



PURCHASE TERMS & CONDITIONS (EFFECTIVE MAY 23, 2014)

- 1. ACCEPTANCE OF CONTRACT:** Campbell Hausfeld ("Buyer") is not bound by any purchase order until Seller executes and returns to Buyer the acknowledgment copy of the Campbell Hausfeld Purchase Terms and Conditions and the applicable purchase order (collectively the "Purchase Order Documents"). Buyer expressly limits acceptance of any purchase order for goods and/or services to the terms and conditions stated in the Purchase Order Documents. Any additional or different terms proposed by Seller, whether prior to or subsequent to Seller's receipt of the Purchase Order Documents, are rejected unless expressly agreed to in writing signed by Buyer's authorized representative. No agreement shall exist except as provided in the Purchase Order Documents.
- 2. AMENDMENTS:** The parties agree that the Purchase Order Documents contain the complete and final agreement between Buyer and Seller and that no modification of the Purchase Order Documents is binding upon Buyer unless in writing signed by Buyer's authorized representative. All specifications, drawings, and data submitted to Seller with or referred to in the Purchase Order Documents are incorporated and made a part thereof.
- 3. PURCHASE ORDER AUTHORITY:** Only Buyer's authorized representative has the authority to initiate or amend Buyer's Purchase Order Documents. Purchase Order Documents and amendments must be in writing. Buyer's engineering and technical personnel may from time to time render assistance or give technical advice or discuss or affect an exchange of information with Seller's personnel concerning a purchase order; however, such actions shall not be deemed to change the Purchase Order Documents and shall not be the basis for financial adjustment. In addition, all purchase order-specific updates from Seller shall be sent to Buyer's authorized representative.
- 4. PURCHASE ORDER CHANGE/TERMINATION DUE TO BUYER'S CONVENIENCE:** Buyer may change or terminate all or part of a purchase order for Buyer's convenience by giving prompt written notice to the Seller. If any change to the purchase order causes a mutually agreed upon increase or decrease in the cost of, or the time required for performance of any part of the purchase order, Buyer will attempt to achieve an equitable adjustment in the purchase order price and/or delivery schedule, and modify the Purchase Order Documents accordingly. Changes to the delivery schedule will be subject to a price adjustment only. Any claim for an equitable adjustment by Seller based on a purchase order change must be submitted in writing to Buyer within thirty (30) days from the date of notice of the change, unless the parties agree in writing to a longer period. Nothing contained in this paragraph shall excuse Seller from proceeding without delay in the performance of a purchase order as changed. If all or any part of the purchase order is terminated, Buyer's only obligation shall be to pay Seller a percentage of the price generally reflecting the percentage of the work that can be proved as performed or goods or services proved delivered or performed prior to Seller's receipt of the notice of termination. Seller shall not be paid for any services, goods, or costs incurred which reasonably could have been avoided after Seller's receipt of the notice of termination. In no event shall Buyer be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total purchase order price. Any claim by Seller based on the purchase order termination shall be submitted within ninety (90) days from the effective date of the termination. For other than specially performed work, Buyer may terminate part or all of a purchase order for its convenience by giving written notice to Seller and Buyer's only obligation to Seller shall be payment of a mutually agreed-upon restocking or service charge. In either case, Seller shall continue all work under the purchase order which has not been terminated. All terms, conditions and provisions of the Purchase Order Documents (including but not limited to warranties of Seller) shall survive cancellation or termination of a purchase order.
- 5. PURCHASE ORDER CHANGE/TERMINATION DUE TO CHANGE IN BUYER'S CUSTOMER REQUIREMENTS:** In the event that Buyer's customer initiates a change or changes in requirements for good and/or services beyond Buyer's control, Buyer will promptly provide Seller with written notice of such change and will attempt to minimize any negative financial impact for Seller. Buyer is not, however, specifically obligated to reimburse Seller for all costs incurred by Seller to perform the work under the originally requested purchase order. Note that Seller shall not be paid for any services, goods, or costs incurred which reasonably could have been avoided after Seller's receipt of notice of such change by Buyer, and Buyer shall not be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead and in no case for any specific sum.

