

JOHN CRANE INC. PURCHASING TERMS AND CONDITIONS

- 1. COMPLETE AGREEMENT:** This order, including the terms and conditions below and on the other side hereof, contains the final, complete and exclusive agreement between buyer and seller and no rescission of and no addition to, modification or revision hereof shall be valid unless in writing and signed by buyer. Acceptance is limited to the terms of this purchase order.
- 2. INVOICES:** Seller must provide a separate invoice in duplicate, for each shipment. Invoices must bear buyer's purchase order number and show balance remaining on order or release. Invoices and bills of lading shall be rendered immediately after shipment is made.
- 3. PACKING LISTS:** Packing lists must accompany each case or parcel, showing purchase order number and complete description of contents.
- 4. SHIPMENTS:** All goods shall be suitably packed, marked and shipped in accordance with requirements of common carriers, in a manner to secure lowest transportation cost unless otherwise specified, and no additional charge shall be made to buyer therefor or for cartage unless stated herein. Any excessive freight costs incurred by reason of seller's failure to follow such shipping instructions will be charged to seller. Seller shall properly mark each package with buyer's purchase order number, and where multiple packages comprise a single shipment, each package shall be consecutively numbered. Order number and package numbers shall be shown on packing slips, bills-of-lading and invoices.
- 5. DELIVERY:** Time is of the essence of this contract and deliveries are to be made both in the quantity and at the time specified or scheduled by buyer. Buyer will have no liability for payment for material or items delivered to buyer which are in excess of the quantity specified in the delivery schedule. Buyer may from time to time change delivery schedules (postponement only) or direct temporary suspension of scheduled shipments.
- 6. PRICES:** Where price is not specified in this order, seller's price shall not be higher than last quoted or charged to buyer unless otherwise agreed in writing.
- 7. TAXES:** Seller's prices shall be exclusive of any federal, state or local sales, use or excise taxes and seller shall list separately on its invoice any such tax lawfully applicable to this transaction and payable by buyer, with respect to which buyer does not furnish statement of exemption.
- 8. GOVERNING LAW:** To the extent that the rights and liabilities of the buyer and seller are not defined herein, they shall be enforced in accordance with the Uniform Commercial Code as in effect in the State of Illinois, and this Agreement shall be construed in accordance with the laws of that State.
- 9. WARRANTY, INSPECTION, AND ACCEPTANCE OF GOODS:** Seller expressly warrants that it will have good title, free from any security interest or other lien or encumbrance, to all goods delivered hereunder. Seller also warrants that all goods and services furnished under this order shall conform to specifications, drawings, samples or other description furnished, specified or adopted by buyer, and shall be fit and serviceable for the purpose specified or intended and shall be merchantable and free from defect. Buyer shall have the right to inspect the goods within a reasonable time after receipt, but failure to inspect shall not limit or be deemed a waiver of any rights of buyer hereunder. Payment for goods prior to final inspection shall not constitute acceptance thereof. If any goods or services do not conform to the foregoing warranties, then, after notice to seller, such goods shall be held for a reasonable time for seller's instruction at seller's risk, and, without limiting buyer's other remedies, at buyer's option (a): the purchase price thereof plus any cost of transportation incurred by buyer shall be refunded to buyer, or (b) such goods or services shall be re-supplied by seller at seller's expense.
- 10. CONFIDENTIALITY:** All technical and commercial information or ideas which buyer has supplied or shall supply seller, but excluding information in the public domain or in seller's possession in tangible form before receiving such information from buyer (collectively called "confidential information") is proprietary to buyer and has been disclosed in confidence to seller for the limited purpose of enabling seller to comply with the terms of this purchase order. Seller shall not without buyer's prior written consent use or disclose such confidential information for any purpose other than in connection with the supply of materials or products to buyer. All such information which is in tangible form shall be returned to buyer by seller upon demand, and in any event when no longer needed to fulfill seller's obligations to buyer hereunder. Seller agrees that any benefit or property derived by seller from any unauthorized use of confidential information shall be the sole exclusive property of buyer.
- 11. BUYER'S PROPERTY:** All materials, including dies, tools, molds, gauges, fixtures and patterns, which are furnished or specifically paid for by buyer shall be the property of buyer, shall be subject to removal at any time without additional cost upon demand by buyer, shall be used only in filling orders for buyer, shall not be copied, shall be kept separate from property of seller, and shall be clearly identified as the property of buyer. Seller shall, at its own expense, keep all such materials in good condition, and seller assumes all liability for loss or damage thereto, with the exception of normal wear or tear, and agrees to supply a detailed inventory of such material at monthly intervals or as otherwise agreed upon. The cost of changes in the aforementioned items necessary to effect design or specification changes ordered by buyer shall be paid for by buyer.
