

**RENOLD INC. ("RENOLD")**  
**TERMS AND CONDITIONS OF SALE FOR GOODS AND SERVICES**

**1. Terms And Conditions Of Sale.** These terms and conditions ("Conditions") govern the sale of Goods and Services by Renold to Purchaser, unless Renold has signed a separate purchase agreement. Purchaser acknowledges and agrees that it shall purchase and take delivery of the Goods and accept any Services in accordance with these Conditions. If these Conditions are submitted in response to a purchase order or other written or oral offer of Purchaser to purchase the Goods or Services, to the extent that there are any material differences or additions in the terms contained in Purchaser's offer, this Sales order shall be considered a counter offer to sell the Goods or provide the Services to Purchaser under the terms and conditions herein contained. Purchaser's purchase and/or acceptance of the Goods and Services shall constitute its acceptance of these Conditions in its entirety, to the exclusion of any contrary or additional terms and conditions set forth in any statement, purchase order or other document or record of Purchaser and which shall be considered solely for the convenience of the Purchaser and which in no event shall alter, modify, supersede or supplement these Conditions. These Conditions supersede any preprinted terms on any of Purchaser's documents and which are expressly rejected by Renold and any previous written or oral communications or representations by either party and may not be amended or modified without prior written consent of Renold.

**2. Blanket Orders.** Should this contract be a blanket order for the mutual convenience of the parties, Goods may be requisitioned by Purchaser for periods up to one (1) year from date of first shipment. Minimum release quantities should be specified, and if none, are subject to Renold's determination. All Goods not shipped within one (1) year from the date of first shipment will be filled and shipped at the discretion of Renold and paid by Purchaser in accordance herewith unless other arrangements are agreed upon by the parties. In the event of early cancellation or termination Renold may bill and ship at its discretion all Goods not yet shipped, to be paid by Purchaser in accordance herewith.

**3. Prices: Taxes: Payment Terms.**

(a) Purchaser shall pay the purchase price quoted. If any price is omitted, the price shall be as quoted by Renold or, if none, then Renold's list price in effect at the date of shipment. Prices and payment shall be in U.S. Dollars unless otherwise specifically noted.  
(b) Unless otherwise agreed in writing by Renold, all prices are exclusive of any taxes or fees imposed by any federal, state, municipal, or other governmental authority that may be applicable to the sale, use, delivery, or transportation of the Goods or Services. The foregoing, together with all duties, tariffs, value added taxes, brokerage charges, insurance, carriage and delivery charges shall be added to the price and paid by Purchaser. Purchaser shall be responsible for the payment of such taxes and fees even if all or any part thereof has not been added to the invoice price and shall promptly pay the amount thereof upon demand.  
(c) Unless otherwise set forth, all invoices shall be paid for within thirty (30) days from date of invoice.  
(d) Renold will be entitled to adjust the price to reflect increases or decreases in Renold's costs including in the cost of raw materials used in the production of the Goods, variations in wages, exchange rate fluctuations and other costs incurred since the date of Renold's quotation or the Purchaser's order.

(e) All sales are subject to the approval of Renold's credit department in its sole discretion.  
(f) Until full payment of the purchase price by Purchaser, Renold shall retain a security interest in the Goods and may file evidence of such security interest pursuant to the Uniform Commercial Code without further agreement by Purchaser.

**4. Specifications: Changes: Cancellations and Requests by Purchaser for Delays**

(a) All specifications and designs for Services and/or Goods shall be as provided by Renold, unless specifically agreed to otherwise by Renold in writing.

(b) Any changes requested by Purchaser after acceptance of this contract by Renold will be reviewed by Renold and a quotation indicating changes in pricing and delivery, if any, will be submitted to Purchaser. Upon acceptance by Purchaser, a change order will be prepared authorizing the change. Renold reserves the right to make changes in materials or design which it determines to be necessary for proper operation of the Goods.

(c) Once accepted by Renold, this contract may be cancelled or delayed by Purchaser only upon written consent of Renold. If Renold consents to any such cancellation or delay, Purchaser may be required to pay any such amount as Renold, in its sole discretion, shall determine will fully indemnify Renold against any and all loss and provide Renold with a reasonable profit.

