

GENERAL CONDITIONS OF SALE AND SUPPLY

**HAUG SAUER KOMPRESSOREN AG
INDUSTRIESTRASSE 6
CH-9015 ST. GALLEN / SWITZERLAND**

1. Area of application

These present General Conditions of Sale and Supply are to regulate the contractual relationship between the purchaser and HAUG Sauer Kompressoren AG (hereinafter referred to as "HAUG") in so far as the purchaser and HAUG shall not have otherwise agreed in writing. These present General Conditions of Sale and Supply are to take precedence over any General Conditions of Business of the purchaser.

2. Extent of the supply

The order confirmation of HAUG is to be solely definitive for the extent of the supply. Any performance or services not contained therein are to be deemed as not included in the price and will be invoiced separately.

3. Place of supply

The place of supply is ex works (Industriestrasse 6, 9015 St. Gall, Switzerland). On the date of supply ex works (Industriestrasse 6, 9015 St. Gall, Switzerland), the benefit and the risks in the goods supplied will pass automatically to the purchaser.

4. Transportation of the goods supplied

HAUG is to pack the goods supplied and organize their transportation to the best of its knowledge and ability. HAUG is responsible of the goods until transfer to the Purchaser (according to the defined incoterm). After official delivery and acceptance of the goods by the Purchaser, HAUG warranty enters in force and covers the delivered goods. HAUG will not accept any liability on indirect costs supported by the Purchaser in case of improper delivery or packaging. HAUG can make arrangements on behalf of the customer to deal with customs formalities

All expenditure for packaging, transportation, customs formalities and customs duties are for the account of the purchaser. Such expenditure will not be included in the prices indicated in the order confirmation and will be invoiced additionally and separately by HAUG.

The purchaser is to be responsible for the insurance cover of the goods supplied from the point in time of supply ex works (Industriestrasse 6, 9015 St. Gall, Switzerland).

5. Delivery date

The delivery time period for the supply of the goods on the part of HAUG is to be understood as from the date of the order confirmation to the date of readiness for the supply of the goods ex works (Industriestrasse 6, 9015 St. Gall, Switzerland). Should HAUG require details of the purchaser in order to carry out the order, then the delivery time period can only be complied with when such details are made available in their entirety to HAUG at the date of the order confirmation. Every best effort is made to comply with supply dates but these are to remain non-binding. Any delay in the supply of the goods shall not entitle the purchaser to withdraw from the contract nor to claim indemnity for direct or indirect damages, immediate damages, consequential damages, reflex damages or lost profits.

Should the purchaser subsequently require, that the goods be supplied and consigned at a date later than agreed, then the benefit and the risks will pass automatically to the purchaser on the date of readiness for the supply of the goods and the purchaser will be required to reimburse the warehousing expenses to HAUG.

6. Prices

Only those prices indicated in the order confirmation of HAUG are to be definitive. Such prices are to be understood as ex works (Industriestrasse 6, 9015 St. Gall, Switzerland) without VAT, any additional taxes, customs duties, packaging, transportation charges, insurance premiums and erection charges, provided that nothing to the contrary shall have been agreed. As regards orders where the date of supply exceeds 12 months, the sliding scale price formula of the "Verein Schweizerischer Maschinenhersteller" (Swiss Mechanical Engineering Manufacturers' Association) is to be applied.

No rebates, discounts or charges may be deducted except the rebates expressly indicated in the order confirmation. The withholding of amounts on account of any possible warranty claims shall not be permitted.

The prices indicated in the tenders of HAUG are to be deemed valid for 3 months provided that nothing to the contrary is indicated. Should the purchaser diverge in any manner whatsoever from the tender when placing an order, then the prices tendered are to be deemed non-binding and only those prices indicated in the order confirmation of HAUG are to be binding.

7. Payment

Supplies of goods in amounts up to Euros 50,000.00 overall value are payable within 30 days from date of invoice. In cases of supplies of goods in amounts above Euros 50,000.00, 30% of the overall value is to be payable within 10 days from the date of the order confirmation, 40% payable within 10 days from the date of readiness for consignment and 30% payable after date of invoice.

Supplies of goods to countries outside of Western Europe will only to be made against advance payment or confirmed, irrevocable letter of credit in the amount of the overall value. Any other payment conditions are to be agreed in writing.

Should a purchaser fail to comply with a due date for payment, then HAUG shall be entitled to hold back the supply of the goods until payment is received. In addition, interest on arrears will become due as from the due date for payment.

