



REMIT TO:  
**SETCO Sales Company**  
 Dept CH 17685  
 Palatine, IL 60055-7685

Phone: 513-941-5110  
 Fax: 513-941-6913

Setco Sales Company  
 2255 Global Way  
 Hebron, KY 41048

**Sales Order Acknowledgement**

**SALES TERMS AND CONDITIONS  
 GOVERNING ALL QUOTATIONS AND PURCHASE ORDERS**

The following terms and conditions apply to all quotations and sales by us unless otherwise agreed in either our specific quotation, the order acknowledgement or in a separate writing executed by one of our corporate officers. This quotation comprises our entire quotation. On any order placed pursuant hereto, the provisions below entirely supersede any prior correspondence, quotation or agreement. There are no agreements between Purchaser and us in respect of the product quoted herein except as set forth in writing and expressly made a part of this quotation. The designs and specifications of all products sold by us are subject to change without notice and, in the event of any such changes, we will have no obligation whatsoever to make similar changes in a product previously ordered by Purchaser.

**1. PRICES.**

Prices become firm only upon our acceptance of an order as evidenced by our written acknowledgement.

a. All sales are FOB plant of manufacture and are subject to all State, County, City and Federal use, sales and excise taxes. If we are required by any taxing authority to collect such tax, such tax will be billed to the Purchaser as part of the selling price, unless an exemption certificate is presented prior to shipment. Whether billed by us originally, Purchaser agrees to pay any such taxes at any time we request. Quoted prices do not include any such taxes or any shipping, special packing or similar charges.

**2. SHIPPING SCHEDULE.**

a. Quoted delivery dates are not firm. Actual delivery dates are set when the order has been received and acknowledged by us and all data, design and drawings to be supplied by the Purchaser have been supplied. The delivery date is that stated in our acknowledgement following receipt of the foregoing items.

b. We will not be responsible for delays in delivery caused by:

1. Strikes, labor disputes, accidents, fire, unavoidable casualties, global or national health epidemics or pandemics, state, local or governmental orders to cease work and/or quarantine, inclement weather, failure of our suppliers to deliver and any causes beyond our control,
2. Samples, gauges or any other items needed to complete the testing of the machine before shipment not being delivered to us at least three weeks prior to scheduled shipping date,
3. Purchaser not supplying engineering information, equipment or any other items to be supplied by Purchaser, or
4. Purchaser failing to provide guaranties of its performance if reasonably requested by us.

c. Acceptance of the products shall constitute a waiver of any claims for delay.

**3. PAYMENT AND ACCEPTANCE.**

a. Payment shall be:

1. For all orders less than \$10,000, thirty (30) days from date of invoice, unless otherwise specified in the quotation.
2. For all orders \$10,000 and greater but less than \$100,000, twenty percent (20%) down payment with the order, the remainder thirty (30) days from date of invoice, unless otherwise specified in the quotation.
3. For all orders \$100,000 and greater, unless otherwise specified in the quotation, twenty percent (20%) down payment with the order, twenty five percent (25%) due when certified drawings are submitted and the remainder thirty (30) days from date of invoice.
4. Payments shall be due for all items reflected on each invoice, even if all items have not been currently shipped.

b. Payments shall be made directly to us or as we direct without deduction or set-off.

c. Without limiting any other remedies available at law, in equity or pursuant to these terms and conditions, if Purchaser fails to make any payment when due, a monthly late charge of one and one-half percent (1-½%) on any and all overdue payments may be charged and we may cancel or interrupt production or installation of any or all products. Additional costs in completing and/or storing the products related to such delays will be Purchaser's responsibility and will be due upon our demand. Should collection efforts be required to secure your payment for products and/or services received, any amounts owed will be increased to cover collection costs, which may include increasing the amount owed by you in order to cover collection costs.

d. Payment of any amount due hereunder or acceptance by Purchaser of any product quoted and ordered is deemed to be an

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unqualified acceptance of, and a waiver by Purchaser of any and all claims with respect to acceptance of such product unless Purchaser gives us written notice of the claims within ten (10) days after delivery of the applicable product and affords us a reasonable opportunity to inspect such product and make any appropriate adjustments or replacements. The remedies and limitations which are set forth below (Warranty and Remedies Provisions) are the exclusive remedies for products discovered to be defective after acceptance. Purchaser shall not delay payment for the products pending their inspection  
 e. No contract is final and binding until final acceptance by us and issuance of our order acknowledgement.

