

SKF General Conditions of Purchase

ADDITIONAL TERMS AND CONDITIONS OF PURCHASE

1. **Offer and Acceptance.** This Order is an offer to Vendor by Purchaser to enter into a purchase contract on the terms and conditions set forth herein and on the front of this Order, and in any attachments, specifications and/or other materials expressly referred to in any of the foregoing (this "Order" or the "Contract"). This Order must be accepted in writing by Vendor. However, if for any reason Vendor should fail to accept this Order in writing, the shipment by Vendor of any goods ordered hereby, the furnishing of any service called for hereunder, or the acceptance of any payment by Vendor hereunder or any other conduct by Vendor which recognizes the existence of a contract pertaining to the subject matter hereof shall constitute an unqualified acceptance by Vendor of this Order and all of its terms and conditions. No acceptance by Vendor shall be effective if it varies from or is in conflict with the terms hereof or proposes additional terms. Any different, contrary or additional terms of Vendor shall be deemed to be rejected unless expressly approved by Purchaser in writing, and absent such approval the terms and conditions of this Order shall constitute the complete and exclusive statement of the terms and conditions of the Contract between the parties and all deliveries shall be deemed to have been made pursuant to the terms of this Order. IF THIS ORDER HAS BEEN ISSUED BY PURCHASER IN RESPONSE TO AN OFFER AND IF ANY OF THE TERMS HEREIN ARE ADDITIONAL TO OR DIFFERENT FROM ANY TERMS OF SUCH OFFER, THEN THE ISSUANCE OF THIS ORDER BY PURCHASER SHALL CONSTITUTE AN ACCEPTANCE OF SUCH OFFER SUBJECT TO THE EXPRESS CONDITION THAT VENDOR ASSENT TO SUCH ADDITIONAL AND DIFFERENT TERMS HEREIN AND ACKNOWLEDGE THAT THIS ORDER CONSTITUTES THE ENTIRE CONTACT BETWEEN PURCHASER AND VENDOR WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THE SUBJECT MATTER OF SUCH OFFER. VENDOR SHALL BE DEEMED TO HAVE SO ASSENTED AND ACKNOWLEDGED UNLESS VENDOR NOTIFIES PURCHASER TO THE CONTRARY IN WRITING TEN (10) CALENDAR DAYS AFTER ITS RECEIPT OF THIS ORDER.

2. **Deliveries.** If Vendor is a U.S. entity, then the shipping terms are as stated hereon, or, if not stated, are F.O.B. the Purchaser facility specified in this Order. If Vendor is not a U.S. entity, then the shipping terms are DDP and shall be construed in accordance with the latest version of INCOTERMS. Separate packing lists are required and must accompany each shipment released against this Order. The complete number of this Order must appear on all documents. Any quantity delivered in advance of the scheduled date(s) or in excess of that ordered hereon, Purchaser at its sole option may (i) refuse delivery thereof with no liability and/or return such goods to shipper with all transportation charges on such return shipments for Vendor's account, or (ii) accept delivery thereof but postpone payment until the date payment would have been due had delivery been made on the proper date. All goods shipped must be suitably packaged and prepared for shipment to withstand normal transportation and stocking functions. No packaging (containers, drums, barrels, shells, reels, etc.) shall be returned by Purchaser. Vendor shall not combine shipments destined for Purchaser's different facilities on the same bill of lading or in the same container. Test reports and other documents must accompany each shipment as may be required by this Order. Additionally, Vendor shall provide Purchaser, at delivery and free of charge, with the agreed number, or at least one copy, of documents and drawings that are sufficiently detailed to enable Purchaser to carry out the assembly, start up, running and maintenance of the goods. Time is of the essence under the Contract. Purchaser's production schedules and/or its promised delivery dates to its customers will be based upon Vendor's delivery of such goods and services to Purchaser by the date(s) specified in this Order, and Vendor hereby gives its assurance of the timely delivery of such goods and services in accordance with the terms hereof. Vendor will compensate Purchaser for all costs, damages and losses incurred by Purchaser as a result of late delivery. Transportation of this Order is to be at lowest cost service unless otherwise specified hereon. Premium transportation charges will be paid by Purchaser only when specifically authorized by Purchaser in writing. Purchaser's liability for the transportation cost of prepaid shipments, if authorized in the Order, requires attachment of the transportation receipt to Vendor's invoice. If delays caused by Vendor result in the need for premium transportation, the additional cost therefore shall be the sole responsibility of Vendor. If delivery dates cannot be met, Vendor shall immediately inform Purchaser

