

THIS POLICY IS PART OF AND ATTACHED TO THE EO BETWEEN THE PARTIES and shall be in addition to and not in lieu of any other terms or conditions. CAPITALIZED words are contract defined, as given in POLICY-DEFINITIONS.

## NO FAULT WARRANTY

- 1.0. The PARTIES AGREE and UNDERSTAND that any EVENT has risk that must be mitigated and covered by USER. AEG does not guarantee or provide warranty that the USER has ordered the correct items or the items they imagine, nor that the USER's event will be successful or due to ACTS OF GOD or even possible. Outdoor events especially have risk of loss due to weather and USER is solely responsible for any liability, loss or damage at USER's EVENT, to USER's PARTICIPANTS and to AEG's PSL and/or RENTALS. It is possible USER may lose their entire investment with nothing to show for it. USER is to purchase insurance and/or AEG WAIVERS to mitigate their potential loss and damage and any such loss and damage is excluded from this warranty. AEG is responsible to get PSL to the event site if WE-DELIVER service is contracted or to turn over RENTALS to USER at warehouse if U-PICKUP service is contracted, but not for any costs, loss or damage afterwards (until PSL or RENTALS are returned to delivery vehicle or warehouse). AEG may at USER's request (a) confirm a contract submitted 10-days or less before the estimated setup start time; (b) setup equipment on a not fully prepared or proper event site; (c) in a manner contrary to POLICY-SOP; and/or (d) in any way that AEG recommends against as documented on delivery receipt or by other written communication, however, in any such instance there shall be **no warranty, no ADDINS coverage on AEG's CGLI insurance and no CDW coverage** and USER shall be solely responsible for all rents, costs, loss, damage, liability and/or event failure.
- 2.0. The PARTIES AGREE: (2.1) ERRORS and omissions may occur as well as equipment and labor breakdowns, weather, UNANTICIPATED EVENTS and other impacts on the performance of any event; (2.2) in all cases AEG's liability shall be limited to a refund or ECREDIT, as determined herein, not to exceed the amount paid by USER to AEG for the item(s) being adjusted, and no other liabilities or damages whatsoever; (2.3) RENTALS, LABOR, SERVICES, DELIVERY and OTHER costs are separate and distinct from each other and ERRORS in one shall have no impact upon the other(s) with any adjustment needed determined as a separate part of any total adjustment; (2.4) this POLICY-WARRANTY and its provisions, methods and limits are material terms of the EO, the absence of which would have resulted in the PARTIES not entering into the Agreement; (2.5) ERRORS shall be adjusted as provided herein on a NO-FAULT BASIS and no other guarantee, liability, expectation, demand, adjustment or refund, means of determination or requirement except as provided by POLICY-DRP or by CONSENT shall be requested, imposed, considered or valid; (2.6) Five-percent (5%) ERRORS are expected (ERRORS ALLOWANCE) but remain subject to ECREDIT; (2.7) AEG may also provide additional OFFSETS against ERRORS; (2.8) Some PSL received or used is without warranty of any kind and used solely at USER's demand, liability, cost, replacement and risk. This includes: (2.8.1) all non-standard, new or custom items; (2.8.2) tents used in any month that freezing weather occurs; (2.8.3) PSL delivered, installed or used during any period that the forecast wind gust speed exceeds the maximum for an item as given in POLICY-SOP; (2.8.4) issues directly or indirectly related to weather without regard of any AEG or other standard for acceptable use and any such standards are agreed to be estimates only and that only approximate measurements of weather conditions are available at any event site; (2.8.5) dance floors, carpeting and event flooring of any kind used outside, on soil, grass, overgrowth, stone, gravel, brick or other than fully level asphalt, concrete or framed wood flooring. The following are excluded even if fully level: (a) broken and cracked floors and (b) floors over which machinery exceeding 1000-lbs or 250-lbs per point of contact has been moved, (2.8.6) wooden chairs; and (2.8.7) all items requested by USER less than 10-days before the event date including replacements, substitutions or exchanges of items when DUE DILIGENCE requirements have not been fully met; (2.9) Only AEG responsibilities are fully warrantied and adjustable and USER responsibilities are warrantied and adjustable only to the level AEG determines unavoidable or shared; (2.10) Receipt and/or use of any PSL shall be acceptance of that PSL as-is, where-is and of meeting all requirements. For unused items when DUE DILIGENCE requirements are met, EXPENDED LABOR (both offsite and onsite) shall be shared equally between AEG and USER for the adjustable portion of any claim, otherwise EXPENDED LABOR shall be fully paid by USER; (2.11) NOTICE: USER must immediately notify AEG of any failure or loss so that repair or replacement can be immediately made when possible. USER agrees no subsequent claim shall be valid if AEG not so notified. Further no claim shall be valid on any item for which a correction, repair or substitution with any equivalent or better item has been made once that item is used. Use is acceptance of meeting all requirements; (2.12) USER must file a warranty claim within 20-days of the incident for a warranty claim to be valid and a warranty determination made. This can be extended to a maximum of 30-days by CONSENT; (2.13) ECREDITS give are transferrable and may be given or donated to another person, church, school, or business and you may receive donation tax benefits; (2.14) PSL modified, substituted or otherwise changed by contract revision shall be the PSL subject to this WARRANTY and not the PSL

