

# GENERAL TERMS AND CONDITIONS OF SALE

FLOW CONTROL LLC  
(Designated Herein As "Seller")

## GENERAL TERMS AND CONDITIONS OF SALE

- ENTIRE AGREEMENT** (this "Agreement"). Seller's general terms and conditions of sale ("Terms and Conditions") shall apply to all orders ("Orders") and obligations negotiated between the parties. These terms supersede any prior written or oral agreements or understandings, or any preprinted or standard terms on any purchase order, invoice, acknowledgement, or similar document exchanged between the parties, and shall not be supplemented by any previous course of dealing, performance, or usage of trade. Buyer's assent to Seller's Terms and Conditions of Sale as set forth herein shall be, within three (3) days from receipt hereof, conclusively presumed from either Buyer's failure to object in writing or acceptance of any or all of the products ordered. Seller's acknowledgement of the Buyer's purchase order does not imply Seller's acceptance of the terms and conditions thereof, regardless of how they are prefaced or described. Seller reserves the right to modify these Terms and Conditions at any time and, as of the date of modification, all new transactions entered into between Seller and Buyer shall be governed by the modified document. The paragraph titles in this Agreement are for convenience only and shall not be used to vary the meaning of the text of this Agreement, or interpreted as a complete list of topic referrals. If any provision of this Agreement is found to be invalid, such provision shall be ineffective only to the extent of such invalidity, and all other provisions shall remain in effect.
- PRICES.** Prices are FOB Origin for the specific quantity stated. Prices do not include taxes, duties, or license fees, charges for transportation, engineering documentation, special testing, marking, or packaging. Buyer agrees to remit to Seller any tax or other government charge, domestic or foreign, upon the production, sales, shipment or use of the product which Seller is required to pay or collect from Buyer, unless Buyer furnishes a tax exemption certificate to Seller. List prices are in U.S. dollars and subject to change without notice.
- QUANTITY DISCOUNTS.** When quantity price discounts are quoted, they are computed separately for each type of product or equipment, and are based on the quantity of each type and each size ordered at any one time for immediate delivery. If any Order is reduced or cancelled, it is agreed that prices will be adjusted upward to the higher prices, if applicable, for the remaining quantity.

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4. **QUANTITY ADD-ONS.** Change orders or additional orders for identical items received within seven (7) days of the original Order may be combined for quantity price advantage, if any.
5. **QUANTITY MINIMUMS.** Unless otherwise agreed, the minimum Order is one hundred dollars (\$100.00) per product, per delivery, per destination.
6. **QUANTITY VARIATIONS.** The normal variation between an ordered and the actual manufactured quantity is, for larger production runs, plus two percent (2%) minus five percent (5%) per item. Buyer agrees to accept and pay for overages up to two percent (2%) of product Order quantities. Orders with shipments of ninety-five percent (95%) or more of the Order quantity shall be considered complete and the Buyer shall be invoiced for the actual quantity shipped. Claims against Seller for shortages must be made within ten (10) days after arrival of shipment.
7. **QUALITY LEVELS.** Prices are based on quality levels commensurate with Seller's standard specifications and normal processing. If a different quality level is required, Buyer shall specify the requirements in writing and pay any additional costs that may apply.
8. **ORDER SCHEDULE & PRICES.** Orders shall be scheduled for delivery within twelve (12) months from Order date. Subject to the above restrictions, one reschedule per Order will be allowed at no charge and a penalty equaling twenty-five percent (25%) of the value of the Order shall apply to each schedule change, including cancellations, thereafter. Pricing of products is subject to change, on an annual basis.
9. **MODIFICATIONS.** Unless otherwise provided, Seller reserves the right to modify product specifications of items ordered by Buyers, provided that the modification will not materially affect form, fit or function.
10. **ENERGY PRICING AND DELIVERY.** The prices, specifications, and delivery schedules set forth in this Order assume that materials, fuels, and energy supplies will continue to be available at not less than present levels, and that Seller and its subcontractors, suppliers, and transporters will continue to have unimpeded use of their facilities and equipment. Any significant reduction in the availability of any of the foregoing as a result of any situation commonly described as an "Energy Crisis," whether resulting from Governmental action or otherwise, here or abroad, shall render the prices and delivery schedules of this Order subject to adjustment, so as to reflect the impact thereof.

