

TERMS OF PURCHASE

LIQUIDYNAMICS, INC.

1. Definitions. "Company" means Liquidynamics, Inc. "Contract" means the Purchase Order, all documents incorporated by reference in the Purchase Order, the terms and conditions contained herein, and all specifications, drawings and data provided by Company or referred to by Company in its Purchase Order. "Nonconforming Products" means Products that are not in accordance with the instructions, specifications, drawings and data or Seller's warranties (express or implied) in this Contract. "Purchase Order" means Company's purchase order delivered to Seller. "Products" means any goods/services to be provide or performed by Seller under the Contract and as described more specifically in the Purchase Order. "Seller" means the party identified as Seller on the face of the Purchase Order.

2. Controlling Provisions. This Contract governs the parties' duties, obligations and relationship with respect to the sale by the Seller and the purchase, acceptance and use by Company of the Products. This Contract constitutes an offer by Company to buy the Products from Seller in accordance with the terms of this Contract. If this document is deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms, covenants and conditions contained in this Contract. Company's offer, and Seller's acceptance of this offer, is limited to the terms, covenants and conditions in this Contract. Company hereby objects to and rejects any additional, different or varying terms proposed by Seller, except additional warranties by Seller, regardless of whether such terms would materially alter this Contract. Seller's proposal of additional or different terms shall not operate as a rejection of Company's terms, and Company's terms shall be deemed accepted without said additional or different terms. No course of dealing, usage of trade or course of performance will be relevant to supplement or explain any terms in this Contract. This contract constitutes the final written expression of the terms between Company and Seller regarding the Products and is the complete and exclusive statement of those terms. Any terms, conditions, negotiations or understandings between the parties which are not contained in this contract shall have no force or effect unless in writing and signed by an authorized representative of Company, expressly stating Company's intent to modify this contract.

3. Acceptance. Seller shall be deemed to have made an unqualified acceptance of this Contract on the earliest of the following to occur: (a) Company's receipt of a copy of this Contract or Company's Request for Quotation, Purchase Order or Company's other form, signed by Seller; (b) Seller's acknowledgment of these terms and conditions or any Purchase Order or request submitted by Company from time to time; (c) Seller's commencement of manufacture or delivery of the Products; (d) Seller's acceptance of any payment from Company; (e) Seller's failure to object to these terms and conditions within ten days of receipt or notice of them; or (f) any other event constituting acceptance under applicable law.

4. Suspension, Termination or Modification of Purchase Order

Suspension. Company may suspend this Contract, at any time, for its convenience and in whole or in part, by any reasonable manner. If Company suspends this Contract, Seller shall promptly suspend further performance of this Contract to the extent specified and during the period of such suspension shall properly care for and protect all work in progress and materials Seller has on hand for performance of this Contract. Company may at any time withdraw the suspension of performance to Seller and Seller shall resume diligent performance of the work. If Seller believes that any such suspension or withdrawal of suspension justifies modification of the Contract price, Seller shall promptly submit to Company a written claim for such modification. Seller's claim shall substantiate Seller's increased costs with invoices and other documents satisfactory to Company. Upon Company's verification and approval of such additional costs, Company and Seller shall agree upon an adjustment in the Contract price based upon such costs as full settlement to Seller for the suspension and withdrawal of suspension.

Termination for Convenience. Company may terminate this Contract, at any time, for its convenience and in whole or in part, by any reasonable manner. If Company terminates this Contract for its convenience, Seller's sole claim shall be for the costs it reasonably incurred in the performance of this Contract prior to such termination, as

described below, with due allowance for the salvage value of all Products after Company has had full opportunity to recommend disposition and audit Seller's costs. Seller will comply with Company's instructions regarding transfer and disposition of title to such Products. Within 60 days after receipt of notice of termination, Seller will submit all its claims resulting from such termination. Company will have the right to check such claims at any reasonable time or times by inspecting and auditing the records, facilities, work or materials of Seller and its subcontractors relating to the relevant Purchase Order. Payment made under this section constitutes Company's only liability in the event this Contract is terminated. Except as otherwise provided in the relevant Purchase Order, the provisions of this section will not apply to any cancellation by Company for default by Seller or any other cause allowed by law or under the relevant Purchase Order.

