

Gardner Denver Thomas GmbH
TERMS AND CONDITIONS OF PURCHASE
Germany

GENERAL PROVISIONS

- a. The definition of terms used, interpretation of this Order, and the rights of the parties shall be construed under and governed by the laws of Germany excluding the Convention on the International Sale of Goods (CISG). "Buyer" means **Gardner Denver Thomas GmbH** and/or any of its divisions, subsidiaries, and/or affiliates ("verbundene Unternehmen" in terms of Sections 15 et seq German Stock Corporation Act). "Seller" means the party to which this Order is addressed and also includes Seller's principal if Seller is acting as broker or agent. "Order" means the attached or enclosed purchase order, which includes these Terms and Conditions of Purchase, all performance requirements and specifications issued hereunder, and all drawings, models, and samples furnished hereunder. "Goods" means those articles, materials, supplies, drawings, data, or other property or services described in the Order.
- b. If the Order is deemed to constitute an offer, it may be accepted only on terms set forth in the Order, including, without limitation, these Terms and Conditions. If the Order is deemed to constitute an acceptance of an offer, such acceptance is expressly conditioned on Seller's assent to the terms of the Order, including, without limitation, these Terms and Conditions of Purchase, and shipment of any part of the Goods or other commencement of performance shall be deemed to constitute such assent. Any additional and/or different terms and conditions proposed by Seller and/or any attempt by Seller to vary any of these terms and conditions shall be deemed a material alteration and is hereby objected to and rejected.
- c. Buyer may by written notice to Seller request a change in the subject matter of performance (such as changes in the drawings, specifications, quantities, and delivery schedules and shipping instructions) even after acceptance of an Order up until the full completion of performance. The Seller shall inform the Buyer of the consequences of such change and implement the changes in the subject matter of performance upon request, unless this cannot reasonably be expected from the Seller. If any such change increases or decreases the cost of performing the Order or the time required for its performance, an equitable adjustment in prices and/or delivery schedules shall be agreed between the parties as soon as practicable.
- d. Buyer's part number & order number must appear on all shipping papers, invoices, parcels, or containers.
- e. In the event of Seller's delay or failure to perform due to a cause beyond Seller's reasonable control, including acts of God, government action, floods, epidemics, war, or riot, but excluding strikes or other labor disturbances or disputes involving Seller, the date for Seller's performance shall be extended for a period equal to the time lost by reason of such occurrence; provided, however, that Seller shall take reasonable measures to mitigate and minimize the effect of such event and to continue with performance of its obligations, and Buyer may, at its option, cancel the Order with no resulting cost or liability to Buyer.
- f. If any provision or part of a provision of the Order is found to be illegal, invalid or unenforceable under any applicable law, such provision or part of a provision shall, insofar as it is severable from the remaining terms, be deemed omitted from Order and shall in no way affect the legality, validity or enforceability of the remaining terms.
- g. The Order constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the Parties. Seller may not assign any of the amounts due or to become due and may not assign or subcontract any of the work to be performed under the Order without the prior written consent of Buyer.
- h. The parties are aware of the risk that one or more provisions of the Order and/or these terms and conditions may prove invalid or void contrary to the current intentions of the Parties. For such cases well the parties wish to exclude any doubt as to the validity of (the remainder of) the Order and/or these terms and conditions; in such cases, therefore, the Order and these terms and conditions shall always remain valid (and not only if in doubt).
- i. The benefit of this Agreement may be enforced by Buyer's affiliated companies ("verbundene Unternehmen" in terms of Section 15 et seq. German Stock Corporation Act). Buyer's affiliated companies shall have the same rights against Seller as are available to Buyer; in this respect the Order and these terms and conditions shall be a "contract for the benefit of third parties" in terms of section 328 et seq. of the German Civil Code ("BGB").
- j. The parties shall attempt to resolve all disputes arising under or in connection with the Order by good-faith negotiations by knowledgeable, responsible representatives of each party who are fully authorized to settle any such dispute. Either party shall be entitled to declare failure of such mediation at any time at its own discretion. If mediation fails, then such dispute shall be finally settled according to the Arbitration Rules of the German Institution of Arbitration e.V. ("DIS") without recourse to the ordinary courts of law. Such arbitration shall be held by a three arbitrators in Munich, Germany, each being familiar with applicable German laws, one of which shall be selected by Seller, one by Buyer, and the third to be selected by the two arbitrators chosen by the parties. The substantive law of Germany is applicable to the dispute. The language of the arbitral proceedings is German, unless otherwise agreed. Each party shall bear its own costs of these procedures; the parties shall equally split the fees