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11. **PAYMENT TERMS:** Payment terms are net thirty (30) days from date of invoice, subject to approval by Seller of amount and terms of credit, unless otherwise stated. If for any reason Buyer's credit is or becomes exceptionable to Seller, either before or after Order acceptance, Seller reserves the right to require cash payment in advance, or to otherwise modify credit terms. Pending correction of any unsatisfactory credit situation, Seller may withhold shipments without incurring any liability to Buyer. When partial shipments are made, payment therefor shall become due in accordance with the designated terms of the invoice. If, at the request of Buyer, shipment is postponed for more than thirty (30) days, payment will become due thirty (30) days after notice to Buyer that products are ready for shipment.

A Service Charge of one and one half percent (1½%) per month on any unpaid balance shall be imposed on all accounts not paid when due. The Buyer agrees to pay all costs of collection, including reasonable attorneys' fees in the event it becomes necessary to enforce payment therefor.

12. **DELIVERY.** All deliveries will be FOB Seller's Factory, unless otherwise agreed. In the absence of specific instructions, Seller will select the carrier. All risks, title, and right of possession to such goods, pass to the Buyer upon Seller's delivery to the carrier at the point of shipment, subject to a security interest until payment is received. Products held for Buyer, or stored for Buyer, shall be at the risk and expense of Buyer.

13. **DELIVERY DATES, FORCE MAJEURE.** All acknowledged shipping dates are approximate, based upon known conditions existing at the time of Order placement. Seller will, in good faith, endeavor to ship by the estimated shipping date, but shall not be responsible for any delay or any damage arising therefrom. If Buyer's Order does not cite desired delivery date(s) and/or does not expressly prohibit delivery in advance of scheduled date(s), Buyer agrees that immediate delivery is acceptable if conditions arise which prevent compliance with delivery schedules. Seller shall not be liable for any damages, including general, incidental, consequential or otherwise, arising from delays in delivery, or for failure to give notice of delays, and, further, such delays shall not constitute grounds for cancellation. Without limiting the generality of the foregoing, Seller shall under no circumstances be responsible for any failure to fill an Order when due to failure to obtain export licenses, export controls, fires, floods, earthquakes, riots, strikes, freight embargoes, transportation delays, shortage of labor, inability to secure fuel, materials, supplies or parts from suppliers, power or other energy requirements, or on account of shortages thereof, acts of God or of the public enemy, or any existing or future laws or acts of Government (including specifically, but not exclusively, any orders, rules, or regulations issued by any official of any such government) affecting the conduct of Seller's business which, in its judgment and discretion, Seller deems advisable to comply with either as a legal, or patriotic duty, or to any other cause beyond Seller's reasonable control. In the event Seller is prevented from completing any part of Buyer's Order, because of any rule, regulation or order of any local, state or national government, or of any such government's

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commission, body, or authority having jurisdiction, then Buyer agrees, upon request and receipt of invoice therefor, to promptly remit to Seller, for any product or products which are completed or are in process, an amount proportionate to the stage of completion of the work as reasonably determined by Seller.

14. **INSPECTION AND ACCEPTANCE.** Unless Buyer notifies Seller in writing within thirty (30) days from date of shipment of any products that said products are rejected, they will be deemed to have been accepted by Buyer. In order to be effective, the notice of rejection must specify in writing the reason(s) why the products are being rejected.

15. **TOOLING:** Unless otherwise expressly agreed, in a separately executed writing, Seller shall retain title to and possession of any models, patterns, dies, molds, jigs, fixtures, tools, and test equipment made or obtained for the performance of this Order.

16. **PRODUCT WARRANTY.** Seller warrants that at the time of shipment, the products manufactured by Seller and sold hereunder will be free from defects in material and workmanship, and will conform to specification. Buyer shall notify Seller immediately if any defect within this warranty should appear.

