

HYDRANAUTICS STANDARD MATERIALS AND WORKMANSHIP WARRANTY

This Materials and Workmanship Warranty (the "Warranty") is made by HYDRANAUTICS ("Hydranautics"), a California corporation, in connection with the Buyer's purchase of a Hydranautics product and the component parts thereof, as more fully defined in that certain purchase order of even date herewith (the "Covered Product"). This Warranty constitutes the entire agreement between Hydranautics and the Buyer as to any warranty provided by Hydranautics to the Buyer on the Covered Product and supersedes all agreements, understandings or discussions, whether oral or written, entered into prior to or contemporaneously herewith. This Warranty may not be modified or amended except in writing and signed by Buyer and Hydranautics.

I. ACKNOWLEDGEMENTS OF BUYER

By accepting this Warranty, Buyer acknowledges the following:

- A. That Buyer has read and understands the terms and limitations of this Warranty;
- B. That Buyer has been provided sufficient opportunity to consult with independent legal counsel regarding this Warranty and the limitations hereof, and that Buyer has not relied upon any statements or representations of Hydranautics for Buyer's understanding or interpretation of any provision hereof.

II. LIMITED WARRANTY ON MATERIALS AND WORKMANSHIP

Hydranautics warrants to the Buyer that the Covered Product are free from defects in materials and workmanship for a period not to exceed twelve (12) months from the date that the Covered Product are shipped from Hydranautics for delivery to the Buyer, provided however, as a condition precedent to enforcement of this Warranty, the Covered Product are used and maintained in accordance with all Hydranautics specifications and specified engineering, operating, storage, shipment, and returned goods authorization ("RGA") procedures, as set forth in the TSBs relevant to the Covered Product, posted at <http://www.membranes.com>, and hereby incorporated by reference. Buyer agrees to review such TSBs and to periodically review the website, no less frequently than quarterly, for updates or supplements to the relevant TSBs.

III. LIMITATIONS ON HYDRANAUTICS LIABILITY.

- A. If Hydranautics breaches this Warranty, the exclusive remedy of Buyer and the exclusive obligation of Hydranautics will be as Hydranautics elects within a reasonable time: (i) to repair defective Covered Product, (ii) to replace defective Covered Product, (iii) to refund Buyer a pro-rated amount of the amount paid for defective Covered Product based on the months left under the warranty period in section II, or (iv) add additional Covered Product.
- B. Buyer's remedies expressly set forth in this Warranty are Buyer's exclusive remedies in connection herewith. Customer waives all other remedies, statutory or otherwise including, without limitation, the remedies of specific performance or replevin.
- C. Hydranautics' maximum, aggregate, and total liability under this Warranty, whether in contract, tort, or otherwise, shall not exceed the amount paid for defective Covered Product.
- D. EXCEPT FOR GROSSLY NEGLIGENT OR WILFUL MISCONDUCT, IN NO EVENT WILL NITTO BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, OR SPECIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUES OR PROFITS, LOSS OF USE, COST OF REPLACEMENT, COST OF CAPITAL AND CLAIMS OF CUSTOMERS, INTEREST CHARGES, OR ANY INCREASED COSTS) WHICH ARISE IN CONNECTION WITH THIS WARRANTY. This Warranty shall not be assigned or transferred by the Buyer without the prior written approval of Hydranautics.
- E. This Warranty shall be governed by and construed according to the laws of the state of California, U.S.A.

IV. WARRANTY DISCLAIMERS.

- A. THIS WARRANTY SUPERSEDES AND REPLACES ANY PREVIOUS WARRANTY MADE OR OFFERED TO THE BUYER BY HYDRANAUTICS, INCLUDING BUT NOT LIMITED TO ANY WARRANTY SET FORTH IN ANY OTHER AGREEMENT BETWEEN THE PARTIES HERETO.
- B. THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL SUCH OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED. FURTHERMORE, NO AFFIRMATION OF FACT OR PROMISE MADE BY HYDRANAUTICS, BY WORD OR BY ACTION, SHALL CONSTITUTE A WARRANTY.
- C. EXCEPT FOR THE PROVISIONS SET FORTH IN THIS WARRANTY, NO AGENT, EMPLOYEE, OR REPRESENTATIVE OF HYDRANAUTICS HAS ANY AUTHORITY TO BIND HYDRANAUTICS TO ANY OTHER AFFIRMATION, REPRESENTATION, OR WARRANTY CONCERNING THE PRODUCT SOLD TO THE BUYER. UNLESS AN AFFIRMATION, REPRESENTATION OR WARRANTY IS SPECIFICALLY INCLUDED IN THIS WARRANTY, IT SHALL NOT BE ENFORCEABLE BY THE BUYER.