in writing of Vendor's best possible delivery date(s) for approval by Purchaser. If the alternate delivery date(s) are not approved by Purchaser (in the exercise of its sole discretion) or late deliveries are made by Vendor, then in addition to any other rights or remedies it may have, Purchaser shall have the right to terminate the Contract or return all or any portion of the ordered goods delivered after the date specified herein to Vendor for full credit at Vendor's expense. Vendor shall make timely payment of all subcontract amounts when and as due, and otherwise shall pay or bond all bills and charges for material, labor or otherwise in connection with or arising out of work covered by the Order, and will hold Purchaser free and harmless against all liens and claims for labor and material filed against Purchaser's property. Purchaser shall have the right to pay all sums necessary to obtain the release and discharge of any such liens or claims and deduct all amounts so paid from the next succeeding contract payment until the total amount of same shall be recouped, as Purchaser may elect.

3. **Rescheduled Deliveries; Cancellation.** Purchaser reserves the right to reschedule, cancel or change quantities on this Order prior to any required delivery date by giving notice to Vendor, and the extent of compensation or reimbursement, if any, shall be negotiated between Purchaser and Vendor on a fair, just and equitable basis. It is further agreed that upon the cancellation or termination, in whole or in part, of any contract by Purchaser may have received, directly or indirectly, from the United States Government, or any of its agencies, for the performance of which this Order was issued, the Purchaser shall have the right to cancel an equivalent part of the undelivered portion of this Order. In that event, Vendor shall become entitled to receive, in full for such cancellation, payment in such aggregate amount as the representative designated by the Government to settle claims arising out of the termination of such contract shall allow to the Vendor for goods or services then completed but undelivered, work in process, materials and supplies purchased, discharged commitments and profits.

4. **Prices.** The prices to be paid for the goods and/or services to be provided by Vendor hereunder shall be as set forth in this Order, and must not be billed at prices higher or in greater quantities than that stated in this Order unless otherwise agreed to in writing by Purchaser, notwithstanding Vendor's published prices or those specified in any quotation by Vendor. If the price is not shown on this Order, Vendor agrees that it will furnish goods and/or services specified at the lowest prevailing market price on the date of shipment or at the price applying to Purchaser's last order with Vendor, whichever is lower. All charges are included in the price and no extra charges of any kind, including, by way of example only, charges for packaging (containers, drums, barrels, shells, reels, etc.), loading, drayage, blocking, dunnage, lighterage, shall be allowed unless otherwise expressly excepted by Purchaser in writing. All prices include all applicable federal, state, local and international taxes, assessments and duties.

5. **Payment.** Drafts (except as issued by Purchaser) will not be honored under any circumstances. Unless otherwise agreed in writing by Purchaser, all payments will be in United States dollars and Purchaser shall not be obligated to pay any invoice prior to Vendor's completed delivery of goods or services in fulfillment of the Order for which such invoice is rendered. Payments otherwise will be made net sixty (60) days, except for discounts which may be taken at Purchaser's option in accordance with discount terms specified by Vendor. Discount or due date will be calculated from Purchaser's receipt of a proper invoice or its receipt of properly completed delivery by Vendor, whichever is later. Purchaser's payment shall not constitute acceptance of the goods or work or otherwise impair Purchaser's rights or remedies hereunder in respect of any default of Vendor. Purchaser may withhold payment to such extent as may be necessary to protect Purchaser from loss because of: (a) defective work not remedied; (b) reasonable doubt that the Contract will be completed on time; or (c) reasonable doubt that all unpaid claims, charges, liens and encumbrances that may affect title to the goods purchased hereunder can be satisfied with the balances still unpaid. Purchaser shall be entitled at all times to setoff any amount which Vendor owes to Purchaser arising under this Order or otherwise against any amount payable by Purchaser in connection with this Order. Purchaser shall not be liable to Vendor for any cost, charge, loss or expense except as expressly provided in this Order.

