

M.G.M. Electric Motors North America Inc.

Terms and Conditions of Sale

1. GENERAL

All orders for products and drawings furnished in connection therewith (hereinafter collectively called “products”) manufactured or supplied by – M.G.M. Electric Motors North America Inc. (“MGM”), shall be subject to these terms and conditions of sale. No modifications or additions hereto will be binding unless agreed to in writing by an authorized officer of MGM.

2. QUOTATIONS

Price quotations by MGM are subject to change without notice. All provided quotations are valid for a 15 days unless otherwise agreed in writing by an MGM authorized officer of MGM.

3. TAXES

Prices do not include Sales, Use, Excise, or other taxes payable to any governmental authority in respect of the sale of MGM's products. The purchaser shall pay the amount of any such taxes or shall reimburse MGM for the amount thereof that MGM may be required to pay.

4. PAYMENTS

Unless otherwise provided, terms of payment are 30 days net from date of invoice for purchasers whose credit is approved. MGM reserves the right to charge interest on any balance outstanding at 2% per month (or fraction thereof) or as MGM shall determine, up to the maximum rate allowed by law, from the date payment is due to the date payment is actually received.

Pro rata payments shall become due as shipments are made. If shipment are delayed by or at the request of the purchaser, payment shall become due when MGM is prepared to make shipment. If the cost to MGM of products is increased by reason of delays caused by the purchaser, such additional cost incurred by MGM shall be paid by the purchaser. MGM may, if it deems itself insecure by reason of the financial condition of purchaser or otherwise, require full or partial payment in advance and as a condition to the continuance of production or shipment on the terms specified herein.

5. ACCEPTANCE

No order or other offer shall be binding upon MGM until accepted in writing by an authorized officer of MGM.

6. CHANGES

MGM will not accept changes in specification unless such changes are requested in writing and agreed to in writing by an authorized officer of MGM and the purchaser agrees to pay, if necessary, in addition to the original purchase price a sum so set by MGM.

7. CANCELLATION

Any order when placed with and accepted by MGM is not subject to cancellation unless agreed to in writing by an authorized officer of MGM. Cancellations are subject to reasonable charges based upon expenses already incurred and commitments made by MGM.

8. DELIVERY

Any indicated dates of delivery are approximate only, but MGM will attempt to meet them where possible. MGM shall not be liable for delays in manufacturing or delivery or failure to manufacture or deliver due to any event in the nature of force majeure or any cause beyond MGM's reasonable control. MGM will not be bound by any penalty clause contained in any specification or order submitted by the purchaser unless such clause is agreed to in writing by an authorized officer of MGM. Delivery of products shall be made FOB MGM's warehouse in Anjou, QC Canada or EXWORKS MGM Canada (INCOTERMS Rev. 200) - unless otherwise agreed to in writing by authorized officer of MGM.

9. PATENTS

MGM shall indemnify and hold harmless the purchaser against all claims or actions that are instituted against the purchaser on the grounds that the purchaser has infringed the patent rights of others by using, reselling, or promoting the sale or resale of MGM's products, provided that MGM shall not be obligated hereunder if:

- a) The purchaser fails to give MGM prompt notice of any such claim or actions, or
- b) Such claims or actions against the purchaser are based wholly or in part on the existence or operation of any complete installation or apparatus incorporating MGM's products as components and which is designed or manufactured by the purchaser or its customers.

10. REGULATORY LAWS OR STANDARDS

MGM makes no representation that its products conform to Province or local laws, ordinances, regulations, codes or standards except as may be otherwise agreed to in writing by an authorized officer of MGM.

11. LIMITED WARRANTY

MGM warrants all its products against defects in material and workmanship for a period of one (1) year from the date the product is placed in service to a maximum of eighteen (18) months from date of shipment. Parts subject to replacement due to operational wear and tear, friction materials and traction elements, are not covered by this Limited Warranty. Notwithstanding the foregoing, any equipment or components of the products not of MGM's own manufacture and/or specified by the purchaser is sold under only such warranty as the maker thereof gives MGM and MGM is able to enforce, but such items are not warranted by MGM in any way.

