

AMB General Sales Provisions

These general terms and conditions and those set forth in AMB's quotation (collectively, the "Conditions") will, unless otherwise agreed in writing, apply to all sales of Product and Services by American Metal Bearing ("AMB") to Customer (Customer and AMB are collectively referred to herein as the Parties), and constitute the entire, complete, and exclusive agreement between the Parties with respect to the subject matter hereof. If these conditions are different from, or contain terms and conditions in addition to, Customer's purchase order or any other document provided by Customer (including any modifications thereto), AMB expressly rejects such different or additional terms in Customer's document, and Seller's provision of the services hereunder is expressly conditioned upon Customer's assent to these terms. Notwithstanding any other acts or omissions of the parties, Customer's acceptance of services hereunder constitutes Customer's assent to all of the conditions.

1. Definitions

- 1.1. "Order" means a purchase order that has been unequivocally accepted by AMB, either by the issue of a purchase order confirmation from AMB to Customer or otherwise.
- 1.2. "Customer" means the company detailed in the Order for whom AMB shall supply parts and / or services.
- 1.3. "DFARS" means the Defense Federal Acquisition Regulation Supplement
- 1.4. "FAR" means the Federal Acquisition Regulation
- 1.5. "Party" means either the Customer or AMB according to the context in which the term appears. "Parties" shall refer to the Customer and AMB collectively.
- 1.6. "Product" means those goods, supplies, reports, software, parts lists, data, materials, articles, items, parts, components or assemblies, drawings, procedures, manuals, forms, test reports, and any Services described in this order. For the purposes of "Inspection" provision, the term "Product" also includes but is not limited to raw material, components, and intermediate assemblies that comprise the Product.
- 1.7. "Services" means AMB's time and effort, including any Products, supplies, materials, articles, items, parts, components or assemblies incidental to the performance of the service.

2. Quotations and Orders

- 2.1. Unless otherwise indicated on the quotation, a quotation is valid for thirty (30) days from the date of the quotation. Customer must confirm its order by a written order or acknowledgement ("Purchase Order").
- 2.2. No verbal quotations will be valid. Customer acknowledges that only written quotations that specifically identify the Product being sold, manufactured, assembled, integrated, upgraded, engineered, serviced and/or repaired by AMB and list the quantity of Product being sold, manufactured, assembled, integrated, upgraded, engineered, serviced and/or repaired, may be relied upon by Customer.
- 2.3. All clerical errors in quotations are subject to correction by AMB.
- 2.4. Prices are AMB's facility or other designated point of shipment. Prices do not include, and Customer shall pay, all costs and expenses incident to shipment and handling of materials from the point of delivery of the equipment by AMB to carrier at AMB's facility or other point of shipment, including, without limitation, all transportation, shipping and handling costs, and costs of insurance.
- 2.5. A Purchase Order that has been accepted by AMB is binding on both Parties with respect to the Work (as defined below) to be provided. All requests to reschedule, cancel or otherwise revise a Purchase Order are subject to the written agreement of AMB and payment of fees specified herein.

3. Payment

- 3.1. Where AMB extends credit to Customer, terms of payment shall be net thirty (30) days from the invoice date in U.S. currency unless otherwise stated on the quotation.
- 3.2. If Customer fails to make payment when due, in addition to AMB's other rights and remedies, all amounts past due will automatically bear interest at three percent (3%) above the Citibank N.A. annual prime rate in effect at the time or the highest lawful rate which may be charged to Customer, whichever is less.
- 3.3. AMB may change its credit terms and/or suspend performance hereunder when, in AMB's opinion, Customer's financial condition or record of payment so warrants.
- 3.4. If the goods or services are delivered or provided in installments, Customer shall pay separately for each installment.
- 3.5. Unless otherwise specifically agreed to in writing, payment by Customer shall not be contingent on installation of equipment or payment from a third party.
- 3.6. Customer shall pay any sales, use, excise or similar taxes, duties or levies now or hereafter enacted or imposed by governmental authority on the manufacture, sale, delivery and or use of the goods sold or services provided at the time of issuing AMB a purchase order or provide a valid Customer's tax exemption certificate.
- 3.7. AMB retains the right to refuse to provide further goods and/or services until payment is received.

