

**AAF INTERNATIONAL
TERMS AND CONDITIONS OF SALE**

1. **TERMS OF AGREEMENT:** The term "Company" as used herein shall mean AAF International, its parent company, affiliates and related entities. The sale, shipment and delivery by Company of Products will be subject only to and governed exclusively by the terms and conditions set forth herein. The term "Products" means the materials, equipment or services furnished by the Company to the Buyer hereunder. **THE ACCEPTANCE OF ANY OFFER MADE BY COMPANY IS EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS CONTAINED HEREIN.** Submittal of any further purchase documents by Buyer, or execution of this offer by Buyer, or allowing Company to commence work, shall be deemed an acceptance. **ANY ACCEPTANCE BY COMPANY IS MADE EXPRESSLY CONDITIONAL UPON THE BUYER'S ASSET TO THE TERMS AND CONDITIONS SET FORTH HEREIN.** Any additional or differing terms and conditions contained on any documents prepared or submitted by Buyer, including but not limited to those contained in Buyer's drawings and specifications (whether or not such terms materially alter these terms and conditions), are hereby rejected by Company and shall not become part of the agreement between Buyer and Company.
2. **PRICE POLICY:** Prices of the Products are subject to change without notice and may be increased depending on the date of release and/or shipment of the order, announced increases in the Company's list prices, or increases in labor, fuel, shipping, and material costs.
3. **TERMS OF PAYMENT:** Terms of payment are subject at all times to prior approval of the Company's credit department. Terms of payment are net thirty (30) days from date of invoice unless previously otherwise agreed in writing. If at any time the financial condition of the Buyer or other circumstance affecting the credit decision, in the Company's opinion, does not justify continuance of production of Products or shipment of Products on the terms of payment specified, the Company may require full or partial payment in advance, or may at its sole discretion stop or delay production or shipment of Products. In the event of default in payment, Buyer agrees to pay all costs of collection incurred by Company including but not limited to collection agency fees, attorney fees and court costs. All past due amounts shall bear interest at the highest rate allowed by law.
4. **SHIPPING TERMS:** Unless otherwise agreed in writing by Company all products will be delivered EXW (Ex Works) Company's designated delivery point, in accordance with Incoterms 2000. The responsibility of the Company for all shipments ceases upon delivery of Products in good order to designated delivery point. Company may ship the Products in one or more lots; such lots may be separately invoiced and shall be paid for when due per invoice, without regard to subsequent deliveries. Shipment dates are estimates only and indicate the date the Product is scheduled to ship from Company's factory. No contract has been made to ship in a specified time and any "time is of the essence" clause or language and claims for backcharges are specifically rejected. Delay in the delivery of Products hereunder shall not relieve Buyer of its obligation to accept and pay for Products under any other agreement or purchase order. If delivery as originally scheduled is delayed by Buyer, Company may invoice Buyer and store the Products at Buyer's expense.
5. **CLAIMS:** Claims for damage, shortage or errors in shipping must be reported within five (5) days following delivery to Buyer. Buyer shall have ten (10) days from the date Buyer receives any Products to inspect such Products for defects and nonconformance (which are not due to damage, shortage or errors in shipping) and notify Company, in writing, of any defects, nonconformance or rejection of such Products. If Buyer does not notify Company within such ten (10) day period, Buyer shall be deemed to have irrevocably accepted the Products. After such acceptance, Buyer shall have no right to reject the Products for any reason or to revoke acceptance. The sole and exclusive remedy for Products alleged to be defective in workmanship or material will be the replacement of the Products subject to the Company's inspection and Limited Warranty.
6. **TAXES, CUSTOMS & DUTIES:** The amount of any present or future taxes, customs and duties applicable to the Products will be added to the price contained herein and paid by Buyer in the same manner and with the same effect as if originally added thereto. Company shall have the right to invoice separately any such tax, customs and duties that may be imposed at a later time.
7. **CANCELLATIONS AND CHANGE ORDERS:** Buyer may not cancel or terminate for convenience, or direct suspension of production without the Company's written consent and then only upon terms that will compensate Company for any and costs, lost profit, overhead and similar costs and expenses of every kind associated therewith. Company shall have the absolute right to cancel this agreement upon breach by Buyer, failure by Buyer to make payment required by this agreement, any purchase order or any other agreement, or the insolvency or bankruptcy of Buyer.

