

BAY CORPORATION'S TERMS AND CONDITIONS OF QUOTATION

1. GENERAL: These terms and conditions apply to all quotations, orders, and contracts (collectively, the "Agreement") for the purchase of goods from Bay Corporation ("Bay"). No addition to or modification of these terms and conditions will be binding upon Bay unless agreed to in writing and signed by an authorized Bay representative. Bay objects to other terms and conditions that may be proposed by the Buyer not consistent with these or other terms and conditions.
2. DELIVERY: Delivery dates are estimates based on present stocks, suppliers' promises, and production schedules. In the absence of delivery dates or routing instructions, shipments will be made on completion of production and routed as Bay shall determine.
3. WARRANTY: Except as otherwise noted on Bay's quotation or other signed written communication from Bay, all parts sold by Bay are warranted for a period of one year from the date of shipment to be free from defects in material and workmanship and to conform to Bay's written specifications applicable to the parts. Bay, at its option, will replace, repair, or give Buyer proper credit for, any products or parts found by Bay not to comply with this warranty. **NO OTHER WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE, SHALL EXIST IN CONNECTION WITH THE DESIGN, MANUFACTURE, SALE, OR USE OF ANY GOODS OR PARTS SOLD BY BAY.**

Without limiting the generality of the foregoing, this warranty does not cover, and Bay shall have no liability for:
 - A. Failure or damage due to misapplication, abuse, improper installation, or abnormal conditions of use, temperature, moisture, dirt, pollution, or corrosion.
 - B. Parts that have been in any way altered after leaving Bay's plant.
 - C. Parts damaged in shipment or otherwise without Bay's fault.
 - D. Expenses incurred by the Buyer in processing any parts before discovery of alleged defects or in attempting to correct same.
 - E. Failure or rejection of parts due to incorrect specifications and/or design parameters supplied by the Buyer.
 - F. Damage or losses resulting directly or indirectly from the use or resale by the Buyer of defective parts, or for Bay's parts that have been further processed by the Buyer.
4. **LIMITATION OF LIABILITY: BAY SHALL NOT BE LIABLE FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES. THE REMEDIES OF PURCHASER SET FORTH IN THESE TERMS AND CONDITIONS ARE EXCLUSIVE, AND THE LIABILITY OF BAY WITH RESPECT TO ANY CONTRACT OR SALE, WHETHER IN CONTRACT, IN TORT, UNDER ANY WARRANTY, EXPRESS OR IMPLIED FOR MERCHANTABILITY, FITNESS, OR OTHERWISE, SHALL NOT EXCEED THE PRICE OF THE PRODUCTS UPON WHICH SUCH LIABILITY IS BASED. BAY SHALL NOT BE LIABLE OR RESPONSIBLE FOR LOSSES, DETENTIONS, OR DELAYS OCCASIONED BY ACCIDENT, STRIKES, OR FIRES AFFECTING BAY'S OPERATIONS OR THE OPERATIONS OF BAY'S SUPPLIERS, OR ANY OTHER CAUSE BEYOND THE CONTROL OF BAY. THESE DISCLAIMERS AND LIMITATIONS OF LIABILITY WILL APPLY REGARDLESS OF ANY CONTRARY PROVISION OF THE AGREEMENT.**
5. CLAIMS: All claims by Buyer will be deemed waived if not presented within 30 days after receipt of shipment. Upon notice of any such claims, Bay may inspect any alleged defective parts at the Buyer's place of business or may request their return to Bay. The Buyer may not return parts without authority from Bay and Bay will not be liable for transportation charges if parts are returned without Bay's authorization.
6. BANKRUPTCY: In the event of any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against the Buyer, the inability of Buyer to meet its debts as they become due, or the appointment of an assignee for the benefit of creditors or of a receiver, then Bay may, at its sole option, cancel any unfilled part of an order without any liability whatsoever.
7. PRICE BASIS: Prices are for the quantities and the delivery date quoted. Orders are not subject to cancellation or reduction in quantity, nor may a specified delivery date be postponed for more than 30 days, except with Bay's consent. If Bay consents to such change, Bay shall be entitled to full compensation for all extra costs as Bay shall determine.
8. DESIGN CHANGE: If Buyer requests design changes after production or tool work has begun, the Buyer will be liable for all costs and resulting down time associated with such change, as determined by Bay.
9. TOOLS: Charges made by Bay for dies or tools shall not convey to the Buyer any right, title, or interest in such tool or die.
10. SPECIAL ORDERS: The Buyer will accept over-runs or under-runs on "Specials" not exceeding 10% of the quantities ordered, and billings will be adjusted accordingly.
11. TOLERANCE: All dimensions shall be limited to specified tolerances. Unless otherwise specified by the Buyer, the goods shall be manufactured to Bay's standards.
12. CREDIT: If Bay reasonably believes Buyer may not perform its obligations under the Agreement, Bay may suspend or alter credit terms, require payment before shipment or manufacture, or require such other adequate assurance of Buyer's ability to perform. In such event, Bay shall not be liable for non-performance of any part of the order unless payment was made as requested.
13. PATENTS AND/OR TRADEMARK INFRINGEMENTS: With respect to all parts manufactured in accordance with design, blueprints, drawings, samples, or specifications furnished by the Buyer, Buyer shall indemnify and save Bay harmless from any and all expense, injury, or loss arising out of claims of patent infringement because of the manufacture, use, or sale of such parts.
14. CLERICAL ERRORS: Bay reserves the right to correct clerical errors without prejudice.
15. SUBSEQUENT ORDERS: These terms and conditions will govern all orders made by Buyer. This form need not accompany subsequent orders from Buyer in order for these terms and conditions to be binding on future sales.
16. GOVERNING LAW: This transaction shall be deemed to have been made and entered into and shall be construed and enforced in accordance with the laws of the State of Ohio. Any action to interpret or enforce the Agreement shall take place in Cleveland, Ohio.
17. ARBITRATION: Any dispute arising out of or related to Bay's products or any contract with Bay, other than an action seeking injunctive relief, shall be resolved by binding arbitration, conducted by the American Arbitration Association, in Cleveland, Ohio pursuant to the rules of commercial arbitration. Buyer and Bay agree to each pay one-half the cost of the arbitration proceeding. Any decision rendered by the arbitrators shall be binding upon the parties and may be filed in any court of competent jurisdiction.
18. Go to www.baycorporation.com for Terms and Conditions of Sale.