

## Terms and Conditions of the Purchase Order of Industrias John Crane de Mexico, S.A. de C.V. ("Buyer" or "John Crane")

- 1. COMPLETE AGREEMENT:** This purchase order, including the terms and conditions set forth at the back of it, contains the final, complete and exclusive agreement between Buyer and Seller and no addition to, modification or revision hereof shall be made unless in writing and signed by Buyer.
- 2. INVOICES:** Seller must provide a separate invoice in duplicate, for each shipment. Invoices must bear Buyer's purchase order number issued by John Crane and show the amount paid, and the balance remaining corresponding to such order. Invoices shall be delivered to John Crane on or before 5 (five) days following the shipment is made.
- 3. PACKING LIST:** A packing list must accompany each case or parcel of products, showing purchase order number and complete description of contents.
- 4. SHIPMENT:** All goods shall be suitably packed, marked with the John Crane's code provided in the purchase order 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 for cartage, loading or unloading unless previously negotiated and agreed by the parties. 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 numbers and package numbers shall be shown on packing lists, bills-of-lading and invoices.
- 5. DELIVERY:** Deliveries of packages 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 any material or items delivered to Buyer which are in excess of the quantity specified in the purchase order. Buyer may, from time to time, change delivery schedules (postponement only) or direct temporary suspension of scheduled deliveries.
- 6. PRICES:** In the case the price of the products is not specified in this purchase order, Seller's price shall not be higher than the price stated in the last quotation or invoice to Buyer for the same or similar products.
- 7. TAXES:** The Value Added Tax and any other applicable taxes shall be added to the prices for the products. Seller shall list separately on its invoice any applicable tax, complying with all the applicable tax requirements.
- 8. GOVERNING LAW:** The parties agree that for the interpretation, execution and compliance of these terms and conditions, shall be applicable the laws of the United Mexican States applicable in the Federal District. Additionally, the parties expressly submit themselves to the jurisdiction of the courts competent in Mexico City, Federal District, waiving to any other jurisdiction that may correspond to the parties by virtue of their present or future domiciles or for whatever other reason.
- 9. WARRANTY, INSPECTION, AND ACCEPTANCE OF GOODS:** Seller expressly warrants that it is the sole proprietor, free from any security interest or guarantee, of all goods sold and delivered hereunder. Seller also warrants for a term of one year from the delivery of the goods and services to Buyer, that all goods and services furnished under this purchase order shall conform to specifications, drawings, samples or other description specified or delivered by Buyer, and shall be fit and serviceable for the purpose specified, shall be merchantable and free from defect. Failure to inspect the products by the Buyer shall not limit or be deemed a waiver of any rights of Buyer regarding the warranty of the Seller. Payment for products shall not constitute acceptance of the conditions of those products. If any products or services do not conform to the foregoing warranties, or have any defect, the Buyer shall provide notice to the Seller and such products shall be at the disposal of the Seller to be picked up by the Seller at Seller's entire responsibility. In case to be effective this warranty, the Buyer will have the right: (a) that the purchase price for the products or services plus any cost of transportation incurred by Buyer shall be refunded to Buyer, or (b) that such products or services shall be re-supplied by Seller at Seller's expense.
- 10. CONFIDENTIALITY:** All technical and commercial information or any information of any nature, which Buyer has supplied or shall supply to the Seller in any manner, whether oral or written or by any other mean, including all the information related to this purchase order, but excluding information that at such time is in the public domain or is in Seller's possession in tangible form before receiving such information from Buyer (collectively called "Confidential Information") is proprietary only to Buyer and shall only be used to comply with 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, as stated in this purchase order and in the other applicable terms and conditions. All such Confidential Information which is supported in tangible form shall be returned or delivered to Buyer by Seller upon demand by Buyer, or when no longer needed to fulfill Seller's obligations to Buyer hereunder. Buyer shall be the only proprietor of any benefit, property or right derived from the use of the Confidential Information.
