

DISTRIBUTOR POLICIES AND PRACTICES MANUAL

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OVERVIEW

These policies and practices are designed to assist you in your business relationship with Thomson. It will provide you with the tools that are necessary to effectively service your customer base and to work efficiently with Thomson Industries, Inc.

This manual is a dynamic tool and will be updated to address issues that are important to Thomson and our distribution partners. If you believe that this manual should address items that are not included, please bring them to our attention. Thomson reserves the right to update this manual at any time.

Thomson Customer Support Center Hours of Operation
Monday - Thursday 8:00 am to 7:00 pm & Friday 8:00 am to 6:00 pm Eastern Standard Time

SERVICE STANDARDS

Thomson customer support will continuously strive to meet the service standards as defined below:

ORDER ENTRY

Accessibility	90% of all calls answered (no voicemail)
Time to Answer	80% of all calls answered in 90 seconds or less
Order entry	Acknowledge/Book within 24 hours
Order expedite update response	4 hours
Voicemail reply	4 hours
E-mail reply	4 hours
Quotes for special pricing	24 hours
Quotes for modified standard product	24 hours
Quotes for engineered product	72 hours

OPERATIONS

Missed delivery re-acknowledgement	By end of day (order due date, or in advance if component shortage related)
Order expedite update response	4 hours
Order acknowledgement	24 hours after order entry
Quotes for engineered special product	5 days
CAR turnaround	5 days 10 days from date of receipt of return
Repair analysis	15 days from point date of receipt

ISSUE ESCALATION

In the event that service standards are not met or issues are not resolved to the customer's satisfaction, the escalation path is through the Thomson Customer Service team.

ORDERING

- I. **Minimum Order:** \$150.00 net for Precision Ball product, \$50.00 net for BSA product
- II. **Request Dates:** Orders that are received:
 - i. without a requested delivery date or
 - ii. requested for the same day that the order is submitted (but not same day lead time product)
 - iii. having the term “ASAP” designated as the request date;will be entered with a request date of published standard lead-time for the product being ordered. Urgent or Breakdown orders must be clearly marked and will be handled as described below.
- III. **Expedited Orders:** For machine or line down situations, contact your Sales Administrator to request an expedited delivery. In the event there is a material or capacity constraint, Thomson reserves the right to charge a 25% expedite fee as a minimum. (Not subject to discount)
- IV. **Quotations:** When applicable, quotations **must** be noted on the purchase order. Credit will not be issued if a quotation number is not indicated on the original purchase order
- V. **Terms and Conditions:** All orders are subject to Thomson Terms and Conditions. Terms and conditions are posted on the Thomson website:
http://www.thomsonlinear.com/website/com/eng/support/terms_and_conditions.php

PRICING

- I. Thomson will sell products to the Distributor at the current list price of the products (www.thomsonlinear.com/website/com/eng/support/terms_and_conditions.php) multiplied by the applicable multiplier. The Multiplier may be changed from time to time based upon the Distributor classification as more fully described in the policies. Manufacturer reserves the right to change the prices for the Products from time to time in its sole and absolute discretion upon no less **than sixty (60) days** advance written notice.

SHIPMENTS

- I. **Same Day Shipments (stock items):** Orders must be received by Noon (Eastern Standard Time) the day of shipment.
- II. **Drop Shipments:** While it is our preference not to drop ship, we will accommodate business or market conditions as required by the customer. If drop shipments are made outside a distributor’s home state, the

distributor must provide Seller with a sales tax exemption certificate for the “ship to” location of the end customer. If the Seller is subsequently assessed sales tax by a state tax agency because the Seller was unable to secure the correct state documentation to support state tax exemption that the goods were purchased for resell, any tax liability imposed will be passed from the Seller to the Buyer who will be responsible for the assessed tax incurred.

Thomson will not export drop shipments for distributors.

