



World Leader in Superabrasive
Finishing Systems

Engis Standard Terms and Conditions of Sale

1. SCOPE

The Terms and Conditions ("Terms") contained herein shall apply to all quotations and offers made by and purchase orders accepted by Engis Corporation. These Terms apply to all sales made by Engis except to the extent the Terms conflict with a Sales Agreement signed by Engis and Buyer. These Terms apply in lieu of any course of dealing between the parties or usage of trade in the industry. These Terms may in some instances conflict with some of the terms and conditions affixed to the purchase order or other procurement document issued by the Buyer. In such case, the Terms contained herein shall govern, and acceptance of Buyer's order is conditioned upon Buyer's acceptance of the terms and conditions herein, irrespective of whether the Buyer accepts these conditions by a written acknowledgement, by implication, or acceptance and payment of products ordered hereunder. Engis's failure to object to provisions contained in any communication from Buyer shall not be deemed a waiver of the provisions herein.

2. PRICE, TAXES AND QUOTATIONS

Prices are subject to change on thirty days' notice to Buyer. Any order that can be cancelled or rescheduled by Buyer is subject to an immediate price change. All prices are exclusive of any present or future sales, revenue or excise tax, value added tax, turnover tax, import duty (including brokerage fees) or other tax applicable to the manufacture or sale of any product. Such taxes, when applicable, shall be paid by Buyer unless Buyer provides a proper tax exemption certificate. Unless otherwise agreed to in writing by the parties, prices quoted by Engis are those current at the date of quotation and may be changed prior to an order. Quotations for tooling are estimated in accordance with prints and parts submitted with Buyer's inquiry. Prints for each part must be submitted with all orders, and all prints must include Buyer's latest revisions.

3. DELIVERY

Unless otherwise agreed in writing, sales are Ex-Works (Incoterms 2010) Wheeling, IL. Engis may deliver products in one or more consignment and invoice each consignment separately. Engis reserves the right to ship product that is not subject to cancellation in advance of the agreed shipping date. Unless otherwise agreed in writing, delivery time is not of the essence. Engis does not accept liability for any loss arising from delay in delivery of products.

4. PAYMENT TERMS

Unless otherwise agreed in writing, Payment terms shall be net thirty (30) days from the date of invoice. Buyer agrees to pay interest on any unpaid balance at a rate of five percentage points above the annual Federal Funds rate as specified in the Wall Street Journal on the day the balance becomes due. Unless otherwise agreed in writing, all payments are to be in United States dollars. For exported products, Engis may require payment to be secured by an irrevocable letter of credit or a bank guarantee acceptable to Engis. Where payment is made by letter of credit, all costs of collection shall be for Buyer's account. In the event that Engis is required to bring legal action to collect delinquent accounts, Buyer agrees to pay reasonable attorney's fees and costs of suit.

5. NON-CONFORMING DELIVERY AND RISK OF LOSS

Buyer shall notify Engis of any visible defects, quantity shortages or incorrect product shipments within seven (7) days of receipt of the shipment. Failure to notify Engis in writing of any visible defects in the products or of quantity shortages or incorrect shipments within such period shall be deemed an unqualified waiver of any rights to return products on the basis of visible defects, shortages or incorrect shipments, subject to Buyer's rights under Section Seller shall retain a security interest in the products until Buyer's final payment to Engis for the products. Risk of loss and title shall pass to Buyer as soon as the products have been placed with a transport agent.

6. ORDER CANCELLATION

(a) Buyers Cancellation for Convenience: Buyer may cancel any order for convenience on the following terms: (i) For standard products, Buyer may cancel or reschedule a product without penalty if the cancellation is more than thirty (30) days from the Confirmed Shipping Date (as specified in Engis's Order Acknowledgement or other document); cancellations within 30 days of a Confirmed Shipping Date must be approved in writing by a Engis sales manager and may be subject to special charges (ii) For nonstandard parts, custom products, or standard parts with minimum usage Buyer may cancel or reschedule more than ninety (90) days from the Confirmed Shipping Date, except that Buyer shall accept delivery of all such products which are completed at the time of cancellation or rescheduling. Those nonstandard products which are in the work-in-process inventory at the time of cancellation or rescheduling shall be paid for by Buyer at a price equal to the completed percentage of the product multiplied by the price of the finished product. Buyer also shall pay promptly to Engis the costs of settling and paying claims arising out of the termination of work under Engis's subcontracts or vendors and any accounting, legal, and clerical costs arising out of the cancellation.

(b) Engis's Cancellation: Engis shall have the right to cancel any unfilled order without notice to Buyer in the event that Buyer becomes insolvent, adjudicated bankrupt, petitions for or consents to any relief under any bankruptcy reorganization statute, or becomes unable to meet its financial obligations in the normal course of business. Any order that can be cancelled or rescheduled by Buyer pursuant to paragraph 6(a) may be cancelled or rescheduled by Engis if notice is given to Buyer.

