



Euro Gear Conditions of Sale Terms and Conditions

ACCEPTANCE BY BUYER. This Quotation together with any other documents incorporated herein or attached hereto, constitutes an offer by Seller to supply Buyer the goods to be purchased pursuant to this Quotation. This Quotation super cedes any prior oral or written communications between Seller and Buyer. BY ACCEPTING THE GOODS, ORDERING THE GOODS OR ACKNOWLEDGING THE RECEIPT OF THIS QUOTATION, BUYER AGREES TO AND ACCEPTS THE TERMS AND CONDITIONS CONTAINED HEREIN AS THE ONLY TERMS AND CONDITIONS APPLYING TO THE SALE OF THE GOODS PURCHASED PURSUANT TO THIS QUOTATION. BUYER'S ACCEPTANCE OF THIS OFFER IS EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS CONTAINED HEREIN. ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS, INCLUDING THOSE CONTAINED IN BUYER'S PURCHASE ORDER OR ACCEPTANCE OF THIS OFFER, ARE HEREBY OBJECTED TO. If any terms or conditions in the purchase order or acceptance of this offer are in conflict or not identical to the terms of this offer, the terms and conditions of this offer shall prevail. This offer may be withdrawn by Seller at any time prior to Buyer's acceptance verbally or by writing of the terms and conditions contained herein, and will expire automatically 30 days from today unless so accepted by buyer.

PRICES

Prices are:

1. Subject to change without notice prior to Seller's acceptance of Buyer's order.
2. Subject to change after Seller's acceptance of Buyer's order pursuant to the terms and conditions of this Quotation or any document incorporated herein or attached hereto.
3. Subject to change at any time in the event of any change in Buyer's requirements, specifically including a change in Buyer's delivery, production or packing requirements (quoted price includes Seller's standard packing).
4. Exclusive of all Federal, Provincial, Municipal, or other governmental entities excise, sales, use, occupational, WHT, Interest, Additional port charges, fees, custom charges,

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Daily Storage fees, removal fees including equipment, demurrage and all applicable taxes are extra at buyer expense or any other taxes now imposed or hereafter becoming effective during the term of this agreement.

5. In the event buyer fails to comply and honor his/her duties and commitments and all communications, phone, email, person go unresponsive, the item in production or repair will be held in storage at a minimum charge of space at \$250/day and items will not be returned until all costs, fees and penalties are paid in full.
6. Subject to an increase equal in amount to any tax Seller may be required to collect or pay upon the production or sale of the goods covered by this Quotation.
7. F.O.B. the place of manufacture; and
8. Subject to such change as Seller may require because of financial or credit conditions existing during the term of this agreement.

TERMS

1. 90 % Net 30 Days, 10% Net 45 Days, subject to credit approval, magnitude of project and the buyers locations, overseas whereas applicable terms are subjected to 100% payment upon Purchase order, 50% Payment upon purchase order and 50% upon product readiness, Or 60%,30%,10% upon readiness.
2. Interest may be charged at the rate of 3½ % per month, or the maximum rate allowed under Federal and Provincial law if it is a lesser number, on any payments which are not received by the due date. Any expenses of collection, including reasonable attorney's fees, shall be borne by Buyer.
3. Seller reserves the right to modify these terms for export business special projects.

SHIPPING DATE

1. The shipping date(s) specified in this Quotation is approximate only and may be affected by prior sales or circumstances beyond Seller's control, seller cannot be penalized in any way shape or form.
2. The final shipping date(s) will be computed after Seller has received all the data it requires the manufacture or engineer the goods for Buyer or after Seller accepts Buyer's order, whichever is later.

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3. Every effort will be made to effect shipment within the time stated. However, Seller shall not be liable for any damages resulting directly or indirectly from delays in the manufacture, shipping, or delivery of goods caused by fire, flood, war, or riot, embargo, strikes, acts of God, acts of civil or military authorities, civil strife or insurrection, transportation delay, whether at place of manufacture or elsewhere, fuel, power, or other energy or material shortages, or from delay by reason of any rule, virus, illnesses, change of employee or employees, management, regulation or order of any governmental authority, or from other causes beyond Seller's control. In the event of such delay, the shipping date shall be extended for a reasonable length of time, but not less than the time actually lost by reason of the delay.

4. Any changes in Buyer's requirements verbally or in writing will require the confirmation or revision of the shipping date(s)

5. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OCCASIONED BY DELAYS, WHETHER OR NOT BEYOND SELLER'S CONTROL.

DELIVERY.

All goods shall be shipped F.O.B. the place of manufacture. Seller shall have the right to select the carrier unless the carrier is designated by Buyer. Upon Seller's delivery of the goods to the carrier, the carrier shall be deemed to be the agent of Buyer and all risk of loss shall thereafter be on Buyer.

INSTALLATION.

