

GENERAL CONDITIONS OF SALE

1. This offer to sell is expressly conditioned on Buyer's acceptance of all terms and conditions hereof, which shall take precedence over any inconsistent, contradictory or additional terms and conditions contained in any request for quotation, purchase order or other document furnished by Buyer in connection with this transaction whether such documents are exchanged simultaneously with this offer or prior or subsequent thereto, and Buyer's acceptance and receipt of the goods shipped hereunder shall constitute acceptance of such terms and conditions contained herein. No acceptance by Seller shall be deemed contained herein except upon Buyer's express written consent to all terms and conditions set forth herein additional to or different from those of Buyer.

All price and delivery quotations shall expire thirty (30) days from date thereof and in the meantime may be changed or withdrawn at any time.

The beneficiary named on any purchase order or similar form furnished by Buyer should be "Graham Corporation" c/o the name and address of the local sales office through which Buyer's order is placed.

2. SHIPPING DATE - FORCE MAJEURE: Shipment dates are from the date of receipt of Buyer's order with complete manufacturing information or from the date of approval of drawings, when required. It is understood that Buyer will accept this equipment, at an earlier date if Seller is able to ship it sooner than such specified shipment date. Seller may ship any portion of the equipment contingent upon good freight cost practices, as soon as it is completed and payment therefor shall be in accordance with agreed terms of payment. If shipment is delayed at buyer's request or by reason of other causes beyond Seller's control, payment shall become due under the terms of payment from the date equipment is reported ready for shipment, and Buyer further agrees to pay appropriate storage charges in the event Seller is compelled to store the equipment. Storage of such goods will be at Buyer's risk.

Seller shall not be liable for any loss or damage for delay or non-delivery due to governmental acts or regulations or any civil or military authority, acts of Buyer or by reason of any force majeure, which shall be deemed to mean all other causes whatsoever not reasonably within the control of Seller, including but not limited to acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, storms, floods, earthquakes, labor disputes, lockouts or other industrial disturbances, delays of carriers, interruption of power, and inability to secure materials. Any delay resulting from any such cause shall extend shipping dates correspondingly. Seller shall in no event be liable for any special, indirect or consequential damages arising from delay or non-delivery irrespective of the reason therefor, and receipt by Buyer shall constitute acceptance of goods and waiver of any claims due to delay.

3. CANCELLATION OR TERMINATION: If Buyer shall cancel or terminate this order, such cancellation or termination shall only be upon written notice to Seller, and in such event, Buyer shall pay to Seller Seller's reasonable charges, including but not limited to, a quantity price adjustment for any goods delivered, and all other costs incurred and committed for by Seller, and Seller's pro rated profit thereon.

4. SUSPENSION: If Seller's performance of the work is delayed for a period of more than six (6) months by reason of any cause set forth in paragraph two (2), above, upon removal of the cause of any such delay, performance shall be resumed, delivery rescheduled, and the purchase price shall be subject to any price increase in effect at the time of resumption of performance. If Buyer is unwilling to accept such adjusted purchase price and such rescheduled delivery date, it shall cancel its order as provided in paragraph three (3) above.

5. TERMS OF PAYMENT: Unless otherwise specified, the equipment offered herein is quoted FOB Seller's plant. The terms of payment are quoted in U.S. Funds, payable net 30 days after date material is shipped or is reported ready for shipment. These terms are applicable to partial as well as complete shipments. A 1½% SERVICE CHARGE per month will be applicable to outstanding balances past 30 days.

If applicable, progress payments will be stated in the proposal.

When in the opinion of Seller the financial conditions of Buyer renders it appropriate, Seller may require cash payment or satisfactory security before each shipment.

6. WARRANTY AND LIABILITY LIMITATION: THE FOLLOWING IS IN LIEU OF ALL WARRANTIES OF SELLER EXPRESSED OR IMPLIED AND ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND/OR ANY OTHER OBLIGATION ON THE PART OF THE SELLER ARE HEREBY EXCLUDED: Seller, except as otherwise provided, warrants goods of its own manufacture against faulty workmanship or the use of defective materials, under normal use and service, and that such goods will conform to mutually agreed upon written specifications, drawings, and is guaranteed to meet specified performance requirements, for a period of twelve (12) months from date of shipment of the goods from the factory.