Termination for Cause. If Seller is adjudged bankrupt, is insolvent, or makes a general assignment for the benefit of its creditors, or if Seller does not correct any failure of Seller to comply with this Contract within ten days after Company notifies Seller in writing of such failure, Company may terminate this Contract by written notice to Seller. In the event of such termination, Company may complete the performance of this Contract by such means as Company selects, and Seller shall be responsible for any additional costs incurred by Company in so doing. Any amounts due Seller for Products delivered by Seller in full compliance with the terms of this Contract prior to such termination shall be subject to set off by Company for Company's additional costs of completing the Contract and other damages incurred by Company as the result of Seller's default.

Modifications. Notwithstanding section 2 of this Contract, Company reserves the right at any time to make written changes in any one or more of the following: (a) specifications, drawings and data incorporated into this Contract where the items to be furnished are to be specially manufactured for Company; (b) methods of shipment or packing; (c) place of delivery; (d) time of delivery; (e) manner of delivery; and (f) quantities. If any such change causes an increase or decrease in the cost of or the time required for performance of this Contract, an equitable adjustment shall be made in the Contract price or delivery schedule, or both. Any claim by Seller for adjustment under this clause must be approved by Company in writing before Seller proceeds with such change. Price increases shall not be binding on Company unless evidenced by a Purchase Order change notice or revision issued and signed by Company. Seller shall not suspend performance of this Contract while Company and Seller are in the process of making of such changes and related adjustments. No substitutions shall be made in this Contract without Company's prior written authorization.

Any claim by Seller for an adjustment pursuant to this section shall be deemed to have been waived unless made in writing within 60 days from the date Company notifies Seller of the suspension, withdrawal of suspension, termination or change. **IN NO EVENT SHALL SELLER BE ENTITLED TO ANY PROSPECTIVE PROFITS OR ANY DAMAGES DUE TO SUSPENSION, WITHDRAWALS OF SUSPENSION, TERMINATION OR CHANGE.**

5. Delivery. Unless otherwise specified in this Contract, Seller shall deliver the Products [F.O.B. the facility named by Buyer]. For deliveries of Products from outside the United States, delivery shall be [DDP the facility named by Buyer] pursuant to INCOTERMS 2010 of the International Chamber of Commerce as updated or amended from time to time. Seller shall pack, mark and ship Products in accordance with Company's specifications from time to time. Seller shall package Products so as to prevent damage or deterioration and shall comply with all applicable packaging laws. Seller shall include with each shipment such documents as Company may require from time to time including, without limitation, a packing slip showing Company's Purchase Order number, item numbers, and sufficient other particulars to identify the Products and a Bill of Lading showing quantities delivered by lot number (collectively, the "Delivery Documents"). Company's count shall be accepted as final on all shipments not accompanied by packing lists. Company will not pay any charges for any containers, packaging, boxing, crating, marking, delivery, transportation, storage or other charges unless otherwise specified in this Contract. Company shall have the right at any time to specify the carrier and/or the method of transportation to be employed in conveying the Products, upon proper adjustment being made to cover any difference in transportation cost agreed upon in this Contract. Deliveries are to be made only in quantities and at times specified in schedules furnished by Company. Company may from time to time change delivery schedules. Any forecasts provided by Company are estimates only and are nonbinding. Seller agrees to supply Company's requirements for Products. Nothing in this Contract shall be deemed to require Company to make any minimum purchases, nor shall this Contract be deemed to restrict Company from procuring Products from alternate sources. Time is of the essence with respect to Seller's performance of this

Contract and delivery of Products. Seller shall immediately notify Company of any actual or potential delivery delays. Title to and risk of loss of Products shall remain with Seller until delivery to the facility named by Company.

Where deliveries are to be made in accordance with Company's written releases, notwithstanding any quantities specified in this Contract, Seller shall not produce any Products covered by the relevant Purchase Order, or procure materials required therefor, or ship any Products to Company, except to the extent authorized by such written releases. Neither acceptance of Products nor payment therefor shall constitute a waiver of this provision.

