

STANDARD CONDITIONS OF SALE

GENERAL TERMS

Seller is Sumitomo Machinery Corporation of America ("Company"). Buyer is the addressee or recipient of these Standard Conditions of Sale ("Conditions"). These Conditions, together with all attached or referenced drawings, specifications, descriptions and other documents constitute the entire contract ("Contract") between Company and Buyer. The Contract supersedes all prior quotations, purchase orders, correspondence and other communications, whether written or oral, between Company and Buyer. No quotation, order or acknowledgement, and no provision hereof are subject to change in any respect except in writing and signed by an authorized officer of Company at its main office in Chesapeake, VA. If, in lieu of acknowledging acceptance, Buyer sends its purchase order, request for proposal or any other such document (each a "Buyer's Document"), this act will in all cases constitute Buyer's unqualified acceptance of these Conditions. Company rejects and refuses to accept any terms and conditions in any Buyer's Document, and such rejection and non-acceptance is expressly agreed to by Buyer's acceptance of these Conditions. Buyer's acceptance is expressly limited to these Conditions. The failure of Company to object to any provision in conflict with these Conditions in any Buyer's Document or otherwise, will not be construed as a waiver of these Conditions nor as an acceptance of any provision in any Buyer's Document. EXCEPT AS EXPRESSLY CONTAINED HEREIN, NO STATEMENT, REPRESENTATION OR WARRANTY WILL BIND COMPANY UNLESS MADE IN WRITING BY AN AUTHORIZED OFFICER OF COMPANY.

For construction purposes, Company recommends that Buyer obtain certified dimension sheets or drawings. Company takes every precaution to include accurate data in its catalog; however, Company cannot and does not warrant the accuracy thereof. Company assumes no liabilities for any error in its catalog. If performance guarantees by Company are required, Buyer must request them in writing. Full consideration will be given to such requests only when Buyer provides complete details in writing describing the proposed installation.

WARRANTY

Product

Company warrants that (i) all new equipment and parts (collectively, "Equipment") sold by Company will conform to printed drawings and specification sheets issued by Company and (ii) are free of defects in material and workmanship for the time period shown in Table 1. The warranty period commences on the date of shipment of the Equipment by Company.

If, within the warranty period, Company receives from Buyer written notice of any alleged defect in any of the Equipment and, if the Equipment is found by Company not to conform with these warranties (after Buyer has provided Company a reasonable opportunity to perform any appropriate tests on the allegedly defective Equipment), Company will, at its sole option and expense, either repair or replace the Equipment. In all instances, Company reserves the right to require Buyer to deliver the Equipment for repair or replacement to a designated service center and require Buyer to pay all charges for inbound and outbound transportation and for services of any kind, diagnostic or otherwise, excepting only the direct and actual cost of Equipment repair or replacement. Warranty coverage is limited to parts and

labor and does not include travel and other expenses. Buyer applications and use of the Equipment may require installation of safety features. Buyer is responsible for furnishing and installing guards or other safety equipment needed to protect operating personnel, even though such equipment may not be furnished by Company with the Equipment purchased. Equipment supplied, but not manufactured, by Company is warranted only to the extent of the original manufacturer's warranty.

Repair

Company further warrants that any part of the Equipment actually repaired or replaced by Company or a designated service center is free from defects in material or workmanship for the time period shown in Table 1, commencing on the date of shipment of the repaired or replaced part of the Equipment.

General

These exclusive warranties do not cover and Company makes no further warranty with respect to:

- a) Failures not reported to Company within the warranty period specified in Table 1.
- b) Failures or damages resulting from misapplication, abuse, improper installation or abnormal conditions of temperature, dirt or corrosive matter.
- c) Failures resulting from operation, either intentional or otherwise, above rated capacities or in an otherwise improper manner.
- d) Equipment that has been, in any way, tampered with or altered by anyone other than an authorized representative of Company or a designated service center.
- e) Equipment damaged in shipment or otherwise without the fault of Company.
- f) Expenses incurred by Buyer in attempt to repair or rework allegedly defective Equipment.
- g) Losses, costs, expenses, liabilities and damages (including loss of use or profits, any liabilities of Buyer to its customers or third persons) and all other incidental and consequential damages, whether direct or indirect and whether or not resulting from or contributed to by the default or negligence of Company, its agents, employees and subcontractors, and designated service centers, must be claimed as the result of the use or failure of the Equipment.
- h) In no event will the life of the warranty against defects, workmanship or repair exceed the time period shown in Table 1.

