

Standard Terms and Conditions of Purchase

These Terms and Conditions apply to all purchases by WAB US Corp. ("**WAB**") of products ("**Products**") and services ("**Services**") from its vendors and suppliers (each, a "**Seller**"). Products and Services are collectively referred to as the "**Work**".

1. **TERMS OF PURCHASE:** The binding contract between WAB and the Seller for any purchase and sale of Work (referred to here as the "**Agreement**") consists solely of WAB's purchase order issued specifically for that purchase (the "**Purchase Order**") as supplemented by these Terms and Conditions. If there is any conflict between the Purchase Order and these Terms and Conditions, the provisions of the Purchase Order will control. The Agreement supersedes all other agreements and understandings (both written and oral) between WAB and the Seller with respect to that Work and the subject matter of the Agreement. If there are any provisions in a quotation or similar document issued by the Seller relating to matters which are not set forth in this Agreement, or which are otherwise different from or supplemental to any provisions in the Agreement, then those provisions in the Seller's document are not accepted by WAB and shall not have any force or effect. If there is any provision in any Seller's document which states in substance that if there is any conflict between the Agreement and the Seller's document then the Seller's document shall control, WAB hereby expressly rejects any such provision, and that provision shall be disregarded and unenforceable in its entirety. The Seller's acceptance of, or its issuance of an order acknowledgement or comparable document that refers to the Purchase Order, shall be deemed to be a consent and agreement to all of the provisions of this Agreement, including without limitation this paragraph.

2. **ACCEPTANCE:** Each Purchase Order is subject to acceptance by the Seller. Acceptance may be evidenced either by the Seller issuing an acceptance document or by shipping or delivering the Work covered by that Purchase Order. Unless accepted by the Seller within ten (10) days of the issuance of the Purchase Order, WAB reserves the right in its sole discretion to cancel the Purchase Order. Acceptance of the Purchase Order by the Seller constitutes acceptance of all terms and conditions of the Purchase Order, including these Terms and Conditions. Any purported acceptance of the Purchase Order by the Seller that includes any change or deviation from the Purchase Order (including these Terms and Conditions) is hereby rejected by WAB. Any verbal statements by WAB are given only for purposes of estimating and are not binding on WAB unless confirmed in writing. Each Purchase Order is subject to revision in case of clerical error, whether in favor of WAB or the Seller. WAB assumes no responsibility for any Products shipped or Services provided without a signed Purchase Order having been issued or for any shipment shipped by COD.

3. **PAYMENT TERMS:** Unless otherwise specifically set forth in the Purchase Order, the payment for all Products shall be made thirty (30) days after delivery of those Products to WAB and the payment for all Services shall be made within thirty (30) days after the completion of the Services. Each invoice must include WAB's Purchase Order number. In the event that there are any applicable sales, use, revenue, excise or other taxes imposed on the sale of the Work that are otherwise required to be paid by WAB, such taxes shall not be due and payable if WAB provides to the Seller documentation evidencing the valid exemption of the Work from such taxes. Invoices improperly rendered may be returned for correction without cost or penalty to WAB.

4. **SHIPMENTS:** (a) Except as otherwise specified in the Purchase Order, the delivery of all Products shall be DDP (Incoterms 2010) WAB's facility in Allendale, New Jersey. This means, among other things, that the Seller shall retain, and WAB shall not have, any risk of loss of or damage to the Products until they are physically delivered to WAB, the Seller shall be responsible for arranging the shipping and for all shipping costs, and the Seller shall be responsible for customs clearance and customs duties. Title to the Products shall pass from the Seller to WAB after such Products are physically delivered to WAB at WAB's site.

(b) All Products will be packaged in accordance with standard commercial practices for domestic or international shipment, as the case may be. A complete packing list shall be enclosed with all deliveries of Products. The Seller shall mark all containers with the necessary shipping information, including WAB's Purchase Order number, and the date of shipment.

5. **DELIVERY:** (a) The Seller shall deliver all Work within the time schedule stated in the Purchase Order. In the event that the Seller fails to deliver any Work within ten (10) days after the delivery date set forth in the Purchase Order, WAB shall have the right, in its sole but reasonable discretion, to cancel that Purchase Order or to cancel the portion of that Purchase Order that is not delivered when required.

(b) If so provided in the Purchase Order, if the Seller fails to deliver any Work by the delivery date set forth in the Purchase Order, then the Seller shall be liable to WAB for liquidated damages as set forth in the Purchase Order. The Seller expressly agrees that (1) those liquidated damages were specifically negotiated by the parties and are in lieu of WAB's actual damages for delay, which both parties agree would be difficult or impossible to calculate, (2) those liquidated damages constitute a fair and reasonable estimate of the amount of damages that would be incurred by WAB in the event of such delay in delivery, (3) those liquidated damages are not intended as and shall not be deemed or construed as penalties, and (4) notwithstanding any such payment of liquidated damages for late delivery, the Seller shall remain obligated to meet the delivery requirements.

