

IPG PHOTONICS TERMS AND CONDITIONS OF SALE

1. **GENERAL.** These Terms and Conditions of Sale (this "Agreement") constitute the entire agreement between IPG Photonics Corporation (or its subsidiary or controlled affiliate, as set forth on the document referencing this agreement) ("IPG") and you, your subsidiaries and affiliates ("Buyer"). IPG will not be bound by any terms of Buyer's order. No forms of acceptance, except IPG's written acknowledgement sent to Buyer or IPG's commencement of performance, shall constitute valid acceptance of Buyer's order. Any such acceptance is expressly conditioned on assent to the terms hereof and the exclusion of other terms. By accepting an order for (i) delivery of the products, including systems, spare parts and any upgrades (each a "Product" and collectively the "Products") or (ii) installation, maintenance or software updates ("Services") identified in the quote or other related documents issued by IPG, Buyer shall be deemed to have assented to the terms hereof. If tender of these terms is deemed an offer, acceptance is expressly limited to the terms hereof. A Buyer's purchase order, acknowledgment, supplier registration forms and requirements or other writings which purport to expand, alter, or amend these Terms and Conditions are expressly rejected. This Agreement may only be amended, modified, supplemented or canceled through a written document signed by an authorized representative of IPG.
2. **SHIPPING.** Each IPG Product purchased hereunder will be shipped in IPG standard shipping cartons marked for shipment to Buyer's address on the reverse or to such other address as Buyer may specify in writing. IPG Product(s) will be delivered EXW [INCOTERMS 2010] IPG factory unless otherwise stated by IPG in writing. Buyer shall pay all taxes, freight, insurance, brokerage, handling, shipping, installation and other expenses, as well as any special packing expenses, whether or not stated on the order. Unless given written instruction, IPG shall select the carrier. IPG shall not be liable for damages or penalty for delay in delivery or for failure to give notice of any delay, and the carrier shall not be deemed to be an agent of IPG.
3. **PERFORMANCE AND SHIPPING.** IPG will make reasonable commercial efforts to meet any estimated performance or shipment date set forth on the quotation, however the failure to perform or ship on such dates shall not be considered a breach by IPG and IPG shall not be liable for any loss or damages (consequential or otherwise) due to delay in performance or shipment. IPG's obligation to make delivery of the Products or Services is contingent on Buyer's fulfillment of any payment-related obligations of Buyer, and Buyer's failure to satisfy such obligations shall entitle IPG, in addition to all other available remedies in law and equity, to cancel the sales order, refuse to make further deliveries, refuse to perform further services and declare immediately due and payable all unpaid amounts for goods or services previously delivered to Buyer. Delivery of Products shall be deemed made upon transfer of possession to the carrier at the EXW point. IPG is entitled to make partial shipments under any order without compromising IPG's right to decline any future shipments, and any such partial shipments shall be treated as a separate transaction and payment thereof shall be made accordingly. Except as expressly stated on the face of an IPG sales order confirmation, each Product or Service shall be deemed accepted by Buyer upon delivery, subject to IPG's limited warranties and Return Materials Authorization procedures set forth below. For sale of custom Products or Services with contractually agreed upon acceptance requirements, the Products shall be considered accepted by Buyer upon the earlier to occur of (i) Buyer acceptance sign off; (ii) beneficial use of the Product or Services by Buyer or end user; or (ii) thirty (30) days after shipment. Beneficial use means using the Products or Services for purposes other than testing, including but not limited to pilot production, engineering test lots, production and device prototyping. Buyer may return any Product or reject Services or quantities not in conformity with an IPG sales confirmation. All sales are final.
4. **INSTALLATION REQUIREMENTS:** All installations of Products and Services shall be performed by an IPG service technician, an individual who has successfully completed IPG training, or an otherwise qualified individual as determined by IPG. Any damages caused in whole or in part by improper or incomplete installation or decommissioning by unqualified personnel will not be covered under warranty. Buyer is responsible for all facility connections to the Products and must comply with IPG installation requirements outlined in the operator's manual. Installation delays not caused by IPG, such as inadequate site preparation or delayed or interrupted site access, may be charged to Buyer at IPG service rates, plus travel expenses incurred due to the delay. All installations are intended to be performed and completed in consecutive days and any interruption to the consecutive days caused by Buyer will be subject to the charges described above. Buyer shall inform all involved parties (including integrators) of such criteria and submit a completed pre-installation checklist to IPG.
5. **SUBSTITUTIONS AND MODIFICATIONS.** IPG has the right to make substitutions and modifications of the specifications of the Products or Services provided that such substitutions or modifications will not materially affect overall performance of the Products or Services.
6. **CHANGES.** Orders may not be canceled, terminated or suspended except by prior written consent of IPG. A restocking charge of 20% of the price of the Products will be applied for the cancellation of standard items. Charges for the cancellation of Services, specialty items or items with non-standard configurations or specifications will be based on non-recoverable expenses accruing to the order sustained by IPG plus 20% of the selling price.
