

General Terms and Conditions for Delivery of Spare and Wear Parts

As of 1 November 2010

I. General

1. All legal relations between SW and the Customer in relation with SW's deliveries and/or services in connection with spare and wear parts (the "Deliveries") are exclusively based on these Terms and Conditions. Customer's terms and conditions apply only in so far as expressly approved by SW. The scope of the Deliveries is subject to the mutual agreements in writing.

2. SW retains its unrestricted exploitation rights, in particular property rights and copyrights, in all cost estimates, drawings, and other documents (the "Documents"). Any disclosure of the Documents to third parties is subject to SW's previous consent. SW has the right to demand return of the Documents, and the Customer shall immediately meet such demand. Sentences 1-3 apply analogously to Customer's documents.

3. The Customer has a non-exclusive right to use standard software and firmware with the stipulated performance characteristics in unmodified form on the stipulated devices. Back-up of the standard software by the Customer does not require any specific stipulation.

4. If reasonably acceptable to Customer, partial deliveries are permissible.

5. In these Terms and Conditions, the term "claim for damages" also comprises claims for compensation for futile expenditure.

II. Prices, terms of payment, offset

1. The prices are fixed prices ex work excluding packaging and do not include the applicable value added tax.

2. If installation or assembly is carried out by SW, the Customer shall bear - unless agreed to the contrary - all ancillary costs incurred by SW such as travel and transport expenses and accommodation allowance in addition to the stipulated price for the goods.

3. Unless agreed to the contrary, all payments shall be made promptly and without deduction to SW's account. Bills of exchange and cheques will only be accepted following express agreement in writing and only for payment purposes. Any discount charges and other charges for bills of exchange and cheques shall be borne by the Customer.

4. The Customer can only offset payments against claims which are uncontested or recognized by declaratory judgement.

5. In case of return of goods, the Customer shall compensate SW for the costs incurred by way of an inspection and restocking fee in the amount of 10% of the delivery value.

III. Retention of title

1. All items of the Delivery remain the property of SW until full settlement of all claims for payments due to SW from the Customer (retained goods). As far as the value of all security interests due to SW exceeds the amount of all secured claims by more than 10%, SW shall, at Customer's request, release a corresponding part of the security interests; SW has the right to select which security interests it will release.

2. As long as the retention of title persists, the Customer is not permitted to pledge or transfer the goods by way of security. Resale of the retained goods as individual items or as part of another item is subject to SW's previous consent in writing.

3. The Customer herewith assigns to SW, together with all ancillary rights, all claims from resale of the goods in violation of this clause, independent of whether the retained goods are sold without supplementary processing or following supplementary processing. SW herewith accepts such assignment. Should such assignment be impermissible, the Customer herewith

irrevocably instructs the third-party debtor to make all payments to SW only. The Customer is revocably entitled to collect for SW in a fiduciary capacity the claims assigned to SW. The collected amounts shall be paid to SW immediately.

4. The Customer shall inform SW immediately of any attachment, seizing, or other third-party interventions with or disposal of the good.

5. In case of breach of duty by the Customer, in particular default of payment, SW has the right, after unsuccessful expiry of a reasonable period of grace granted to the Customer for fulfilment, to take back the goods and withdraw from the contract; the cases in which according to the law no additional period of grace is required are unaffected by this provision. The Customer is obliged to hand over the goods. Taking back the goods and asserting the retention of title or attachment of the retained goods by SW does not constitute SW's withdrawal from the contract unless expressly declared by SW.

IV. Delivery periods; default of delivery

1. Delivery periods and delivery dates must be agreed in writing. Delivery periods and delivery dates are not binding unless expressly defined as such. The delivery period starts on the day SW sends the order confirmation, and after the Customer has provided all documents, permits and approvals to be procured, after clarification of all questions, and after receipt of a down-payment if applicable. Compliance with the delivery period or the delivery date is subject to the due and timely fulfilment of Customer's other obligations. The delivery period is considered kept when the goods have left SW's factory or when SW has announced readiness for dispatch prior to expiry. All delivery periods and dates agreed shall be conditional on correct and punctual availability of supplies and raw materials to SW.

