



## Terms and Conditions of Sale

Cowan Dynamics Corporation markets its products subject to the following terms and conditions:

1. Acceptance - All orders shall be subject to acceptance, in writing, by authorized Cowan Dynamics personnel. Buyer's orders shall be deemed to incorporate, without exception, all the terms and conditions hereof, notwithstanding any printed order form of Buyer containing additional or contrary terms or conditions, unless Buyer shall expressly advise Cowan Dynamics to the contrary in a written document apart from the printed provisions of Buyer's order. No reference or acknowledgement by Cowan Dynamics to an order of Buyer shall be deemed to be in acceptance by Cowan Dynamics of any such additional or contrary printed terms or conditions. In the event of a written request, by the Buyer, for any such additional or contrary terms or conditions, such modifications may only be made to these Cowan Dynamics Terms and Conditions by written instrument signed by one of Cowan Dynamics's officers.
2. Pricing - Unless otherwise stated in writing, the following applies:
  - a. Quotations are valid for 30 days.
  - b. Prices are firm through delivery unless item 2c is specifically referred to in the quotation.
  - c. Escalation, when specified, will be according to the following schedule: Fifty percent (50%) in accordance with the average hourly earnings of the Fabricated Metal Products Industry (index code SIC 34) as determined and reported monthly by the Bureau of Labor Statistics of the U.S. Department of Labor in the publication Employment and Earnings. Latest month available on quotation date will be used as the base month. Latest month available at invoicing will be used for calculation. Fifty percent (50%) in accordance with the Foundry and Forge Shop Products (index code 1015) as determined and reported monthly by the Bureau of Labor Statistics of the U.S. Department of Labor in the publication Producer Prices and Price Indexes. Latest month available on quotation date will be used as the base month. Latest month available at invoicing will be used for calculation. In the event there is a decrease in the indexes the escalation will be calculated using the highest indexes.
  - d. Quotations are subject to changes or withdrawal at any time prior to acceptance.
  - e. Excessive purchaser delays, in release for production after order placement, may result in price adjustments.
  - f. Cowan Dynamics reserves the right to invoice for equipment when completed and held at the customer's request.
  - g. Invoice terms are net 30 days with finance charge of 1-1/2 percent per month on past due balance.
  - h. Every sales tax, use tax or other tax which Cowan Dynamics may be required by law to pay, in connection with the sale, will be added to the price quoted and Cowan Dynamics reserves the right to bill such, at the time of invoicing material or any subsequent time, without forfeiture of collection rights.
  - i. Typographical and clerical errors in quotations or orders are subject to correction.
  - j. Prices do not include field or job site installation.

- k. All acknowledged orders subsequently placed on hold will be assessed a hold order charge.
3. Delivery - Products sold are FOB Cowan Dynamics Corporation, Point of Manufacture (Ex Works for international shipments).
4. Freight -
- a. Unless otherwise specified in the purchase order, Cowan Dynamics will ship freight collect.
  - b. When freight is included in the quotation, it is at the most economical rate for the method of shipment specified to the given destination. If a different means of shipment or a different routing is later specified, the difference in cost will be charged to the purchasers account.
5. Shipping Date - All promises of shipment are estimated as closely as possible and dates offered represent shipping dates rather than delivery-to-destination dates.
- a. Cowan Dynamics's best efforts are used in every case to ship within time promised, but there is no guarantee to do so. Schedules commence with the date Cowan Dynamics receives authorization to proceed with manufacture. Products offered from stock are subject to prior sale.
  - b. Occasional delays in deliveries may occur when material must be specifically purchased for a given order. Such special purchased material may include castings, bar stock, or certain auxiliary equipment. Additionally, castings are sometimes received with defects which may not be discovered until completely machined and hydro tested. Strict procedures are established to avoid these unexpected events. Should they happen, despite Cowan Dynamics's best efforts, every effort will be immediately undertaken to minimize delays and to notify the purchaser of the impact on shipment dates.
6. Changes - Any changes required after order entry will adjust the contract price by an amount dependent on the timing and extent of the change. Changes may adversely affect delivery and new promised shipment dates can only be supplied after an evaluation of the impact of the change.
7. Cancellation - When written notice of cancellation is received, Cowan Dynamics will immediately stop production on all items. The calculation for charges will include material procured, administrative, order processing, engineering, and production work. The terms of cancellation will be such that Cowan Dynamics is indemnified by the purchaser against loss occasioned by such cancellation. .
8. Inspection - Final inspection and acceptance of products, where required, must be made at Cowan Dynamics's plant and shall be conclusive except for latent defects. Purchaser's representatives may inspect equipment during normal business hours, provided 48 hours advance notice is given. Inspection will be in such a manner that it will not interfere with plant operations.
9. Risk of Loss - The risk of loss of the products shall pass to the purchaser when the products are delivered to the carrier for transportation.
10. Returns - No material may be returned for credit or adjustment without authorization and proper tagging instructions from Cowan Dynamics. On all material approved for return credit, handling/restocking costs, if any, and costs to recondition for resale as new, will be charged.
11. Warranty - All products manufactured by Cowan Dynamics are warranted against defects of material or workmanship for a period of one year from the date shipped, when used within the temperature, pressure and pressure drop range for the fluid for which they were manufactured. This warranty specifically excludes special, indirect and consequential damages and is limited to replacement, without charge, of parts found by Cowan Dynamics to be defective in material or workmanship and does not extend to claims for labor, expenses or other loss occasioned by such defect. Cowan Dynamics's liability to the purchaser, except as to title arising out of the supplying of said equipment or its uses, whether based upon warranty, contract or