7. **PAYMENT TERMS.** The price of all Products and Services is EXW IPG's factory or facility, exclusive of insurance and all applicable Federal, state or local excise, sales, use, value-added tax (VAT), goods and services tax (GST) or other taxes (including any customs or duties) and any similar charges, all of which are payable by Buyer. Unless otherwise stated in the IPG quotation or sales order acknowledgement, all quotations shall expire 60 calendar days after the date issued. Payment of the purchase price and all taxes, freight, insurance or other charges invoiced shall be made to IPG in US dollars within 30 calendar days from date of shipment of Product(s). If Buyer is in breach of this Agreement, including delinquent in payment, or in excess of credit limits established by IPG, IPG may stop performance, cancel any pending order, terminate the warranty, withhold shipment or declare payable all undelivered goods under any contract with Buyer. All outstanding amounts not paid when due shall accrue interest commencing on such due date at the monthly rate of 1.5% (19.56% annual rate) or the maximum rate permitted by law, whichever is less. Buyer shall be liable to IPG for all costs IPG incurs collecting past due amounts, including reasonable attorneys' fees and expenses. IPG reserves the right to require alternative payment terms including, without limitation, letter of credit or payment in advance. Payment terms and credit limits are subject to periodic review. IPG reserves the right to modify existing payment terms from those previously granted or as stated on any valid quotation. Buyer hereby grants and IPG reserves a purchase money security interest in each Product and Service purchased hereunder, and in any proceeds thereof, for the amount of the purchase price of such Product. IPG's security interest shall commence upon delivery of the Product(s) and Services and terminate upon full payment therefor. Buyer hereby irrevocably authorizes IPG to sign on behalf of Buyer and file in the appropriate public office(s) UCC financing statements covering the Products and Services and all proceeds thereof. In the event of default by Buyer of any obligations to IPG, IPG will have the right to repossess the goods sold hereunder without liability to Buyer. Buyer shall make the goods available to IPG so that IPG can repossess them without breach of the peace, and shall cooperate fully with IPG to execute such documents and accomplish any appropriate filings as IPG may deem necessary for the protection of IPG's interests in the Products and Services. Buyer shall have no set-off or counterclaim rights whatsoever.
8. **TERMINATION.** IPG reserves the right to terminate the order without liability to IPG if Buyer shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver, or a trustee or receiver shall be appointed for a substantial part of its property without its consent, or bankruptcy or reorganization or insolvency proceeding shall be instituted by or against Buyer.
9. **TITLE; RISK OF LOSS; INSURANCE.** Unless otherwise agreed to in writing by IPG, all transportation shall be at the expense of Buyer, IPG reserving the right to ship Products freight collect and to select the means of transportation and routing. Unless otherwise advised, IPG may insure to full value of the Products or declare full value thereof to the transportation company at the time of delivery and all such freight and insurance costs shall be for Buyer's account. Title and risk of loss or damage shall pass to Buyer upon delivery of the Products to the transportation company at the EXW point, whether or not installation is provided by or under supervision of IPG. IPG shall retain title to all software delivered by IPG, or embedded in the Products, if applicable, and use of such software by Buyer or third parties shall be limited to a license agreement provided with the Products, the assent by Buyer or third parties to such license agreement being use of the Products or as otherwise provided in such license agreement.
10. **RETURN MATERIALS AUTHORIZATION PROCEDURES.** IPG will only accept Products or Services during the applicable warranty period that are returned under IPG's Return Material Authorization procedures then in effect ("RMA"). Buyer shall obtain a RMA number from IPG prior to returning any Product or Service and return the Product or Service prepaid and insured to IPG to the EXW point or to such other location as designated in writing by IPG. Any Product or Service which has been returned to IPG but which is found to meet the applicable specification for the Product and Service and not defective in workmanship and material, shall be subject to IPG's standard examination charge in effect at the time and return shipping/insurance shall be charged to Buyer. IPG shall be responsible for shipping costs to Buyer for claims properly covered under IPG's warranty.
11. **LIMITED EXPRESS PRODUCT WARRANTIES.** IPG warrants to Buyer or, if Buyer is an authorized IPG reseller or distributor, to Buyer's original customer of the Product or Service, that Products delivered hereunder which are standard products of IPG will conform to their applicable specifications and be free from defects in materials and workmanship, and that Services provided by IPG will be performed in a workmanlike manner. For goods which are not standard products of IPG, such as developmental or custom designed goods, IPG warrants to Buyer that such goods delivered hereunder will conform to their applicable specifications and be free of defects in materials and workmanship upon receipt by Buyer. These non-transferable warranties start on the shipment date from IPG (or other date specifically referencing the warranty start date in IPG's sales order/order acknowledgement), and continue until the end of the warranty period listed in IPG's sales order/order acknowledgement. If there is no warranty period listed, then warranty period is one year. Products or major components manufactured by parties other than IPG bear the original manufacturer's warranty and warranty period. Buyer's sole and exclusive remedy, and IPG's exclusive obligation and liability, with respect

