

The following STANDARD TERMS AND CONDITIONS shall apply to all sales of Products by Bailey.

1. DEFINITIONS. (a) "Bailey" includes Bailey International LLC, Bailey Manufacturing, LP, Maxim Hydraulics Private Limited, and any subsidiaries, parent companies or affiliates thereof. (b) "Purchase Order" includes documents titled "Purchase Order" and any other affirmation of order request including signed drawing, web order, fax order, email order, letter or telephone confirmation. (c) "Customer" shall mean the named customer on any Purchase Order or master supply agreement for any Product. (d) "Products" shall refer to all hydraulic components manufactured or distributed by Bailey and all other goods purchased by Bailey for resale, and all services provided by Bailey in connection with any Products.

2. ACCEPTANCE. All Products are provided by Bailey expressly subject to and governed by these Terms and Conditions; any variation thereof and any additional or different terms or conditions on any document submitted by Customer are expressly rejected. All orders are subject to acceptance by Bailey and are governed by only these terms and conditions. Any representation, course of dealing, promise or condition or usage of trade not incorporated herein shall not be binding on Bailey.

3. PRICE. All Products will be invoiced in accordance with Bailey's current price schedule in effect at the time of order. C.O.D. charges may be added to the price in Bailey's sole discretion. Prices are exclusive of taxes. All sales, use, excise, property, occupational and other applicable taxes shall be charged to Customer and remitted by Customer to Bailey. If Customer claims exemption from any tax, Customer shall provide written evidence of exemption and indemnify and hold Bailey harmless with respect to any such tax, interest and penalties thereon. All prices are subject to change without notice. Bailey reserves the right to correct any website or catalog printing errors. Mixing of Product quantities to obtain volume discounts is permitted only on certain Products and shall be at Bailey's sole discretion. Bailey reserves the right to charge a non-refundable deposit for custom manufactured Products and/or quick ship Products. These deposits are to be paid prior to Bailey commencing production. If Customer terminates an order for a custom manufactured Product, Bailey shall retain the deposit in addition to any other claims that it may have for damages for termination.

4. PAYMENT. Unless otherwise agreed by Bailey in writing at the time an order is placed, payment for all Products is due prior to shipment. Any credit terms are subject to prior written approval of Bailey's credit department. Payments shall be due and payable in Knoxville, Tennessee U.S.A. in U.S. dollars. Shipments, deliveries and performance of work shall at all times be subject to the approval of Bailey's credit department. Bailey may withhold or delay subsequent Products, or terminate outstanding orders as a result of late payments by Customer. Customer shall reimburse Bailey for all damages

incurred by Bailey by reason of such deferment or cancellation. Invoices that are not paid in accordance with their terms shall incur a finance charge of 1% (or the maximum lawful rate, whichever is less) of the unpaid balance per month.

5. SHIPMENT. All Products will be delivered F.O.B. point of shipment from Bailey. Customer bears all risk of loss of Products upon delivery by Bailey to the carrier or on pickup by Customer at Bailey's plant. Bailey will determine the method of shipment and routing, unless a prior written agreement is in place. All shipping and delivery dates are approximate. Bailey shall not be responsible for handling or other transportation or accessorial charges. Customer shall be responsible for filing and pursuing claims with carriers for loss or damage to Products in transit. Customer shall obtain transportation permits as and when required. Bailey may deliver Products in more than one lot and invoice each lot separately. Bailey shall not be responsible for any delays in delivery of any Product for any reason or for any cost associated therewith. Any request by Customer to cancel any part of an order prior to delivery shall be made in writing. Customer shall pay full cost for completed custom orders and stocked custom components. Items held at Bailey at Customer request or as a result of default by Customer shall incur a warehousing fee of 5% per month of the total Purchase Order amount. Any orders shipped by Bailey and refused by Customer will be handled as a returned Products shipment. Special orders and/or custom Products, including cut rod and tubing, may not be canceled or returned. If Customer fails to pay any sums owed to Bailey when due, Customer's financial condition is unsatisfactory to Bailey, Customer fails to comply with any applicable law, rule or regulation, or otherwise fails to comply with these Terms and Conditions or any other agreement with Bailey, Bailey may without prejudice to any other rights or remedies, terminate any Customer orders or defer shipment.