When required by Buyer. Seller shall provide, at Buyer's expense, a service engineer to supervise the installation of gear reducers, gear internals Seller's design and to demonstrate the proper operation of the same. All costs to and from site incident to installation and demonstration shall be borne by Buyer.

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WARRANTY

Seller warrants, if the product or parts covered by this quotation prove to have defects in material or workmanship which are not commercially acceptable during a period of one year from the date of shipment by Seller, under normal operating conditions (in Buyer's plant), as determined by an inspection by Seller, that Seller will furnish a replacement part only excluding labor costs, to Buyer provided that Buyer promptly sends Seller notice of the defect and establishes by a certified gear or gearing engineer that the product has been properly installed, maintained and operated within the limits of rated and normal usage. It is mandatory for the buyer to provide all necessary maintenance records from the time received to the time of failure. Under certain circumstances the gear or gearbox will need to be returned to Euro Gear for an engineering analysis to deem the root cause analysis and compare to the claim. In the event a gearbox, reducer, is sent to Euro Gear for immediate repair and the warranted part has been replaced, labor cost, bench testing cost, packaging costs, transport costs and re certification costs will apply. Once repaired the original warrantee date remains in effect. The liability of Seller under this warranty or for any loss or damage to the goods whether the claim is based on contract or negligence, shall not in any case exceed the purchase price of the goods and upon the expiration of the warranty period all such liability shall terminate. The foregoing shall constitute the exclusive remedy of Buyer and the exclusive liability of the Seller.

2. The terms of this warranty do not in any way extend to any product or part thereof covered under this Quotation which (1) has a life, under normal usage, inherently shorter than the (time period) indicated above; (2) is deemed perishable by Seller, (3) Was not manufactured by Seller or an affiliate of Seller, or (4) is manufactured by Seller to Buyer's design.

3. This warranty shall be void, and Seller shall not be liable for any breach of warranty, if the product or parts covered by this Quotation shall have been prepared or altered by persons other than Seller, unless expressly authorized by Seller in writing.

4. THE FOREGOING WARRANTY IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER

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WARRANTIES EXPRESSED OR IMPLIED. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREO. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY SELLER AND ARE EXCLUDED FROM THIS AGREEMENT. SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY BREACH OF WARRANTY. EURO GEAR WILL NOT IN ANY WAY SHAPE OR FORM BE RESPONSIBLE FOR ANY PHYSICAL, MECHANICAL OR FINANCIAL DAMAGED TO PARTS OR EQUIPMENT OTHER THEN THE ITEM PROVIDED OR REPAIRED BY EURO GEAR.

5. All defective parts which are replaced pursuant to this warranty must be returned to Seller within 15 days after they are rejected, otherwise Buyer will be charged the full sales price for these parts.

LIMITATION OF LIABILITY

1. BUYER'S EXCLUSIVE REMEDY FOR BREACH OF WARRANTY SHALL BE REPAIR OR REPLACEMENT OF DEFECTIVE GOOD, provided, however, if the goods are incapable of being

repaired or replaced. Buyer's exclusive remedy shall be money damages, but such damages shall not exceed the purchase price of the goods.

2. Any claim for breach of Seller's warranty must be in writing addressed to Seller and must set forth the alleged defect in sufficient detail to permit its easy identification by Seller. All breach of warranty claims must be made within one year of shipment of the goods by Seller. Any breach of warranty claim not made within one year of shipment of the goods by Seller will not be honored by Seller and will be of no force and effect.

3. No claim will be allowed for cost of rough of machined blanks furnished by Buyer when the same are damaged or spoiled during heat-treat and / or machining operations.

4. Seller's liability on any claim of any kind, including negligence, for any loss or damage arising out of , connected with, or resulting from this Quotation, or from the performance or breach out of, connected with, or resulting from this Quotation, or from

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the performance or breach thereof, or from the design, manufacture, sale, delivery, resale, installation, technical direction of installation, inspection, repair, operation, or use of any equipment covered by or furnished under this Quotation shall in no case (except as provided in the paragraph entitled Property and Patent rights) exceed the purchase price allocable to the goods and shall terminate one year after the equipment has been installed.

5. Purchaser acknowledges that Seller has no control over, and is and is not responsible for the manner in which the products will be used or otherwise be dealt with by the Purchaser. The Purchaser therefore agrees to assume all responsibility for any and all sums which the Seller and/or the Purchaser becomes obligated to pay because; of bodily injury or property damage caused by or resulting directly or indirectly from the installation, maintenance, use, or operation of the products, or the failure of the products to comply with any settlement or regulations. Purchaser shall indemnify and hold Seller harmless from and against any and all actions, claims or demands arising out of or in any way connected with the installation, maintenance, use, or operation, of the products, or the design, construction or composition of any item or items made or handled by the products supplied hereunder, including any such actions, claims and demands based in whole or in part on the default or negligence of the Seller.

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT OR WARRANTY OR ALLEGED NEGLIGENCE, SHALL SELLER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF THE EQUIPMENT OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, DOWNTIME, COSTS, OR CLAIMS OF CUSTOMERS OF BUYER FOR SUCH DAMAGES.

