



## Standard Terms and Conditions of Sale

### 1. ACCEPTANCE

All orders are subject to acceptance by Advanced Rotors Inc. ("Seller"). Any acceptance by Seller of Buyer's order is expressly made conditional on Buyer's assent to any additional or different terms and conditions contained herein, and all sales and charges of the products listed herein shall be, in the case of conflict between the terms and conditions of Buyer and Seller, interpreted and governed exclusively by the terms and conditions contained herein. Seller shall not be bound by any terms and conditions proposed by Buyer, whether in its purchase order or otherwise, which are additional to or different from the terms and conditions set forth herein, unless and only if accepted in writing by a principal officer of the Seller or his designated representative.

### 2. TAXES

The Seller's prices do not include any applicable sales, use, excise, value added or similar taxes; and the amount of any such tax which the Seller may be required to pay or collect will be added to each invoice unless the Buyer has furnished the Seller with a valid tax exemption certificate acceptable to the taxing authorities. Where a Buyer fails to furnish the required documentation, the previously unpaid sales, use, excise, or similar tax will be billed to the Buyer.

### 3. TERMS

Terms are cash net 30 days. Amounts past due are subject to a service charge of 1 and 1/2 percent per month (or fraction thereof) or maximum contract rate permitted by law. If the Seller deems that by reason of the financial condition of the Buyer or otherwise, the continuance of any services or shipment on the terms specified herein is not justified, the Seller may require full or partial payment in advance. The Seller at its option may retain possession of equipment repaired, modified, inspected, tested, maintained or serviced under this agreement until its charges for services are paid.

### 4. PRICE POLICY

Prices shall be subject to adjustment of no more than 10% to those in effect at time of shipment.

### 5. DELIVERY

Shipping dates given by the Seller are approximate and are based on prompt receipt of information, equipment, or access to the equipment at the customer's premise if work is performed on said premise. The Seller will use its reasonable efforts to meet the scheduled dates, however, it shall not be responsible for its failure to do so for causes beyond its reasonable control and in no event shall it be liable for any loss or damage resulting from its failure to deliver the services within the time specified herein.

## 6. SHIPPING/HANDLING CHARGES

Shipments are F.O.B. point of shipment. Shipping/handling will be prepaid and billed as a separate item on the equipment invoice on the basis of Seller's current shipping/handling policies. The Seller reserves the right to choose the best shipping method for your order, taking into consideration factors such as cost, speed, and reliability.

## 7. CHANGES

Buyer may with the express written consent of the Seller make changes in the specifications for equipment, services or work covered by the contract in such event the contract price and delivery dates shall be equitably adjusted. The Seller shall be entitled to payment for reasonable profit plus costs and expenses incurred by it for services, work and materials rendered unnecessary as a result of such changes and for work and materials required to effect said changes.

## 8. CANCELLATION

Undelivered parts of any order may be canceled by the Buyer only with the written approval of the Seller. If the Buyer makes an assignment for the benefit of creditors, if a voluntary or involuntary petition or action in bankruptcy or for reorganization or under any other insolvency law shall be filed by or against the buyer, if the Buyer shall admit its inability to pay its debts, if a trustee, receiver or liquidator is appointed for any part of the assets of the Buyer, or if the Buyer fails to make payments to the Seller in accordance with the terms hereof, the Seller may at its option cancel all undelivered parts or any order by written notice to the Buyer. In the event of any cancellation of this order by either party, the Buyer shall pay the Seller the reasonable cost and expense, including engineering expense and all commitments to its suppliers and subcontractors, incurred by the Seller prior to receipt of notice of such cancellation, plus the Seller's usual rate of profit for similar work.

## 9. ELECTRONIC DATA INTERCHANGE/FACSIMILE (FAX)

Orders placed hereunder by Buyer may be transmitted electronically or via FAX, as may Seller's acceptance and other communications between the Parties.

## 10. REGULATORY LAWS AND STANDARDS

Seller makes no representation or warranty that its product, services or work will conform to any federal, state or local laws, ordinances, regulations, codes or standards, except as particularly specified and agreed upon for compliance in writing as part of the quotation or contract between Buyer and Seller. Seller prices do not include the cost of any related inspections or permits or inspection fees.

## 11. EXPORT CONTROL

Products and associated materials supplied or licensed under this agreement may be subject to various export laws and regulations. It is the responsibility of the exporter to comply with all such laws and regulations.

## 12. WARRANTY

### 1. **WARRANTY PERIOD**

All repair, inspection, test, service, modification or maintenance sold or serviced by the Seller is warranted to be free from defects of material and workmanship and to conform to any applicable drawings, specifications, or written documents approved by the Seller for a period of time as detailed below:

1. Stator re-stack: 1 yr from the date of shipment.
2. Rotor repairs and rebuilds: 1 year from the date of shipment.
3. Pole pieces: 1 year from the date of shipment.
4. Loose laser cut laminations and vent backs: 1 year from the date of shipment
5. Replacement rotor shafts: 90 days from the date of shipment
6. Other miscellaneous manufactured parts and or kits: 1 year from the shipment date.