4. Title and Delivery

- 4.1. Unless otherwise stated in AMB's quotation, all shipments of goods shall be delivered F.O.B. origin, and title and liability for loss or damage thereto shall pass to Customer upon delivery of the goods to a carrier for shipment to Customer, and any loss or damage thereafter shall not relieve Customer from any obligation hereunder.
- 4.2. Customer shall be liable for costs of insurance and transportation, taxes and any other expenses incurred or licenses required at destination.
- 4.3. Shipping dates are approximate only. AMB shall not be liable for any loss or expense, whether by way of contract or tort (consequential or otherwise), incurred by Customer for failure to meet any specified estimated delivery schedule because of unavoidable production or other delays.

5. Evaluation, Re-babbiting, and Repair Services

- 5.1. If Customer decides not to have Product repaired after it has been received by AMB for evaluation and quoted, it will be returned to the Customer freight collect or destroyed upon request. Customer's Product will also be returned to Customer freight collect if it is not authorized by Customer for repair within thirty (30) calendar days following a quote for repair being provided by AMB.
- 5.2. Customer acknowledges that not all Product is repairable and there are times when once the repair is in process, it will become evident that the Product has extensive damage, which may cause it to be irreparable. If AMB determines, in its sole discretion, that the Product is not reasonably capable of being repaired:
 - (i) Customer will be liable for Services rendered.
 - (ii) AMB will make every effort to quote Customer on a comparable exchange or a new comparable Product.
 - (iii) If none of these options fulfill the Customer's requirements, then AMB will ship the Customer's item back to the Customer freight collect or
 - (iv) Destroy and dispose of the item if so requested by Customer.
- 5.3. In the event that Customer abandons any property sent for repair, the following shall apply:
 - (i) Abandonment of Property: If Customer fails to respond within thirty (30) days of being notified that the evaluation has been completed, the Product shall be considered abandoned.
 - (ii) Disposal of Abandoned Property: AMB shall have the right to dispose of the abandoned property as it sees fit.
 - (iii) Notification of Abandonment: AMB shall make reasonable efforts to notify Customer of the abandoned property, including sending a written notice to the customer's last known address, and giving Customer a reasonable opportunity to claim the property before it is disposed of.
 - (iv) Waiver of Liability: By abandoning the property, Customer waives any and all claims and liability against AMB related to the property or its repair, including any claims for loss or damage to the property or its contents.

6. Contingencies and Force Majeure

- 6.1. AMB shall not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond the control of either AMB or AMB's suppliers, including, but not limited to, war (whether an actual declaration thereof is made or not), sabotage, insurrection, riot or other act of civil disobedience, act of a public enemy, failure or delay in transportation, act of any government or any agency or subdivision thereof, judicial action, labor dispute, accident, fire, explosion, flood, storm or other act of God, shortage of labor, fuel, raw material or machinery or technical failure where AMB has exercised ordinary care in the prevention thereof. In the event of such a delay, AMB will be entitled to reasonable extension of time for performance.
- 6.1. AMB may allocate production and deliveries among AMB's customers at its discretion.

7. Limited Warranty

- 7.1. Products manufactured by AMB are warranted to be free from defects in material and workmanship for a period of thirteen (13) months from the date of shipment or twelve (12) months from installation, whichever is sooner, unless otherwise stated in writing by AMB.
- 7.2. If the goods furnished by AMB fail to conform to AMB's exclusive limited warranty, AMB's sole and exclusive liability shall be (at AMB's option), and given reasonable time, to repair, replace or credit Customer's account for any such goods returned by Customer and proved to be defective, as decided by AMB.
- 7.3. All returns must be shipped by Customer prepaid to AMB to the address provided. This obligation does not include labor or travel expense to repair or replace defective parts, nor does it cover failure due to accident, abuse, neglect, alteration, unauthorized repair or misuse per instructions provided by AMB.
- 7.4. In no event shall damages for defective goods exceed the purchase price of the goods, and AMB shall not be liable for incidental or consequential damages

whatsoever. All replacement parts shall be covered under warranty for a period of thirty (30) days from the date of purchase. Expendable or consumable items such as adhesives, sealants, chemicals and items of like nature are not covered by this warranty.