**5. Shipment: Packaging: Title: Risk of Loss.**

(a) All shipping dates are approximate and Renold does not guarantee the date of shipment. Time shall not be considered of the essence. Renold shall not be liable for any delay in delivery or any other default due to occurrences or contingencies, including, but not limited to, fire, flood, embargo, strike, shut down, lockouts, failure to secure materials or labor from usual sources of supply, governmental restrictions, conditions considered "force majeure", delays occasioned by any subcontractors, misrouting, or any other circumstances beyond Renold's control which shall prevent Renold from performing in the normal and usual course of its business. Any delays resulting from the foregoing shall automatically extend the time for performance by Renold.

(b) Unless agreed to by Renold in writing, all shipments shall be F.O.B. Renold's facility if domestic shipment or Ex Works Renold's facility (Incoterms 2010) if international shipment. In the event that any other method of shipment shall be specified, the price shall be adjusted to reflect any change in the price to the extent that the cost of shipment is or will be included therein.

(c) The cost of normal packaging for the Goods for domestic shipment is included in the total price, the method of packaging being determined solely by Renold. If Purchaser shall specify any special packaging or handling or if the Goods are to be exported, the additional cost thereof shall be added to the total price, unless it is specifically stated herein that such costs were included in calculating the total price quoted.

(d) Title and risk of loss shall pass to Purchaser as soon as the Goods have been delivered to the carrier for shipment to Purchaser. Passage of title and/or risk of loss shall not be affected by delivery terms, shipping instructions, or storage on Purchaser's behalf by Renold at its facilities.

(e) Partial deliveries may be made without notice and payment therefore shall be due in accordance with the terms hereof as such deliveries are made and invoices rendered.

(f) If shipment is delayed at Purchaser's request, Goods shall be deemed stored at Purchaser's risk and expense. Purchaser shall be liable to Renold for all costs and charges related to such storage and shall pay Renold within ten (10) days of invoice thereof.

**6. Inspection By Purchaser: Acceptance and Rejection.** Purchaser acknowledges that prior to use it will fully inspect all Goods and Services. In the event that such inspection and testing reveals any damage, deficiency, or non-conformity, Purchaser shall notify Renold within fifteen (15) days of the date of delivery. Purchaser's failure to make a timely claim or its use of the Goods shall constitute irrevocable acceptance and the waiver of any and all claims except warranty claims. Purchaser shall timely notify Renold in writing of its rejection or revocation of acceptance of any of the Goods, specifying all claimed defects and non-conformities. No Goods shall be returned by Purchaser unless authorized in writing by Renold. Renold may, at its option, repair or replace the defective or nonconforming Goods or refund the purchase price thereof.

**7. Proprietary Rights.** Any and all models, drawings, sketches, plans, and other information including, without limitation, technical, commercial and financial data supplied by one party to the other shall remain the property of the party who shall have supplied it. The other party may not use any such material or information except for the purposes for which it was provided and shall not disclose it to any third party without the express consent of the disclosing party. Renold shall not be required to retain any such materials and items furnished by Purchaser beyond thirty (30) days after final invoice. Any Goods sold hereunder shall not constitute a license to use any of the proprietary rights of Renold.

**8. Limited Warranty.**

(a) Renold warrants that (i) it will convey good title to the Goods, free from any security interest or other lien or encumbrance; (ii) the Goods will conform, within normal commercial standards, to any applicable or agreed upon specifications and, under normal use, and when proper service and maintenance are performed, shall be free from defects in materials and workmanship for a period of one (1) year from the date of delivery by Renold to Purchaser and (iii) any Services provided by it shall be performed in a workmanlike and competent manner consistent with normally accepted industry standards. The sole and exclusive remedy of the Purchaser and obligation of Renold under this Warranty is limited, at Renold's option, to the replacement or reworking of the defective Goods or Services or the return of that portion of the purchase price applicable to the defective Goods or Services.  
(b) Renold's warranty does not apply (i) to any damage to Goods resulting from misuse, negligence, improper installation, or accident; (ii) damage or deterioration due to normal use, wear and tear or exposure; (iii) normal maintenance services or replacement of service items; (iv) damage resulting from operation of the Goods contrary to instructions or specifications provided by Renold; (v) defects or failures resulting from Purchaser's specifications or designs or otherwise caused by Purchaser or the end-user; or (vi) any Goods repaired, altered or modified without prior written approval by Renold.

(c) THE ABOVE WARRANTIES ARE GIVEN IN LIEU OF ANY OTHER REPRESENTATION OR WARRANTY WHETHER EXPRESS, IMPLIED, OR STATUTORY AND INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. RENOLD EXPRESSLY DISCLAIMS ALL WARRANTIES AND GUARANTEES NOT EXPRESSLY STATED HEREIN.

