

STANDARD TERMS AND CONDITIONS OF SALE

GOODS AND SERVICES SOLD BY APPLIED INDUSTRIAL TECHNOLOGIES, LP. OR ITS AFFILIATED COMPANIES ("APPLIED") ARE EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS SET FORTH BELOW. ANY DIFFERENT OR ADDITIONAL TERMS OR CONDITIONS IN BUYER'S PURCHASE ORDER OR SIMILAR COMMUNICATION ARE OBJECTED TO AND SHALL NOT BE BINDING ON SELLER UNLESS AGREED TO IN WRITING BY A SELLER CORPORATE OFFICER. BUYER'S ACCEPTANCE OF SHIPMENT OR PERFORMANCE AND/OR PAYMENT FOR THE GOODS OR SERVICES CONSTITUTES ACCEPTANCE OF SELLER'S TERMS AND CONDITIONS.

GOVERNING TERMS: Goods and/or services specified in the invoice ("Deliverables") sold or rendered by Applied Industrial Technologies or any of its affiliates ("APPLIED") are expressly subject to these terms and conditions set forth below ("Terms"). These Terms, together with the invoice issued by APPLIED and all of APPLIED's documentation referenced therein shall constitute the entire agreement between APPLIED and the buyer set forth on the invoice ("Buyer"). All orders are subject to acceptance by APPLIED. Any different or additional terms or conditions set forth in Buyer's purchase order or similar communication, whether or not such form has been acknowledged by APPLIED, are objected to. No waiver, alteration or modification of these Terms shall be binding on APPLIED unless agreed to in writing by an authorized officer of APPLIED. Buyer's acceptance of shipment or performance and/or payment for the Deliverables constitutes acceptance of the Terms and shall be deemed an agreement by Buyer that it has read these Terms and that it understands and agrees to be bound by same. Product specifications listed in any documentation of APPLIED are subject to change without notice and pictures shown therein may not be exact.

PRICE: Prices in effect at time of shipment or performance of the Deliverables shall prevail, *provided, however*, that all prices quoted by APPLIED are subject to change without notice. Prices do not include any present or future sales, use, excise, value added or similar taxes and where applicable, such taxes shall be billed as a separate item and paid by Buyer. Unless otherwise provided in writing, terms of payment are thirty (30) days net, without setoff or deduction, from date invoice was mailed or receipt of the Deliverables by Buyer, whichever is earliest, if Buyer's credit has been approved prior to sale. A late payment charge of 2% per month (an annual percentage rate of 26.8%) shall be charged on all past due accounts. APPLIED may further hold the Deliverables if there are any amounts outstanding. Buyer shall pay APPLIED all costs incurred by it in collecting any past due account from Buyer including all court costs and attorneys fees, provided, however, if the foregoing charges exceed that rate which may be lawfully charged under applicable law, then such charges shall be calculated so as not to exceed the highest lawful rate. Unless otherwise noted, all sales are made EXW (Ex Works, Incoterm 2010, APPLIED's warehouse, freight collected or prepaid and charge on the invoice) and, in all cases, title shall pass upon delivery to the carrier at point of shipment and thereafter all risk of loss or damage shall be upon Buyer.

DELIVERY: Delivery dates given in advance of actual shipment are estimates and shall not be deemed to represent fixed or guaranteed delivery dates. APPLIED shall not be liable for failure to deliver or for delay in delivery or performance due to (i) a cause beyond its reasonable control, or (ii) an act of God or event of force majeure, act or omission of Buyer, act of civil or military authority, governmental priority or other allocation or control, fire, strike or other labor difficulty, riot or other civil disturbance, war, act of terrorism, insolvency or other inability to perform by the manufacturer, delay in transportation, shortage of suitable parts, materials or labor or (iii) any other commercial impracticability. In the event of any such delay, the date of delivery or performance shall be extended for a period equal to the time lost by reason of delay. Additional charges for local delivery may also apply. Buyer shall immediately inspect all Deliverables upon receipt and will be deemed to accept the Deliverables upon receipt. Any claims for shortages or discrepancies shall be deemed waived by Buyer unless made in writing to APPLIED within fourteen (14) days of receipt of the Deliverables.