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replaced. PSL loaded for delivery shall be cancellable by submission of Form-CC and/or with 100% cancellation fee; and (2.14) All warranty adjustments shall be determined as follows:

- 3.0. NO-FAULT. FAULT shall not be considered, only compliance with the EO and the terms of this WARRANTY.
- 4.0. WARRANTY ADJUSTMENT is determined so that USER may receive credit for and full benefit of all ERRORS ALLOWANCE and OFFSETS given, even if at a later date, plus a cash refund for any ERRORS exceeding that amount. USER is solely responsible for weather related damages, liabilities and costs unless and appropriate damage waiver has been purchased. For any item actually used the maximum adjustment is 20% of the rental (and in the case of quality issues, limited to any published grade cost differences: ie: the difference in cost between a grade B tent and a grade C tent is 10%) and 10% of the EXPENDED LABOR if less labor was required. Delivery costs are not considered or adjustable. At no time shall a greater adjustment be considered and any demand for 100% adjustment shall be a FALSE ACTION and in DEFAULT. Warranty adjustments apply only to ERRORS for which AEG is responsible under the contract and determined as follows:
  - 4.1. LINE ITEM LOSS shall be determined by multiplying the event time (EVT) percent loss by the sum of the line item rental plus any UNEXPENDED LABOR (including travel and prep time, but with delivery cost not adjustable); then,
  - 4.2. TOTAL ITEM LOSS is determined by adding all LINE ITEM LOSSES together; next,
  - 4.3. REFUND TOTAL is determined by subtracting TOTAL ITEM LOSS from the total of 5% ERRORS allowance plus OFFSETS given. Any overage (negative amount) shall be REFUNDED (cash repayment); and,
  - 4.4. ECREDIT issued will be the TOTAL ITEM LOSS less the REFUND TOTAL plus 50% of EXPENDED LABOR. ECREDIT is a future event credit and standard minimums apply after application.
  - 4.5. BONUS ECREDIT. An additional 20% of the REFUND TOTAL is to be added to any ECREDIT as a voluntary bonus when EMERGENCY BASIS did not exist. This percentage does not apply to ECREDIT total.
- 5.0. NON-USE ADJUSTMENT. Any item(s) contracted but not used and not otherwise covered herein shall be deemed cancelled pursuant to POLICY-CC. A no-fault warranty adjustment shall be available by ECREDIT only for the rental cost less cancellation fee, 50% of the preparation and any UNEXPENDED LABOR cost. Delivery is not adjustable. Future event must meet all minimums (after ECREDIT application).
- 6.0. USER is responsible for: (6.1) ESITE and ACCESS thereto; (6.2) ESITE SECURITY; (6.3) PARTICIPANTS; (6.4) UTILITIES; (6.5) the products, services and labor of USER, subcontractors or others; (6.6) all damage or loss to PROPERTY and ESITE except as may be covered by a purchased damage waiver or otherwise expressly specified in the EO; (6.7) immediate notice to AEG by DEFNOTICE upon any PSL deficiency, failure or loss; and (6.8) all other items and efforts specified as USER responsibility in the EO.
- 7.0. WARRANTIED PERIOD. (7.1) Only loss during EVT is warrantied. Delivery , setup and removal times are not covered; (7.2) Only the warrantied in-service time (WIST) of 90% uptime or a lesser value given in POLICY-SOP or the EO is warrantied; (7.3) PSL is warrantied to be +/-6% of AEG's SPEC and one or more items are combinable by AEG to meet any SPEC; (7.4) If PSL is OOS, unavailable or unusable, AEG may repair, replace or substitute such with any equivalent or better item and extend EVT as needed to meet WIST; (7.5) Only the difference between the warrantied SPEC and actual SPEC is adjustable and that only by ECREDIT; (7.6) Use of any item is acceptance of that item as meeting all contract requirements without regard to complaint or condition. The PARTIES AGREE not to use any item not meeting SPEC; and (7.7) USER shall give immediate NOTICE of any shortage or loss to allow for mitigation and correction.
- 8.0. REPAIRS. (8.1) AEG shall be able to install and make repairs at any hour (24 x 7) up to the event start time (EST); (8.2) USER shall minimize impacts of and immediately report any deficiencies by DEFNOTICE allowing AEG as much time as possible to correct or no claim or adjustment of any kind shall be allowed on an that item. (8.3) Repairs, replacement and SUBSTITUTION of PSL shall be allowed for any not fully functional, OOS, unavailable or unusable PSL and the subsequent delivery of any PSL shall be at USER's cost. There shall be no free use of any PSL due to any ERROR or malfunction; (8.4) If a SUBSTITUTED item has a higher value than the original item, no additional charge shall be incurred by USER. If a SUBSTITUTED item has a 5% or lower value than the original item, an ECREDIT shall be issued to USER for the difference.