- 7.5. All claims in regard to the Products purchased must be made within fourteen (14) calendar days after receipt. Authorization must be obtained from AMB prior to returning any Product.
- 7.6. Warranty is voided by failure to comply with any of these requirements.
- 7.7. Instruments, equipment or other goods not manufactured by AMB but distributed by AMB will be covered to the extent of the warranty provided by the original manufacturer. Warranty information is provided with the Products. Copies of warranties may be requested in writing in advance of any purchase or shipment. Such Products are not covered by the warranty set forth above in the first paragraph of this Section 5.

8. Substitutions, Modifications, Replacement and Return

- 8.1. If the Product furnished by AMB fails to conform to AMB's exclusive limited warranty, AMB's sole and exclusive liability shall be (at AMB's option) to repair, replace or credit Customer's account for any such goods which are returned by Customer during the applicable warranty period set forth above or at maximum six (6) months from the sale date for any part not covered under warranty, provided that:
 - (i) AMB is promptly notified that such goods failed to conform to the contract
 - (ii) Such goods are returned to AMB, F.O.B. AMB's plant, and
 - (iii) AMB's examination of such goods shall disclose to AMB's satisfaction that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, unauthorized repair or improper testing.
- 8.2. If AMB elects to repair or replace such goods, AMB shall have a reasonable time to make such repairs or replace such goods. Any return by Customer for credit is at the sole discretion of AMB.
- 8.3. An AMB RMA (Return Material Authorization) number must be obtained prior to shipment. A minimum restocking fee of twenty percent (20%) will be assessed on the return of products. All returns must be shipped by Customer prepaid to AMB to the address provided with the RMA number.
- 8.4. Customer acknowledges and agrees that the foregoing is AMB's only liability and Customer's exclusive remedy for any claim, whether arising in tort or contract, and in no event shall AMB be liable for special, collateral, incidental or consequential damages.

9. Limitation of Liability

- 9.1. In no event shall AMB be liable to Customer or any third party for any special, exemplary, punitive, incidental, indirect, speculative, remote or consequential damages of any kind, including, but not limited to, lost profits, lost savings, lost revenues or diminution in value, regardless of whether or not AMB has been advised of the possibility of such damages arising from or connected with the services, equipment, materials or any goods or services provided hereunder, and regardless of the legal or equitable theory (contract, tort or otherwise) upon which the claim is based. Furthermore, in no event shall AMB's aggregate liability arising out of or related to this agreement, whether arising out of or related to breach of contract, tort (including negligence) or otherwise, exceed the total of the amounts paid by Customer to AMB under the applicable purchase or service agreement between the parties.
- 9.2. Customer shall defend, indemnify and hold harmless AMB, its employees and agents from and against all liabilities, claims, damages, losses and expenses for injury to any person or damage to real or tangible personal property which directly or indirectly arises out of breach of any agreement between the parties or the misuse, unsafe, negligent or inappropriate use of any product sold by AMB to Customer.

10. Confidential Information

- 10.1. AMB's technical, trade secret, proprietary or similar information contained in plans, drawings, specifications, photographs or other documents, (collectively, "Confidential Information") disclosed or furnished by AMB to Customer or its officers, directors, employees or agents, (collectively, Representatives), and all copies thereof, including without limitation any and all materials of any kind containing or embodying any Confidential Information, are the sole and exclusive property of AMB. Disclosure of Confidential Information by AMB to Customer or its Representatives will not be construed as granting to Customer or its Representatives expressly or by implication, any right, title or interest of any kind in any Confidential Information. Upon AMB's request, Customer will promptly deliver all of the Confidential Information in Customer's or its Representatives' possession or control whether in written, electronically-readable or other form, including without limitation all copies or extracts thereof or based thereon. All Confidential Information will be kept confidential by Customer and its Representatives and will not be disclosed to any person or entity without AMB's prior written consent. Customer and its Representatives will indemnify and hold harmless AMB and its officers, directors, employees and agents for any costs, expenses or losses incurred or suffered by any of them as a result of any breach of this provision.

