

## General Terms and Conditions of Gleason Cutting Tools GmbH located in Eisenbach and Munich

### I. General

1. The following conditions apply to all deliveries and services unless otherwise agreed in writing. Differing terms and conditions of the customer only apply if the supplier explicitly agrees to them in writing.

The offer is non-binding. A contract becomes effective by the written order confirmation of the supplier. The requirement for written form is also fulfilled by fax and e-mail.

2. The illustrations, drawings, weights and dimensions are only exemplary unless they are explicitly designated as binding.
3. The supplier reserves ownership rights and copyrights in samples, cost estimates, drawings and similar information of material and immaterial – including electronic – nature. They must not be made accessible to third parties.

### II. Prices and Payment

1. The prices are ex works, including loading in our works, but excluding packaging, unloading and the applicable value added tax.
2. Unless otherwise agreed payment must be made within 30 days upon delivery and invoicing without any deduction and free paying agent of the supplier. Cheques are only accepted on account of payment. Bank charges are to be borne by the customer. They are due without delay.
3. Trainings/seminars are charged immediately upon enrolment. They must be paid in net without delay.
4. Other services and consulting are calculated according to actual expenditures. They must be paid in net without delay.
5. If the agreed deadline for payment is exceeded the supplier shall charge default interest of 9% above the applicable base interest rate without reminder. The assertion of a higher damage caused by delay remains reserved.
6. The customer shall only be entitled to withhold payments or to offset these with counterclaims if his counterclaims are undisputed, recognized and legally established.
7. If reasonable doubts about the solvency of the customer arise, e.g. due to slow payment, default of payment, cheque or bill protest the supplier can request securities or payment in cash against service step by step. If the customer does not comply with this request in a reasonable time the supplier can withdraw from the yet unfulfilled part of the supply contract.

### III. Delivery Time and Delays

1. The delivery time is based on the agreements of the contractual parties. Their compliance requires that all commercial and technical issues between the contractual parties have been clarified and that the customer has fulfilled all his obligations, e.g. procurement of the required official certificates or permits or the payment of a down payment. If this is not the case the delivery time is reasonably extended. This does not apply if the supplier is responsible for the delay.
2. Compliance with the delivery time is under reservation of correct and timely self-delivery. The supplier shall notify of looming delays as soon as possible.
3. The delivery time is met if the delivery item has left the works of the supplier or the readiness for dispatch has been notified before its expiry. If an acceptance has to take place the date of acceptance is decisive - except in case of a justified refusal of acceptance – or alternatively the notification of readiness for acceptance
4. If the dispatch resp. the acceptance of the delivery item is delayed for reasons the customer is responsible for the costs resulting from the delay shall be charged to him, starting one month after notification of readiness for dispatch resp. acceptance.
5. If the non-compliance of delivery time results from force majeure, industrial disputes or other events which are outside the sphere of influence of the supplier the delivery time is

reasonably extended. The supplier will notify the customer of the beginning and end of such circumstances as soon as possible.

6. If the supplier falls behind and the customer therefore suffers from a loss he is entitled to demand a lump-sum indemnity. It amounts to 0.5% per each full week of delay, in general, however, only to a maximum of 5% of the value of the part of the total delivery which due to the delay cannot be used in time or according to contract.

Further claims from delayed delivery are determined exclusively according to section VII of these terms and conditions.

### IV. Passing of Risk

1. Unless otherwise agreed the risk passes to the customer as soon as the supplier has passed the goods to the transport company or has notified his readiness for dispatch. This also applies if partial deliveries are made or the supplier has also taken over other services, e.g. shipping costs or delivery and installation. If an acceptance is required it is relevant for the passage of risks. It must be carried out without delay at the date of acceptance, alternatively after notification of readiness for acceptance by the supplier. The customer must not refuse acceptance in case of a minor defect.
2. If the dispatch resp. acceptance is delayed or prevented because of circumstances the supplier is not responsible for the risk is passed to the customer from the day of notification of the readiness for dispatch resp. acceptance. The supplier commits himself to conclude the insurances which the customer requests at the expense of the latter.
3. Partial deliveries are allowed as far as they are reasonable for the customer.

