



TERMS AND CONDITIONS OF SALE

1. **GENERAL:** These terms and conditions ("Terms and Conditions") apply to the sale of all goods and/or services by: (i) L.N.S. America, Inc.; (ii) LNS Turbo, Inc.; and/or (iii) LNS ChipBlaster, Inc. (together or individually as applicable, the "Seller"). In addition, these Terms and Conditions shall be the complete and exclusive terms and conditions with respect to the subject matter hereof applicable to any agreement (the "Agreement") between Seller and any buyer ("Buyer") with respect to the sale of any good or service ("Products") by Seller to Buyer. Seller shall not be bound by any other terms or conditions unless expressly agreed to in writing by Seller. In the absence of written acceptance of these Terms and Conditions by Buyer, acceptance of or payment for the Products shall constitute Buyer's acceptance of these Terms and Conditions. Any different or additional terms or conditions in any request for quotation, order, proposal, acknowledgement form, or any other document of Buyer are hereby deemed material alterations and are null and void and superseded by these Terms and Conditions. Terms and conditions contained in the Buyer's order or related documents which are different from, in addition to or vary the terms and conditions stated herein, are expressly rejected by Seller and not binding upon it. Seller shall have the right to revise these Terms and Conditions from time to time; provided, however, that such revised Terms and Conditions shall apply only to sales occurring after the date thereof.
2. **PRICES:** Unless otherwise agreed to in writing all prices are F.O.B. Seller's plant of production (extra charge for export boxing) and may be withdrawn at any time prior to delivery by Seller of an acknowledgement of acceptance. In any event, the prices quoted by Seller become invalid sixty (60) days after date of quotation. Thereafter, prices are subject to change without notice to Buyer. If Seller is required to pay or collect any tax or duty owed by Buyer, Buyer shall reimburse Seller therefor. Proposed Product quantities are based on information provided by the Buyer and may change based on revision to the project scope or project drawings or in the event of errors. Buyer will be invoiced for the actual quantity of Products delivered.
3. **TERMS OF PAYMENT:** Unless otherwise provided by Seller in writing, terms of payment are net thirty (30) days from date of shipment (subject to credit approval by Seller). Seller RESERVES THE RIGHT AFTER THIRTY (30) DAYS TO ASSESS A MONTHLY CARRYING CHARGE OF ONE AND ONE-HALF PERCENT (1.5%) ON ANY UNPAID BALANCE, PAYABLE MONTHLY, UNLESS OTHERWISE PROHIBITED BY LAW. Progress payments will be requested on orders for specifically manufactured goods and certain long lead-time machines. Seller reserves the right to secure such payments with an irrevocable letter of credit payable upon confirmation of delivery under a bill of lading at a United States bank.
4. **CHANGES:** Seller reserves the right to make design changes or any other modifications to its Products at any time.
5. **PHOTOGRAPHS:** Photographs, illustrations, brochures, manuals or advertising materials represent in general the Products offered but are not binding in detail.
6. **SUBSTITUTION OF MATERIALS:** In the event that Seller is unable to obtain a specified material or part in time to meet the scheduled delivery date, Seller may substitute other materials or parts which will not, in Seller's judgment, impair the essential functions, strength or life of the Products.
7. **CANCELLATIONS:** Once accepted by Seller, any orders and subsequently agreed upon changes thereto, may not be cancelled by the Buyer unless Buyer gives sufficient written notice to Seller to stop work, and Buyer, along with said notice, agrees to pay for all work in progress and any raw materials or supplies used (or for which commitments have been made by Seller) in connection with the order, plus all costs and expenses otherwise incurred by Seller as computed in accordance with Seller's general accounting practices, plus a cancellation charge of 15% of the initial quoted prices, exclusive of installation charges.
8. **DELIVERY:** All delivery dates stated by Seller are approximate dates only, estimated in good faith commensurate with foreseeable scheduling. Stock machines are subject to prior sale. Time shall not be deemed to be of the essence in making delivery under Purchaser's order unless specifically agreed in writing by Seller.
9. **CONTINGENCIES:** Seller shall not be liable for any default or delay in performance if caused, directly or indirectly, by any of the following: acts of God; war; force of arms; fire; the elements; riot; labor disputes; civil commotion; accidents; any governmental action, prohibition or regulation; delay in transportation facilities; shortage or breakdown of or inability to obtain or non-arrival of any labor, material, or goods used in the manufacture of the Products; failure of any party to perform any contract with Seller relative to the production of the Products; or from any cause whatsoever beyond Seller's control. Seller shall promptly notify Buyer of the happening of any such contingency and of the contemplated effect thereof on the manufacture and delivery of the Products.
10. **LIMITED WARRANTY:** For Products provided with Seller specifications, Seller warrants that such Products shall perform in substantial conformance with the Product specifications. For Seller Products provided without Seller specifications, Seller warrants that such Products shall be free from defects in material and workmanship. The limited warranty is provided to the original purchaser for a period of one (1) year from the date of shipment.