- III. Urgent/Breakdown Orders:** Orders supported under this policy are different from our standard order processing and shipping procedures to ensure priority processing.
 - a. Purchase order must state URGENT or BREAKDOWN.
 - b. All orders must ship by expedited method, determined by Seller.
 - c. Quantity of shipment is limited to the quantity required to eliminate the situation.
- IV. COD Shipments:** COD shipments allowed only when authorized by the Thomson Credit Department.
- V. Short Shipments:** Any claims for shortages must be documented with Customer Support within 30 days of receipt of the shipment.
- VI. Damaged Shipments:** Buyers must contact the carrier immediately upon receipt of damaged goods to file a claim. Thomson can only file claims on shipments that ship freight prepaid.
- VII. Shipping Instructions:** Shipping instructions requested on individual purchase orders will supersede any previously documented routing instruction. If customer requested shipping instructions goes against Thomson recommended best ship method, the customer will be liable for all damaged shipment claims.
- VIII. Export Shipments:** All distributors outside the US must have a signed Thomson export policy agreement on file.

FREIGHT

- I.** Thomson’s freight standard is “Prepay and Add” unless otherwise specified on the purchase order.
- II.** For collect shipments, distributors must specify the freight carrier, with account numbers, and an alternative method in case shipment exceeds the weight or length restrictions of the preferred carrier.
 - a. If an alternate is not specified, and the specified carrier is unable to accept shipment, Thomson will select a preferred carrier and ship “Prepay and Add”. No credit for the freight charges will be issued.
 - b. If “Best Way” is given as freight terms we will use a Danaher preferred carrier. Use the terms “Bestway Express” if you are requesting the actual trucking company.
- III.** In the event that a carrier is not specified on the purchase order, Thomson will select a preferred carrier and “Prepay and Add” the freight. No credit will be allowed if alternate routings were desired but not specified.
- IV.** Prior approval is required for all freight concessions. Without prior approval, credits will not be allowed for freight debits after the shipment has been made.

- V. If a shipment is received damaged and accepted a note must be made on delivery receipt, so that Thomson can issue a valid claim.

RETURNS / REPAIRS / EXCHANGES

A Return Material Authorization (RMA) is required in advance of all returns, regardless of the reason. The following information is required for all RMA requests:

- I. Thomson part number, serial number (if applicable) and date code of the product(s) to be returned.
- II. Reason for return including conditions/symptoms of product failure.
- III. Name, phone and fax number of administrative or technical contacts.
- IV. Complete billing address, for invoices.
- V. Complete shipping address for the returning product.
- VI. Preferred shipping method.
- VII. Purchase order number including any pre-approved repair charge, evaluation fees and or repair report fees for all non-warranty repairs.
- VIII. After receiving the above information, customer support will issue a Return Material Authorization number (RMA) which must be included on the packing slip and on the outside of the shipping container of the returned products. Returns with an invalid RMA will not be received. Customer Support will provide you with the shipping address. If the product is returned to the wrong location it will be forwarded to the correct location at the customer's expense.
- IX. All products to be repaired must be returned freight prepaid. All returns are on consignment. They remain the customer's property with no debit to Thomson.
- X. Prior to returning any products for repair, authorization must first be received from the Customer Support. Please contact your designated Sales Administrator.

WARRANTY RETURN – OUT OF BOX FAILURE

The Out of Box Failure program is a policy enhancement to our existing warranty and repair program. This program is intended to ensure expeditious “Replacement” of all Thomson products that fail during initial installation and operation.

- I. Out of Box Failure is defined as product failures that occur during initial testing and installation.

- II. Distributors are authorized to provide immediate “replacement” products out of distributor’s inventory to support the OBF program and extend this higher level of service to our customer base.
- III. In situations when the Distributor cannot support immediate replacement, the factory will be notified to generate an OBF Return RMA, and expedite product replacements or repair at Thomson discretion.
- IV. Product that has been modified or damaged by the customer or distributor will **not** be covered under this program.
- V. Prior to returning the OBF product for credit, an RMA number must first be received from Customer Support. Please contact your designated Sales Administrator.

