

STANDARD TERMS and CONDITIONS of SALE

KOCH MEMBRANE SYSTEMS, INC. ("KMS") provides the following Standard Terms and Conditions of Sale ("Terms and Conditions"), which apply to all quotations and sales made by KMS. All purchases by customer, owner, or its agent ("Purchaser") are expressly limited and conditioned upon acceptance of the following Terms and Conditions, and no provision, printed or otherwise, contained in any order, acceptance, confirmation, or acknowledgement which is inconsistent with, different from, or in addition to these Terms and Conditions is accepted by KMS unless specifically agreed to in writing by KMS. Acceptance of Purchaser's order by KMS is subject to verification of Purchaser's creditworthiness.

1. TIME LIMIT. All quotations are valid for a period of sixty (60) days, unless otherwise specified.

2. SHIPMENT. Pricing and shipping terms shall be ex-works the manufacturing facility. If the Purchaser has not issued inspection or shipping instructions by the time the Goods are ready for shipment, KMS may select any reasonable method of shipment, without liability by reason of its selection. Shipments made on Purchaser's behalf shall be insured at Purchaser's expense. If KMS is required to arrange for shipment of the Goods or any parts thereof, Purchaser shall reimburse KMS for all freight, insurance and other shipping related costs and Purchaser will pay KMS a handling fee for each such shipment. Shipment of Goods held by reason of Purchaser's request or inability to receive Goods will be at the risk and expense of Purchaser. Claims for shortages in shipment shall be deemed waived unless made in writing to KMS within ten (10) days from date of invoice.

3. PAYMENT TERMS. Payments will be made in accordance with the specified payment schedule. All payments are due net thirty (30) days from date of invoice, unless otherwise specified. Purchaser's failure to make payment when due will be a material breach of the order and these Terms and Conditions. KMS, at its sole option and without incurring any liability, may suspend its performance until such time as the overdue payment is made or KMS receives assurances, adequate in KMS' opinion, that the payment will be promptly made. In the event of such suspension of performance by KMS, there will be an equitable adjustment made to the delivery schedule and order price reflecting the duration and cost resulting from such suspension. Purchaser may only suspend the order upon KMS' written consent. In the event of such Purchaser suspension, the delivery time will be changed, taking into account the suspension, and Purchaser will promptly pay KMS for all costs and related overhead costs resulting from such suspension. KMS will equitably re-price the goods and services if the cumulative suspension exceeds ninety (90) days. If in the judgment of KMS, Purchaser's financial position does not justify the terms of payment specified, KMS may require full or partial payment prior to shipment of the goods. Purchaser agrees to furnish KMS with the required credit information. Payments for all export shipments will be in accordance with the specified payment schedule included herein by way of an Irrevocable Letter of Credit, established in favor of KMS, drawn on and confirmed by a prime U.S.A. bank that is approved by KMS. This Letter of Credit is to be established at the time of award of an order. All costs associated with the Letter of Credit will be for the Purchaser's account.

4. TAXES. Federal, state, or local indirect taxes, including but not limited to sales and/or use taxes, VAT taxes, GST taxes, transfer taxes or any similar tax are not included in the prices set forth herein.

5. WARRANTY. KMS warrants only that all goods manufactured by KMS, except membranes, shall be free from defects in material and workmanship; provided, however, that this warranty shall be limited to goods found to be defective within a period of one (1) year from initial use or fifteen (15) months from the date of shipment, whichever expires first, except as may otherwise be provided ("Warranty Period"). MEMBRANES ARE SOLD AS IS. This warranty does not cover Purchaser furnished/specified equipment and/or Purchaser furnished materials. Resale products shall carry only the warranty offered by the original manufacturer and no warranty by KMS.

The sole and exclusive remedy of the Purchaser for any liability of KMS of any kind, including (a) warranty, express or implied whether contained in the terms and conditions hereof, or in any terms additional or supplemental hereto, (b) contract, (c) negligence, (d) tort, or (e) otherwise, is limited to the repair or replacement, FOB point of manufacture, by KMS of those goods which an examination by KMS reveals to be defective during the Warranty Period, or at KMS' option to refund to Purchaser the money paid to KMS for such goods. Purchaser and KMS may mutually agree to acceptance of the goods to be designated "as is" with an agreed upon reduction in price. KMS will have no obligation to remedy defects unless, within the Warranty Period, Purchaser gives KMS written notice of its claim and returns the defective goods after receipt of shipping instructions from KMS to return such goods. Purchaser will ship the goods to KMS, freight prepaid, and KMS will return the goods to Purchaser, freight collect. All goods returned for repair or replacement pursuant to this section are to be packaged in accordance with the instructions received.

In no event shall KMS incur any obligation to repair or replace goods which are determined by KMS to be defective due to customer misuse, or due to use not in accordance with specified operating conditions, and operating and maintenance instructions. KMS retains the option to witness the operation of the goods to verify operating conditions. KMS shall not incur any obligation hereunder with respect to goods which are repaired or modified in any way by the Purchaser without KMS prior written approval. Installation by the Purchaser during regular intervals of normal maintenance of parts supplied by KMS shall not constitute such modification.

EXCEPT FOR THE EXPRESS WARRANTY STATED HEREIN, KMS DISCLAIMS ALL WARRANTIES WITH RESPECT TO THE GOODS, INCLUDING ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.

6. CONFIDENTIAL INFORMATION. The information, drawings, plans, and specifications being furnished by KMS have been developed at KMS' expense and shall not be used or disclosed by Purchaser for any purpose other than to install, operate, and maintain the goods supplied hereunder.