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DEVELOPMENT, DRAWING, PATTERN, AND/OR TOOL CHARGES

Development, Drawing Pattern, and/or Tool Charges quoted represent the buyer's proportionate cost thereof and it is expressly understood that such Drawings, Patterns, and/or Tools shall remain the property of Seller, unless otherwise agreed in writing. Seller shall not be liable for loss by fire or theft of Buyer's Patterns and/or Tools or other Property within its possession.

PROPERTY AND PATENT RIGHTS

Seller retains for itself any and all property rights in and to all designs, inventions, and improvements, pertaining to any goods designed in connection with the Quotation and to all patents, trademarks, copyrights, and related industrial property rights arising out of the work done in connection therewith. The Buyer expressly agrees that it will not assert any rights to property rights retained herein by Seller.

Seller will not indemnify Buyer from any suit or proceeding against Buyer based on a claim that any goods, or part thereof, furnished under this Quotation constitutes an infringement of a patent in North America covering a new machine or any new and useful improvement thereof, if notified promptly and in writing and given authority, information and assistance (at buyers expense) for the defense of same, and buyer shall pay all damages and costs, if any, awarded therein against. The preceding sentence shall apply to any goods, or part thereof, manufactured to Buyer's design specifications. As to such goods, Seller assumes no liability arising out of the infringement and Buyer shall indemnify and hold Seller harmless from any liability arising out of the infringement of any patent in the manufacture, sale, or use of any product described in Buyer's specifications.

RESERVATION OF RIGHTS IN RESPECT TO SELLER'S OTHER PRODUCTS

Seller reserves the right to make improvements and changes in design upon its products without any obligation to make such changes or improvements upon the goods

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that are the subject of this Quotation or on goods previously manufactured and sold by it.

MANUFACTURING TOLERANCES

Where backlash tolerances are not specified, gears will be cut to AGMA recommended backlash based on theoretical centers for general commercial gears. Decimal machined dimensions will be held within plus or minus .006", and fractional machined dimensions will be held within plus or minus 1/64", unless otherwise specified.

LIMITATIONS OF ACTIONS

Any statute or law to the contrary notwithstanding, any action to recover for any loss or damage arising out of, connected with, or resulting from this Quotation, or from the performance or breach thereof must be commenced with one year period after the cause of action accrues to Buyer, unless otherwise extended by Seller in writing. It is expressly agreed that there are no warranties of future performance pertaining to the goods that are the subject of this Quotation that would extend such one year period of limitation.

CANCELLATION

In the event Buyer requests Seller to stop work on or cancel the order after receiving the verbal or written purchase order, cancellation charges shall be paid to the Seller as follows:

1. Upon verbal or written authorization such as a purchase order, no cancelation of any order will be accepted and the contract or commitment remains in effect and buyer is responsible for all costs and commitments discussed or found in the quotation or both.
2. Any work that has been completed or is scheduled to be completed within 30 days of the date Buyer notifies Seller, in writing to stop work or to cancel shall be invoiced to and be paid in full by Buyer.
3. Buyer must pay the full costs and overhead expenses, plus 20%, for work in process

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not covered by Item A, and any materials and supplies procured or for which commitments have been made by Seller in connection with Buyer's order.

4. Buyer shall promptly instruct Seller as to the disposition of the product and Seller shall, if requested, hold the product for Buyer's account for a reasonable period of time. All costs of storage, insurance, handling, boxing, and or any other costs in connection with such storage shall be borne by Buyer. In the event of cancellation, Seller shall also be entitled to all applicable remedies under the Uniform Commercial Code or other applicable law.

ASSIGNMENT

Any assignment by Buyer of the rights of this Quotation, without the prior written consent of Seller, shall be void.

APPLICABLE LAW

This Quotation, and the rights, obligations, and liabilities of the parties, shall be construed pursuant to the laws of Quebec, Canada

COMPLETE AGREEMENT

Any orders received by Seller in response to this Quotation shall not be binding or firm orders until approved by Seller. This Quotation, when accepted by Buyer in binding or firm orders until approved by Seller. This Quotation, when accepted by Buyer in accordance with paragraph one Acceptance by Buyer, and when Seller's acknowledgement of receipt of acceptance is given to buyer shall constitute the entire agreement between the parties relating to this Quotation and the goods provided pursuant thereto, and no alteration or addition to this Quotation shall be binding unless it is in writing and signed by a duly authorized officer of both Seller and Buyer.

WAIVER OF TERMS AND CONDITION

Failure or delay of Seller to insist upon strict performance of any of the terms and conditions of this Quotation, or to exercise any rights or remedies provided herein or by

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law, shall not release Buyer from any of the obligations of this Quotation and shall not be deemed a waiver of any right of Seller to insist upon strict performance hereof, or of any right or remedy of Seller as to any prior or subsequent default hereunder.

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