

Terms and Conditions of Sale

1. This sales order shall not be binding on **HUNDESTED PROPELLER A/S** (hereinafter referred to as HP) until approved at HP's home office, and when accepted, will be accepted on the following terms and conditions, which may not be modified, changed or added to without a written approval from an executive officer of HP. Any additional or different terms in Buyer's order or confirmation will not be binding on HP.
2. Unless otherwise agreed to by HP, HP's product which is the object of the sale (hereinafter referred to as "the product") will be delivered Ex Works. HP will give Buyer reasonable notice as to the date of delivery. If Buyer fails to take delivery on said date, the product will be stored at Buyer's risk and expense from the date Buyer fails to take delivery.
3. HP shall not be liable for any delays in delivery or any failure to deliver due causes beyond HP's reasonable control, including but not limited to force majeure, work stoppages, or the laws, regulations, acts or failure to act of any governmental authority, machinery breakdown, or shortages of or inability to obtain shipping space or transportation, delays or failures in supply, and faults of subcontractors, and HP shall be entitled to cancel the order, in whole or in part, or to postpone the delivery date. Delay in delivery shall not give Buyer the right to cancel the order.
4. Under no circumstances will HP be liable for Buyer's direct or indirect losses, including lost profits, good will or other special or consequential damages, because of delays or failure to deliver due to any reason whatsoever.
5. **HP warrants that the product will be manufactured in accordance with the plans and specifications of the buyer, and that the product will be free from defects in material and workmanship. This warranty is expressly made in lieu of any and all warranties, express or implied, including, without limitation, the warranties of merchantability and fitness for a particular purpose, and the sole liability of HP shall be to replace or repair any goods not in conformity with the contract specifications. HP shall under no circumstances be liable for any loss or damage, directly or indirectly, arising from the use of the product or for special or consequential damages.** HP's obligation to replace or repair the product as a result of faulty workmanship or defective materials is minimized to a period of twelve (12) months from the date of first use, but under no circumstances later than twenty-four (24) months from the date of delivery. Buyer's sole remedy shall be to cancel the order in the event that HP fails to make repairs or provide replacements when required to do so by the Warranty. Upon discovering the defect, Buyer shall within eight (8) days notify HP, and shall at Buyer's own cost and risk dismount, dismantle and return to HP the part or parts to be repaired or replaced. Shipment of repaired or replacement parts back to the Buyer and their reassembly and remounting shall be at the Buyer's own cost and risk. All slipway and dry docking costs shall be for Buyer's account. The Warranty shall become void and to no effect if Buyer attempts to repair the product or have the repairs carried out by others without the prior written consent of HP. Buyer must comply with all of HP's recommendations, including, but not limited to greasing and lubrication, in order for the Warranty to remain in effect. HP shall not be responsible for normal wear and tear, misuse of the product, defective shipbuilding or foundation work, faults in the vessel's principal construction, faulty installation, mounting and assembly, servicing and maintenance, as well as mishap, damage or defect resulting from incorrect handling or overloading, etc. This clause and the warranties contained herein shall be governed by applicable U.S. law.
6. Unless otherwise agreed to by HP, prices are calculated Ex Works. HP reserves its right to change prices as a result of unforeseen increases in the cost of wages or raw materials. Agreed terms of payment must be observed by Buyer, even if Buyer fails to accept delivery on delivery date. Discharging payment can only be made to HP's head office at Hundested, Denmark. In the event of Buyer's failure to pay the purchase price when due, Buyer shall pay costs and interest calculated from the date of the sales invoice at the annual rate of interest stipulated in the sales invoice, but in no event less than six (6) per cent above the then prevailing discount rate of Danmarks Nationalbank (The National Bank of Denmark – the central bank). If Buyer fails to pay an instalment of the purchase price when due, then at the option of HP, the entire purchase price becomes due and payable and shall be paid by the buyer

within fourteen (14) days after notification by HP that it elects to declare the full purchase price due and payable. HP shall retain ownership and title to the product until the full purchase price, including incidental costs have been paid. In the event of Buyer's failure to pay the full purchase price when due and payable, HP shall retain possession and ownership over the product and any previous instalments of the purchase price already paid shall be deemed partial compensation for HP's damages.

7. If it is agreed that the product will be delivered to the Buyer and the product is situated in the United States before the purchase price has been fully paid, HP shall retain a purchase money security interest (as defined in Section g-107 of the applicable State version of the Uniform Commercial Code or in applicable provisions of the Louisiana Statutes) in the product until such time as the purchase price, inclusive of interest, costs, etc., shall have been fully paid. The provisions contained in the preceding sentence shall be governed by applicable U.S. law. Buyer shall sign appropriate Financing Statements presented by HP and pay the cost of their drafting and filing. Buyer shall also maintain adequate insurance on the product, including, but not limited to, losses due to fire, theft, and loss during transportation and storage. HP's interest is to be endorsed on the insurance policy and a copy provided HP. HP shall retain priority over an amount of the insurance proceeds equivalent to the purchase price plus applicable interest and costs.

8. All sales, use, excise and similar taxes with respect to the product shall be for the account of Buyer, and Buyer shall also be responsible for all import permits and licenses and the payment of all United States import duties and customs fees. HP shall not be responsible for freight, transportation, insurance, shipping, storage, handling, demurrage or similar charges. If such charges are by the terms of sale included in the price, any increase in rates becoming effective after the date of the sales confirmation shall be for the account of the Buyer.

9. Should any dispute arise between HP and Buyer concerning any of the rights or obligations hereunder of either of the parties hereto, such dispute shall be referred to a commercial arbitration tribunal in Copenhagen consisting of three members to be chosen as follows: HP and Buyer shall each select one Arbitrator and the two Arbitrators so chosen shall select a third. If either HP or Buyer shall fail to appoint its Arbitrator within twenty (20) days after the party desiring arbitration has appointed its Arbitrator and given notice to the other of such appointment and the matter proposed to be arbitrated, then the Maritime and Commercial Court of Copenhagen, at the request of the party given such notice, shall appoint a second Arbitrator, and the two so chosen shall select a third Arbitrator. If the two Arbitrators, however chosen, shall be unable to agree upon a third Arbitrator within twenty (20) days after the appointment of the second Arbitrator, then such third Arbitrator at the request of either of the two Arbitrators shall be named by the Maritime and Commercial Court of Copenhagen. The board so appointed shall hear and decide the matter or matters in dispute. The decision of the Arbitrators or a majority of them shall be final and conclusive upon the parties hereto with respect to all matters referred to the Arbitrators for decision, and judgment upon the award may be obtained through any competent court of proper jurisdiction.

10. Except as otherwise provided herein, these Terms and Conditions of Sale be governed by Danish Law. The provision hereof is severable. The invalidity of illegality of one or more non-material provisions herein shall not render this sales agreement invalid or void, and all other provisions herein shall be fully effective and binding.