- 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 removed from the facilities of the Seller and delivered to the Buyer without additional cost upon demand by Buyer, shall be used only to fulfill the purchase orders issued by or for the Buyer, shall not be copied, shall be kept separate from property, materials and tools 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 by the parties. The cost of any 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 this purchase order, the terms and conditions applicable to it and/or any of its obligations according to it, including the delivery date of the products, the Buyer may terminate this purchase order and such default by Seller shall be considered as a breach of this document. Buyer expressly retains all its rights and remedies provided by applicable law in the case of such breach, and no action by buyer shall constitute a waiver of any such right or remedy. In case of default by the Seller for causes derived from Acts of God or force majeure, the Seller shall provide immediate notice of such causes to Buyer, within 3 days following the event of force majeure or Act of God, and the term for the fulfillment of the obligations of the Seller shall be extended for the same period of the event of force majeure or Act of God impeding the fulfillment of such obligations. In case such events last for more than 30 days, each of the parties may terminate this purchase order without responsibility to both parties, except for the payment obligations pending at such time.
- 13. NOTICE OF DELAY:** If at any time Seller cannot comply with the scheduled delivery date for the products or services, it shall provide written notice to Buyer, specifying the reason of the delay, having the Buyer the right to cancel all or part of the purchase order, in addition to its other rights that the Buyer may exercise according to the applicable laws.
- 14. CHANGES:** Buyer reserves the right to provide notice to the Seller regarding any changes in quantities, drawings, specifications, method of shipment, or packaging of the products requested by means of the purchase order. If such changes cause an increase or decrease in the costs of the materials or products, Seller shall promptly notify Buyer of the modification to the price and the Buyer may accept it in order the purchase order to be valid. In case of any modification to the quantities of the products requested by the Buyer, the Seller shall notify the Buyer the estimated delivery time, which the parties recognize that may vary due to the modification of the purchase order, and the Buyer shall accept those modifications. In case the parties do not reach an agreement in the price and the delivery date of the modified purchase order, the initial purchase order shall remain valid and having full effects.
- 15. PATENTS:** Seller guarantees that the products hereby ordered, and the sale or use thereof, will not infringe any law of the United Mexican States, and Seller agrees to defend, protect and hold Buyer, its successors, assigns, customers and users of those products harmless against any lawsuit, claim, fine, damage or loss profit derived from a breach or non-authorized use of a patent property of a third party, unless the products have been ordered according to the specifications, drawings, or patents provided by Buyer.
- 16. ADVERTISING WARRANTY:** Seller should obtain written consent of the Buyer to advertise, promote or publish the fact that Seller has sold any products to John Crane. In case of a breach to this clause, the Buyer shall have the right to terminate this purchase order without any responsibility to such party, and may refuse to accept any deliveries after the date of termination, without being obliged to make any payments for the products, except for the products delivered previously to such termination of the purchase order.
- 17. CANCELLATION:** In addition to Buyer's rights of cancellation provided by law, Buyer reserves the right at any time prior to completion of this purchase order and without cause to cancel all or any part of this purchase order, by means of a written notice to Seller with \_\_\_ days prior to the delivery of the products. In such event, Seller shall have the right to receive the payment of the direct costs incurred by Seller for the fulfillment of the purchase order according to the proportional cancelled portion of this purchase order. Such payment shall not include any costs incurred with respect to products or services scheduled for delivery more than sixty (60) days subsequent to the date of cancellation.
- 18. RISK OF LOSS:** The risk of loss of the products shall be borne by Seller, until the goods or products have been received by the Buyer according to the INCOTERM specified in this purchase order.
- 19. COMPLIANCE WITH LAWS:** Seller warrants to Buyer that in the performance of this purchase order it will comply with all applicable laws, regulations and any other statutes applicable in the Mexican Republic, in the understanding that it will comply with all of its obligations pertaining to labor, wages, hours and other conditions of employment of its employees, and that the goods and products to be sold hereunder will be produced in compliance at all times with the Federal Labor Law.
- 20. EQUAL EMPLOYMENT:** The Seller shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin and/or handicap.
- 21. CODE OF CONDUCT:** John Crane conducts the operation of its business in Mexico and in the rest of the world ethically and lawfully. For such effects, John Crane maintains a Code of Corporate Responsibility and Business Ethics, as well as mechanisms for reporting unethical or unlawful conduct. John Crane requires that the Seller conducts its business ethically and lawfully. If the Seller has cause to believe that John Crane or any of its employees or agents has behaved unethically or unlawfully in connection with this purchase order, the Seller is required to report a complaint before John Crane.