

Standard Conditions of Sale

These conditions are part of any offer extended without exception unless expressly authorized from Pacific Ozone Technology in writing.

1.0 Quotations

- 1.1 Standard products are quoted as specified in the Seller's documentation. Non-standard products are proposed with drawing and catalog data as provided by Seller to show only general style, arrangement and approximate dimensions all engineering data required for layout, design and installation drawings are to be provided by Buyer promptly after order is placed. The required outline drawings will then be prepared by Seller and, if required and requested, submitted to Buyer for approval.
- 1.2 Seller expressly reserves all of its rights of ownership, including, without limitation, all copyrights, in and to all quotations, drawings and other data. Any quotations, drawings and other data provided to Buyer are confidential and may not be used, copied, duplicated, or made available to third parties without Seller's written consent.
- 1.3 Quotations are rendered by Seller only as an invitation for an offer from Buyer. Any offer made by Buyer shall not be considered as accepted nor the terms thereof binding on Seller until written confirmation/ acceptance of said offer has been sent by Seller. Buyer agrees that any offer it makes will be subject to these Standard Conditions of Sale.
- 1.4 Shipment dates noted on quotations represent Seller's best estimate of probable delivery time considering conditions known at the time the quotation is prepared. Delivery of materials and installation, if any, are contingent upon fires, floods, strikes, lockouts, accidents in Seller's own works or of those furnishing Seller with material, inability to obtain scheduled labor or material, delays in transportation, and any other acts whatsoever beyond Seller's reasonable control which may prevent or delay delivery or installation.
- 1.5 Quotations and proposals are submitted for an immediate offer by Buyer and are subject to change or withdrawal without notice after 30 days from the date of preparation.

2.0 Buyer's Order

- 2.1 The nature and quantity of goods to be supplied by Seller will be only as set forth in Seller's confirmation of Buyer's order. Seller reserves the right to utilize the most compact and feasible design compatible with sound engineering practices, and to make changes in (details of design, construction and arrangement of goods unless precluded by limitations specified by Buyer in writing in the purchase document or contract at the time an order is placed). If *no* such limitations are specified, Seller accepts no responsibility for incompatibility of

prepared goods with actual space or design limitations which may become apparent at a later date.

- 2.2 Buyer's order shall be deemed to incorporate, without exception, all the terms and conditions hereof. No modification of these terms and conditions shall be of any force or effect unless reduced to writing and signed by duly authorized representatives of each party claimed to be bound thereby. No modification shall be effected by Seller's mere acknowledgment or acceptance of Buyer's purchase order forms, which may contain different terms and conditions.
- 2.3 Buyer shall be fully liable for any infringement of the patent rights of third parties arising out of the products supplied to Buyer by Seller where the construction and other characteristics of such products are prescribed to the Seller by the Buyer or their agent. Buyer shall fully defend and indemnify the Seller in case of such a claim
- 2.4 After confirmation by Seller, Buyer's order shall not be subject to cancellation by Buyer except with Seller's written consent.

3.0 Limited Warranty and Claims; Exclusions

- 3.1 Seller warrants to the original user only that its products to be free from defects in material or workmanship for a period of 12 months from shipment, but only when said products are operated at all times under normal operating conditions and procedures, in accordance with Seller's written instructions and the owner/operator manual supplied with each product. This warranty does not apply to replaceable parts or components normally subject to wear and replacement. Any misuse, improper operation or installation of any product, parts or equipment, as determined by Seller will void any and all warranty claims to the primary component as well as all supporting components. Any repair, modifications, or service performed by someone other than Seller or Seller's authorized technician will void any and all warranty claims to the primary component as well as all supporting components. Specific examples of voided warranty action include but are not limited to:
 - Allowing water to enter the ozone generator.
 - Supplying feed gas that is not clean and free from contaminants.
 - Supplying feed gas that is not dry to a -60° F minimum dew point (excluding generators that have onboard oxygen concentrators).
 - Supplying feed water above 30 psig without utilizing a pressure reducing valve.
 - Connecting an improper power source to the unit that does not match the incoming power requirements as outlined in the owner operator manual.
 - Locating any product in an environment that is not well ventilated and protected and that does not remain between 32° F (0° C) and 100° F (43° C), or as otherwise outlined in the product documentation.
 - Any other use or condition which is contrary to specifications provided by Seller in product documentation, including the product manual and instructions.
- 3.2 Unless stated specifically on a formal, official "Performance Warranty Document" signed by an officer or director level employee of the Seller and an employee of the Buyer who is authorized to make such representations, there is no

performance warranty on products or warranty on process results. Buyer acknowledges that the production of ozone is a process that is affected by a number of factors and conditions, and that no specific level of ozone production other than in the Performance Warranty Document, if applicable.