COMPANY MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSES OR ANY OTHER WARRANTY. IN PARTICULAR, BUT WITHOUT LIMITING THE GENERALITY OF THIS EXCLUSION, IF THE EQUIPMENT IS MADE TO BUYER'S SPECIFICATIONS, COMPANY DOES NOT WARRANT THE ADEQUACY OF SUCH SPECIFICATIONS OR THAT THE EQUIPMENT WILL PERFORM IN ACCORDANCE WITH SUCH SPECIFICATIONS.

The warranties of these Conditions herein may not be modified or extended, except in writing signed by an authorized officer of Company. Company does not warrant any equipment of any other manufacturer designated or specified by Buyer.

TABLE 1 – PRODUCT WARRANTY

Product	Warranty Period (After Shipment)	Components Excluded
Cyclo® Speed Reducers and Gearmotors	2 Years	Wearable items
Cyclo® Bevel Buddybox Speed Reducers and Gearmotors	2 Years	Wearable items
Cyclo® Helical Buddybox Speed Reducers and Gearmotors	2 Years	Wearable items
Fine Cyclo® Speed Reducers	2 Years	Wearable items
Beier® Variator Mechanical Adjustable Speed Reducers	2 Years	Wearable items
Hyponic® Speed Reducers and Gearmotors	2 Years	Wearable items
Hedcon® Double Enveloping Worm Gear Speed Reducers	2 Years	Wearable items
Helical Shaft Mount Speed Reducers	2 Years	Wearable items
Rhytax®	2 Years	Wearable items
IB Series Servo Gearheads	1 Year	Wearable items
Astero Gearmotors	1 Year	Wearable items
Variable Frequency Inverters	1 Year	—
Paramax® Right Angle Spiral Bevel Gear and Parallel Shaft Helical Gear Speed Reducers	2 Years	Wearable items
Compower Planetary Speed Reducers	1 Year	Wearable items
Hansen UniMiner	2 Years	Wearable items
Hansen P4	2 Years	Wearable items
Parts	1 Year	—
Repairs	1 Year	Wearable items

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ORDERS

All orders received are subject to review. Final Acceptance of an order is only confirmed upon receipt of Company's written acknowledgement. Typographical and clerical errors in Company's quotations, orders and acknowledgments are subject to correction.

QUOTATIONS AND PUBLISHED PRICE

Price quotations by Company are subject to change without notice.

Prices shown on published Company price lists are not offers to sell and are subject to confirmation by specific quotation and acknowledgment. All published prices and discounts are subject to change without notice. Unless otherwise indicated, prices are list and subject to published trade and quantity discounts.

TAXES

Company's prices do not include applicable sales, use, excise or similar taxes and the amount of any such tax which Company may be required to pay or collect will be added to each invoice unless Buyer has furnished Company with an exemption certificate which is acceptable to the taxing authorities.

PAYMENT TERMS

Payment terms are, unless otherwise provided in writing, cash net 30 days from date of shipment. Pro rata payments become due as shipments are made. The terms of sale contained herein will apply from the date of shipment by Company. Amounts past due are subject to a monthly service charge of 1.5% (or fraction thereof). If Company, in its judgment at any time deems, by reason of the financial condition of Buyer or otherwise, that the continuance of production or shipment on the terms specified herein is not justified, Company may require full or partial payment in advance.

All payments must be made in United States funds. Export orders must be accompanied by a confirmed irrevocable letter of credit for Company's account with an accredited United States bank, subject to Company's draft, with shipping documents attached.