**4. WARRANTY AND REMEDIES.**

a. We warrant to Purchaser that products designed and manufactured by us have been made in a good and workmanlike manner and are free of defects in material and workmanship. We will repair or replace any products that prove defective, to our satisfaction, under normal operating conditions within:

1. Twelve (12) months of shipment from our plant for all new products;
2. Thirty-six (36) months of shipment from our plant against bearing contamination due to coolant or condensation ingress for all new product built with the Setco AirShield™;
3. Twelve (12) months of shipment from our plant for all service performed on standard (non-high speed) spindles, slides and modules;
4. Twenty-four (24) months of shipment from our plant against bearing contamination due to coolant or condensation ingress for all service performed on standard (non-high speed) spindles with the Setco AirShield®; or
5. Six (6) months of shipment from our plant for all service performed on high-speed spindles [a spindle with a DN value greater than or equal to one million, two hundred fifty thousand (\$1,250,000)],

so long as:

- i) the product has been properly installed, maintained and operated within the limits of its specified rated and normal usage;
- ii) we are given prompt notice of the defect;
- iii) the product if we so request is returned, freight prepaid for inspection prior to replacement or repair; and,
- iv) the product or serviced product equipped with a Setco AirShield® has air provided to it that is in accordance with Setco air specification #AIR09-97.

For avoidance of doubt, as to materials and/or equipment and/or accessories which Seller sells to Purchaser, the standard manufacturer's warranty will be transferred to Purchaser, as applicable. Non-performance of the terms and conditions of this contract shall void the warranty. All freight charges shall be the Purchaser's responsibility.

b. All returned product(s) must be sent to a Setco-authorized repair facility, accompanied by a returned goods authorization (RGA) number provided by Setco. Additionally, all returned product(s) must be properly packaged so as to prevent damage during shipment. If damage to the returned product(s) appears to be from improper or insufficient packaging, repair of the product(s) will not be covered under warranty.

c. We make no warranty concerning, and we shall have no liability for, any costs related to removing or assembling our product(s) to Purchaser's or end user's machine or equipment, nor shall we have any liability for any cost associated with loss of production, work flow interruption, downtime related costs or other consequential damages, whatever the cause.

d. We make no warranty concerning and shall have no liability for products or components manufactured or designed by others, except in the case of goods designed by others which we manufacture.

e. We warrant that we have manufactured the goods in conformity with the agreed upon design requirements. This warranty is for the same period and subject to the same limitations as our warranty for goods designed and manufactured by us.

**f. EXCEPT AS STATED ABOVE, WE MAKE NO WARRANTIES EXPRESSED OR IMPLIED, AND WE SPECIFICALLY DO NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSES.**

g. Production data supplied by us is based on our analysis and understanding of the limits of accuracy, machinability of materials, amount of material to be removed, handling facilities provided, and locating points, but is an estimate only and is not guaranteed or warranted.

h. For goods or components manufactured by others, we will use our commercially reasonable efforts to pass any manufacturer's warranty we receive to Purchaser. For products or parts which have an inherent useful life less than our warranty period, our warranty shall be limited to such useful life.

i. In no event will we be liable for any consequential or incidental damages. Purchaser's sole remedy for breach of warranty shall be

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the repair or replacement of the defective goods upon return to us.

j. As the product owner, you should also be aware that we may deny you warranty coverage if your spindle, slide, module or any component part has failed due to abuse, neglect, corrosion or deterioration due to environment, chemical cleaning, improper or insufficient maintenance, disassembly or modifications not approved by us, or by not following manufacturer's directives concerning any of the foregoing.

k. Our duty to repair or replace shall terminate if unauthorized repairs are attempted, if the product is not properly stored, installed, maintained or operated, or if the product is operated outside the limits of its specifications, ratings or normal applications.

l. In addition to any other exclusions or limitations contained herein, we will not be liable for any amount in excess of the purchase price of the equipment for any breach of contract or warranty.

m. Defects caused by normal wear and use of the product(s) are not warranted against, as wear and fatigue can be expected through the use of the product(s), due to the limited service life of components.

**5. SERVICE.**

If service is required, current service rates shall apply. Unless specifically stated in the order acknowledgement, demonstration, special assembly, installation or connection is not included in the price.

