

STANDARD TERMS AND CONDITIONS OF SALE

1. **General.** These Terms and Conditions set forth the terms and conditions pursuant to which the purchaser ("Purchaser") will purchase and Nitto Kohki U.S.A., Inc. ("Seller") will sell any Nitto Kohki brand air compressors, vacuum pumps and other related products ("Products"), and shall apply to this agreement and any subsequent sales by Seller to Purchaser.

2. **Purchase Orders.** All purchase orders ("Purchase Orders") of Purchaser shall, unless otherwise agreed in writing by Seller, be in writing and set forth the quantity of the Products desired, the specifications therefor, the desired delivery date, the price of each Product, and all other relevant information necessary to effectuate shipment of the Products by Seller. Such Purchase Orders shall be limited and subject to acceptance by Purchaser of these Terms and Conditions. No additional, inconsistent or contrary terms shall become part of this agreement or any sale of Products to Purchaser unless specifically accepted in writing by Seller.

3. **Blanket Purchase Orders.** For blanket Purchase Orders, Purchaser shall provide all information required for Purchase Orders as stated above, plus all delivery dates of Products, which must be within one (1) year of issuance of Purchaser's blanket Purchase Order. Seller reserves the right to re-invoice Purchaser for any discrepancies in the amount of Products identified in Purchaser's blanket Purchase Order and the actual amount of shipped Products during the one (1) year term of Purchaser's blanket Purchase Order. The re-invoiced price shall be based upon quantity pricing that matches the number of units that were actually shipped during the one (1) year term. At Seller's discretion, Seller shall have the right to withhold shipments of Products as a result of Purchaser's breach of this agreement.

4. **Purchase Order Changes/Cancellation.** Upon ninety (90) days advance written notice to Seller before the shipment date of the Products, Purchaser may make only shipment date changes to a Purchase Order. Any shipment date change to a Purchase Order made less than ninety (90) days prior to the original shipment date shall be subject to a monthly deferring charge of no less than 1.5% of the total value of the Products which were the subject of the original Purchase Order. All cancellations of Purchase Orders or portions thereof are at Seller's sole discretion and shall be subject to a cancellation charge in amounts as follows:

Number of Days Prior to Shipment	Charge as a Percentage of Product Price Shown on Order
30 or less	100%
31-60	75%
61-90	50%
91 or more	25%

5. **Acceptance/Return.** All orders for Products shall be subject to acceptance by Seller at its place of business. Purchaser shall not return any Products actually delivered to Purchaser without the prior written consent and agreement of Seller. Upon Seller's approval to Purchaser of the return of any Products, Seller shall provide a Return Merchandise Authorization ("RMA") to Purchaser, which Purchaser must include with any returned Products whether returned under Section 9 below or otherwise. Purchaser shall be responsible for all handling, inspection, shipping, and re-stocking charges incurred for returned Products which are not covered under the warranty provided for in Section 9 below.

6. **Price.** Prices shall be those in effect at the time of order entry. Seller reserves the right to change prices in effect at the time of shipment. Prices, discounts and any other incentives are subject to change by Seller without notice. Seller's prices do not include sales, use, excise or similar taxes. Consequently, the amount of any present or future sales, use, excise, or other similar tax applicable to the sale or use of the Products shall be paid by Purchaser.

7. **Payment/Delinquency Charge.** Payment terms are net thirty (30) days from the date of Seller's invoice. Seller reserves the right to charge interest at the rate of 1.5% per month (but not more than the maximum percentage permitted by law) on all balances not paid by Purchaser within the designated net terms. All payments shall be made in U.S. dollars.

8. **Delivery and Freight Charges.** All delivery dates are approximated, not guaranteed, and based upon the prompt receipt of all necessary information from Purchaser. Unless otherwise instructed, Seller will ship Products to Purchaser via regular United Parcel Service (UPS) delivery or similar carrier, F.O.B. Seller's facility. Risk of loss shall pass to Purchaser at the F.O.B. point. Notwithstanding any provisions contained in these Terms and Conditions to the contrary, Seller shall not be responsible or liable for any loss or damage whatsoever, including loss of income and/or profits, incidental, special or consequential damages resulting from Seller's delayed performance in shipment or delivery of the Products for any reason whatsoever. Purchaser shall promptly inform Seller's carrier of all claims related to shortage or damages which occur in shipment or delivery of the Products. All shipping charges are stated on Seller's invoices and are part of Seller's payment terms.

