
TURBINE PRODUCT POLICIES

100.A2 (Replaces 1W Page 1.a.)

QUOTED DELIVERY AND PRICE ESCALATION

Prices quotations from Goulds Water Technology are firm for 30 days from the quotation date. We cannot guarantee prices beyond that time due to potential materials increases. Individual orders having separate validity requirements - i.e. long lead time projects - may have their pricing tied to shipping by a certain date or end of a quarter, but these are the exception rather than the rule.

On all quotations which include outside purchased equipment, the following escalator clause applies:

"The following outside equipment not of Goulds Water Technology manufacture is subject to the same percentage of price increase as may be made by our supplier to us."

A non-comprehensive list of outside equipment items includes:

- Motors
- Right Angle Gear Drivers
- Variable Frequency Drives
- Engines
- Special couplings or driveshafts
- Mechanical seals

CHANGE ORDERS

If it is discovered, during the review phase of the order process, that changes to the design of the pump are required to meet customers' performance or operating characteristics, those changes may incur price increases to the overall Purchase Order value. These additional funds will be charged by Xylem via a change order

If a customer-initiated change to an order is requested after formal release to manufacturing has been given either verbally or in writing, charges will be the applied to that order in the amount of all that apply:

- Cost to Goulds Water Technology of any purchased material made unnecessary by the change.
- Full market value of any new or replacement equipment and necessary additional labor
- Incurred re-stocking fees per our existing restocking policy, for components requiring re-stocking due to the change.

Additionally, the lesser of either 10% of the order value or the below shall be applied to cover additional handling and processing:

- Administrative Change Orders - \$100 per change
- 0-5 business days from release - \$200 per change
- 6-15 business days from release - \$300 per change
- 16+ business days from release - \$600 per change

CANCELLATION CHARGES - ORDERS NOT REQUIRING XYLEM TECHNICAL SERVICES

Cancellation of assembled bowl assembly units requiring dismantling or processing before returning to inventory will be subject to a 15% (of the value of the bowl assembly portion of the purchase order) cancellation fee.

NOTES: (A) In addition to the above, cancellation will include the full value of any charges incurred by Xylem on:

1. Non-stock purchased items including but not limited to: fabrications drivers, seals
2. Non Stock non-standard material castings
3. Items purchased as outside "specials" through Xylem Online (XOL).
4. Please note that the cost of impellers, if trimmed, will be added to the full value cancellation charge, as these are never stocked.

CANCELLATION CHARGES - ORDERS REQUIRING XYLEM TECHNICAL SERVICES

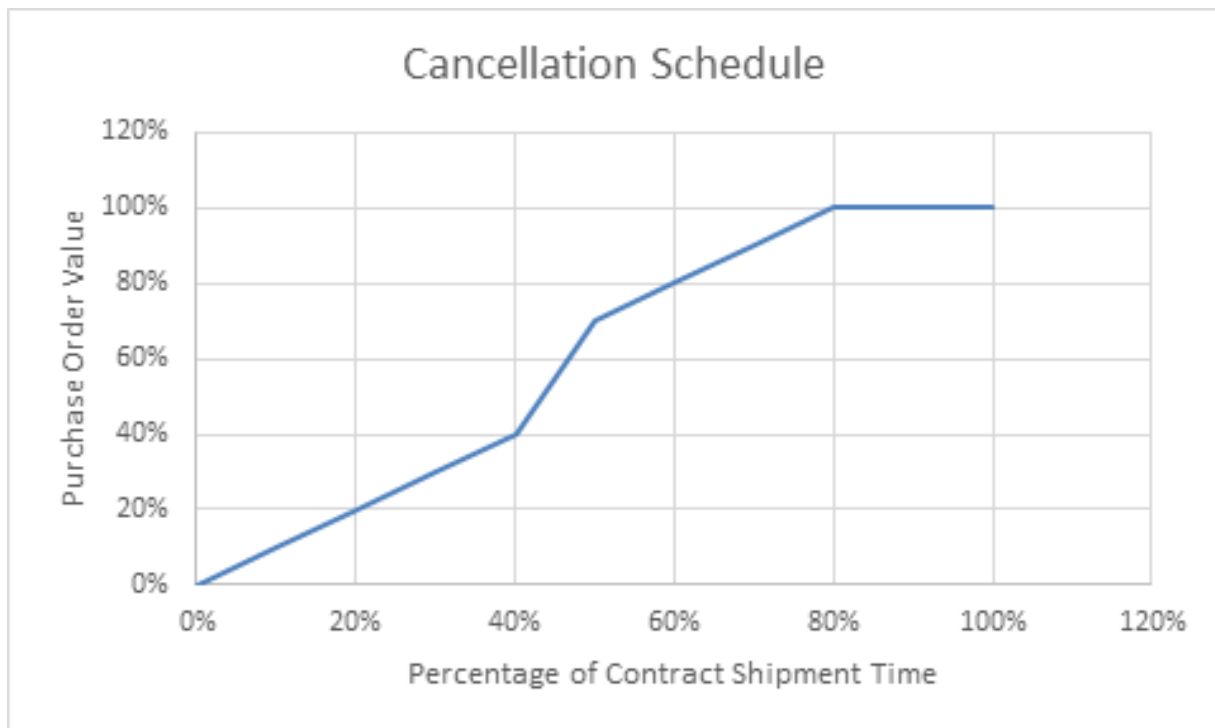
Orders cancelled after Xylem has:

