

SCHEERER BEARING CORP. (SBC) TERMS AND CONDITIONS OF SALE

Prices. Buyer's order is being entered at price(s) shown on the front of this Quotation, but SBC reserves the right to bill the goods at the prices in effect at the time of shipment.

Payment and Security Terms. Buyer agrees to pay all invoices issued within thirty (30) days from the date of invoice. SBC reserves the right to change such terms at any time, either for the class of trade generally or, with cause, for Buyer alone. SBC shall have the right at any time to demand cash payment on or before shipment in any instance in which SBC determines that Buyer's credit is less than satisfactory, or for other good cause.

Buyer hereby grants and SBC reserves a purchase money security interest in the goods purchased under this Quotation, and in any proceeds of the goods, for the amount of the purchase price. Upon SBC's request, Buyer shall sign any document required to perfect such security interest. Buyer's full payment of the purchase price of the goods purchased under this Quotation shall release SBC's security interest.

Shipment Terms. Shipment is F.O.B. shipping point and includes no cartage, insurance charges, or taxes, unless SBC decides, in its sole discretion, to use its own transportation equipment.

Risk of Loss. The risk of loss of the goods shall pass to Buyer upon loading of the goods into transportation equipment at the shipping point unless transportation is provided by SBC's equipment.

Shipment Dates. SBC's obligation to ship on time is expressly made subject to the terms of the force majeure clause set forth below. SBC shall make every reasonable effort to meet any delivery date(s) requested by Buyer, but SBC will not be liable for its failure to meet such date(s).

Installments. SBC shall have the option to deliver the goods in two (2) or more installments.

Cancellation. Orders for Custom produced and non-stock items are not cancelable. Orders for standard product(s) that are considered stock items are subjected to a re-stocking charge equal to 30% of the item(s) value provide that the item(s) is/are returned in a re-saleable condition. Used items are not returnable. However, SBC in no event waives any remedies available to it under applicable law.

Patents. SBC reserves the right to discontinue shipment of any goods, the manufacture, sale, or use of which in its opinion would involve patent infringement. This Quotation in no way provides Buyer with any license, express or implied, to practice or use any patented inventions or discoveries owned by SBC. SBC agrees to hold harmless and protect Buyer against all loss or damages in lawsuits arising from actual or alleged patent infringement by SBC's products, providing Buyer promptly notifies SBC in writing of any such claim and gives SBC sole control of the defense of the claim and all related settlement negotiation.

Special Orders. In the case of orders for non-catalog goods, Buyer agrees to accept ten (10) percent more or less than the amount ordered.

Limited Warranty. SBC warrants only that the goods offered under this Quotation will conform to SBC's published specifications and will be free from defects in material or workmanship. If Buyer is purchasing non-catalog goods, SBC warrants only that the goods will conform to the specifications mutually approved by the parties for the specific applications disclosed to SBC and will be free from defects in material and workmanship. There are no other express warranties other than those contained in this Quotation, and all representations or affirmations were made for illustrative purposes only.

<p>SBC makes no warranty of merchantability of the goods sold under this Quotation, and SBC makes no warranty that the goods sold under this quotation are fit for any particular purpose.</p>

Acceptance, Rejection and Revocation. Goods shall be deemed to have been accepted and Buyer's right to reject nonconforming goods shall expire five (5) business days after delivery of the goods. Buyer's right to revoke acceptance of nonconforming goods shall expire ninety (90) days after delivery of the goods. If Buyer rejects or revokes acceptance of any goods tendered under this Quotation, or attempts to do so, Buyer must notify SBC in writing fully specifying all claimed nonconformities. The failure to specify any nonconformity shall constitute a waiver of that nonconformity. No returns may be made and no credits will be granted without SBC's prior written approval.

Notice of Breach of Warranty. After Buyer has accepted the goods and Buyer's right to revoke acceptance has expired, if buyer discovers that that the goods breach any warranty, Buyer must notify SBC in writing of the breach of warranty within seven (7) days after discovery of the breach. The notice must specify the facts constituting the alleged breach and must be sent by certified mail to SBC's address on the front of this Quotation. SBC shall have a reasonable opportunity to investigate any alleged breach of warranty before SBC has any obligation to take any remedial action.

Remedies of Buyer. Buyer's exclusive remedy, and SBC's liability, for shipment of nonconforming goods or any breach of warranty are expressly limited, at SBC's option, to either replacement of the nonconforming goods at the F.O.B. shipping point, or refund of the purchase price. Further, all defective or nonconforming goods must be returned to SBC, charges prepaid, and with complete information as to service and maintenance. SBC shall have no responsibility for goods which have been improperly maintained or subjected to abuse in operation or assembly. SBC shall not be responsible for any corrosion if Buyer has not taken reasonable steps to prevent corrosion from occurring.

Limitation of Liability: The remedies of Buyer set forth in these terms and conditions of sale are exclusive. Buyer assumes risk and liability resulting from the use of the goods, whether used singly or in combination with other goods. SBC shall not in any case be liable for special, incidental or consequential damages arising from breach of warranty, breach of contract, negligence, strict liability in tort, or any other legal theory. Such damages include, but are not limited to, loss of profits or revenue, loss of use of the goods, cost of capital, cost of any substitute goods, facilities or services, cost of any recall, or claims of customers or employees of Buyer for any such damages.

Force Majeure and Allocation. Neither Buyer nor SBC will be responsible for any delay or failure of performance under this Quotation (other than to make payments due hereunder) if such delay or nonperformance is caused by acts of God, floods, fires, explosions, storms, transportation difficulties, strikes, lockouts, or other labor or industrial disturbances; any law, rule order or action of any court, agency or other instrumentality of the federal or any state local government; or exhaustion, reduction, unavailability, or delay in delivery of any product or material necessary in the manufacture of the goods to be sold hereunder (regardless of whether or not such exhaustion, reduction, unavailability, or delay is beyond such party's control, provided only that the same is not willfully done or brought about for the purpose of excusing failure or omission to perform under this Quotation): or any other cause beyond a party's control. If any of the events or contingencies referred to in this provision occurs, SBC shall have the right to curtail deliveries or allocate its supply of goods for sale among all of its customers in any manner which in its sole discretion is fair and reasonable in the circumstances, and Buyer shall not hold SBC responsible in any manner for losses or damages which Buyer may incur as a result of such failure, curtailment or allocation by SBC. Notwithstanding the foregoing, SBC will make every reasonable effort to procure supplies and materials from alternate sources if necessary, and make every effort possible to meet and fill the orders of Buyer.

Waiver. A waiver of and/or failure to perform any one or more of the conditions of these terms and conditions shall not constitute a waiver of or any excuse for nonperformance as to any other part of this or any other order.

Statute of Limitations. Any action for breach of these terms and conditions (including any breach of warranty) must be commenced within thirteen (13) months following delivery of the goods.

Sole Agreement. These terms and conditions contain the entire agreement between the parties with respect to the goods covered by this Quotation. The agents, employees and representatives of SBC are not authorized to make modifications to this Quotation, or to make additional warranties binding on SBC. Any such additional statements, whether oral or written, do not constitute warranties and should not be relied upon by the Buyer.

TERMS APPLICABLE ONLY TO U.S. GOVERNMENT CONTRACTS OR SUBCONTRACTS

Compliance With Applicable Laws. SBC shall comply with all federal, state and local laws and regulations applicable to its performance of its obligations in this transaction. If the goods covered by this Quotation are purchased for incorporation into products sold under a United States government contract or subcontract, the terms required to be inserted by that contract or subcontract shall be deemed to apply to this transaction.