

Milton Roy, LLC
STANDARD TERMS AND CONDITIONS OF SALE

Agreement - The following terms and conditions constitute the entire agreement between Milton Roy, LLC (hereinafter "Seller") and Buyer, except as modified in writing and signed by authorized representatives of both parties. These terms and conditions supersede any and all previous communications, representations or agreements, either oral or written, between the parties with respect to the subject matter and take precedence over any Buyer's terms and conditions of purchase contained in any associated purchase order.

Title, Delivery, Risk of Loss and Shipping - Unless otherwise agreed to by Seller, title to and risk of loss or damage to all goods sold by Seller passes to Buyer upon their delivery EX WORKS Seller's facility (Incoterms 2010) to an agent of Buyer, including a common carrier. Where Buyer requires shipment other than as specified, Buyer will be responsible for any additional costs. Delivery dates in this order are estimates and Seller will make good faith effort to meet estimated delivery dates, but will not be responsible for any loss or damage arising from failure to ship on the estimated date. Where Buyer delays in supplying information or approvals necessary to proceed with the order, the shipment date may be extended accordingly. Buyer will furnish written shipping instructions for all goods as promptly as possible. In the absence of such instruction, Seller may, at any time beginning ten (10) days after forwarding notice to Buyer by mail or otherwise that the goods are ready for shipment, do either of the following for the account and at the expense and risk of Buyer: arrange for shipment of the goods by a suitable carrier or warehouse the goods and invoice Buyer. Buyer will not hold Seller liable for loss or damage attributed to negligence either in selecting the carrier or the warehouse or in agreeing with either of them to contract terms on Buyer's behalf. Should Buyer at any time prior to shipment wish to delay delivery of a substantially completed product, Seller is entitled to invoice Buyer on the previously established delivery date for the product and charge Buyer any associated storage costs.

Inspection - If the goods, upon receipt by Buyer at destination, do not appear to conform to this order, Buyer will within thirty (30) days after their receipt notify Seller of such condition and afford Seller a reasonable opportunity to inspect the goods and make any appropriate adjustment or replacement. Buyer will not delay payment for the goods pending their inspection.

Prices and Quotations - All Prices shown in the Price List, order acknowledgement or otherwise quoted are in U.S. Dollars unless otherwise specified by Seller. The prices shown may be subject to adjustment by Seller prior to shipment to reflect any extraordinary changes in material costs or availability. Written quotations automatically expire within thirty days of quotation, unless otherwise noted, and are subject to withdrawal or revision within that period. Seller reserves the right to make corrections due to any typographical or engineering errors, or because of incomplete or inaccurate information provided by Buyer. Prices shown in any published literature are maintained as a general source of information only and are not quotations or offers to sell.

Payment and Credit - Payment terms are net 30 days (Domestic Sales) and net 60 (International Sales) from date of invoice or in accordance with the agreed to terms set forth in this order or any Seller approved credit terms. Seller reserves the right to modify or withdraw credit terms and delay product delivery at any time without notice and to require any necessary guarantees, security or payment in advance in the amount of the credit involved. Prior to the extension of credit, Buyer will submit to Seller an application in a form acceptable to Seller. Buyer will execute any other instruments or documentation as Seller from time to time reasonably requires prior to extension of credit to Buyer and Buyer agrees to execute any necessary security agreements covering the products sold and to perform all acts necessary to perfect and assure a security position of Seller. Any past due accounts are subject to a service charge, unless otherwise expressly agreed to in writing by an authorized representative of Seller. In the absence of any specific designation of payment or in the event of failure of Buyer to make timely payment under this or any other contract with Seller, Seller may at its election, apply any payment by Buyer to Buyer's various accounts as Seller deems appropriate. Buyer agrees that all funds owed to Buyer or received by Buyer to the extent those funds result from the labor or materials supplied by Seller, will be held in trust for the benefit of Seller ("Trust Funds"). Buyer agrees it has no interest in Trust Funds held by anyone and to promptly account for and pay Seller all Trust Funds.

Taxes - In addition to the agreed to purchase price of the goods, any and all taxes (not including any income and excess profit taxes) which may be imposed by any taxing authority, arising from the sale, delivery, or use of the goods and for which Seller may be held responsible for collection or payment, either on its own behalf or that of Buyer, will be paid by Buyer to Seller upon Seller's demand.

Specifications - Any general specifications referred to in this agreement are standard form specifications covering products of substantially identical type and character to those being purchased, but there may be variations in the details of design and construction of any particular products actually sold to Buyer. Seller reserves the right to make changes in the details of design and construction of any product.