of the arbitration and the arbitrator. Notwithstanding the above, either party shall have the right to seek a temporary restraining order or an injunction related to the purposes of the Order, to compel compliance with confidentiality obligations, or to file suit to compel compliance with this clause.

PRICE; CREDIT; WAIVER OF LIENS

The Order shall not be filled at a higher price than specified herein. If the price is omitted in the Order, the Goods shall be billed at the price last paid or quoted, or at the prevailing market price, whichever is lower. Buyer shall only be liable for such taxes levied on Buyer pursuant to applicable law. The prices stated herein are exclusive of value added tax which shall (if, and to the extent applicable) be payable by the Buyer at the rate and in the manner prescribed by law. Seller shall not assess, and Buyer shall not be responsible for, surcharges of any kind (including, but not limited to, surcharges for raw materials, fuel, freight or otherwise), unless specifically agreed to in a writing signed by Buyer which states the applicable surcharge and the precise method or formula by which such surcharge is determined. Except in respect of VAT payable by Buyer under applicable law, in the event importation of the Goods results in the assessment of a countervailing duty on Buyer as the importer, Seller shall reimburse such countervailing duty to Buyer, provided such reimbursement is permitted under applicable laws and regulations.

Seller agrees that the Goods are being sold to Buyer on credit under the terms described on the face of the Order. If no credit terms are set forth or referenced on the face of the Order, payment shall be due after delivery of the Goods to Buyer, within 60 days of Buyer's receipt of Seller's invoice.

Invoices will be submitted by Seller to the location indicated on the Order and shall include the Order number, part number/product description, unit price, Seller's VAT registration number, and name of person or party issuing the Order. Unless specified in the Order or agreed otherwise in writing, all invoicing and payments shall be made in Euros.

Buyer shall have the right (but no duty) to withhold payment for any amounts in dispute. Buyer shall have the right (but no duty) to withhold any payment and apply it to the payment of any obligations of Seller to Buyer arising out of the Order or any other order or agreement between Seller and Buyer.

Seller expressly waives and releases any and all claims to any lien upon any Goods owned or purchased by Buyer. The foregoing waiver and release of liens shall not apply to any consensual security interest created under a separate Security Agreement executed by Buyer.

