



GENERAL TERMS AND CONDITIONS OF SALE

1. **Exclusive Terms/Entire Agreement.** These General Terms and Conditions of Sale (the "General Terms") govern the sale of any goods (the "Goods") furnished by Air Systems, Inc. d/b/a Air Systems International ("Air Systems") to Buyer. Upon acceptance by Buyer of Air Systems' Confirmation of Purchase Order (the "Confirmation"), the Confirmation (including any other certificates, exhibits or schedules attached thereto) and these General Terms will constitute the entire agreement (the "Agreement") between the parties with respect to the Goods and supersedes and merges any prior agreements, discussions or understandings. In entering into the Agreement, the parties are not relying upon any statements or representations not contained in the Agreement. Unless Air Systems has explicitly accepted additional or differing terms in writing, Air Systems expressly rejects any terms and conditions received from Buyer that are in addition to or conflict with these General Terms; and any such additional or conflicting terms or conditions shall be of no force or effect with respect to the matters covered by the Agreement (regardless of whether any goods are sent or services are performed in accordance therewith). No purchase order for Goods may be reduced or cancelled after delivery of a Confirmation without the prior written consent of Air Systems, which may be withheld in Air Systems' sole discretion.
2. **Additional Payment Terms; Taxes.** All Goods are purchased FOB (Air Systems' factory). The purchase price specified in the Confirmation (the "Purchase Price") shall be paid to Air Systems, without any deductions or setoffs, within 30 days after date of invoice unless otherwise agreed in writing. The Purchase Price does not include any sales, use, excise or other taxes payable to any governmental authority with respect to the sale of the Goods. Air Systems may charge any of these taxes in addition to the Purchase Price until receipt of an applicable tax exemption certificate from Buyer. Buyer shall pay the amount of such taxes and/or reimburse Air Systems promptly for the amount that Air Systems may be required to pay on behalf of Buyer. If Buyer has a dispute regarding the invoice, Buyer must inform Air Systems within 10 business days after date of invoice. If any portion of the Purchase Price is not paid on or before the date required, Air Systems shall be entitled without notice and without limitation of its other rights and/or remedies to charge interest on the unpaid balance from the date due until paid at the rate of 2.0% per month.
3. **Delivery; Risk of Loss.** Once the Goods are delivered FOB (Air Systems' factory), Buyer assumes and shall bear all risk of loss, destruction or damage to the Goods, and Buyer shall be responsible for obtaining and maintaining insurance against such loss in an amount sufficient to cover the entire Purchase Price until such Purchase Price has been paid in full. At Buyer's request, Air Systems shall arrange for delivery of the Goods via common carrier to the destination set forth in the Confirmation at Buyer's risk and expense. Air Systems undertakes to exert commercially reasonable efforts to meet the anticipated delivery date shown in the Confirmation; however, such delivery date is an estimate only and Air Systems shall not be liable for any delay. Partial shipments are permissible.
4. **Acceptance of Goods.** Buyer shall inspect and accept or reject the Goods immediately upon receipt and shall have 10 business days thereafter to give written notice to Air Systems of any claim that the Goods are of insufficient quantity, do not conform to the agreed upon terms and/or that contain material defects. If Buyer fails to give such notice, the Goods shall be deemed to conform to the Agreement and Buyer shall be deemed to have accepted the Goods. Buyer expressly waives any rights it may have otherwise had after expiration of such 10-day period to revoke acceptance or claim breach of warranty with respect to any material defects that could have been discovered with reasonable diligence upon inspection.
- Custom Products** are manufactured to a customer's specific use and application that must be approved by the customer in writing before manufacturing begins. Custom products, once approved by the customer, a valid purchase order must be received by Air Systems before production of the product can begin; **custom orders are non-cancelable and the finished product cannot be returned to Air Systems for credit.**
5. **Returns.** Standard catalog goods may be returned to Air Systems by the original Buyer within ninety (90) days after date of purchase in accordance with these General Terms. No Goods can be returned without prior factory authorization and return freight must be prepaid by Buyer. Returned Goods must be unused and in new condition in order to receive credit. Buyer must call Repair Service Dept. at 757-424-3967 or toll-free at 1-800-866-8100 to obtain a return authorization (RA) form and number for use as its return merchandise packing slip. A minimum restocking charge of 15% may be assessed for all returned equipment.
6. **Technical Services.** Except as explicitly set forth in the Confirmation, Air Systems is not obligated to provide any installation, maintenance, repair, or other assistance in connection with the Goods. In providing any services specified in the Confirmation, Air Systems' technician shall be entitled to rely on Buyer's instructions, guidance, and directions and the parties agree such reliance is reasonable.
7. **Change Orders.** Air Systems and Buyer agree that all material changes to the Goods purchased by Buyer or to the obligations of Air Systems hereunder otherwise affecting the Purchase Price shall be done only pursuant to written Change Orders agreed to and signed by Air Systems.
8. **Force Majeure.** Air Systems shall not be liable for any delay in or impairment of performance resulting in whole or in part from fires, floods, earthquakes, or other catastrophes; strikes, lockouts or labor disruptions; wars, riots, civil commotion, vandalism, terrorist acts, or embargo delays; government allocations or priorities; shortages, delays or failures of transportation equipment; shortages of fuel, labor or materials; severe weather conditions; any applicable law, regulation, order or decree, or any other circumstance or cause beyond the control of Air Systems in the reasonable conduct of its business. In any such event, Air Systems' performance obligation shall be suspended until such time as it can reasonably resume work.
9. **Security Agreement.** As security for the full payment of the Purchase Price, Buyer hereby grants to Air Systems a security interest in the Goods and all Proceeds thereof. For purposes hereof, "Proceeds" shall have the meaning given in Section 8.9A-102(a)(64) of the Code of Virginia (as amended). Buyer authorizes Air Systems to execute and file financing statements with a description of collateral as shown in the Confirmation. Buyer certifies that Buyer's information provided in the Confirmation is complete and accurate. Buyer agrees to cooperate and take such action as Air Systems deems reasonably necessary to protect its security interest in the Goods. Buyer shall notify Air Systems within 30 days of any change of Buyer's name or state of organization. The security interest granted hereunder, and any security agreement or other security interest between the parties, whether granted directly or assigned, shall survive any termination of the Agreement and remain in full force and effect until full payment of the Purchase Price. Payment of the Purchase Price for the Goods shall not require Air Systems to release its other security interests.
10. **Warranty.**
 - (a) Air Systems warrants the Goods to the original Buyer against defects in workmanship or materials under normal use in accordance with Air Systems' written instructions for the following time periods from the date of purchase: (i) electrical parts and systems and electronic components - ninety (90) days; (ii) airline monitors and carbon monoxide sensors - two (2) years; (iii) oxygen sensors and batteries - one (1) year; (iv) area light heads - lifetime warranty (to the original Buyer); and (v) all other Goods - one (1) year. Buyer's exclusive remedy for breach of this warranty will be the repair or replacement, at Air Systems' option, of any part, component or item described in this Section 10 determined by Air Systems to be defective in material or workmanship. Air leaks are not covered under warranty except when due from a defective system component, i.e. an on/off valve or regulator or upon initial delivery due to poor workmanship. Minor air leaks are part of routine maintenance and service and are the