6. RETURNS. Customer shall not return Products without prior written authorization from Bailey and a Bailey Return Goods Authorization Number ("RGA"). RGAs can only be obtained from Bailey at (865) 588-6000 or 800-800-1810, or online at [www.baileynet.com](http://www.baileynet.com). Customer shall assume all risk associated with the return of any Product. Returned Products shall be returned within sixty (60) days unused to the location designated by Bailey, without damage, packaged securely, marked with Customer's name and Bailey's RGA. Credit, if due, will be issued based upon the lesser of original invoice price or current selling price. All returns of non-current or unsaleable Products for which Bailey may refuse to issue credit for are subject to repair (parts and labor charges), if Bailey chooses to repair them. Special orders and custom Products, including cut rod and tubing, are not returnable. Except for nonconforming Products, all Products returned shall be charged a restocking fee up to 35% of the total invoice cost and, in addition, freight charges both ways.

7. CUSTOMER DESIGNS. Customer shall not return Products without prior written authorization from Bailey and a Bailey Return Goods Authorization Number ("RGA"). RGAs can only be obtained from Bailey at (865) 588-6000 or 800-800-1810, or online at [www.baileynet.com](http://www.baileynet.com). Customer shall assume all

risk associated with the return of any Product. Returned Products shall be returned within sixty (60) days unused to the location designated by Bailey, without damage, packaged securely, marked with Customer's name and Bailey's RGA. Credit, if due, will be issued based upon the lesser of original invoice price or current selling price. All returns of non-current or unsaleable Products for which Bailey may refuse to issue credit for are subject to repair (parts and labor charges), if Bailey chooses to repair them. Special orders and custom Products, including cut rod and tubing, are not returnable. Except for nonconforming Products, all Products returned shall be charged a restocking fee up to 35% of the total invoice cost and, in addition, freight charges both ways.

8. LIMITED WARRANTY.

a. Unless otherwise specified, Bailey warrants Products manufactured by Bailey for a period of one (1) year from the date of purchase against operational failure, solely to the extent caused by defective materials or workmanship, provided that (a) such failure occurs during use of the Product in conformance with the Product Specifications provided by Bailey, and (b) there has been no disassembly, damage during shipment or by abuse, misuse, misapplication, maintenance, alteration or improper installation, maintenance or repair of the Product. Warranty coverage is conditioned upon Customer (a) advising Bailey in writing of the warranty claim, within fifteen (15) days of the alleged operational failure, (b) obtaining from Bailey warranty personnel a RGA and location for return of the Product, (c) complying with all applicable procedures and instructions from Bailey regarding the return of Product, (d) providing to Bailey a complete written report of the circumstances of the claimed operational failure of the Product, and (e) providing Bailey a reasonable time to inspect the Product and investigate the claim.

b. Bailey's only obligation under this Limited Warranty shall only be as follows. If Bailey determines, in its sole judgment, that an operational failure has occurred in a Product manufactured by Bailey, that the Product was being used properly, and that the operational failure was caused solely by defective materials or workmanship, Bailey will, at its sole option, either refund the price paid by Customer for the Product, or, replace the Product or part and pay any shipping charges incurred as a result thereof, lowest round-trip transportation charges from Bailey's Customer's location to designated Bailey location and return. An inspection fee, plus shipping and handling, will apply for all returns not due to a manufacturing defect.

c. Bailey does not warrant, or provide engineering advice as to, the suitability of any Product for Customer's application or use. Customer is solely responsible for determining whether any Product meets Customer's needs and for compliance with all applicable laws, ordinances, regulations, rules and standards relating to the installation, maintenance and use of the products.

d. THE FOREGOING CONSTITUTES THE EXCLUSIVE REMEDY OF CUSTOMER AND THE EXCLUSIVE LIABILITY OF BAILEY. THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, ORAL OR WRITTEN, EXPRESSED OR IMPLIED. ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IS SPECIFICALLY EXCLUDED AND DISCLAIMED AND SHALL NOT APPLY UNDER ANY

CIRCUMSTANCES. THE SALE OF BAILEY PRODUCTS UNDER ANY OTHER WARRANTY OR GUARANTY IS NOT AUTHORIZED.

e. Many Products sold by Bailey are manufactured by third parties and are warranted by their manufacturers. Any third party warranty for any item in Bailey's printed catalog or web site may be obtained from: Bailey Warranty Department, 2527 Westcott Blvd., Knoxville, TN 37931 USA.

f. ANY PRODUCT SOLD BY BAILEY THAT IS NOT MANUFACTURED BY BAILEY SHALL BE SOLD "AS-IS" AND "WITH ALL FAULTS". AS TO ANY SUCH PRODUCT, BAILEY EXCLUDES AND DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, ANY AND ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR MEASURE OF SERVICE OR SUITABILITY.

