

WARRANTY

Regal Cutting Tools ("Seller") warrants to original equipment manufacturers, distributors and industrial and commercial users ("Buyer") of its products that each new product manufactured or supplied by Seller shall be commercially free from defects in material and workmanship at the time of shipment of the goods. All claims for allegedly defective goods must be made within 10 days after Buyer learns of such alleged defects limited to a maximum period of one year from the date of sale by Seller. All claims not made in writing and received by Seller within such 10-day period shall be deemed waived. Seller's sole obligation under this warranty is limited to furnishing without additional charge a replacement, or at its option, repairing or issuing credit for any product which shall be returned freight prepaid to the plant designated by a Seller representative and which upon inspection is determined by Seller to be defective in material or workmanship. Complete information as to operating conditions, machine setup, and application of cutting fluid should accompany any product returned for inspection. The provisions of this Warranty shall not apply to any Seller product which has been subjected to misuse, abuse, improper operating conditions (machine setup or application of cutting fluid), or which has been repaired or altered if such repair or alteration in the judgment of Seller would adversely affect performance of the product. THIS WARRANTY IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Seller's sole liability on any claim of any kind, whether in contract, tort or otherwise, for any loss or damage arising out of, connected with, or resulting from the manufacture, sale, delivery or use of the products sold hereunder shall in no case exceed the cost of replacement or repair as provided herein. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES. There are no other warranties, expressed or implied, made by Seller except the warranty against defects in material and workmanship set forth above. Unless authorized in writing by a corporate officer or vice president, no agent, employee or representative of Seller has any authority to bind Seller to any affirmation, representation or warranty concerning the goods sold under the sales contract and such affirmation, representation or warranty has not formed a part of the basis of the bargain and shall be unenforceable.



Cutting tools may shatter if broken. Wear safety glasses and use safeguards. Grinding this product may produce a dust containing chemicals known to the state of California to cause cancer. Please refer to the Material Safety Data Sheet. A copy of the MSDS can be obtained by request from the Regal Cutting Tool Customer Service department.

TERMS AND CONDITIONS OF SALES

1. AGREEMENT AND LIMITATIONS. The agreement between Seller and Buyer ("Sales Contract") with respect to the sale of goods described on the other side hereof (the "goods") shall consist exclusively of the terms appearing herein and on the other side hereof. Seller objects to and shall not be bound by additional or different terms, whether printed or otherwise, in Buyer's purchase order or in any other communication from Buyer to Seller. Such additions and differences in terms shall be considered material and Seller's terms and conditions shall govern. The Sales Contract shall be for the benefit of Seller and Buyer and not for the benefit of any other person. Prior courses of dealing, trade usage and verbal agreements not reduced to a writing signed by Seller, to the extent they modify, add to or detract from the Sales Contract, shall not be binding on Seller.

2. TERMINATION OR MODIFICATION. The Sales Contract may be modified or terminated only upon Seller's express written consent. If all or part of the Sales Contract is terminated, Buyer, in the absence of a contrary written agreement signed by Seller, shall pay termination charges based upon expenses and costs incurred in the production of the goods to the date such termination is accepted by Seller including, without limitation, expenses of disposing of materials on hand or on order from suppliers and losses resulting from such disposition, plus a reasonable profit, except that any goods completed on or before Seller's acceptance of such termination shall be accepted and paid for in full by Buyer.

3. PRICE AND PAYMENT. Fulfillment of Buyer's order is contingent upon the availability of materials. The price of the goods sold pursuant to the Sales Contract shall be based upon Seller's price in effect at the time of shipment and any acceptance of the order will be on the basis of the freight rates now in effect. In the event of an increase or decrease in the applicable freight charges before the material is shipped, such changes in freight charges will be for the account of Buyer. Price advances, discounts, extras and terms and conditions are subject to changes without notice. Any sales or other tax or duty that Seller may be required to collect or pay upon the sale of the goods will be added to the quoted price. If such amount is not included in an invoice for the goods, it may be invoiced separately later. If the Sales Contract is for more than one unit of goods, the goods may be shipped in several lots at the discretion of Seller, and each such shipment shall be paid for separately. Seller may require full or partial payment or payment guarantee in advance of shipment whenever, in its opinion, the financial condition of Buyer so warrants. In addition, Seller may at any time or times, suspend performance of any order or require payment in cash, security or other adequate assurance satisfactory to Seller when, in Seller's opinion, the financial condition of Buyer warrants such action.