6. **INSPECTION:** All Work shall be subject to inspection and testing, if applicable, by WAB to the maximum extent practicable at all times and places including the period of installation and manufacture and, in any event, prior to final acceptance. Final inspection and acceptance or rejection of articles shall be made by WAB after delivery or as otherwise indicated in the Purchase Order. No inspection and/or acceptance shall relieve the Seller from responsibility for any failure to meet the requirements of the Purchase Order, including without limitation any breach of the Warranties (set forth below). Rejected Work will be removed and returned at the Seller's expense.

7. **CHANGES:** WAB may make changes in any Purchase Order provided that (a) such changes are technically feasible and are reasonable under the circumstances, and (b) if any such changes would result in any change in the purchase price or the delivery date for the Work covered by that Purchase Order, WAB and the Seller shall make an equitable adjustment to the purchase price or delivery date. The Seller may not make any changes in any Purchase Order except by a change order or other writing executed by both WAB and the Seller. Should the Seller require any changes to be made, that request must be made in writing, and if WAB agrees to any such changes, the Seller shall pay WAB for all costs and expenses incurred by WAB as a result of such changes.

8. **CANCELLATION: HOLDS:** (a) In addition to WAB's right to cancel any Purchase Order as provided in paragraphs 2 and 5 above, WAB shall have the right in its discretion to cancel any

Purchase Order (or any clearly separable portion of any Purchase Order), but only if WAB pays to the Seller an allocable portion of the purchase price of that Work completed through the date of cancellation and the Seller's documented and otherwise unreimbursable out-of-pocket costs incurred directly by that cancellation. If requested by WAB, the Seller shall, at WAB's cost, deliver the partially completed Work to WAB.

(b) WAB shall have the right in its discretion to delay (in other words, place on a temporary hold), up to a maximum of thirty (30) days, any Purchase Order (or any clearly separable portion of any Purchase Order).

(c) Unless otherwise agreed by WAB in WAB's sole discretion (and on such terms and conditions as may be required by WAB), the Seller shall not have any right to cancel, decrease, delay or hold all or any part of any Purchase Order.

9. **WARRANTIES:** (a) The Seller warrants that the Work: (1) is free from defects in workmanship and material, (2) complies fully with the terms of the Purchase Order and any specifications (including without limitation those relating to materials, dimensions, product performance, packaging, marking or labeling), drawings, samples, specifications and other descriptions set forth or otherwise incorporated in the Purchase Order; (3) conforms to good practices and industry standards; (4) is fit for the purpose for which WAB intends to use that Work; (5) unless otherwise specifically agreed by WAB and the Seller, is new and unused; (6) meets or exceeds all Federal, state and municipal laws and regulations in the United States, including those relating to the environment, permissible materials, occupational safety and health administration (OSHA), labor standards and general safety standards of the industry; (7) do not infringe any patent, trademark, trade name, copyright, registered design rights or other intellectual property or trade secret rights owned or licensed by any third party; (8) with respect to the Products, are merchantable; and (9) with respect to the Services, are provided in a proper and diligent manner in accordance with the professional and other standards applicable to similar services. The foregoing are referred to as the "**Warranties**".

(b) The foregoing Warranties run in favor of, and may be enforced by, WAB and any other end user that acquires the Work, or any part of the Work, from WAB (either directly or indirectly).

(c) **THE FOREGOING WARRANTIES ARE IN ADDITION TO ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, THAT ARE PROVIDED UNDER APPLICABLE LAW. WITHOUT LIMITING THE FOREGOING, WAB IS RELYING ON, AND IS NOT WAIVING, ANY OTHER SUCH WARRANTIES, NOTWITHSTANDING ANY CONTRARY PROVISION SET FORTH IN ANY QUOTATION OR ANY OTHER DOCUMENT ISSUED BY THE SELLER.**

10. **WARRANTY REMEDIES:** (a) The Warranties shall remain in effect for a period of thirty-six (36) months after delivery of the Products to WAB or the completion of the Services, as the case may be. In the event that any Work is repaired or replaced under the Warranties, then the same Warranties shall apply to the repaired or replaced Work except that the warranty period for any such repaired or replaced Work shall end on the later of (1) the warranty period for the original Work and (2) twenty-four (24) months from the date of completion of the repair or replacement.