**9. Limitation of Liability.**

(a) Renold's liability for defective or nonconforming Goods or Services, whether based on breach of warranty, negligent manufacture or product liability, is exclusively limited to repair or replacement, at Renold's election, of such Goods or Services as more particularly provided for in its Limited Warranty. Renold shall not be liable for any costs relating to disassembly, dismantling, removal, reinstallation and reassembly or other rectification costs.

(b) RENOLD'S MAXIMUM AND CUMULATIVE LIABILITY FOR ANY AND ALL CLAIMS IN ANY WAY ARISING FROM OR PERTAINING TO THIS CONTRACT, INCLUDING THE PERFORMANCE OF RENOLD'S OBLIGATIONS PURSUANT HERETO OR ANY GOODS SOLD OR REQUIRED TO BE SOLD, OR SERVICES NOT PERFORMED OR REQUIRED TO BE PERFORMED, SHALL IN NO EVENT EXCEED IN THE AGGREGATE THE PURCHASE PRICE OF THE GOODS OR SERVICES ON WHICH SUCH LIABILITY IS BASED. UNDER NO CIRCUMSTANCE SHALL RENOLD BE LIABLE TO PURCHASER OR ANY THIRD PARTY FOR ANY LOSS OF BUSINESS OR PROFIT OR ANY OTHER ECONOMIC LOSS, OR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES HOWSOEVER CAUSED AND WHETHER BASED IN CONTRACT, TORT, WARRANTY, STRICT LIABILITY, NEGLIGENCE OR OTHERWISE AND IRRESPECTIVE OF WHETHER RENOLD WAS ADVISED OR AWARE THAT SUCH DAMAGES WERE POSSIBLE.

(c) Any claim for damages by Purchaser must be commenced within one (1) year of the event giving rise to such claim. Any claim not filled in accordance with the preceding sentence is null and void.

(d) Nothing contained herein will be construed as an attempt to exclude or limit the liability of Renold in negligence: (i) for the death of or injury to any person; or (ii) for any matter which it would be illegal for Renold to exclude or attempt to exclude its liability.

**10. Indemnification.**

(a) Purchaser shall indemnify and hold Renold harmless from any and all loss, liability, claim, cause of action, cost, judgment, or damages, including reasonable attorney fees, for any personal injury, death, property damage, or economic loss of any sort, related to: any act or omission of the Purchaser, Purchaser's breach of these Conditions; use of the Goods by Purchaser or any third party receiving or using the Goods after Purchaser's receipt; or, any compliance by Renold with Purchaser's plans, designs, or specifications including any patent infringement or alleged infringement; failure of Purchaser to comply with any applicable laws and regulations; all without regard to whether any loss is based upon breach of contract, breach of warranty, negligence, strict liability, or other tort or contract theory or cause of action.

(b) Renold shall indemnify and hold Purchaser harmless from damages and costs awarded by a final judgment in proceeding to the extent directly and solely attributable to a claim that the Goods directly infringed the intellectual property rights of a third party except where such infringement is due to plans, designs or specifications provided by Purchaser to Renold and provided that Purchaser promptly notifies Renold of any such claim and Renold has the sole right to investigate, defend and settle any such claim.

**11. Nonpayment.** If the purchase price is not paid when due, Purchaser shall pay interest at the maximum legal rate on all such sums from the date due until paid. In addition, Renold shall have and may exercise all rights and remedies provided by law or equity including, without limitation, suspending work on and withholding delivery of Goods or performance of Services until payment in full is made. Purchaser shall also be liable to Renold for all costs of collection including reasonable attorney fees and costs incurred by Renold upon the default by Purchaser.

**12. Assurances of Performance.** If, in the judgment of Renold, the financial condition of Purchaser at any time does not justify continuation of production or shipment on the terms of payment originally specified, Renold may require full or partial payment in advance or additional security from Purchaser before shipment, accelerate the date of any payment, withhold any shipment or further shipments, cancel any unfilled orders and/or demand such other or further adequate assurance of performance from Purchaser. In the event of the bankruptcy or insolvency of Purchaser or in the event any proceeding is brought by or against Purchaser under the bankruptcy or insolvency laws, Renold shall be entitled to cancel any order then outstanding, without liability whatsoever, and shall receive reimbursement for its cancellation charges.