- 6. PURCHASE ORDER CHANGE/TERMINATION DUE TO SELLER'S DEFAULT:** Buyer, by written notice, may terminate a purchase order for default by Seller, in whole or in part, if Seller fails to comply with any of the terms of the Purchase Order Documents, fails to make progress as to endanger performance of a purchase order, or fails to provide adequate assurance of future performance. Seller shall have ten (10) days (or such longer period as Buyer may authorize in writing) to cure any such failure after receipt of notice of such default from Buyer. Default involving delivery schedule delays shall not be subject to the cure provision. Buyer shall not be liable for any work not accepted by Buyer; however, Buyer may require Seller to deliver to Buyer any supplies and materials, manufacturing materials, and manufacturing drawings that Seller has specifically produced or acquired for the terminated portion of a purchase order. Buyer and Seller shall agree on the amount of payment for these deliverables. Seller shall continue all work under the purchase order which has not been terminated.
- 7. CONTACT WITH BUYER'S CUSTOMERS:** Unless Buyer gives specific approval in writing, at no time should any Seller communicate directly with any of Buyer's customers regarding any topic that relates to Buyer. Violation of this clause can result in termination without penalty of all open Buyer purchase orders to the offending Seller.
- 8. PREVAILING PRICE:** Unless otherwise stipulated in writing, Buyer and Seller recognize that the price in effect at the time of a purchase order issuance (or date of release against an existing blanket purchase order) will be the prevailing price for the purchase, not the price that may be in effect at the time of product delivery.
- 9. SELLER NOTIFICATION OF PRICE CHANGE:** Price increases are not binding on Buyer unless evidenced by a proper purchase order change notice or revision accepted and signed by Buyer. Seller shall provide 120 days written notice to Buyer for proposed price increases. In addition, Seller must provide a specific 'cause and direct impact' calculation justifying such price increase, prior to Buyer's acceptance of a price increase. Price reduction requires no specific notice period although prompt written communication of the reduction to Buyer is required.
- 10. DELIVERY:** Time is of the essence and if Seller does not deliver the goods in the quantities and/or at the times specified, or complete the services at the times specified in the Purchase Order Documents, Buyer may, at its sole discretion, without liability and in addition to any other rights and remedies it may have, take all or any of the following actions: (a) direct expedited routing, at Seller's expense; (b) terminate the purchase order; and/or (c) purchase substitute goods or services elsewhere and charge Seller with any loss incurred. Seller is liable for excess transportation charges, delays or claims resulting from Seller's deviation from Buyer's routing instructions. Neither party is liable for excess costs of deliveries or defaults due to causes beyond its control and without its fault or negligence, provided, however, that when Seller has reason to believe that it will not make deliveries as scheduled, it must immediately give Buyer written notice of the cause of the anticipated delay. If Seller's delay or default is caused by the delay or default of a subcontractor, such delay or default is excusable only if it arose out of causes beyond the control of both Seller and subcontractor and without the fault or negligence of either of them and the goods or services were not obtainable from other sources in sufficient time to permit Seller to meet the required delivery or performance schedule. Buyer is not liable to pay for excess goods delivered to Buyer, or which are delivered in advance of Buyer's delivery schedule, or for all transportation charges therefore, and Buyer may return such goods to Seller at Seller's risk and expense. Buyer is not liable for any material or production costs incurred in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedules.
- 11. HAZARDOUS MATERIALS:** Seller warrants compliance with all international, federal, state and local environmental laws and regulations for each material constituting or contained in goods and packaging sold or otherwise transferred to Buyer under a purchase order. Seller specifically warrants that the materials, goods, labels, containers and accompanying material safety data sheets, (a) comply with and are registered under the Toxic Substances Control Act and regulations; (b) comply with laws, regulations and Federal Trade Commission Guidelines governing ozone-depleting substances, recycling, and recycled content, for every jurisdiction where the goods or goods into which they will be incorporated will be distributed; and (c) comply with all requirements, including manifesting and labeling, imposed by the Resource Conservation and Recovery Act and implementing regulations. Seller further warrants that any associated transport vehicles comply with laws and regulations governing hazardous materials transportation, including 49 CFR parts 171 and 172.
- 12. FREIGHT CHARGES, PACKING, DRAYAGE, AND CONTAINERS:** Unless otherwise expressly stated in the Purchase Order Documents, Seller shall deliver all goods F.O.B. Buyer's carrier, Seller's plant, freight collect. Seller shall not charge for packing, drayage, or containers unless specified in the Purchase Order Documents. Seller is liable for damage caused by improper boxing, crating, or packing.

