

TERMS AND CONDITIONS

The following Terms and Conditions (“**Terms and Conditions**”) apply to all sales between SCHEERER BEARING CORPORATION, a Pennsylvania corporation (“**SBC**”), and the customer (“**Buyer**”) on the attached acknowledgment form (“**Acknowledgment**”). The Acknowledgment together with these Terms and Conditions shall collectively be referred to as the “**Sales Order**.”

1. AGREEMENT. All of SBC’s sales are subject to these Terms and Conditions. The Acknowledgment shall constitute no more than SBC’s offer to sell the goods identified on the Acknowledgment (the “**Goods**”) to Buyer in accordance with these Terms and Conditions, which, when accepted by Buyer, shall constitute a binding agreement between the parties. Acceptance of the Sales Order shall be deemed to occur upon the earlier of: (a) receipt by SBC of a purchase order from Buyer, unless Buyer objects in writing within three (3) days; (b) written acknowledgment from Buyer of Buyer’s acceptance of the terms set forth in the Sales Order; (c) receipt by Buyer of the Goods; or (d) receipt by SBC of payment in full or in part for the Goods. Any terms and conditions proposed by Buyer in a purchase order or other document that are different from, conflict with or add to the Sales Order shall be deemed to materially alter the Sales Order and are objected to and rejected by SBC and are null and void.

2. PRICE. The price for the Goods is set forth on the Acknowledgment but SBC reserves the right to invoice the Goods at the prices in effect at the time of shipment. Unless expressly stated to the contrary on the Acknowledgment, the price for the Goods does not include any applicable taxes. Buyer shall pay all federal, state and local sales, use, property, excise or other taxes imposed on or with respect to the Goods. Prices are exclusive of insurance, shipping, handling and duties and Buyer shall pay all such insurance, shipping, handling and duties with respect to the purchase of the Goods. Buyer shall have five (5) business days after delivery of the Goods to notify SBC in writing of any discrepancies in the billing of such Goods. Failure to timely notify SBC in writing of a billing discrepancy shall be deemed an acceptance of the price of such Goods.

3. PAYMENT. Buyer shall pay SBC the price for the Goods and all other charges specified on the Sales Order, which are due within thirty (30) days from the date of the invoice. Any late payment by Buyer shall be subject to and Buyer shall pay SBC: (a) an interest rate of one and one-half percent (1.5%) per month (or part thereof) or, if lower, the highest rate permitted by applicable law until payment is made; and (b) SBC’s cost of collection, including, but not limited to, reasonable attorneys’ fees. SBC reserves the right to change any terms of payment at any time by written notice to Buyer and to require Buyer to pay the price in full prior to delivery.

4. SHIPMENT AND DELIVERY. The Goods shall be shipped to the “Ship To” address set forth on the Acknowledgment. The shipment of the Goods shall be made FOB Origin. Title to, and risk of loss of, the Goods shall pass from SBC when the Goods are loaded on board the transporting carrier at the point of departure. With regard to Goods that are returned to SBC, title and risk of loss remains with Buyer until receipt and acceptance of the Goods by SBC. All claims for damage and shortage in transit shall be made by Buyer with the carrier, and Buyer holds SBC harmless for all such claims.

5. CANCELLATION. Sales Orders for stock goods may be cancelled in accordance with this Section 5. Sales Orders for non-stock Goods are non-cancellable. Buyer shall pay a restocking fee equal to thirty percent (30%) of the value of the Sales Order for any Sales Order cancelled prior to shipment. Buyer shall pay for shipping charges and a restocking fee equal to thirty percent (30%) of the value of the Sales Order for any Sales Order cancelled after shipment.

6. RETURNS. Buyer may return stock Goods, which are unused and re-saleable, within thirty (30) days of receipt of the Goods, provided that, Buyer pays SBC a restocking fee equal to thirty percent (30%) of the value of the Goods returned. Under no

circumstances may Buyer return non-stock Goods. If there is any damage or shipment that does not conform to the Sales Order, Buyer must notify SBC in writing within five (5) business days of receipt of the Goods to request a return pre-authorization. SBC shall be given an opportunity to inspect the Goods and may decide, in its sole discretion, Buyer’s remedy as provided in the Sales Order. SBC will not be held responsible for any claims made by Buyer after five (5) business days of receipt of the Goods or for returns without proper return pre-authorization. In the case of replacement for damaged or non-conforming Goods, SBC will pay the shipping charges in connection with the return. In all other cases, Buyer is responsible for paying the cost of shipping and for fully insuring the Goods.