9. LIMITATION OF LIABILITY. UNDER NO CIRCUMSTANCES, WHETHER ALLEGED AS A RESULT OF BREACH OF CONTRACT OR WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER LEGAL THEORY, WILL BAILEY BE RESPONSIBLE TO CUSTOMER, OR TO ANY THIRD PARTY, FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR OTHER DAMAGES OF ANY KIND, INCLUDING BUT NOT LIMITED TO LOST PROFITS, LOSS OF USE, CLAIMS OF ANY THIRD PARTY FOR PERSONAL INJURY, REGARDLESS OF FAULT OR CAUSE. IN NO EVENT SHALL BAILEY BE LIABLE TO CUSTOMER FOR ANY AMOUNT IN EXCESS OF THE PURCHASE PRICE OF THE PRODUCT(S) FOR WHICH A CLAIM IS MADE. CUSTOMER SHALL NOT BACK CHARGE, COUNTERCLAIM OR SET-OFF ANY CLAIMS AGAINST PAYMENTS DUE ON ITS ORDERS.

10. INTELLECTUAL PROPERTY. Bailey's exclusive liability for infringement of patents, trademarks, copyrights, trade dress, trade secrets or similar rights, and Customer's exclusive remedy for such infringement shall be as provided below. Bailey shall defend and indemnify Customer, including retaining legal counsel selected by Bailey, with respect to any legal proceeding instituted against Customer by a third party for an infringement of U.S. patents, trademarks, copyrights, trade dress and trade secrets ("Intellectual Property Rights") resulting solely from the sale of Products designed and manufactured solely by Bailey. Customer shall cooperate fully with Bailey in the defense, and shall take no position adverse to Bailey's defense of such action. The foregoing undertaking shall not apply unless Bailey shall have been informed in writing immediately by Customer of any claim of infringement and shall have been given the opportunity to assume the defense thereof, or if the claim is settled without the consent of the Bailey. Notwithstanding the foregoing, Bailey shall have no obligation to defend or indemnify Customer for claims of infringement based upon information or designs provided or specified in whole or part by Customer, infringements resulting from the modification, combination or use in a system of any item sold hereunder, or with respect to products not manufactured by Bailey. In the event any Product furnished under this Agreement is made in accordance with drawings, samples, or manufacturing specifications provided by Customer, Customer shall indemnify and hold Bailey harmless from any and all damages, costs and expenses arising from a claim that such Product manufactured by Bailey at the direction and design of Customer, in whole or part, or the use thereof, infringes any patent

rights, foreign or domestic. Customer agrees at its own expense to undertake the defense of any such suit against Bailey or reimburse Bailey for its costs of defense, in Bailey's discretion, brought upon such claim or claims, in addition to any other obligations of Customer set forth herein.

11. ASSIGNMENT. Customer may not assign any right or duty arising under this Agreement or any Purchase Order, in whole or in part, without Bailey's prior written consent.

12. NO WAIVER. Any waiver by either party of any breach of any provision of these Terms and Conditions shall not be construed as a waiver of any other provision or of any continuing or succeeding breach of such provision.

13. SEVERABILITY. If any provision hereof shall be declared unenforceable, invalid or void for any reason, such provision shall be automatically voided and shall not be part of these Terms and Conditions, and the enforceability or validity of the remaining provisions shall not be affected thereby.

14. INDEMNIFICATION. Customer agrees to indemnify, defend and hold Bailey harmless from and against any losses, costs, expenses (including, without limitation, attorney's fees and expenses, paralegal fees, expert witness fees, and other costs of litigation), demands, claims, liabilities, causes of action or damages of any kind or character, arising out of or in any manner relating to: (a) any misuse, alteration, modification or misapplication of any Product(s) or use of any Product(s) other than in accordance with Bailey's instructions and specifications; (b) any violation of any federal, state or local laws, rules or regulations; or (c) any breach of any of the Terms and Conditions set forth herein or other default under any Customer agreement with Bailey.

15. LIMITATION OF ACTIONS. Any legal action, claim or demand by Customer or any third party arising out of the sale of any Product or in any way related to the Customer's purchase of any Product shall be barred if not filed within one (1) year from the date of the accrual of the Customer's cause of action.

16. GOVERNING LAW. The foregoing Terms and Conditions, and any agreed-upon amendment thereto, shall be governed in all respects by the internal laws of the State of Tennessee, U.S.A. Any legal action in connection with the Agreement between Bailey and the Customer and/or any Product sold to Customer shall be filed in a court of competent jurisdiction in Knox County, Tennessee, U.S.A., or in the United States District Court for the Eastern District of Tennessee in Knoxville, Tennessee, U.S.A.