- 13. TITLE AND RISK OF LOSS:** Title and Risk of Loss shall not pass to Buyer until delivery of the goods in accordance with the provisions of the Purchase Order Documents.
- 14. INSPECTION AND ACCEPTANCE:** All goods and services purchased hereunder are subject to Buyer's inspection, and Buyer reserves the right to reject and refuse acceptance of goods or services, or to return goods or services already accepted, which do not conform to the Purchase Order Documents or with Seller's warranties (express or implied). Buyer shall return such goods and Seller shall immediately, at Buyer's option, issue full credit or replacement at Seller's risk and expense, including transportation charges both ways. Acceptance or payment for any part of the goods or services shall not bind Buyer to accept, nor constitute a waiver of Buyer's right to cancel or return, future shipments, nor deprive it of the right to make any claim for damages, including incidental or consequential loss or damage incurred by Buyer; such rights are in addition to any other remedies provided by law. Buyer reserves the right to inspect applicable raw, in process or finished materials at Seller's facility at any operation with minimum prior verbal or written notice of 24 hours.
- 15. SELLER'S WARRANTIES:** Seller hereby warrants that all of the goods and services furnished hereunder shall be free of defects in material and workmanship, of merchantable quality, fit for Buyer's purposes, and shall conform to Buyer's instructions, specifications, drawings and data. Seller hereby further warrants that all of the goods and services furnished hereunder shall conform to all representations, affirmations, promises, descriptions, samples or models forming the basis of the Purchase Order Documents. Buyer's inspection, test, acceptance or use of the goods and services furnished hereunder shall not affect Seller's obligation under these warranties and such warranties shall survive inspection, test, acceptance and use. These warranties shall run to Buyer, its successors, assigns and customers and the users of its products. Said warranties are in addition to any warranties of additional scope given by Seller to Buyer. **BUYER DOES NOT WAIVE, DISCLAIM OR EXCLUDE ANY SAID WARRANTIES OR ANY OTHER IMPLIED OR EXPRESS WARRANTIES UNLESS EVIDENCED BY A PURCHASE ORDER CHANGE NOTICE OR A REVISION ISSUED AND SIGNED BY BUYER.** Seller agrees to immediately replace or correct, at Buyer's option, defects in any goods or services not conforming to the foregoing warranties, without expense to Buyer, when notified of such non-conformity by Buyer. If Seller fails to timely correct defects in or replace non-conforming goods or services promptly, Buyer may make such corrections or replace such goods and services and charge Seller for the costs incurred by Buyer.
- 16. CHARGEBACK TO SELLER:** If Seller fails to meet its confirmed performance, quality, or delivery obligations and this results in a subsequent work stoppage for Buyer, or results in penalty charges to Buyer by its customers for failure to meet delivery obligations, or causes Buyer to devote time and money to rework the goods, Buyer reserves the right to charge back to Seller an amount equal to the actual cost of the work stoppage, the penalty charges, or the rework.
- 17. USE AND CARE OF BUYER-OWNED PROPERTY (EX: TOOLING AND EQUIPMENT):** Unless otherwise provided in the Purchase Order Documents or agreed to in writing, property of every description including but not limited to all tooling, tools, equipment and material furnished or made available to Seller, title to which is in Buyer, and any replacement thereof, is and shall remain Buyer's property. Seller shall not use such property except for performance of work hereunder or as authorized in writing by Buyer. While in Seller's possession or control, Seller shall clearly mark Buyer's property to show Buyer's ownership, and shall keep such property in good condition, hold it at Seller's risk, and keep it insured, at its sole expense, in an amount equal to the replacement cost with loss payable to Buyer. Seller shall promptly notify Buyer of any loss or damage to Buyer's property. As and when directed by Buyer, Seller shall immediately disclose the location of such property and/or prepare it for shipment and ship it to Buyer in as good condition as originally received by Seller, reasonable wear and tear accepted. In the event the Buyer-owned property is approaching the end of its useful life, Seller must notify Buyer to this effect with sufficient time to permit replacement without process interruption.
