

**NANOPHASE TECHNOLOGIES CORPORATION
STANDARD TERMS AND CONDITIONS**

1. General Terms: As used in these Terms and Conditions, the terms (a) "Seller" shall mean Nanophase Technologies Corporation and (b) "Buyer" shall mean the party ordering shipment of Seller's products under the Order. These Terms and Conditions, including the provisions on the face hereof, constitute the exclusive contract between the parties for the products provided by Seller ("Order" or "Agreement"). Seller will be deemed to have accepted this Order when Seller returns an acknowledged copy of this Order, or, at Seller's option, when Seller begins substantial performance under this Order. Buyer accepts this Order by acknowledging a copy of this Order, by confirming this Order by its purchase order, purchase requisition or confirmation, or by accepting for shipment the products hereunder. Notwithstanding the manner in which Buyer accepts, Buyer's acceptance is limited exclusively to the acceptance of Seller's terms and conditions set forth in this Order only. Seller hereby rejects any proposal by Buyer for additional or different terms in connection with the products or services provided. Buyer may acknowledge this Order by purchase order, but any and all terms, conditions and provisions contained in said purchase order, acknowledgment form or other communications with respect to the transaction contemplated by this Order, or subsequent to the date hereof, are agreed to be superfluous and without any force and effect. This Order, which includes all terms and conditions hereof, is intended to be the exclusive and final statement of the terms and understandings relative to the subject matter hereof, merging herein and superseding all negotiations and prior written or oral agreements between the parties as to the subject matter of the purchase of the products hereunder. There are no promises, representations or understandings made in connection with this Order or contemporaneous with the execution hereof, except as set forth herein.

2. Prices and Taxes: All prices are set forth on the face of this Order. Seller is entitled to defer shipment of products in the event all amounts due it under this or any other Agreement are not paid in full. All payments shall be made to Seller at its offices. The failure to make prompt payment shall be a material breach of this Agreement. The price of the products specified in this Order does not include federal taxes, state or local sales taxes, value added taxes, use taxes or occupational taxes. Unless prohibited by law, Buyer is responsible for and shall pay all applicable sales, use, occupational, excise, value added or other similar taxes applicable to the manufacture, sale, price, shipment or use of the products provided by Seller.

3. Delivery and Risk of Loss: All sales are FOB Seller's premises in Burr Ridge or Romeoville, Illinois. Seller shall have no liability or responsibility for the late or non-shipment of products hereunder. Title to, risk of loss, destruction of or damage to the products shall be Seller's until delivery of the products to a carrier at the Seller's premises in Burr Ridge, Illinois. Thereafter, Buyer shall be fully responsible for and assume all ownership, risk of loss, destruction of or damage to the products. Loss or damage to the products after title and risk of loss have passed to Seller will not release or excuse Buyer from its obligations under this Order to Seller, including the obligation to make full payment.

4. Short Shipments/Damage Claims: Seller will endeavor to ship all Orders complete or as complete as reasonably possible. Seller will, however, ship incomplete orders upon written authorization by Buyer. In that event, Seller shall have no liability for short, incomplete or delayed orders. All damage claims shall be made within fourteen (14) days of delivery and shall be in writing.

5. Rejection and Revocation of Acceptance: Any rejection or revocation of acceptance by Buyer (a) must be made within thirty (30) days of the products being made available for shipment to Buyer, (b) any attempted rejection or revocation of acceptance made thereafter shall be null and void, and (c) any rejection or revocation of acceptance shall comply with Seller's return protocol.

6. Compliance with Governing Laws: Buyer warrants that its performance hereunder, including the use of the products hereunder, shall comply with all applicable state, federal and foreign law, regulations, environmental regulations, statutes or requirements, including, but not limited to, FDA approvals or any other approvals or certifications required by law

7. Assignment and Modification: The rights and obligations of the parties under this Agreement shall not be assignable unless consent to the assignment is in writing and signed by the parties. This Order shall not be modified, altered or amended in any respect except by a writing signed by the parties. Any variation, modification, or addition to the terms set forth in this Order shall be considered a material modification and shall not be considered part of this Agreement.

8. Limited Warranty and Disclaimer of All Other Warranties: EXCEPT FOR THE EXPRESS WARRANTY, IF ANY, THAT THE PRODUCTS COMPLY WITH THE SPECIFICATIONS IDENTIFIED IN WRITING ON THE FACE OF OR ACCOMPANYING THIS ORDER, SELLER MAKES NO EXPRESS OR IMPLIED WARRANTIES IN THIS ORDER OR OTHERWISE. TO THE FULLEST EXTENT PERMITTED BY LAW, SELLER DISCLAIMS ALL WARRANTIES, WRITTEN, EXPRESS OR IMPLIED, INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE. SELLER EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY TO BUYER FOR ANY CONSEQUENTIAL DAMAGES, DAMAGES FOR LOSS OF USE, LOSS OF PROFITS, INCOME, OR REVENUE, LOSS OF TIME OR INCONVENIENCE, LOSS OR DAMAGE TO ASSOCIATED EQUIPMENT, COST OF SUBSTITUTED OR REPLACEMENT EQUIPMENT, LOSS TO FACILITIES, LOSS OF CAPITAL, LOSS OF SERVICES OR ANY OTHER INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGE ARISING OUT OF THIS ORDER OR THE OPERATION, FUNCTION OR CHARACTERISTICS OF THE PRODUCTS PURCHASED HEREUNDER OR OTHERWISE PROVIDED BY SELLER. IN THE EVENT THAT PRODUCTS DO NOT SATISFY SPECIFICATIONS, THEY WILL BE REPLACED, AT SELLER'S OPTION, WITH PRODUCTS THAT DO SATISFY THE SPECIFICATIONS AT SELLER'S SOLE EXPENSE. SAID REPLACEMENT IS THE SOLE AND EXCLUSIVE REMEDY OF BUYER.