Seller assumes no responsibility for deterioration of the equipment due to corrosion, erosion, or flow induced tube vibration, or for fouling, maintenance problems or any other causes not specifically covered under the foregoing warranty. The sole remedy of Buyer with respect to any part not conforming to any warranty of Seller shall be the

Repair or, at Seller's option, replacement of any defective part at the point of manufacture, Buyer assuming all costs of removal, shipping and reinstallation, provided that immediate written notice of the defect has been given to Seller, and Seller shall not be liable for any other expenses incurred because of failure of any part to meet Seller's warranty, nor for any special, indirect or consequential damages. Material returned to Seller's factory without its written consent will not be accepted. No back charges will be honored without Seller's advance approval of the work to be performed. Seller's liability on any claim of any kind, including negligence, for any loss or damage arising out of, connected with, or resulting from this transaction, or the design, manufacture, sale, delivery, resale, installation, technical direction of installation, inspection, repair, operation, or use of any equipment covered by or furnished hereunder shall in no case exceed the price paid by Buyer for the equipment. Seller also disclaims all liability, whether in contract, tort, warranty, or otherwise, to any party other than the Buyer.

7. DRAWINGS AND DESIGN CHANGES: Proposal drawings submitted with Seller's offer are intended only to show the general style, arrangement and approximate dimensions of the equipment and are not certified for field installation. Only when specifically requested by Buyer will Seller submit plans or certified drawings for Buyer's approval. Shop detail drawings shall not be furnished under any circumstances since they are proprietary.

Should Buyer request changes Seller shall have the option of adjusting contractual delivery dates and increasing original purchase price for design and material changes required to comply with Buyer's changes, however, Seller shall notify Buyer of such additional charge and schedule change prior to proceeding with the modification. Should Buyer approve plans and/or drawings without change, Seller shall then proceed with fabrication of the equipment in accordance with such approval. Should Buyer subsequently request changes after fabrication has commenced, Seller shall notify Buyer of schedule and cost impacts and upon approval, Buyer shall be responsible for Seller's additional charges.

8. TITLE-RISK OF LOSS-FREIGHT-ROUTING: Unless otherwise agreed in writing, the equipment purchased hereunder shall be delivered F.O.B. Seller's place of manufacture. Title, possession and risk of loss from any damage or casualty to the equipment, regardless of cause, shall be upon Seller until Seller has delivered the equipment to the carrier. Buyer agrees that Seller shall retain and Buyer hereby grants to Seller a security interest in the equipment only until the purchase price has been paid and Buyer agrees to perform all acts necessary to perfect and assure Seller's security interest.

In the event of any loss or damage or shortage in transit on a sale where it is expressly agreed in writing that Seller is responsible for the freight, and/or that the F.O.B. is other than Seller's place of manufacture, Buyer must make notation on the carrier's delivery receipt of said loss or damage or shortage, and make this document available to Seller and as further provided in paragraph 9.

Buyer shall pay to Seller, in addition to the purchase price, any amount by which transportation charges may be increased, by reason of increased transportation rates, between dates of proposal and the actual shipping date.

Seller may ship or route as Seller deems reasonable in the circumstances and is authorized to ship the goods by carrier. Should premium transportation be required such as air or exclusive use of truck, Buyer agrees to reimburse Seller the difference between normal and premium transportation costs on all orders sold with freight included.

9. SHORTAGES: No claims for shortages, errors or breakage will be recognized by Seller unless made in writing within 30 days after receipt of goods at destination, accompanied by transportation bill with notation thereon.

10. INSURANCE: No insurance coverage shall be provided by Seller unless by special agreement expressly consented to by Seller.

11. TAXES: Any tax imposed by any present or future law on the sale of equipment described herein shall be added to the purchase price stated herein and is the responsibility of Buyer. Seller is registered to collect sales tax in the States of California, Connecticut, Florida, Indiana, Michigan, Missouri, New Jersey, New York, North Carolina, Texas, and Washington and Buyer shall provide, if applicable, acceptable certification that it is exempt from such taxes, and in all other jurisdictions Buyer shall reimburse the proper tax authorities.

12. WAIVER OR MODIFICATION: The terms and conditions stated herein constitute the entire agreement between the parties relating to this transaction and no addition to or modification of any provision hereof shall be binding upon Seller unless made in writing and signed by a duly authorized representative of Seller. No waiver by Seller of any provision set forth herein shall constitute a waiver of any other provision.

13. APPLICABLE LAW: The validity, performance and construction of any agreement between Buyer and Seller shall be governed by the laws of the State of New York.

14. ESCALATOR CLAUSE: Form GMC-1002-E Rev No. 3 Supplement 4/80 dated _____ is attached hereto and is made part of the General Conditions of Sale. Escalator is/is not applicable.

15. CREDIT CARDS: The payment will be processed on the purchased date. Note that all shipping and handling costs will be charged at that time.