9. **Warranty.** Seller warrants that the Products sold hereunder will be free from defects in material and workmanship for a period of one (1) year from the date of invoice, unless otherwise specified in writing by Seller. SELLER'S WARRANTY HEREIN IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES OF SELLER, ITS PARENT AND AFFILIATED ENTITIES AND THE MANUFACTURER OF THE PRODUCTS (COLLECTIVELY, "Manufacturing and Selling Parties"), WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE CREATED UNDER APPLICABLE LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY AND ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE. IN NO EVENT SHALL SELLER OR THE MANUFACTURING AND SELLING PARTIES BE LIABLE (AND PURCHASER SHALL NOT ASSERT ANY CLAIM) FOR SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS. PURCHASER'S SOLE AND EXCLUSIVE REMEDIES UNDER THIS WARRANTY SHALL BE LIMITED, AT SELLER'S EXCLUSIVE DISCRETION, TO: (1) REPLACEMENT OF ANY DEFECTIVE PRODUCTS OR PART THEREOF; (2) REPAIR OF ANY DEFECTIVE PRODUCTS OR PART THEREOF; OR (3) A CREDIT FOR THE PURCHASE PRICE OF THE UNIT. The warranty and remedy set forth above are conditioned upon the proper storage, use and maintenance of the Products and conformance with all applicable recommendations of the Manufacturing and Selling Parties with respect to the Products; the warranty set forth herein applies only after Purchaser has returned allegedly defective Products to Seller's repair center within the warranty period, pursuant to Seller's instructions, and Seller has confirmed the existence of the alleged defect. Repaired or replaced Products shall have a warranty equal to the remainder of the warranty of the original Products sold to Purchaser. No agent, employee or representative of Seller (or any distributor, dealer or sales representative of Seller) has the authority to bind Seller to any affirmation, representation or warranty concerning the Products sold hereunder, and unless such affirmation, representation or warranty is specifically included in these Terms and Conditions, it will not form a part of

the basis of these Terms and Conditions and shall in no way be binding upon the Seller or enforceable by Purchaser. Any and all warranty claims related to external damage to the Products must be made to Seller within thirty (30) days of Purchaser's receipt of the Products.

10. **Intellectual Property/Patent Infringement.** All drawings, know-how, designs, specifications, inventions, devices, developments, processes, patents, copyrights, and other information or intellectual property (collectively, "Intellectual Property") provided to Purchaser by Seller and all rights therein shall remain the property of Seller and will be kept confidential by Purchaser. Purchaser shall have no claim to, nor ownership interest in, any Intellectual Property and such information, in whatever form and copies thereof, shall be promptly returned to Seller upon request by Seller. Seller's liability for patent infringement (and the liability of the Manufacturing and Selling Parties) is limited to Seller's defense of any suit or proceeding brought against Purchaser based on a claim that the Products sold hereunder, when employed in the manner intended by Seller, constitutes an infringement of any patent of the United States. If Purchaser's use of the Products in the manner intended by Seller is finally enjoined, Seller shall, at its option, procure for Purchaser the right to continue using the Products, replace the same with non-infringing Products, modify the Products so that they become non-infringing, but equivalent to the Products sold hereunder, or refund the purchase price (less allowance for use, damage or obsolescence). Seller makes no warranty against patent infringement resulting from portions of the Products made to Purchaser's specifications or the use of Products in combination with any other products or in the practice of any process and if a claim, suit or action against the Manufacturing or Selling Parties is based thereon, Purchaser shall defend, indemnify and save Seller and the Manufacturing and Selling Parties harmless from and against any and all claims, losses or damages arising therefrom.

