



Power Engineering & Manufacturing Ltd.

2635 WCF & N Dr. ♦ Waterloo, Iowa 50703
Phone (319) 232-2311 Fax (319) 232-6100
E-Mail PEM@pemltd.com ♦ <http://www.pemltd.com>

LIMITED WARRANTY

Power Engineering and Manufacturing, Ltd., hereinafter referred to as “Company” warrants each new transmission or gearbox, new parts and/or components and each rebuilt gearbox made by Company and shipped on or after May 1st, 2016, as follows:

Company warrants each new transmission or gearbox, new parts and/or components, and each rebuilt gearbox manufactured by Company to be free from defects in materials supplied or manufactured by Company and workmanship furnished by Company, upon delivery. Wearable or consumable parts such as clutches, brakes, etc. are not covered by this Limited Warranty, and it is the obligation of the user to maintain same in proper working condition. This warranty expressly excludes any and all design and engineering work, whether performed by Company or Company’s Customer, and parts or materials supplied by Company’s Customer. Company’s warranty is expressly limited to defects in materials supplied or manufactured by Company and/or workmanship by Company, not to include design and/or engineering, which are discovered within the applicable limited warranty period and reported to Company within the claim period defined in Section 4.

LIMITED WARRANTY PERIODS (DURATION)

1. GOLD (GEARBOX): 4,000 HRS. OR 2 YEARS OPERATIONAL WARRANTY:

- (a) NEW TRANSMISSION OR GEARBOX SHIPPED WITH SYNTHETIC OIL: As to a new gearbox and/or transmission manufactured by Company, sold to Customer and shipped with Synthetic oil, Company’s warranties shall terminate upon the earlier of four thousand (4,000) hours of operation (unless designed for more or less hours, as specified) or two (2) years from the date of service. **Customer is granted up to two (2) years of storage time** (see Gearbox Storage Procedures) between date of delivery to Customer and date of service. The following conditions apply: **1.** Customer must complete Warranty Activation Form (found at www.pemltd.com) when the Gearbox is placed in service (date of service). **2.** An oil sample is extracted, when gearbox is in service, and submitted along with a completed Warranty Oil Sample Information Form in months four (4), ten (10), sixteen (16) and twenty-two (22). All samples must be postmarked within the month of extraction. If Company’s original Customer is a manufacturer incorporating gearbox in its product, Customer’s End User is also subject to the terms of this Limited Warranty. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and any continued warranty coverage will be the earlier of two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of shipment from Company’s facility.
- (b) RECONDITIONED TRANSMISSION OR GEARBOX SHIPPED WITH SYNTHETIC OIL: As to a gearbox and/or transmission reconditioned by Company, sold to Customer, and shipped with Synthetic oil, Company’s warranties shall terminate upon the earlier of four thousand (4,000) hours of operation (unless designed for more or less hours, as specified) or two (2) years from the date of service. A gearbox is considered reconditioned when all bearings, seals, gearing, and hubs are replaced with new. **Customer is granted up to two (2) years of storage time** (see Gearbox Storage Procedures) between date of delivery to Customer and date of service. The following conditions apply **1.** Customer must complete Warranty Activation Form (found at www.pemltd.com) when the Gearbox is placed in service (date of service). **2.** An oil sample is extracted, when gearbox is in service, and submitted along with a completed Warranty Oil Sample Information Form in month four (4), ten (10), sixteen (16) and twenty-two (22). All samples must be postmarked within the month of extraction. If Company’s original Customer is a manufacturer incorporating gearbox in its product, Customer’s End User is also subject to the terms of this Limited Warranty. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and any continued warranty coverage will be the earlier of two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of shipment from Company’s facility.

2. SILVER (GEARBOX): 2,000 HRS. OR 1 YEAR OPERATIONAL WARRANTY:

- (a) NEW TRANSMISSION OR GEARBOX SHIPPED WITH MINERAL OIL: As to a new gearbox and/or transmission manufactured by Company, sold to Customer and shipped with mineral oil, Company’s warranties shall terminate upon the earlier of two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of service. **Customer is granted up to two (2) years of storage time** (see Gearbox Storage Procedures) between date of delivery to Customer and date of service. The following conditions apply: **1.** Customer must complete Warranty Activation Form (found at www.pemltd.com) when Gearbox is placed in service (date of service). **2.** An oil sample is extracted and submitted along with a completed Warranty Oil Sample Information Form in months four (4) and ten (10) following date of service. All samples must be postmarked within the month of extraction. If Company’s original Customer is a manufacturer incorporating gearbox in its product, Customer’s End User is also subject to the terms of this Limited Warranty. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and any continued warranty coverage will be the

earlier of the first two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of shipment from Company's facility.

