

## TERMS AND CONDITIONS OF PURCHASE

### **The following are the Standard Terms and Conditions of Purchase of Buffalo Pumps, Division of Air & Liquid Systems Corporation ("Buyer")**

1. **PRICE:** This order must not be filled at higher prices than shown on the face thereof without prior written approval of the Buyer. Seller represents that the prices charged for the articles or services covered by this order are the lowest prices charged by Seller to Buyers of the same class as Buyer, under conditions similar to those specified in this order. Seller agrees that any price reduction made effective by Seller in articles or services covered by this order subsequent to its placement, but prior to delivery, will be applicable to it.
2. **EXTRA CHARGES:**
  - A. **Packing and Shipping:** Buyer will not accept or pay any charges for packing, cartage, or returnable containers unless specified on the order.
  - B. **Insurance:** Buyer will not accept or pay any charges for insurance unless specified on the order.
3. **SHIPPING:**
  - A. All shipments of material or equipment specified on this order shall be made by the Seller as instructed. In the absence of specific routing instructions, shipments are to be made best way.
  - B. **Packing Documents:** All shipments shall contain packing slips showing description of material, quantity, weight, Buyer's purchase order number and piece number.
  - C. **Other Documents:** Buyer's purchase order number, Seller's packing slip number shall be placed on all invoices, packages, and bills of lading.
  - D. **Packaging:** Damage to any article resulting from improper packaging will be charged to Seller.
  - E. **Notice of Shipment:** On the date of shipment, Seller will send original bill of lading, airbill, or express receipt reflecting Buyer's purchase order number, date of shipment, and all other pertinent data to Buyer's Traffic Department and one copy of notice of shipment to Buyer's Purchasing Department. Car/truck demurrage charges, when absorbed, will be deducted for shipments the reach Buyer without shipping notice.
4. **TAXES:** Seller assumes exclusive liability under all laws that impose taxes or other exactions on the manufacture or sale of articles to be furnished hereunder, or on any services rendered by Seller, and agrees to pay any and all such taxes except those which the Buyer specifically agrees or is by law required to pay. Any taxes to be paid by Buyer shall be separately stated on the invoice. Invoices should not include any taxes for which the Buyer has furnished a valid exemption certificate.
5. **DELAYS IN DELIVERY:** Shipments must be made to meet the agreed upon delivery dates. If Seller suffers delay in performance due to an act of God, war, act of government or allocations, act of Buyer, fire, flood, strike, sabotage, or other causes beyond Seller's control, and if Seller gives Buyer notice in writing of the cause of such delay within a reasonable time after the beginning thereof, a suitable new delivery date may be established. However, Buyer reserves the right to cancel any and all articles or services which are past due under such conditions. Deliveries of any articles covered by this order which for any reason are not shipped in time to meet the agreed delivery dates constitute a breach by the seller for which the Buyer, in addition to other remedies, may cancel, postpone deliveries, or may purchase elsewhere in a commercially reasonable manner and may charge Seller with damages as a result thereof.
6. **QUANTITY:** Articles shipped in excess of Buyer's order or in excess of any allowable overage may be returned at Seller's expense. Buyer will not be responsible for articles shipped by Seller without a written order signed by Buyer.
7. **BUYER'S PROPERTY:**
  - A. All property used by Seller in connection with this order which is owned, furnished, charged to, or paid for by Buyer including, but not limited to, materials, tools, dies, molds, patterns, fixtures, equipment, drawings and other technical information, specifications, and any replacement thereof shall be and remain the property of Buyer subject to removal and inspection by Buyer at any time without cost or expense to Buyer, and Buyer shall have free access to Seller's premises for the purpose of inspecting or removing such property. All such property shall be identified and marked as Buyer's property and adequately insured by Seller at its expense. Seller shall assume all liability for, maintain, and repair such property and return the same to Buyer upon written request in its original condition, reasonable wear and tear excepted.
  - B. Materials, excluding government property, furnished by Buyer on other than a charge basis in connection with this order shall be deemed to be held by Seller as bailee thereof. Seller agrees to pay Buyer replacement cost for all such material spoiled or otherwise not satisfactorily accounted for over and above 2% thereof allowable for scrap loss.
8. **COMPLIANCE WITH LAWS: GOVERNMENT CONTRACT PROVISIONS** (see Appendix 1):
  - A. To the extent applicable hereto, Seller will comply with all federal, state, and local laws, rules, Executive Orders, flow-down clauses, and regulations, including without limitation by enumeration, Federal Acquisition Regulations (FAR's & DFAR's), The Fair Labor Standards Act, Contract Work Hours and Safety Standards Act, Walsh-Healy Public Contracts Act, and acts pertaining to Equal Employment Opportunity, Nondiscrimination, Small and Disadvantaged Business, Veterans Employment and Rehabilitation, including Executive Order 11246, Section 503 of the Rehabilitation Act of 1973 and Section 202 of the Vietnam Veterans Readjustment Act of 1974, and amendments to any of the foregoing. Seller also warrants the products and/or services applied hereunder comply with any current applicable standards under Federal and State Occupational Safety and Health Acts. In addition, if this is a government contract or subcontract (which may be indicated by the use on the face hereof of a United States government contract number or of a priorities symbol applicable only to subcontracts under government contract[s]). Seller agrees that all applicable terms, conditions, and provisions required by law or by the government contract or subcontract to be inserted by Seller in subcontracts thereunder shall be deemed incorporated herein by reference and made a part thereof. Seller agrees to abide, be bound by, and perform in accordance with all such provisions and to furnish Buyer certificates of compliance upon request.
  - B. Seller recognizes that any such government contract or any subcontract thereunder may be suspended or cancelled by the government even though Buyer is not in default, and in the event of receipt by Buyer of notice of suspension or cancellation of such government contract of a subcontract thereunder, Buyer shall have the right to suspend or cancel this contract by written notice to Seller. Buyer agrees that on any such termination, Seller shall be reimbursed by Buyer in such amount as shall be determined by the government or its representative.