CHANGE IN BUYER'S FINANCIAL CONDITION: APPLIED reserves the right by written notice to cancel any order or require full or partial payment or adequate assurance of performance from Buyer, without liability to APPLIED, in the event of (i) Buyer's insolvency, (ii) the filing of a voluntary petition in bankruptcy by Buyer, (iii) the appointment of a receiver or trustee for Buyer, or (iv) the execution by Buyer of an assignment for the benefit of creditors. APPLIED reserves the right to suspend its performance until such payment or adequate assurance of performance has been received. APPLIED also reserves the right to cancel Buyer's credit at any time for any reason. Buyer, in order to provide security for the payment of the full price of the Deliverables, hereby (i) if the sale of the Deliverables is made in a province other than the Province of Québec, grants to APPLIED a purchase money security interest in all products sold and any cash receivables or cash from resale, and (ii) if the sale of the Deliverables is made in the Province of Québec, hypothecates in APPLIED's favour, without delivery, as vendor's hypothec (in accordance with article 2954 of the Civil Code of Québec), the Deliverables identified in the order, for an amount equal to the purchase price of such Deliverables. Buyer agrees to execute any documents or furnish information necessary to perfect this security interest. Title to and ownership of the Deliverables shall remain with APPLIED and shall not become a fixture, an integral part of an immovable by reason of being incorporated with or attached or joined to an immovable or real estate, until such Deliverables are paid in full.

NO LICENSE: Nothing herein grants Buyer any right or license to use the intellectual property of APPLIED or of the manufacturer, including trademarks and logos, for any purposes whatsoever and Buyer acknowledges that all right, title and interest therein is and shall remain the exclusive property of APPLIED or the manufacturer, as applicable.

WARRANTIES: Deliverables are sold or furnished only with such warranties as may be extended by the manufacturer of the product. Services performed by third parties are subject only to those warranties extended by such third parties. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW AND EXCEPT AS SET FORTH IN THIS SECTION, APPLIED DISCLAIMS AND EXCLUDE ANY AND ALL REPRESENTATIONS AND WARRANTIES, WHETHER ORAL OR WRITTEN, AND ANY AND ALL IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER STATUTORY OR OTHERWISE, IN RESPECT TO THE DELIVERABLES. Buyer is responsible for installation and use in accordance with manufacturer's instructions. APPLIED personnel are not authorized to alter this policy. Any determination of the suitability of the Deliverables or the use contemplated by Buyer is Buyer's sole responsibility.

LIMITATION OF LIABILITY: APPLIED's liability and Buyer's exclusive remedies for any claim for loss or damage arising out of or connected with the supplying of any Deliverables hereunder, or the sale, resale, operation or use of such Deliverables, whether based on contract, warranty, tort (including negligence) or any other theory of legal liability, are expressly limited to replacement of the defective Deliverables or, at the sole discretion of APPLIED, the refund of the price allocable to such Deliverables or part thereof involved in the claim. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, APPLIED LIABILITY TO BUYER OR ANY THIRD PARTY, REGARDLESS OF CAUSE OR FAULT, SHALL NOT EXCEED THE PRICE ALLOCATED TO THE DELIVERABLES OR PARTS SUBJECT TO THE SAID CLAIM. This limitation of liability reflects a deliberate and bargained for allocation of risks between APPLIED and Buyer and constitutes the basis of the parties' bargain, without which APPLIED would not have agreed to the price or terms of the contract. APPLIED shall not, under any circumstances, be liable for any labor charges without its prior written consent.

APPLIED SHALL NOT IN ANY EVENT BE LIABLE, EVEN IF IT IS MADE AWARE OF THE POTENTIAL FOR SUCH DAMAGES, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER THEORY OF LEGAL LIABILITY FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES, OR PROSPECTIVE PROFITS, including but not limited to, loss of profits or revenue, loss of use of the goods or any associated product, business interruption, cost of capital, cost or substitute products, facilities or services, downtime costs, or claims of customers of Buyer for such damage. If APPLIED furnished Buyer with advice or other assistance which concern any goods supplied hereunder, or any system of equipment in which any such goods may be installed, and which is not required pursuant to this contract, the furnishing of such advice or assistance will not subject APPLIED to any liability, whether based on contract, warranty, tort (including negligence) or any other theory of legal liability.

HAZARDOUS ACTIVITIES: Unless specifically agreed to in writing by an authorized officer of APPLIED, Deliverables are not intended for use in connection with any nuclear facility or any other hazardous activity which SELLER, in its sole discretion, determines to be high risk or hazardous, such as military or commercial aircraft, space exploration, missile installations or other critical applications where failure of a single component could cause substantial harm to persons or property. If so used, APPLIED disclaims all liability for any nuclear damage, contamination, onsite damage to any property located at a nuclear facility or other damage or injury.

CANCELLATION; RETURNED GOODS: Buyer may cancel an order by mutual agreement based upon payment to APPLIED of reasonable and proper cancellation charges. Deliverables may not be returned without the prior written consent of Applied and payment by Buyer of a minimum restocking charge of 15%. Authorized returns shall be returned at Buyer's sole expense, freight prepaid. There are NO returns of special order items. No returns shall be accepted following 60 days after delivery. No credit will be issued for shipping charges or other special expenses.