OPTION 1: Distributor Replacement

- I. Distributor provides replacement product to end customer out of distributor inventory. Distributors are encouraged to inventory sufficient quantities of product to enable replacement in the event of an OBF.
- II. Distributor contacts Thomson to notify of OBF and receive a RMA #. (See above)
- III. Distributor returns product to Thomson for credit processing.
- IV. Upon receipt by Thomson, products will be inspected for approval and credit value will be determined within 10 business days.
- V. Credit on account for returned product will be issued within (30) days of receipt of the returned products.

OPTION 2: Factory Replacement/Repair

- I. Distributor contacts Thomson to notify of OBF and receives a RMA #. (See above)
- II. Distributor returns product “**OBF Return**” to Thomson for inspection.
- III. Upon contacting Thomson and initiating an “OBF Return”, a replacement or repair order for the OBF product is expedited through the manufacturing process and shipped to Distributor.
- IV. Product will be returned using the method specified by the distributor.

WARRANTY RETURN FOR REPAIR

- I. Products that have been modified or damaged by the customer are excluded from this warranty repair policy.
- II. If a product is returned for warranty repair and is found to contain out-of-warranty damage, Thomson will:
 - a. Notify the customer of the classification change and associated non-warranty conditions and repair charges, and request disposition. Non warranty repair guidelines apply (see below).

b. If Disposition has not been made within 45 days we will scrap the product at our facility.

- III.** Warranty repairs made during the warranty period are warranted to the end of the original warranty.
- IV.** A repair report is furnished to the customer contact established under the return procedure.
- V.** Thomson will pay freight for product shipped via Danaher preferred carrier. The Customer incurs the shipping charges for all other methods of shipment
- VI.** Warranty returns that cannot be repaired will be replaced.

NON-WARRANTY RETURN FOR REPAIR

The non-warranty repair policy is designed for efficient and expeditious handling of all returned products.

- I.** All returns are at the customer's expense and may be invoiced in accordance with the then current predetermined standard repair charges published by Thomson
- II.** All returns must have an RMA written on the outside of the shipping container. A purchase order is required to obtain an RMA number. If the repair is determined to be under warranty, the purchase order will be invoiced at \$0.
- III.** A repair analysis is provided to the customer contact established under the return procedure.
- IV.** Thomson will determine if the unit is uneconomical to repair.
- V.** An Evaluation Fee will be applied to non-warranty returns that are deemed uneconomical to repair. The Evaluation Fee will be waived for products scrapped with a replacement order.
- VI.** Non-warranty repairs are returned to the customer Ex Works factory, "Prepay and Add".
- VII.** For repair pricing see Non -Warranty Repair Charge chart below. Repairs with costs substantially lower than 65% of net will be quoted on a cost plus basis.

NON-WARRANTY REPAIR CHARGES - Current Catalog Items Only

Note: No Discount applies to Evaluation Fees

<u>PRODUCT CATEGORY</u>	<u>REPAIR CHARGE</u>	<u>EVALUATION FEE</u>	<u>WARRANTY</u>
<u>Mechanical Devices (except ball screws & Lead Screws)</u> - <u>Thomson Industrial Linear Actuators</u> <u>Deltran Clutches and Brakes</u>	<u>65% of Distributor Net Price</u>	<u>\$50</u>	<u>12 months</u>
<u>Ball & Lead Screw</u>	<u>Quoted after Evaluation</u>	<u>\$100</u>	<u>12 months</u>
<u>Micron Gearheads</u>	<u>65% of Distributor Net Price</u>	<u>\$250</u>	<u>12 months</u>
<u>Thomson Linear Systems</u>	<u>65% of Distributor Net Price</u>	<u>\$100</u>	<u>12 months</u>

EXCHANGE OF PRODUCTS

This program is designed to keep the distributors inventory of current design and manufacture, protecting the distributor with minimum risk of obsolete product exposure, and providing the distributor with upgrades to current versions of Thomson products at minimum cost.