DELIVERY; RISK OF LOSS; EXCESS SHIPMENTS AND DELAYS

- a. Time is of the essence in the performance of the Order. In the event of Seller's delay or failure to perform (except when due to a cause beyond Seller's reasonable control as outlined above), Seller shall pay to Buyer, upon demand, as liquidated damages and not as a penalty, an amount equal to 1.0% of the contract price of the Goods for every week of delay beyond the delivery date specified on the Order, not to exceed 10% of the price of the Goods for such Order. Seller is entitled to provide evidence that there has incurred no or a substantially lower damage as a result of Seller's delay in delivery. If Seller fails to perform by the time the maximum liquidated damages amount is reached, Buyer may terminate the contract due to Seller's breach. The assertion of further damage claims and further statutory rights of the Buyer remains unaffected.
- b. The Goods shall be suitably packed and prepared for shipment to secure lowest transportation rates (unless a premium method is specified on the face hereof) and to comply with carrier and packaging regulations, including the International Standard for Phytosanitary Measures for wood used in packaging. Unless expressly agreed to by an authorized representative of Buyer, no charges shall be allowed for packing, crating, freight express, or cartage. Buyer may select the mode of transportation, the routing of, and the carrier for the Goods. Exceptions to stated routings and terms must be secured from an authorized representative of Buyer, and Seller shall be liable for excess transportation costs resulting from any deviation from Buyer's instructions.
- c. Goods shall be delivered by Seller to Buyer's place of business from which the Goods were ordered, unless otherwise specified on the face hereof. Unless Buyer instructs otherwise, shipments with the same ship to address must be combined for the lowest freight rates. Seller shall not send partial shipments unless authorized.
- d. Unless otherwise agreed in writing, all shipments shall be F.O.B. Buyer's destination, and risk of loss as to such Goods shall remain with Seller until after the Goods are delivered and all nonconformities are cured or accepted. The party bearing the risk of loss shall be responsible for providing adequate insurance on shipments.
- e. Buyer shall have no liability for payment for Goods delivered in excess of the quantity specified herein unless Buyer elects to keep such excess, and then Buyer shall be liable only for the price thereof and not any incremental freight expenses. Such excess Goods shall, at Buyer's option, be subject to rejection by Buyer and redelivery to Seller at Seller's expense.
- f. If, prior to the time for delivery, Seller has reason to believe that it will be unable to meet its delivery schedule, it shall immediately notify Buyer in writing indicating the cause of delay and the suppliers involved and shall use its best efforts to cure the

anticipated delay. Upon receipt of such notice, Buyer may, in its sole discretion, (i) direct expedited routing of the Goods, with Seller being responsible for all excess costs, or (ii), in the event Buyer earnestly and definitely refuses to deliver within the period prior to becoming obligated to pay the maximum liquidated damages pursuant to clause (a) above, cancel the Order by written notice to Seller and purchase substitute Goods elsewhere, with Seller being responsible for all resulting excess costs, including, without limitation, any increase in the price paid for the Goods and any expenses to expedite routing of the substitute Goods. The assertion of further damage claims and further statutory rights of the Buyer remains unaffected.

INSPECTION; REJECTION AND REVOCATION OF ACCEPTANCE

After receipt of the Goods, Buyer shall without undue delay inspect the Goods for possible defects or deviations in quality. Obvious defects shall be notified to Seller immediately in writing and, in any event, no later than 10 days after receipt of the Goods; hidden defects shall be notified to Seller immediately in writing and, in any event, no later than 7 days after detection of the defect. Payment for the Goods shall not constitute acceptance. Repairs or replacements of defective Goods ("subsequent performance") shall be made by Seller, without cost to Buyer, at any time within the warranty period of the Goods. In the event that Seller is in breach of its warranties (particularly with respect to the duty to deliver the Goods free of any defects in quality or title) Buyer's rights to subsequent performance, rescission of the relevant (accepted) Order for supply of Goods, reduction of the purchase price, damages or the reimbursement of expenses or any further rights shall be governed by the statutory provisions; warranty claims ("Gewährleistungsansprüche") are subject to a limitation period of three years after acceptance of a delivery. The continuance of the limitation period is suspended through the notice of a defect to the Seller and for the duration of the replacement performance. In addition to the statutory provisions, Buyer shall be entitled to remedy the defect of Goods itself at Supplier's expense and to exchange this with the replacement procured from another source if it is a case of special urgency (e.g. imminent danger), if the subsequent performance has failed or if it would otherwise be unreasonable for Buyer, or if the Seller itself has not complied with Buyer's request for subsequent performance within a reasonable period of time. The Buyer shall not be liable to Seller for failure to receive the Goods for unforeseeable and unavoidable causes beyond Buyer's reasonable control and for which Buyer does not bear any responsibility, including (without limitation) acts of God, government action, casualties, unavoidable delays in transportation, inability to obtain necessary materials or machinery, or shutdown of Buyer's facilities.