Said warranty is contingent upon Buyer notifying Seller of any defects or claims of any nature within 72 hours of the discovery thereof; and, provided further, that Buyer must establish that the Products were properly installed, maintained and operated within the limits of rated and normal usage. Seller further reserves the right to require Buyer, as a condition precedent to exercising this warranty, to obtain an affidavit from its employee machine operator that the alleged defect was not the result of negligence on the part of the said operator.

As to certain repairs, where Seller has advised Buyer that Seller qualified technicians should perform said repairs and the Buyer does not follow said advice, Seller reserves the right to void all warranties. Shipment of Products by



other than a Seller approved common carrier shall void all warranties relating thereto. Any Products not adequately protected from the weather after shipment, shall also be void of all warranties. Passage of title to Buyer occurs on shipment and it is Buyer's responsibility to file any carrier claims for damage resulting from shipment. Seller is not obligated to install any Products damaged in shipment unless Buyer agrees to pay Seller in advance for the repair of the damages caused by shipment. Seller's responsibility ceases upon delivery of property to the carrier. Notation should be made on carrier's delivery receipt for all goods damaged in transit.

It is expressly understood between parties that this limited warranty pertains to repair or replacement of defective parts and workmanship only. Such repair or replacement parts become a part of the Products and do not extend the warranty period. Buyer shall return to Seller (at Buyer's expense) all defective and replaced parts. All parts are F.O.B. Seller's plant, and Seller shall not be liable for other defects or shortcomings and NO OBLIGATION, EITHER EXPRESS OR IMPLIED, has been undertaken by Seller with regard to suitability, capacity, performance or compliance with Buyer's specifications or needs.

THE WARRANTY SET FORTH ABOVE WITH RESPECT TO THE REPLACEMENT OR REPAIR OF DEFECTIVE GOODS OR PARTS OR COMPONENTS THEREOF AND ANY ADDITIONAL WARRANTY OR REPRESENTATION EXPRESSLY MADE A PART HEREOF ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED OR OTHER PURPOSE OR USE.

This warranty does not apply, and no warranty, either express or implied, shall be applicable: (i) to any parts or equipment not manufactured by Seller or to any damage caused by affixing sold parts or equipment to Seller Products; (ii) to damage resulting from accident, alteration, misuse or abuse; or (iii) if the Products are not attached, operated and maintained according to the procedures recommended by Seller. The use of filters other than those provided by LNS ChipBlaster in high pressure coolant systems will void warranty coverage for any filtration related damage or failures.

In no case shall the warranty extend to defects in materials, components or services furnished by Buyer or any third party. If any repairs or alterations are made or any other parts are replaced during the warranty period by any party other than Seller, Seller shall be relieved of any responsibility for fulfillment of this warranty. Further, this warranty does not extend to any Products sold "as-is" or "as-inspected;" no warranties, express or implied are made with respect to such Products.

Used equipment warranty applies to the initial purchaser and is limited to **parts only** for a period of (90) days from date of shipment, unless otherwise specified. Said warranty is contingent upon Buyer notifying Seller of any defects or claims of any nature within 72 hours of the discovery thereof; and, provided further, that Buyer must establish that the Products were properly installed, maintained and operated within the limits of rated and normal usage. Seller further reserves the right to require Buyer, as a condition precedent to exercising this warranty, to obtain an affidavit from its employee machine operator that the alleged defect was not the result of negligence on the part of the said operator.

All aftermarket parts sales include a ninety (90) day warranty.

Where Buyer is a distributor, financing company or similar entity acting for or on behalf of the initial user of the goods, the warranty is transferable to the initial user only. In all other cases, the warranty is limited to Buyer only and is not transferable: Resale of the goods by the initial user voids any warranty.

THE WARRANTY SHALL BE OF NO FORCE OR EFFECT AT ANY TIME BUYER IS NOT IN COMPLIANCE WITH THE SPECIFIED TERMS OF PAYMENT FOR THE ORDER. FAILURE TO COMPLY WITH SUCH PAYMENT TERMS WILL UNDER NO CIRCUMSTANCE WORK TO EXTEND THE WARRANTY PERIOD.