responsibility of Buyer and are treated as filter and oil changes, which are also not covered by warranty. With respect to any services set forth in the Confirmation, Air Systems warrants the services will be performed in a good and workmanlike manner.

(b) EXCEPT AS SET FORTH IN SECTION 10(a), GOODS ARE PROVIDED ON AN "AS IS" BASIS AND AIR SYSTEMS DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS, ORAL, IMPLIED OR STATUTORY, WITH RESPECT TO THE GOODS OR SERVICES, AND AIR SYSTEMS EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY WITH RESPECT TO THE GOODS OR SERVICES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF QUALITY, COMPLETENESS, PERFORMANCE, NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ARISING FROM ANY COURSE OF DEALING OR COURSE OF PERFORMANCE.

11. **Nondisclosure of Confidential Information.** Air Systems owns valuable research, designs, plans, drawings, specification sheets, manuals, component lists, inventions, trade secrets, proprietary information, know-how, patents and patent applications, and other intellectual property relating to the Goods and/or their operation ("Confidential Information"). Buyer expressly agrees to maintain in trust and strictest confidence at all times the Confidential Information and to make absolutely no use of Confidential Information whatsoever for the benefit of Buyer or any third party other than for the sole purpose of enabling Buyer to operate, repair and maintain the Goods. It is expressly understood and agreed by and between the parties that all Confidential Information furnished to Buyer shall remain at all times the exclusive property of Air Systems.

12. **Limitation of Liability.** NOTWITHSTANDING ANYTHING IN THESE GENERAL TERMS TO THE CONTRARY, IN NO EVENT SHALL AIR SYSTEMS (FOR PURPOSES OF THIS PARAGRAPH, INCLUDING ITS SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS) BE LIABLE TO BUYER OR ANY OTHER PERSON (EXCEPT FOR CONSEQUENTIAL DAMAGES OF A THIRD PARTY ARISING IN TORT OUT OF PERSONAL INJURY OR DEATH, TO THAT THIRD PARTY) FOR ANY DELAY, WORK STOPPAGE, BUSINESS INTERRUPTION, LOSS OF USE OF ANY WORK OR MACHINERY, LOSS OF TIME, INCONVENIENCE, LOSS OF PROFITS OR REVENUES, OR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR OTHER SIMILAR DAMAGES OF ANY KIND OR NATURE WHATSOEVER ARISING OUT OF OR RELATING TO THE GOODS OR ANY WORK PERFORMED BY AIR SYSTEMS PURSUANT TO THESE GENERAL TERMS, WHETHER RESULTING FROM OR ATTRIBUTABLE TO DEFECTS IN ANY GOODS, NEGLIGENCE (INCLUDING GROSS NEGLIGENCE), CONTRACT, INDEMNITY, WARRANTY, BREACH OF THE PROMISE TO REPAIR OR REPLACE CONTAINED HEREIN, STRICT LIABILITY OR OTHERWISE EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANYTHING IN THESE GENERAL TERMS TO THE CONTRARY, THE TOTAL LIABILITY OF AIR SYSTEMS FOR ALL CLAIMS OF ANY KIND IN RESPECT OF ANY GOODS OR OBLIGATIONS OF AIR SYSTEMS UNDER THESE GENERAL TERMS, REGARDLESS OF THE FORM IN WHICH ANY CLAIM MAY BE BROUGHT, IS LIMITED TO AN AMOUNT NOT TO EXCEED THE PURCHASE PRICE PAID FOR THE PARTICULAR GOODS IN QUESTION.

