

Waukesha Bearings Corporation Terms and Conditions of Purchase

1. Purchase Order as a Release Against Master Agreement. If a separate contract exists between Waukesha Bearings Corporation ("Buyer") and the seller ("Seller") and is referenced on the front of this purchase order ("Order"), as documented by a contract number appearing on the Order, then this Order shall be deemed a release against such contract and shall be governed solely by the terms and conditions of the contract.
2. Purchase Order as Standalone Transaction. Only in the event that an agreement number is not referenced on the front of this Order shall the following terms govern the transaction between Buyer and Seller.
3. Acceptance. This Order is not a confirmation or an acceptance of any offer to sell but is an offer by Buyer to purchase the goods and/or services herein described which may be accepted only by execution of an acknowledgment copy of this Order by Seller and return of such copy to Buyer within 10 days from the date of this Order set forth on the reverse side hereof, or by other expression of acceptance, including shipment pursuant to this Order, within such 10 day period. Acceptance by Seller of this offer is expressly made conditional on Seller's acceptance of these terms and conditions and the other provisions contained in this Order. Upon acceptance by Seller, this Order shall constitute the entire agreement between the parties (except for any additional warranties given by Seller), superseding any and all previous and contemporaneous communications and negotiations. Buyer hereby objects to any additional or different terms contained in any of Seller's quotation, acknowledgment, invoice or other forms, or in any other correspondence from Seller. Unless specifically agreed to by Buyer in a writing (signed or electronic) issued by duly authorized procurement personnel of Buyer, no additional or different term or provision (except additional warranties given by Seller) of any quotation, acknowledgement, invoice or other form supplied by Seller, or any other correspondence from Seller shall become part of the contract or be of any force or effect notwithstanding Buyer's failure to specifically object to such term or provision. In the event of any conflict at any time between these terms and conditions and any term or condition or attempted limitation of warranty set forth in any communication from Seller, it is agreed by Seller that these terms and conditions shall control such conflict and govern the purchase.
4. Governing Law. Each sale by Seller to Buyer shall be governed by, construed and interpreted in accordance with the internal laws of the State of Wisconsin without regard to its conflict of laws principles. THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL NOT BE GOVERNED BY THE 1980 UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS.
5. Prices, Payment and Documents. All prices are firm, and no additional charges will be allowed unless specifically provided for on the face hereof. Buyer shall pay Seller via check or electronic payment subject to the payment terms set forth on the face of this document, commencing with the latter of (i) Buyer's receipt of Product, or (ii) Seller's provision to Buyer of a correct invoice. Buyer's Order number appearing on the reverse side hereof must be shown on all packing lists, containers, invoices and correspondence relating to the Order. The invoice and original bill of lading shall be mailed to Buyer's address on the reverse side hereof promptly after shipment shall be made.
6. Changes in Orders. Buyer reserves the right at any time to make changes in any one or more of the following: (a) specifications, drawings and data incorporated in this Order when the items to be furnished are to be specially manufactured for Buyer, (b) methods of shipment or packing, (c) place of delivery, and (d) time of delivery. If any such change causes an increase or decrease in the cost or the time required for performance of this Order, an equitable adjustment shall be made in the contract price or delivery schedule, or both, or Buyer may, at its option, terminate this Order pursuant to Section 16, below, of these terms and conditions if agreement on an equitable adjustment cannot be reached. Any claim by Seller for adjustment under this Section shall be deemed waived unless asserted in writing within 20 calendar days after receipt by Seller of the change order. Price increases or extensions of time for delivery shall not be binding on Buyer unless

evidenced by a writing signed by Buyer. No substitutions or changes of the ordered items shall be made except upon Buyer's written authority.

