CATALYTIC COMBUSTION CORPORATION
TERMS AND CONDITIONS OF SALE

1. **Contract Formation**. If this quote or proposal (the "Proposal") is issued by Seller prior to the issuance of a purchase order by Buyer, acceptance of this Proposal is expressly limited to acceptance by Buyer of all of the terms and conditions contained herein within thirty (30) days from the date hereof (unless otherwise stated in proposal). Furthermore, Buyer's subsequent delivery to Seller of a purchase order after receipt of this Proposal shall be deemed to constitute Buyer's acceptance of all of the provisions of this Proposal, and any terms contained in Buyer's purchase order or any other form of communication received from Buyer which are in addition to or different from the terms and conditions contained herein are expressly objected to and shall be deemed rejected by Seller, unless expressly accepted in writing by Seller. If this Proposal is issued by Seller subsequent to the issuance of and in response to or in acknowledgement of a purchase order by Buyer, acceptance by Seller of such purchase order is expressly conditioned on assent by Buyer to all of the additional and different terms and conditions contained herein.

2. **Price**. Unless and only to the extent otherwise specifically agreed to in writing by Seller, all prices for goods are inclusive for the cost of packaging but exclusive of any charges for shipping, technical advice, or other necessary services incidental to Seller's performance hereunder. Purchase orders from Buyer accepted by Seller within the specified length of time must have a requested delivery date. Should Buyer subsequently postpone the delivery date, Seller may, at its option, re-price the goods listed on the purchase order to reflect changes in the cost of raw materials.

3. **Taxes**. Prices stated herein are exclusive of all applicable present or future domestic or foreign federal, state, or local manufacturer's, retailer's, occupation, sales, use, excise or other similar taxes, duty, custom, inspection, or testing fees, or any other taxes, fees, or charges of any nature whatsoever which may be imposed by any governmental authority on or which are measured by this transaction between Buyer and Seller. Buyer shall pay all property and other taxes which may be levied, assessed or charged against or upon the equipment after the date of actual shipment, or placing into storage for Buyer's account

4. **Payment**. Terms of payment are net 30 days from date of invoice, unless otherwise identified in the Proposal. A monthly interest charge at the rate of one and a half percent (1.5%) per month (eighteen percent (18%) per annum), or the maximum rate allowed by law, whichever is less, will be assessed on all past due payments, without prejudice to any other rights of Seller. Such payments shall include past due interest. Seller reserves the right to suspend or cancel additional orders or deliveries and impose a lien in the event an invoice remains unpaid after its due date. All payments shall be made to Seller in U.S. Dollars.

5. **Delivery, Title, Risk of Loss**. Unless and only to the extent otherwise agreed to in writing by Seller, Seller shall deliver the goods to Buyer or Buyer's agent F.C.A. Seller's plant, warehouse, or other point of shipment designated by Seller on the date of the availability of the goods for shipment, which date shall be determined in Seller's sole discretion, or, if applicable, at such other time and/or place as shall be specified pursuant to Buyer's written instructions which are agreed to in writing by Seller. Seller makes no representations, warranties or guarantees concerning the date(s) of delivery, completion, or other dates relating to this Proposal. Any delay attributable to Seller shall not constitute grounds for cancellation or damages. Risk of loss to goods will be borne by and title to goods will pass to Buyer from the point and at the time of delivery specified in this paragraph, notwithstanding any agreement to the contrary, including any agreement to pay freight, express, or other transportation or insurance charges.

6. **Packing**. Unless and only to the extent otherwise agreed to in writing by Seller or otherwise stated on the Proposal, the cost of packaging shall be included in the total price stated in the Proposal. Seller will package the goods so as to avoid any damage in transit, identify the goods by displaying Buyer's name and purchase order number on each unit or package shipped, and ship the goods F.C.A. Seller's plant.

7. **Force Majeure**. Seller shall not be liable for any loss, damage, or delay of any nature whatsoever incurred or suffered as a result of any failures or delays in performance due to any cause or circumstance beyond its control that prevent or substantially interrupt the ability of Seller, or suppliers to Seller, to perform the work required under this Proposal, including, but not limited to, any failures or delays in performance caused by any theft, accident, strike, lockout, labor shortage or labor dispute, fire, act of God or the public enemy, riots, incendiaries, interference by civil or military authorities, compliance with the laws of the United States or with the orders, regulations, or policies of any governmental authority, delays in transit or delivery on the part of transportation companies or communication facilities, failures of sources of raw material which are not due to Seller's neglect in placing orders or seeking alternate sources of raw material, breakage or accident to machinery or equipment, or any other cause beyond the reasonable control of Seller. In the event of such delay, the time for delivery or completion shall be extended by a period of time equal to the period of delay plus such time as needed for start-up and/or remobilization. In the event the force majeure situation shall extend longer than six months, then Seller shall, at its option, have the right to cancel its contract with Buyer (the "Contract"). In such event, Buyer shall reimburse Seller for all costs and expenses (including overhead costs) which Seller may have reasonably incurred in closing out the Contract, plus an amount of reasonable profits on that portion of the Contract which has been completed.