Change orders are only effective when agreed to in writing signed by both parties and may result in additional costs to Buyer.

8. **RETURNED GOODS:** Products may not be returned except by prior authorization from the Company's Customer Service Department. Unauthorized returns will be automatically refused. Buyer may return, at its sole cost and expense, any standard stock Products with no restocking charge if: (i) Product is in new condition, suitable for resale in its undamaged original packaging and with all its original parts; and (ii) Product has not been used, installed, modified, rebuilt, reconditioned, repaired, altered or damaged; provided, in no event shall Buyer be entitled to return Product more than six (6) months following delivery. Specially fabricated Products or nonstandard stock Products may not be returned unless sent to Buyer as a result of an error by Company. Credits for Returns not in accordance with (i) and (ii), above, shall be subject to the following deductions: (a) cost of putting items in salable condition; (b) transportation charges, if not prepaid; and (c) handling and restocking charges.
9. **DELAYS:** If Company suffers delay in performance due to any cause beyond its control, including but not limited to acts of God, war, act or failure to act of government, terrorism, act or omission of Buyer, fire, flood, strike or labor trouble, sabotage, substantial increase in energy costs or the cost of materials, or delay in obtaining from others suitable services, materials, components, equipment or transportation. Company shall not be liable for any costs or expenses associated with such delay and the time of performance shall be extended a period of time equal to the period of the delay and its consequences; Company will give to Buyer notice in writing within a reasonable time after Company becomes aware of any such delay.

10. **LIMITED WARRANTY:** The Company warrants that it will, at its option, repair, replace or provide replacement parts in the event any Product manufactured by the Company and used in the United States or Canada which upon inspection it finds to be defective in material or workmanship for a period of twelve (12) months from initial startup or eighteen (18) months from date of shipment, whichever expires sooner; provided, Buyer provides written notice to Company within a reasonable time after discovery. Products not manufactured by the Company but also sold under this agreement are not warranted by Company, but are sold only with the express warranty, if any, of the manufacturer and only to the extent transferable.

The Company's warranty does not apply to any Products or parts which: (1) have been opened, disassembled, repaired, or altered by anyone other than the Company or its authorized service representative; or, (2) have been subjected to misuse, misapplication, negligence, accidents, damage, abuse, improper storage, or abnormal use or service; or, (3) have been operated or installed in a manner contrary to Company's printed instructions; or, (4) have been installed in an incorrect or improper application; or, (5) have become corroded or subjected to abrasion, or (6) have been subject to other than normal wear and tear. The Company is not obligated to pay any costs or expenses in connection with the removal and reinstallation of such Products or parts, including but not limited to labor, service costs, and shipping charges. This warranty and any optional extended warranties are granted only to the original user. Company's duty to perform under this or any warranty may be delayed, at Company's sole option, until Company has been paid in full for all Products or parts purchased by Buyer. No such delay shall extend the warranty period.

THIS WARRANTY CONSTITUTES THE BUYER'S SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO THE PURCHASE AND SALE OF PRODUCTS. IT IS GIVEN IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. COMPANY HEREBY EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

No person (including any agent, salesman, dealer or distributor) has the authority to expand the Company's obligation beyond the terms of this express warranty, or to state that the performance of the Products is other than published by the Company.

11. **LIMITATION ON LIABILITY; INDEMNITY:** Company's liability with respect to the Products sold hereunder shall be limited to the warranty provided in Section 10 herein, and shall not exceed the lesser of (a) the cost of repairing or replacing defective Products, or (b) the original purchase price of the Products. **IN NO EVENT AND UNDER NO CIRCUMSTANCES SHALL COMPANY BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL, CONTINGENT OR CONSEQUENTIAL DAMAGES, BUSINESS INTERRUPTION, LOST PROFITS, OR PUNITIVE DAMAGES, WHETHER THE THEORY BE BREACH OF THIS OR ANY OTHER**
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WARRANTY, NEGLIGENCE OR STRICT LIABILITY IN TORT, EVEN IF COMPANY SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE, ALL SUCH DAMAGES AND CLAIMS BEING SPECIFICALLY DISCLAIMED.

