

VECTAIR SYSTEMS INC.

GENERAL CONDITIONS OF SALE

(Edition: 12/13)

1. INTERPRETATION

- 1.1 The definitions and rules of interpretation in this condition apply in these conditions.
Corporation: Vectair Systems Inc. is a corporation registered in the state of Tennessee.
Contract: any contract between the Corporation and the Customer for the sale and purchase of the Goods, incorporating these conditions.
Customer: the individual, firm, LLC, corporation or other entity who purchases the Goods from the Corporation.
Delivery Point: the place where delivery of the Goods is to take place under condition 4.1.
Goods: any goods agreed in the Contract to be supplied to the Customer by the Corporation (including any part or parts of them).
- 1.2 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, application or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.3 Words in the singular include the plural and in the plural include the singular.
- 1.4 A reference to one gender includes a reference to the other gender.
- 1.5 Condition headings do not affect the interpretation of these conditions.

2. APPLICATION OF TERMS

- 2.1 Subject to any variation under condition 2.3 the Contract shall be on these conditions to the exclusion of all other terms and conditions (including any terms or conditions which the Customer purports to apply under any purchase order, confirmation of order, specification or other document).
- 2.2 No terms or conditions endorsed on, delivered with or contained in the Customer's purchase order, confirmation of order, specification or other document shall form part of the Contract simply as a result of such document being referred to in the Contract.
- 2.3 These conditions apply to all the Corporation's sales and any variation to these conditions and any representations about the Goods shall have no effect unless expressly agreed in writing and signed by a director/duly authorised representative of the Corporation. The Customer acknowledges that it has not relied on any statement, promise or representation made or given by or on behalf of the Corporation which is not set out in the Contract. Nothing in this condition shall exclude or limit the Corporation's liability for fraudulent misrepresentation.
- 2.4 Each order or acceptance of a quotation for Goods by the Customer from the Corporation shall be deemed to be an offer by the Customer to buy Goods subject to these conditions.
- 2.5 No order placed by the Customer shall be deemed to be accepted by the Corporation until an Order Acknowledgement is issued by the Corporation or (if earlier) the Corporation delivers the Goods to the Customer.
- 2.6 The Customer shall ensure that the terms of its order, any applicable specification and any Order Acknowledgement are complete and accurate.
- 2.7 Any quotation is given on the basis that no Contract shall come into existence until the Corporation despatches an Order Acknowledgement to the Customer. Any quotation is valid for a period of 30 days only from its date, provided that the Corporation has not previously withdrawn it.

3. DESCRIPTION

- 3.1 The quantity and description of the Goods shall be as set out in the Corporation's quotation or Order Acknowledgement.

- 3.2 All samples, drawings, descriptive matter, specifications and advertising issued by the Corporation and any descriptions or illustrations contained in the Corporation's catalogues or brochures are issued or published for the sole purpose of giving an approximate idea of the Goods described in them. They shall not form part of the Contract and this is not a sale by sample.