7. LIMITED WARRANTY

Except as specified below, products sold hereunder shall be free from defects in materials and workmanship and shall conform to Engis's published specifications or other specifications accepted in writing by Engis for a period of one (1) year from the date of shipment of the products. The foregoing warranty does not apply to any products which have been subject to misuse, neglect, accident or modifications. Engis shall make the final determination as to whether its products are defective. Engis's sole obligation for products failing to comply with this warranty shall be, at its option, to replace or issue credit for the nonconforming product where, within fourteen (14) days of the expiration of the warranty period, (i) Engis has received written notice of any nonconformity; (ii) after Engis's written authorization, Buyer has returned the nonconforming product to Engis; and (iii) Engis has determined that the product is nonconforming and that such nonconformity is not the result of improper installation, repair or other misuse. THE FOREGOING WARRANTY AND REMEDIES ARE EXCLUSIVE AND MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ENGIS DOES NOT ASSUME OR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH ITS PRODUCTS. Buyer shall pass this warranty to any third-party purchaser of Engis products.

8. LIMITED LIABILITY

Neither Engis nor Buyer shall be liable for incidental or consequential damages, including but not limited to, the cost of labor, requalification, rework charges, delay, lost profits, or loss of goodwill arising out of the sale, installation or use of any Engis product. If Engis has any liability for breach of contract, breach of any implied condition, warranty or representation, the aggregate liability of Engis to Buyer shall be limited in respect of any occurrence or series of occurrences to the contractual value of the products or services that are the subject of the contract.

9. PATENTS

(a) Indemnification: Subject to the limitations herein, Engis will defend any suit or proceeding brought against Buyer if it is based on a claim that any product furnished hereunder constitutes an infringement of any U.S., Canadian, Japanese, EU or EFTA member country intellectual property rights. Engis must be notified promptly in writing and given full and complete authority, information and assistance (at Engis's expense) for defense of the suit. Engis will pay damages and costs therein awarded against Buyer but shall not be responsible for any compromise made without its consent.

In no event shall Engis's liability for all damages and costs (including the costs of the defense by Engis) exceed the contractual value of the products or services that are the subject of the lawsuit, providing such defense, or in the event that such product is held to constitute infringement and the use of the product is enjoined, Engis, in its discretion, shall procure the right to continue using such product, or modify it so that it becomes noninfringing, or remove it and grant Buyer a credit for the depreciated value thereof. Engis's indemnity does not extend to claims of infringement arising from Engis's compliance with Buyer's design, specifications and/or instructions, or the use of any product in combination with other products or in connection with a manufacturing or other process. The foregoing remedy is exclusive and constitutes Engis's sole obligation for any claim of intellectual property infringement and Engis makes no warranty that products sold hereunder will not infringe any intellectual property rights.

(b) Engis Retains its Intellectual Property: The sale of any products hereunder does not convey any license by implication, estoppel or otherwise covering combinations of the products with other equipment data or programs. The company retains the copyright in all documents, catalogs and plans supplied to Buyer pursuant to or ancillary to the contract. Unless otherwise agreed in writing, Buyer shall obtain no interest in any mask or other tooling used in the production of any Engis product.

10. CONFIDENTIAL INFORMATION

Except as required by law, neither party shall use (except for purposes connected with the performance of its obligations hereunder), divulge or communicate to any third party any information of the other it reasonably knows to be confidential.

11. FORCE MAJEURE

Engis shall not be liable for any damage or penalty for delay in delivery or for failure to give notice of delay when such delay is due to the elements, acts of god, acts of the Buyer, act of civil or military authority, war, riots, concerted labor action, shortages of materials, or any other causes beyond the reasonable control of Engis. The anticipated delivery date shall be deemed extended for a period of time equal to the time lost due to any delay excusable under this provision.

12. EXPORT REGULATIONS

Buyer agrees to comply fully with all laws and regulations concerning the purchase and sale of products. In particular, Buyer agrees to comply with the Export Administration Regulations of the United States in so far as they apply to the sale of products. The products are licensed by the United States for delivery to the ultimate destination as shown on the shipment/invoice address and any contrary diversion is prohibited.

13. ASSIGNMENT AND SUBCONTRACTING

Engis shall be entitled at all times to assign its rights under the contract (in whole or in part) or to subcontract any part of the work or services to be provided under the contract as it deems necessary or desirable.

14. NOTICES

Any notice hereunder shall be deemed to have been given if sent by prepaid first class mail to the party concerned at its last known address. Notice to Engis shall be to 105 W Hintz Rd, Wheeling, IL 60090.

15. WAIVER

Failure by Engis to exercise or enforce any rights hereunder shall not be deemed to be a waiver of any such right nor operate so as to bar the exercise or enforcement thereof at any time or times thereafter.

16. APPLICABLE LAW

Unless otherwise agreed in writing, the terms and conditions contained herein shall be governed by and construed under the laws of the State of Illinois, USA.

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