A. **Warranty Adjustment.** (1) If any defect within the applicable warranty period (as stated on the data sheets included with the products or as posted on the Seller's website) appears, Buyer shall notify Seller immediately. (2) Seller agrees to repair or furnish a replacement for, but not install, any product which within ninety (90) days from the date of shipment by Seller shall, upon examination by Seller, prove defective within the above warranty. (3) No product will be accepted for return or replacement without written authorization of Seller. Upon such authorization, and in accordance with instructions by Seller, the product will be returned shipping charges prepaid by Buyer. Replacements made under this warranty will be shipped prepaid by Seller.

B. **Exclusions From Warranty.** (1) This warranty does not extend to any product manufactured by Seller which has been subjected to misuse, neglect, accident, improper installation or to use in violation of instructions furnished by Seller. (2) This warranty does not extend to or apply to any unit which has been repaired or altered at any place other than at Seller's factory, or by persons not expressly approved by Seller. (3) Components purchased by Buyer from any supplier other than Seller shall bear only the warranty given by the manufacturer of that product, and Seller assumes no responsibility for the interface of its product with any other product.

THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER EXPRESSED OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR USE, OR OTHERWISE.

17. **INDEMNIFICATION.** Seller will defend, hold harmless, and indemnify Buyer from and against any liability arising from or in connection with any third party claims or demands to recover

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sonal injury or death caused by Seller's negligence in the performance of this Agreement (except to the extent such injury, damage or loss results from Buyer's specifications as to design or materials, or from alteration, or from improper use, repair, maintenance, or installation by any party other than Seller), each party to bear its own attorneys fees.

18. **PATENT INDEMNITY.** A. Patent indemnity by Seller to Buyer. Seller agrees to indemnify and hold harmless the Buyer from and against all legal expenses which may be incurred as well as from damages and costs (except all consequential and special damages and costs) which may be finally assessed against the Buyer in any action for infringement of any United States Letters Patent by the products delivered to Buyer hereunder. This, the aforesaid, provided that (1) Buyer shall give Seller prompt written notice of any action, claim or threat of patent infringement suit, either oral or written, or of the commencement of any patent infringement suit against Buyer relating to products sold by Seller to Buyer hereunder; and (2) Buyer shall give Seller the opportunity to elect to take over, settle or defend any such claim, action or suit through counsel of Seller's own choice and under its sole direction, and at its sole expense; and (3) Buyer, in the event Seller elects to take over, defend or settle such, will make available to Seller all defenses known by or available to Buyer, and (4) Seller shall have the right to substitute for any such item or any part thereof claiming to infringe the patent rights of others, non-infringing products which will give equally good service. However, if the use of any such product or any part thereof should be enjoined, Seller shall have the right at its own expense to take any of the following courses of action: (a) Procure for Buyer the right to continue using such product; or to (b) Replace said product with a non-infringing product; or to (c) Modify the product so that it becomes non-infringing; or to (d) Remove said product and refund the purchase price and the transportation and installation costs thereof.

B. Limitations. The foregoing provisions as to patent protection by Seller to Buyer shall not apply to any of the following: (1) To any products manufactured to the design or specifications furnished by the Buyer. (2) To Orders for special non-commercial products which Seller has not sold or offered for sale to the public on the open commercial market. (3) To any infringement occasioned by modification by Buyer for any product without Seller's written consent, or any infringement arising from the use of a product with any adjunct or device added by the Buyer.

C. Buyer's Patent Indemnity to Seller. To the extent that products delivered hereunder are manufactured pursuant to designs furnished by the Buyer, Buyer agrees to indemnify Seller and hold Seller harmless from all legal expenses which may be incurred as well as all damages and costs which may finally be assessed against Seller in any action for infringement of any United States Letters Patent by such products delivered hereunder. Seller agrees promptly to inform the Buyer of any claim for liability made against Seller with respect to such products and Seller agrees to cooperate with the Buyer in every way reasonably available to facilitate the defense against any such claim.