**13. Export Control.** Purchaser confirms that it is not located in (or a national resident of) any country under U.S. economic embargo or sanction, not identified on any U.S. Department of Commerce Denied Persons List, Entity List of proliferation concern, nor on the U.S. State Department Debarred Parties List or Treasury Department Designated Nationals exclusion list. Purchaser understands that Renold and the Goods may be subject to the United States Export Administration Act, the Trading with the Enemy Act, the International Traffic in Arms Regulations (in the case of Goods that are considered defense articles), and other laws and regulations of the U.S.A. (collectively, the "Regulations"). The Regulations prohibit export or diversion of Goods to certain countries. Purchaser agrees to abide by all Regulations, including those concerning the resale and disposition of the Goods. Purchaser warrants that it will not sell, transfer or support, directly or indirectly, or assist in any sale or transfer of the Goods or related product technology in countries or to users concerning which such sale, transfer or support is not permitted under applicable Regulations. Purchaser shall defend, hold harmless and indemnify Renold for any damages resulting to Renold from a breach of this section by Purchaser.

**14. Governing Law and Jurisdiction.** These Conditions shall be governed by and construed under the laws of the State of New York, U.S.A., without regard to conflicts-of-laws principles that would require the application of any other law. The parties irrevocably and unconditionally agree that any action arising out of or relating to these Conditions or its subject matter shall be brought in the appropriate federal or state courts of the County of Erie, State of New York, U.S.A. The parties irrevocably submit to the exclusive jurisdiction of such court and each party waives any objection to the laying of the venue of any such suit, action or proceeding in any such court and waives any right that it may have to assert the defense of forum non-convenience. The parties hereto each consent to service of process being effected upon it by registered mail sent to its address set forth in this contract. The parties exclude application of the United Nations Convention on Contracts for the International Sale of Goods, or any local legislation implementing such Convention, if otherwise applicable.

**15. Additional Terms and Conditions**

(a) **Notices.** Any notice given pursuant hereto shall be deemed properly given if in writing and (i) delivered by hand (including commercial delivery service), (ii) sent by telecommunication (including facsimile and electronic mail), or (iii) sent by mail to an address previously provided by each party to the other. Notice served by hand or by telecommunication shall be deemed to have been given one (1) business day following the date on which such notice is serviced, provided, if notice is by telecommunication, sender has proof of receipt by the other Party. Notice served by mail shall be deemed to have been given five (5) business days following the date on which such notice is postmarked.

(b) **Prime Contract(s) Not Applicable.** Renold shall not be bound by any provision under any prime or other contract to which Purchaser is a party unless Renold specifically acknowledges in writing. Renold is not required to burden its suppliers with any of Purchaser's terms and conditions unless separately acknowledged by it in writing.

(c) **Assignment.** Purchaser may not assign this contract, in whole or part, without the prior written consent of Renold, and any attempted assignment or delegation by Purchaser shall be void and ineffective for all purposes. Renold reserves the right to transfer or assign, in whole or in part and without recourse by Purchaser against Renold, its rights, liabilities and obligations herein arising to a third party without prior written notice, and such assignment shall operate to release Renold from its obligations hereunder. Such transfer or assignment shall not create a right in Purchaser to demand assurances from the assignee.

(d) **Set-Off.** Renold shall have the right to credit toward the payment of any monies that may become due to Renold hereunder any sums which may now or hereafter be owed to Purchaser by Renold or by any affiliate of Renold. Purchaser shall not be entitled to set off any amounts due Purchaser against any amount due Renold or any of its affiliates.

(e) **Waiver.** Waiver by Renold of any breach of any of the Conditions set forth herein shall not be construed as a waiver of any other breach, and the failure of Renold to exercise any right arising from any breach or default of Purchaser hereunder shall not be deemed to be a waiver of such right which may be exercised at any subsequent time.

(f) **Severability.** In case any provision hereof shall be declared invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of the remaining provisions herein shall not in any way be affected or impaired.

(g) **Survival of Certain Terms.** Any provisions contained herein which by their nature would continue beyond the expiration, cancellation or termination of this contract will survive such expiration, cancellation or termination.  
(h) **Entire Agreement.** Purchaser acknowledges that it has read this contract, understands it, and agrees to be bound by its terms, and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral and written, between the parties relating to the subject matter of this contract. The terms and conditions contained herein may not be added to, modified, superseded or otherwise altered except by a writing signed by Renold.