6. **Prototypes; Changes, and Tooling.** No change in the goods or services ordered under the Contract, or to any approved or specified method of production, including substitutions or changes in material, equipment, processing, production location, or subcontractors shall be made by Vendor without the prior written consent of Purchaser. If Vendor's prototypes are required by the Contract, Vendor shall not forward production shipments until Purchaser has

approved in writing Vendor's prototypes processed or fabricated by means of the tooling and process methods intended to be used to produce such product in production quantities. Purchaser reserves the right, after the Order has been placed, to modify the agreed technical specifications. Any such modification shall be confirmed in writing. Any difference in price and/or delivery date resulting from such modifications is to be subject to mutual agreement and must be confirmed in writing. Special tools and equipment provided by Purchaser to be used in fulfillment of the Contract, shall, when wholly or partly paid by Purchaser, become the property of Purchaser ("Tooling"). Vendor shall mark the Tooling with a clear reference that the tooling is Purchaser's property. Vendor shall not, without the prior written consent of Purchaser, surrender Tooling to third parties and shall not be entitled to manufacture any goods with the Tooling, other than goods for Purchaser. Vendor is responsible for repairing, storing, servicing and maintaining insurance on the Tooling.

7. Quality and Inspection. Vendor shall comply with the SKF Quality Standards for Suppliers, which addresses compliance with the principles of the SKF Code of Conduct, of the SKF Code of Conduct for suppliers and subcontractors and of SKF's Environmental, Health & Safety (EHS) policy (<http://www.skf.com>) and shall ensure that any subcontractor approved by Purchaser hereunder, is legally bound to a similar compliance obligation. All goods and services shall be in accordance with technical and other specifications specified or otherwise established by Purchaser. All specifications will be considered to require that the goods must be new when delivered to Purchaser, unless the applicable specifications expressly permit the delivery of used, reconditioned or remanufactured product. Purchaser reserves the right to inspect the goods and services covered by this Order at any time and all goods and services purchased are subject to acceptance by Purchaser, notwithstanding Purchaser's prior payment, inspection, audit or testing of work in progress or otherwise. Goods or services found to be defective, or not in conformance to the descriptions or specifications stated on this Order, whether at the time of first inspection or during Purchaser's manufacturing processes, are subject to rejection. Goods rejected may be returned to Vendor with transportation charges made to Vendor's account.

8. Warranty. Vendor warrants that all goods and services (except as supplied by Purchaser) furnished under the Contract will be: (a) in conformity with the requirements of this Order (including without limitation any specification or drawing referenced in this Order); (b) free from defects in design, material and workmanship; (c) in compliance with all accepted models and samples and all written affirmations of fact, descriptions or specifications; (d) free of any lawful liens, encumbrances or similar claims against title; (e) merchantable; and (f) fit for the purposes intended by Purchaser. Without limiting any remedy Purchaser may have, Vendor will repair or replace at no cost to Purchaser all goods found by Purchaser to be defective contrary to the foregoing warranties for which notice is given by Purchaser within two (2) years after delivery by Vendor. In addition, Vendor warrants that any goods furnished to the Purchaser will not infringe on any patent, trademark, copyright, mask work right, or other intellectual property right by reason of their manufacture, use or sale, and will not misuse or misappropriate any trade secret. All warranties set forth in the Contract and those arising as a matter of law shall extend to and be enforceable by Purchaser and Purchaser's customers, and shall survive delivery and shall not be deemed waived by Purchaser's acceptance or payment. Notwithstanding any other provision, in addition to the foregoing, Vendor shall be liable for Purchaser's costs (including overhead and general and administrative expenses) and damages related to or arising from goods or services that do not conform to the requirements of this Order or due to defective material, workmanship or design, including but not limited to labor and other costs related to transportation of goods, expediting, removal, disassembly, failure analysis, fault isolation, assembly, reinstallation, reinspection, retrofit, and any and all other such corrective action costs incurred by Purchaser. This remedy is not exclusive and shall not be in lieu of any other remedy available at law, in equity or under this Order.