- (b) NEW TRANSMISSION OR GEARBOX SHIPPED WITHOUT OIL: As to a new gearbox and/or transmission manufactured by Company, sold to Customer and shipped with no oil, Company's warranties shall terminate upon the earlier of two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of shipment from Company's facility.
- (c) RECONDITIONED TRANSMISSION OR GEARBOX SHIPPED WITH MINERAL OIL: As to a gearbox and/or transmission reconditioned by Company, sold to Customer, and shipped with mineral oil, Company's warranties shall terminate upon the earlier of two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of service. A gearbox is considered reconditioned when all bearings, seals, gearing, and hubs are replaced with new. **Customer is granted up to two (2) years of storage time** (see Gearbox Storage Procedures) between date of delivery to Customer and date of service. The following conditions apply: **1.** Customer must complete Warranty Activation Form (found at www.pemltd.com) when Gearbox is placed in service (date of service). **2.** An oil sample is extracted and submitted along with a completed Warranty Oil Sample Information Form in months four (4) and ten (10) following date of service. All samples must be postmarked within the month of extraction. If Company's original Customer is a manufacturer incorporating gearbox in its product, Customer's End User is also subject to the terms of this Limited Warranty. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and any continued warranty coverage will be the earlier of the first two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of shipment from Company's facility.
- (d) RECONDITIONED TRANSMISSION OR GEARBOX SHIPPED WITHOUT OIL: As to a gearbox and/or transmission reconditioned by Company, and shipped to Customer, Company's warranties shall terminate upon the earlier of the first two thousand (2000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of shipment from Company's facility. A gearbox is considered reconditioned when all bearings, seals, gearing, and hubs are replaced with new.
- (e) REBUILT TRANSMISSION OR GEARBOX SHIPPED WITH SYNTHETIC OIL: As to a gearbox and/or transmission rebuilt by Company, sold to Customer, and shipped with Synthetic oil, Company's warranties shall terminate upon the earlier of two thousand (2,000) hours of operation (unless designed for more or less hours, as specified) or one (1) year from the date of service. **Customer is granted up to two (2) years of storage time** (see Gearbox Storage Procedures) between date of delivery to Customer and date of service. The following conditions apply: **1.** Customer must complete Warranty Activation Form (found at www.pemltd.com) when Gearbox is placed in service (date of service). **2.** An oil sample is extracted and submitted along with a completed Warranty Oil Sample Information Form at months four (4) and ten (10) following date of service. All samples must be postmarked within the month of extraction. If Company's original Customer is a manufacturer incorporating gearbox in its product, Customer's End User is also subject to the terms of this Limited Warranty. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and any continued warranty coverage will be the earlier of one thousand (1,000) hours of operation (unless designed for more or less hours, as specified) or six (6) months from the date of shipment from Company's facility. (Only the new parts that were installed during rebuilding are covered by this warranty. The original warranty of the rebuilt gearbox remains unaffected.)

3. BRONZE (GEARBOX): 1,000 HRS. OR 6 MONTHS OPERATIONAL WARRANTY:

- (a) REBUILT TRANSMISSION OR GEARBOX SHIPPED WITH MINERAL OIL: As to a gearbox and/or transmission rebuilt by Company, sold to Customer, and shipped with mineral oil, Company's warranties shall terminate upon the earlier of one thousand (1,000) hours of operation (unless designed for more or less hours, as specified) or six (6) months from the date of service. **Customer is granted up to two (2) years of storage time** (see Gearbox Storage Procedures) between date of delivery to Customer and date of service. The following conditions apply: **1.** Customer must complete Warranty Activation Form (found at www.pemltd.com) when Gearbox is placed in service (date of service). **2.** An oil sample is extracted and submitted along with a completed Warranty Oil Sample Information Form at month four (4) following date of service. All samples must be postmarked within the month of extraction. If Company's original Customer is a manufacturer incorporating gearbox in its product, Customer's End User is also subject to the terms of this Limited Warranty. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and any continued warranty coverage will be the earlier of one thousand (1,000) hours of operation (unless designed for more or less hours, as specified) or six (6) months from the date of shipment from Company's facility. (Only the new parts that were installed during rebuilding are covered by this warranty. The original warranty of the rebuilt gearbox remains unaffected.)
- (b) REBUILT TRANSMISSION OR GEARBOX SHIPPED WITHOUT OIL: As to a gearbox and/or transmission rebuilt by Company, and shipped to Customer, Company's warranties shall terminate upon the earlier of the first one thousand (1000) hours of operation (unless designed for more or less hours, as specified) or six (6) months from the date of shipment from Company's facility. If Customer or End User fails to comply with warranty terms and conditions contained herein, this warranty option will be void and warranty coverage on new parts will terminate at the same time as original warranty of the gearbox. (Only the new parts that were installed during rebuilding are covered by this warranty. The original warranty of the rebuilt gearbox remains unaffected.)

