



## Terms and Conditions

1. This contract constitutes Buyer's agreement to purchase the materials, services and articles, all of which are herein called "articles," described elsewhere in this contract, in accordance with its provisions which include the provisions set forth on the face and reverse of this contract, the provisions attached hereto and the provisions incorporated and herein by reference.
2. **SHIPPING INSTRUCTIONS:** On date of shipment, send original bill of lading, airbill or express receipt reflecting this contract number to Buyer's Traffic Department and one copy of the Notice of Shipment to Buyers Purchasing Department. Do not deliver ahead of schedule unless authorized by Buyer. Describe shipments in accordance with the Carrier's tariffs to obtain the lowest freight rate. Do not insure or declare value on shipments beyond F.O.B. point. When a shipment is subject to freight rates dependent upon value, annotate the bill of lading, airbill or express receipt to show that the shipment is released at the maximum value which applies to the lowest rate provided in applicable tariffs.  
If the value of any one shipment exceeds \$200,000 notify Buyer's Traffic Department by collect wire in advance of shipment. Consolidate all shipments to be forwarded on one day. Articles furnished in excess of the quantity specified or in excess of any allowable coverage will be retained by Buyer at no additional cost, unless Seller notifies Buyer within 45 days after shipment that it desires the return thereof. Seller will reimburse buyer for the full cost of returning such overshipment or a minimum charge of \$50.00 whichever is higher. No notification will be given to Seller of any overshipment unless the value thereof exceeds \$150.00. Mail original and duplicate invoices to Buyer's Accounting Department when articles are shipped STATE SHIPPING POINT ON ALL INVOICES. Each case or parcel and accompanying packing list of contents must show Buyer's order number and part number if no packing list accompanies the shipment. Buyer's count will be conclusive on Seller.
3. **SPECIFICATIONS:** All articles ordered to Government or Buyer's specifications will comply with such specifications current as of the date of this contract unless otherwise specified by Buyer.
4. **WARRANTY:** Unless otherwise agreed to in writing by the parties, Seller warrants that articles ordered to specifications will conform thereto and to any drawings, samples or other description furnished or adopted by Buyer or if not ordered to specifications will be fit and sufficient for the purpose intended and that articles will be merchantable of good material and workmanship and free from defect. Such warranties together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the articles and shall run to Buyer, its successors, assigns and customers. Buyer may at its option either return for credit or refund or require prompt correction or replacement of the defective or nonconforming article or part thereof. Return to Seller of any defective or nonconforming article and delivery to Buyer of any corrected or replaced articles shall be at Seller's expense. Defective or nonconforming articles shall not be corrected or replaced unless specified on Buyer's written order. Articles required to be corrected or replaced shall be subject to the provisions of this clause and the class hereof entitled "inspection" in the same manner and to the same extent as articles originally delivered under this contract, but only as to the corrected or replaced part or parts thereof.
5. **INSPECTION:** All articles shall be subject to inspection and test at all times and places, including the period of manufacture by Buyer and if this contract is placed under a Government contract, the Government, if any inspection or test is made on Seller's premises, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of Buyer and Government inspectors. Such inspections and test shall be performed in such a manner as not unduly to delay the work. All articles are also subject to final inspections and acceptance at Buyer's plant notwithstanding any payments or other prior inspections. Such final inspections shall be made within a reasonable time after delivery.