Buyer agrees to indemnify, defend and hold harmless Company from and against any and all damages, liabilities, actions, causes of action, suits, claims, demands, losses, costs and expenses (including without limitation attorneys' fees, disbursements and courts costs), whether or not involving third-party claims (1) for injury to or death of persons or damage to property to the extent caused by the negligence or willful misconduct of Buyer, a third party, or Buyer's employees, agents, representatives or contractors, or (2) for the failure, breach or default by Buyer of any of the representations, warranties, covenants or other agreements of Buyer contained in this agreement. The indemnification shall survive the expiration or termination of this agreement.

ALL CLAIMS BY BUYER WITH RESPECT TO THE PURCHASE AND USE OF THE PRODUCTS, WHETHER BASED ON CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE MUST BE MADE WITHIN TWELVE (12) MONTHS OF THE ACCRUAL OF THE CAUSE OF ACTION; PROVIDED, ANY CLAIM FOR PRODUCTS ALLEGED TO BE DEFECTIVE IN WORKMANSHIP OR MATERIAL MUST BE MADE IN ACCORDANCE WITH THE WARRANTY PERIOD PROVIDED IN SECTION 10.

12. **INFRINGEMENT:** Company will, at its own expense, defend any suits that may be instituted by anyone against Buyer for alleged infringement of any valid United States patent, trademark or copyright in existence on the date of this contract relating to any Products sold hereunder that are manufactured by Company, provided Buyer (i) shall have made all payments then due hereunder, (ii) shall give Company immediate notice in writing of any such suit and transmit to Company immediately upon receipt all processes and papers served upon Buyer, (iii) shall permit Company, either in the name of Buyer or the name of Company, to defend and at Company's election, settle same and give Company all needed information, assistance and authority to enable it to do so; and (iv) takes all reasonable steps to mitigate any potential damages that may result. If such Products in and of themselves are found to have infringed any such patent, trademark or copyright, Company will pay any final award of damages in such suit to the extent directly attributable to such infringement. Notwithstanding the foregoing, Company shall have no liability and shall not be responsible for (a) any settlement made without its written consent, or (b) for infringements of combination or process patents covering the use of the Products in combination with other Products not manufactured by Company, or (c) any change, or enhancement in the Products made by Buyer or any third party, or (d) Buyer's use of the Products except in accordance with Company's printed instructions.

13. **SOPHISTICATED BUYER:** Buyer hereby acknowledges that it is aware of and understands the risks involved with the use of the Products, including but not limited to risks of personal injury and death. Buyer agrees to provide adequate warnings to its employees, agents, contractors and downstream customers of the risks associated with the use of the Products.

14. **MARKINGS:** Buyer shall not, without the prior written consent of Company, remove or alter any patent numbers, trademarks, notices, serial numbers, labels, tags or other identifying symbols or legends affixed to any Products or their containers or packaging, nor add Buyer's name, logo, marks, labels, tags, or similar materials to any Products or their containers or packaging.

15. **NUCLEAR:** Unless otherwise specifically agreed to and clearly defined in the contract documents between Company and Buyer, Buyer represents and warrants that the Products covered hereby shall not be used in, or in connection with, a nuclear facility or application. Company shall in no event or circumstance whatsoever be responsible for, or incur liability in connection with, any losses, damages, claims, penalties, fines or expenses resulting from the hazardous properties of nuclear material, a nuclear incident or a nuclear energy hazard.

In the event that the Products sold hereunder will be used directly or indirectly at a nuclear facility or in connection with a nuclear application, Buyer shall be solely responsible for and shall indemnify and hold Company, together with its employees, agents, representatives and suppliers of any tier, harmless from any and all loss, liability, damages, claims, penalties, fines and expenses of every kind and nature (including reasonable attorneys' fees) for personal injuries (including death) or damage to property including but not limited to, damage to, or loss of use of the Products, the unit, the equipment, the nuclear facility, or any part thereof, or any property (at or surrounding the site), whether or not such incident or hazard is based upon or due to anyone's fault or negligence, including the fault or negligence of the Company or any other indemnitee. In addition, Buyer shall obtain and maintain an agreement of indemnification as contemplated by Section 170 of the United States Atomic Energy Act, and/or, if applicable, the Canadian Nuclear Liability Act or any similar act or law (hereinafter collectively, the "Acts"). Buyer shall also obtain all-risk nuclear liability insurance to the extent available in such form and amount as will meet the financial protection requirements imposed by the Acts. Buyer shall continue to carry and maintain such insurance and indemnities against the foregoing risks with such coverage and limits as required by the Acts until decommissioning of the facility or cessation of the regulated activity.