- 3.3 **WARRANTY DISCLAIMER THE LIMITED WARRANTY DESCRIBED HEREIN IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. BUYER ASSUMES ALL LIABILITIES FOR USE AND MISUSE BY BUYER, ITS AGENTS OR ASSIGNEES.**
- 3.4 Buyer shall give immediate notice in writing to Seller if products or components thereof or performance (where applicable) appear defective, and shall provide Seller with reasonable opportunity to make inspections, tests and repairs using the most efficient and cost effective methods available for such products or components. If Seller is not responsible under the terms of this document and/or any formal performance warranty, Buyer shall pay Seller the costs and expenses of such inspection, tests and repairs.
- 3.5 **SELLER'S OBLIGATION UNDER THIS WARRANTY IS LIMITED TO THE REPAIR OR REPLACEMENT AT SELLER'S BENICIA FACTORY FOR THE ORIGINAL USER OF ANY PRODUCT OR COMPONENT PART THEREOF WHICH SHALL PROVE TO HAVE BEEN DEFECTIVE AND DOES NOT INCLUDE SHIPPING OR HANDLING CHARGES INCURRED DURING WARRANTY CLAIM PROCESS. NO ALLOWANCE WILL BE MADE FOR REPAIRS OR ALTERATIONS MADE BY BUYER WITHOUT SELLER'S WRITTEN CONSENT OR APPROVAL. IN LIEU OF REPLACING OR REPAIRING THE PRODUCTS, SELLER MAY, AT ITS SOLE OPTION, RETURN TO BUYER THE PURCHASE PRICE FOR THE PRODUCTS.**
- 3.6 **LIMITATION OF REMEDIES. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER FOR ANY AMOUNT, INCLUDING COSTS INCURRED OR EXPENDED BY BUYER IN ATTEMPTING TO CORRECT ANY PRODUCT DEFICIENCY, RELATING TO ANY CLAIM BY BUYER AGAINST SELLER IN EXCESS OF THE AGGREGATE TOTAL PURCHASE PRICE UNDER THIS CONTRACT. NO CHARGES OR EXPENSES INCIDENT TO ANY CLAIM WILL BE ALLOWED. THE REMEDIES PROVIDED HEREIN ARE EXCLUSIVE, AND SELLER SHALL INCUR NO LIABILITY OTHER THAN THAT STATED HEREIN. SELLER WILL NOT BE LIABLE FOR BUYER'S LOST PROFIT, LOSS OF USE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, EVEN IF SELLER'S ATTEMPT TO REPAIR THE DEFECT FAILS. BUYER HAS ACCEPTED THIS RESTRICTION ON ITS RIGHT TO RECOVER DAMAGES AS PART OF ITS BARGAIN IN THIS TRANSACTION, AND ACKNOWLEDGES THAT THE PRICE OF THE PRODUCT WOULD BE HIGHER BUT FOR THIS LIMITATION ON LIABILITY.**
- 3.7 Goods may not be returned to Seller without Seller's written permission. Seller will provide Buyer with a "Return Material Authorization" number to use for returned goods. All returns shall have freight and related costs prepaid by Buyer from point of origin.
- 3.8 Seller is not responsible for meeting state and local codes or ordinances, or other special codes not specifically stated in writing on the purchase document or contract.
- 3.9 TECHNICAL ADVICE -Seller may, at Buyer's request, furnish technical assistance, advice and information with respect to the products supplied under this contract, if and to the extent that such advice, assistance and information is conveniently available, Seller has no obligation to provide such information,

which is provided without charge at the Buyer's risk, and which is provided subject to the limited warranty of Paragraphs 3.1 and 3.2 above.

