jurisdictions provide rights in addition to those listed above, or do not allow the exclusion or limitation of implied warranties, or liability for incidental or consequential damages. If any provision or part of a provision of these terms is found to be illegal, invalid or unenforceable under any applicable law, such provision or part of a provision shall, insofar as it is severable from the remaining terms, be deemed omitted from these terms and shall in no way affect the legality, validity or enforceability of the remaining terms.

## SPECIAL PROVISIONS

1. The Products nor the parts sold hereunder are designed or manufactured for use in or with any atomic installation or activity. If the Purchaser or the ultimate user of the Products or parts intends to use the Products or parts in such an installation or activity, the Seller's Terms for Nuclear Sales shall be a part of this Contract. The Seller will furnish the Purchaser with a copy of its Terms for Nuclear Sales upon request.
2. Purchaser understands and agrees that the Products may be subject to export and other foreign trade controls restricting resales and/or transfers to other countries and parties, including, but not limited to, licensing requirements under applicable laws and regulations of the United States (together, "Trade Control Laws"). Purchaser shall not export, re-export, transfer, or otherwise dispose of the Products directly or indirectly, except as permitted by applicable Trade Control Laws. Purchaser shall not do anything that would cause the Seller or its affiliates to be in breach of applicable Trade Control Laws. Furthermore, Purchaser shall protect, indemnify and hold harmless the Seller and its affiliates from any fines, damages, costs, losses, liabilities, penalties, and expenses incurred by the Seller as a result of Purchaser's failure to comply with this clause.
3. Data Privacy. Purchaser understands and agrees that certain of the Products include technology that allows Seller to collect technical and product-related information regarding such Products and to conduct remote diagnostics testing of such Products. This technology allows Seller to better serve and assist Purchaser in the event such Products need to be repaired, and to maintain and improve the Products. Purchaser agrees to grant and hereby grants Seller a transferable, sub-licensable, non-exclusive, non-revocable, worldwide right to access and use the data collected and processed by the technology for Seller's business purposes, including analysis, research, and development. In addition, Seller may share such information with its affiliates, subsidiaries, and service providers; and with third parties but only in an aggregate, de-identified format, with third parties for research, statistical and business purposes unless otherwise agreed to or in accordance with the applicable privacy policy. To the extent that Seller receives any individually identifiable personal information regarding Purchaser from such technology, Seller's policy is to protect the confidentiality of such information, and to prohibit the unlawful disclosure of Purchaser's personal information to third parties. Seller will take reasonable steps to insure the safety of Purchaser's personal information.