BLANKET ORDER WITH SCHEDULED RELEASES

(a) Stock Item. Blanket orders of stock items with scheduled releases are predicated on total units released for shipment within the specified period. All blanket orders will be adjusted for price levels based on actual releases within the specified period.

(b) Special Items. In the event Buyer has not taken delivery by the end of the specified period of all special items covered by a blanket order with scheduled releases, Seller shall, on that date, ship the remaining number of special items and invoice the Buyer accordingly. Any deviation from the policy set forth in (a) or (b) above must have prior written approval signed by Seller's authorized representative.

TERMS

Terms of payment, minimum order charges, broken package charges, and transportation charges are as set forth on the front of this form. C.O.D. shipments are not entitled to a cash discount or prepaid transportation. Shipment of specials may be 10% over/under quantity ordered unless otherwise stated on the order. All prices are F.O.B. shipping point. Methods and route of shipment are at Seller's discretion unless the Buyer supplies explicit instruction. Seller may assess a delinquency charge of 1-1 1/2% per month on invoices not paid within stated terms.

4. TAXES. Prices do not include federal, state or local taxes. Buyer shall pay to Seller, in addition to the price of the goods, all applicable taxes and other governmental charges upon the production, sale, delivery or use of the goods, to the extent required or not forbidden by law to be collected by Seller from Buyer, unless Buyer furnished Seller with valid exemption certificates acceptable to the appropriate taxing authorities before the date of acknowledgment.

5. RISK OF LOSS. Delivery shall occur, and risk of loss shall pass to Buyer, upon delivery of the material to a carrier at the point of shipment. Transportation shall be at Buyer's sole risk and expense, and any claim for loss or damage in transit shall be against the carrier only.

6. DELIVERY AND QUANTITIES.

(a) Promises of delivery from stock are subject to prior sales. Delivery dates are not guaranteed but are estimated on the basis of immediate receipt by Seller of all information to be furnished by Buyer and the absence of delay, direct or indirect, resulting from or contributed to by circumstances beyond Seller's reasonable control. Seller shall in good faith endeavor to meet estimated delivery dates. Seller shall not be liable to Buyer for damages as a result of any delay caused or contributed to by circumstances beyond Seller's reasonable control. If the goods are non-catalog goods, Seller may ship overages or underages to the extent of ten percent (10%) of quantity ordered, and Buyer shall pay for such quantity supplied based upon the unit price of the goods. Seller shall not be required to maintain closer control of quantity, unless specifically agreed to by Seller in writing. Quantities of all items may be determined by weight. Any claims for shortage must be made within ten (10) days from the date of receipt of the goods by Buyer, and in every case the weights found in any particular shipment, including tare, must be given and Seller advised as to the method used by Buyer in computing the count of parts.

(b) In the event that Buyer is unable to accept delivery of the goods at time of shipment, Seller shall invoice Buyer for the full purchase price as if shipment had been made and (i) if Seller is able to store such goods in its own facilities, Buyer will pay Seller the reasonable handling and storage charges for the period of such storage, and (ii) if Seller is unable to store such goods in its own facilities, Seller reserves the right to arrange handling and storage in a suitable bonded warehouse for the Buyer at Buyer's expense. In cases where handling and storage become necessary, it shall be Buyer's responsibility to notify Seller when shipment is to be made. Seller will make necessary arrangements for shipment at Buyer's expense.

7. RETURNED GOODS. Goods may not be returned. If Seller consents in writing to the return of goods for any reason, however, Buyer assumes all risk of loss of such returned goods until actual receipt by Seller.

8. INSPECTION. Buyer shall inspect the goods immediately upon the receipt thereof.

9. WARRANTY. Seller warrants to original equipment manufacturers, distributors and industrial and commercial users ("Buyer") of its products that each new product manufactured or supplied by Seller shall be commercially free from defects in material and workmanship at the time of shipment of the goods. All claims for allegedly defective goods must be made within 10 days after Buyer learns of such alleged defects limited to a maximum period of one year from the date of sale by Seller. All claims not made in writing and received by Seller within such 10-day period shall be deemed waived. Seller's sole obligation under this warranty is limited to furnishing without additional charge a replacement, or at its option, repairing or issuing credit for any product which shall be returned freight prepaid to the plant designated by a Seller representative and which upon inspection is determined by Seller to be defective in material or workmanship. Complete information as to operating conditions, machine setup, and application of cutting fluid should accompany any product returned for inspection. The provisions of this Warranty shall not apply to any Seller product which has been subjected to misuse, abuse, improper operating conditions (machine setup or application of cutting fluid), or which has been repaired or altered if such repair or alteration in the judgment of Seller would adversely affect performance of the product. THIS WARRANTY IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Seller's sole liability on any claim of any kind, whether in contract, tort or otherwise, for any loss or damage arising out of, connected with, or resulting from the manufacture, sale, delivery or use of the products sold hereunder shall in no case exceed the cost of replacement or repair as provided herein. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES. There are no other warranties, expressed or implied, made by Seller except the warranty against defects in material and workmanship set forth above. Unless authorized in writing by a corporate officer or vice president, no agent, employee or representative of Seller has any authority to bind Seller to any affirmation, representation or warranty concerning the goods sold under the sales contract and such affirmation, representation or warranty has not formed a part of the basis of the bargain and shall be unenforceable.