The above warranties shall be based on such equipment operating with competent supervision under normal load, usage and conditions.

### 1. **WARRANTY – REPAIR, MODIFICATION, REBUILD**

If within the period specified above, the Seller receives from the Buyer written notice of any alleged defect or non-conformity and if the services provided are found not to be in conformity with this warranty (the Buyer having provided the Seller reasonable opportunity to perform any appropriate test thereon) the Seller will, at its option, correct such nonconformity or supply a replacement thereof. This warranty shall only apply to parts repaired or replaced by the Seller. No separate warranty shall apply to repaired apparatus as a whole or to parts not repaired or replaced by the Seller. The Seller shall have the right to require the Buyer to deliver any apparatus covered by this warranty to Advanced Rotos Inc. and the Buyer shall pay both in-bound and out-bound transportation charges, Seller accepting only the direct and actual cost of apparatus repair or replacement as provided above.

### 2. **WARRANTY – PARTS**

If any part provided by the Seller shall prove defective in material and/or workmanship within one (1) year from the date of shipment, Buyer shall immediately thereupon notify the Seller in writing of such defect. The Seller shall, at its option, modify, repair, supply a replacement part or refund the purchase price of said part. The Seller shall have the option to have the part returned to it, F.O.B. its factory, or to make such adjustment at the point of installation. The Seller shall invoice for all travel and labor involved. The Seller shall accept no responsibility if such part has been improperly operated or maintained or if Buyer has permitted any unauthorized modifications, adjustments and/or repairs to the part. Parts not manufactured by the Seller shall be covered by the warranty of the manufacturer or supplier thereof.

### 3. **WARRANTY – INSPECTION, TEST, MAINTENANCE, CALIBRATION, CONSULTATION**

The Seller warrants that these services will be provided in accordance with accepted industry practice. If any service fails to meet the foregoing warranty, the Seller shall duplicate the service to the same extent and on the same conditions as the original service rendered.

### 4. **REMANUFACTURED EQUIPMENT/COMPONENTS**

All equipment components remanufactured by Seller will be warranted for a period of one (1) year from date of shipment.

### 5. **EXCLUSIVE WARRANTY**

**THESE WARRANTIES ARE IN LIEU OF AND EXCLUDE ALL OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THIS WARRANTY IS LIMITED TO THE ORIGINAL INVOICE AMOUNT. THE SELLER DOES NOT WARRANT THE DESIGN OF ANY EQUIPMENT, MATERIAL, COMPONENTS OR SERVICES OF OTHERS.**

### 13. INDEMNITY

The Seller agrees to indemnify the Buyer and hold it harmless from and against any loss actually suffered directly from injury (including death) to any person or damage to any property caused by the fault of the Seller in the performance of any work hereunder on the premises of Buyer.

### 14. TITLE

All scrap resulting from the work shall be the property of the Seller. The title and right of possession of equipment repaired, modified, inspected, tested or maintained under this contract shall remain with the Buyer, subject to any applicable lien rights of the Seller and to its right of sale in the event of non-payment.

### 15. DISCLAIMER OF DAMAGES

**IN NO EVENT SHALL SELLER BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR PENAL DAMAGES, WHETHER SUCH DAMAGES ARISE OUT OF OR ARE A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.** Such damages shall include but not be limited to loss of profits or revenues, loss of use of the equipment or associated equipment, cost of substitute equipment, facilities, down time costs, increased construction costs or claims of Buyer's customers or contractors for such damages. Buyer agrees that in the event of a transfer, assignment, or lease of the equipment sold hereunder that Buyer shall secure for the Seller the protection afforded to it in this paragraph.

### 16. LIMITATION OF LIABILITY

The Seller shall not be liable for any loss, claim, expense or damage caused by, contributed by or arising out of the acts or omissions of Buyer or third parties, whether negligent or otherwise. In no event shall the Seller's liability for any cause of action whatsoever exceed the cost of the item giving rise to the claim, whether based in contract, warranty, indemnity, or tort (including negligence). Any suit arising hereunder must be commenced within one (1) year from the date the cause of action accrues. Except as provided in Article 13 Indemnity, the Seller shall not indemnify any party.

### 17. NO RESPONSIBILITY FOR GRATUITOUS INFORMATION OR ASSISTANCE

If Seller provides Buyer with assistance or advice which concerns any parts/products/service supplied hereunder or any system or equipment in which any such part/product/service may be installed and which is not required pursuant hereto, the furnishing of such assistance or advice shall not subject Seller to any liability, whether based in contract, warranty, tort (including negligence) or otherwise.

### 18. INTERPRETATION

Should any term or provision contained in the contract contravene or be invalid under applicable law, the contract shall not fail by reason thereof but shall be construed in the same manner as if such term or provision had not appeared therein. All transactions covered by these terms and conditions shall be governed by the laws of the state where services are performed or equipment is delivered. This contract is not assignable by any party hereto; provided, however, that Seller may assign this contract to any purchaser of all or substantially all of Seller's business, whether by stock or asset sale, merger or any other similar transaction.