

General Terms and Conditions - Foreign Countries

I. The General Conditions for the Supply and Erection of Mechanical, Electrical and Associated Electronic Products ORGALIME SE 01 shall be valid. Delivery will be ex works Schwäbische Werkzeugmaschinen GmbH, Seedorfer Strasse 91, 78713 Schramberg-Waldmössingen (INCOTERMS 2000) unless otherwise agreed.

II. 1. In derogation of the above terms and conditions, the following conditions shall apply:

All quotations prepared by Schwäbische Werkzeugmaschinen GmbH, Seedorfer Strasse 91, 78713 Schramberg-Waldmössingen (hereinafter called SW) are to be understood without engagement provided that no acceptance deadline has been stated within which the buyer may declare their acceptance.

2. TERMS OF PAYMENT

30 % of the contract price agreed upon immediately after receipt of the order confirmation and receipt of the invoice for the first partial payment

30 % of the contract price agreed upon 4 months after receipt of the order confirmation, however, at the latest after the preliminary test at the supplier's plant (before shipment) and after receipt of the invoice for the second partial payment

30 % of the contract price agreed upon immediately after announcement of readiness for delivery and receipt of the invoice for the third partial payment

10 % of the contract price agreed upon after the acceptance test at the buyer's plant (provided that an acceptance test has been agreed upon) and after receipt of the invoice for the fourth partial payment, however, at the latest 60 days after this date or when starting production

2.1 The retention of a final payment is limited to 4 times the amount of the outstanding supply or performance.

2.2. In case of delayed payment, SW is entitled to invoice default interests.

3. TECHNICAL DESIGN

This paragraph reflects the concrete terms of Item 18 of the ORGALIME SE 01 conditions. The delivery item complies with the following guidelines and standards::

EC guidelines:

EC machine guideline 98/37/EC) dated 22.06.1998

EC low voltage guideline (2006/95/EC) dated 17.01.2007

EC guideline on electromagnetic compatibility (2004/108/EC) dated 17.06.2007

Harmonized standards:

EN ISO 12100-1,2: Safety of machines, equipment, facilities

EN60204-1: Electrical equipment of industrial machinery

National standards / guidelines:

UVV (safety regulations) of the Süddeutsche Eisen- und Stahl-Berufs-

Genossenschaft (South German Iron and Steel Professional Association) BGV A1; BGV A3

Company standards of the buyer: only if agreed upon

After receipt of the quotation the buyer shall immediately inform SW about all regional regulations as well as about his company standards, which are to be observed in the country of destination.

Compliance with any additional regional laws and regulations being in force will be beyond the responsibility of SW.

4. DELIVERY DATE

The delivery date will be agreed upon in the written order confirmation issued by SW; it will be valid as far as all technical matters have been cleared up at the deadlines agreed upon.

Upon request, at the latest, however, on delivery of the machine, SW shall inform the buyer about the equipment and aids required for unloading, transportation, and installation (cranes, vehicles,

lifting/hoisting equipment, etc.). The buyer shall provide for the suitable space prepared for dwelling on time. SW shall deliver the required plugs/dowels, anchor screws and levelling pads together with the respective machine as far as included in the scope of delivery. The buyer shall install the plugs/dowels, anchor screws and levelling pads.

All deadlines stated do not include the installation and trial of assemblies supplied by the customer. Moreover, proper functioning and in-time delivery of the assemblies supplied by the customer is being assumed.

5. MODIFICATIONS

Possible additional or reduced work or changes in the schedule caused by modifications in the order confirmation requested by the buyer and ordered in writing by the buyer, shall be charged separately as far as additional work will be involved.

6. COMPONENTS SUPPLIED BY THE CUSTOMERS

Only the machines/facilities supplied by SW are subject to a conformity declaration.

For any complements and/or modifications and for the compliance with the EC guidelines the customer shall be responsible.