- Provided specification or order technical review
- Generated a submittal package

Shall be subject to:

- Flat \$300 dollar cancellation fee
- The full value of any premium engineering services conducted by Xylem prior to the cancellation
- Any appropriate charges from the section of this document "CANCELLATION CHARGES - Orders not requiring Xylem Technical Services"

If an order is cancelled **after formal release to manufacturing** has been given either verbally or in writing, charges will be the applied to that order per the following graph below:



Xylem Technical Services mean:

Xylem has provided specification or order technical review, The order includes any "premium engineering services"

MATERIAL RETURNED FOR CREDIT:

(1) There will be a charge of 15% (not less than minimum billing) of the net invoice price for the return for credit of items which are returnable to inventory in the same condition as received.

(2) All transportation charges on returned material must be prepaid. Any charges paid by the company will be deducted from the credit allowed.

(3) All material returned for credit is to be new and unused and is subject to inspection and acceptance by the company.

NOTES: The following materials are not returnable for credit:

(a) Impellers of less than maximum diameter.

(b) Special items manufactured to order.

(c) Obsolete items not carried in inventory.

(d) Items shipped one year or more prior to date of request for permission to return.

(4) Goods can be returned for credit only after receiving the company's authorization and shipping instructions. This will usually be in the form of written authorization and/or a Return Material Authorization (RMA) Tag with an identifying RMA number.

(5) Equipment and accessories not manufactured by the company and not carried in the company's inventory may be returned for credit or may be cancelled only if acceptable to, and subject to the conditions and handling charges of our supplier; and after shipping instructions have been furnished by the original manufacturer or supplier.

TERMS OF PAYMENT:

Xylem arranges payment terms with our distribution partners. **These terms are part of the distribution agreement.** Unless otherwise specified in the distribution agreement, or on an individual project, payments shall be **Net 30 days** from date of invoice.

WARRANTY

Please see **POLICY AND PROCEDURE GUIDE FOR XYLEM / GOULDS Vertical Turbine products (VTP)**

SHIPPING

Typically, orders are shipped Freight on Board (F.O.B) Factory which means that once the order physically leaves the Xylem Facility grounds the product(s) belongs to the buyer. Xylem assumes no responsibility and makes no allowance for delays, loss or damage from any cause after goods have left Xylem manufacturing or distribution facilities.

- All Pump orders that exceed a 25 foot fully assembled length are shipped with the column "loose" (separate) from the pump. The buyer is responsible for any assembly requirements associated with column loose shipments. Xylem is not responsible for any labor, material or service costs associated with the assembly of loose column, shafting or material on an order that is shipped column "loose".
- Xylem is not responsible for filing claims on the customers behalf for any freight loses or damages. If freight damage or loss occurs the freight claim will need to be filed by the customer with the Freight Carrier. If immediate replacement material is required to repair or replace freight damaged shipments then a Purchase Order will need to be submitted to Xylem to purchase the needed replacement material.
- Visible loss or damage is apparent at the time of delivery and should be noted. Noted loss or damage should recorded in detail on the delivery receipt.
- If you receive an incorrect or incomplete shipment of parts, pumps, or accessories, notify the Xylem Customer Service Center that processed the order.

PERFORMANCE

Xylem strives to deliver the highest quality product possible. The performance of all pumps, tested in our Hydraulic Institute (HI) certified laboratory, is reviewed on a regular basis to ensure measured performance meets our published data. While all pumps are expected to meet their published performance, performance guarantees can only be provided when tests occur in Xylem's test facility under the direction of Xylem pump experts.

NOTES:

Xylem corporate terms and conditions are contained here. These turbine specific policies are meant to provide more detailed guidance to our distribution partners. In the event of disagreement between these policies and Xylem corporate terms and conditions, the corporate guidance shall take precedence.

ORDER PROCESSING CHECKLIST:

Because complete automated ordering is NOT possible for Xylem Vertical Turbine product, a member of the Xylem vertical team reviews every order. Please follow the below checklist to enable this review to occur as quickly as possible.

Item 1

Ensure the PO matches the complete XOL document. This means the following are correct (in the quote):

- Duty Point
- Pricing
- Scope
- All components on quote are being ordered Accessories (Air Release Valves, Check Valves)
- Materials of construction
- TPL

Item 2

Clearly note the Requested Ship Date

Item 3

Submittal Needs - Clearly note one of the following circumstances:

- The submittal approval has already been obtained (and attach, if so) - Release as soon as possible
- No submittal approval is necessary - Release as soon as possible
- Possible design change risk exists, and a Xylem generated submittal is required - Hold for approval
- Possible design change risk does NOT exist and a Xylem generated submittal is required anyway - Hold for approval

Item 4

Spec Compliance Statement - Clearly note one of the following:

- I have reviewed, and the pumps meets with all clarifications accepted by the customer
- Xylem, please review prior to processing order (please attached relevant specification section)
- No specification applies

Item 5

Performance Testing - Ensure the duty point(s), speed(s), tolerance(s), and guarantee(s) are agreed to prior to PO submission.

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