- I. Distributors may exchange products, at a frequency of up to one time per month throughout the year. Requests will only be processed in the first week of the month. This is to ensure that return, evaluation, off-setting order and credit for approved material are processed within the same fiscal month. No returns to stock will be accepted during Thomson fiscal December. All stock returns require authorization prior to the return. A complete listing of return products, serial numbers (if applicable), and date codes is required prior to RMA issuance.
- II. Products returned for exchange:
 - a. Must be standard product be of current design and manufacture, unused, unmarked, and undamaged.
 - b. Must be less than **12 months old (from the manufacture date)**.
 - c. Must be in the original undamaged shipping carton. Improper packaging will result in rejection of the return.
 - d. No custom product will eligible for return.
- III. A purchase order must be entered, at the time of return request, for an amount equal to, or greater than, the value of the initial price of the goods to be exchanged. The off-setting purchase order must be submitted for the same product line as the products that are being returned. Example: If bearings are being returned under the stock rotation program, then the off-setting purchase order must also be for bearings. The offsetting order must be for the same dollar value as the requested return.

- IV.** The distributor may annually exchange up to a total of 5% of their prior year annual purchases (shipments) as ordered through the designated location for each of the brands. For example: \$1,000,000 in shipments in 2008 will result in an opportunity to exchange up to \$50,000 in inventory during 2009 from that order site.
- V.** Any exceptions to this program will be subject to a minimum 25% restocking charge.
- VI.** All products returned for exchange must be shipped (at Distributor's expense) to the Thomson location specified by Customer Service.

- VII.** The information required by Thomson prior to returning products is:
 - A. Quantity, model number, date code and serial number if applicable of the product to be returned.
 - B. The original purchase order number and date.
 - C. The name, phone and fax number of person to be contacted with any questions.
 - D. A purchase order for products of equal or greater dollar value.
- VIII.** Upon receiving the above information, customer support will issue a Return Material Authorization (RMA) number, which must be included on the packing slip and all cartons of the returned products. Returns without a valid RMA will not be accepted and will be returned to the distributor. The distributor is responsible for freight charges of any products returned by the shipping location.
- IX.** Upon receipt by Thomson, products will be inspected for approval and credit value determined.
- X.** Credit on account for returned products will be issued within thirty (30) days receipt of the returned products.

PRODUCTS NOT RETURNABLE
<ul style="list-style-type: none"> ○ All Slide, Table, Actuator, and BSA products are generally not returnable/exchangeable due to their customization and require authorization in advance. ○ Low value hardware items, including but not limited to seals, retaining rings, and resilient mounts are not returnable regardless of quantity (due to the cost associated with handling exceeding their value) ○ Custom products such as machined shafts, rails, and ball screws ○ Cut to length shafting less than 24 inches in length ○ Cut to length profile rails 300mm or less ○ Cut to length ball screws less than 48 inches in length ○ Gearheads

PRODUCT OBSOLESCENCE POLICY

Custom products may become obsolete without notice after one year of inactivity. Thomson will not proactively notify customers of custom product obsolescence.

Standard products can only be obsolete at the direction of Product Marketing. Any standard products to be made obsolete will strictly adhere to the procedures herein.

A standard product will be considered obsolete if:

- I.** A product is replaced by another product that is different in form, fit, function or performance.
- II.** It is decided to discontinue the product for economic or technological reason.

- III.** The product is inactive and has not been purchased for a year.

NOTIFICATION

Product management, in cooperation with Sales/Marketing will notify the following of the pending obsolescence of a product, with a minimum of six (6) months notice:

- Customer Support
- Field sales - direct
- Field sales - distributors and representative
- Customers who have purchased the obsolete product within the previous year
- Design engineering
- Quality Assurance
- Marketing service. The product will be removed from the next printing of the price lists.