**6. CANCELLATION.**

In the event Purchaser cancels all or any part of our order and if such cancellation is received in writing by us Purchaser shall pay a cancellation charge. The cancellation charge will be computed on the basis of our full-cost plus normal profit covering all engineering work, all work in process, all raw materials, all supplies and all commitments made by us in connection with the order, less such allowances as we may be in position to make for any standard components and for the balance of the material as scrap. So long as the cancellation charge is paid upon demand, we will waive other claims. If Purchaser fails to pay the cancellation charge, and we are required to pursue collection activities, then you agree to an additional penalty of fifty percent (50%) to your order, which we will pursue in collection.

**7. STOP WORK OR DELAY.**

In the event that we are unable to proceed with the manufacture and shipment of a Purchaser's order due to Purchaser's request or as the direct or indirect result of governmental action or regulation, including but not limited to global or national health epidemics or pandemics, state, local or governmental orders to cease work and/or quarantine, or in the event that Purchaser requests that we stop work but not cancel the order, we will so notify Purchaser and may thereafter consider such order as completed in its then state of partial completion. In such case, we will:

- a. Stop all work on the order as promptly as reasonably possible and restart only when the cause of the stop work is removed.
- b. Store all finished and unfinished items.
- c. Invoice Purchaser for the established prices for all completed items, and for incomplete items the full costs incurred by us or by our affiliates, plus normal profit and charge for packing and storing.
- d. Reinstate the order at the earliest possible date, subject to acceptance by Purchaser of prices, terms and shipping schedule quoted preliminary to such reinstatement.
- e. Upon reinstatement, allow Purchaser appropriate credit for parts held in storage by us as Purchaser's property if such parts can still be used in filling the reinstated order.

**8. TITLE.**

Full payment by you for the products shall constitute transfer of title and ownership, and possession in and to the product. As to serviced product, should you refuse to collect such product following service, then after one (1) year, the product will be deemed abandoned and title shall be transferred to us.

**9. MISCELLANEOUS.**

- a. Except as expressly agreed to in writing by us, all products shall be manufactured in accordance with the agreed upon specifications.
- b. We reserve the right to discontinue deliveries of any product, the manufacture, sale or use of which in our opinion, would result in

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patent infringement.

c. Purchaser shall indemnify and hold us harmless from any claim, suit or action for patent infringement brought against us, which is based on a design or specification furnished by Purchaser.

d. Waiver by us of a breach of any one or more of these terms and conditions shall not be construed as a waiver of a breach of any of the other terms and conditions, nor shall a waiver by us of any breach of these terms and conditions be construed as a waiver of any future breach.

e. The rights and remedies herein reserved to us shall be cumulative and in addition to any other or future rights and remedies provided in law or equity.

f. Purchaser grants to us and to our successors and assigns a security interest in and to the products ordered and sold until payment is made in full. The security interest hereby created shall secure the payment of the purchase price as set forth in these terms and conditions, together with all costs and expenses, including collection costs, court costs and attorneys' fees incurred or expended by us in recovering, holding, preparing for sale, selling and otherwise disposing of the products in collecting the indebtedness secured hereby and in enforcing the security interest created hereby. As applicable, costs Purchaser agrees to execute, upon request, financing statements deemed necessary or desirable by us to perfect our security interest in the products.

g. The terms and conditions herein contained and any other terms and conditions stated in this quotation or on our written acknowledgement of the order shall constitute the complete agreement between Purchaser and us and shall supersede all prior oral or written statements of any kind whatsoever made by the parties or their representatives. No statement purporting to modify the said terms and conditions shall be binding unless expressly consented to in writing by a duly authorized representative of us in a document making specific reference to order.

h. This Agreement shall be an Ohio contract and shall be interpreted and administered for all purposes under the laws of Ohio. Purchaser agrees that jurisdiction and venue for any action relating to any contract between Purchaser and us is proper in any jurisdiction in which we have a factory and which participated in the production of goods or performing services relating to the contract.

i. Our original design, all contributing information and all other non-public information which is shared with you in any form for your use in considering purchase of our products and/or services for products is confidential and proprietary. You agree to maintain our non-public information as confidential. Transmission of all or any part of our original design to others or use of it for other purposes is unauthorized without our prior consent.

j. Quotation shall be valid for sixty (60) days, unless otherwise noted in writing.

k. We may audit any part of warranty at the Purchaser's or end user's facility at any time to ensure conditions are being met. Failure to comply may result in voiding warranty.

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