- 12. SELLER'S DEFAULT:** Should seller fail to perform or comply with any provisions of this order, including the delivery schedule, buyer may terminate this order in whole or in part and may consider such failure or noncompliance as a breach of this contract. Buyer expressly retains all its rights and remedies provided by law in the case of such breach, and no action by buyer shall constitute a waiver of any such right or remedy, provided, however, that buyer shall acquire no rights, except its right of cancellation and refund of any advances, by reason of delays caused by action of government, allocations, strikes, unavoidable accidents, delays of carriers, fire, or causes beyond seller's control, if notice of such cause for delay is given buyer within 10 days of seller's first knowledge of its occurrence. If reasonable ground arise to cause buyer to feel insecure with respect to the performance of seller, buyer may, in writing, demand adequate assurance of due performance and until buyer received such assurance, may suspend any performance for which it has not already received the agreed return. Failure of seller to provide within a reasonable time, not exceeding two weeks, such assurance of due performance as is adequate under the circumstances of the case is a repudiation of the contract.
- 13. BUYER'S DEFAULT:** Should buyer breach any of the provisions of the contract, any action by seller must be commenced within one year after the cause of action has accrued.
- 14. NOTICE OF DELAYS:** If at any time seller has reason to believe that any delivery for any cause whatever will not be made as scheduled, written notice setting forth the length of the anticipated delay will be given immediately to buyer who shall have the right to cancel all or any part of the undelivered part of this order, in addition to its other remedies provided by law.
- 15. CHANGES:** Buyer reserves the right, before completion of the order, to make changes in quantities, drawings, specifications, method of shipment, or packaging. If such changes cause an increase or decrease in seller's costs, seller shall promptly notify buyer thereof, and an equitable adjustment shall be made. Seller will make no changes without Buyer's written consent.
- 16. PATENTS:** Seller guarantees that the goods hereby ordered, and the sale or use thereof, will not infringe any United States or foreign Letters Patent, and seller agrees to defend, protect, and save harmless buyer, its successors, assigns, customers and users of its products against all suits at law or in equity, and from all damages, claims and demands, and attorney's fees and costs for actual or alleged infringement of any Patent by reason of the sale or use of the goods hereby ordered, unless the goods so ordered are made to buyer's specifications, drawings, or patents, in which case this clause will not apply.
- 17. NOTICE OF SUIT:** If buyer is sued for breach of warranty, claim for infringement or other obligation for which seller is answerable over, buyer may, but need not, give written notice of the litigation to seller.
- 18. ADVERTISING WARRANTY:** Seller shall not, without first obtaining the written consent of the buyer, in any manner advertise or publish the fact that seller has furnished or has contracted to furnish the articles herein purchased. For failure to observe this provision, buyer shall have the right to terminate this order without any obligation to accept deliveries after the date of termination, or make further payments except for completed articles delivered prior to termination.
- 19. CANCELLATION:** In addition to buyer's rights of cancellation provided by law, buyer reserves the right at any time prior to completion of this order and without cause to cancel all or any part of the uncompleted portion thereof by written notice to seller. In such event, seller shall be reimbursed only for direct costs incurred by seller in connection with the cancelled portion of this order, not including (a) any costs incurred with respect to goods or services scheduled for delivery more than sixty (60) days subsequent to the date of cancellation, nor (b) any allowance for anticipated profit. No claim by seller for reimbursement shall be allowed unless presented to buyer in writing within sixth (60) days after the date of buyer's notice of cancellation. This clause shall not apply where Government contract termination provisions are applicable.
- 20. RISK OF LOSS:** Notwithstanding anything herein to the contrary, the risk of loss of any kind, including loss in transit, shall be borne by seller until the goods have been received by the buyer.
- 21. COMPLIANCE WITH LAWS:** Seller warrants and certifies that in the performance of this contract it will comply with all applicable statutes, rules, regulations, and orders of the United States and of any states and political subdivisions thereof, including laws and regulations pertaining to labor, wages, hours and other conditions of employment, and that the goods to be furnished hereunder will be produced in compliance with all applicable requirements of the Fair Labor Standards Act. Each of seller's invoices shall contain a certificate that the goods covered by the invoice were produced in compliance with all applicable requirement of the Fair Labor Standards Act, and all regulations and orders issued thereunder.
- 22. EQUAL EMPLOYMENT:** The seller shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, handicap, disabled veteran or Vietnam Era veteran status. The seller represents by acceptance of this purchase order that he/she will comply with the provisions of Section 202 of Executive Order #11246 and the rules and regulations issued pursuant to Section 201 and the provisions of Section 503/Handicapped and 402/Veterans regulations, hereby incorporated by reference, and amendments thereto.
- 23. CODE OF CONDUCT:** John Crane Inc. ("the Company") is committed to conducting its business ethically and lawfully. To that end the Company, through its ultimate parent company, Smiths Group plc, maintains a Code of Corporate Responsibility and Business Ethics and mechanisms for reporting unethical or unlawful conduct. The Company expects that the Seller will also conduct its business ethically and lawfully. If the Seller has cause to believe that the Company or any employee or agent of the Company has behaved unethically or unlawfully under, or in connection with, this Agreement, is encouraged to report such behavior to the Company or to Smiths Group plc. Smiths Group plc's Code of Corporate Responsibility and Business Ethics and mechanisms for making such reports are available on www.smiths-group.com.