4. **NEW PARTS AND COMPONENTS:** The first ninety (90) days commencing with the date of delivery to Customer by Company.
5. **PARTS OR COMPONENTS SUPPLIED UNDER WARRANTY:** Ninety (90) days from date of delivery to Customer or original warranty period, whichever is longer.

LIMITATION ON WARRANTIES AND REMEDIES, AND GENERAL CONDITIONS APPLICABLE TO ALL LIMITED WARRANTIES

1. **Limited Warranty and Disclaimers of Warranties.** This Limited Warranty is made expressly **IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED. COMPANY GIVES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THIS LIMITED WARRANTY IS MADE IN LIEU OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THE COMPANY.** Customer's rights and remedies are governed exclusively by the terms and conditions of this Limited Warranty and customer expressly waives, for himself and any purchaser from customer, any claim based upon contract, tort, strict liability or otherwise.
2. **Exclusive Remedies.** Company's obligation under this warranty is exclusively limited, at Company's option to either:
 - a. Replace all parts supplied or manufactured by Company, found to be defective by reason of material and/or workmanship, or
 - b. Furnish without charge, FOB Company's factory, a similar transmission, gearbox or other product with respect to any failure of such transmission or gearbox or product due to defects in materials supplied or manufactured and/or workmanship by Company.
3. **Limitation on Damages. COMPANY SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OR CLAIMS OF ANY KIND, WHETHER ARISING IN CONTRACT, TORT, NEGLIGENCE, STRICT PRODUCTS LIABILITY, STATUTORY OR REGULATORY VIOLATION, OR UNDER ANY OTHER LEGAL THEORY.** Company shall not be liable for any secondary damages; expenses of disconnecting or removing parts and/or components; losses or damages resulting from an alleged defect; or damage to or loss of use of the equipment in which said parts and/or components have been installed; loss of profits; loss incurred as a result of delays caused by vendors, loss incurred as a result of delays in shipping, labor shortages or work stoppages strikes; or any other reason.
4. All claims made under this Limited Warranty must be delivered in writing to Company within sixty (60) days of the occurrence giving rise to same, or all rights of customer shall be deemed waived. Company's address for reporting is:

Power Engineering & Manufacturing, Ltd.
2635 WCF&N Drive
Waterloo, Iowa 50703-9685 USA

5. This Limited Warranty and Company's obligations hereunder shall be void and of no effect, in the event that Company's original customer or any subsequent third party buyer:
 - a. Installs such products in equipment other than as specified in original customer's drawings, specifications and/or order;
 - b. Installs such products in equipment having speeds or loads in excess of that specified in Company's original customer's drawings, specifications and/or order;
 - c. Fails to allow Company to inspect its products under ordinary operating conditions while the taking of load and other measurements;
 - d. Is more than sixty (60) days past due or delinquent with respect to any account.
6. **Gearbox Storage Procedures:** Customer has two options for storing gearboxes:
 - a. Customer stores gearbox at their facility:
 - i. Customer agrees to adhere to Company's gearbox storage procedures (PEM Gearbox Storage Procedure form, found at www.pemltd.com) in the event the gearbox will not be placed in use (date of service) within thirty (30) days of delivery to Customer. The PEM Gearbox Storage Procedure form must be signed and submitted to Company at the commencement of storage. If long term storage will exceed one (1) month, a signed PEM Gearbox Storage Procedure form must be submitted to Company every month of storage thereafter (upon the rotation of the input shaft). Customer's failure to return this form will void the extended warranty and any continued warranty coverage for new, reconditioned, and rebuilt transmissions or gearboxes, will be subject to warranty options 2(b), 2(d), and 3(b) respectively.
 - b. Company stores gearbox at their facility for Customer:
 - i. Customer is relieved of following PEM Gearbox Storage Procedure. Company will follow Customer Storage Procedure.
7. If Customer modifies, repairs or fails to maintain the products and/or individual components, or causes a third party to do so, without the consent of Company, which renders the rectification of defects impossible or unreasonably more difficult, at any rate, the Customer must bear additional costs related to the rectification of defects that are incurred as a result of such modifications.
8. This Limited Warranty does not cover the failure of a prototype or production gearbox where the failure occurs due to the usage of the gearbox in an application substantially different than anticipated by Company, including but not limited to using the gearbox to handle

a different type of material than that specified, or perform an operation which has not been approved by Company. This warranty does not cover products covered by a separate warranty, some products may be excluded from this warranty coverage, therefore Customer must refer to warranty specific to the product that was shipped.

