

TERMS AND CONDITIONS OF SALE

FanAir Company sales are made on the following STANDARD TERMS AND CONDITIONS OF SALE in effect at the time a customer's order is accepted. The current Terms and Conditions are set forth below:

These Terms and Conditions, the attendant quotation or Acknowledgment and all documents incorporated by specific Reference therein, will be the complete and exclusive statement of the terms of the agreement governing the sale of goods ("Goods") by *FanAir Company* and its divisions and subsidiaries ("Seller") to Customer ("Buyer"). Buyer's acceptance of the Goods will manifest Buyer's assent to these Terms and Conditions. If these Terms and Conditions differ in any way from the terms and conditions of Buyer's order, or other documentation, this document will be construed as a counteroffer and will not be deemed an acceptance of Buyer's terms and conditions which conflict herewith.

1. **PRICES:** Unless otherwise specified in writing by Seller, Seller's price for the goods shall remain in effect for thirty (30) days after the date of Seller's quotation or acknowledgement of Buyer order for the Goods, whichever occurs first, provided an unconditional, complete authorization for the immediate shipment of the Goods is received and accepted by Seller within such time period. If such authorization is not received by Seller within such thirty (30) day period, Seller shall have the right to change the price for the Good to Seller's price for the Goods at the time of shipment.

2. **TAXES:** Any tax or governmental charge or increase in same hereafter becoming effective increasing the cost to Seller of producing, selling or delivering the Goods or of procuring material used therein, and any tax now in effect or increase in same payable by the Seller because of the manufacture, sale or delivery of the Goods, may at Seller's option, be added to the price.

3. **TERMS OF PAYMENT:** Subject to the approval of Seller's Credit Department, terms are net thirty (30) days from date of Seller's invoice in U.S. currency. If any payment owed to Seller is not paid when due, it shall bear interest, at a rate to be determined by Seller, which shall not exceed the maximum rate permitted by law, from the date on which it is due until it is paid. Seller shall have the right, among other remedies, either to terminate the Agreement or to suspend further performance under this and/or other agreements with Buyer in the event Buyer fails to make any payment when due. Buyer shall be liable for all expenses, including attorneys' fees, relating to the collection of past due amounts.

4. **SHIPMENT AND DELIVERY:** Shipments are made F.O.B. Seller's shipping point. Any claims for shortages or damages suffered in transit shall be submitted by the Buyer directly to the carrier. While Seller will use all reasonable commercial efforts to maintain the delivery date acknowledged or quoted by Seller, all shipping dates are approximate. Seller reserves the right to make partial shipments and to segregate "specials" and made-to-order Goods from normal stock Goods. Seller shall not be bound to tender delivery of any Goods for which Buyer has not provided shipping instructions.

5. **LIMITED WARRANTY:** Subject to the limitations of Section 6, Seller warrants that the Goods will be free from defects in material and workmanship under normal use, service and maintenance for a period of one year (unless otherwise specified by Seller in writing) from the date of shipment of the Goods by Seller. Exception: On Used or Surplus items, product is sold "As-Is" with No Warranty or guarantee. THIS IS THE SOLE AND EXCLUSIVE WARRANTY GIVEN BY SELLER WITH RESPECT TO THE GOODS AND IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW OR OTHERWISE, INCLUDING WITH-OUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WHETHER OR NOT THE PURPOSE OR USE HAS BEEN DISCLOSED TO SELLER IN SPECIFICATIONS, DRAWINGS OR OTHERWISE, AND WHETHER OR NOT SELLER'S PRODUCTS ARE SPECIFICALLY DESIGNED AND/OR MANUFACTURED BY SELLER FOR BUYER'S USE OR PURPOSE. This warranty does not extend to any losses or damages due to misuse, accident, abuse, neglect, normal wear and tear, unauthorized modification or alteration, use beyond rated capacity, or improper installation, maintenance or application. To the extent that Buyer or its agents has supplied specifications, information, representation of operating conditions or other data to Seller in the selection or design of the Goods and the preparation of Seller's quotation, and in the event that actual operating conditions or other conditions differ from those represented by Buyer, any warranties or other provisions contained herein which are affected by such conditions shall be null and void. If within thirty (30) days after Buyer's discovery of any warranty defects within the warranty period, Buyer notifies Seller thereof in writing, Seller shall, at its option, repair or replace F.O.B. point of manufacture, or refund the purchase price for that portion of the goods found by Seller to be defective. Failure by Buyer to give such written notice within the applicable time period shall be deemed an absolute and unconditional waiver of Buyer's claim for such defects. Goods repaired or replaced during the warranty period shall be covered by the foregoing warranty for the remainder of the original warranty period or ninety (90) days, whichever is longer. Buyer assumes all other responsibility for any loss, damage, or injury to persons or property arising out of, connected with, or resulting from the use of Goods, either alone or in combination with other product components.