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19. **LIMITATION OF LIABILITY.** EXCEPT FOR THE OBLIGATIONS ASSUMED BY SELLER UNDER THE PRODUCT WARRANTY, AND INDEMNITY CLAUSES, SELLER WILL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OR FOR LOSSES, DAMAGES, OR EXPENSES DIRECTLY OR INDIRECTLY ARISING FROM THE DESIGN, MANUFACTURE, SALE, USE OR REPAIR OF THE PRODUCTS, OR ANY INABILITY TO USE THEM EITHER SEPARATELY OR IN COMBINATION WITH ANY OTHER EQUIPMENT OR MATERIAL, OR FROM ANY OTHER CAUSE. BUYER AND SELLER AGREE THAT IN NO EVENT WILL SELLER BE LIABLE FOR ANY AMOUNT IN EXCESS OF THE CONTRACT PRICE OF THE PRODUCT WHICH PROVES TO BE DEFECTIVE. THE REMEDIES PROVIDED FOR IN THIS AND THE PRECEDING PARAGRAPHS SHALL CONSTITUTE THE SOLE RECOURSE OF BUYER AGAINST SELLER FOR ANY ALLEGED BREACH OF SELLER'S OBLIGATIONS UNDER THE AGREEMENT WITH BUYER, WHETHER SUCH CLAIM IS MADE IN TORT OR IN CONTRACT, INCLUDING CLAIMS BASED ON WARRANTY, NEGLIGENCE OR OTHERWISE.

20. **TERMINATION.** Buyer's Order may not be modified, terminated, or otherwise rescinded except in writing, signed by Seller and Buyer. If all or part of Buyer's Order is terminated by such modification or rescission, Buyer, absent a signed written agreement to the contrary, shall pay termination charges to Seller of costs, as determined by accepted accounting principles, plus a reasonable profit; except that any product scheduled for completion within sixty (60) days of Buyer's request for termination or rescheduling will be accepted and paid for in full by Buyer. Seller reserves the right to pre-purchase material and to begin production in time to meet Buyer's delivery date based on conditions in Seller's plant and lead time required by Seller's suppliers. In the event of Buyer's default, breach, or cancellation for any cause including failure to obtain an export license, Buyer shall be responsible for any losses resulting there from.

21. **STATUTE OF LIMITATIONS.** Buyer agrees that any action for an alleged breach of this Agreement must be commenced within one (1) year after the cause of action has accrued, without regard to the date the breach is discovered. Any action not brought within this one (1) year time period shall be barred, without regard to any other limitations period set forth by law or statute.

22. **GOVERNING LAWS.** The terms of this Agreement and all rights and obligations hereunder, shall be governed in accordance with the laws of the State of Massachusetts. Buyer hereby consents and submits to the jurisdiction of the federal courts in the State of Massachusetts for adjudication of any question of law or fact arising hereunder.

23. **NEGOTIATION, MEDIATION, ARBITRATION.** Any dispute arising out of or relating to this Agreement shall be resolved per the procedures specified by the International Institute for Conflict Prevention & Resolution ("CPR") ([www.cpradr.org](http://www.cpradr.org)).

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A. **Negotiation Between Executives.** The parties shall first attempt to resolve any dispute arising out of this Agreement by prompt negotiation between executives who have authority to settle the matter.

B. **Mediation.** If not resolved by negotiation, the parties agree to submit the dispute to mediation under CPR rules. The mediation shall be held in Boston, Massachusetts, and if one (1) party has failed to participate in negotiation the other party may initiate mediation immediately. Unless otherwise agreed, the parties will select a mediator from the CPR's panel of neutrals.

