

I. GENERAL

This document is an offer by Kaeser Compressors, Inc., of Fredericksburg, Virginia ("Kaeser Compressors"), to supply the products, equipment and/or parts that are identified in this document ("Equipment") to the purchaser identified in this document ("Purchaser") in accordance with these terms and conditions of sale ("Terms and Conditions"), is not an acceptance or confirmation of any offer made by Purchaser, and is expressly made conditional on Purchaser's assent to these Terms and Conditions. Kaeser Compressors objects to any additional or different terms or conditions contained in any request for quotation, request for proposal, purchase order or other document or communication previously or hereafter provided by Purchaser to Kaeser Compressors. No such additional or different terms or conditions will be of any force or effect, unless specifically agreed to by an executive officer of Kaeser Compressors in writing. These Terms and Conditions and the additional terms contained in this document, as supplemented by agreed-upon prices, quantities and shipping dates (collectively, the "Agreement"), shall be the entire agreement between Kaeser Compressors and Purchaser on the subject of the transactions described herein; and there are no conditions to this Agreement that are not expressed herein.

II. DELIVERY

Unless otherwise provided in this document, all Equipment will be delivered F.O.B. shipping point or, for Equipment shipped to destinations outside the United States, EXW shipping point (as that latter shipping term is defined in Incoterms 2000). In the event that scheduled delivery of Equipment is delayed by Purchaser, Kaeser Compressors may store such Equipment for the account of and at the risk of Purchaser. Kaeser Compressors guarantees no delivery dates, as such dates are estimates only, and reserves the right to make delivery in installments in order to fill an order. Delay in delivery of any installment shall not relieve Purchaser of its obligations to accept remaining deliveries. Kaeser Compressors shall not be liable for any losses or damages as a result of any delay or failure to deliver due to any cause beyond Kaeser Compressors' reasonable control, including but not limited to any act of God, act of Purchaser, embargo or other governmental act, regulation or request, fire, flood, hurricane, accident, strike, slowdown, war, act of terrorism, riot, delay in transportation, equipment failure, or inability to obtain necessary labor, materials or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost because of the delay. Purchaser's exclusive remedy for other delays and for Kaeser Compressors' inability to deliver for any reason shall be rescission of the underlying order.

III. TITLE AND RISK OF LOSS

Risk of loss or damage shall pass from Kaeser Compressors to Purchaser, and delivery shall be deemed to be complete, upon delivery by Kaeser Compressors to a private or common carrier, or upon moving into storage, whichever occurs first. Notwithstanding the foregoing provision, the Equipment sold shall remain the sole and exclusive property of Kaeser Compressors and shall remain personal property, regardless of mode of attachment to realty or other property, until full and final payment has been made therefor. Purchaser agrees to execute any security agreements and financing statements or other commercially acceptable document and to perform all acts that may be necessary to perfect and assure retention of title to such Equipment by Kaeser Compressors. Purchaser agrees to do upon request all things and acts necessary or desirable to adequately insure the Equipment against loss or damage, including without limitation obtaining and maintaining casualty insurance policies that are acceptable to Kaeser Compressors and naming Kaeser Compressors as an additional insured under such insurance policies. Neither party may assign or transfer this Agreement without the prior written consent of the other party.

IV. PAYMENT

All invoices shall be paid within thirty (30) days after shipment. If Purchaser fails to pay any invoice when due or if, in the judgment of Kaeser Compressors, the financial condition of Purchaser at any time prior to shipment does not justify the extension of credit, then Kaeser Compressors may require payment in advance or otherwise modify the payment terms upon notice to Purchaser. All delays occasioned by acts of Purchaser shall be at the expense of Purchaser. Kaeser Compressors reserves the right to assess reasonable charges for its expenses resulting from such delays. All shipments shall be separately invoiced and paid for without regard to subsequent deliveries. Interest at the rate of one and one-half percent (1 1/2%) per month or at the highest rate allowed by law, whichever is less, shall be charged to all overdue accounts. Purchaser will reimburse Kaeser Compressors for all costs and expenses (including attorneys' fees and the costs of bringing any action) incurred in collecting any amounts past due.