7. Delivery, Delay and Anticipation. Time is of the essence. Seller shall deliver the goods in the quantities, and shall deliver the goods and/or provide the services within the time or times, as set forth on the face of this Order in accordance with the specifications (as well as the drawings and samples approved by Buyer, if any), and at the prices specified on the face hereof or in any document attached hereto or referred to herein. Failure of Seller to comply with such requirements shall entitle Buyer, in addition to any other rights or remedies, to cancel this Order and to be relieved of all liability for any undelivered portion thereof. In the event that, for reasons which are beyond Buyer's reasonable control, shipment is delayed beyond the last date on which shipment by the method contemplated herein would result in delivery guaranteed on or before the required delivery date, Seller shall make shipment by the most expeditious available method of transportation. Any additional cost of such method of shipment shall be borne solely by Seller. If shipment is delayed for any reason, Seller shall promptly notify Buyer in writing thereof. Seller shall not, however, be liable to Buyer for any loss or damage to Buyer on account of any delay due to a cause beyond Seller's reasonable control and not attributable to any fault or negligence on Seller's part, provided, that Seller shall, as soon as it appears that any such delay is probable, give Buyer written notice of such delay, its cause and its probable duration. Failure of Buyer to insist upon strict performance shall not constitute a waiver of any of the provisions of this Order or these terms and conditions or waiver of any default. Any failure by Buyer to exercise its remedies with respect to any installment shall not be deemed a waiver with respect to other installments. Seller shall not unreasonably anticipate delivery by purchasing materials or manufacturing quantities in excess of what is reasonably required to meet Buyer's delivery schedule. Items received in advance of Buyer's delivery schedule may, at Buyer's option, be returned at Seller's expense or be accepted and payment withheld until the scheduled delivery date.
8. Shipping, Packing and Risk of Loss. All goods shall be suitably packed, marked and shipped in accordance with shipping instructions specified herein and otherwise in accordance with the requirements of common carriers so as to obtain the lowest transportation cost. In the event that different terms of shipment are not specified on the face of this Order, all goods shall be shipped F.O.B. Buyer's facility. Buyer shall have the right to route shipments. Packing slips must be included in English with all shipments showing order number, part number and quantity. The order number must be shown on each packing slip and invoice. No charge shall be made to Buyer for packing, boxing, crating or cartage unless separately itemized on the face hereof; but Seller shall be liable to Buyer for any loss and/or damage resulting from Seller's failure to act so as to provide adequate protection during shipment. Regardless of shipping terms, all risk that the ordered goods may be lost, damaged or delayed in transit shall be borne solely by Seller until conforming goods have been actually received, inspected and accepted by Buyer. Additional expenses, charges or claims incurred as a result of deviation from the specified route, noncompliance with other shipping instructions, or improper description of the shipment in shipping documents shall be Seller's responsibility. Buyer and Seller shall assist each other in procuring all documents and other information required to ship Product ordered hereunder or necessary for the prosecution of claims against carriers arising out of any such shipment. Upon request from Buyer, Seller shall provide Buyer complete shipping and routing information.
9. Inspection. All goods procured hereunder (and work-in-process relating thereto) shall be subject to inspection and testing by Buyer (or a governmental agency when goods are being procured under a government contract) at any reasonable time and from time to time before, during or after manufacture and delivery. If any inspection or test is to be made on Seller's premises, then Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. Notwithstanding prior inspections, all goods are subject to final inspection and approval at Buyer's facilities or other place designated by Buyer and, notwithstanding any payment that may be made, no goods are to be deemed accepted until Buyer has had a reasonable opportunity to finally inspect them and Buyer has issued its approval. Buyer's inspection shall not constitute a waiver of the right of subsequent rejection by reason of any undiscovered or latent defect. Buyer may return rejected goods at Seller's expense. Seller shall not replace goods returned as defective unless so directed by Buyer in writing.

10. Warranties. In addition to its standard warranty and/or service guaranties, Seller warrants that all goods to be supplied hereunder shall: (i) be free and clear of all liens and encumbrances, with good and merchantable title thereto being held by the Seller immediately prior to the sale of such goods and passing to Buyer upon the sale of such goods; (ii) be free from any defects in design, material or workmanship (latent or otherwise) and of good and merchantable quality; (iii) be in new condition, and not in a reconditioned or used condition (except for any goods specifically described as reconditioned or used on the face hereof); (iv) conform to Buyer's specifications and any sample(s) approved by Buyer, and with the representations and warranties with respect thereto previously made by Seller, and be fit for the use(s) intended by Buyer; and (v) comply and have been produced, processed, packaged, labeled, designed for use, delivered and sold in conformity with any and all national, federal, state, provincial or local constitutions, statutes, laws, codes, plans, ordinances, rules, regulations, standards, orders or other governmental edicts ("Law" or "Laws"), including where such goods are delivered.