8. **Warranty**. Reference Warranty terms expressed on Proposal or Quotation.

9. **Patent Infringement**. Except for goods manufactured by Seller based on specifications or drawings furnished by Buyer, Seller shall, subject to the limitation of Section 15(c) hereof, defend at its expense any suit, action, or proceeding brought against Buyer based upon any claim that a good supplied hereunder infringes any United States patent which has been issued on or before the date of Seller's Proposal and pay any damages and costs awarded therein against Buyer, if promptly notified by Buyer in writing of such claim and given authority, information, and assistance by Buyer to conduct such defense. In lieu of defending Buyer in such suit, action, or proceeding, Seller may, at its expense and option, either procure for Buyer the right to use the good or modify it so that it no longer infringes, or replace it with non-infringing good. The foregoing constitutes the entire responsibility and liability of Seller for patent infringement.

10. **Changes**. Buyer shall have the right during the progress of the work to request, in writing, additional work or deletion of any work covered hereunder; provided, however, that such changes do not materially affect the scope of work, and provided that such changes are not, in Seller's sole discretion, inconsistent with sound engineering principals or Seller's guarantees, warranties, and/or responsibilities hereunder. If such changes result in any increase or decrease in the work to be performed by Seller, the cost thereof, or the cost of goods to be furnished by Seller, the resulting change to the Contract price shall be agreed upon in writing before such changes are effected; provided, that Seller shall be entitled to continue the performance of its work hereunder regardless of any proposed change until such agreement is made in writing. If such requests for changes, or such changes themselves, result in any delay in the completion of the Seller's work hereunder, the estimated time of completion shall be correspondingly extended by written agreement between the parties before the changes are effected.

11. **Indemnification**. If Seller's work under the Contract requires its presence on Buyer's premises, Seller shall indemnify and save Buyer harmless against all losses or claims for bodily injury (including death) and property damage the proximate cause of which is Seller's willful or wanton acts or its active negligence. Seller's liability to indemnify and save Buyer harmless shall be limited to and co-extensive with Seller's insurance.

12. **Termination**. Buyer may terminate the Contract for convenience upon notifying Seller in writing of such fact. Upon Seller's receipt of such termination notification, Buyer and Seller shall mutually agree upon, and Buyer shall pay to Seller, the costs and expenses (including reasonable overhead) incurred by Seller in the performance of its work and closing out the same, plus a reasonable profit based on the total price of the Contract. Any disputes arising between Buyer and Seller under this Section 10 shall be determined in accordance with Section 14 below.

13. **Compliance with Laws, Codes, Standards, and Regulations.**

(a) In the event that the performance required of Seller hereunder violates any applicable law, ordinance or regulation, Seller shall, upon Buyer's written direction, modify its performance hereunder so as to comply therewith, but any additional cost incurred thereby shall be borne by Buyer.

(b) Seller shall follow industrial codes and standards in effect as of the date of this Proposal which are referenced in Buyer's specifications, insofar as said code or standard is customary within the industry.

(c) Buyer has full responsibility for obtaining any licenses, permits, and inspections required with respect to installation and use of the goods purchased hereunder.

14. **Drawings**. All drawings or technical data furnished to Buyer by Seller hereunder shall remain the property of the Seller, and Buyer shall have the right to use said drawings or technical data for the limited purpose of maintaining and operating the goods sold hereunder.

15. **Governing Law**. This transaction shall be governed by, and this Proposal and the Contract shall be construed and enforced in accordance with, the laws of the State of Wisconsin.

16. **Arbitration**. All disputes between Buyer and Seller arising under this Proposal or the Contract shall be submitted to binding arbitration. The arbitration shall be conducted in accordance with the rules for the resolution of commercial disputes of the American Arbitration Association. Any award rendered by the arbitrator shall be final and conclusive upon the parties, and a party may seek judgment on any unpaid award in any court having jurisdiction. The arbitration shall take place in Chippewa County, Wisconsin, and the arbitration shall be governed by the laws of the State of Wisconsin, without regard to conflict of law principles. Each party shall pay its own expenses and costs (including, without limitation, attorneys' fees) incurred by it in regards to the arbitration.

17. **Liability**.