9. Indemnity and Hold Harmless. Subject to the applicable statute of limitation, Vendor agrees to defend, hold harmless and indemnify Purchaser, its customers, officers, directors, agents and employees from and against all claims, demands, losses, suits, damages, liabilities and expenses (including reasonable attorneys' fees) arising from (i) any act or omission of Vendor, its employees, agents, or subcontractors; (ii) any conditions of real

or personal property of Vendor; or (iii) any breach of the warranties specified above; including, without limitation, claims made against Purchaser or its indemnitees for infringement of, or inducement to infringe, any patent, trademark, copyright, mask work right or other intellectual property right.

10. Assignment and Delegation. The Contract and any performance or payment due under it shall not be assigned, transferred, sublet, subcontracted or delegated, in whole or in part, by Vendor by operation of law or otherwise without the prior written consent of Purchaser. Purchaser may assign its rights under the Contract at any time, and the Contract shall inure to the benefit of Purchaser, its representatives, successors and assigns.

11. Property; Confidentiality. All drawings, prints, dies, patterns, tools, specifications, samples, etc. (hereinafter "manufacturing property") furnished to Vendor by Purchaser shall remain the property of Purchaser. Vendor agrees that any manufacturing property to be furnished by Vendor, and for which a price is itemized separately herein, shall become the manufacturing property of Purchaser upon payment. Purchaser's manufacturing property is to be returned to Purchaser. Vendor shall be responsible for all maintenance and loss or damage to Purchaser's manufacturing property while in Vendor's possession; and shall mark and number the same to permit their accurate identification at all times with respect to this Order as well as indicate Purchaser's ownership of such property. Purchaser's manufacturing property shall be used by Vendor exclusively for the production of goods sold hereunder to Purchaser and for no other use except as may be permitted by Purchaser in writing. All taxes, assessments, and similar charges levied with respect to or upon any of Purchaser's manufacturing property while in Vendor's possession and control, for which no exemption is available, shall be borne by Vendor. Upon completion, cancellation, or termination of the Contract, any tangible manufacturing assets of Purchaser, together with all operation sheets or process data necessary to show the proper use thereof, shall be held at no cost to Purchaser for a period of ninety (90) days pending Purchaser's instructions to Vendor for disposition of the same. Vendor agrees to keep Purchaser's manufacturing property in strict confidence and will not use, reproduce, appropriate or disclose for the benefit of any party other than Purchaser, any item of Purchaser's manufacturing property and any other property or information furnished by Purchaser, and that the same shall not be used except for the production of the goods ordered by Purchaser unless otherwise excepted by Purchaser's written consent. Vendor understands and agrees that this Order shall be treated confidentially in every respect and that it shall refrain from any publicity or advertising concerning this Order. If this Order is for machinery, to which Purchaser has contributed information pertinent in its design, operation or application, Vendor shall refrain from any publicity or advertising concerning such machinery. Vendor acknowledges that information with respect to or contained in Purchaser's manufacturing property are proprietary and that monetary damages will be inadequate to compensate Purchaser for Vendor's breach of this provision. In addition to any other remedies available to Purchaser under this Order, or at law or in equity, Purchaser will be entitled to seek injunctive relief to enforce the terms of this paragraph 11.