11. **Indemnification.** Should Purchaser incorporate any Products as a component part or parts into any other product(s) or good(s), whether finished, component or otherwise, Purchaser shall defend, indemnify and otherwise hold the Manufacturing and Selling Parties harmless from and against any and all claims, damages or injuries, of whatever nature, including, but not limited to property damage or personal injury claims, arising out of or relating to the performance of the Products or the finished product(s) or good(s). Purchaser will comply with all applicable laws and will indemnify, defend and hold Manufacturing and Selling Parties harmless from loss, cost, or damage as a result of any such actual or alleged violation or non-compliance. Purchaser shall comply with, and will require that its employees and any end-users comply with, all safety and operational instructions including those set forth in manuals, instructional sheets, labels, warnings and product specifications provided by Seller and/or with the Products and shall use and require its employees and any end-users to use reasonable care in the operation and maintenance of the Products. If the Purchaser fails to observe any of the above obligations, the Purchaser shall indemnify and hold the Manufacturing and Selling Parties harmless against any and all liabilities, expenses, attorneys' fees and costs, causes of action relating to injury, death, property damage, destruction or otherwise arising from, connected with or related to the Products.

12. **Applicable Law and Venue.** The obligations and performance of the parties hereunder, shall be governed by the internal laws of the State of Illinois without regard to conflict of laws principles. The parties agree that any action brought by either party arising out of or relating to any Products provided pursuant to these Terms and Conditions shall be brought and pursued only in the state or federal courts located in Cook County, Illinois. Purchaser hereby consents to the personal jurisdiction of such Illinois courts, and Purchaser hereby waives any objection to such venue and personal jurisdiction.

13. **Severability; Attorneys' Fees.** If any provision hereunder is determined to be unenforceable, the remaining provisions shall remain in full force and effect. If either Purchaser or Seller institutes any action or proceeding to enforce or interpret any provision of these Terms and Conditions, including any efforts made to collect payment for any Purchase Order, Seller shall be entitled to recover its reasonable attorneys' fees and related costs incurred therein.

14. **Force Majeure.** Seller's obligations hereunder are subject to, and Seller shall not be held responsible for, any delay or failure to make delivery of all or any part of the Products due to acts or circumstances beyond the control of Seller, including, but not limited to, labor difficulties, fires, casualties, accidents, acts of God, acts of war or terror, transportation difficulties, inability to obtain Products, materials or components or qualified labor sufficient to timely perform part or all of any obligation, or governmental regulations or actions. In the event of the occurrence of any of the foregoing, at the option of Seller, Seller shall be excused from the performance hereunder or the performance of the Seller shall be correspondingly extended.

15. **Export Compliance.** Any subsequent export, transfer, resale or other disposition of the Products from the United States must be made in accordance with applicable law. Purchaser shall not export or re-export the Products in violation of any export control laws, or without all necessary authorizations and/or licenses. Purchaser shall be solely responsible for obtaining and paying for such required licenses or approvals from the appropriate governmental agencies or authorities. Purchaser shall indemnify, defend and hold Seller harmless from and against any and all losses, damages, costs and expenses (including attorneys' fees) incurred by Seller by reason of any failure of Purchaser to comply with such export control laws. Seller shall be relieved of all obligations to provide Products to Purchaser if Purchaser violates any export control laws, or if any related approvals/license are suspended or revoked.

16. **Security Interest.** To secure any indebtedness due and owing from Purchaser from time to time, Purchaser hereby grants to Seller, and Seller hereby reserves unto itself, a continuing purchase money security interest in any and all Products heretofore or hereafter sold or delivered to Purchaser by Seller, and all related parts, components and accessories therefor, and all proceeds arising from the sale or other disposition of the foregoing, including, but not limited to, cash, accounts, contract rights, accounts receivable, instruments and chattel paper. Purchaser shall at no time grant any security interest in conflict with that granted to Seller herein.

17. **Miscellaneous Provisions.**

(a) These Terms and Conditions constitute the entire agreement between Seller and Purchaser as it relates to the purchase and sale of Products to Purchaser by Seller and the liability of the Manufacturing and Selling Parties, and supersede any and all prior agreements, correspondence, quotations or understandings heretofore entered into between the parties relating to the subject matter hereof.

(b) These Terms and Conditions may be modified, canceled or rescinded only by a written agreement by both parties executed by their duly authorized agents.

(c) All rights available to Seller under the Uniform Commercial Code except as specifically limited or excluded herein are reserved to Seller as remedies available in the event of default or breach by Purchaser.

(d) Any failure by either party to enforce at any time any term or condition hereof shall not be considered a waiver of such party's right thereafter to enforce the same or any other term or condition hereof.

(e) These Terms and Conditions shall be binding upon the successors and legal representatives of Purchaser and Seller.