- 3.10 Warranty of equipment or accessories from outside sources, purchased by Seller and incorporated in the Seller products, is subject to that manufacturer's standard warranty, to the exclusion of the limited warranty described herein. A copy of the aforementioned warranty is available on request.

4.0 Deliveries

- 4.1 Seller's liability as to delivery ceases with delivery of goods purchased hereunder to carrier at shipping point in good condition. The carrier acts as the Buyer's agent. The Buyer is responsible for insurance coverage on goods after the goods leave point of origin.
- 4.2 Scheduled delivery dates are subject to extension whenever circumstances beyond the reasonable control of Seller delay production or shipment. Seller assumes no liability for losses, consequential or otherwise, resulting from non-delivery of goods on specified date

5.0 PRICES AND PAYMENTS

- 5.1 The prices shown on Seller's confirmation of order and on invoices are understood to be in U.S. dollars payable to Seller at par at Benicia, California. In the absence of a special agreement, Purchaser agrees to pay monthly interest at 1-1/2% of the net due on all past due invoices, in addition to any collection costs. In any event, if Seller shall have any doubt at any time as to Buyer's ability to pay, Seller may decline to make deliveries except on receipt of cash or satisfactory security. If the Buyer is located outside the United States or its territories, payment shall be in advance or by a confirmed irrevocable Letter of Credit or other secured instrument approved in writing by Seller accompanying Buyer's order. On orders requiring special design considerations, special construction or other custom orders, Buyer shall make a down payment to Seller prior to acceptance of Buyer's order.
- 5.2 If so stated, prices quoted include standard domestic packaging only. If special packaging is required, including, but not limited to, packaging for export, a separate additional charge will be made. No allowance will be made for omission of standard domestic packaging.
- 5.3 Buyer shall be directly responsible for **all** federal, state, local and municipal taxes now in effect or hereafter enacted that are applicable to the transactions between Seller and Buyer, and if such be paid or required to be paid by Seller, the amount thereof shall be solely for the account of Buyer.
- 5.4 In the event of cancellation of the order by the Buyer, a cancellation charge, including reasonable profit, will be made against the Buyer in proportion to the work complete against the order as of the date of cancellation. On standard price list items, Buyer may return goods that are in "as new and sellable" condition, within 90 days of shipment, providing Buyer pays a minimum restocking charge of 20 % of the net invoiced price on the goods and all freight costs.
- 5.5 Buyer agrees to make pro rata payments for partial shipments and further agrees that if shipment by Seller of goods is delayed by any act or omission on the part of Buyer payment shall become due within thirty (30) days after the goods are

ready for shipment. A storage charge will become due on said goods after the payment is due.

- 5.6 Seller reserves the right to file a Mechanics Lien on all equipment, product and component sales and any labor performed by Seller for the inspection and repair of equipment, product and components and hereby provides legal notice of its intention to do so if deemed necessary to ensure payment.

6.0 Installation

- 6.1 Installation costs of the products supplied shall be the responsibility of the Buyer. If Seller is engaged to perform installation, then Seller's special conditions for installation are applicable and Buyer agrees to pay for startup supervision and operator instruction, at the Seller's prevailing rate per day. Buyer also agrees to pay reasonable expenses for transportation, room and board for Seller's personnel as described Sellers Services Schedule.
- 6.2 Standard terms of sale include one set of operating instructions. If additional sets are required, they are available at an additional charge. Upon receipt of request for additional sets, a price quotation will be forwarded.

7.0 Waiver

- 7.1 The failure to enforce at any time any of the provisions hereof, shall in no way be construed to be a waiver of such provision or to affect either the validity of the agreement or any part hereof, or the right of Seller to enforce each and every provision in accordance with the terms of the agreement.

8.0 Conflict

- 8.1 The terms, provisions, conditions, and language herein shall supersede any provisions inconsistent therewith in Buyer's written contracts, forms, or exhibits

9.0 Jurisdiction

- 9.1 This contract shall be governed by the laws of the State of California.

10.0 Severability

- 10.1 In the event that anyone or more of the provisions of this Agreement shall for any reason be held to be unenforceable in any respect under the law of any state or country, such enforceability shall not affect any other provision, and this Agreement shall then be construed as if such unenforceable provisions had never been contained herein.