The foregoing warranty shall survive inspection, delivery and payment and shall run in favor of Buyer, its successors and assigns and its customers, whether direct or indirect.

If any goods shall be found to be unsatisfactory, defective or inferior in quality or workmanship, or not to conform to Buyer's specifications or any other requirements hereof (including Seller's warranties), Buyer may, at its option, retain such goods at an adjusted price, hold such goods at Seller's risk and expense pending Seller's specific instructions, or return them to Seller for repair, replacement, credit or refund, as Buyer shall direct. Buyer shall also have the right to cancel any unshipped portions of any such Order. Buyer shall be reimbursed by Seller for all of its costs and expenses in connection with the storage, handling, packing and/or transporting of any such defective or otherwise non-conforming goods, and Seller shall assume all risk of loss or damage in transit to goods returned by Buyer pursuant hereto.

11. MSDS. Seller shall provide to Buyer, prior to or with the provision of any goods or services, any Material Safety Data Sheet ("MSDS") required by Law.
12. Patents, Trademarks and Copyrights. Seller warrants that the sale or use of goods furnished hereunder will not infringe or contribute to infringement of any patent, copyright, trademark, trade secret or other proprietary right or subject Buyer or its customers (whether direct or indirect) to royalties in the United States or elsewhere. Seller shall indemnify and hold harmless Buyer, its successors and assigns and its customers (whether direct or indirect), against any and all losses, damages and expenses (including, without limitation, attorneys' fees and other cost of defending any infringement action) which any of them may sustain or incur as the result of a breach of this warranty. If any goods or the use thereof are held to constitute infringement of any intellectual property right and the use thereof is enjoined, Seller shall, at its sole expense, either procure for Buyer and Buyer's customers, the right to continue using said goods or replace said goods with a substantially equal, but non-infringing good, acceptable to Buyer, or, if further use of the good is not possible, Seller will, in addition to any other remedies available to Buyer, accept the return of any unsold goods and refund to Buyer the purchase price and transportation costs therefor.
13. Special Designs and Equipment, and Security Interest. Unless otherwise stated on the face hereof, Buyer shall have no obligation to furnish or pay for any design work, drawings, parts, tools or other equipment ("Designs & Tooling") required for the performance of this Order; provided, however, that Buyer may at its option, purchase any such Designs & Tooling especially required by Seller for the Order from Seller at the current value thereof on Seller's books for income tax purposes. Any Designs & Tooling, specification, photograph or material or engineering and manufacturing information heretofore or hereafter furnished to Seller by Buyer, or the cost of which shall have been paid by Buyer or included in the aggregate price of this Order, whether or not separately itemized herein, shall be or remain Buyer's sole and exclusive property, shall be conspicuously identified as such in Seller's records and by physical markings thereon, shall be promptly delivered to Buyer upon request, shall be treated as Buyer's confidential information, shall not be used in processing or manufacturing goods for other than Buyer without Buyer's written permission and, while in the possession of Seller, shall be Seller's responsibility and shall be adequately insured at Seller's expense for the benefit of

Buyer against loss or damage. Seller hereby grants Buyer a security interest in any any goods for which Buyer makes any payment before its receipt of such goods and all proceeds of any of the foregoing to secure performance of Seller's obligations hereunder. No change shall be made in any Designs & Tooling or specification furnished by Buyer without Buyer's express written consent.