To the extent that title to the Equipment is deemed to pass to Buyer prior to performance of all of Buyer's obligations under the Contract, including payment of full price, Buyer will grant, and by acceptance of the Equipment will be deemed to have granted, to Company a first security interest and charge in all Equipment to secure payment of the price and other amounts owing by Buyer under the Contract.

MINIMUM BILLING CHARGE

The minimum billing charge per order will be **\$100.00**, plus transportation charges as indicated under Shipments and Transportation. The minimum billing charge will not apply for stock items processed by Electronic Data Interchange (EDI).

PACKING

There is no charge for boxing or crating required for transportation on domestic shipments. For export shipments, Buyer will be charged for boxing or other special packing, for costs of transportation to marine or air terminal and for any other transfer expenses.

DELIVERY

The shipping dates given by Company are approximate and based on prompt receipt of all necessary information regarding the order. Company will use commercially reasonable efforts to meet all shipping schedules.

In case Company delivers Equipment that does not conform to the drawings and specification sheets issued by Company, Buyer will have 30 (thirty) days from date of shipment to notify Company. After being notified in writing, Company will, at its sole option and expense, modify or replace the Equipment.

FORCE MAJEURE

Company will not be liable for any loss or damage as result of Company's delay in or failure due to (i) any cause beyond Company's reasonable

control, (ii) any act of God, act of Buyer, embargo or other governmental act, authority, regulation or request, (iii) fire, theft, accident, strike, slowdown or other labor disturbance, war, terrorism, riot, or delay in transportation or (iv) inability to obtain necessary labor, materials, components, supplies or facilities. If any events of force majeure occur, Company, at its option, may cancel Buyer's order with respect to any undelivered equipment or extend the shipping date for a period equal to the time lost because of delay. Notice of such election will be given promptly to Buyer.

LIMITATION OF LIABILITY

Company's liability under any theory of contract, tort or other legal theory is limited to the price of the subject Equipment. Company will not be liable for, and Buyer hereby waives all claims to, any consequential, indirect, special, punitive or incidental damages under any circumstances, even if Company is advised in advance of the possibility of such damages. The foregoing limitation and waiver applies regardless of whether such damages are sought based upon breach of contract, breach of warranty, negligence, strict liability, misrepresentation or other legal or equitable theory.

CANCELLATION

Buyer may suspend or cancel an order only after obtaining written approval from an authorized officer of Company at its main office in Chesapeake, VA. In the event of any cancellation by either party, Buyer will pay to Company the reasonable costs and expenses (including engineering and all commitments to suppliers and subcontractors) incurred by Company before receipt of notice of cancellation plus a reasonable profit. On request, Company may, at its option, accept returns of units shipped to Buyer but never used. Such returns, if in the original shipping container, may be restocked by Company at its option for a restocking charge, less deductions for special or modified items.

SHIPMENTS AND TRANSPORTATION

All Equipment, whether or not freight is prepaid by Buyer (which will be determined in accordance with then existing policies of Company) will be shipped Ex-Works, EXW (INCOTERMS 2010) or FOB (UCC), Company's designated facility, at which point title will transfer to Buyer. Company will select the method of transportation and routing. If alternative routing is specified by Buyer, any additional expenses will be solely Buyer's. No credit or deduction will be given for transportation charges should Buyer take delivery at Company's factory or any other point.

Company does not guarantee delivery at or to the destination designated by Buyer.

Buyer assumes all risk of loss to Equipment on its delivery to the carrier, unless other arrangements are made in writing between Buyer and an authorized officer of Company. Buyer must make any claim for any shortage or damage in transit against the carrier.

Weights indicated in Company's catalog are approximate net weight to be used for engineering purposes only and not for purposes of shipment or for calculating shipping charges.

INTERPRETATION

The Contract will be governed by and construed under the laws of the state of Delaware without regard to conflict of laws principles and constitutes the complete and final contract between Company and Buyer. The rights and obligations of the parties under the Contract will not be governed by the provisions of the 1980 U.N. Convention on Contracts for the International Sale of Goods. Wherever the terms of these Conditions conflict with terms of any previously agreed documents between Company and Buyer, these Conditions will control.