C. **Binding Arbitration.** Any dispute arising from this Agreement not resolved within forty-five (45) days after initiation of such mediation, shall be finally resolved by arbitration in accordance with CPR Rules for Non-Administered Arbitration then currently in effect, conducted in English, by a sole arbitrator, in Boston, Massachusetts. This arbitration shall be governed by the Federal Arbitration Act, Title 9, US Code, Section 1-16, in accordance with the governing law of the State of Massachusetts except that no conflicts of laws rules, or the United Nations Convention on the International Sale of Goods, shall apply. Judgment upon an arbitration award may be entered in any court having jurisdiction, or application may be made for judicial acceptance of the arbitration award or an order of enforcement, as may be the case.

D. **Interim Relief.** Nothing herein shall affect either party's right to apply to a court of appropriate jurisdiction for interim relief.

E. **Service.** The parties hereto irrevocably agree to accept service of process by registered mail, postage prepaid, or by personal service, on an officer or registered agent of the party, within or without the State of Massachusetts, or in any other manner permitted by law.

## 24. **SUPPLEMENTAL CLAUSES FOR EXPORT ORDERS.**

A. **Proof of Export.** If Buyer intends on exporting products sold under this Agreement, Buyer is responsible for obtaining, at its own risk and expense, any export license or other official authorization for the exportation of the goods. Buyer shall be responsible for complying with any legislation or regulations governing the export of goods.

B. **Export License Requirements.** If Seller secures the export license required by the United States Government, the Buyer will furnish an original signed end-user statement to acquire such licenses. If such licenses are not paid for by Buyer, such payments will be added to the Order price.

C. **Export Drop-Shipments.** If agreed, Seller will secure all export licenses and permits required by the U.S. Government for drop-shipments abroad. However, it shall be the sole responsibility of the Buyer, and the importing entity as identified on the End User Statement, to provide any additional

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import documentation that the receiving country may require.

D. Schedules. Delivery schedules for exported products are contingent upon securing all necessary export licenses and permits. Failure to obtain a required license or permit in sufficient time to permit delivery within the time set forth in the Order, and without fault or negligence of the parties, shall occasion an equitable adjustment in the delivery and payment schedules.

E. Export Controls Destination Statement. Buyer acknowledges that the products purchased, licensed, or sold hereunder, and the transaction contemplated by these Terms and Conditions, are subject to the customs and export control laws and regulations of the United States, and may also be subject to the customs, regulations, and export laws of the receiving country. Buyer and Seller agree that all exchange of data and information pursuant to these Terms and Conditions shall strictly comply with all laws, rules, and regulations of the United States regarding exportation and re-exportation of the products sold under these Terms and Conditions. Under U.S. law, certain products shipped under these Terms and Conditions may not be sold, leased or otherwise transferred to restricted countries, or used by restricted end-users. Seller shall not be liable for any delays, or refusals by the U.S. Government to approve the export of the requirements under these Terms and Conditions and Buyer agrees that it is Buyer's sole risk and responsibility to know and comply with all such laws and regulations.

## 25. **CONFIDENTIAL OR PROPRIETARY INFORMATION AND PROPERTY**

A. "Confidential Information" shall mean all information or items identified by Seller as confidential and disclosed by Seller to Buyer, relating to this Agreement.

B. If a separate confidentiality nondisclosure, or proprietary information agreement exists between Seller and Buyer which relates to the subject matter of this Order, then confidential or proprietary information furnished by one (1) party to the other party shall be protected pursuant to such agreement, and paragraphs (C) through (F) below of this clause shall not apply.

C. Buyer agrees to keep confidential and protect from disclosure to any third party all Confidential Information obtained from Seller regardless of form, including but not limited to, drawings, specifications, requirements documents, and samples obtained from Seller in connection with this Order.

D. Buyer further agrees that such Confidential Information shall be distributed internally on a need to know basis and shall not be used, except to perform obligations pursuant to this Order, without prior written permission of Seller.

E. Buyer shall be liable to Seller for any loss of the Confidential Information.

F. Upon the request of Seller, Buyer will, at its own expense, return to Seller or confirm the destruction of all Confidential Information.

## 26. **ASSIGNMENT OF AGREEMENT**

Buyer shall not assign this Agreement or any of its rights, benefits, duties or obligations under this Agreement to a third party without the written consent of Seller.