14. Required Testing of Molds, Dies, etc. Before proceeding with production runs using molds, dies, templates or other similar special tooling made, acquired or rebuilt especially for producing parts for Buyer, Seller shall submit to Buyer a sample part made with such tooling (including at least one sample from each cavity or form of a multi-part mold or die) together with Seller's written layout report and drawing of the part indicating that dimensional conformity of the sample to the drawing has been checked and noting the extent of deviation from the drawing.
15. Taxes. Buyer shall not be liable for any federal, state, local or other taxes, duties, customs or assessments in connection with the sale, purchase, transportation, use or possession of the goods ordered hereunder, except such as are expressly set forth on the face hereof.
16. Termination by Buyer. Buyer shall have the right to terminate this Order without cause at any time prior to delivery, and Buyer's liability for such termination shall be limited to Seller's actual out of pocket cost for work and materials applicable solely to this Order, as terminated, which shall have been expended prior to when notice of termination shall have been received by Seller, reduced by the fair market resale value of such work in process. Buyer may, at its option, cancel this Order without liability to Seller (except for conforming shipments previously accepted by Buyer) in the event Seller shall cease to exist or become insolvent or the subject of bankruptcy, receivership or insolvency proceedings or shall breach any part of this Order or these terms and conditions, or in the event its assets are seized, nationalized or expropriated..
17. Indemnity. In addition to its indemnification obligation in Section 12, above, titled "Patents, Copyrights and Trade Secrets", Seller shall indemnify Buyer, its successors and assigns and its customers (whether direct or indirect), against any and all losses, damages and expenses (including, without limitation, attorneys' fees and other costs of defending any action) which they, or any of them, may sustain or incur as a result of any claim of negligence, breach of warranty, personal injury or death, or strict liability in tort or based on any other theory of law in connection with the goods and/or services furnished by Seller hereunder, or as a result of any claim that the goods furnished by Seller fail to conform to or comply with any applicable Laws, or based upon or arising out of any construction, installation, services or facilities furnished by Seller under or in connection with this Order.
18. Buyer's Damages. Seller shall be responsible for any and all losses, liabilities, damages and expenses, including without limitation attorneys' fees and other costs of prosecuting an action for breach, which Buyer may sustain or incur as a result of any breach of contract or warranty by Seller.
19. Product for Governmental Customers. When notified by Buyer that goods will be used by Buyer to fulfill a contractor or subcontract production request from one of Buyer's U.S. or other governmental sector customers (including any agency, body, division, instrumentality or department thereof) (a "Government Contract"), the following provisions set forth in this Section shall apply and be binding upon the parties and to the extent the terms and conditions of this Section conflict with other terms and conditions set forth in this Order and these terms and conditions, the terms and conditions of this Section shall govern and control:
 - a. Disabled Veterans and Veterans of the Vietnam Era. In the event the Order exceeds \$10,000, Seller agrees to comply with all provisions of the Vietnam Era Veterans Readjustment Assistance Act of 1974 (38 USC 2012) and all rules, regulations, and relevant Orders related to employment of Vietnam veterans as in effect on the date of this Order.

- b. Handicapped. If an Order exceeds \$2,500, Seller agrees to comply with all provisions of the Rehabilitation Act of 1973, as amended, and all rules, regulations, and relevant Orders related to employment of handicapped individuals as in effect on the date of this Order.
 - c. Government Contracts. If an Order is in furtherance of a Government Contract, Seller agrees to comply with all Laws that are applicable to Buyer as a U.S. Government contractor or subcontractor (including, but not limited to any applicable section of 48 C.P.R. Chapter 1).
 - d. Required Government Flow-down Clauses. The provisions of the applicable Government Contract, as it may be amended from time to time, shall be incorporated into this Order by reference, and the parties agree to comply with such provisions, including, without limitation all Federal Acquisition Regulations and Department of Defense FAR Supplement (if any or applicable) clauses required pursuant to the applicable Government Contract.
 - e. Amendments. If amendments to this Order and these terms and conditions are reasonably necessary for Buyer to obtain or comply with the provisions of any applicable Government Contract, the parties shall promptly implement such amendments.
 - f. Non-discrimination: Incorporated herein by reference and made a part hereof are the non-discrimination provisions, Sections 1-7 of the contract clauses, contained in Section 202 of EXECUTIVE ORDER NO. 11246 issued by the President of the United States as amended, if and to the extent it is applicable hereto.
20. Miscellaneous. Seller shall not assign, delegate or sublet the work to be done hereunder without the prior written consent of Buyer. This Order, together with any change Orders or instructions, shall constitute one contract. The rights and remedies of Buyer set forth herein shall be in addition to any rights or remedies which Buyer may have otherwise. Buyer reserves the right to impose additional terms on any transactions in goods with Seller which cross international boundaries.

The seller agrees to meeting all the declarations and statements reported in their QC2 survey or equivalent quality survey form submitted as part of their supplier approval process.