7. ACCEPTANCE TEST

An acceptance test at the place of installation shall only be performed if this has been agreed upon in the order confirmation.

Before shipment a preliminary test shall be performed at SW. The scope of the above-mentioned preliminary test is to be specified in the order confirmation with respect to performance and supply volume.

Quality and cycle time shall be checked provided that such checking is included in the scope of delivery.

The preliminary test and the acceptance test include, amongst others, a machine capability test according to VDMA guideline 8669 based on a CmK value to be agreed upon. The number of workpieces to be machined per clamping position is also to be agreed upon and shall be evaluated at the acceptance test. The evaluation of the clamping positions shall be considered and analyzed individually.

Formula applicable for one-sided tolerated dimensions:

$(x \text{ mean value} + 3 \times Sp) < 75 \% \text{ of the workpiece tolerances.}$

The type of features to be checked (max. 10) shall be fixed in common on time before the preliminary test.

The machining process as well as the tools and/or the workpiece clamping fixtures required shall be fixed by SW; the tools and other operating material required shall be purchased from SW.

If tools and other operating material are not included in the SW scope of delivery, cycle time, CmK value, etc. shall not be the responsibility of SW.

The responsibility for the function of the tools provided by the buyer is an incumbency of the buyer.

The preliminary test before shipment and the acceptance test shall be documented by an acceptance report specifying the dates for remedying possible defects and shall be signed by the buyer and SW.

The acceptance test and the corresponding payment may be refused only in the case of essential defects.

The acceptance of the respective machine shall be considered as being completed, if the acceptance test been delayed for reasons beyond the responsibility of SW, or max. 4 weeks after the possible start of production of sellable workpieces complying with the drawings, and/or if the buyer does not give SW the opportunity to complete the remaining work within the planned correction period in accordance with the acceptance report and the list of defects.

In this case the machine shall be considered as being accepted at such time, at which SW has informed the buyer about the readiness for acceptance of the machine.

8. CLAIMS FOR COMPENSATION DUE TO CULPABLE DELAY

If the date of the acceptance test or the delivery (depending on the agreements made in the order confirmation) is delayed due to SW's fault causing a damage to the customer, the machine price will be reduced by 0,5 % per week from the begin of the second week after the date agreed, up to max. 5 %. The damage claim will be deducted from the last instalment of the corresponding machine.

Any further claims of the customer with regard to delays towards SW are excluded.

9. WARRANTY

SW shall be liable for defects, including missing warranted quality, during 12 months after the acceptance test or beginning of production, if beginning of production is before the acceptance test, or maximum, however, 14 months as of delivery date or readiness for delivery, if the acceptance test has been delayed for reasons beyond SW responsibility.

SW declines any liability if no proper maintenance has been performed in accordance with the SW instructions.

The buyer shall be obliged to immediately indicate every defect in writing.

If the delivery item is defective, SW shall be authorized to clear the contract adversity at its own discretion by correction or by substitute delivery within an adequate period of time after being requested by the buyer to do so.

The buyer may resort to redhibition or abatement, if correction has definitely failed. The reduction of the selling price may on no account exceed 15% of the respective unit price of the machine.

Claims for further damages, particularly those based on loss of production and lost profit, but also on other indirect damages, shall be excluded.

10. CONSUMABLE PARTS

Consumable parts shall be excluded from the warranty liability.

The following machine components shall be considered as consumable parts by definition:

- Seals, sealing rings
- Wipers
- Bearings
- Tool magazine rollers and magazine grippers
- Illuminants
- Actuators
- Rubber buffers for stops
- Toothed belts
- Hydraulic hoses
- Viewing windows made of Macrolon
- All filter inserts
 - For main spindles:
 - Collet, quarterly in 3-shift operation
 - Clamping set, spring-loaded clamps with max. 1.2 million clamping cycles
 - Rotary coupling
 - Spindle bearing, approx. 8,000 hours of operation (depending on rpm)

(for further spare and wear parts, see machine spare and wear parts list)

SW is obliged to deliver spare parts and consumable parts for at least 10 years after delivery of the machine.