- I.** Upon notification of obsolescence, Thomson distributors have a period of up to 60 days to return obsolete material to Thomson. No returns will be accepted after 60 days from the notification date.
- II.** Product returned must be of current design and manufacture, unused, undamaged, **less than 12 months old.** Product must be in their original unmarked shipping carton. Only standard general sales products as shown in the price lists will be accepted for return. Any variations of standard general sales products are subject to approval for return. Component parts and accessories are not eligible for return.
- III.** The warranty of obsolete product is at Thomson discretion and is dependent upon availability of components.
- IV.** All returns must be authorized in advance by Customer Support for each of the brands.
- V.** Upon reviewing the product information, Customer Support will issue a Return Material Authorization (RMA) number, which must be included on the packing slip and all cartons of the returned products. Returns without a valid RMA will not be accepted and will be returned to the distributor. The distributor is responsible for freight charges of any products returned by the shipping location.
- VI.** Upon receipt, products will be inspected for approval and credit value determined.
- VII.** After performing inspection and determining the credit value, Thomson will issue credit within thirty (30) days of receipt of the returned products.
- VIII.** All credits for returned products will be on account, and against current or future orders from the Thomson distributor.

CONTINUED SUPPORT

Thomson will provide product support for a minimum of five (5) years. This product support will consist of the following:

- Providing technical information on the obsolete product and recommending a functional replacement if possible.
- Make best effort to repair or provide parts to repair the obsolete product.

In the event that a Thomson vendor chooses to obsolete a product and renders it no longer available, Thomson will make best faith effort to recommend a substitute item as a form, fit, and functional replacement.

COOPERATIVE MARKETING POLICY

Thomson will endeavor to support its distributors, as a preferred vendor, with a variety of cooperative marketing and support programs.

Included in this cooperative distributor-marketing program are time-tested methods of improving your sales and marketing efforts. Tools such as direct marketing, lead development, literature support and many others are included in this program. These tools, when utilized in the marketplace in conjunction with Thomson marketing efforts, will deliver a consistent, proven message that delivers high quality leads and sales results.

We provide these tools to our distribution partners in an effort to make a significant impact with our message and our presence in the market. Please contact your field sales person to learn more about this marketing support program.

CREDIT DEPARTMENT RESPONSIBILITIES

The Credit department at Thomson exists for a two-fold purpose:

- I.** To establish the current creditability of a customer/distributor and make whatever arrangements that are necessary to consummate the sale and still provide assurance that the sale will be a profitable one through collection of the money in a reasonable time.
- II.** To maintain our company's investment in accounts receivable at a minimum through an aggressive and courteous collection program.

PAYMENT REQUIREMENTS

All invoices are payable within the credit terms, **Net 30 Days**. Distributors shall make all payments for product in U.S. dollars.

- I.** Any discrepancies concerning an invoice should be reported to your Sales Administrator immediately upon receipt. This will allow ample time for correction before payment is due. All credit requests related to a shipment must be received by Thomson within 60 days of shipment due to the difficulty in determining request validity after longer periods of time.
- II.** Each payment shall be accompanied by a remittance identifying the specific items paid, invoice number and amount.
- III.** In the event that the Customer/Distributor fails to pay Thomson as stated, Thomson may, at our option, delay orders in production, shipments (including stoppage in transit), require that future shipments be paid for in advance or make any other credit arrangements satisfactory to Thomson.

MANUFACTURERS' TERMS AND CONDITIONS OF SALE

In accordance with the Distributor Agreement (the “Agreement”), the additional terms and conditions of sale located at the below referenced address are incorporated by reference into the Agreement:

https://www.thomsonlinear.com/website/com/eng/support/terms_and_conditions.php

EUROPEAN UNION GENERAL DATA PRIVACY REGULATIONS

As an Authorized Thomson Distributor in the EU, you understand and agree that Distributor will comply in all material respects with the General Data Protection Regulations that are applicable across the European Member States (“Data Protection Laws”). To the extent that Distributor may process any Personal Data on our behalf in furtherance of your performance of the terms of these Policies and our Distributor Agreement, you agree to (i) process all Personal Data in compliance with the Data Protection Laws; (ii) not cause Thomson to be in breach of the Data Protection Laws; and (iii) indemnify and hold harmless Thomson from any all claims, damages, fines imposed on Thomson for your failure to comply with your obligations set forth in (i) and (ii) above.