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Equivalency shall be determined by AEG based on skill, functionality, appearance and similar usability. (8.5) USER shall record all ERRORS on delivery confirmation during the setup period and shall request replacement of unusable items during this time or immediately upon occurrence if an item becomes unusable during use; (8.6) Refusal of a SUBSTITUTED item is cancellation and subject to restocking fees; (8.7) and refusal of any item after setup crew has left ESITE, due to completion or to obtain replacements already requested is not allowed. USER shall assure no more than one trip shall be required by AEG to obtain replacements or SUBSTITUTIONS.

- 9.0. GRADE. USER shall document each PSL item in dispute such that a rent grade may be determined according to AEG specs. Should specific item documentation not be available, a general determination shall be made by AEG based on USER input and no challenge to this determination is reviewable. Standard rental grades are A, BA, B and C with a 5% cost difference between each grade level unless otherwise specified in POLICY-SOP. The total percent difference in grade contracted and grade determined shall be used instead of EVT in calculating LINE ITEM LOSS. The most recent version of POLICY-SOP prior to event shall be used, as it may have changed. ONLY the cost difference in grade shall be considered in any adjustment for a claim that a lower grade was received. USER must provide photographic evidence of the full (entire) item(s) being claimed as lower grade before any adjustment can be calculated or considered. Only the full (entire) item shall be considered in determining grade and it is understood individual sections or small portions of the full item may be of lower grade without changing the full item's overall grade.
- 10.0. EVENT SITE AND PARTICIPANTS. No damage: (1) to ESITE and its PAVEMENT, landscaping, floors or access ways or (2) to PARTICIPANT(s) and their property, clothing, labor or services, either directly or indirectly related to EVENT are warranted. All damages, liabilities, remedies and repairs are the responsibility sole of USER and PARTICIPANT. If USER pays AEG to make repairs, such shall be basic and as determined functionally adequate by AEG with return to as-was condition not considered. No verbal basis or after remedy claim shall be valid, only those supported by actual damages.
- 11.0. LOADING. Equipment with a load rating is warranted only if equipment is used within manufacturer specifications and load is evenly distributed. Uneven loading shall reduce load rating proportionately, as determined by AEG. Load ratings shall be as specified in the EO and/or as detailed in POLICY-SOP.
- 12.0. CLAIM DOCUMENTATION. The PARTY making claim against the other shall provide irrefutable evidence that their claims are fully accurate. Irrefutable evidence shall be affidavit by QEVAL or clear, undeniable photographs showing the exact item(s) claimed. Submission of DEFNOTICE or any other notice is not in itself irrefutable evidence and does not indicate mutual agreement. Lacking such documentation, only the deficiencies or parts thereof mutually agreed upon between the PARTIES shall be considered and no claim shall exist without such mutual agreement.