10. REMEDIES AND LIMITATION OF LIABILITY. In the event Buyer claims Seller has breached any of its obligations under the Sales Contract, whether of warranty or otherwise, Seller may request the return of goods and tender to Buyer, at Seller's option, a replacement shipment of goods or the purchase price theretofore paid by Buyer. If Seller so requests the return of the goods, the goods will be redelivered to Seller in accordance with Seller's instructions and at Buyer's expense. If Seller so determines, a refund of the purchase price paid by Buyer shall be made only upon actual receipt of the goods by Seller. Except as herein provided, Seller shall have no further obligation under the Sales Contract. The remedies contained in this paragraph and paragraph 9 hereof shall constitute the sole recourse of Buyer against Seller for breach of any of Seller's obligations under the Sales Contract, whether of warranty or otherwise. In no event shall Seller be liable for incidental, consequential or special damages, nor shall Seller's liability on any claim for damages arising out of or connected with the Sales Contract or the manufacture, sale, delivery or use of the goods exceed the purchase price of the goods.

11. TECHNICAL ADVICE. Any technical advice furnished, or recommendation made by Seller or any representative of Seller concerning any use or application of any of the goods is believed to be reliable, but Seller makes no warranty, express or implied, on results to be obtained. Buyer assumes all responsibility for loss or damage resulting from the handling or use of any of the goods.

12. FORCE MAJEURE. Seller shall not be liable for failure to perform its obligations under the Sales Contract in whole or in part caused by the occurrence of any contingencies beyond the control either of Seller or of suppliers to Seller, including but not limited to acts of God; acts of Buyer; acts of any government or agency thereof or civil or military authority, fires, accidents, explosions, strikes or other labor disputes, earthquakes, storms, judicial action, floods, war (whether an actual declaration thereof is made or not), sabotage, riot, delays in transportation, lack of or inability to obtain raw materials, components, labor, fuel or supplies, technical failure, or other circumstances beyond Seller's reasonable control, whether similar or dissimilar to the foregoing. If any such contingency occurs, Seller may allocate goods and deliveries among Seller's customers.

13. ASSIGNMENT AND DELEGATION. No right or interest in the Sales Contract shall be assigned by Buyer without Seller's prior written consent, and no delegation of any obligation owed, or of the performance of any obligation by Buyer shall be made without Seller's prior written consent. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

14. CHANGES. Seller may, at any time without notice, make changes (whether in design, materials, improvements or otherwise) in any catalog goods, and may discontinue the manufacture of any catalog goods, all in its sole discretion, without incurring any obligations of any kind as a result thereof, whether for failure to fill an order of Buyer or otherwise.

15. SEVERABILITY. If any term, clause or provision contained in the Sales Contract is declared or held invalid by a court of competent jurisdiction, such declaration or holding shall not affect the validity of any other term, clause or provision contained herein.

16. GOVERNING LAW AND LIMITATION.

(a) The formation and performance of the Sales Contract shall be governed by the Uniform Commercial Code as adopted in the State of Illinois. Whenever a term defined by said Uniform Commercial Code is used in the Sales Contract, the definition contained in said Uniform Commercial Code controls. Any action for breach of the Sales Contract must be commenced within one (1) year after the cause of action accrued, and all such claims shall be barred thereafter notwithstanding any statutory period of limitations to the contrary.

(b) The Sales Contract shall be deemed to have been made at South Beloit, Illinois and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of Illinois. Seller represents that the goods will be produced in compliance with the Fair Labor Standards Act of 1938, as amended. Buyer hereby agrees to the jurisdiction of any state or federal court located within Winnebago County, Illinois. Buyer waives any objection based on forum non conveniens and any objection to venue of any action instituted hereunder, and consents to the granting of such legal or equitable relief as is deemed appropriate by a court of competent jurisdiction.