8. Reservation of property rights

HAUG is to remain the proprietor of the total extent of the goods supplied up to complete payment. The purchaser hereby irrevocably authorizes HAUG to have its reservation of property rights officially registered at any time it deems fit.

9. Responsibilities of the purchaser

Compressed air as well as gas supply plant and equipment require to be correctly designed and installed as regards their control, processing, distribution facilities and their ecological and safety conditions. This form of engineering is not included with the goods supplied. HAUG is in a position to provide such engineering against separate payment and will be glad to provide the purchaser with advisory services concerning function, safety and economy of the plant and equipment. The purchaser may request HAUG to tender for such engineering services.

All officially prescribed controls, acceptances, certifications, operating licenses etc., are to be applied for and obtained by the purchaser and the associated expenditure is to be borne by the purchaser, provided that nothing to the contrary shall have been agreed in writing in the order confirmation.

The purchaser is to be responsible for the following in particular:

- a) in cases of air compressors: for correct operating conditions such as room-space temperature, room-space ventilation, electric power supply, condensation removal, possible supply and removal of cooling water, compressed air provision, erection and installation of compressors and accessories, compliance with official regulations, etc.
- b) in cases of gas compressors and re-densification equipment: in addition to those responsibilities mentioned under a), for
 - the precise indication and observation of the gas type and gas quality such as mixture, input pressure, sterility, temperature, humidity, etc.;
 - the correct control and automatic monitoring of the plant and equipment (pressures, temperatures, cooling water, disposable parts, drive units, etc.);
 - the protection of compressors against contamination from the suction side sections of the plant and equipment;
 - the protection of persons, plant and equipment against escaping gas, fire, explosion etc., in cases of defects;
 - the correct and safe extraction of gases, which might escape from compressor safety valves in cases of disruption.

10. Warranty

HAUG warrants, that the goods supplied correspond with the specifications indicated in the order confirmation and, that they will provide the service performance indicated therein.

Should defects occur in the goods supplied or parts thereof during the warranty time period, which affect the functioning capability of the goods supplied, then the purchaser shall be able to claim ex gratia repair or ex gratia replacement of the defective items of the goods supplied. Defects under these stipulations shall only include deficiencies, which can be attributed to construction, processing or working material defects. Disposable parts are excluded from the warranty. Only the details contained in the operating instructions are determinative for such.

It shall be at the sole discretion of HAUG as to whether defective parts are to be repaired or replaced. In case of defective supply or service performance, the purchaser shall not be entitled to withdraw from the contract or to assert a reduced value or indemnification for damages.

The warranty time period is 12 months from the date of commissioning of the goods supplied but for 18 months at the most from the date of the supply of the goods ex works (Industriestrasse 6, St. Gall, Switzerland). Any acceptance of the goods supplied on the part of the purchaser shall not be determinative for the commencement of the warranty time period.

The warranty shall become invalid if the erection instructions of HAUG and/or the operating instructions of HAUG, respectively are not entirely complied with and/or the requirements within the responsibility of the purchaser under Art. 9 hereof shall not have been complied with, respectively. The warranty shall become invalid in addition if the purchaser or third parties shall undertake alterations to or repairs on the goods supplied without the written approval of HAUG.

11. Liability

As regards defects in the goods supplied proven by the purchaser, HAUG is to be liable for demonstrable, direct damages provided that such have been caused by HAUG intentionally or in a grossly negligent manner. HAUG will accept no liability whatsoever for minor negligence.

In any case, HAUG shall not be liable for direct or indirect damages, immediate damages, consequential damages, reflex damages or lost profits.

12. Intangible property rights and maintenance of secrecy

The purchaser hereby recognises the intangible property rights and know-how of HAUG in the goods supplied. All rights to intangible property and all know-how are to remain with HAUG. The purchaser is under a duty hereby to maintain secrecy concerning all confidential information, which it receives in connection with the supply of the goods and in particular not to make available any technical drawings, plans, tendering texts, erection regulations, operating instructions etc. to third parties.

13. Applicable law, place of fulfilment, place of jurisdiction

The contractual relationship is subject to the Swiss law to the exclusion of the United Nations Treaty governing contracts for the international sale of goods (Vienna Sale of Goods Convention).

The place of fulfilment is St. Gall, Switzerland.

The regular courts of law at St. Gall, Switzerland are to be exclusively competent for all judicial decisions on all disputes arising out of the contractual relationship.