12. License to Repair or Reconstruct. Vendor grants to Purchaser a worldwide, nonexclusive, royalty-free, irrevocable license to use, to repair and have repaired, to reconstruct and have reconstructed the goods ordered hereunder, including, without limitation, any manufacturing property, and to duplicate and make derivative works of any copyrightable instructions, manuals, charts or graphs provided by Vendor to Purchaser that are useful in the operation such goods.

13. Compliance With Law. The Vendor warrants that the products and/or services to be delivered hereunder by Vendor shall be produced or supplied in compliance with all applicable laws and regulations (including those specified in the SKF Quality Standards for Suppliers) and that its performance hereof is not in violation of such laws and regulations. **To the extent not exempt, Vendor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a) at 29 CFR Part 471, Appendix A. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or**

disability. Such action is to include, but not be limited to, matters of employment, upgrading, demotion, transfer, recruitment (including recruitment in advertising), layoff or termination, rates of pay or other forms of compensation, and selection for training (including apprenticeship). All products and/or equipment specified in the Purchase Order must meet the applicable standards of the Occupational Safety and Health Act of 1970 (Public Law 91-596). If, by reference on the Purchase Order, or by attachment thereto, specific United States Government regulations are made part of the conditions applicable to the Purchase Order, or by attachment hereto, Vendor warrants that, in the performance of the Purchase Order, it is in compliance with such regulations. Vendor acknowledges that the data (drawings, prints, patterns, specifications, etc.) attached to or otherwise contained herein either contains or may contain technical data subject to U.S. export regulations under the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR). Disclosure by any means (oral, electronic, visual, facsimile, telephone) whether in its original form, modified or incorporated in any other form, to any non-U.S. person or any foreign entity is expressly forbidden without the prior written authorization from the U.S. Department of State, Directorate of Defense Trade Controls (DDTC) or U.S. Department of Commerce, Bureau of Industry and Security (BIS) as appropriate. Vendor will comply with any and all applicable export restrictions and will indemnify Purchaser for any failure to comply with this Section 13.

14. Modification and Waiver; Force Majeure. Failure, delay or forbearance of Purchaser to insist on strict performance of the terms and provisions of the Contract, or to exercise any right or remedy, shall not be construed as a waiver thereof. No amendment, modification, termination, or waiver of any provision of the Contract shall in any event be effective against Purchaser unless in writing signed by Purchaser, and shall be effective only in the specific instance and for the specific purpose for which it is given. In addition, acceptance by Purchaser of a non-conforming goods or services or a request by Purchaser for future deliveries shall not impair Purchaser's rights to terminate the Contract in whole or in part for Vendor's breach. In the event any fire, flood, strike or other labor disturbance, war, embargo, explosions, riots, or laws, rules, regulations and orders of any government authority to which Purchaser is subject, or any other cause beyond the reasonable control of Purchaser, interferes with Purchaser's production or operations for which the goods or services were ordered hereunder by Purchaser, Purchaser may suspend delivery of such goods or services without penalty or liability to Vendor during the period required to overcome the force majeure event by Purchaser's reasonable efforts.

15. Governing Law; Insurance; Interpretation. The Contract shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the laws of the Commonwealth of Pennsylvania, U.S.A., without references to the conflicts of laws principles thereof. The United Nations' convention for the international sale of goods is expressly excluded. Promptly upon request of Purchaser, Vendor agrees to provide to Purchaser certificate (s) of insurance evidencing coverage against workers' compensation, general liability (including products liability) and automotive risks with limits and carriers that are reasonably satisfactory to Purchaser and include Purchaser as an additional named insured. The parties hereby intend to act as independent contractors. The section headings and captions contained herein are not part of the Contract, but are included solely for the convenience of the parties. Neither party to the Contract shall be considered the draftsperson of the Contract. If any provision of the Contract or a part thereof is or becomes invalid or unenforceable under any law of mandatory application, such invalidity shall not affect the validity or enforceability of the remainder of such provision or of the remaining provisions of the Contract. All warranty and indemnification provisions set forth in this Order, and any revision of the same as may be agreed to in writing by the parties, shall remain in full force and effect notwithstanding the termination or expiration of the Contract. All rights and remedies of Purchaser shall be cumulative. This Order includes all related customs duty and import drawback rights, if any (including rights developed by substitution and rights which may be acquired from Vendor's suppliers) which Vendor can transfer to Purchaser. Vendor agrees to inform Purchaser of the existence of any such rights and upon request to supply such documents as may be required to obtain drawback. Pending resolution of any