11. Intellectual Property

- 11.1. All specifications, drawings, schematics, tests, designs, inventions, engineering notices, financial information, technical data, samples, prototypes, models and/or equipment ("Technical Information") supplied by AMB, directly or indirectly, will remain AMB's property and will be held in confidence by Customer.
- 11.2. Customer will not reproduce, use or disclose Technical Information to others without AMB's prior written consent and will return all Technical Information to AMB upon demand or upon completion by AMB of its obligations under this Agreement.
- 11.3. Customer will disclose Technical Information only to those of its employees that "need to know" and that are contractually bound by confidentiality obligations equivalent to those contained in this Agreement.
- 11.4. Customer agrees that any information that Customer discloses to AMB related to the design, manufacture, sale or use of the goods sold is disclosed as part of the consideration for this Agreement, that AMB may use such information in any manner and for any purpose, and that Customer will not assert any claim against AMB by reason of such use.
- 11.5. AMB will own all right, title and interest in any idea, invention, concept, discovery, work of authorship, patent, copyright, trademark, trade secret, know-how or other intellectual property developed by AMB related, directly or indirectly, to the goods sold or this Agreement ("Intellectual Property"), whether or not AMB charges for the Intellectual Property.
- 11.6. The sale by AMB of the goods or services ordered does not grant or confer upon Customer or Customer's customers, or upon anyone claiming under Customer, a license, express or implied, under any patent rights of AMB covering or relating to any combination, instrument or process in which said item might be or are used.

12. No Right To Copy

- 12.1. The Product is sold by AMB subject, in every case, to the condition that such sale does not convey any license, or other right in the Customer to manufacture, duplicate, or otherwise copy or reproduce the Equipment or any component thereof, through any means whatsoever. Customer agrees to take appropriate steps to assure compliance with the restrictions contained in this paragraph. Any violation of this section shall be deemed a material breach by Customer.

13. Inspection/Testing

- 13.1. Customer, at its option and expense, may inspect and observe the testing by AMB of the goods purchased for compliance with the AMB's standard test procedures prior to shipment, which inspection and testing shall be conducted at AMB's facility at such reasonable time as specified by AMB.
- 13.2. Any rejection of the goods must be made promptly prior to shipment. Tests shall be deemed to be satisfactorily completed and the test fully met when the goods meet AMB's criteria for such procedures.

14. Non-Waiver of Default and Collection Rights

- 14.1. The failure of either Party to enforce any provision of these Conditions is not to be construed as a waiver of the provision or the right thereafter to enforce each and every provision.
- 14.2. No waiver by either Party, express or implied, of a breach of a term or condition is to be construed as a waiver of any other breach of that term or condition.
- 14.3. In the event of any default by Customer, AMB may invoke any remedy provided by law or by the terms herein stated, and may decline to make further shipments. If AMB elects to continue to make shipments, its actions shall not constitute a waiver of any default by Customer or in any way affect legal remedies for any such default.

15. Governing Law

- 15.1. This Agreement shall be interpreted in accordance with the construction thereof and shall be governed by the laws of the State of California, USA excluding its conflict of law and choice of law rules. The Parties irrevocably consent to the nonexclusive jurisdiction of the United States District Court for the Southern District of California in any suit action or proceeding brought by either Party under this Agreement and any matter related thereto.

16. Assignment

- 16.1. This Agreement is binding upon and inures to the benefit of the parties and the successors and assigns of the entire business and goodwill of Customer, or of that part of the business used in the performance of the goods or services purchased, but shall not be otherwise assignable, without the prior consent of AMB.

17. Legal Compliance

- 17.1. Customer, at all times, shall comply with all applicable federal, state and local laws and regulations and/or government-wide policy. Improper disclosure of restricted or protected information could result in fines, penalties, suspensions, debarment or criminal prosecution.

- 17.2. It is the responsibility of the Customer to properly identify any information requiring protection. Examples include, but are not limited to, Personal Identifiable Information, (PII), Health Insurance Portability and Accountability Act (HIPAA), Controlled Unclassified Information, (CUI) and Export Administration Regulations (EAR).
- 17.3. It is the responsibility of the Customer to properly flow down any information FAR or DFAR requirements pertaining to this Agreement.
- 17.4. Export of the products may be subject to export license control by the United States government. It is Customer's responsibility to obtain any licenses which may be required under the applicable laws of the United States including the Export Administration Act and regulations promulgated thereunder.

18. Severability

- 18.1. If any provision of these Conditions is held by any competent authority to be invalid or unenforceable in whole or in part, the validity of the other provisions of these Conditions and the remainder of the provisions in question will not be affected and will be enforced to the fullest extent permitted by law.