9. Limitation of Liability: To the fullest extent permitted by law, the parties waive and relinquish any claims, demands, causes of action or recoveries for punitive damages, exemplary damages, or statutory damages. Seller shall not be liable for indirect, special, incidental or consequential damages arising under this Agreement or otherwise with respect to the sale of the products, including any lost revenues or profits, consequential and/or incidental damages, business interruption or damage to business reputation, regardless of the theory upon which any claim may be based, including any statutory causes of action or claims. In no event will Seller's entire liability to Buyer, including any liability in the event the exclusive remedy set forth in this Agreement fails of its essential purpose, exceed the purchase price actually paid by Buyer for the products hereunder, or any defective portion thereof, whichever is the lesser amount.

10. Force Majeure: Seller shall have no liability or obligation to Buyer of any kind, including but not limited to any obligation to ship products, arising from any delay or failure to perform all or any part of this Order as a result of causes, conduct or occurrences beyond Seller's reasonable control, including, but not limited to, commercial impracticability, fire, flood, act of war, civil disorder or disobedience, act of public enemies, terrorist acts, terrorism generally affecting commerce, problems associated with transportation (including car or truck shortages), acts or failure to act of any state, federal or foreign governmental or regulatory authorities, labor disputes or strikes.

11. Relationship: The relationship between Seller and Buyer shall be that of independent contractors. Seller, its agents and employees, shall under no circumstances be deemed the employees, distributors, franchisees, agents or representatives of Buyer.

12. Default: The failure of Buyer to perform any obligations hereunder, including without limitation, the payment of the purchase price for products and all other amounts due hereunder, the failure to materially perform other agreements between Buyer and Seller, or Buyer's bankruptcy or insolvency, shall constitute a default under this Agreement and shall, in addition to any other remedies, afford Seller all of the remedies of a secured party under the Uniform Commercial Code of the State of Illinois. In the event of default, Seller may, in addition to pursuing any of the remedies provided by law, equity or as set forth in this Agreement, refuse to make available for shipment products under this or any other agreement relating to the products, and may also cancel this Order and any pending orders without liability to Buyer. It is expressly understood that Seller's remedies are cumulative to the fullest extent permitted by law.

13. Attorneys' Fees: In the event it becomes necessary for Seller to enforce the terms and conditions of this Order by litigation or otherwise, or to defend itself in any Controversy (as defined herein), litigation, claim, demand or cause of action arising out of or as a result of this Order or the products or services provided hereunder, and if Seller is the substantially prevailing party in said Controversy, litigation, claim, demand or cause of action, then Seller shall be entitled to recover, in addition to any other relief granted or damages assessed, its reasonable attorneys' fees, expert witness fees, costs, and all expenses of litigation.

14. Waiver: No claim or right arising out of a breach of this Order can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.

15. Severability: If any term, covenant, warranty or condition of this Order, or the application thereof to any person or circumstance shall, to any extent, be held or deemed invalid or unenforceable, the remainder of this Order or the application of such term, covenant or provision, to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term, covenant or provision of this Order shall be deemed valid and enforced to the fullest extent permitted by law.

16. Indemnification: To the fullest extent permitted by law, Buyer shall defend, indemnify and hold Seller harmless from any and all claims, demands, subrogation claims by Buyer's insurers, causes of action, liabilities, fines, regulatory actions, seizures of product, losses, costs, expenses (including, but not limited to attorneys' fees, expert witness expenses and litigation expenses) (hereinafter "Claim"), arising from or in connection with any Claim asserted against Seller for any damage, injury, death, loss, property damage, environmental liability, or any other Claim, whether in tort, contract, or otherwise, relating to this Order, the business relationship between the parties or the goods provided hereunder. Notwithstanding the foregoing, Buyer has no indemnity obligation to Seller with respect to any Claims that result solely from the negligence of Seller and this indemnity provision does not purport to indemnify Seller solely for its own negligence, but rather for the negligence or conduct, whether sole or concurrent, of Buyer. Buyer, for itself and its insurers, expressly waives any and all limitations or liability caps, if any, on Buyer's contribution liability to Seller, and any and all statutory or common law lien rights or Claims against Seller arising from any applicable workers compensation or disability acts, which Buyer might or could assert against Seller or Seller's insurers in the event of the personal injury or death of Buyer's employees, representatives or servants. Without limiting the foregoing, Buyer, for itself and its insurers, also waives any liens, claims or other rights it may have as a result of being subrogated to any rights of its employees, representatives or servants.

17. Insurance: Buyer shall obtain comprehensive general liability coverage, including contractual liability coverage, naming Seller as an additional named insured, in amounts sufficient to fully protect Seller under this Agreement from loss, damage or casualty caused by Buyer or incurred by Seller under this Agreement.

18. Governing Law and Forum Selection: This agreement shall be governed by and subject to the internal laws (exclusive of the conflicts of law provisions) and decisions of the courts of the State of Illinois. The parties consent to the exclusive jurisdiction of the federal court in Chicago, Illinois or the state court located in DuPage County, Illinois with respect to all litigation, claims, causes of action, demands, Controversies (as defined herein) or disputes among the parties. The only exception to this forum selection provision is a claim by Seller seeking the replevin of the products in the event the courts specified in this provision will not or cannot assert jurisdiction. All counterclaims, if any, in connection with the replevin claim, shall be subject to this forum selection provision.