11. TECHNICAL AVAILABILITY

During the warranty period agreed upon the contracting parties presuppose a technical failure of max. 5 % according to VDI 3423:

This rate shall be calculated according to the following formula:

$$AT = \frac{T_A (\text{downtime caused by technical failure} \times 100 \%)}{T_B (\text{planned utilisation time of the machine})}$$

Recordings shall begin three (3) months after commissioning of the respective machine, and shall end at the end of the 12th month after commissioning.

If the rate of technical failure due to defects of the delivery item exceeds 5% during the warranty period, the warranty period will be extended by one (1) month, up to max. six (6) months, provided that the average value of the last three (3) months is above the agreed upon percentage of 5%.

The calculation of the failure rate refers to each individual machine, and is limited to the SW scope of supply. A failure rate of 5 % refers to an unlinked, individual machine.

The failure rate shall be documented by suitable measuring instruments and records accepted by both parties, and shall be proven by the buyer.

12. REACTION TIME IN SERVICE CASES

After SW has been informed about defects by the buyer, SW will start to remedy the defects by qualified specialists within 24 hours after receipt of the written request during normal business hours.

After each service job of the SW technician, a protocol shall be prepared, giving a short description of the work executed, and listing the material used. A copy of this protocol shall be submitted to the buyer.

If the failure is based on defects appearing within the warranty period, the costs for repair shall be borne by SW, otherwise they shall be charged to the buyer.

Moreover a SW service phone number is available giving technical advice.

The service phone number (0049) (0)7402-542 is available from Monday thru Friday from 7.00 a.m. until 10.00 p.m., and on Saturdays from 8.00 a.m. until 8.00 p.m.

13. RESERVATION OF TITLE

The delivery item shall remain the property of SW until complete payment, provided that such reservation of title is effective according to applicable law.

Upon request of SW, the buyer shall extensively support SW's efforts in protecting the property title of the item delivered by SW, in the country in question.

The reservation of title shall not interfere with the regulations concerning the transfer of risk.

14. MAINTENANCE

Maintenance work shall completely be performed in the buyer's own responsibility by suitable staff of the buyer according to SW documentation and/or SW provisions.

Damages or other unusual features shall be reported to SW immediately.

15. APPLICABLE LAW

The parties agree upon the application of Swiss law under exclusion of the UN-purchase laws.

16. COURT OF ARBITRATION AGREEMENT

a) All disputes arising from or resulting in connection with the agreement in question, including such disputes related to the validity of such agreement, its legal effectivity, its amendment or annulment, shall be decided by a court of arbitration consisting of three members in accordance with the international rules of arbitration of the Zurich Chamber of Commerce under exclusion of the ordinary courts; if not more than two parties are involved in the proceedings, each party shall nominate an arbitrator. The court of arbitration shall make the final decision; in accordance with article 192 IPRG, the parties shall renounce any contestation. The language of the court is German.

- b) SW shall also be entitled to file a suit at the state courts having jurisdiction at the main office of the buyer. If a suit has been filed, the provisions in regard to jurisdiction according to 15 a) shall cease to apply.

17. CONTRACT AMENDMENTS

Any amendments to this contract are required to be in writing.

18. LIMITATION OF LIABILITY

The limitations of liability agreed refer to all existing claims, even to legal claims. In any case our liability for damage/loss will be limited to one third of the order value of the object to be delivered.

19. SW ONLINE-SERVICE ACTIVITIES

For any SW online activities our 'General SW Online Service Conditions shall apply.

20. SALVATORY CLAUSE

Should one of the terms of this contract become ineffective, such term shall be replaced by a term is economically equivalent to the ineffective term which corresponds to the presumed will of the parties.

The ineffectiveness of individual provisions shall not impair the effectiveness of the contract.

Schwäbische
Werkzeugmaschinen GmbH