(b) If there is any breach of any of the Warranties, then in addition to all other remedies that are available to WAB under applicable law, the Seller shall, at WAB's election and expense, either repair, replace or otherwise correct the Work, including (if necessary) having the defective Products shipped

back to the Seller and then returning the repaired, replaced or corrected Products back to WAB (at the Seller's expense). If after a reasonable period of time the Seller does not repair, replace or correct the Work so that it complies with the Warranties, the Seller shall refund the full purchase price of the Work and the Seller shall be liable for the additional costs incurred by WAB for repairing or replacing the Work that fails to comply with the Warranties. In the event that any third party makes any claim (including the commencement of any legal action) against WAB, the Seller, or any other party alleging in substance any infringement by the Work of any patent, trademark, trade name, copyright, registered design rights or other intellectual property or trade secret rights, then the Seller shall use all commercially reasonable efforts, at the Seller's expense, (1) to take action which will secure the right of WAB and WAB's customers to continue to utilize the Work, at no additional cost to WAB, or (2) to modify the Work in order to eliminate the basis for such an action or claim, at no cost to WAB, provided that such Work, as so modified, will continue to conform to the requirements of the Purchase Order, or (3) if neither (1) nor (2) is feasible, refund the full purchase price of the Work to WAB.

(c) For the avoidance of doubt, **the remedies set forth in this paragraph 10 (Warranty Remedies) are in addition to all other remedies available to WAB under applicable law arising from any breach of the Warranties. WITHOUT LIMITING THE FOREGOING, WAB IS RELYING ON, AND IS NOT WAIVING, ANY OTHER SUCH REMEDIES, NOTWITHSTANDING ANY CONTRARY PROVISION SET FORTH IN ANY QUOTATION OR ANY OTHER DOCUMENT ISSUED BY THE SELLER.**

11. **INDEMNITY BY BUYER:** The Seller shall fully indemnify, defend and hold harmless WAB, WAB's customers, and their respective officers, directors, employees and shareholders (collectively, the "**Indemnitees**") from all losses, costs, claims, damages, liabilities and expenses of any kind whatsoever (including without limitation judgments, fines, amounts paid in settlement, and reasonable attorney fees and expenses) that any Indemnitee may incur or suffer as a result of or arising out of: (a) any breach of any Purchase Order or these Terms and Conditions by the Seller, including without limitation any breach of any of the Warranties; (b) the Seller's negligence or willful misconduct or any failure to comply with all applicable laws; and (c) any death or bodily injury to any person or any property damage caused by any of the Seller's actions or failure to act in accordance with the Purchase Order or these Terms and Conditions; except in each case to the extent that such losses, costs, etc. were caused by any Indemnitee's negligence or other misconduct.

12. **PROPRIETARY INFORMATION:** As part of the commercial arrangements relating to the Work, WAB may disclose some of its proprietary information to the Seller (including the design and specifications of WAB's own products and its customer requirements), and the Seller may disclose some of its proprietary information to WAB. Each of the parties agrees that the proprietary information received from the other party shall be held in strict confidence by the receiving party with at least the same degree of care and safeguards as are applied to the receiving party's own proprietary information. Without limiting the foregoing, such proprietary information shall not be duplicated or disclosed to others and shall not be used for any reason without the written permission of the disclosing party other than for the purpose of the purchase and sale of the Work. Moreover, the receiving party shall not have any license or other rights in or to the disclosing party's proprietary information except for the purpose of performing its contractual obligations with respect to the Work. The foregoing obligations shall not apply to any information which is in or comes into the public domain without violation of the foregoing obligations, or is received lawfully by the receiving party from a third party who has the unrestricted right to disclose that proprietary information, or which is developed by

the receiving party independently and without benefit of any information received from the disclosing party.

13. **ARBITRATION:** If there is any controversy, claim or dispute arising out of the Agreement or the Work, including any breach or alleged breach of the Agreement (a "**Claim**"), that Claim shall be resolved exclusively by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association which are then in effect. Three arbitrators shall conduct the arbitration in Morristown, New Jersey. The arbitrators must be knowledgeable or experienced in matters involving mechanical equipment. The costs of arbitration shall be borne as assessed by the arbitrator(s), except that each party shall pay the fees and expenses of its own legal counsel. Judgment on the award(s) rendered by the arbitrators may be entered in any court having applicable jurisdiction, and execution of that award may be had in any court of competent jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of enforcement.

14. **MISCELLANEOUS:** (a) The Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

(b) The Seller may not subcontract, assign or delegate any of its obligations or rights under the Agreement to any other party without the prior written consent of WAB, which consent may be granted or withheld in the sole discretion of WAB.