7. DELIVERIES. The delivery date(s) quoted are based on KMS' best estimate of a realistic time when delivery to the carrier will be made, and are subject to confirmation at time of acceptance of any resulting order. KMS reserves the right to make either early shipment or partial shipments and invoice Purchaser accordingly.

8. EXCUSABLE DELAYS. KMS shall not be liable for loss, damages, detention, or delays resulting from causes beyond its reasonable control or caused by but not limited to strikes, restrictions of the United States Government or other governments having jurisdiction, delays in transportation, inability to obtain necessary labor, materials, or manufacturing facilities, or any other cause reasonably beyond its control, whether similar or dissimilar to those listed.

9. PATENTS. The Purchaser will indemnify and hold KMS harmless against any expense or loss or other damage resulting from infringement of patents or trademarks arising from KMS compliance with any designs, specifications, or instructions of the Purchaser. In addition, all license fees and royalties are the exclusive responsibility and liability of Purchaser.

10. TITLE AND RISK OF LOSS OR DAMAGE. Title, risk of loss and/or damage will pass to the Purchaser upon shipment of the goods.

11. INSTALLATION/SERVICE. Installation of goods furnished hereunder will be by the Purchaser, unless otherwise agreed to in writing.

Field service will be provided on a per diem basis upon written authorization by the Purchaser and will be at the rates in effect at the time such services are provided, unless otherwise agreed in writing. Field service at the job site to diagnose equipment problems will be provided on a per diem basis at the then-current rates.

12. CANCELLATION. Cancellation of any order must be by written notice to KMS and will be subject to cancellation charges, which will include all expenses incurred by KMS and a reasonable profit on the sale.

13. RESTOCKING FEE. If Purchaser orders the wrong material, it may NOT be returned to KMS unless the following conditions have been met:

- KMS has authorized the return of the material, and has issued a Return Material Authorization Number;
- the material is unused and undamaged;
- the material consists of standard KMS membranes, U-bends, or gauges;
- the material is returned with all freight costs paid for by Purchaser; and
- Purchaser pays a restocking fee of twenty percent (20%) of the original purchase price.

NOTE: KMS will not authorize or accept the return of any system or cleaning chemicals under any circumstances.

14. LAWS, CODES, AND STANDARDS. Except as expressly stated herein, the price and schedule included herein are based on United States laws, codes, and standards in effect as of the date of this order. Should such laws, codes, and standards change and increase or decrease the cost of performing the work or impact the schedule, KMS will advise Purchaser of such change. Purchaser and KMS will mutually agree to any modification of the order resulting from such change.

15. CONSEQUENTIAL DAMAGES; LIMITATION OF LIABILITY. KMS WILL NOT BE LIABLE FOR ANY LOST PROFITS, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND, WHETHER ARISING UNDER WARRANTY, CONTRACT, NEGLIGENCE, STRICT LIABILITY, INDEMNIFICATION, OR ANY OTHER CAUSE OR COMBINATION OF CAUSES WHATSOEVER. THIS LIMITATION WILL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. In no case will KMS' liability exceed the amount paid to KMS by the Purchaser for the specific goods giving rise to such liability. Purchaser agrees to indemnify and hold KMS harmless from and against all liabilities, claims, and demands of third parties of any kind relating to the goods and their use arising after shipment of the goods.

16. MODIFICATION. No change, modification, or waiver to any terms or scope of the order will be binding and valid unless it is accepted in writing and signed by an authorized representative of KMS.

17. ASSIGNMENT. This order may not be transferred or assigned by operation of law or otherwise, without the prior express written consent of KMS. Any transfer or assignment of any rights, duties, or obligations hereunder without such consent shall be void. Provided, however, that KMS will not be prohibited from subcontracting all or a part of its obligations under this order.

18. EXPORT SALES. No provision of this agreement will be construed to require KMS to export or deliver any technical information, data, and/or equipment if such export or delivery is then prohibited or restricted by any law or regulation of the U.S. Government. Purchaser will comply with all applicable export and reexport control laws and regulations, including without limitation, the Export Administration Regulations (15 C.F.R. Parts 730, et seq.) maintained by the U.S. Department of Commerce and the Office of Foreign Assets Control Regulations (31 C.F.R. Chapter V) of the U.S. Treasury Department. Specifically, Purchaser will not, directly or indirectly, sell, export, reexport, transfer, provide, divert, loan, lease, consign, or otherwise dispose of goods, services, software, source code, or technology received in connection with this order to any person, entity, or destination prohibited by the laws or regulations of the United States, without obtaining prior authorization from the competent government authorities as required by those laws and regulations. Notwithstanding any other provision of this order, Purchaser will not be required to take or refrain from taking any action penalized under the laws of the United States or any applicable foreign jurisdiction, including without limitation, the antiboycott laws administered by the U.S. Commerce and Treasury Departments.

19. INSURANCE. Upon the request by Purchaser, KMS will provide a Certificate of Insurance evidencing the following types of insurance:

<i>Workers Compensation</i>	Statutory		
<i>Employer Liability</i>	\$1,000,000.00		
<i>Comprehensive General Liability</i>	\$1,000,000.00	\$1,000,000.00	aggregate
	Limit for BI & PD		
<i>Comprehensive Auto Liability and Physical Damage</i>	\$1,000,000.00	\$1,000,000.00	aggregate
	Limit for BI & PD		

20. GOVERNING LAW. All matters involving the validity, interpretation, and application of these Standard Terms and Conditions of Sale will be controlled by the laws of the Commonwealth of Massachusetts, United States of America. The parties disclaim any applicability of the U.N. Convention on the International Sale of Goods to the order.

21. HEADINGS. The headings used throughout are for convenience only and will be disregarded for the purpose of construing and enforcing this agreement.