V. WARRANTIES

Kaeser Compressors warrants the Equipment manufactured by it or its affiliates and sold hereunder to be free from defects in material and workmanship for a period of **[one (1) year]** after the date of delivery of the Equipment. Performance representations (if any) are limited to those specifically included in Kaeser Compressors' proposal and identified as such. This warranty does not apply to the sale of used Equipment (if any). Used Equipment (if any) is sold AS IS, WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND. The effects of corrosion, erosion and normal wear and tear are specifically excluded from Kaeser Compressors' warranty. Equipment (including accessories, components and parts thereof) furnished by Kaeser Compressors but manufactured by others is not warranted by Kaeser Compressors. Such Equipment (or accessories, components or parts) shall carry the warranty (if any) which the manufacturer has conveyed to Kaeser Compressors, to the extent it can be passed on to Purchaser.

Should any failure to conform to the above warranty occur during the specified period under normal use, and Equipment has been proved to Kaeser Compressors' satisfaction to have been properly stored, installed and maintained, then Kaeser Compressors shall, with prompt notice by Purchaser, correct such non-conformities at its option either by repair or replacement (F.O.B. Kaeser Compressors' directed delivery point) or by refund of the purchase price of the non-conforming Equipment. Return of Equipment to such delivery point as Kaeser Compressors may direct, pursuant to this paragraph shall be at Purchaser's risk and expense. Kaeser Compressors warrants any Equipment repaired or replaced pursuant to the above warranty, under normal use, to be free from defects in workmanship and material for a period of ninety (90) days after the startup of such repaired or replaced Equipment or for a period ending on the expiration of the original Equipment warranty, whichever is longer. Unless otherwise expressly agreed, Kaeser Compressors shall not be responsible for labor charges, loss or damage resulting from improper operation, maintenance or repairs made by personnel other than those authorized in writing by Kaeser Compressors.

Repair, replacement or refund (whichever Kaeser Compressors determines, in its sole discretion, to provide) shall be Kaeser Compressors' sole obligation and Purchaser's exclusive remedy for any nonconformity, noncompliance, defect or deficiency in Equipment furnished hereunder, and shall be conditioned upon Purchaser's return of the defective Equipment to Kaeser Compressors (F.O.B. Kaeser Compressors' directed delivery point, or, for goods to be shipped from outside the United States, DDP Kaeser Compressors' directed delivery point (as that latter shipping term is defined in Incoterms 2000)), if Kaeser Compressors requires such return. THE EXPRESS WARRANTY CONTAINED IN THIS SECTION V IS

EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED; AND KAESER COMPRESSORS EXPRESSLY DISCLAIMS AND EXCLUDES ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE.

VI. LIMITATION OF LIABILITY

KAESER COMPRESSORS' LIABILITY WITH RESPECT TO EQUIPMENT SOLD HEREUNDER SHALL BE LIMITED TO THE WARRANTY AND INDEMNITY PROVIDED IN SECTIONS V AND IX OF THESE TERMS AND CONDITIONS AND, WITH RESPECT TO ANY BREACH OF ITS CONTRACT WITH PURCHASER, SHALL BE LIMITED TO THE CONTRACT PRICE OF EQUIPMENT THAT IS THE SUBJECT OF THE BREACH. IN NO EVENT SHALL KAESER COMPRESSORS BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, OR EXPENSES INCURRED BY PURCHASER, PURCHASER'S CUSTOMERS OR ANY THIRD PARTY, WHETHER ARISING FROM BREACH OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHER THEORIES OF LAW OR EQUITY, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS OR REVENUE, LOSS OF USE OF EQUIPMENT OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE FACILITIES OR SERVICES, DOWNTIME COSTS OR CLAIMS OF CUSTOMERS OR PURCHASER FOR SERVICE INTERRUPTION, OR ANY OTHER TYPES OF ECONOMIC LOSS, WHETHER OR NOT SUCH LOSS OR DAMAGE IS BASED ON CONTRACT, WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHERWISE.

