

PATTERSON PUMP COMPANY
A SUBSIDIARY OF THE GORMAN-RUPP CO.
STANDARD TERMS & CONDITIONS
(Orders)

1. ACCEPTANCE:

Except as otherwise agreed to in writing by authorized personnel of Patterson Pump Company (hereinafter referred to as "The Company") acceptance of this order is predicated upon the following terms and conditions and any additional and/or different terms of Buyer's purchase order are rejected and shall not become a part of this order.

2. ASSIGNMENT:

The rights of Buyer hereunder shall neither be assignable nor transferable without the written consent of the Company.

3. PRICE:

Prices for items of equipment covered by this order are subject to escalation in accordance with the applicable Bureau of Labor Statistics Indices (BLS) based on the period from date of order to date of shipment. This shall apply unless otherwise agreed to in writing by the Company.

4. TERMS OF PAYMENT:

Unless otherwise agreed to in writing by authorized personnel at the Company's plant, the terms of payment shall be net 30 days from date of shipment.

If Buyer delays shipment, payments based on date of shipment shall become due as of the date when ready for shipment. If Buyer delays completion of manufacture, the Company may elect to require payment according to percentage of completion. Equipment held for Buyer shall be at Buyer's risk and storage charges may be applied at the discretion of the Company.

Accounts past due shall bear interest at the highest rate lawful to contract for but if no limit is set by law, such interest shall be 1½% per month. Buyer shall pay all costs and expenses, including reasonable attorney's fees, incurred in collecting same, and no claim, except claims within the Company's warranty of material or workmanship, as stated below, will be recognized unless Buyer notifies the Company in writing within thirty (30) days after date of shipment.

5. INSOLVENCY OF BUYER:

If any proceeding is initiated by or against Buyer under any bankruptcy or insolvency law, or in the judgment of the Company the financial condition of Buyer, at the time the equipment is ready for shipment, does not justify the terms of payment specified, the Company reserves the right to require full payment in cash prior to making shipment. If such payment is not received within fifteen (15) days after notification of readiness for shipment, the Company may cancel the order of any unshipped item and require payment of reasonable cancellation charges.

6. TAXES:

All prices exclude present and future sales, use, occupation, license, excise, and other taxes in respect of manufacture, sales, or delivery, all of which shall be paid by Buyer unless included in the purchase price at the proper rate or a proper exemption certificate is furnished.

7. ALTERATION, CANCELLATION, RESCHEDULING & RETURNED EQUIPMENT:

This order cannot be cancelled, altered or rescheduled except with the written consent of the Company and upon terms which will indemnify the Company against all loss occasioned thereby. All additional costs incurred by the Company due to changes in design, specifications, modification, or revision of any order or product must be paid for by Buyer.

Goods may be returned only when specifically authorized by the Company. The Buyer will be charged for placing returned goods in a saleable condition, plus any sales expenses then incurred. In addition, the Buyer will pay a reasonable restocking charge as well as all outgoing and incoming transportation costs.

8. SPECIAL JIGS, FIXTURES AND PATTERNS:

Any jigs, fixtures, patterns and like items which may be included in this order will remain the Company's property without credit to Buyer. The Company will assume the maintenance and replacement expense of such items, but shall have the right to discard and scrap them without credit to Buyer after they have been inactive for one year.

9. DELAYS:

The Company shall in no event be liable for delays caused by fires, acts of God, strikes, labor difficulties, acts of governmental or military authorities delays in transportation or procuring materials, or causes of any kind beyond the Company's control. No provision for liquidated damages for any cause shall apply under this order. Buyer shall accept delivery within thirty (30) days after receipt of notification of readiness for shipment.

10. INSPECTING:

Inspection of goods in the Company's plant by Buyer or Buyer's representative will be permitted insofar as this does not unduly interfere with the Company's production workflow, provided that complete details of the inspection Buyer desires are submitted to the Company in writing in advance.

11. SHIPPING:

Unless Buyer specifies otherwise in writing: (a) goods will be boxed or crated as the Company may deem proper for protection against normal handling, and extra charges will be made for preservation, waterproofing, export boxing and similar added protection of goods; (b) routing and manner of shipment will be at the Company's discretion, and may be insured at Buyer's expense, value to be stated at order price. On all shipments F.O.B. Company producing factory, delivery of goods to the initial carrier will constitute delivery to Buyer and all goods will be shipped at Buyer's risk. Claims for shortages will be deemed to have been waived if not made in writing within ten (10) days after the receipt of the material in respect of which any such shortage is claimed. The Company is not responsible for loss or damage in transit after having received "In Good Order" receipt from the carrier. A claim for loss or damage in transit must be entered with the carrier and prosecuted by Buyer. Acceptance of material from a common carrier constitutes a waiver of any claims against Company for delay or damage or loss.