negligence, shall not exceed the cost of correcting defects in the equipment as herein provided, and shall terminate upon expiration. This warranty does not cover incompatibility of material with process fluid, deterioration by corrosion, erosion or any cause of failure other than defect in material or workmanship. The installation of replacement parts, not provided by Cowan Dynamics or its authorized representatives, as well as damages arising there from, is not covered by this warranty. This warranty is only effective provided that installation, operation, maintenance, and service of the products are done in accordance with Cowan Dynamics's published Installation, Operation and Maintenance Manuals. COWAN DYNAMICS MAKES NO OTHER WARRANTIES WHATSOEVER AND COWAN DYNAMICS SPECIFICALLY DISCLAIMS ANY LEGALLY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS. (INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.)

13. Force Majeure - Deliveries may be suspended in the case of an act of God, war, riots, fire, explosion, flood, strike, lock-out, injunction, or any cause beyond the control of such party, preventing the manufacture of the goods. If, because of any such circumstance, Cowan Dynamics is unable to supply the total demand for the goods, Cowan Dynamics may allocate its available supply among all of its customers, in an equitable manner. Such deliveries so suspended shall be canceled without liability, but the contract shall otherwise remain unaffected.
14. Nuclear Limitation of Use - This equipment is not to be used in services subject to the requirements of Section III of the ASME Boiler and Pressure Vessel Code unless specifically stated in Cowan Dynamics's quotation. The purchaser accepts the responsibility for insuring that the equipment is not used in violation of the limitation and the purchaser shall indemnify and hold Cowan Dynamics harmless for any and all liability arising out of said improper use.
15. Prints and Literature - If requested at the time of the original order entry, Cowan Dynamics Corporation will furnish, at no charge one (1) instruction manual including parts list in electronic format. Each additional piece of literature will be furnished at a nominal charge per item.
16. Patents - Cowan Dynamics warrants that any goods sold pursuant to this contract, except as made specifically for purchaser according to purchaser's specifications, do not infringe any valid U.S. patent. This warranty is given upon the condition that purchaser promptly notify Cowan Dynamics of any claim or suit involving purchaser, in which such infringement is alleged, and if Cowan Dynamics is affected, that purchaser permit Cowan Dynamics to control completely the defense or compromise of any such allegation or infringement.
17. Special Requirements - If the equipment to be supplied by Cowan Dynamics must meet any government, municipal, state or insurance company requirements, purchaser must specify said detailed requirements in writing prior to the date of Cowan Dynamics's quotation.
18. Damage Claims - Cowan Dynamics shall not be liable in any event for any special, indirect, consequential or coincidental damage of any kind whatsoever, whether growing out of the use, inability to use, failure of, defect, the condition of, delivery, non-delivery, or otherwise, of the Cowan Dynamics products covered hereby.

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