If delivery of Products is not made in the quantities and at the times specified, or rendering of services is not completed at the times specified, Company reserves the right, without incurring liability, and in addition to its other rights and remedies, to take either or both of the following actions: (a) direct expedited routing of Products (the difference in cost between the expedited routing and the Purchase Order routing costs shall be paid by Seller); (b) terminate this Contract by notice to Seller as to stated Products not yet shipped or services not yet rendered and to purchase substitute Products or services elsewhere and charge Seller with any loss incurred. Company will have no liability for payment for Products delivered to Company which are in excess of quantities specified in this Contract and delivery schedules. Such Products shall be subject to rejection and return at Seller's expense, including transportation charges both ways.

6. Inspection and Acceptance. Payment for any Products under this Contract shall not constitute acceptance. All Products purchased under this Contract are subject to inspection at Company's specified delivery destination either before or after payment or before or after acceptance, at Company's option. Company reserves the right to reject and refuse acceptance of Nonconforming Products, which will be returned to Seller for full credit or replacement at Company's option and at Seller's risk and expense, including transportation charges both ways. No replacement of Nonconforming Products shall be made unless requested by Company in writing. If Seller fails to timely deliver replacement Products, Company may replace them with product from a third party and charge Seller the cost thereof and terminate the Purchase Order hereunder for cause.

Company shall not be liable for failure to accept any part of the Products, if such failure is the result of any cause beyond the control of Company. Such causes include, without limitation, fires, floods, Acts of God, strikes, differences with employees, casualties, or delays in transportation. Acceptance of any part of the Products shall not bind Company to accept future shipments, nor deprive it of the right to return Products already accepted.

Acceptance of all or any part of the Products shall not be deemed to be a waiver of Company's right either to cancel or to return all or any portion of the Products because of failure to conform to this Contract, or by reason of defects, latent or patent, or other breach of warranty, or to make any claim for damages, including manufacturing costs, damage to materials, or articles caused by improper boxing, crating or packing, and loss of profits or other special damages. Such rights shall be in addition to any other remedies provided by law or this Contract.

7. Prices. If a price is not stated on Company's Purchase Order or request, the Products shall be billed at the price last quoted, the last price charged, or the prevailing market price, whichever is lower. The Purchase Order must not be filled at a higher price than last quoted or charged without Company's prior written authorization. Prices shall not increase without Company's prior written consent, which Company may withhold in its sole discretion. Prices are inclusive of all packaging, transportation costs, insurance, taxes, fees, duties, tariffs, costs and charges of any nature whatsoever.

8. Terms of Payment. Company's account with Seller shall be paid within [30] days after receipt of invoice or shipment, whichever is received later, except where cash discounts apply or other terms are specified and specifically agreed to in writing by Company. Company's obligation to pay within such [30]-day period is subject to Company's receipt of the Delivery Documents and Seller's compliance with this Contract. Company reserves the right of setoff of any amounts due Seller on this Contract against any amount due Company from Seller on any transaction. Company's acceptance of or payment for the Products or any other action or inaction shall neither (a) relieve Seller from any of its obligations and warranties hereunder, nor (b) constitute a waiver of Company's rights and claims hereunder. In the event of a payment dispute, Company shall deliver a written statement to Seller no later than five days prior to the date payment is due on the disputed invoice listing and describing disputed items. Company shall pay undisputed amounts and the parties shall seek to resolve disputed amounts expeditiously and in good faith. Seller shall continue performing its obligations hereunder notwithstanding any such dispute. In the event Company

has paid in full for a shipment of Products that is subsequently returned, in any portion, to Seller pursuant to section 5 or 6, Seller shall reimburse Company for the initial shipment costs required to deliver the Products to Company's delivery destination.