6. **TERMINATION:** Buyer shall have the right to terminate this contract or any part thereof at any time.
  - (a) Without Cause – in case of termination by Buyer of all or any part of this contract without cause, any termination claim must be submitted to Buyer within ten (10) days after the effective date of termination. The provisions of this subparagraph shall not limit or affect the right of Buyer to terminate this contract for cause and shall not apply to a termination for cause
  - (b) For Cause – if Seller fails to make any delivery in accordance with the agreed delivery date or schedule or otherwise fails to observe or comply with any of the other instructions, term, conditions or warranties applicable to this contract or fails to make progress so as to endanger performance of this contract or in the event of any proceedings by or against Seller in bankruptcy or insolvency or appointment of a receiver or trustee or an assignment for the benefit of creditors, Buyer may in addition to any other right or remedy provided by this contract or by law terminate all or any part of this order by telegraphic or other written notice to Seller without any liability by Buyer to Seller on account thereof, Buyer may require a financial statement from Seller at any time during the term of this contract for the purpose of determining Seller's financial responsibility. In the event of termination for cause, Buyer may produce or purchase or otherwise acquire articles elsewhere on such terms or in such manner as Buyer may deem appropriate and Seller shall be liable to Buyer for any excess cost or other expenses incurred by Buyer.
7. **PATENT INDEMNITY:** Seller hereby indemnifies Buyer, its successors, assigns, agents, customers and users of the articles against loss, damage or liability, including costs and expenses, which may be incurred on account of any suit, claim, judgment or demand involving infringement or alleged infringement of any patent rights in the manufacture, use or disposition of any articles supplied hereunder, provided Buyer shall notify Seller of any suit instituted against it and to the full extent of its ability to do so shall permit Seller to defend the same or make settlement in respect thereof. Buyer does not grant indemnity to Seller for infringement of any patent, trademark, copyright or data rights.
8. **EXCUSABLE DELAYS:** Neither party shall be liable for damages for delay in delivery arising out of causes beyond its reasonable control and without its fault or negligence, including, but not limited to acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargos and unusually severe weather. If the delay is caused by the delay of a subcontractor of Seller and if such delay arises out of causes beyond the reasonable control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable to Buyer in damages unless the articles or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the required delivery schedule. Seller will notify Buyer in writing within ten (10) days after the beginning of any such cause.
9. **ASSIGNMENT:** Neither this contract nor any rights or obligations herein may be assigned by Seller nor may Seller subcontract in whole the performance of its duties hereunder without, in either case, Buyer's prior written consent. The terms and conditions of this contract shall bind any permitted successors and assigns of Seller. Any consent by Buyer to assignment shall be deemed to waive Buyer's right to recoupment and/or set off the 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.
10. **CHANGES:** Buyer may at any time, by a written notice, make changes in the specifications, designs or drawings, samples or other description to which the articles are to conform, in methods of shipment and packaging, or place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work under this contract, whether changed or not changed by any such order, an equitable adjustment shall be made in price or delivery schedule, or both, and this contract modified in writing accordingly. Any claim by Seller for adjustment must be made in writing within thirty (30) days of the receipt of any such notice, provided however, that Buyer may, in its discretion, receive and act upon any such claim so made at any time prior to final payment under this order. Nothing in this clause shall excuse the Seller from proceeding without delay to perform this contract as changed.
11. **INFORMATION:** (a) Drawings, data, design, inventions and other mechanical information supplied by Buyer shall remain Buyer's property and shall be held in confidence by Seller. Such information shall not be reproduced, used or disclosed to others by Seller without Buyer's prior written consent, and shall be returned to Buyer upon completion by Seller of its obligations under this contract or upon demand. (b) Any information which the Seller may disclose to Buyer with respect to the design, manufacture, sale or use of the articles covered by this order shall be deemed to have been disclosed

as part of the considerations for this contract, and Seller shall not assert any claim against Buyer by reason of Buyer's use thereof.

12. **BUYER'S PROPERTY:** Seller shall not use Buyer's property for this production of any goods or products not specifically authorized by Buyer.
13. **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 contract or securing favorable treatment with respect thereto.
14. **UTILIZATION OF SMALL BUSINESS, MINORITY OWNED BUSINESS AND LABOR SURPLUS AREA CONCERNS:** To support Government policy as declared by Congress, and as consistent with the efficient performance of this contract. Seller agrees to accomplish a maximum amount of subcontracting to small business and minority owned business concerns, and to use its best efforts to place subcontracts hereunder with subcontractors who will perform such subcontracts substantially in areas of persistent of substantial labor surplus when it can be done at prices no higher than are obtainable elsewhere observing exemptions and preferential order established by applicable Government regulations.
15. **COMPLIANCE WITH LAWS:** To the extent applicable hereto, Seller shall in performance of this contract comply with the Fair Labor Standards Act of 1938 (29 U.S.C. 201-219), the Walsh Healey Public Contracts Act (41 U.S.C. 35-45), the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), laws prohibiting the use of convict labor, all other federal, state and local laws, all regulations and orders issued under any applicable law. Seller warrants that the equipment to be furnished hereunder complies with the Occupational Safety and Health Act of 1970 (29 U.S.C. 651-678) and all applicable regulations and standards promulgated thereunder.
16. **NOTICE TO BUYER OF LABOR DISPUTES:** Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give notice thereof, including all relevant information, with respect hereto to Buyer. Seller agrees to insert the substance of this clause in any subcontract hereunder as to which a labor dispute may delay the timely performance of this contract.
17. **EFFECT OF INVALIDITY:** The invalidity in whole or part of any provision hereof shall not effect the validity of any other provision.
18. **RIGHTS, REMEDIES, AND WAIVER:** The rights and remedies provided Buyer herein shall be cumulative and in addition to any other rights and remedies provided by law or equity. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach. The laws of the state shown in Buyer's address, printed on the face of this contract, shall apply to the construction hereof.
19. **DISPUTES:** Any dispute arising under this contract which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending any decision, appeal or judgment in such proceeding or the settlement of any dispute arising under this contract, Seller shall proceed diligently with the performance of this order in accordance with the decision of Buyer.
20. **BUYER APPROVALS AND REVIEWS:** The review or approval by Buyer if any work hereunder or of any designs, drawings, specifications or other documents prepared hereunder shall not relieve Seller of any of its obligations under this contract or change, modify or otherwise affect any of the provisions of this contract including but not limited to, the prices and delivery schedules contained herein.
21. **TAXES AND OTHER EXACTIONS:** Seller assumes exclusive liability under all laws that impose taxes on other exactions on the manufacturer or sale of the items to be furnished hereunder or any component part thereof or on any process or labor involved therein or on any services to be rendered by Seller and to pay any and all such taxed except those Buyer specifically agrees or is by law required to pay. Any taxes to be paid by the Buyer shall be separately stated on the invoice. Prices shall not include any taxes for which Buyer has furnished a valid exemption certificate.
22. **EQUAL OPPORTUNITY:** The Provisions set forth in Executive Order 11246 as amended, dated September 24, 1965, the Rehabilitation Act of 1973 as amended and the Vietnam Era Veterans Readjustment Assistance Act of 1974 and all rules and regulations issued thereunder and amendments thereto are incorporated herein by reference except to the extent this contract may be exempt from the provisions of said Executive Order or either Act by rules and regulations issued thereunder. Wherever the word "Contractor" appears therein, it shall mean Seller.
23. Time is of the essence in the performance of this contract by Seller.