12. DELIVERY:

Except as otherwise agreed to in writing by authorized personnel at the Company's plant, absence of exact shipping instructions, the Company will use its discretion regarding the best means of shipment. No liability will be accepted by the Company for so doing. All transportation charges are at Buyer's expense. Time of delivery is an estimate only and is based upon the receipt of all information and necessary approvals. The shipping schedule shall not be construed to limit the Company in making commitments for materials or in fabricating articles under this order in accordance with the Company's normal and reasonable production schedules.

13. SECURITY INTEREST:

Company retains title to and a security interest in all products sold to Buyer hereunder until the purchase price and other charges, if any, are paid in full. Upon request of Company, Buyer will execute any document or furnish any notices necessary to perfect the security interest of Company in the products sold hereunder.

14. OPERATING CONDITIONS AND ACCEPTANCE:

Recommendations are made upon the basis of operating conditions specified by the Buyer. If actual conditions are different from those specified and performance of the equipment is adversely affected thereby, Buyer will be responsible for the cost of all changes in the equipment required to accommodate such conditions. In such event, the Company reserves the right to cancel any order and Buyer shall reimburse the Company for all costs and expenses incurred in, and reasonable profit for, performance hereunder. The Company reserves the right to refuse any order based upon a quotation containing an error. The provisions in any specification or chart are descriptive only and are not warranties or representations; the Company will certify to a rated capacity in any particular product upon request. Capacity, head and efficiency certifications are based on shop tests and when handling clear, fresh water at a temperature of not over 85°F. Certifications are at this specified rating only and do not cover sustained performance over any period of time nor under conditions varying from these.

15. RECORDS, AUDITS AND PROPRIETARY DATA:

Unless otherwise specifically agreed in writing and signed by an authorized officer, neither Buyer nor any representative of Buyer, nor any other person, shall have the right to examine or audit the Company's cost accounts, books or records of any kind or on any matter, or be entitled to, or have control over, any engineering or production prints, drawings or technical data which the Company, in its sole discretion, may consider in whole or in part proprietary to the Company.

16. PATENT INFRINGEMENT:

The Company will hold Buyer harmless against any liability for infringement of any apparatus claim of any United States patent, issued at the date of the contract, and arising out of the sale or use in the form supplied by Company of equipment designed and/or manufactured by Company.

The Company will assume no liability with respect to equipment specified by either the Company or Buyer, but not designed and/or manufactured by the Company.

Buyer will hold the Company harmless against any liability for infringement or any apparatus claim of any United States patent, issued at the date of the Contract, and involving equipment furnished by the Company in accordance with drawings and/or specifications furnished by Buyer.

The party assuming liability, as stated above, shall be notified immediately of any assertion of infringement, and shall have the absolute control of the defense thereto, including the right to settle, defend against legal action, or make changes in the equipment to avoid infringement.

17. LIABILITY LIMITATIONS:

Under no circumstances shall the Company have any liability for liquidated, collateral, consequential, or special damages or for loss of profits, or for actual losses or for loss of production or progress of construction, whether resulting from delays in delivery or performance, breach of warranty, negligent manufacture or otherwise. The aggregate total liability of the Company in connection with the performance of this order, whether for breach of contract or warranty, negligence, or otherwise, shall in no event exceed the contract price. Buyer agrees to indemnify and hold harmless the Company from all claims by third parties in excess of these limitations.

Since the compliance with the various Federal State and Local laws and regulations concerning occupational health and safety and pollution are affected by the use, installation and operation of the equipment and other matters over which the Company has no control, the Company assumes no responsibility for compliance with those laws and regulations, whether by way of indemnity, warranty or otherwise.

18. WARRANTY:

THE ATTACHED WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

19. OTHER RIGHTS & REMEDIES:

In addition to the rights and remedies conferred upon the Company herein, the Company shall have all rights and remedies conferred at law and in equity and shall not be required to proceed with the performance of any order if Buyer is in default in the performance of such order or of any other contract or order with the Company.

20. LAW GOVERNING CONTRACT:

All orders accepted by the Company shall be governed and controlled as to the validity, enforcement, interpretation, construction, effect and in all other respects, by the statutes, laws and decisions of the State of Georgia, which is the state in which the Company's principal place of business is located. All orders accepted by the Company shall be considered as submitted to the Company at its principal place of business in Stephens County, Georgia, and shall be deemed to have been entered into in Stephens County, Georgia, unless the Company agrees otherwise, in writing. The Buyer agrees that all actions or proceedings arising directly, indirectly or otherwise in connection with, out of, related to, or from an order accepted by the Company shall be litigated at the Company's discretion and election, only in The Court's of Stephens County, Georgia. The Buyer, hereby consents and submits to the jurisdiction of these Courts and waives any right to seek a transfer or change of venue in any litigation brought against the Company by the Buyer or in any litigation brought by the Company against the Buyer.