to IPG's warranties is, at IPG's sole option, (i) for Product, to repair or replace the affected Product and correct the deficiencies and (ii) for Services, for IPG to re-perform the affected Services. IPG warrants repaired or replaced Products under warranty only for the remaining un-expired period of time in the original warranty. IPG reserves the right to issue a credit note for any defective Products that have proved defective through normal usage; Buyer debit memos are not allowed. This warranty governs over any conflicting terms in Buyer's purchase order or other IPG documents except as expressly provided herein. This warranty excludes and does not cover defects or damage resulting from any of the following: contamination of external optical surfaces; unauthorized modification, misuse or mishandling, disassembly or opening, neglect, or damage from accident; operation outside environmental specifications or product ratings; user software or interfacing; components and accessories manufactured by companies other than IPG, which have separate warranties; improper or inadequate installation, site preparation or maintenance; or failure to follow information and precautions contained in the operating manual. Additional warranty exceptions, limitations and exclusions may apply for laser systems manufactured by IPG and its affiliates as set forth in the applicable quotation and sales order/acknowledgement. All products or components (including software) identified as experimental, prototypes or to be used in field trials are not warranted and are provided to the Buyer on an "as is" basis. IPG assumes no responsibility for Buyer or third-party supplied material, components, systems or equipment. Products and repaired Products may contain components that have been previously used in other products, however such Products meet IPG Product specifications for newly manufactured Products. The Buyer must give prompt notification to IPG of any claim under the warranty in writing. IPG has no responsibility for warranty claims more than 30 days after the Buyer discovers or becomes aware of the claimed defect. Any repairs to or alterations of the goods shipped hereunder must be authorized in writing by IPG to prevent voiding IPG's warranty. IPG's warranty shall not be enlarged, diminished, or affected by, and no obligation or liability shall arise or grow out of, IPG's rendering of technical advice or services in connection with Buyer's order of the goods hereunder. Buyer is responsible for providing appropriate utilities and operating environment as stated in the operating manual and the specifications. This warranty applies only to the original Buyer at the initial installation or delivery point. Buyer must make all claims under this warranty and no claim will be accepted from any third party. **EXCEPT FOR THE LIMITED WARRANTIES EXPRESSLY SET FORTH ABOVE, IPG SPECIFICALLY DISCLAIMS ANY AND ALL OTHER WARRANTIES AND REPRESENTATIONS TO BUYER, INCLUDING WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTIES, SUCH AS FREEDOM FROM INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IPG DOES NOT WARRANT UNINTERRUPTED OR ERROR-FREE OPERATION OF THE PRODUCT, AND SPECIFICALLY DISCLAIMS ANY WARRANTIES RELATING TO PRODUCTION RATE AND/OR OUTPUT.**