disputes or appeal thereof related to the Contract, the Vendor shall proceed diligently with the performance of this Order as directed by Purchaser. In the event of any inconsistency among the provisions of this Order hereunder, such inconsistency shall be resolved by giving precedence in the following order: (A) Provisions typed on the face of this Order; (B) these Additional Terms and Conditions of Purchase; and (C) specifications, drawings, samples and other documents or materials furnished by Purchaser or furnished by Vendor and relied upon by Purchaser.

ADDITIONAL TERMS AND CONDITIONS.

SERVICES.

16. If requested by Purchaser, Vendor will provide field support, oversight and other necessary assistance during the installation of the goods to ensure that the goods are installed in a good and workmanlike manner, in accordance with applicable contract documents and in accordance with any requirements of Purchaser. Without limiting or substituting for Vendor's other warranties, express or implied, Vendor warrants and represents that all such work and also any work as may be otherwise specified in the Order will be performed by it in the same manner as would be the result of work performed by an experienced, professional firm engaged in the same trade or trades, and that all materials furnished or used in connection therewith will be new. In addition, Vendor will assign to Purchaser in writing all manufacturer's warranties pertaining to any equipment delivered by it to Purchaser. The completed work shall be subject to inspection and the approval (including without limitation the issuance of any necessary permits) by the local government authority having jurisdiction over Purchaser's property at the time the work has been completed. Vendor further represents and warrants that it has inspected the location or locations of the work and all data thereto, including without limitation utilities and access to the site, and has satisfied itself that the compensation to be provided by Purchaser according to the order is reasonable for the completion of the work, including all foreseen or foreseeable risks, hazards, and difficulties in connection therewith. Vendor acknowledges and agrees that Purchaser undertakes no obligation of any sort, whether for supervision or otherwise, in respect to employees of Vendor, or of its subcontractors or materialmen. All work which Vendor is not capable of performing with its own forces shall be let by Vendor to subcontractors in its own name, and not as an agent of Purchaser, and Vendor shall remain fully obligated for the work performed by its subcontractors under the Contract regardless of Purchaser's acquiescence to any subcontract. Work shall be pursued diligently so that the use and the enjoyment by Purchaser of the results of the completed project shall be available to Purchaser on or before the date specified in the Order (the "Required Completion Date"). If Vendor becomes aware of any circumstances that may jeopardize the completion of the work on or before the Required Completion Date, Vendor shall promptly notify Purchaser in writing of the same.

SKF FACILITIES.

17. All work by Vendor at Purchaser's work-site or facilities shall be performed in a manner that is reasonably planned and controlled by Vendor so as to minimize any interference with Purchaser's operations. Vendor shall ensure that Vendor and its employees, subcontractors and agents comply with Purchaser's Safety and Security Standards, to the extent applicable, and, if entering property owned or controlled by Purchaser for any purpose, shall observe all applicable safety, health, and environmental laws and with Purchaser's health, safety and security policies, including without limitation such other policies as Purchaser's Safety and Security Standards. Purchaser may at any time, in its sole discretion, modify or replace Purchaser's Safety and Security Standards and or other site specific safety standards, or otherwise furnish or change health and safety requirements, by notification to Vendor either orally or in writing, without complying with any other provision regarding giving notice. Upon Purchaser's request, Vendor shall promptly remove from Purchaser's work-site or facilities any person under the control of Vendor who violates any of the aforesaid laws, regulations or Purchaser's policies or who may cause or threaten to cause a breach of the peace or who is otherwise objectionable to Purchaser.