7. WARRANTIES. SBC WARRANTS, FOR ONE (1) YEAR FROM THE DATE OF DELIVERY, THAT THE GOODS WILL BE FREE FROM DEFECTS IN MATERIAL AND WORKMANSHIP AND WILL CONFORM TO SBC’S PUBLISHED SPECIFICATIONS (OR TO THE SPECIFICATIONS MUTUALLY AGREED TO BY THE PARTIES IN THE CASE OF NON-STOCK GOODS). SBC MAKES NO OTHER WARRANTIES AND SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES WHETHER EXPRESSED OR IMPLIED, ORAL OR IN WRITING, IN FACT OR ARISING BY OPERATION OF LAW, COURSE OF DEALING, USAGE OF TRADE OR OTHERWISE AND BUYER EXPRESSLY WAIVES ANY AND ALL SUCH WARRANTIES, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8. LIMITATION OF LIABILITY. SBC DISCLAIMS ALL LIABILITY FOR AND IS NOT RESPONSIBLE FOR ANY PROBLEMS OR DEFECTS ARISING FROM THE IMPROPER USE OR ALTERATION OR MODIFICATION OF THE GOODS. BUYER ASSUMES ALL 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, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING FROM BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, SHIPMENT OF DEFECTIVE GOODS, DELAY IN SHIPMENT OF GOODS, STRICT LIABILITY, TORT OR ANY OTHER LEGAL THEORY, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF THE GOODS, COST OF CAPITAL, COST OF ANY SUBSTITUTE GOODS, ANY LOSS, COST, EXPENSE OR DAMAGE TO PROPERTY DUE TO THE USE OF THE GOODS OR PERSONAL INJURY, ANY CLAIM OR DEMAND OF BUYER FOR ANY SUCH DAMAGES, OR ANY CLAIM OR DEMAND AGAINST BUYER BY A THIRD PARTY, EVEN IF SBC HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. REMEDIES OF BUYER. BUYER’S EXCLUSIVE REMEDY, AND SBC’S SOLE LIABILITY, UNDER THE SALES ORDER IS LIMITED TO, AT SBC’S OPTION, EITHER REPLACEMENT OF THE GOODS, A REFUND OF THE PRICE PAID BY BUYER FOR THE GOODS OR A REFUND OF THE ACTUAL DIRECT DAMAGES SUFFERED BY BUYER. NOTWITHSTANDING THE FOREGOING, IN NO EVENT SHALL SBC’S LIABILITY TO BUYER FOR ACTUAL DIRECT DAMAGES UNDER THE SALES ORDER EXCEED IN THE AGGREGATE THE TOTAL AMOUNT PAID BY BUYER TO SBC IN THE TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE LIABILITY.

10. REMEDIES OF SBC. In the event Buyer breaches the Sales Order, SBC shall be entitled to all remedies under the Sales Order and all other remedies available at law and in equity. Additionally,

SBC may, at its option: (a) make a full or partial delivery of Goods and demand immediate cash payment for such Goods; (b) demand immediate cash payment for Goods already delivered; (c) recover Goods shipped but not yet paid for; or (d) resell the Goods and charge Buyer for the amount by which the resale price is less than the price of the Sales Order. SBC may exercise all remedies successively or concurrently, and any such action shall not operate to release Buyer until the full amount of all sums due and to become due to SBC from Buyer have been paid.

11. INDEMNITY. Buyer assumes the entire responsibility and liability for and agrees to indemnify, defend and hold harmless SBC, its officers, directors, shareholders, agents, employees, successors and assigns from and against any and all losses, expenses (including, but not limited to, attorneys' and other professionals' fees and costs), costs, damages (including special, incidental, punitive and consequential damages), demands, liabilities, suits and claims in connection with or arising out of, directly or indirectly: (a) any act, error or omission, whether negligent or not, of Buyer or its agents, employees, suppliers, contractors, subcontractors or consultants; (b) Buyer's use or misuse of the Goods (including, but not limited to, improper use, alterations or modifications); or (c) Buyer's breach of the Sales Order or violation of the rights of a third party. The provisions of this Section 11 shall continue in effect notwithstanding the fact that Buyer has accepted and paid for the Goods. Buyer further understands that SBC is relying upon this limitation in determining the cost of the Goods provided to Buyer.