WARRANTIES

- a. In addition to Seller's standard warranty on the Goods, Seller warrants, for the longer of either three years after Buyer's final acceptance of Goods or Seller's standard warranty period, that all Goods shall (i) strictly conform to the terms, conditions, specifications, descriptions, drawings, and data specified herein or furnished herewith; (ii) be of good design, quality, material, and workmanship; (iii) be free from defects; and (iv) meet applicable industrial or governmental safety standards
- b. Seller further warrants that all Goods are free of asbestos and all other hazardous substances and that no claim, demand, or notice has been filed nor any proceeding commenced alleging liability of Seller in connection with the use of asbestos and/or any other hazardous substances relating in any way to the manufacture or sale of the Goods. Seller shall provide a material safety data sheet for each substance containing a toxic substance that is purchased by Buyer from Seller, and Seller shall affix on each container containing toxic substances the chemical name and the appropriate hazard warning for the use and safe handling of the toxic substance. Seller shall provide other material safety data sheets relating to the Goods upon request.
- c. Seller further warrants that Seller will have title to the Goods and the right to sell such Goods at the time of delivery to Buyer, and that all such Goods shall be new and unused (unless otherwise specified in the Order) at the time of delivery to Buyer.
- d. Seller shall also extend to Buyer the warranties or guaranties, if any, given to Seller by any third party manufacturer of component parts and accessories incorporated into the Goods sold hereunder. Seller agrees to use its best efforts and will cooperate with Buyer in enforcing any claims against such third party manufacturer(s) for defects that may occur.
- e. All warranties shall survive any intermediate or final inspections, delivery, acceptance, or payment by Buyer, and all such warranties shall run to Buyer, its successors, assigns, customers, and users of the Goods. No warranties shall be deemed disclaimed or excluded except in writing signed by an authorized representative of Buyer. Repairs or replacements of defective Goods shall be made by Seller, without cost to Buyer, at any time within the applicable warranty period of the Goods.

PATENTS

Seller shall protect and indemnify Buyer from and against any loss, cost, damage, or expense suffered or incurred by the Buyer or arising from infringement or alleged infringement of any patent or foreign letters patent by any of the Goods, and Seller shall defend or settle at its own expense any suit, action, or proceeding brought against Buyer for such infringement. Furthermore, in the event that Buyer should be enjoined in such suit or proceeding from using any of the Goods, Seller, at its option, shall promptly either (a) secure termination of the injunction and obtain for Buyer the right to use such Goods without any obligation or liability; (b) replace such Goods with non-infringing goods, all at Seller's risk and expense and to Buyer's satisfaction; or (c) remove such Goods at Seller's risk and expense and refund to Buyer the amount paid. The provisions of this paragraph shall not apply to claims, demands, suits, or injunctions directly attributable to Goods manufactured by Seller in accordance with Buyer's specific instructions, specifications, design, or drawings.

INDEMNIFICATION

Seller shall indemnify and save harmless Buyer from and against any loss, cost, damage, or expense, including but not limited to reasonable attorneys' fees, suffered or incurred by

Buyer, Buyer's affiliates, and/or their respective directors, officers, employees and agents and/or for which any of them may be liable to any third party, due to, arising from or in connection with, directly or indirectly:

- a. any and all claims made against Buyer by reason of injury or death to person or damage to property suffered or claimed to have been suffered by any person or entity and caused or alleged to have been caused by defective Goods or by any act or omission of Seller or any of Seller's subcontractors, employees, or agents;
- b. any and all damage to Buyer's property, including property occupied or used by or in the care, custody, or control of Seller, caused or alleged to have been caused by defective Goods or by any act or omission of Seller or any of Seller's subcontractors, employees, or agents;
- c. any and all claims made against Buyer by reason of injury or death to person or damage to property, howsoever caused or alleged to have been caused, and suffered or claimed to have been suffered by Seller or any of Seller's subcontractors, employees, or agents;
- d. liabilities, claims, fines, civil and criminal penalties which arise directly or indirectly out of the failure of Seller to comply with the Insurance and/or Compliance with Law provisions of the Order or which grow out of Seller's actual or alleged breach of this Order or breach of warranty under the Order; and
- e. an actual or alleged breach of warranty under the Order or other actual or alleged breach of the Order by Seller