9. Prior to opening a gearbox still under warranty, written authorization must be obtained from Company. Failure to obtain such written authorization shall result in the terms of this Limited Warranty being declared void.
10. Customer agrees to analyze the entire mechanical system in which the gearbox shall operate in order to determine the natural frequency of vibrations of the system and to provide adequate remedies to eliminate damaging vibrations. This Limited Warranty does not cover failures of the gearbox which result from the operation of the machine or gearbox at vibration frequencies at or near the natural frequency of vibration of the machine in such a way that damage may result. It is the responsibility of the customer to analyze the dynamic operations of the entire system where the Company gearbox is used. It is also the Customer's responsibility to prevent any overload from occurring. (This overload may be from shock load or from any source.) **IF THERE EXISTS AN OVERLOAD, CUSTOMER SHALL PROVIDE A DETAILED DESCRIPTION OF SUCH OVERLOAD, IN WRITING, TO COMPANY, AND OBTAIN A WRITTEN RELEASE FROM COMPANY FOR USE OF THE COMPANY PRODUCT. FAILURE TO OBTAIN SUCH RELEASE SHALL VOID THE PROVISIONS AND WARRANTIES SET FORTH HEREIN.**
11. This Limited Warranty does not cover and is void with respect to defects or failures directly attributable to materials or equipment supplied by or furnished by Company's original Customer or the original manufacturer of the equipment in which such parts and/or components have been installed.
12. Company neither assumes nor authorizes any person to assume for Company, any other liabilities in connection with the sale of said transmission, gearbox, part or other product. This warranty shall not apply to any transmission, gearbox or other product which shall have been repaired or altered outside of Company's factory, or in the event of disassembly by a person other than Company authorized service personnel: nor shall this warranty apply to any transmission, gearbox or other product that has been subjected to misuse, neglect, accident or operated other than in accordance with the specifications of Company and/or the manufacturer of the equipment in which the same has been installed.
13. Company reserves the right to charge Customer for any expenses incurred by Company in connection with a warranty service in the event that Company shall determine, before or after performance of such service, that this warranty has been voided by the act or omission of either Customer or Customer's ultimate user or that no service is required. Such expense shall include, but shall not be limited to, the cost of travel, meals and lodging of Company's service personnel, and customary labor or service charges.
14. If any terms or conditions of this agreement are void the remaining provisions are valid and enforceable.
15. If the Company, either as principal or by agent or employee, enters upon the premises or property of the Customer in order to do any work hereunder, including but not limited to construction, erection, inspection, delivery, servicing or repairing, the Customer shall save and hold the Company harmless from and against all liability, claims and demands on account of personal injuries, including death, or property loss or damage to others (including Company and employees and invitees of Company and of the Customer) arising out of or in any manner connected with the performance of such work, and caused by the negligent or willful act or omission to act of Customer, or a supplier of Customer, or employees and invitees, or either of them, and the Customer shall, at its own expense, defend any and all action based thereon and shall pay all charges of attorneys and all costs and other expenses arising therefrom. Customer shall also procure and carry the insurance of employees on such work that may be required by any Workmen's Compensation Act or similar liability act. The Customer shall procure and maintain such other insurance in connection with the work as the Company shall specify.
16. Customer agrees to incorporate the terms of this Limited Warranty into any subsequent sale or transfer of these goods to a third party such that Company's liability shall be expressly limited to the terms and conditions of this Limited Warranty, as well as the choice of law and choice of forum and jurisdiction provisions of this agreement. If a party that has purchased goods from Customer, or from persons in privity with Customer, brings an action against Company for a remedy other than those set forth in this Limited Warranty, Customer agrees to defend Company against such claims at Customer's expense, including attorney's fees, and to indemnify and hold Company harmless against any such claims or judgments thereon. In no event shall Company's liability or warranties extend beyond the term of the warranty provided by Company's original Customer to the end user.
17. Customer agrees that Customer's rights and responsibilities in regard to this transaction shall be governed by the laws of the State of Iowa and the State shall be the exclusive forum and jurisdiction for bringing any action with respect to any disputes regarding Company's liability.
18. This writing constitutes the entire agreement of the parties and there are no other representations, or warranties, oral or written, expressed or implied, statutory or otherwise. This Limited Warranty may be modified only in writing, signed by Company, at its home office in Waterloo, Iowa.
19. Customer acknowledges that Customer is knowledgeable concerning the goods being purchased; that Customer has reviewed The Limited Warranty; and that the remedies provided are adequate and acceptable to Customer.