- 18. INDEMNIFICATION:** Seller agrees to indemnify, defend and save Buyer harmless from and against all damages, liabilities, claims, losses and expenses, including reasonable attorney's fees, arising out of Seller's acts or omissions in failing to perform pursuant to the terms and conditions contained in the Purchase Order Documents or due to any damage, liability, claim, loss or expense, including consequential or incidental damages, arising out of (a) any defect or alleged defect in the goods or services; (b) any allegation that the goods are not fit or safe for use; (c) the nature of the material contained in the goods; (d) the actual or alleged negligence or dishonesty of, or any actual or alleged act, commission or omission by Seller or any of its employees or agents. Seller agrees that this indemnification shall survive acceptance of the goods or services and payment therefore by Buyer, and is binding upon Seller, its successors and assigns, and shall inure to the benefit of Buyer, its successors and assigns and to the benefit of Buyer's officers, directors, agents and employees and their heirs, executors, administrators and assigns.

19. **INSURANCE:** Seller agrees, at its sole cost and expense, to maintain for the mutual benefit of Buyer and Seller such public liability insurance, including product liability insurance of at least \$1 million United States dollars, automobile liability insurance (including non-owned automobile liability) and workers' compensation and employer's liability insurance as will protect Buyer, in its reasonable opinion, against the damages, liabilities, claims, losses and expenses (including attorney's fees) referred to in Paragraph 18. All policies of insurance shall provide that the proceeds are payable to Buyer and Seller as their respective interests may appear. All policies of insurance shall further provide that they are not cancelable on less than thirty (30) days notice to all insureds. Seller shall furnish Buyer with certificates, satisfactory to Buyer, evidencing such insurance policies and naming Buyer as an additional insured. If Seller is a self-insurer, Seller must furnish the certificate of the applicable state department of labor and industry directly to Buyer. Compliance by Seller with these insurance requirements does not in any way affect Seller's indemnification of Buyer under Paragraph 18.
20. **OWNERSHIP OF INTELLECTUAL PROPERTY:** Unless off-the-shelf product is utilized, Seller agrees that Buyer shall be the owner of all inventions, technology, designs, works of authorship, mask works, technical information, computer software, business information and other information conceived, developed or otherwise generated in the performance of Buyer's purchase order. Seller automatically assigns and shall cause its personnel automatically to assign all right, title, and interest in the foregoing to Buyer, including without limitation all copyrights, patent rights and other intellectual property rights and further agrees to execute, at Buyer's request and expense, all documentation necessary to perfect title in Buyer. Seller agrees that it will maintain and disclose to Buyer written records of, and otherwise provide Buyer with full access to, the subject matter covered by this clause and that all such subject matter will be deemed confidential information of Buyer. Seller agrees to assist Buyer in every reasonable way, in obtaining, maintaining, and enforcing patent and other intellectual property protection on the subject matter covered by this clause. Seller warrants that the work performed and delivered under a purchase order will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. Seller agrees to defend, indemnify and hold harmless Buyer and its customers from and against any claims, damages, losses, costs and expenses, including reasonable attorney's fees, arising out of any action by a third party that is based upon a claim that the work performed and/or goods or services delivered under a purchase order infringes or otherwise violates the intellectual property rights of any person or entity.
21. **ADVERTISING:** Seller shall not, without the prior written consent of Buyer, in any manner advertise, publish, or display evidence of the fact that Seller has agreed to furnish the goods or services ordered. For breach of this provision, in addition to any other rights and remedies to which Buyer may be entitled, Buyer shall also have the right, at its option, to cancel purchase orders to the offending Seller. Such cancellation shall be deemed a 'Purchase Order Change/Termination Due To Seller's Default' and shall be guided by said provision.
22. **INVOICING, PAYMENTS, TAXES, AND DUTIES:** Payment terms specific to the purchase will be specified in the Purchase Order Documents and Buyer shall pay Seller in accordance with those terms. All work shall be delivered free from all claims, liens, and charges whatsoever. Buyer reserves the right to require, before making payment, proof that all parties furnishing labor and materials for the work have been paid. Unless otherwise specified, prices include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice. Receipt and acceptance of payment shall not constitute acceptance of goods and/or services under a purchase order.
23. **SELLER'S DEDICATED RESOURCES:** Seller shall provide the necessary engineering, labor, tools, materials, processes, and facilities required for performance of a purchase order.
24. **NO EXPECTATION OF CONTINUED ORDERS:** A purchase order does not create any right or expectation to Seller for additional or continued purchase orders from Buyer.