13. **Dispute Resolution.**

(a) Applicable Law. The Agreement shall be deemed to have been entered into in the Commonwealth of Virginia and all questions concerning the validity, interpretation or performance of any of its terms or provisions, or of any rights or obligations of the parties to the Agreement, shall be governed by and resolved in accordance with the laws of the Commonwealth of Virginia, without reference to its choice of law rules or the laws of any other jurisdiction and excluding the United Nations Convention on Contracts for the International Sale of Goods, and the 1974 Convention on the Limitation Period in the International Sale of Goods, as amended by the 1980 Vienna Protocol.

(b) Exclusive Jurisdiction. With respect to any dispute, claim or controversy arising under, out of, in connection with or relating to the Agreement or the Goods, or any course of conduct, course of dealing, statements (oral or written), or actions of Air Systems or Buyer relating to the Agreement or the Goods, Buyer agrees that any action at law, suit in equity or other judicial proceeding for the enforcement of the Agreement or any provision hereof shall be instituted only in the United States federal or state courts located in the cities of Norfolk or Virginia Beach within the Commonwealth of Virginia; provided that Air Systems at its option may elect to sue Buyer at its principal place of business or in any jurisdiction in which the assets of Buyer may be found. Each party irrevocably consents to process being served in any suit, action, or proceeding by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of the party specified in or designated in the Confirmation, and each party irrevocably agrees that such service shall be deemed in every respect effective service of process upon it in any suit, action or proceeding.

(c) WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND WITH THE ADVICE OF COUNSEL WAIVE ANY RIGHTS THAT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE, CLAIM OR CONTROVERSY BASED ON THE AGREEMENT OR THE GOODS, OR RELATING TO, ARISING OUT OF, UNDER, OR IN CONNECTION WITH THE AGREEMENT OR THE GOODS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (ORAL OR WRITTEN), OR ACTIONS OF AIR SYSTEMS OR BUYER RELATING TO THE AGREEMENT OR THE GOODS. THIS WAIVER WILL APPLY REGARDLESS OF HOW ANY CAUSE OF ACTION IS DENOMINATED AND REGARDLESS OF WHAT RELIEF IS SOUGHT. IF THIS WAIVER IS INEFFECTIVE AS TO ONE OR MORE CAUSES OF ACTION FOR ANY REASON, THIS WAIVER WILL REMAIN EFFECTIVE AS TO ALL OTHER CAUSES OF ACTION.

(d) Attorney's Fees. In the event of any suit, action or proceeding arising out of the Agreement, the prevailing party shall be entitled to its reasonable attorney fees, costs, and expenses incurred in such dispute, including any appeal thereof.

14. **Miscellaneous.**

(a) Independent Contractors. The relationship of the parties hereunder is that of independent contractors. Neither party has or will have any power to bind the other or to create any obligation on behalf of the other, nor shall it represent that it has any such power.

(b) Effect of Waiver. No delay or omission to exercise any right or remedy accruing to Air Systems upon any breach or default of Buyer shall impair any such right or remedy or be construed to be a waiver of any such breach or default; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring.

(c) No Modification. No modification of the Agreement shall be binding upon Air Systems unless it is in writing, is signed by an authorized representative of Air Systems; and refers specifically to the Agreement and the portion(s) of such agreement it is intended to modify.

(d) No Third-Party Beneficiary; Assigns. The Agreement shall inure only to the benefit of the parties hereto and their respective successors and permitted assigns, and to no third parties. Buyer may not assign its rights hereunder without Air Systems' prior written consent.

(e) Severability. If any provision hereof conflicts with any applicable law, then such provision shall be deemed null and void to the extent that it may conflict therewith, but without invalidating the remaining provisions of the Agreement.

(f) Survival. Sections 1, 9, 10(b), 11, 12, 13 and 14 of the Agreement will survive its termination for any reason.

(g) Use of Names. Buyer shall not use the name, pictures, logo, or other marks of Air Systems, or any abbreviation thereof in any manner, including, but not limited to, advertising, trade display, or public statement, or for any commercial purpose without the prior written consent of Air Systems, which consent may be withheld in Air Systems' sole discretion for any or no reason.