Warranties, Remedies and Limitations

a. **Defective Goods** - (i) Seller warrants to Buyer that the goods will be free from defects in material and workmanship for the period of [defined in Attachment "A": Milton Roy, Williams, Linc, and YZ Products. Attachment B: LMI products] from the Invoice Date or as otherwise agreed to by the parties in the order. Seller's liability and Buyer's remedy under this warranty are limited to the repair or replacement, at Seller's election, of goods or parts thereof returned to Seller which are shown to Seller's reasonable satisfaction to have been defective; provided that written notice of the defect is provided by Buyer to Seller within thirty (30) days of identification of defect. Transportation charges for the return of defective goods to Seller and their reshipment to Buyer and the risk of loss thereof will be borne by Seller only if returned in accordance with written shipping instructions from Seller. If services or data are to be furnished, Seller warrants to Buyer that such services will be performed or such data

prepared in a good workmanlike manner. Seller's liability and Buyer's remedy under this warranty are limited to the correction of such services or data as are shown to Seller's reasonable satisfaction to have been defective; provided that written notice of such defective services or data has been provided by Buyer to Seller within thirty (30) days after the performance of such services or delivery of such data by Seller. (ii) Seller's warranty does not extend to used product or products or services not manufactured or provided by Seller; however, Seller will provide to Buyer the benefits of any supplier's warranty. (iii) Seller's warranty does not extend to any product found to have been subjected to abnormal operating conditions, the use of unapproved parts to the extent such parts are found to be the cause of the failure, or failure to follow the installation, operation and maintenance instructions provided by Seller.

b. **Returns** - In the event Buyer claims that Seller has breached any of its obligations under this order, whether in warranty or otherwise, Seller may, at its election, request and require return of the product and refund the Buyer's purchase price upon Seller's receipt of the returned product. If Seller so requests the return of the product, the product will be redelivered to Seller in accordance with Seller's return policies and instructions, and at Seller's expense. In the event Seller elects to require return of the product, Seller has absolutely no further obligation to Buyer under this order except to refund such purchase price upon redelivery of product.

c. **Title** - Seller warrants to Buyer that it will convey good title to the goods sold. Seller's liability and Buyer's remedy under this warranty are limited to the removal of any title defect or, at the election of the Seller, to the replacement of the goods or parts thereof which are defective in title; provided, however, that the rights and remedies of the parties with respect to patent infringement are limited to the provisions of subparagraph d. below.

d. **Patent Infringement** - (i) Seller agrees that it will, at its own expense and at its sole option, defend or settle any claim, suit, or proceeding brought against Buyer or any customer expressly indemnified by Buyer based on an allegation that any product furnished under this order directly infringes any claim of any United States patent. This obligation is effective only if: (a) Buyer has made all payments then due; (b) the product is the design of Seller and not made in accordance with drawings, samples, or manufacturing specifications designated by Buyer; (c) Seller is notified of said allegation promptly in writing; and (d) Seller is given full opportunity and authority, information, and assistance to conduct the sole defense of said claims, suit, or proceeding, including settlement and appeals. Provided all the foregoing conditions have met, Seller will either settle such claim, or pay all court awarded damages, excluding indirect, incidental, special, consequential and punitive damages. In the event of a final adjudication by a court of competent jurisdiction enjoining the use or sale of the product, or if the provisions of any negotiated settlement agreement prohibit the use or sale of the product, Seller will, at its sole option and its own expense, either: (a) procure for Buyer the right to continue using the product; (b) replace it with a substantially equivalent non-infringing product; (c) modify it so it becomes non-infringing but substantially equivalent; or (d) if none of the above is reasonably available, terminate the Buyer's right to use the product and return to the Buyer a pro rata portion of the price originally paid by Buyer to Seller represented by the remaining useful life of the product as a percentage of the total useful life. The foregoing obligation does not apply to the following: (a) any claim of infringement resulting from changes or modifications made to or from the product by the Buyer; (b) any settlement of a claim, suit, or proceeding made without Seller's written consent; and (c) any claim of infringement for products on a U.S. Government application. The foregoing states the entire liability of Seller with respect to infringement or violation of third party intellectual property rights in connection with products furnished under this order. (ii) In the event any product to be furnished under this order is to be made in accordance with drawings, samples, or manufacturing specifications designated by Buyer or is not the design of Seller, Buyer agrees to defend, indemnify and hold Seller harmless.

e. **Exclusive Warranties** - THE FOREGOING WARRANTIES, OBLIGATIONS AND LIABILITIES OF SELLER ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF (I) ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; AND (II) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN CONTRACT, TORT OR STRICT LIABILITY AGAINST SELLER, WHETHER OR NOT ARISING FROM SELLER'S NEGLIGENCE, ACTUAL OR IMPUTED. No agreement varying or extending the foregoing warranties will be binding upon Seller unless in writing, signed by a duly authorized officer of Seller.