11. **TITLE AND LIEN RIGHTS:** The Products shall remain personal property regardless of how it is affixed to Buyer's real property and where Buyer is a distributor, financing company or similar entity acting for or on behalf of the initial user of the goods, Buyer shall take any and all action necessary to secure a purchase money security interest in the Products. Further, Seller reserves, and Buyer hereby expressly grants and assigns to Seller, a purchase money security interest in the Products until the purchase price has been fully paid. Buyer agrees to execute, and hereby appoints Seller as its attorney-in-fact to execute on Buyer's behalf, any documents requested by Seller which are necessary for attachment and perfection of its security interest. If Buyer defaults, Seller will have all the rights of a secured creditor under the Uniform Commercial Code as enacted in the State of Ohio.
12. **DISPUTES:** The transaction, this Agreement, these Terms and Conditions and any controversy arising in connection herewith shall be governed in all respects by the laws of the State of Ohio. The state and federal courts within Hamilton County, Ohio, shall have exclusive jurisdiction over any litigation resulting with respect to this Agreement or the Products, and the parties' consent to the jurisdiction thereof.
13. **LIMITATION OF LIABILITY:** Seller SHALL NOT BE HELD RESPONSIBLE UNDER ANY WARRANTY OBLIGATIONS OR OTHERWISE FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF BUYER IN CONNECTION HEREWITH, SUCH AS LOSS OF PRODUCTION, LOSS OF ANTICIPATED SAVINGS, ANTICIPATED PROFITS, ANTICIPATED UP-TIME OR DAMAGES OF ANY THIRD PARTY ASSERTED AGAINST BUYER. Seller, IN NO EVENT AND FOR NO CAUSE WHATSOEVER, INCLUDING ANY BREACH OR DEFAULT BY Seller, SHALL HAVE ANY MONETARY LIABILITY TO THE BUYER IN EXCESS OF THE CONTRACT PRICE OR PRICES OF THE PERTINENT GOODS IN QUESTION.
14. **INDEMNIFICATION:** Buyer agrees to indemnify, defend and hold Seller harmless from and against all judgments, decrees and costs (including attorneys' fees) resulting from Buyer's: (i) use and/or resale of the Products delivered hereunder; or (ii) failure to comply with any federal or state OSHA regulation or any other governmental or industrial safety requirement or standard.



15. **DAMAGES FOR BREACH:** Buyer expressly agrees that where permitted by law, Buyer shall be liable for all reasonable expenses and attorney's fees incurred by Seller in enforcing its rights and remedies against Buyer resulting from Buyer's breach of this Agreement.
16. **NO RIGHT OF SET OFF:** Under no circumstances shall Buyer have the right to deduct or set off from the purchase price of the Products any damages, costs or expenses incurred by Buyer as a result of any action on the part of Seller or otherwise.
17. **PROPRIETARY INFORMATION:** This Agreement and all notes, brochures, technical information concerning processes, devices, machines, marketing strategies and techniques, catalogs, listings, sales forecasts, agreements, know-how, designs, drawings, specifications, data sheets, memoranda, correspondence or special purpose manufacturing prototypes or samples ("Proprietary Information") supplied to Buyer by Seller are, and shall remain, the property of Seller. Buyer shall not at any time disclose or make available to any person, firm or corporation, other than Seller, Proprietary Information or use such information for any purpose other than the purposes for which supplied hereunder, and shall provide effective security measures to prevent unauthorized persons from obtaining Proprietary Information. All technical, industrial and commercial information and material that Buyer discloses heretofore and hereafter to Seller is on a non-confidential basis. Seller grants no rights to Buyer under any Seller patent, design patent, copyright, trademark or know-how, except as may be necessary to fulfill Seller's obligations under Buyer's order.
18. **TERMINATION:** Seller may terminate this Agreement upon prompt written notice to Buyer on the happening of any of the following events: (i) failure of Buyer to accept delivery of Products or to pay any indebtedness to Seller when due, or to provide assurance of payment satisfactory to Seller; (ii) failure by Buyer to honor any promise on Buyer's part contained in this Agreement or to perform any of its obligations under this

Agreement, other than the payment of any indebtedness to Seller; or (iii) if Buyer shall cease to function as a going concern, or makes an assignment for the benefit of creditor's or any proceeding under any federal or state bankruptcy, receivership, or insolvency laws is instituted by or against Buyer, or the liquidation, dissolution, merger, or consolidation of Buyer occurs, or a receiver or trustee for Buyer or any of its assets or property is appointed or applied for. This Agreement shall automatically terminate if not accepted by Buyer within sixty (60) days of the proposal date. Termination shall not release or affect, and this Agreement shall remain fully operative as to, any obligations or liabilities incurred by Buyer prior to the effective date of such termination; provided, however, that all indebtedness of Buyer to Seller shall become immediately due and payable on the effective date of termination without demand, and Seller may deduct from any sums it owes to Buyer sums owed by Buyer to Seller.

19. **MISCELLANEOUS:** Except as otherwise provided herein, Buyer's rights and obligations hereunder may not be assigned or delegated without the prior written consent of Seller. The invalidity of any part of these Terms and Conditions shall not affect the validity of the remaining provisions. Paragraph headings found herein are for convenience only and are not to be considered in interpreting any of the provisions hereof.
20. **CANADIAN CUSTOMER:** PHSR certification is the sole responsibility of the user of this product. Seller does not assume responsibility for any modification required to make this product PHSR compliant.

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