4. DELIVERY AND INVOICE

- 4.1 Unless otherwise agreed in writing by the Corporation, the Corporation will deliver the Goods to the Customer's place of business (as specified in the Order Acknowledgement) which will be the Delivery Point.
- 4.2 The Corporation shall be entitled to make such arrangements for delivery of the Goods (either by its own employees, carriers or other agents) as it see fit and the Goods will be deemed to be delivered at the time at which they are first made available at the Customer's business premises for collection by the Customer (whether or not the Customer's representatives are in fact available to collect the Goods at that time) provided that if this is not a working day, or it is after 5.00 pm on a working day, delivery shall be deemed to be 10 am on the next following working day.
- 4.3 The Corporation shall be entitled to raise an Invoice for the Goods when they are first dispatched for delivery pursuant to condition 4.2.
- 4.4 The Corporation shall not make any charge to the Customer for delivery and packaging costs associated with a first successful attempt to deliver the Goods to a Customer in the United States provided that the invoiced value of all of the Goods comprised in such delivery is no less than \$1,000.
- 4.5 Any dates specified by the Corporation for delivery of the Goods are intended to be an estimate and time for delivery shall not be made of the essence by notice. If no dates are so specified, delivery shall be within a reasonable time.
- 4.6 Subject to the other provisions of these conditions the Corporation shall not be liable for any direct, indirect or consequential loss (all three of which terms include, without limitation, pure economic loss, loss of profits, loss of business, depletion of goodwill and similar loss), costs, damages, charges or expenses caused directly or indirectly by any delay in the delivery of the Goods (even if caused by the Corporation's negligence), nor shall any delay entitle the Customer to terminate or rescind the Contract unless such delay exceeds 180 days.
- 4.7 If for any reason the Customer fails to accept delivery of any of the Goods, or the Corporation is unable to deliver the Goods on time because the Customer has not provided appropriate details of its address, instructions, documents, licences or authorisations then, as at the time of deemed delivery pursuant to condition 4.2:
- (a) risk in the Goods shall pass to the Customer (including for loss or damage caused by the Corporation's negligence); and
- (b) the Corporation may store the Goods until delivery, whereupon the Customer shall be liable for all related costs and expenses (including, without limitation, storage and insurance).
- 4.8 The Customer shall provide at the Delivery Point and at its expense adequate and appropriate equipment and manual labour for collection of the Goods.
- 4.9 The Corporation may deliver the Goods by separate instalments in which case each separate instalment shall be a separate Contract (to which the terms of the Contract shall apply) and no cancellation or termination of any one Contract relating to an instalment shall entitle the Customer to repudiate or cancel any other Contract or instalment.
- 4.10 Where the Goods include multiple items then the Customer shall not be entitled to reject the Goods solely because the number of any item delivered does not correspond with the amount specified in the Order Acknowledgment and the Customer shall be obliged to pay for such Goods at the pro rata unit price rate for the relevant Goods as specified in the relevant Invoice provided that the Customer shall have an option exercisable within 5 working days of delivery not to pay for (and to make available for collection by the Corporation) any surplus Goods delivered to it that exceed 105% of the amount ordered.