Excusable Delays - Seller is not responsible for delay or non-delivery when due to delays of suppliers, acts of God or the public enemy, compliance in good faith with any applicable foreign or domestic governmental regulation or order whether or not it proves to be invalid, fires, riots, labor disputes, unusually severe weather, or any other cause beyond the reasonable control of Seller.

Allocation of Risk and Liability Limitation - The liability of Seller to Buyer arising out of, connected with, or resulting from: (i) the design, manufacture, delivery, sale, possession, use, repair or handling of any goods delivered to Buyer by Seller or any affiliate of Seller, or (ii) any product advice, publication or other service provided to Buyer by Seller, is limited to those expressly set forth in the "Warranties, Remedies and Limitations" section above. Buyer acknowledges that the remedies and benefits furnished and to be furnished by Seller to Buyer under the "Warranties, Remedies and Limitations" section are given and accepted in lieu of any other remedy or benefit and in lieu of any obligation, liability, right, claim, or remedy in contract, tort or strict liability, whether or not arising from the negligence (actual or imputed) of Seller. The price allocable to any goods alleged to be the cause of any loss or damage to the Buyer is the ceiling limit on the liability of Seller whether arising under warranty, contract, tort (including negligence) or strict liability theory. Buyer acknowledges and accepts the warranties and liability limitations set forth herein as a valid and enforceable allocation of risk

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between the parties, and Buyer hereby waives any right which would tend to negate or limit their enforceability (including without limitation the provisions of UCC §2-719(3)). In no event will Seller be liable for special, incidental or consequential damages of any nature.

Export Control - The activities contemplated herein are all subject to the export laws, regulations and policies of the United States of America, as such may change from time to time. Buyer shall be responsible for complying with all applicable export laws, including U.S. laws governing the export, re-export, transfer and re-transfer of U.S. origin items. Milton Roy shall be responsible for using reasonable efforts to obtain and maintain any and all required export licenses, approvals, or authorizations that are required under the laws of the United States for exports Milton Roy may make to a Buyer. Milton Roy does not guarantee the issuance of such licenses, approvals, or authorizations, or their continuation in effect once issued and shall have no liability if for any reason any government fails to issue or renew, or cancels any approvals or delays in issuing or renewing any approval. Buyer will not, directly or indirectly, export, re-export, transfer or re-transfer any goods or technical data received from Seller to any destination if such action would violate the laws of the United States. Buyer will also not, directly or indirectly, export, re-export, transfer or re-transfer any goods or technical data received from Seller to any destination without Milton Roy's written authorization. With respect to China only: Buyer agrees that it will take measures to ensure that any goods or technical data received from Seller are not modified or diverted to any military application. Hardware sold by Seller and/or information contained herein may be subject to the Export Administration Regulations (EAR) of the United States of America (22CFR Parts 730 - 744). Neither this hardware and/or information, nor any portion of the information contained herein, may be exported, released, or disclosed to any foreign entity or foreign national inside or outside of the United States without first obtaining required U.S. Government approval or a validated export license. A violation of the EAR may be subject to a penalty, and/or fine, under Section 2410 of the Export Administration Act Diversion contrary to U.S. law is prohibited.

Anti-Boycott Compliance - Milton Roy complies with all U.S. laws directed against foreign restrictive trade practices or boycotts as embodied in the Export Administration Act of 1979 (as amended), the Tax Reform Act of 1976 and all regulations and guidelines issued there under. Accordingly, to the extent that any Buyer's order or other documents contain prohibited provisions, Milton Roy takes specific exception and objects to these provisions, which are not in compliance with the referenced laws and regulations. To avoid delays in processing Buyer orders, all prohibited provisions in this regard must be deleted from Buyer orders and other documents.

Indemnification - Buyer will defend, indemnify and hold harmless Seller and its agents from any claims, damages or expenses, including reasonable attorney's fees, arising or alleged to arise, from (1) any asserted deficiencies or defects in the goods caused by an alteration thereof, with or without Seller's consent made by Buyer, or improper handling or storage by Buyer, (2) the breach of any terms or conditions stated herein, or (3) the act or omission of Buyer, irrespective of whether such claim, damage or expense is asserted under a strict or other product liability theory or any other legal theory.

Cost of collection - Buyer shall pay all costs of collection, including but not limited to reasonable attorney's fees, court costs and collection agency fees involved in the collection of (a) past due accounts; (b) amounts owed to Seller by Buyer by reason of Buyer's breach of the order or any term or condition hereof and (c) any and all amounts owed by Buyer to Seller for any other reason whatsoever.