INDEMNITY: Buyer shall indemnify and hold APPLIED, its successors, assigns, customers, agents and affiliates, and their respective present and former directors, officers and employees, harmless against all damages, liabilities, costs and expenses (including, without limitation, APPLIED's costs of testing and inspection, court costs and reasonable legal fees) on account of claims for injuries to persons or damage to property arising out of (i) any breach by Buyer of the Terms, (ii) Buyer's use of the Deliverables, or (iii) any act or omission for which Buyer is at law responsible.

APPLICABLE LAW: These Terms shall be governed and construed by the laws of the Province of Saskatchewan, without regard to its conflict of law provisions. Seller agrees that the *United Nations Convention on Contracts for the International Sale of Goods* shall not apply to these Terms or the Order. Any action brought on any matter relating to the sale or use of Deliverables hereunder shall be instituted and maintained only in a court of competent jurisdiction for the Province of Saskatchewan, and Sellers waives any objection it may have to the jurisdiction or venue of such court. The Buyer agrees that *The Limitation of Civil Rights Act* of Saskatchewan, and any other similar legislation in any other jurisdiction, shall have no application to this agreement and the Buyer hereby waives all benefits and remedies provided by such Act. Further, buyers agrees to waive any right it may have to a trial by jury or to commence or participate in any class actions against APPLIED related to these Terms and, where applicable, Buyer agrees to opt out of any class proceedings against APPLIED. Buyer acknowledges and is satisfied that these Terms be drawn up in the English language. *L'acheteur reconnaît avoir exigé que les présentes soient rédigées en anglais et s'en déclare satisfait.*

SPECIAL TOOLS: Unless specifically stated in a writing acknowledged by APPLIED, and unless paid for by Buyer as shown on the invoice, all special tools, dies, jigs, patterns, machinery and /or equipment needed by APPLIED for the performance of this sale are, and shall remain, the property of APPLIED.

EXPORT CONTROLS AND RELATED REGULATIONS: Buyer represents and warrants that it is not on, or associated with any organization on the United States Department of Commerce's Bureau of Industry and Security's Denied Persons List or Unverified List; or the United States Department of the Treasury's Office of Foreign Assets Control lists, Specially Designated Nationals, Specially Designated Global Terrorists, Specially Designated Narcotics Traffickers, Specially, Designated Narcotic Traffickers-Kingpin, or Specially Designated Terrorists List; or the United States Department of State's Designated Foreign Terrorist Organizations, Embargoed Countries list, or Debarred Persons List; or is subject to a denial order issued by the United States Department of Commerce. Buyer shall comply with all relevant laws and regulations of governmental bodies or agencies, including but not limited to all applicable export control laws of the United States, Canada or other governing agencies and their successors. BUYER AGREES TO INDEMNIFY AND HOLD APPLIED HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.

ANTI-BRIBERY AND ANTI-CORRUPTION: Buyer states that it is an independent contractor, and represents, warrants, and covenants that it is complying with all applicable laws and regulations relating to bribery and corruption in all countries in which Buyer conducts business, such as the Foreign Corrupt Practices Act.**COUNTRY OF IMPORTATION AND ANTI-DIVERSION:** Buyer agrees that the products will be shipped to the specified destination in compliance with the laws of such destination and the U.S., and that the products will not be directly or indirectly sold, exported, transferred, assigned, used, or otherwise disposed of in a manner which may result in any non-compliance with applicable U.S. and Canada laws and regulations relating to the product purchased by Buyer. Any commodities, technology and software subject to U.S. Export Administration Regulations, Canada and other applicable laws or regulations will be exported or reexported accordingly. Diversion contrary to any applicable law is prohibited. If requested by APPLIED, Buyer shall provide documentation satisfactory to APPLIED verifying delivery at the designated country. Buyer further agrees to inform APPLIED at the time of order of any free trade agreement or other applicable documentation, packaging or product marking or labeling, but APPLIED shall not be responsible for providing any such documentation, packaging, marking or labeling other than such documents that are necessary under U.S. and Canada export laws and regulations for export, unless APPLIED expressly agrees, in writing, to do so.

GENERAL: If any provision hereof shall be unenforceable, invalid or void for any reason, such provision shall be automatically voided and shall not be part of this agreement and the enforceability or validity of the remaining provisions of this agreement shall not be affected thereby. Buyer shall not assign or delegate any or all of its duties or rights hereunder without the prior written consent of APPLIED.