- 5. NON-DELIVERY**
- 5.1 The quantity of any consignment of Goods as recorded by the Corporation upon despatch from the Corporation's place of business shall be conclusive evidence of the quantity received by the Customer on delivery unless the Customer can provide conclusive evidence proving the contrary.
- 5.2 The Corporation shall not be liable for any non-delivery of Goods (even if caused by the Corporation's negligence) unless the Customer gives written notice to the Corporation of the non-delivery within 5 working days of the date when the Goods would in the ordinary course of events have been received.
- 5.3 Any liability of the Corporation for non-delivery of the Goods shall be limited to replacing the Goods within a reasonable time or issuing a credit note at the pro rata unit price rate against any Invoice raised for such Goods.
- 6. RISK/TITLE**
- 6.1 The Goods are at the risk of the Customer from the time of delivery.
- 6.2 Ownership of the Goods shall not pass to the Customer until the Corporation has received in full (in cash or cleared funds) all sums due to it in respect of the Goods and all other sums which are then due to the Corporation from the Customer on any account.
- 6.3 Until ownership of the Goods has passed to the Customer, the Customer shall:
- (a) hold the Goods on a fiduciary basis as the Corporation's bailee;
- (b) store the Goods (at no cost to the Corporation) separately from all other goods of the Customer (including Goods previously supplied by the Corporation where title has passed to the Customer) or any third party in such a way that they remain readily identifiable as the Corporation's property;
- (c) not destroy, deface or obscure any identifying mark or packaging on or relating to the Goods; and
- (d) maintain the Goods in satisfactory condition and keep them insured on the Corporation's behalf for their full price against all risks to the reasonable satisfaction of the Corporation. On request the Customer shall produce the policy of insurance to the Corporation.
- 6.4 The Customer may resell the Goods before ownership has passed to it solely on the following conditions:
- (a) any sale shall be affected in the ordinary course of the Customer's business at full market value; and
- (b) any such sale shall be a sale of the Corporation's property on the Customer's own behalf and the Customer shall deal as principal when making such a sale.
- 6.5 The Customer's right to possession of the Goods and/or the right to resell the Goods shall terminate immediately if:
- (a) the Customer has a bankruptcy order made against him or makes an arrangement or composition with his creditors, or otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors, or (being a body corporate) convenes a meeting of creditors (whether formal or informal), or enters into liquidation (whether voluntary or compulsory) except a solvent voluntary liquidation for the purpose only of reconstruction or amalgamation, or has a receiver and/or manager, administrator or administrative receiver appointed of its undertaking or any part thereof, or documents are filed with the court for the appointment of an administrator of the Customer or notice of intention to appoint an administrator is given by the Customer or its directors or by a qualifying floating charge holder, or a resolution is passed or a petition presented to any court for the winding-up of the Customer or for the granting of an administration order in respect of the Customer, or any proceedings are commenced relating to the insolvency or possible insolvency of the Customer; or
- (b) the Customer suffers or allows any execution, whether legal or equitable, to be levied on his/its property or obtained against him/it, or fails to observe or perform any of his/its obligations under the Contract or any other contract between the Corporation and the Customer, or is unable to pay its debts, or the Customer ceases to trade; or
- (c) the Customer encumbers or in any way charges or pledges the Corporation's interest in any of the Goods or allows a lien to arise or subsist over the Goods.
- 6.6 The Corporation shall be entitled to recover payment for the Goods notwithstanding that ownership of any of the Goods has not passed from the Corporation.
- 6.7 The Customer grants the Corporation, its agents and employees an irrevocable licence at any time to enter any premises where the Goods are or may be stored in order to inspect them, or, where the Customer's right to possession has terminated, to recover them.
- 6.8 Where the Corporation is unable to determine whether any Goods are the goods in respect of which the Customer's right to possession has terminated, the Customer shall be deemed to have sold all goods of the kind sold by the Corporation to the Customer in the order in which they were invoiced to the Customer.
- 6.9 On termination of the Contract, howsoever caused, the Corporation's (but not the Customer's) rights contained in this condition 6 shall remain in effect.
- 7. PRICE**
- 7.1 Unless otherwise agreed by the Corporation in writing, the price for the Goods shall be the price set out in the Corporation's price list published on the date of delivery or deemed delivery.
- 7.2 Subject to condition 4.4, the price for the Goods shall be exclusive of any sales tax and all costs or charges in relation to packaging, loading, unloading, carriage and insurance, all of which amounts the Customer shall pay in addition when it is due to pay for the Goods.
- 8. PAYMENT**
- 8.1 Subject to condition 8.4, payment of the price for the Goods is due in the currency of the Invoice 30 days after the last working day of the month in which the Invoice for such Goods is dated.
- 8.2 Time for payment shall be of the essence.
- 8.3 No payment shall be deemed to have been received until the Corporation has received cleared funds.
- 8.4 All payments payable to the Corporation under the Contract shall become due immediately on its termination despite any other provision.
- 8.5 The Customer shall make all payments due under the Contract in full without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise unless the Customer has a valid court order requiring an amount equal to such deduction to be paid by the Corporation to the Customer.
- 8.6 If the Customer fails to pay the Corporation any sum due pursuant to the Contract, the Customer shall be liable to pay interest to the Corporation on such sum from the due date for payment at the annual rate of 3% above the bank base lending rate from time to time subject to a minimum of 8%, accruing on a daily basis until payment is made, whether before or after any judgment.
- 9. QUALITY**
- 9.1 The Corporation warrants that (subject to the other provisions of these conditions) upon delivery the Goods shall:
- (a) be of satisfactory quality; and
- (b) be reasonably fit for any particular purpose for which the Goods are being bought if the Customer has made known that purpose to the Corporation in writing and the Corporation has confirmed in writing that it is reasonable for the Customer to rely on the skill and judgement of the Corporation.
- 9.2 The Corporation shall not be liable for a breach of any of the warranties in condition 9.1 unless:
- (a) the Customer gives written notice of the defect to the Corporation and, if the defect is as a result of damage in transit, to the carrier, within 5 working days of the time when the Customer discovers or ought to have discovered the defect; and
- (b) the Corporation is given a reasonable opportunity after receiving the notice of examining such Goods and the Customer (if asked to do so by the Corporation) returns such Goods to the Corporation's place of business at the Corporation's cost for the examination to take place there.
- 9.3 The Corporation shall not be liable for a breach of any of the warranties in condition 9.1 if: the Customer makes any further use of such Goods after giving notice pursuant to condition 9.2; or

- (b) the defect arises because the Customer failed to follow the Corporation's oral or written instructions as to the storage, installation, commissioning, use or maintenance of the Goods or (if there are none) good trade practice; or
 - (c) the Customer alters or repairs such Goods without the written consent of the Corporation.
- 9.4 Subject to condition 9.2 and condition 9.3, if any of the Goods do not conform with any of the warranties in condition 9.1 the Corporation shall at its option repair or replace such Goods (or the defective part) or refund the price of such Goods at the pro rata unit price provided that, if the Corporation so requests, the Customer shall, at the Corporation's expense, return the Goods or the part of such Goods which is defective to the Corporation.
- 9.5 If the Corporation complies with condition 9.4 it shall have no further liability for a breach of any of the warranties in condition 9.1 in respect of such Goods.
- 9.6 Any Goods replaced shall belong to the Corporation.