Intellectual Property Rights

a) Definitions. For the purposes of this Article 14, the following terms shall have the meaning

- (i) "Data" means data, technical information, specifications, drawings, diagrams, documents, reports, tools, processes and methodologies, process sheets, designs, analyses, test results, software (including both object and source code), databases and manufacturing, installation, assembly, operation, and maintenance documentation, in each case regardless of form or medium.
- (ii) "Disclosing Party" means the party disclosing information to the other(s) in furtherance of this Agreement.
- (iii) "Receiving Party" means the party receiving information from the other(s) in furtherance of this Agreement.
- (iv) "Proprietary Information" means any information, knowledge, or data received by a Receiving Party from a Disclosing Party in furtherance of or pursuant to this Agreement, which is clearly marked with proprietary legends by a Disclosing Party at the time of disclosure and, if the information is orally or visually disclosed, which is identified as Proprietary at the time of said first oral disclosure and is reduced to writing and clearly marked with proprietary legends within thirty (30) days of initial disclosure. If the information to be disclosed is in the form of a magnetic recording or other machine readable form, the information will be clearly and conspicuously marked with proprietary legends by a Disclosing Party at the time of disclosure. If it is not possible to so mark the magnetic recording or other machine readable form, then the data will be identified as Proprietary Information by the Disclosing Party in written communication, prior to or contemporaneous with transmittal of such data.

b) All Data and developments by Seller and all other intellectual property rights (including Proprietary Information supplied by Seller under this Agreement and/or any Order) shall remain the sole and undivided property of Seller. All intellectual property jointly developed by the parties shall vest solely in the Seller.

c) Use and Disclosure of Proprietary Information - (i) A Receiving Party shall safeguard the Proprietary Information by using at least those efforts used in the protection of its own proprietary information to prevent its disclosure to or use by third parties, provided that such standard of care is no less than reasonable care under the circumstances. A Receiving Party shall not disclose Disclosing Party's Proprietary Information to a third party without obtaining written permission from a Disclosing Party prior to said

disclosure. (ii) A Receiving Party shall use such Proprietary Information only for the mutual benefit of the parties and in performance of this Agreement. A Receiving Party shall not use such Proprietary Information for any other purpose, such as competing with a Disclosing Party. (iii) In the event that a Disclosing Party furnishes sample products or other equipment or material ("Items") to a Receiving Party, which are suitably marked to identify them as encompassing Proprietary Information of a Disclosing party, the Items so received shall be used and the Proprietary Information derived from said Items shall be treated as proprietary Information transferred pursuant to this Agreement. A Receiving Party agrees not to cause or permit the reverse engineering, reverse assembly, or reverse compilation of the Items. (iv) Access to Proprietary Information for a Receiving Party shall be available only to persons in a bona fide employee status of a Receiving Party. Disclosure to all other parties, including consultants and divisions, subsidiaries and affiliates of a Receiving Party other than identified in this Agreement, shall be treated as disclosures to a third party in accordance with the terms of this Agreement. Notwithstanding the above, a Receiving Party may disclose Proprietary Information to its contract labor personnel having a need-to-know for the purposes of this Agreement, provided that the contract labor personnel are under an obligation to hold such Proprietary Information in confidence and an obligation not to disclose such Proprietary Information to third parties under terms and conditions at least as restrictive as the terms and conditions of this Agreement. (v) No information shall be transferred by either party to the other unless in full compliance with the Export Control Laws and Regulations of the transferring party's government and country.

Assignment - This order may not be assigned by Buyer unless such assignment has been agreed to in writing by Seller

Modifications, Applicable Laws, Construction and Captions - No modification of this order will be binding unless in writing signed by both parties. This order, and its construction, is to be interpreted in accordance with and governed by, the laws of the state of Pennsylvania. Captions, as used in these terms and conditions, are for convenience of reference only and are not to be deemed or construed as in any way limiting or extending the language of the provisions to which such captions may refer. The parties expressly agree that this order is not subject to the United Nations Convention on Contracts for the International Sale of Goods (CISG).

Cancellation - Should the order be terminated for any reason by the Purchaser, the Purchaser shall pay Milton Roy LLC., for all costs and expenses incurred and commitments made in connection with the performance of the order, plus a reasonable profit thereon.

Precedence - Any inconsistency in any documents relating to the purchase of the Product shall be resolved by giving precedence to the terms and conditions of this Agreement.

Warranty

Milton Roy:

3 years (Pumps): mRoy, Milroyal, Macroy, Primeroyal, ECC, Proteus

3 years drive / 1 year motor: Centrac

1 Year: Streaming Current Detector (SCD)

1 Year: RoyPak fabrication

Williams & Linc:

3 years

YZ

3 years; finished products

LMI

2 Years (Pumps) P, AA, B, C, E, J, HH, SD/Sg, LMI Hydraulic

3 Years ROYTRONIC™, ROYTRONIC EXCEL™, AND EXCEL™XR

2 Years: Controllers