



TERMS AND CONDITIONS OF PURCHASE

1. DEFINITIONS.

For purposes of these Terms and Conditions of Sale, the following capitalized terms shall have the meanings set forth below. Defined terms may be used in the singular or plural, as the context requires.

"Agreement" means these Terms and Conditions of Purchase, together with any purchase order, release, specification, drawing, statement of work, or other written instruction issued by Buyer and accepted by Vendor, whether such acceptance is express, implied, or evidenced by performance, and any written amendments executed by an authorized officer of Buyer.

"Buyer" means Lufkin Sales, including its divisions, affiliates, successors, and permitted assigns.

"Confidential Information" means all information disclosed by or on behalf of Buyer, whether before or after issuance of a Purchase Order, that is confidential, proprietary, or not generally known to the public, including without limitation pricing, forecasts, specifications, drawings, designs, tooling, processes, technical information, business plans, and customer information.

"Manufacturer" means any original manufacturer of Products purchased by Buyer for resale or distribution.

"Products" means all goods, materials, equipment, components, parts, and related items supplied by Vendor to Buyer, together with any associated documentation.

"Purchase Order" means any written or electronic purchase order, release, or authorization issued by Buyer that references or incorporates these Terms.

"Vendor" means the supplier selling Products to Buyer, including its successors and permitted assigns.

"UCC" means the Uniform Commercial Code as adopted in the State of Texas.

Headings are for convenience only and shall not affect interpretation. The words *"including"* and *"includes"* shall be deemed to be followed by the phrase *"without limitation."*

2. ENTIRE AGREEMENT; ACCEPTANCE; REJECTION OF VENDOR TERMS. This Agreement constitutes the complete, final, and exclusive statement of the terms governing the purchase of Products by Buyer from Vendor and supersedes all prior or contemporaneous agreements, negotiations, representations, or communications, whether oral or written, relating to such Products. Buyer's issuance of a Purchase Order constitutes an offer expressly conditioned upon Vendor's acceptance of this Agreement in its entirety. Buyer expressly rejects, and objects to as material alterations under the UCC, any additional, different, or inconsistent terms or conditions contained in any quotation, acknowledgment, invoice, confirmation, specification, electronic transmission, or other communication from Vendor, whether or not Buyer specifically objects thereto.

No such Vendor terms shall become part of this Agreement by implication, performance, or otherwise. Vendor shall be deemed to have accepted this Agreement upon the earliest of the following: commencement of performance, shipment of Products, delivery of Products, or failure to object in writing within five business days after receipt of the Purchase Order. Vendor's acceptance is expressly limited to the terms of this Agreement. No amendment, modification, waiver, or supplement shall be binding unless set forth in a written instrument signed by an authorized officer of Buyer. No course of dealing, course of performance, or usage of trade shall modify or supplement this Agreement.

3. PRICING. Prices stated in the Purchase Order are firm and fixed and shall not be increased for any reason without Buyer's prior written consent. Vendor warrants that the prices charged to Buyer are no less favorable than those charged to any other customer for comparable products, quantities, and delivery terms. Unless expressly stated otherwise in writing, prices include all costs and expenses incurred by Vendor, including without limitation packaging, labeling, inspection, testing, certifications, duties, tariffs, taxes other than taxes on Buyer's net income, insurance, and freight. No fuel surcharges, material surcharges, or other cost adjustments shall apply without Buyer's express prior written approval.

4. PAYMENT TERMS; SETOFF; AUDIT RIGHTS. Unless otherwise stated in the applicable Purchase Order, payment terms for all Vendors shall be two percent (2%) discount if paid within ten (10) days, with the full amount otherwise due net sixty (60) days, measured from the later of Buyer's receipt of a correct and complete invoice or Buyer's acceptance of the Products. Any early payment discount applies only to undisputed amounts, and Buyer may withhold payment for any Products that are nonconforming or subject to a good faith dispute. Buyer expressly reserves all rights of setoff, deduction, and recoupment against amounts owed to Vendor. Payment shall not constitute acceptance of Products, a waiver of Buyer's rights, or a release of Vendor from any obligation or liability, and upon reasonable notice Buyer may audit Vendor's records to verify pricing, invoicing accuracy, and compliance with this Agreement.

5. DELIVERY; RISK OF LOSS. Time is of the essence with respect to Vendor's performance. Vendor shall deliver Products strictly in accordance with the delivery schedules specified in the applicable Purchase Order. Unless otherwise expressly agreed in writing, delivery shall be FOB Buyer's designated delivery location, and title to and risk of loss shall pass to Buyer only upon Buyer's acceptance of the Products. Buyer may reject late deliveries without liability. Vendor shall be liable for all damages arising from late delivery, including expedited freight costs, customer chargebacks, lost resale opportunities, and cover costs.

6. INSPECTION; ACCEPTANCE; REJECTION. All Products are subject to inspection and acceptance by Buyer, notwithstanding prior payment or delivery. Acceptance shall

occur only after Buyer has had a reasonable opportunity to inspect the Products. Buyer may reject any Products that are nonconforming, defective, or otherwise fail to comply with this Agreement. At Buyer's option, Vendor shall promptly repair, replace, or refund the purchase price of any rejected Products, at Vendor's sole expense, including transportation and handling costs. Because Buyer is a distributor, Vendor acknowledges that defects may be discovered after resale, and Buyer retains all rights and remedies for downstream claims, returns, and warranty issues attributable to Vendor.