always provided that Seller was at fault ("Vertretenmüssen"). In no event shall Seller be required to indemnify Buyer for any injury, death, or loss caused solely by the negligence of Buyer.

INSURANCE

Seller shall maintain in force standard liability insurance of the type and in such amounts as reasonably satisfactory to Buyer and shall furnish Buyer, at any time upon request, with a certificate of insurance that shall provide for Buyer to receive at least 30 days' prior written notice of modification, non-renewal, cancellation or termination.

NON-WAIVER; CUMULATIVE REMEDIES

The failure of Buyer to insist upon strict performance of any terms and conditions hereof, failure or delay to exercise any rights or remedies provided herein or by law, failure to properly notify Seller in the event of breach, the acceptance of or payment for any Goods, or approval of design, shall not release Seller from any of the warranties or obligations and shall not be deemed a waiver of any right of Buyer to insist upon strict performance or of any of its rights or remedies as to the Goods or as to any prior or subsequent default, nor shall any purported oral modification or rescission of the Order by Buyer operate as a waiver of any of the terms hereof. Any right or remedy of Buyer provided herein is in addition to Buyer's other rights and remedies provided herein or by law.

COMPLIANCE WITH LAWS

Seller warrants and agrees that it shall comply with all applicable laws, regulations and administrative requirements and not take any action that would subject Buyer penalties under German or foreign laws, regulations, codes of practice or administrative requirements. Seller acknowledges that it has read Buyer's Code of Ethics and Business Conduct, a copy of which is available under "Investor Relations - Corporate Governance" at www.gardnerdenver.com, and agrees to be bound by such Code, as applicable, in fulfilling its obligations hereunder.

CANCELLATION; TERMINATION OF ORDER

- a. Buyer reserves the right to cancel any item on the Order or terminate Seller's performance under the Order, in whole or in part, by written notice to Seller, whereupon Seller shall terminate its performance on such date of notice and shall terminate all orders and subcontracts to the extent they relate to such performance. Seller shall promptly advise Buyer of the quantities of Goods and raw material on hand or purchased prior to termination and of the most favorable disposition that Seller can make thereof. Seller shall comply with Buyer's instructions regarding disposition of Goods and raw materials. Seller shall submit to Buyer in writing notice of its intention to submit claims based on such termination within 15 days from the date of notice of termination, and all such claims shall be made in detail and substantiated by bills, receipts, and similar documents within 30 days thereafter, or such claims shall be waived. Buyer shall pay Seller the Order price of finished Goods accepted by Buyer and the cost to Seller, excluding profits and losses, of work in process and raw materials relating to the Order, less the agreed value of any Goods used or sold by Seller with Buyer's consent. Buyer reserves the right to verify such claims at any reasonable time or times, on reasonable advance notice, by inspecting and auditing the records, facilities, work, or materials of Seller relating to the Order. Buyer will make no payments for finished work, work in process, or raw materials fabricated or procured by Seller unnecessarily in advance or in excess of Buyer's delivery requirements under the Order. Notwithstanding the above, payments made under this paragraph shall not exceed the aggregate price specified in the Order, less any payments made or to be made. Payment provided under this paragraph shall constitute Buyer's only liability in the event the Order is terminated.
- b. To the extent the Order covers Goods normally carried in the inventory of Seller, as distinguished from Goods specially made to Buyer's specifications, Buyer shall have no liability for any termination of the Order, in whole or in part, prior to actual shipment. For any termination for which the notice thereof is sent to Seller after receipt of Goods by Buyer, liability shall be limited to returning such Goods and reimbursing Seller the direct cost of handling and transportation.