SECTIONS 5 AND 6 APPLY TO ANY ENTITY OR PERSON WHO MAY BUY, ACQUIRE OR USE SELLER'S GOODS, INCLUDING ANY ENTITY OR PERSON WHO BUYS THE GOODS FROM SELLER'S DISTRIBUTOR AND SUCH ENTITY OR PERSON SHALL BE BOUND BY THE LIMITATIONS THEREIN.

6. **LIMITATION OF REMEDY AND LIABILITY:** THE SOLE AND EXCLUSIVE REMEDY FOR BREACH OF ANY WARRANTY HEREUNDER (OTHER THAN THE WARRANTY PROVIDED UNDER SECTION 13) SHALL BE LIMITED TO REPAIR, REPLACEMENT OR REFUND OF THE PURCHASE PRICE UNDER SECTION 6. SELLER SHALL NOT BE LIABLE FOR DAMAGES CAUSED BY DELAY IN PERFORMANCE AND IN NO EVENT, REGARDLESS OF THE FORM OF THE CLAIM OR CAUSE OF ACTION (WHETHER BASED IN CONTRACT INFRINGEMENT; NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), SHALL SELLER'S LIABILITY TO BUYER AND/OR ITS CUSTOMERS EXCEED THE PRICE TO BUYER OF THE SPECIFIC GOODS PROVIDED BY SELLER GIVING RISE TO THE CLAIM OR CAUSE OF ACTION. BUYER AGREES THAT IN NO EVENT SHALL SELLER'S LIABILITY TO BUYER AND/OR ITS CUSTOMERS EXTEND TO INCLUDE INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES. THE TERM "CONSEQUENTIAL DAMAGES" SHALL INCLUDE, BUT NOT BE LIMITED TO, LOSS OF ANTICIPATED PROFITS, LOSS OF USE, LOSS OF REVENUE, COST OF CAPITAL AND DAMAGE OR LOSS OF OTHER PROPERTY OR EQUIPMENT. It is expressly understood that any technical advice furnished by Seller with respect to the use of the Goods is given without charge, and Seller assumes no obligation or liability for the advice given, or results obtained, all such advice being given and accepted at Buyer's risk.

8. **EXCUSE OF PERFORMANCE:** Seller shall not be liable for delays in performance or for non performance due to acts of God, acts of Buyer, war, riot, fire, flood, other severe weather, sabotage, or epidemics; strikes or labor disturbances; governmental requests, restrictions, laws, regulations, orders or actions; unavailability of or delays in transportation; default of suppliers; or unforeseen circumstances or any events or causes beyond Seller reasonable control. Deliveries may be suspended for an appropriate period of time as a result of the foregoing. If Seller determines that its ability to supply the total demand for the Goods, or to obtain material used directly or indirectly in the manufacture of the Goods, is hindered, limited or made impractical due to causes addressed in this Section 8, Seller may allocate its available supply of the Goods or such material (without obligation to acquire other supplies of any such Goods or material) among itself and its purchasers on such basis as Seller determines to be equitable without liability for any failure of performance which may result there from. Deliveries suspended or not made by reason of this section may be canceled by Seller upon notice to Buyer without liability, but the balance of the agreement shall otherwise remain unaffected.

7. **CANCELLATION:** The Buyer may cancel orders only upon written notice and upon payment to Seller of cancellation charges which include, among other things, all costs and expenses incurred and commitments made by the Seller and a reasonable profit thereon.

8. **CHANGES:** Buyer may request changes or additions to the Goods consistent with Seller's specifications and criteria. In the event such changes or additions are accepted by Seller, Seller may revise the price and delivery schedule. Seller reserves the right to change designs and specifications for the Goods without prior notice to Buyer, except with respect to Goods being made-to-order for Buyer.

9. **ASSIGNMENT:** Buyer shall not assign its rights or delegate its duties hereunder or any interest therein or any rights hereunder without the prior written consent of the Seller, and any such assignment, without such consent, shall be void.

10. **MISCELLANEOUS:** These terms and conditions set forth the entire understanding and agreement between Seller and Buyer, and supersede all other communications, negotiations and prior oral or written statements regarding the subject matter of these terms and conditions. No change, modification, rescission, discharge, abandonment, or waiver of these terms and conditions of Sale shall be binding upon the Seller unless made in writing and signed on its behalf by an officer of the Seller. No conditions, usage or trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain, or supplement these Terms and Conditions shall be binding unless hereafter made in writing and signed by the party to be bound, and no modification shall be affected by the acceptance of purchase orders or shipping instruction forms containing terms at variance with or in addition to those set forth herein. No waiver by Seller with respect to any breach or default or any right or remedy and no course of dealing, shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver be expressed in writing and signed by the party to be bound. Seller is not responsible for typographical or clerical errors made in any quotation, orders or publications. All such errors are subject to correction. The validity, performance, and all other matters relating to the interpretation and effect of this contract shall be governed by the law of the state of California.

11. **WARRANTY:** On all new products, original manufacturers standard warranty is 'Passed on' to purchaser. Warranty claims will originate and be settled with the original equipment manufacturer and Buyer shall hold Seller harmless in any claim resulting from purchase or use.