10. LIMITATION OF LIABILITY

- 10.1 Subject to condition 4, condition 5 and condition 9, the following provisions set out the entire financial liability of the Corporation and of its employees, agents and sub-contractors (including any liability of the Corporation for the acts or omissions of its employees, agents and sub-contractors) to the Customer in respect of:
- (a) any breach of these conditions;
 - (b) any use made or resale by the Customer of any of the Goods, or of any product incorporating any of the Goods; and
 - (c) any representation, statement or tortious act or omission including negligence arising under or in connection with the Contract.
- 10.2 All warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded from the Contract.
- 10.3 Nothing in these conditions excludes or limits the liability of the Corporation:
- (a) for death or personal injury caused by the Corporation's negligence; or
 - (b) for any matter where it would be illegal for the Corporation to exclude or attempt to exclude its liability; or
 - (c) for fraud or fraudulent misrepresentation.
- 10.4 Subject to condition 10.2 and condition 10.3, the Corporation's total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Contract shall be limited to such part of the Contract price as relates to the Goods in respect of which such liability is claimed to arise.

11. ASSIGNMENT

- 11.1 The Corporation may assign the Contract or any part of it to any individual, firm, company or other entity.
- 11.2 The Customer shall not be entitled to assign the Contract or any part of it without the prior written consent of the Corporation.

12. FORCE MAJEURE

The Corporation reserves the right to defer the date of delivery or to cancel the Contract or reduce the volume of the Goods ordered by the Customer (without liability to the Corporation) if the Corporation is prevented from or delayed in the carrying on of its business due to circumstances beyond the reasonable control of the Corporation including, without limitation, acts of God, governmental actions, war or national emergency, acts of terrorism, protests, riot, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes or other labour disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials.

13. GENERAL

- 13.1 Each right or remedy of the Corporation under the Contract is without prejudice to any other right or remedy of the Corporation whether under the Contract or not.
- 13.2 If any provision of the Contract is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of the Contract and the remainder of such provision shall continue in full force and effect.
- 13.3 Failure or delay by the Corporation in enforcing or partially enforcing any provision of the Contract shall not be construed as a waiver of any of its rights under the Contract.
- 13.4 Any waiver by the Corporation of any breach of, or any default under, any provision of the Contract by the Customer shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of the Contract.
- 13.5 The parties to the Contract do not intend that any term of the Contract shall be enforceable by any person that is not a party to it save for the employees, agents and sub-contractors of the Corporation who shall be entitled to rely on the exclusions in condition 10 as though they were expressly stated to be parties to the Contract.
- 13.6 The formation, existence, construction, performance, validity and all aspects of the Contract shall be governed by Tennessee law and the parties submit to the exclusive jurisdiction of the Tennessee courts.

14. COMMUNICATIONS

- 14.1 All communications between the parties about the Contract shall be in writing, shall include the Order Acknowledgment number, Invoice number or other identifying reference and shall be delivered by hand or sent by pre-paid first-class post or sent by email (but not fax):
- (a) (in case of communications to the Corporation by post) to: Vectair Systems Inc., 2095 Spicer Cove, Covington Way Distribution Center, Memphis TN38134, or to such alternative address as may be advised to the Customer in writing or posted on the Corporation's web-site;
 - (b) (in the case of communications to the Corporation by email) to info@vectairsystems.com or to such alternative email address as may be advised to the Customer in writing or posted on the Corporation's web-site; and
 - (c) (in the case of the communications to the Customer) to the registered office (if it is a corporation) or (in any other case) to any address or email of the Customer set out in any document which forms part of the Contract or such other address or email as shall be notified to the Corporation by the Customer.
- 14.2 Communications shall be deemed to have been received:
- (a) if sent by pre-paid first-class post, two days (excluding Saturdays, Sundays and bank and public holidays) after posting (exclusive of the day of posting); or
 - (b) if delivered by hand or sent by email on a working day prior to 5.00 pm, the time at which it is delivered or sent, or otherwise at 10.00 am on the next working day.