7. WARRANTY; PASS-THROUGH WARRANTIES. Vendor represents and warrants that all Products (a) strictly conform to all specifications, drawings, samples, descriptions, and requirements provided or approved by Buyer, (b) are new, merchantable, and fit for their intended purpose, (c) are free from defects in material, workmanship, and design, (d) comply with all applicable laws and industry standards, and (e) do not infringe any third-party rights, and all such warranties shall survive inspection, acceptance, payment, delivery, and resale for a minimum of two years from acceptance or longer if required by law or downstream obligations. Where Vendor is the Manufacturer, Vendor shall be solely responsible for all warranty obligations. If Vendor is not the Manufacturer, Vendor shall (a) obtain and pass through to Buyer all available Manufacturer warranties on a fully transferable basis, and (b) cooperate in their enforcement, provided that Vendor shall remain directly and primarily liable to Buyer for all warranty obligations regardless of any Manufacturer involvement. Vendor shall not supply Products subject to warranties or limitations materially less protective than industry standards without Buyer's prior written consent. All warranties shall run to and be enforceable by Buyer and its customers, and Buyer shall not be required to pursue any Manufacturer or other third party as a condition of enforcing its rights against Vendor.

8. RETURNS. Vendor acknowledges that Buyer resells Products and incurs downstream obligations relating to returns, warranty claims, and field failures. Vendor shall maintain commercially reasonable return and claim handling procedures consistent with industry standards and shall (a) accept returns of nonconforming, defective, or warranty-failed Products discovered before or after resale, (b) issue return material authorizations within five (5) business days, (c) bear all costs associated with such returns, including transportation, inspection, handling, repair, replacement, and administrative expenses, and (d) provide root cause analysis and corrective action upon Buyer's request for recurring or systemic issues. Vendor shall cooperate in resolving field failures and customer claims by (a) providing technical support and failure analysis, (b) honoring all applicable warranties, whether direct or passed through, and (c) reimbursing Buyer for reasonable costs arising from such claims, including customer credits, chargebacks, removal, reinstallation, freight, and related expenses. For Products manufactured by a third party, Vendor shall administer all warranty and return processes with such Manufacturer on Buyer's behalf, provided that Vendor's obligations remain primary and are not conditioned on recovery from the Manufacturer. Buyer may elect to interface directly with any Manufacturer. Vendor shall not impose restocking fees or other return-related charges without Buyer's prior written consent.

9. REMEDIES; CUMULATIVE RIGHTS. Buyer's rights and remedies under this Agreement are cumulative and in addition to any rights or remedies available at law or in equity, and in the event of Vendor's breach Buyer may, at its option, (a) repair or replace affected Products, (b) procure substitute products from alternate sources, or (c) obtain a refund, in each case without limiting Buyer's right to recover all associated costs, including without limitation customer claims, removal, reinstallation, administrative expenses, and internal costs. For the avoidance of doubt, Buyer may exercise its remedies directly against Vendor without first pursuing any Manufacturer or other upstream supplier.

10. INDEMNIFICATION. Vendor shall indemnify, defend, and hold harmless Buyer, its affiliates, and their respective officers, directors, employees, agents, and customers from and against any and all claims, demands, damages, losses, liabilities, costs, and expenses, including reasonable attorneys' fees, arising out of or relating to (a) any defect or nonconformity in the Products, (b) Vendor's breach of this Agreement, (c) infringement or alleged infringement of any intellectual property right, or (d) Vendor's negligence or misconduct, and such obligation expressly includes claims arising from Products resold by Buyer.

11. LIMITATION OF LIABILITY. Neither party shall be liable for incidental, consequential, indirect, special, or punitive damages, including lost profits, loss of business, or loss of goodwill, regardless of the theory of liability; provided, however, that this limitation shall not apply to (a) indemnification obligations, (b) breaches of confidentiality, or (c) claims involving personal injury or property damage caused by Vendor.

12. CONFIDENTIALITY. Vendor shall maintain the confidentiality of all Confidential Information and shall use such information solely as necessary to perform under this Agreement, and shall not disclose such information to any third party without Buyer's prior written consent, with such obligations surviving termination or expiration indefinitely.

13. TERMINATION. Buyer may terminate this Agreement or any Purchase Order, in whole or in part, for convenience at any time upon written notice, in which case Buyer's sole obligation shall be payment for conforming Products accepted prior to termination. Buyer may terminate immediately for cause upon written notice if Vendor (a) breaches this Agreement or (b) fails to meet delivery, quality, or compliance requirements.

14. ASSIGNMENT. Vendor may not assign, delegate, or transfer this Agreement or any rights or obligations hereunder without Buyer's prior written consent. Any attempted assignment or transfer in violation of this section shall be null and void ab initio and of no force or effect.

15. GOVERNING LAW; VENUE. Any dispute, claim, or controversy arising out of or relating to these Terms, including any questions regarding its existence, validity, or termination, shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of law principles. The parties agree that the exclusive jurisdiction and venue for any legal action arising out of or relating to these Terms shall be the state or federal courts located in Harris County, Texas. Each party irrevocably submits to the personal jurisdiction of such courts and waives any objection based on improper venue or inconvenient forum. The United Nations Convention on

Contracts for the International Sale of Goods is expressly excluded.

16. SEVERABILITY; SURVIVAL. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, such provision shall be enforced to the maximum extent permitted by law or judicially modified to reflect the parties' original intent, and the remaining provisions shall continue in full force and effect. The invalidity of any provision shall not impair the enforceability of any other provision or defeat the essential commercial purpose of this Agreement. All provisions that by their nature should survive termination or expiration shall so survive.