16. **DISPUTES AND CHOICE OF LAW:** These terms and conditions of sale shall be governed by and construed according to the laws and venue of the Commonwealth of Kentucky, USA, without giving effect to any conflict of law rule or principle of such state. The United Nations Convention for the International Sale of Goods shall not apply to this agreement. Each of the parties consents and voluntarily submits to personal jurisdiction in the Commonwealth of Kentucky and in the courts in such state located in Jefferson County and the United States District Court for the Western District of Kentucky in any proceeding arising out of or relating to this Agreement, and agrees that all claims raised in such proceeding may be heard and determined in such court. All claims, disputes, and controversies of any kind or nature arising out of or relating to this agreement, or the breach thereof, shall be instituted exclusively in the United States District Court for the Western District of Kentucky or, if such Court does not have jurisdiction to adjudicate such action, in the court of the Commonwealth of Kentucky located in Jefferson County.

17. **CANADA:** The parties confirm that it is their wish that this contract be drawn up in the English language only; les parties aux présentes confirment leur volonté que ce contrat soit rédigé en langue anglaise seulement. The parties specifically agree that all disputes of any kind shall be heard and resolved in accordance with Section 16 above.

18. **CHANGES IN LAWS AND REGULATIONS:** Company's prices and timely performance are based on all applicable laws, rules, regulations, orders, codes, standards or requirements of governmental authorities effective on the date of Company's quotation. Any change to any law, rule, regulation, order, code, standard or requirement which requires any change hereunder shall entitle Company to an equitable adjustment in the prices and any time of performance.

19. **EXPORT CONTROLS:** Products purchased by Buyer may be subject to export controls and customs, regulations and laws of the United States or other countries. Buyer agrees that it shall not export or enter into an agreement for the export of any Products purchased from Company to any prohibited or embargoed country or to any denied, blocked or restricted person or entity including those so designated by the US Department of Commerce or Treasury.

20. **INTELLECTUAL PROPERTY:** Company retains title and all associated rights to its intellectual property, including but not limited to trademarks, trade names, copyrights, patents, designs and trade secrets. Such intellectual property may not be copied, removed, disguised or changed in any form by Buyer. This intellectual property includes, at a minimum, product packaging and associated markings, advertising or marketing materials, and manuals. Buyer agrees not to reverse engineer the Products.

21. **CONFIDENTIAL INFORMATION:** Buyer acknowledges and agrees that all "Confidential Information" is confidential and proprietary to the Company. Buyer agrees not to use any of such Confidential Information for any purpose other than as permitted hereunder. Buyer further agrees not to disclose or provide any of such Confidential Information to any third party and to take all necessary measures to prevent any such disclosure by its employees, agents, contractors or consultants. "Confidential Information" shall mean all information, other than information in published form or expressly designated by Company as non-confidential, which is directly or indirectly disclosed to Buyer or embodied in Products provided hereunder, regardless of the form in which it is disclosed, relating in any way to Company's markets, customers, products, patents, inventions, procedures, methods, designs, specifications, strategies, plans, assets, liabilities, costs, revenues, profits, organization, employees, agents, distributors or business in general.

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22. **ENTIRETY OF AGREEMENT:** This document, together with any other documents furnished by Company and specifically referenced on the face hereof, shall set forth the entire agreement between the parties. Should any portion herein be deemed to be illegal, invalid or unenforceable the same shall not effect other terms or provisions of this agreement, which shall be deemed modified to the extent necessary to render it enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly. No waiver by either party of any rights under this agreement shall be effective unless it is in writing signed by the party against whom it is being enforced. Company is an independent contractor and not an agent or partner of or joint venturer with Buyer.