VII. PRICES

All prices are quoted and payable in U.S. dollars. Quoted prices shall remain open for thirty (30) days' acceptance only. All orders are subject to acceptance by an authorized representative at Kaeser Compressors' headquarters. The prices quoted do not include any taxes. Any manufacturer's tax, occupation tax, use tax, sales tax, excise tax, value added tax, duty, custom, inspection or testing fee, or any other tax, fee, interest or charge of any nature whatsoever imposed by any governmental authority on or measured by the transactions between Kaeser Compressors and Purchaser shall be paid by Purchaser in addition to the prices quoted or invoiced. In the event Kaeser Compressors is required to pay any such taxes or other charges, Purchaser shall reimburse Kaeser Compressors therefor on demand.

VIII. SUBMITTAL

Any design, manufacturing drawings or other information or materials submitted to Purchaser shall remain the sole and exclusive property of Kaeser Compressors and shall not be copied or communicated to any third party without the express prior written consent of Kaeser Compressors. Immediately upon termination of this Agreement, all such designs, drawings, information and materials, together with any and all copies thereof, shall be returned to Kaeser Compressors.

IX. PATENT INDEMNITY

Kaeser Compressors shall defend any third-party suit brought against Purchaser and shall pay any adverse judgment entered therein so far as such suit or judgment is based on a claim that the use of Equipment manufactured by Kaeser Compressors and sold by Kaeser Compressors to Purchaser constitutes infringement of any patent of the United States of America, provided that Kaeser Compressors is promptly notified in writing thereof and given authority, information, and assistance for the defense of the same. Kaeser Compressors may, at its option, (1) obtain for Purchaser the right to continue to use Equipment purchased from Kaeser Compressors, or (2) modify such Equipment so that it becomes non-infringing, or (3) replace the same with non-infringing Equipment, or (4) remove such Equipment and refund to Purchaser the un depreciated portion of the purchase price. THE FOREGOING PROVISIONS OF THIS PARAGRAPH CONSTITUTE THE ENTIRE LIABILITY OF THE COMPANY WITH REGARD TO PATENT INFRINGEMENT. IN THE EVENT ANY EQUIPMENT (A) IS SOLD BY KAESER COMPRESSORS TO MEET PURCHASER'S SPECIFICATIONS OR REQUIREMENTS NOT A PART OF A STANDARD LINE OFFERED BY KAESER COMPRESSORS IN THE USUAL COURSE OF ITS BUSINESS OR (B) CONTAINS MARKINGS, TRADEMARKS OR LOGOS SPECIFIED BY PURCHASER, PURCHASER AGREES TO DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS KAESER COMPRESSORS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES OR INJURIES (INCLUDING BUT NOT LIMITED TO KAESER COMPRESSORS' ATTORNEYS' FEES AND OTHER COSTS OF DEFENSE) ARISING OUT OF A CLAIM, SUIT OR ACTION AT LAW OR IN EQUITY FOR ACTUAL OR ALLEGED INFRINGEMENT, INCLUDING BUT NOT LIMITED TO OF ANY U.S. OR FOREIGN PATENT, BECAUSE OF THE SALE OF SUCH EQUIPMENT, AND TO DEFEND ANY SUITS OR ACTIONS WHICH MAY BE BROUGHT.

X. ENVIRONMENTAL AND OSHA REQUIREMENTS

Since the compliance with the various federal, state and local laws and regulations concerning occupational health and safety and pollution are affected by the use, installation and operation of Equipment and other matters over which Kaeser Compressors has no control, Kaeser Compressors assumes no responsibility for compliance with those laws and regulations, whether by way of indemnity, warranty or otherwise.

XI. REMEDIES AND CANCELLATION

The rights and obligations of Kaeser Compressors and Purchaser shall be governed by the laws of the Commonwealth of Virginia (without reference to principles of conflicts of laws). If any provisions herein shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity of the remainder of the provisions herein. No accepted offer may be cancelled or altered by Purchaser except upon terms and conditions accepted by an executive officer of Kaeser Compressors in writing, and no changes to this document will be binding unless set forth in writing and manually signed by an executive officer of Kaeser Compressors.

XII. WAIVER

Kaeser Compressors' failure at any time to enforce any of the provisions herein, or to require Purchaser's performance of any of the provisions herein, shall not be construed to be a waiver of such provisions.

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