(a) **THERE ARE NO WARRANTIES ESTABLISHED HEREIN, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING THE WARRANTY OF MERCHANTABILITY AND THE WARRANTY OF SUITABILITY FOR A PARTICULAR PURPOSE, EXCEPT THOSE EXPRESSLY STATED IN THE PROPOSAL AND QUOTATION AND IN ANY EXPLICIT WARRANTY ATTACHED HERETO OR EXPRESSLY STATED IN THE PROPOSAL.**

(b) **IN NO EVENT, BE IT DUE TO BREACH OF ANY WARRANTY HEREUNDER OR ANY OTHER CAUSE ARISING OUT OF PERFORMANCE OR NON-PERFORMANCE OF THE OBLIGATIONS HEREIN, WHETHER ANY SUCH BREACH OR CAUSE BE OR SOUND IN TORT, CONTRACT, OR OTHERWISE, SHALL SELLER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES, SUCH AS, BUT NOT LIMITED TO, LOSS OF PROFITS, PLANT DOWNTIME, COST OF REPLACEMENT POWER, OR SUITS BY THIRD PARTIES AGAINST BUYER, EXCLUDING SUITS REGARDING TITLE TO THE GOODS FURNISHED HEREUNDER OR PATENTS UNDER SECTION 8 HEREOF.**

(c) **SELLER'S TOTAL CUMULATIVE LIABILITY HEREUNDER, FOR ANY AND ALL REASONS SHALL NOT EXCEED AN AMOUNT EQUAL TO THE CONTRACT PRICE.**

18. **Subcontracting**. Seller may, without the necessity of obtaining Buyer's prior written consent, subcontract the production of all or any portion of the goods covered by this Proposal.

19. **Confidentiality**. In performing their obligations hereunder, Buyer and Seller may have access to and receive disclosure of certain confidential and/or proprietary information about the other, including but not limited to designs, manufacturing processes, marketing philosophy and objectives, competitive advantages and disadvantages, financial results, technological developments, and such other information and materials that such party considers confidential and/or proprietary ("Confidential Information"). Both parties agree not to give, sell, or in any way transfer, either directly or indirectly, any Confidential Information to any person or organization for any purpose adverse to their respective obligations hereunder without the prior written approval of the other, except as may be required by law. Each party shall be liable for the conduct of their respective employees, agents, and representatives who breach the provisions hereof in any manner, and agree to ensure that all parties, including their respective employees, comply with this provision. All Confidential Information furnished by one party to the other in connection with this Agreement is the exclusive property of the furnishing party and shall be returned to that party immediately upon request or upon termination of the Contract. These obligations as to confidentiality and non-use shall survive the termination of the Contract. Notwithstanding the foregoing, any subsequent nondisclosure agreement entered into between Buyer and Seller shall have precedence over the provisions of this Paragraph 17.

20. **Miscellaneous**.

(a) Entire Agreement. This Proposal, together with such other sheets and documents as may be attached hereto or referred to herein, when approved by Seller, shall constitute the entire agreement between Buyer and Seller. No change in, addition to, or waiver of the terms, conditions, and specifications contained herein shall be a binding obligation on Seller unless approved in writing by Seller's authorized representative.

(b) Waivers. Seller's waiver of any breach or failure to enforce any of the terms, conditions, and specifications of this Proposal or the Contract shall not in any way affect, limit, or waive Seller's right thereafter to enforce and compel strict compliance with each and every term, condition, and specification of this Proposal or the Contract.

(c) Assignment. Except for Seller's subcontracting rights provided in Section 16 above, neither party may assign its rights hereunder without the other party's prior written consent. Notwithstanding the foregoing, either party may assign the Contract without consent to any corporation owned or controlled by said party, or to any corporation into which said party is merged or consolidated, or to which the business of said party directly related to the Contract is sold or conveyed.

(d) Notices. All notices under this Proposal shall be in writing, and shall be deemed given (a) when personally delivered or sent by electronic mail or facsimile, or (b) three days after being sent by pre-paid certified or registered U.S. Mail to the address of the party to be noticed as set forth herein, or such other address as such party last provided to the other by written notice. All notices to Seller shall be delivered to Seller in Bloomer, Wisconsin at the address provided above (or to Seller at Seller's electronic mail address or facsimile number).

(e) Counterparts. This Proposal may be executed in multiple counterparts, and may be executed and delivered by facsimile or other electronic transmission, and any party hereto may execute any such counterpart, each of which, when executed and delivered, shall be deemed to be an original, and all of which counterparts taken together shall constitute but one and the same instrument.

(f) Severability. If any provision of this Proposal is for any reason determined to be unenforceable or invalid by any court of competent jurisdiction, such decision shall not affect the enforceability or validity of any other provision of this Proposal or any portion thereof.

(g) Headings. The paragraph headings or captions appearing in this Proposal are for convenience only, are not a part of this Proposal, and are not to be considered in interpreting this Proposal.

(h) No Agency. Nothing in this Proposal shall be construed to constitute or appoint either party as the agent or representative of the other party for any purpose whatsoever, or to grant to either party any right or authority to assume or create any obligation or responsibility, express or implied, for or on behalf of the name of the other party, or to bind the other party in any way or manner whatsoever.