9. Seller's Warranties. Seller expressly warrants to Company, Company's customer and to the ultimate user that, in addition to any other warranty provided by law or equity (a) the Products (including Products sold to Company but manufactured by others) and all material, packaging and work covered by this Contract will (i) conform to the instructions, drawings, specifications, samples or other descriptions furnished or adopted by Company, (ii) conform to all representations of and specifications provided by Seller, (iii) meet or exceed the quality standards furnished or adopted by Company, (iv) be merchantable, of good material and workmanship and fit and sufficient for the purposes intended, (v) be new, free from defects in material and workmanship; (b) the use and/or sale, alone or in combination, of the Products will not infringe or violate any United States or foreign letters patent, or any right in or to any patented invention or idea, or a trademark or copyright, (c) the Products and their production, storage, pricing, delivery and sale hereunder are in compliance with all applicable foreign, federal, state and local laws, (d) Seller is conveying good title to the Products, free and clear of any liens or encumbrances, and (e) unless Seller advises Company otherwise in writing with full details, the Products need not be labeled with a warning (or accompanied by a tag, signage or other notice) relating to chemical contents pursuant to any applicable law. Seller acknowledges that it has knowledge of Company's intended use of the Products and warrants that all Products that have been manufactured by Seller based on Company's use and will be fit and sufficient for the particular purposes intended by Company. Seller further warrants that all services performed for or on behalf of Company shall be performed in a competent, workmanlike manner and shall be free from faults and defects. Seller agrees that all warranties shall survive acceptance of the Products. These warranties shall be in addition to any warranties of additional scope given by Seller to Company or implied by law. Any Products not in accordance with the foregoing warranties or any special warranty shall be deemed to be defective and may be rejected by Company. Company's approval of Seller's specifications or designs shall not relieve Seller of any of its warranty obligations. Seller will maintain a quality assurance system which is adequate in Company's judgment to detect and prevent shipment of nonconforming Products. In the event of any recall affecting the Products, Seller shall indemnify Company and Buyer Parties in accordance with section 10 of this Contract. Company shall have the right to control the recall process and Seller shall fully cooperate with Company in connection with the recall.

10. Remedies for Breach of Warranty. If Seller breaches any of its warranties, Seller shall be liable for, and indemnify Company and Buyer Parties from and against, all Damages incurred by them, including, without limitation, the purchase price of the Products, delivery costs, replacement and cover costs, lost profits, consequential and incidental damages. "Buyer Parties" and "Damages" are defined in section 10 of this Contract. Seller acknowledges that, if Seller's breach causes Company to deliver products to its customers either late or below Company's standards, Company will incur lost profits and other damages for which Seller is liable. Without limiting the foregoing, at Company's option, Seller shall promptly and at its sole cost replace any Products failing to conform with the warranties set forth in this Contract. Replacement Products shall be subject to the same warranty as provided above. If Product is held to constitute an infringement of a third party right, Seller shall, at its expense, either procure for Company the right to use said Product or replace same with a substantially equal but not infringing Product, or modify it so that it becomes substantially equal but not infringing.

11. Indemnification. Seller hereby releases and agrees to promptly defend, indemnify and hold harmless Company and its affiliates, shareholders, directors, officers, employees, customers, successors and assigns (individually and collectively "Buyer Parties") from and against any and all direct and indirect debts, actions, causes of action, fees, demands, fines, penalties, judgments, liabilities, losses, claims, costs, expenses, special damages, incidental damages, consequential damages, attorneys' fees and costs and other expenses arising from any loss, damage or injury (including death) to any person or property ("Damages") incurred by or against Company or any Buyer Parties due to or arising out of, in connection with, resulting from or in any way relating to the Products, Seller's performance of this Contract or (a) any alleged defects in the Products, (b) any inadequate Product disclosures, labels, packaging, warnings or instructions, (c) the alleged violation of any statute, ordinance or other law, order, rule or regulation by Seller or any employee or agent of Seller, (d) any alleged unfair competition resulting from similarity of design, trademark, use or appearance of the Products, (e) bodily injuries, deaths or property damage caused by any intentional, reckless, negligent or wrongful act or omission of Seller, or any employee or agent of Seller, (f) any misrepresentation or breach of warranty set forth herein or any special warranty, or (g) any recalls involving Products. Seller further agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any and all

such suits, actions, or proceedings which may be brought against Seller or against Company. Company and Buyer Parties, at their option, may be represented by and actively participate through their own counsel in any such suit or proceeding, and Seller shall pay the costs of such representation and participation. **IN NO EVENT SHALL COMPANY BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT OR PUNITIVE DAMAGES ARISING IN RELATION TO THE PRODUCTS AS DELIVERED BY SELLER, THIS CONTRACT OR THE PARTIES' RELATIONSHIP, AND SELLER AGREES TO INDEMNIFY AND HOLD COMPANY HARMLESS THEREFROM.**

12. Intellectual Property. Nothing in this Contract will be construed to give Seller any rights in any trademarks or other intellectual property of Company.

