



TERMS AND CONDITIONS OF PURCHASE ORDERS

General

These Terms and Conditions shall apply to all purchase orders issued by Rotating Machinery Services, Inc. (hereinafter referred to as RMS) and Supplier as denoted on the Purchase Order.

These Terms and Conditions shall be interpreted according to the laws of Pennsylvania.

Delivery

Supplier shall schedule delivery to coincide with dates requested by RMS. Delivery as scheduled is essential to RMS. Shipment and payments shall be in accordance with scheduled delivery dates, unless other arrangements are agreed to in writing between RMS and Supplier.

Neither party shall be liable for detention, or delay due to acts of God, war, riots, fire, floods, strike or other labor difficulties, accidents, wrecks, delays in transportation, shortages of materials, delays by suppliers of materials, faulty forgings or castings, or other causes beyond the reasonable control of such party. Supplier shall notify RMS in writing of any such delays within 5 days.

Risk of Loss

Supplier assumes all risks of loss or damage to all goods, work in process, and materials, as well as damage to third party and their property until delivery of all goods is provided.

Assignment

Supplier shall not assign or subcontract any portion of this Purchase Order without RMS's prior written approval.

Inspection

RMS and/or a RMS designated representative including RMS customer shall have the right to inspect any goods produced prior to shipment. Discrepant or non-conformant parts found by RMS inspection upon arrival will be held for disposal to Supplier's account. RMS and/or RMS designated representative inspection does not relieve Supplier of his responsibility for furnishing goods or services conforming to the requirements of the Purchase Order, or effect any claim RMS may have because of the use of defective or unsatisfactory goods or services.

Packaging and Invoicing

An itemized packing list must be placed in each package under this Purchase Order. Standard practice for commercial packaging shall apply. Any expenses incurred by Supplier's failure to furnish RMS with the necessary shipping documents shall be charged to Supplier. Itemized invoices, packing lists, and a bill of lading all showing Purchase Order number must be mailed on the date of shipment. Failure to attach packing list or bill of lading will delay payment of invoice.

Changes and Stop Work Orders

RMS may at times need to make changes in quantities, design, drawings, specifications, etc. RMS may also need to stop all work by giving written notice to Supplier, at which time Supplier shall take steps to minimize costs after stoppage. If changes result in a direct increase to Supplier, an adjustment to the Purchase Order price will be made after agreement between RMS and Supplier.

RMS may terminate the Purchase Order or any part thereof by giving Supplier notice of default if, (a) Supplier refuses or fails to deliver goods within time specified by Purchase Order, (b) Supplier fails to comply with Purchase Order or to make progress thus putting RMS's delivery at risk, or (c) Supplier becomes insolvent or subject to any laws relating to bankruptcy.

Information

Supplier agrees to treat all information, data, drawings, specifications, and procedures as confidential information furnished by RMS specifically for the processing of the Purchase Order, and not to disclose, transfer or sell to any third party except for the performance of the Purchase Order. This Purchase Order is confidential between Supplier and RMS.

All information including data, drawings, specifications, procedures and working copies shall be returned to RMS upon request.

Insurance

Supplier shall carry comprehensive general liability insurance, including contractual and product liability coverage, with minimum limits acceptable to RMS. Supplier shall furnish certificates evidencing coverage if requested by RMS.

Warranty

Goods and services furnished by Supplier relating to this Purchase Order shall be warranted, to be of the best quality and free of defects in design, workmanship and material, for a period of twelve (12) months from the time the goods go into service at RMS's customer's facility, or eighteen (18) months from date of delivery to RMS's customer's facility whichever occurs first. In the event of a breach, the Supplier shall take all necessary action, at Supplier's expense to remedy such breach as promptly as possible. This warranty shall also pass onto the benefit of RMS's customer or end user of goods or services provided under the Purchase Order.

Indemnification

Supplier shall indemnify and hold harmless RMS, its directors, officers, employees, representatives, agents and successors from any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including attorney's fees, arising, or resulting from or in connection with any act or omission on the part of the Supplier arising from Supplier furnished goods or services as specified on the Purchase Order.

Should any of the foregoing paragraphs or portions thereof be held ineffective, the remaining provisions shall continue in full force and effect.