2. If non-compliance with the deadlines is attributable to force majeure, such as mobilization, war, civil unrest, or similar events such as strike or lock-out, the deadlines shall be duly extended. The same applies if SW fails to receive correct and punctual deliveries of supplies and raw materials.

3. In all cases of delayed delivery, Customer's claims for damages for delay of delivery and claims for damages in lieu of performance are generally excluded, also after expiry of a period of grace granted to SW. This shall not apply in case of compulsory liability for intent, gross negligence, or liability for injury to life, limb or health. In the frame of the statutory regulations, the Customer may only withdraw from the contract if SW is responsible for the delay in the delivery. The above regulations do not imply a modification of the burden of proof to the Customer's disadvantage.

V. Passing of risks

Also for deliveries free of carriage charges, the risk passes to the Customer on dispatch or collection of the goods. At Customer's request and expense, SW will insure the goods against the usual transport risks.

VI. Acceptance test / receipt

1. Immediately after receipt, the Customer shall visually inspect the goods and report any defects. This is true in particular if the packaging is visibly damaged on receipt. Customer's failure to report any damage constitutes acceptance of the goods. However, this shall not apply to hidden defects.

2. The Customer has no right to refuse acceptance for minor defects.

VII. Material defects

1. SW's liability for material defects shall be as follows:

a) SW shall rework, re-deliver or re-perform free of charge at its own discretion all parts or services affected by a material defect provided such material defect originated from before the time of passing of risk.

b) Claims for rework become time-barred 12 months after the delivery date. The same applies analogously for withdrawal and reduction of purchase price. This limitation in time shall not apply in so far as longer periods are specified by the law in special cases, as well as in case of intent, fraudulent concealment of a defect, or non-compliance with a quality guarantee. The above shall not affect the statutory regulations on the suspension of the statute of limitations, suspension, and restart of the time limits.

c) The Customer shall submit any notices of defect immediately and in writing.

d) In case of a notice of defect, the Customer has the right to retain payments in an amount reasonably proportional to the material defects. The Customer can retain payments only for uncontested material defects that have been duly asserted. The Customer has no right to retain payments for time-barred claims for defects. Should a notice of defect prove to be unjustified, SW has the right to demand compensation from the Customer for the costs incurred.

e) The Customer is obliged to give SW the opportunity for rectification of defects within a reasonable period.

f) Claims for defects cannot be asserted for minor deviations from the agreed properties, for minor loss of serviceability, for natural wear, and for damage occurring after passing of risk by reason of improper or negligent handling, excessive utilization, unsuitable operating materials, or extraordinary external influences not provided for in the contract. No claims for defects can be asserted for any improper modifications or repairs carried out by the Customer or a third party, or for any consequences resulting from such modifications or repairs.

g) Customer's claims for expenses incurred in connection with the re-work, in particular transport, travel, labour, and material costs, are excluded in respect of any increase of expenses caused by subsequent removal of the delivery object from the Customer's place of business, unless such removal is in correspondence with the delivery object's intended use.

h) Customer's claims for damages for a material defect are excluded. This shall not apply in case of fraudulent concealment of the defect, non-compliance with a quality guarantee, injury to life, limb or health, and intentional or grossly negligent violation of duties by SW. The above regulations do not imply a modification of the burden of proof to the Customer's disadvantage. Any Customer's claims for material defects other than or beyond those specified in section VII. are excluded.

2. Wear parts are covered by the warranty commitment only with respect of variations not based on usual wear and not to be expected due to the nature of the part. SW will grant warranty for wear parts only for the operating times specified in this article, however, not beyond the warranty period of 12 months.

The following machine components are mainly to be considered as wear parts; however, they are not limited to these components:

- Wipers in the working area, 4000 operating hours
- Telescopic covers in the working area, 4000 operating hours
- Illuminants, 1000 operating hours

For the spindles SW will grant warranty only for the mentioned operating times and the mentioned load:

- Collet, 2000 operating hours
- Tool draw bar for approx. 1.2 million clamping cycles
- Rotary coupling, 3000 operating hours
- Spindle bearings, approx. 8000 operating hours, depending on speed range

SW undertakes to deliver spare and wear parts for at least 10 years after delivery of the machine.