13. Compliance with Applicable Laws and Company's Policies and Procedures. Seller represents, warrants and covenants that it and the Products, and their production, storage, pricing, delivery and sale are, have been, and shall remain in compliance with all applicable foreign, federal, state and local laws, statutes, rules, regulations, directives and orders including, without limitation, as applicable, all packaging and labeling laws. Without limiting the foregoing:

California Proposition 65. Seller acknowledges that all Products manufactured by Seller for Company, or otherwise supplied by Seller to Company, for sale in or delivery to California must comply with California Health and Safety Code Section 25249.5 et seq., commonly referred to as Proposition 65, and implementing regulations ("Prop 65"). Seller shall: (i) notify Company of any and all Products manufactured by Seller for Company, or otherwise supplied by Seller to Company, for sale in or delivery to California that contain substances listed in Prop 65 that require a Prop 65 warning; or (ii) if no Products fall within the scope of clause (i), certify to Company, upon request, that all Products manufactured by Seller for Company, or otherwise supplied by Seller to Company, for sale in or delivery to California do not contain substances listed in Prop 65 and thus do not require a Prop 65 warning. Seller shall immediately advise Company in writing if Products do not comply with Prop 65 requirements. Seller shall defend, indemnify and hold Company and all Buyer Parties harmless from and against any and all Damages arising out of or resulting from any Prop 65 violation(s) relating in any way to any Product provided by Seller to Company.

14. Miscellaneous Provisions.

Entire Agreement. This Contract, and any other separate written agreement, statement of work, amendment or addendum (each or collectively referred to hereinafter as the "Other Agreement"), constitutes the entire agreement between the parties with respect to Company's purchase of the Products and supersedes all other agreements or communications, written or oral, which may be deemed to be inconsistent with it. This Contract may not be amended or altered except by a writing signed by Company. Should Company and Seller enter into any Other Agreement regulating or amending their mutual rights and obligations in this Contract, the provisions of such Other Agreement shall be in addition to this Contract except for those provisions that conflict in which case the terms of the Other Agreement shall prevail.

Governing Law. This Contract will be governed by and construed according to the laws of the State of Kansas, USA, including, without limitation, the Uniform Commercial Code as adopted in Kansas (except to the extent modified by this Contract). Neither this Contract nor sales hereunder will be governed by the provisions of the United Nations Convention on Contracts for the International Sale of Goods. Any cause of action, claim, suit or demand by Seller allegedly arising from or related to the terms of this Contract or the relationship of the parties shall be brought in a court situated in the State of Kansas. Seller irrevocably admits itself to and consents to the exclusive jurisdiction and venue of said court and agrees that process may be served upon it in any manner authorized by the laws of the State of Kansas for such person and waives and covenants not to assert or plead any objection which it might otherwise have to such jurisdiction, venue or process.

Severability; Waiver. If any provision of this Contract is held to be invalid or unenforceable for any reason, the parties acknowledge and agree that such invalidity or unenforceability (a) will not affect any other provision of this Contract, (b) the remaining terms, covenants and conditions hereof will remain in full force and effect, and (c) any court of competent jurisdiction may so modify the objectionable provision as to make it valid and enforceable. The failure of either party to insist, in any one or more instances, upon performance of any term, covenant or condition of

this Contract will not be construed as a waiver or relinquishment of any right granted hereunder or the future performance of such term, covenant or condition.

Company's Remedies Cumulative. All of Company's remedies herein are cumulative and not exclusive of any other remedies available to Company at law, by contract or in equity.

Independent Contractor. Seller is and shall remain an independent contractor and neither Seller nor any of its employees or agents shall be or be considered an employee of Company. Neither Seller nor any of its employees or agents are authorized to incur any obligations or make any promises or representations on Company's behalf.

Survival. Any provisions of this Contract, the performance or effectiveness of which naturally survives, shall survive expiration or termination of this Contract for any reason including, without limitation, Seller's warranty and indemnity obligations.