- C. In the event that changes are necessary due to either revisions under the government contract or by the Buyer, any claim arising from such changes shall be settled by negotiation on the basis of the Seller's costs and commitments properly incurred or made, with due allowance for salvage costs, which shall be Seller's exclusive remedy for such changes.
9. **PUBLICATION:** Seller shall not, unless authorized by Buyer in writing, in any matter advertise or publish the fact that Seller has contracted to furnish Buyer the material herein ordered.
10. **WARRANTIES:** In addition to other express and implied warranties, Seller warrants all articles or services when delivered hereunder to be free from all defects in material or workmanship, to be in strict accordance with the specifications, drawings, samples, and other descriptions furnished or adapted by Buyer, and to be fit for the uses and purposes intended. All warranties shall survive any intermediate or final inspection, delivery, acceptance, or payment by Buyer and shall continue in effect through a period of one (1) year beginning with the date of delivery of each article or service to Buyer or until the article ordered has been processed and produced into products for sale to the ultimate consumer, whichever shall occur latest.
11. **INSPECTION AND RETURN:** Buyer reserves the right to inspect all articles before payment and acceptance. Defective material or equipment not in accordance with Buyer's specifications will be held for Seller's inspection and at its risk. All handling and transportation expenses necessary to return defective articles to the Seller and then return to the Buyer shall be assumed by the Seller. No material or equipment returned to Seller as defective shall be replaced except upon Buyer's formal authorization.
12. **ASSIGNMENT:** neither this order nor any rights or obligations herein may be assigned by Seller nor may Seller subcontract in whole or in part the performance of its duties hereunder without, in either case, Buyer's written consent. The terms and conditions of this order shall bind any permitted successors and assigns of Seller. Any consent by Buyer to assignment shall not be deemed to waive Buyer's right to recoupment and/or set off of claims arising out of this or any other transactions with Seller, its divisions, affiliates, or subsidiaries, or to settle or adjust matters with Seller without notice to permitted successors and assigns.
13. **BUYER'S RIGHTS AND REMEDIES:**
  - A. **Change and Cancellation of Non-Government Contract:**
    1. **Cancellation of Change:** Buyer reserves the right to change or cancel work on this order for its own convenience, in whole or in part, by written or telegraphic notice at any time. Any claim arising from such change or cancellation shall be settled by negotiation on the basis of Seller's costs and commitments properly incurred or made, with due allowance for salvage costs, which shall be Seller's exclusive remedy for such change or cancellation.
    2. Buyer shall have the right to immediately cancel this order in the event of assignment or subcontract of this order or the monies due hereunder by Seller without Buyer's written consent, or in the event of Seller's bankruptcy or insolvency, or of an assignment by Seller for the benefit of creditors. This is in addition to or in conjunction with other rights and remedies of Buyer upon occurrence of such events.
  - B. **Remedies:** In the event of Seller's breach of any provision of this contract, Buyer shall have all the rights and remedies provided by Uniform Commercial Code in effect at the order date in the state in which this order was issued.
14. **INFRINGEMENT:** Unless otherwise agreed to in writing, Seller shall defend all its expense and pay costs and damages awarded in any suit brought against the Buyer, its customers and users of its product based on actual or alleged infringement of any patent by reason of the sale or use of the articles hereby covered, save products manufactured to specifications or designs of Buyer.
15. **INTEGRATION, MODIFICATION, AND WAIVER:**
  - A. **Integration:** The terms and conditions of this order constitute the complete and exclusive agreement of the parties. "Buyer" and "Seller" as used in this agreement include their respective legal representatives, successors, and assigns.
  - B. **Modifications:** No variations or proposals for variations of any of the terms, conditions, deliveries, prices, quality, quantity, or specifications of this order, whether material or not, and irrespective of the wording of the Seller's acceptance, will change, modify, or become part of this order without the written consent of the Buyer. Unless noted hereon or agreed to in writing, no local, general, or trade customs or usages shall change, modify, supplement, explain, or become part of this agreement.
  - C. **Agreement:** Notwithstanding any terms in any acknowledgment or other communication from Seller to the contrary, shipment of the articles covered by this purchase order shall constitute acceptance of the terms and conditions contained herein.
  - D. **Waiver:** Buyer's non-pursuit of any right or remedy in the event of Seller's failure to comply strictly with the terms and conditions of this order shall not constitute waiver of any right or remedy for that or for any subsequent non-compliance, or waiver of subsequent noncompliance itself.
16. **GRATUITIES:** Seller warrants that neither it nor any of its employees, agents, or representatives has offered or given any gratuities to Buyer's employees, agents, or representatives with a view toward securing this order or securing favorable treatment with respect thereto.
17. **PAYMENTS — DISCOUNTS:** Cash discount period will commence on the date of the Buyer's receipt of invoice in duplicate accompanied by all necessary supporting papers, or on the date or receipt of the goods and services, whichever is later.
18. **INSURANCE:**
  - A. If this order covers work or services to be performed on Buyer's premises, Seller will provide Worker's Compensation insurance on all of its employees and supply to Buyer lien waivers and certificates of insurance for automotive and other insurance satisfactory to Buyer prior to commencement of the work.
  - B. If this order covers processing, such as machining or heat treatment, of material for installation intact as a component or ingredient of a product assembled for resale, or a complete item or component for Buyer's own use, Seller agrees to furnish Buyer a certificate or certificates evidencing Seller's comprehensive general liability insurance and products liability insurance coverage.