12. LIMITATION OF REMEDIES AND LIABILITIES. THE REMEDIES PROVIDED HEREIN ARE BUYER'S SOLE AND EXCLUSIVE REMEDIES. IN NO EVENT SHALL IPG BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES (EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES) ARISING FROM OR RELATING TO THIS ORDER OR THE PRODUCTS OR SERVICES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF PRODUCTION, LOSS OF REVENUE OR LOSS OF GOODWILL) WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY. IPG'S MAXIMUM LIABILITY ARISING UNDER THESE TERMS AND CONDITIONS WILL NOT EXCEED, IN THE AGGREGATE, THE TOTAL AMOUNT PAID FOR THE PRODUCTS OR SERVICES BY BUYER.

13. INDEMNIFICATION. Buyer shall indemnify, defend and hold harmless IPG, its officers, directors, employees and affiliates from and against any costs, expenses (including legal counsel), damages or losses arising out of any actual, threatened or alleged action, suit, claim, judgment or settlement (a "Claim") based in whole or in part upon (i) Buyer's breach of this Agreement, (ii) the negligent or wrongful acts or omissions of the Buyer, or any of its personnel, agents, or contractors, (iii) patent infringement by reason of any use of IPG's products in combination with other materials and parts or in the operation of any process of Buyer or its products or (iv) any loss or damage to property or injury to persons, including without limitation, any injury, disability or death of workers or employees, caused by or in any manner incurred because of the possession, use, modification, or operation of the goods after delivery, except that Buyer shall not be liable under this section for damages arising out of or damage to property or injury to persons directly caused by or resulting from the sole gross negligence or strict liability of IPG. All warranties in connection with such products made by Buyer or its subsidiaries or affiliates as manufacturer and/or IPG shall not directly or impliedly obligate IPG or any of its subsidiaries or other affiliates.

14. INTELLECTUAL PROPERTY. All right, title and interest in and to any inventions, discoveries, improvements, methods of manufacture, methods of use, writings, drawings, ideas, and other forms of intellectual property ("IP"), which are made, created, developed, written, conceived or first reduced to practice by IPG solely, jointly or on its behalf, in the course of, arising out of, or as a result of work performed by IPG, whether or not invoiced, including but not limited to work in IPG application labs, shall be the sole and exclusive property of IPG and are hereby assigned to IPG. The parties specifically agree that all subsequent improvements, inventions, discoveries and copyright in works of authorship, including those in formative stages, made by either party hereto (either alone or jointly with others) improving upon or related to the work performed by IPG from the time of conception or, in the case of works of authorship, from the time of creation, may be practiced by IPG and are hereby licensed to IPG if developed by a party other than IPG and owned by IPG if developed by IPG. Buyer shall not copy, reverse engineer, decompile, disassemble, derive or subject to technical analysis any technology, component, module, hardware, firmware, software or other feature of the Product or Service. Buyer agrees that IPG has sold and will sell product(s) to third parties that have the same or similar functionality to the Product ("Other Products") or the Service ("Other Service") and therefore Buyer will not seek to enjoin, exclude from importation, exportation, or otherwise interrupt or seek damages from IPG for its supply, import, sale, offer for sale, distribution, or manufacture of Products, Other Products, Services or Other Services by IPG to any third party or assert any Buyer IP right against IPG for an indirect infringement of such Buyer IP right. IPG's Products and Services are protected under US and foreign trade secrets and copyrights and may be protected under US and foreign patents and patents pending.