BUYER'S PROPERTY; CONFIDENTIALITY; RIGHTS IN INVENTIONS

- a. Buyer retains title to all information and materials (including, but not limited to, all drawings, designs, specifications, technical data, production or product "know-how", and/or proprietary information of Buyer and Buyer's licensors (including, where applicable, any proprietary information of SAP America, Inc. pertaining to licensed R/3 Software) and any other enterprise resource planning (ERP) software utilized by Buyer), in whatever form or format, furnished to Seller to facilitate performance under the Order, and the same shall be (i) treated as Buyer's confidential information and held in strict confidence, (ii) used exclusively by Seller to complete the Order, and (iii) returned to Buyer at its direction or within 5 days after completion, termination, or cancellation of the Order, along with all copies or reproductions thereof. Seller shall restrict disclosure of such information solely to those of its employees, representatives, agents and subsuppliers who have a need to know for purposes of completing the Order and shall ensure that each recipient of such information is aware of and is made subject to the obligations to keep such information confidential.
- b. All property of Buyer furnished or made available to Seller for performance of work under the Order, including, but not limited to, materials, tools, tooling, special tooling (as defined below), equipment, and replacements thereof, shall remain the property of Buyer, shall be segregated from Seller's property and be individually marked and identified as Buyer's property and shall be promptly returned to Buyer at its written request, or upon termination, cancellation, or completion of the Order. Seller shall maintain and keep up-to-date a list of all such property, and shall furnish the list to Buyer upon request. Such property, including, without limitation, special tooling, shall be used exclusively for performance under the Order and Seller agrees to: (i) maintain such property in good condition and assume all risks and liability for loss or damage thereto excepting normal wear; (ii) purchase insurance to cover the replacement cost thereof, with the proceeds payable to Buyer, and furnish Buyer evidence of such insurance upon request; (iii) permit inspection of such property by Buyer during normal business hours; (iv) at Buyer's request, furnish detailed statements of such inventory; and (v) fully cooperate and assist Buyer in any effort by it to obtain possession of such property through court proceedings or otherwise.
- c. Seller agrees to assign to Buyer and not otherwise to make use of any invention, improvement, or discovery, whether or not patentable, which is conceived or reduced to practice in performance of the work under the Order by any employee of Seller or any person working under Seller's direction. Seller shall cooperate with Buyer to complete such assignment and shall execute all documentation reasonably requested by Buyer to effect the assignment.
- d. Before commencing work under the Order, Seller agrees to obtain Buyer's prior written approval for the purchase of any special tooling, describing in detail in such request each item and its price. Upon completion, cancellation, or termination of the work for which such special tooling is required, Seller shall prepare a list of Goods for which special tooling has been used, together with a detailed listing in a form acceptable to Buyer of the special tooling, including each item's unamortized cost and fair market value, and shall upon request by Buyer, in its sole discretion, transfer title to the special tooling to Buyer, by written assignment, free and clear of liens and encumbrances, in exchange for the lesser of the tooling's unamortized cost or fair market value, and shall transfer possession of the special tooling to Buyer, except that Buyer shall be under no obligation to purchase such special tooling. Buyer reserves the right to dispose of special tooling without taking possession thereof and to receive any salvage or resale revenues resulting therefrom. Seller agrees that Buyer shall have the right to enter Seller's premises for the purpose of obtaining possession of any special tooling.
- e. As used herein, "special tooling" means all patterns, dies, fixtures, molds, jigs, models, gauges, inspection devices, special cutting tools, special test devices, drawings, and templates, and any replacements thereof, which, prior to the date of the Order, were not owned or used by Seller and which Seller has been or will be required to acquire and use solely for the purpose of furnishing Goods under the Order. Special tooling does not include tools, capital items, or property owned by or furnished by Buyer.

Eff. September 2006