Use of products above rated capacity, misuse, field alterations of products, damage due to lack of maintenance or improper storage, neglect or accident are also excluded from this Limited Warranty.

This Limited Warranty is effective provided:

- a) The purchaser notifies MGM in writing of the alleged defect immediately after it becomes known to the purchaser; and
 - b) no alterations, repairs, or services have been performed by the purchaser or third parties on the products without written approval of an authorized officer of MGM.
- MGM's obligation under this Limited Warranty is limited to the repair or replacement FOB MGM's factory or any part or parts found to be defective in material or workmanship.

MGM shall, in no event, be liable to the user/purchaser under this Limited Warranty, or otherwise, for claims, expenditures or losses arising from operational delays or work stoppages or damages to property or people caused by defective products or for consequential or indirect damage of any nature whatsoever.

THIS LIMITED WARRANTY IS IN LIEU OF ALL OTHER EXPRESS OR IMPLIED WARRANTIES INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

12.ASSIGNMENT

No contract to purchase goods from MGM may be assigned by the purchaser without prior agreement in writing by an authorized officer of MGM.

13.SECURITY INTEREST

Unless and until the products are fully paid for, MGM reserves a security interest in them to secure the unpaid balance of the price and all other obligations of the purchaser to MGM however arising. The purchaser hereby grants MGM a power of attorney to execute and file on behalf of purchaser all necessary financing statements and other similar documents required to protect the security interest granted herein.

14.DAMAGES; LIMITATION

In the event of breach of this agreement by MGM, the rights of the purchaser are limited to the amount therefore paid to MGM for the goods.

THE PURCHASER SHALL HAVE NO RIGHT TO CONSEQUENTIAL OR INDIRECT DAMAGES, WHETHER FOR INJURES TO PERSON, PROPERTY OR OTHERWISE.

15.DEFAULT

If the purchaser defaults in performing any of its obligations to MGM under this agreement, or any other agreements, MGM may, at its option and without incurring any liability thereby, elect to terminate this agreement or to terminate any or all other agreements with the purchaser or to terminate this agreement together with any or all such other agreements. Furthermore, MGM shall have a right to all damages sustained, including loss of profits.

16.INSOLVENCY

If the purchaser shall be insolvent or cease doing business or be the subject of any proceedings under any bankruptcy, insolvency, reorganization or arrangement statute or law, such act shall at the option of MGM, be deemed a default under this agreement, and MGM may elect to cease performing and cancel this agreement with respect to any products not delivered or received prior to the election. All of the foregoing shall be without prejudice to recovery by MGM of damages for work performed and for loss of profits and material and products delivered.

17.MISCELLANEOUS

The provisions of this agreement shall be governed and construed in accordance with the laws of the Province of Quebec. These terms and conditions set forth the entire understanding and agreement of the parties hereto in respect to the subject matter hereof, and all prior undertakings between the parties hereto, together with all representations and obligations of such parties in respect to such subject matter, shall be superseded by and merged into this agreement. No provisions hereof shall be waived, changed, terminated, modified, discharged or rescinded, orally or otherwise, except by a writing signed by the party to be charged by any such waiver, change, termination, modification,

discharge, or rescission. No waiver of any breach of any provision of this agreement shall constitute an amendment or modification of this agreement, or any provision thereof. If any provision of this agreement shall be held to be unenforceable or inapplicable in any way or respect, such holding shall not affect the enforceability of any other provision of this agreement under any other circumstances. The provisions of this agreement shall bind and inure to the benefits of the parties hereto and their respective heirs, executors, administrators, successors, and (subject to any restrictions on assignment hereinabove set forth) assigns. The Parties agree to elect domicile in the judicial district of the City of Montreal, QC for the hearing of any claim arising with respect to the interpretation, application, performance, term, validity or effects of this terms and conditions. That is, all Parties agree to the exclusive personal jurisdiction and proper venue of the Province and/or federal courts located within the Province of Quebec, Canada for any disputes arising out of or related to this Terms and Conditions.