#### ADDITIONAL INFORMATION (not part of POLICY-WARRANTY)

Some errors in any event must be expected. These are usually are minor or not even viewable expected event conditions. Know your equipment --- most non-reviewable claims are for items one "imagined" differently. Follow the due diligence required by the contract and actually look at the equipment in the warehouse before your event. Warranty claims occur in about 1 in 20 events and in 1 out of about 200 events does a warranty claim exceed the ERRORS ALLOWANCE and OFFSETS given upfront. Keep in mind and event is the attempting to quickly build then remove a large area of entertainment and services. The goal is to keep them minor and infrequent. AEG designs its orders so that you are protected upfront. If you have no issues (as in 95% of the cases) the OFFSETS given are a nice cost-reducing bonus. If you have to use the OFFSETS you still get a future event credit so you get to take advantage of the bonus later.

#### WARRANTY APPLICATION EXAMPLES:

1. A \$1,000 100-foot long tent is ordered and has a \$400 rental cost, \$200 preparation cost and \$400 labor cost. The ERRORS ALLOWANCE is 5% (\$50) and an additional \$125 OFFSET was included. During installation a piece is damaged and OOS (out of service) and spares are not available, so a 20-ft section cannot be

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installed. The tent is installed 80-ft long. The line item loss is 20% of the \$400 rental, and 20% of the \$200 preparation cost and since no labor was expended on installing a missing piece 20% of the labor cost is also included --- totaling \$200. The ERRORS ALLOWANCE and OFFSETS totaled \$175. A \$175 ECREDIT (future event credit) and a \$25 cash refund are issued as the warranty adjustment.

2. A \$1,000 100-foot long tent is ordered and has a \$400 rental cost, \$200 preparation cost and \$400 labor cost. The ERRORS ALLOWANCE is 5% (\$50) and an additional \$125 OFFSET was included. The ESITE the USER must to install the tent on only allows for an 80-ft tent to be installed. The line item loss is 0% of the \$400 rental and \$200 preparation costs and since no labor was expended on installing a missing piece 20% of the labor cost is included --- totaling \$80. The ERRORS ALLOWANCE and OFFSETS totaled \$175. An \$80 ECREDIT (future event credit) as the warranty adjustment.
3. A \$1,000 100-foot long tent is ordered. It has a \$400 rental cost, \$200 preparation cost and \$400 labor cost. The ERRORS ALLOWANCE is 5% (\$50) and a \$125 OFFSET included. The ESITE is blocked and no option is made available by the USER. The tent was delivered but cannot be installed. The line item loss is 0% of the \$400 rental, 0% of the \$200 preparation cost and 50% of the labor was expended due to worker 4-hour minimums getting equipment to, on and then back off the ESITE. The \$200 in EXPENDED LABOR is shared equally (\$100:\$100) and the rest (\$200) (UNEXPENDED LABOR) is added to the line item loss--- totaling \$300. The ERRORS ALLOWANCE and OFFSETS totaled \$175. A \$175 ECREDIT (future event credit) and a \$125 cash refund are issued as the warranty adjustment.
4. A \$5,000 order has \$2000 rental cost, \$1000 of preparation cost and \$2000 of labor. The ERRORS ALLOWANCE is 5% (\$250) and a \$1000 OFFSET included. Four hours are specified by AEG for the install, however access to the ESITE is blocked by a locked gate (24x7 access USER's designated responsibility) and no one arrives to open it for 2-hours, causing the install to go 2-hours late and past the event start time. Because a local inspector could not see all items setup, \$750 of the rentals (25%) are disapproved after setup or setup is not even attempted. The line item loss is 0% of the \$2000 rental, 0% of the \$1000 preparation cost and since all labor was eventually expended, the \$500 in EXPENDED LABOR on the unavailable items is shared (\$250:\$250). The ERRORS ALLOWANCE and OFFSETS totaled \$1250. A \$250 ECREDIT (future event credit) is issued as the warranty adjustment. In cases such as this where USER error is the cause, but mitigating circumstances exist so the ECREDIT will likely be increased voluntarily by AEG to the full rental loss of \$750 (no labor considered) so a similar future event can have additional items and the USER does not suffer a loss from an honest mistake.
5. A \$5,000 order has \$2000 rental cost, \$1000 of preparation cost and \$2000 of labor. The ERRORS ALLOWANCE is 5% (\$250) and an additional \$500 OFFSET was included. The USER did not follow contract DUE DILIGENCE requirements and did not review items in the warehouse in the weeks before their event. After delivery and setup, USER decides some equipment is not as they imagined and does not use \$500 of rentals. The non-use adjustment by ECREDIT is: \$500 plus 50% of \$250 preparation cost (total \$750). Because the equipment was installed before the decision was made, no labor adjustment is available. No other adjustment is possible when DUE DILIGENCE requirements are not fully met.