VIII. Industrial property rights, copyright, and defects of title

1. Unless agreed to the contrary, SW's obligation to deliver the goods free of third parties' industrial property rights and copyrights ("Property rights") shall apply in the country of the place of delivery only. In case of justified claims asserted against the Customer by a third party for violation of Property rights by goods delivered by SW and used as per contractual agreement, SW shall be liable to the Customer only within the period specified in section VII para. 2 as follows:

- a) SW shall at its own costs and own discretion either procure utilization rights for the affected delivery, or modify it such that it no longer violates the Property right, or replace it. If SW is unable to reach this goal with reasonable effort, the Customer is entitled to the statutory rights of withdrawal and reduction of purchasing price.
- b) SW's duty to pay compensation is based on section X.
- c) SW's above-described obligations shall only apply if the Customer immediately informs SW in writing of the claims asserted by the third party, does not admit a violation, and leaves all defence and settlement negotiations to SW. If the Customer stops using the delivery for reason of damage mitigation or other important reasons, Customer shall inform the third party that such stop of utilization does not constitute an admission of Property rights violation.

2. Customer's claims are excluded if responsibility for the violation of the Property right lies with the Customer.

3. Customer's claims are also excluded if the violation of the Property right is due to particular specifications made by the Customer, by a utilization that SW could not have anticipated, or by the Customer changing the delivery or using it together with products not delivered by SW.

4. Generally, section VII para. 4 and 5 [!! Nummern existieren nicht!!] apply analogously to Customer's claims in case of Property right violations pursuant to para. 1 a).

5. In case of other defects of title, the regulations of section VII shall apply analogously.

6. Customer's claims vis-à-vis SW and its vicarious agents for defects of title other than or beyond those specified in this section VIII are excluded.

IX. Impossibility to deliver; adjustment of contract

1. If delivery is impossible, the Customer has the right to claim damages unless the impossibility cannot be attributed to SW. However, Customer's claim for damages is limited to 10% of that part of the delivery that cannot be used appropriately by reason of the impossibility. This limitation shall not apply in case of compulsory liability for intent, gross negligence, or liability for injury to life, limb or health. The above regulation does not imply a modification of the burden of proof to the Customer's disadvantage. Customer's right to withdraw from the contract remains unaffected.

2. If unforeseeable events in the sense of section IV para. 2 significantly change the economic significance or the contents of the delivery or significantly affect SW's business, a reasonable adjustment of the contract shall be made in good faith. If this is not reasonably acceptable for SW for economical reasons, SW has the right to withdraw from the contract. If SW intends to exercise its right to withdraw, SW shall inform the Customer immediately after recognition of the significance of the event, also if an extension of the delivery period has initially been agreed with the Customer.

X. Other claims for damages; limitation of time

1. Customer's claims for damages for any legal reason, in particular for violation of duties from the obligatory relation or from tort, are excluded.

2. This shall not apply in case of compulsory liability for intent, gross negligence, or liability for injury to life, limb or health, for violation of major contractual obligations, or liability under the Product Liability Act. However, the claim for damages for the violation of major contractual obligations is limited to foreseeable damage typical for such contract, unless in case of intent or gross negligence or of liability for injury to life, limb or health. The above regulations do not imply a modification of the burden of proof to the Customer's disadvantage.

3. Any claims for damages to which the Customer is entitled become time-barred after expiry of the time limit specified in section VII para. 2. This applies analogously to Customer's claims in connection with damage prevention measures (such as product recalls). Claims for damages pursuant to the Product Liability Act are subject to the statutory regulations on limitation of time.

XI. Venue and applicable law

1. The only venue for all disputes resulting directly or indirectly from the contractual relationship is SW's place of business. However, SW also has the right to bring suit at the Customer's place of business.

2. The legal relationship in connection with this contract is based on German law under exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG).