

THORDON

THORDON BEARINGS INC.

3225 Mainway, Burlington, Ontario, L7M 1A6 Canada

Tel: +1.905.335.1440 Fax: +1.905.335.4033

www.ThordonBearings.com

PURCHASE ORDER TERMS & CONDITIONS

1. ACCEPTANCE OR ACKNOWLEDGEMENT

The purchase order to which these Purchase Order Terms & Conditions (the “Terms & Conditions”) are attached or are incorporated by reference, together with these Terms & Conditions (collectively, the “Order”), is an offer by Thordon Bearings Inc. (the “purchaser”). The seller's written acceptance of this Order, or its commencement of any work in relation to the purchase order, or making shipment of the goods ordered pursuant to the purchase order, shall constitute acceptance by the seller of this Order, including all of these Terms & Conditions. The seller, by accepting this Order as aforesaid, shall be deemed to understand and agree that these Terms and Conditions shall bind both parties. Any proposal for the addition of different terms or any attempt by the seller to vary in any way any of the terms hereof is hereby deemed material and objected to and rejected.

The term "goods" means the goods that are required to be delivered by the seller pursuant to the purchase order, and includes all materials, components, packaging, labelling, services and other defined items specified on the purchase order.

2. SELLER QUOTATIONS

These Terms & Conditions shall apply to any quotation, estimate, document or forms of the seller (a “Quotation”) and accepted by the purchaser. Any reference in the purchase order to any Quotation is solely for the purpose of incorporating the descriptions and specifications of the goods contained in the Quotation, and only to the extent that the terms of the Quotation do not conflict with the descriptions and specifications set out in the purchase order. Any terms and conditions in such Quotation which amend, or add to, or are inconsistent with these Terms and Conditions shall be deemed null and void and of no effect.

3. PROCESSING OF ORDER

The seller understands and agrees as follows:

- I. That the purchase order must not be filled at higher prices than defined on the purchase order without appropriate consultation and approval in writing from the purchaser.
- II. That no charge will be allowed for freight, transportation, insurance, storage, handling, boxing, packaging, crating, carting, loading, or similar charges, unless expressly agreed to and defined on the purchase order.
- III. That it will render a separate invoice for each purchase order or shipment.
- IV. That it will show on all invoices, packages, bills of lading and all communications the

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purchaser's designated number of the purchase order and all communications will also reference this designated number.

- V. All goods must be shipped in accordance with designated routes and responsibilities defined on the purchase order and any additional costs incurred directly or indirectly through failure of the seller to abide by these conditions will be the direct responsibility of the seller for restitution.
- VI. No invoices may be rendered by the seller until after the goods have been shipped.
- VII. The seller is not entitled to suspend deliveries of the goods as a result of any sums being outstanding.
- VIII. The purchaser will pay the undisputed portion of properly rendered invoices 30 days from the invoice date. The purchaser has the right to withhold payment of any invoiced amounts that are disputed in good faith until the parties reach an agreement with respect to such disputed amounts and no interest may be charged on such withheld amounts.

4. DELIVERY

Time is of the essence with respect to this Order. If the delivery of the goods purchased hereunder is not completed within 5 days of the specified time, the purchaser may, in addition to any other rights or remedies it may have, terminate the purchase order, without liability, as to goods not yet shipped, and may also purchase substitute goods and charge the seller for any additional costs incurred thereby. If, in order to comply with the delivery date specified on the purchase order, the seller must ship by a more expensive method than specified herein, the seller shall pay any increased costs. If type of carrier is not specified, route may be by lowest cost transportation.

5. INSPECTION

Except as otherwise agreed in writing, all shipments shall be subject to final inspection by the purchaser, after receipt by the purchaser at destination. Delivery to and receipt by the purchaser is not deemed acceptance unless inspected and approved by the purchaser, and subject to further rejection due to:

- I. defective workmanship or goods rejected by the purchaser within 5 business days from date of receipt at destination;
- II. latent defects, frauds and mistakes; or
- III. application of quality standards accepted by the seller at time of purchase and failure to perform same.

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6. REJECTION

If any of the goods are found at any time to be defective in material, workmanship, quality, quantity or otherwise not in strict conformity with the specifications or requirements of the purchase order, the purchaser, in additions to any rights to which it may have under warranties or otherwise, shall have the right to reject and return such goods for full credit, all charges collect including incoming and outgoing charges. Without limiting the foregoing right of rejection, the purchaser has the right to require prompt replacement, repair or corrections of defective work or goods at the seller's risk and expense. If the seller is unable or unwilling to effect such replacement, repair or correction, the purchaser may do so by using its own workmen, goods, or facilities or by outside contract, and shall be entitled to charge the seller for excess costs directly or indirectly occasioned thereby.

7. TITLE AND RISK

Title to the goods shall pass to the purchaser upon delivery, or if earlier, upon payment to seller of 51% of the price for the goods. Risk in compliant goods delivered in accordance with this Order shall pass to the purchaser on its receipt of the goods. Goods belonging to or provided by the purchaser which are in seller's custody for any purposes shall be clearly marked and recorded by seller as belonging to the purchaser and shall be at the seller's risk. Where the purchaser rejects any goods in accordance with this Order, such goods shall be deemed to have remained the property and risk of the seller at all times.

8. CANCELLATION

The purchase order may be cancelled for convenience by the purchaser in whole or in part at any time regardless of shipments received or services performed. If cancellation takes place, the purchaser agrees to pay the supplier for goods and services satisfactorily provided, including work in progress and associated costs, providing the seller can provide satisfactory documentation and verification supporting such claims. These costs are limited up to and including the date of cancellation of the purchase order.

9. ASSIGNMENT

The seller shall not assign, subcontract or otherwise transfer in whole or in part, any of its rights and obligations hereunder without the prior written consent of the purchaser. In case such consent is given, the seller will remain liable as if no such transfer has been made.

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10. INSURANCE

The seller represents and warrants that it has in place with reputable insurers such insurance policies in coverage amounts that would be maintained by a prudent supplier of goods similar to the goods provided hereunder, including comprehensive commercial general liability insurance (including product liability coverage). In addition, the seller will take out and maintain, at its own cost, such insurance policies and coverages as may be reasonably required by the seller from time to time. The seller will promptly deliver to the purchaser, as and when requested, written proof of such insurance. If requested, the purchaser will be named as an additional insured under any such policies. If requested by the purchaser, such insurance will provide that it cannot be cancelled, or materially changed so as to affect the coverage provided under this Order, without the insurer providing at least 30 days prior written notice to the purchaser.

11. WARRANTIES

The seller represents and warrants that the goods will be (a) in full conformity with applicable law and the specifications, drawings, descriptions and/or samples furnished or specified by the purchaser, (b) free from defects in material, workmanship and design, (c) of good merchantable quality and fit and sufficient for the purposes intended, (d) free and clear of all liens, security interests or other encumbrances, and (e) free of claims of infringement or misappropriation of any third party's intellectual property rights. All warranties shall survive any inspection, testing, delivery, acceptance or payment or failure to inspect, test or discover any defect or other nonconformance, and such actions or omissions shall not relieve the seller of any of its obligations under the Order or impair any rights or remedies of the purchaser. NO ATTEMPT BY THE SELLER TO DISCLAIM, EXCLUDE, LIMIT, OR MODIFY ANY WARRANTIES (WHETHER PROVIDED HEREIN OR IMPLIED BY LAW) SHALL BE OF ANY FORCE OR EFFECT.

With respect to goods that are resold or otherwise transferred to a third party by the purchaser, such third party shall have the full benefit of all warranties and indemnities from the seller and its suppliers, whether hereunder or otherwise, and the seller agrees to execute any assignments of such warranties and indemnities to such third parties.

12. INDEMNITIES

The seller shall indemnify, hold harmless and defend the purchaser, its affiliates and their respective officers, directors, employees, consultants, agents, successors and assigns (the "Purchaser Indemnified Parties"), against all lawsuits, damages, losses, expenses, claims, liabilities, judgments, fines, settlements or penalties, including all attorney's fees and litigation costs, whether direct or indirect, incidental, consequential, or otherwise (collectively, "Claims and Losses") for: (i) claims for personal injury (including death), property loss or damage, or other loss, injury, incident or damage

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arising out of, relating to, or connected with the use, possession, consumption, manufacture, fabrication, or sale, of the goods, (ii) claims arising from or relating to the seller's negligent act or omission, wilful misconduct or failure to comply with all the terms of this Order or any other agreement between the purchaser and the Seller, (iii) any recall of the goods, and (iv) claims that the use or possession of the goods actually or allegedly infringes or misappropriates any intellectual property right of any third party. The seller further agrees to indemnify, hold harmless and defend the Purchaser Indemnified Parties, and each of their customers, against all Claims and Losses, arising from, relating to, or connected with the seller's breach of any of the warranties expressed in this Order or any warranties or conditions implied by law. The seller shall not enter into any settlement of any Claims of Losses without the purchaser's prior written consent.

13. LIMITATION OF LIABILITY

EXCEPT FOR THE SELLER'S OBLIGATIONS UNDER SECTION 12, AND EXCEPT FOR DAMAGES THAT ARE THE RESULT OF THE GROSS NEGLIGENCE OR WILFUL MISCONDUCT OF A PARTY, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING ANY LOST PROFITS, DATA, GOODWILL, OR BUSINESS OPPORTUNITY FOR ANY MATTER RELATING TO THIS ORDER.

14. FORCE MAJEURE

Neither party will be in default of this Order from any failure to perform if such failure arises from an unexpected delay. For purposes of this Order, an unexpected delay means an act of war, the order of any court or government body or agency of competent jurisdiction, an act of nature including fire, flooding, earthquake, unusually severe weather or strike but shall not include a lack of money. The party claiming relief hereunder shall give prompt notice to the other, together with all necessary information with respect to the circumstances of such delay.

15. INTELLECTUAL PROPERTY

Seller represents and warrants that the manufacture, sale and use of the goods will not infringe any patent, design, copyright, trademark, trade secret or any other intellectual property or proprietary right ("IP Rights"), whether registered or not, and all applications pertaining thereto. If all or any portion of the goods are held to constitute an infringement of such IP rights and/or their use is enjoined for any reason, the seller shall promptly, and at its own expense, at the purchaser's election, either procure for the purchaser the right to continue using such goods royalty-free or replace such goods to the purchaser's satisfaction with non-infringing goods of equal quality and performance. All IP Rights in the goods shall vest in the purchaser free and clear of all liens and encumbrances on receipt of payment by the seller for the goods. The seller shall do all things and execute such documents as may be necessary to assign such IP Rights to the purchaser.

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16. TITLE

Title to any documents including designs, specifications, drawings, proofs, dies or templates, supplied by the purchaser or produced by the seller upon request of the purchaser shall at all times rest with the purchaser.

17. APPLICABLE LAW AND VENUE

This Order and all other aspects of the relationship between the seller and the purchaser shall be construed and governed according to the laws of the Province of Ontario and the laws of Canada applicable therein, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods and any conflict of law provisions that would require application of another choice of law; the courts of such province shall have sole jurisdiction in respect of any litigation relating to this Order, or which otherwise arises directly or indirectly in connection with any transaction of any nature between the purchaser and the seller.

18. HEALTH AND SAFETY

The seller shall adhere to all regulations regarding the Occupational Health and Safety Act (Ontario) as amended from time to time and the Workplace Hazardous Material Management Information System (W.H.M.I.S.) regulating the availability of safety data sheets and product information.

19. WAIVER

The failure of the purchaser at any time to require the seller's performance of any obligation under this Order shall not affect the purchaser's right to require performance of that obligation. Any waiver by the purchaser of any breach of any provision hereof must be in writing and shall not be construed as a waiver of any continuing or succeeding breach of such provision or waiver or modification of this provision itself, or a waiver or modification of any right under this Order.

20. ENTIRETY OF AGREEMENT

This Order, together with all schedules, documents, drawings or specifications incorporated herein, comprises the entire agreement between the parties and no other terms and conditions whether oral or written and whether precedent or subsequent shall have any force or effect unless agreed to in writing by both the seller and the purchaser.

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21. MISCELLANEOUS

Provisions which by their nature should survive will remain in force after any termination or expiration. The section headings contained herein are not part of this Order and are included solely for the convenience of the parties. If any term or provision of this Order is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Order or invalidate or render unenforceable such term or provision in any other jurisdiction.