12. SECURITY INTEREST.

Buyer grants SBC a purchase money security interest in all Goods until payment in full for the Goods is received by SBC. To secure its rights, SBC shall have the right to file one or more UCC Financing Statements and to make such other filings as SBC shall deem necessary. Buyer shall cooperate with SBC with respect to all such filings. Upon SBC's demand, Buyer agrees to promptly execute any financing statement, security agreement or similar documents and take any other action deemed necessary or desirable by SBC to perfect SBC's security interest under the Sales Order.

13. NOTICES. Any notice or other communication required to be given under the Sales Order shall be in writing and shall be deemed to be sufficiently delivered if sent by: (a) hand delivery; (b) nationally recognized overnight carrier; or (c) certified mail, return receipt requested; to SBC at 645 Davisville Road, Willow Grove, PA 19090 and to Buyer at the "Sold To" address on the Acknowledgment. Such notice or communication shall be effective upon delivery. Service of process may be made in accordance with this Section 13 and the parties waive their rights to service by any other means.

14. FORCE MAJEURE. SBC shall be excused from any delay or failure in its performance where the delay or failure is due to, in whole or in part, directly or indirectly, a cause beyond SBC's control, including, but not limited to, labor difficulties, fire, casualty, accidents, acts of God, war, terrorism, civil disorder, transportation difficulties, shortage of fuel, labor or materials or governmental acts or restrictions. In the event of a circumstance beyond SBC's control, 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 SBC's sole discretion, is fair and reasonable given the circumstances, and Buyer shall hold SBC harmless for any losses or damages which Buyer may incur as a result of such failure, curtailment or allocation by SBC. Notwithstanding the foregoing, SBC will make reasonable efforts, if possible, to procure supplies and materials from alternate sources and to meet and fill the Sales Order.

15. TIME LIMIT TO BRING AN ACTION. Notwithstanding any applicable statute of limitations period to the contrary, Buyer must file any civil action (whether at law or in equity) against SBC

no later than one (1) year after the event giving rise to liability.

16. GOVERNING LAW; JURISDICTION; PREVAILING PARTY.

The Sales Order is made, entered into and performed in the Commonwealth of Pennsylvania and shall be in all respects governed by and construed in accordance with the laws of the United States and the Commonwealth of Pennsylvania, as if entirely performed in Pennsylvania and without regard to any conflict of law rules and without regard to any rules of construction or interpretation relating to which party prepared the Sales Order. Buyer consents to the exclusive jurisdiction and venue of the Montgomery County Court of Common Pleas of the Commonwealth of Pennsylvania and the United States District Court for the Eastern District of Pennsylvania with respect to the enforcement of the Sales Order, the collection of any amounts due under the Sales Order or any disputes arising under or with regard to the sale of the Goods. Any award made by a court in conjunction with litigation between the parties regarding the Sales Order shall include an award of all reasonable attorneys' fees and legal costs incurred by the party in whose favor the final decision is rendered, and such sum may be added to any judgment entered in the litigation. A party's right to the foregoing shall not merge with but shall survive the entry of judgment and shall extend to appeals and collection.

17. MISCELLANEOUS.

The parties shall comply with all applicable local, state and federal laws in connection with the purchase, sale and use of the Goods. Customer shall not reverse engineer any part of the Goods by any means and shall not permit or assist any party to reverse engineer any part of the Goods. The rights and obligations under the Sales Order may not be assigned by Buyer without the prior written consent of SBC. The Sales Order shall inure to the benefit of SBC's successors and assigns. Any provision of the Sales Order determined by a court to be unenforceable or invalid, shall be modified to the extent necessary to eliminate the invalidity or unenforceability, and any remaining unenforceability or invalidity shall have no effect on the other provisions, which shall remain in full force and effect. SBC's failure to enforce strictly the Sales Order shall not be construed as a waiver or excuse from Buyer's future performance. For any waiver by SBC to be effective, it must be in writing and signed by a duly authorized representative of SBC. The headings of the Sales Order are for convenience of reference only and shall not affect the interpretation of the Sales Order. Buyer shall have no rights, under any circumstances, to set off against amounts due to SBC for the Goods, and in the event Buyer exercises a set off it shall constitute a breach of the Sales Order by Buyer and entitle SBC to all of its rights and remedies under the Sales Order including, but not limited to, the right to recover interest and attorneys' fees.

18. ENTIRE AGREEMENT.

These Terms and Conditions, together with the Acknowledgment, constitutes the entire agreement between the parties and supersedes any previous agreement or understanding between the parties relating to the Goods. No modification of the Sales Order shall be binding unless in writing and signed by duly authorized representatives of Buyer and SBC.