15. EXPORT RESTRICTIONS. Products, Services and technical data delivered by IPG may be subject to US export controls. Buyer shall, and shall cause its customers to, obtain all licenses, permits and approvals required by any government and shall comply with all applicable laws, rules, policies and procedures of the applicable government and other competent authorities. Buyer will indemnify and hold IPG harmless for any violation or alleged violation by Buyer of such laws, rules, policies or procedures. Buyer shall not transmit, export or re-export, directly or indirectly, separately or as part of any system, the Products, Services or any technical data (including processes and services) received from IPG, without first obtaining any license required by the applicable government, including without limitation, the US Government. Buyer also certifies that none of the Products, Services or technical data supplied by IPG under this Agreement will be sold or otherwise transferred to, or made available for use by or for, any entity that is engaged in the design, development, production or use of nuclear, biological or chemical weapons or missile technology. No Buyer information will be deemed "technical data" unless Buyer specifically identifies it to IPG as such.

16. COMPLIANCE WITH LAWS. Buyer assumes responsibility for compliance with all foreign, U.S. federal, state and local laws relating to the sale and use of the Products or Services sold hereunder, including without limitation all foreign, federal, state and local laws governing laser safety and safety in the workplace.

17. CONFIDENTIAL INFORMATION. Buyer shall hold confidential and shall not use, disclose or permit others to use any confidential information identified as such in writing or orally by IPG or information which Buyer knows or ought to reasonably know is confidential, proprietary or trade secret information of IPG, including, without limitation, trade secrets embodied in Products or Services. This provision does not supersede any executed non-disclosure or confidentiality agreement in place between IPG and Buyer.

18. ASSIGNMENT. Buyer may not assign, pledge, or otherwise transfer this contract or any rights and obligations hereunder without the prior written approval of IPG, which shall not be unreasonably withheld or delayed. IPG may assign this contract and its rights and obligations hereunder to a third party, without the approval or consent of Buyer.

19. SEVERABILITY. If any term of this Agreement, apart from the payment, become or are declared to be unenforceable, invalid or illegal by any court of competent jurisdiction, such terms shall be null and void and shall be deemed deleted from this Agreement, but only to the extent that such term is unenforceable, invalid or illegal, it being the intent and agreement of the parties that the Agreement shall be deemed amended by modifying such terms to the extent necessary to make it legal while preserving its intent or, if that is not possible, by substituting therefore another term that is legal and achieves the same objective. All remaining terms of this Agreement shall remain in full force and effect.

20. FORCE MAJEURE. IPG shall not be liable for any delay or failure in performance whatsoever due to acts of God, earthquakes, shortage of supplies, transportation difficulties, labor disputes, riots, war, terrorism, fire, explosion, epidemics, or other occurrences beyond IPG's reasonable control or due to unforeseen circumstances.

21. INTERPRETATION. Interpretation of this Agreement shall be construed consistently by and against both parties and shall not be construed against the drafter hereof.

22. **INTEGRATION AND MERGER.** This Agreement and IPG's specifications constitute the entire agreement between the parties hereto concerning the subject matter of this Agreement, apart from existing non-disclosure agreements, and there are no understandings, agreements, representations, conditions, warranties, or other terms, express or implied, which are not specified herein. All prior proposals, negotiations and representations, if any, pertaining to this transaction are merged into these terms and conditions of sale.

23. **WAIVER.** Waiver or modification by IPG of any provision herein must be in writing and shall not be deemed a waiver or modification of such provision in the future or of any other provision.

24. **ARBITRATION, JURISDICTION AND CHOICE OF LAW.** Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Boston, Massachusetts before a single arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the arbitration award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking temporary or permanent equitable relief (including but not limited to temporary restraining orders or preliminary injunctions) as necessary to avoid or limit irreparable harm before the commencement of arbitration or appointment of an arbitrator, or provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The validity, interpretation and performance of this Agreement shall be governed by the laws of Massachusetts, as if performed wholly within the state and without giving effect to the principles of conflict of laws. The parties specifically disclaim the application of the United Nations Convention on Contracts for the International Sale of Goods. In any action seeking equitable relief or provisional remedies in aid of arbitration, IPG and Buyer hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the federal and state courts located in the Commonwealth of Massachusetts and all courts competent to hear appeals therefrom.

25. **HEALTH AND SAFETY.** The Product may be an OEM version of a laser/amplifier Product and is intended only for incorporation into other equipment. Buyer should assume that the Product does not comply with requirements of the Center for Devices and Radiological Health of the FDA. Buyer is responsible for CDRH certification of the system that incorporates the Product. For further information, contact IPG's Quality Department.