



814 Chestnut St., P.O. Box 1203
Rockford, IL 61105-1203
Ph: 815-964-8661 / Fax: 815-964-5074
Email: sales@barnesintl.com / Web: www.barnesintl.com

TERMS AND CONDITIONS

1. **Acceptance of Orders.** All orders are subject to approval and acceptance in writing by Barnes International, Inc. (Barnes) at Rockford, Illinois, USA.
2. **Complete Agreement.** Acceptance of orders, whether oral or written, is based on the express condition that Buyer agrees to all of the terms and conditions contained herein. Acceptance of delivery by Buyer will constitute Buyer=s assent to said terms and conditions. These terms and conditions represent the complete agreement of the parties, and no terms or conditions in any way adding to, modifying or otherwise changing the provisions stated herein shall be binding upon Barnes unless made in writing and approved by Barnes. No modification of any of these terms will be effected by Barnes= shipment of goods following receipt of Buyer=s purchase order, shipping request or similar forms containing printed terms and conditions conflicting or inconsistent with the terms herein.
3. **Prices.** All prices are F.O.B. Barnes= plant in Rockford, IL unless otherwise specified. Transportation costs shall be paid and borne by Buyer.
4. **Payment Terms.** Payment terms are net 30 days from date of invoice, unless otherwise agreed by Barnes. Payment schedule, if any, is defined in our quotation. A service charge of the lesser of 1.5% per month or the applicable maximum legal rate will be added to all past due accounts.
5. **Security.** Barnes reserves the right to require payment for any shipment hereunder in advance, or satisfactory security, if the financial responsibility of Buyer becomes unsatisfactory to Barnes. If Buyer fails to make payment in accordance with the terms of this agreement, or fails to comply with any provision hereof, Barnes may, at its option (and in addition to other remedies), cancel any unshipped portion of the order. Buyer remains liable to all unpaid accounts.
6. **Shipment.** Shipping schedule will be computed from the date of receipt by Barnes of Buyer=s written order or, in the case of special items, from the date of receipt of complete information necessary to proceed with design and manufacture, and is subject to (a) prior sale and confirmation by Barnes at time of placing order, and (b) unavoidable delays due to force majeure.

Barnes will use all reasonable efforts to comply with Buyer=s requests as to method of shipment but Barnes reserves the right to use an alternate method of transportation or route of shipment if substantial delay might otherwise occur. In such cases, Barnes will notify Buyer of such changes as soon as reasonably possible.

7. **Force Majeure.** Barnes shall not be liable for delays in shipment or default in delivery for any cause beyond Barnes= reasonable control including, but not limited to, government action, shortage of labor, raw material, production or transportation facilities, labor difficulty involving employees of Barnes or others, fire, flood, or other casualty. In the event of any delay in Barnes= performance due in whole or in part to any cause beyond Barnes= reasonable control, Barnes shall have such additional time for performance as may be reasonably necessary under the circumstances. Acceptance by Buyer of any goods shall constitute a waiver by Buyer of any claim for damages on account of any delay in delivery of such goods.
8. **Taxes.** All taxes and excises of any nature whatsoever now or hereafter levied by governmental authority upon the sale or transportation of any goods covered hereby shall be paid and borne by Buyer.

9. **Title.** Delivery of goods to carrier shall be deemed delivery to Buyer, and thereupon title to such goods, and risk of loss or damage, shall be Buyer=s. Any claim by Buyer against Barnes for shortage of damage occurring prior to such delivery must be made in writing within five (5) days after receipt of shipment and accompanied by original transportation bill signed by carrier noting that carrier received goods from Barnes in the condition claimed.
10. **Warranty & Disclaimer.** All goods sold by Barnes, except wearable parts and purchased components, are warranted against defects in material and workmanship under normal single shift operating conditions for one year from date of shipment. Honing tools, stones, wearable fixture parts, seals and belts sold by Barnes are warranted against defects in material and workmanship at the time of sale. Purchased components such as, but not limited to, electric motors, components, air and hydraulic cylinders and valves, shall carry the warranty of the supplier.

THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES NOT EXPRESSLY SET FORTH HEREIN, WHETHER EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS.

11. **Limitation of Remedies.** Barnes shall not be liable for incidental or consequential losses, damages or expenses, directly or indirectly arising from the sale, handling or use of the goods, or from any other cause with respect to the goods or this agreement, whether such claim is based on breach of contract, breach of warranty, strict liability in tort, negligence or any other legal theory. Barnes= liability hereunder in any case is expressly limited, at Barnes= election, to repair or replacement (in the form originally shipped) of goods not complying with this agreement, such goods to be returned to Barnes by Buyer, or, at Barnes election, to repaying or crediting Buyer with, an amount equal to the purchase price of such goods, whether such claims are for breach of warranty or negligence.

Any claim by Buyer with reference to the goods sold hereunder for any cause shall be deemed waived by Buyer unless submitted to Barnes in writing within thirty (30) days from the date Buyer discovered, or should have discovered, any claimed breach.

12. **Returned Goods.** Goods cannot be returned without Barnes= prior consent and assignment of a returned goods authorization number. If such consent is obtained, goods purchased from Barnes may be returned subject to a restocking charge of twenty-five percent (25%), provided such goods are unused and are useable by Barnes at the time of return. This return **provision** does not apply to parts specially made for a customer nor to a customer=s own parts repaired by Barnes.

13. **Termination/Delay.**

A. If Buyer notified Barnes that it terminates this order for its convenience, Barnes will stop all work promptly as reasonably as possible. Buyer shall pay a cancellation charge computed on the basis of all direct, indirect and allocated engineering, production, material, selling and administrative expenses plus twenty-five percent (25%).

B. If Buyer notifies Barnes that it delays this order past 30 days of agreed upon shipment date, Barnes will take the following action: Buyer shall pay all costs incurred in project to date, plus fifteen percent (15%) immediately, and Barnes will invoice the remaining balance upon the newly established shipment date.

This charge will be computed for all engineering work, all work in process, all raw materials, all supplies, and all commitments made by Barnes in connection with the other, less such allowances as Barnes may be in position to make for any standard components and for the balance of the material as scrap.

13. **Termination.** If Buyer notifies Barnes that it terminates this order for its convenience, Barnes will stop all work as promptly as reasonably possible. Buyer shall pay a cancellation charge computed on the basis of all direct, indirect and allocated engineering, production, material, selling and administrative expenses plus twenty-five percent (25%). This charge will be computed for all work in process, all raw materials, all supplies, and all commitments made by Barnes in connection with the order, less such allowances as Barnes may be in position to make for any standard components and for the balance of the material as scrap.

14. **Proprietary Information.** Any proposal, prints, brochures, drawings, or other information furnished to Buyer by Barnes are intended for confidential use by Buyer, shall remain the property of Barnes, and shall not be disclosed or used to the detriment of Barnes= competitive position.

15. **Buyers Indemnity.** With respect to goods manufactured by Barnes to Buyer=s design, specifications or instructions, Buyer guarantees that such goods or the process of manufacture do not infringe any patent, registered designs, trademarks, or other property right. Buyer agrees to save harmless, indemnify and at Barnes= option, defend Barnes from and against any and all liabilities, costs, claims, demands and expenses (including reasonable attorney=s fees) which result by reason of Barnes= manufacture or Buyer=s use of any such goods.

16. **Waiver of Rights.** Waiver by Barnes of any breach of these terms and conditions shall not be construed as a waiver of any other breach, and failure to exercise any right arising from any default hereunder shall not be deemed a waiver of such right which may be exercised at any subsequent time.

17. **Applicable Law.** This agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the state of Illinois, USA, including the Uniform Commercial Code, but without giving effect to the principles of conflicts of law thereof.

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