24. Except if title has heretofore passed to Buyer or Buyer's customers under other provisions of this contract, title to the articles shall pass to Buyer upon delivery of the articles to the F.O.B. point named herein.
25. To the extent applicable hereto. Seller shall comply with the provisions of DMS Regulation No.1 and DPS Regulation No.1 the same may be amended from time to time, and all other pertinent regulations and orders of the Bureau of Domestic Commerce in obtaining controlled materials and other products and materials to fill this contract.
26. Seller represents that the prices charged for the articles covered by this contract are the lowest prices charged by Seller to buyers of the same class as Buyer under the conditions similar to those specified in this contract and that prices comply with applicable government regulations in effect at time of quotation, sale or delivery. Seller agrees that any price reduction made in the articles covered by this contract subsequent to its placement, but prior to payment therefore will be applicable to it. Seller agrees that Buyer shall receive a minimum of thirty (30) days prior notice on price increases and that prices will not be retroactively increased.
27. **EXPORT REGULATIONS:** Seller agrees to comply with the U.S. Export Administration Act, 50 USC 2401-2420, including the Export Administration Regulations, 15 CFR 730-774 ("EAR"); and the U.S. Arms Export Control Act, 22 USC 2751-2780, the International Traffic in Arms Regulations, 22 CFR 120-130 ("ITAR"); including, but not limited to, 22 CFR part 122 entitled "Registration of Manufacturer and Exporter", 22 CFR part 129 and 22 CFR part 130 entitled "Political Contributions, Fees and Commissions." In the event Seller is supplying defense articles hereunder, Seller agrees to maintain a valid and current Directorate of Defense Trade Controls ("DDTC") registration. Seller shall provide its ODTIC registration status (whether registered or not, with expiration date to Purchaser and promptly advise Purchaser of any updates or changes to such information, in the format requested by Purchaser. With respect to defense articles and services furnished hereunder, Seller certifies that it has not paid, offered or agreed to pay, and agrees that it shall not pay, offer or agree to pay, for the purpose of soliciting, promoting or otherwise to secure the sale of defense articles and services to or for the use of the armed forces of an international organization or non-U.S. Country, any (i) fees or commissions in excess of \$1,000 or (ii) political contribution (including any gift, rebate or payment of expenses) to a non-U.S. person or entity. Also, including the Regulations of the Office of Foreign Assets Control of the U.S. Treasury Department, 31 CFR 500-599; the Regulations of the Bureau of Alcohol, Tobacco, and Firearms, 27 CFR 447-555 ("ATF"); 10 CFR 110 the Regulations of the Nuclear Regulatory Commission ("NRC"); the Homeland Security Act of 2002, including the U.S. Customs and Border Protection Regulations, 19 CFR 1-199 ("CBP"); as well as any applicable export or import requirements of other jurisdictions regardless of whether of U.S. or non-U.S. origin.
28. **Foreign Personnel.** Seller shall not give any Foreign Person access to Technical Data, software or Defense Articles, or provide an unauthorized Defense Service as those terms are defined in the applicable Export Laws and Regulations without the prior written consent of Purchaser. Any request for such consent must state the intended recipient's citizenship(s), and status under 8 U.S.C. 1101 and 8 U.S.C. 1324 (the "Immigration and Naturalization Act"), and such other information as Seller may reasonably request. No consent granted by FALLS FILTRATION TECHNOLOGIES, INC. in response to Seller's request under this paragraph shall relieve Seller of its obligations to comply with the provisions of this paragraph or the United States Export Laws and Regulations, nor shall any such consent constitute a waiver of the requirements of paragraph 5.6.2, nor constitute consent for Subcontractor to violate any provision of the Export Laws and Regulations.
29. **Classified Data.** If classified data is involved, Subcontractor shall also comply with the National Industrial Security Program Operating Manual, DoD 5220.22-M (NISPOM). Seller represents and warrants that it is a U.S. Person as that term is defined in the ITAR, and that Seller shall comply with all applicable export and import laws and regulations.
30. **Indemnification.** Seller shall indemnify and save harmless FALLS FILTRATION TECHNOLOGIES, INC. from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorneys' fees, arising out of claims, suit, allegations or charges of Seller's failure to comply with the provisions of export regulation clauses and breach of the warranty set forth in paragraph 27. Any failure of Seller to comply with the requirements or any breach of the warranty contained in export regulation clauses shall be a material breach of this contract.