SUPREME GEAR CO

Specializing In Precision Gears

17430 MALYN BLVD• FRASER, MICHIGAN 48026 • TELEPHONE (586) 294-7625•FAX (586) 294-7648

TERMS AND CONDITIONS: STANDARD CONDITIONS OF SALE

ACCEPTANCE BY BUYER (PURCHASER): The 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 the Quotation. The Quotation supersedes any prior oral or written communications between Seller and Buyer. BY ACCEPTING THE GOODS, ORDERING THE GOODS, OR ACKNOWLEDGING THE RECEIPT OF THE 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 THE QUOTATION. BUYER'S ACCEPTANCE OF THE 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 THE OFFER, ARE HEREBY OBJECTED TO. If any terms or conditions in the purchase order or acceptance of the offer are in conflict or not identical to the terms of the offer, the terms and conditions of the offer shall prevail. The offer may be withdrawn by Seller at any time prior to Buyer's acceptance of the terms and conditions contained herein and will expire automatically 30 days from today unless so accepted by Buyer. Electronic acceptance (e.g., via email or online portal) shall have the same legal effect as a physical signature.

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 the 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, State, Municipal, or other governmental entity's excise, sales, use, occupational, or any other tax now imposed or hereafter becoming effective during the term of the agreement.
5. 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 the Quotation.
6. F.O.B. the place of manufacture; and
7. Subject to such change as Seller may require because of financial or credit conditions existing during the term of the agreement. Seller reserves the right to demand advance payment or a letter of credit if Buyer's creditworthiness deteriorates.

PAYMENT TERMS:

1. 100% Net 30 Days, subject to credit approval.

2. Interest may be charged at the rate of 1½% per month, or the maximum rate allowed under state 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 or special projects. For export transactions, Buyer shall comply with all applicable U.S. export control laws (e.g., ITAR, EAR) and indemnify Seller for any violations.

SHIPPING DATE:

1. The shipping date(s) specified in The Quotation is approximate only and may be affected by prior sales or circumstances beyond Seller's control.

2. The final shipping date(s) will be computed after Seller has received all the data it requires to manufacture or engineer the goods for Buyer or after Seller accepts Buyer's order, whichever is later.

3. Seller shall not be liable for any delay or failure in performance due to causes beyond its reasonable control, including but not limited to acts of God, war, terrorism, pandemics, epidemics, cyberattacks, embargoes, government actions or regulations, strikes, labor disputes, supply chain disruptions, material or component shortages, fuel or power shortages, transportation delays, or any other causes beyond Seller's reasonable control. In the event of any such delay, Seller's time for performance shall be extended by the period of the delay.

4. Any changes in Buyer's requirements 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.

WARRANTY:

1. Seller warrants that if the product or parts covered by the quotation prove to have defects in material or workmanship which are not commercially acceptable during a period of six months from the date of shipment by Seller, under normal conditions (in Buyer's plant), as determined by an inspection by Seller, that Seller will furnish a replacement part to Buyer provided that Buyer promptly sends Seller notice of the defect and establishes that the product has been properly installed, maintained, and operated within the limits of rated and normal usage. The liability of Seller under The 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. The warranty excludes defects arising from misuse, abuse, or failure to follow Seller-provided instructions.

2. The terms of The warranty do not in any way extend to any product or part thereof covered under The Quotation which (1) has a life, under normal usage, inherently shorter than the 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. The warranty shall be void, and Seller shall not be liable for any breach of warranty, if the product or parts covered by The Quotation shall have been repaired 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 WARRANTIES EXPRESSED OR IMPLIED. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY SELLER AND ARE EXCLUDED FROM THE AGREEMENT. SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY BREACH OF WARRANTY.

5. All defective parts which are replaced pursuant to the 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 GOODS, 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 the cost of rough or 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 The Quotation, or from 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 The 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. Buyer acknowledges that Seller has no control over, and is not responsible for, the manner in which the products will be used or otherwise be dealt with by the Buyer. The Buyer therefore agrees to assume all responsibility for any and all sums which the Seller and/or the Buyer 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 state laws or regulations. Buyer 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. Disputes arising hereunder shall be resolved through binding arbitration in Michigan under the rules of the American Arbitration Association, with costs borne by the non-prevailing party, unless otherwise agreed in writing.

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.

DEVELOPMENT, DRAWING, PATTERN, AND/OR TOOL CHARGES: Development, Drawing, Pattern, and/or Tool Charges quoted represent the Buyer's proportionate cost thereof and shall be paid in full by Buyer at the time of purchase order placement. It is expressly understood that such Drawings, Patterns, and/or Tools shall remain the property of Seller, unless otherwise agreed in writing. The seller shall not be liable for loss by fire 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 indemnify Buyer from any suit or proceeding against Buyer based on a claim that any goods, or part thereof, furnished under The Quotation constitutes an infringement of a patent of the United States covering a new machine or any new and useful improvement thereof, if notified promptly and in writing and given authority, information, and assistance (at Seller's expense) for the defense of same, and Seller shall pay all damages and costs, if any, awarded therein against Buyer. The preceding sentence shall not 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 WITH 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 that are the subject of the Quotation or on goods previously manufactured and sold by it.

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 The Quotation, or from the performance or breach thereof must be commenced within a 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 The Quotation that would extend such one-year period of limitation. Any partial exercise of rights by Seller (e.g., accepting late payment) shall not waive future enforcement.

CANCELLATION: In the event Buyer requests Seller to stop work on or cancel the order or any part thereof, cancellation charges shall be paid Seller as follows:

1. 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. Buyer must provide written notice at least 30 days prior to cancellation, unless waived by Seller.

2. Buyer must pay the actual costs and overhead expenses, plus 20%, for work in process not covered by Item 1, and any materials and supplies procured or for which commitments have been made by Seller in connection with Buyer's order.

3. 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. If a separate Cancellation Agreement was agreed to between the Seller and Buyer that applies to the order, those cancellation charges will also be borne by Buyer. If Buyer is covered by its own Cancellation Agreement for work arising out of, connected with, or resulting from The Quotation, or under which an order was issued to Seller, then Seller shall assume full beneficiary status equal to Buyer but not less status previously asserted and covered within The Agreement.

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

APPLICABLE LAW: The Quotation, and the rights, obligations, and liabilities of the parties, shall be construed pursuant to the laws of the State of Michigan. These Terms and Conditions shall override any conflicting local laws where Buyer operates, unless otherwise prohibited by law.

COMPLETE AGREEMENT: Any orders received by Seller in response to The Quotation shall not be binding or firm orders until approved by Seller. The 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 The Quotation and the goods provided pursuant thereto, and no alteration or addition to the 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 CONDITIONS: Failure or delay of Seller to insist upon strict performance of any of the terms and conditions of The Quotation, or to exercise any rights or remedies provided herein or by law, shall not release Buyer from any of the obligations of The 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. Any partial exercise of rights shall not constitute a waiver of future enforcement.

DATA PROTECTION: If goods or transactions involve data, Seller and Buyer shall comply with applicable data protection laws (e.g., GDPR, CCPA). Buyer shall indemnify Seller for any breaches of confidentiality or data security caused by Buyer's actions.