25. **PRECEDENCE:** Any inconsistencies in the Purchase Order Documents shall be resolved in accordance with the following descending order of precedence: (a) face of the purchase order, release document or schedule (which shall include continuation sheets), as applicable, including any Special terms and conditions; (b) any master-type purchase order (such as a blanket purchase order); (c) the Campbell Hausfeld Purchase Terms and Conditions; and (d) any statement of work, drawings, designs, or specifications.
26. **DUMPING/DIRECT SELLING:** If Buyer refuses to accept any goods from Seller under a purchase order, Seller agrees that, under no circumstances will it advertise, sell, distribute or otherwise represent on behalf of Buyer any Buyer branded products or products identifiable as a Buyer branded product through brand name, color or other characteristic, regardless of the reason for Buyer's rejection of such goods.

27. **CURRENCY FOR THE TRANSACTION:** Unless specifically stated otherwise in the Purchase Order Documents, all Buyer purchases shall be in United States Dollars.
28. **WAIVER, APPROVAL, AND REMEDIES:** Failure by Buyer to enforce any of the provision(s) of the Purchase Order Documents shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of Buyer thereafter to enforce each and every such provision(s). Buyer's approval of documents shall not relieve Seller from complying with any requirements of the Purchase Order Documents. The rights and remedies of Buyer in the Purchase Order Documents are cumulative and in addition to any other rights and remedies provided by law or in equity.
29. **SEVERABILITY AND ASSIGNMENT:** Each provision of the Purchase Order Documents is severable, and if any provision shall at any time be held to be contrary to law or invalid or enforceable, the remaining terms and provisions shall not be affected but shall remain in full force and effect. Seller shall neither assign any of the sums due or to become due, nor assign any of the work to be performed under a purchase order, nor subcontract for completed or substantially completed material called for by a purchase order without Buyer's prior written consent.
30. **COMPLIANCE WITH LAWS:** Seller warrants that all goods and services furnished hereunder shall comply with all applicable federal, state and local laws, rules and regulations, both domestically and internationally. Seller shall comply with all laws, regulations and guidance in relation to the Foreign Corrupt Practices Act of the United States of America and represents that in all undertakings Seller will make no payments of money, or anything of value, nor will such be offered, promised or paid, directly or indirectly, to any foreign officials, political parties, party officials, candidates for public or political party office, to influence the acts of such officials, political parties, party officials, or candidates in their official capacity, to induce them to use their influence with a government to obtain or retain business or gain an improper advantage in connection with any business venture or contract in which Buyer is a participant.
31. **COMPLIANCE WITH LAWS, SPECIFICS:** This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a). These regulations prohibit discrimination against qualified protected veterans and qualified individuals with disabilities on the basis of disability, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities.
32. **COMPLIANCE WITH LAWS, SPECIFICS:** Equal Opportunity / Affirmative Action. Provider agrees, to the extent applicable, to comply with Executive Order 11246 and the implementing regulations found at 41 CFR Part 60. Provider incorporates into this Order, as applicable, the Equal Opportunity clauses found at 41 CFR § 60-1.4(a) and will likewise incorporate the clauses into all applicable subcontracts as required by 41 CFR § 60-1.4(d).
33. **COMPLIANCE WITH LAWS, SPECIFICS:** Notice of Employee Rights Under Federal Labor Laws. Provider incorporates into this Agreement, as applicable, the obligations regarding the notice of employee rights under federal labor laws found at 29 CFR Part 471, Appendix A to Subpart A, and will likewise incorporate those obligations into all applicable subcontracts as required by 29 CFR Part 471.
34. **CONTROLLING LAW:** The provisions of the Purchase Order Documents shall be interpreted and construed in accordance with the laws of the State of Ohio. The terms and conditions of the Purchase Order Documents shall apply and be controlling regardless of any different or conflicting provision in any document or communication between Buyer and Seller.
35. **ENTIRE AGREEMENT:** The Purchase Order Documents issued by Buyer constitute the entire understanding and agreement between the parties with respect to the subject matter herein and may only be modified in writing signed by an authorized representative of Buyer.
36. **CONFLICT MINERALS:** Seller agrees that all products (including parts and components thereof) that it provides to Buyer which contain "conflict minerals" (as defined in section 1502(e) (4) of the Dodd-Frank Wall Street Reform and Consumer Protection Act) that are necessary to the functionality or production of the product, are "DRC conflict free" (as that term is defined at 15 U.S.C. § 78m (p) (1) (D)).