### V. Retention of Title

1. The supplier retains ownership of the delivered goods until all payments – also for ancillary services which may additionally be owed - have been received from the delivery contract.
2. The customer is obliged to handle the purchased item with care. The supplier is entitled to insure the delivery item at the customer's expense against theft, breakage, fire, water and other damages unless the customer himself has demonstrably concluded the insurance.
3. The customer is entitled to sell the reserved goods in the ordinary course of business, but he assigns all claims to the supplier in advance according to the ratio between reserved goods and invoice value of the processing and other materials which arise from the further sale or use on behalf of a customer against him or third parties.
4. The customer collects the assigned claims for the supplier. The entitlement to collect expires if the customer is in default of payment, if an application for the opening of insolvency proceedings has been submitted or if the customer has stopped payments. In these cases the customer is not allowed to further process the goods. Furthermore, the customer notifies the supplier of the assigned claims and their debtors, furnishes all particulars required for the collection, hands out the associated documents and notifies the debtors of the assignments. Furthermore, the customer sends a list of reserved goods still existing, even insofar as they have been processed. Taking back the reserved goods does not constitute a withdrawal from the contract. If the supplier declares his withdrawal he is entitled to a discretionary utilization.
5. As long as the retention of title exists the customer may only enter into chattel mortgages, pledges or assignments of claim with written consent by the supplier. Accesses of third parties to reserved goods are to be notified without delay.
6. If the value of the securities exceeds the claims by more than 10% the supplier releases the securities on demand of the customer at his own option.

## **VI. Warranty and Claims for Defects**

1. At supplier's option all those parts which prove to be deficient due to a circumstance existing before the passage of risk have to be reworked or replaced flawlessly and free of charge. The supplier must be notified of the detection of such deficiencies without delay and in writing. Replaced parts become the property of the supplier.
2. Upon consultation with the supplier the customer has to grant the required time and opportunity to carry out all rework and replacements the supplier considers necessary; otherwise the supplier is exempt from liability for the resulting consequences. Only in urgent cases of endangering operational safety resp. to ward off disproportionately huge damages - while the supplier must be notified immediately - the customer is entitled to remedy deficiencies himself or to have the deficiencies remedied by third parties and to request compensation for the necessary expenses from the supplier.
3. Within the framework of the legal regulations the customer has a right to withdraw from the contract if the supplier – under consideration of the legal exceptions – has allowed to fruitlessly expire the adequate deadline set to him for the rework or replacement due to a material defect. In case of an insignificant defect the customer is only entitled to a reduction of the contractual price. Otherwise, the right to reduce the contractual price is excluded.
4. In case of essential third-party products the supplier is entitled to limit his liability to the assignment of the warranty claims to which he is entitled against the supplier of the third-party products unless the satisfaction from the assigned right fails or the assigned claim cannot be enforced for other reasons. In this case the customer is entitled to rights from VII.2.
5. Claims for defects do not exist in case of insignificant deviation from the agreed quality and in case of insignificant impairment of usability.

## **VII. Liability of Supplier, Exclusion of Liability**

1. If through the fault of the supplier due to refrained or defective execution of suggestions or consultations made before or after conclusion of contract or due to the violation of other contractual ancillary obligations – in particular instructions for operation and maintenance of the delivery item - the delivery item cannot be used by the supplier according to contract the regulations of sections VI. and IX. apply to the exclusion of further claims of the customer.
2. The supplier is only liable for damages which have not arisen to the delivery item itself – for whichever legal reason – in case of intent, gross negligence of the organs or executives, culpable violation of life, body, health, defects which he maliciously concealed, within the framework of a guarantee promise, in case of defects of the delivery item insofar as there is a liability for personal injury or material damage to privately used items according to the product liability law.  
In case of culpable violation of essential contractual duties the supplier is also liable in case of gross negligence of non-executive staff and of slight negligence, in the latter case limited to the damage typical for the contract and reasonably foreseeable.

## **VIII. Limitation**

All claims of the customer expire 12 months after delivery date.  
For compensation claims acc. IX. the legal periods apply.

## **IX. Coating**

1. The supplier guarantees that the goods to be coated are handled with the necessary care and suitable means. He shall not guarantee if the coating is not successful because
  - a) the customer has provided incomplete or faulty information required for the coating,
  - b) the supplier did not know, did not have to know or could not know concealed defects in the workpiece before the coating process or
  - c) properties of the material used, the shaping or the condition of the delivered workpieces prevented a successful coating, while the supplier did not and could not know this.

- d) the previous work process had been modified.
2. With respect to the coating to be performed the customer shall be responsible for the manufacturing of the workpieces according to the recognized rules of technology, for the correctness and completeness of the information provided and required for the coating and for a selection of the coating suitable for the later intended use.
3. The supplier shall not be liable for the customary and process-related dimensional changes occurring in the coating process.

## **X. Tooling Costs**

If the supplier manufactures tools to execute the delivery on behalf of the customer he shall retain ownership of them regardless if the tools are amortized by a subsidy of the customer or by the part price.

## **XI. Place of Performance, Place of Jurisdiction, Applicable Law**

1. Unless otherwise agreed the place of performance for all services from the delivery contracts is the place of business of the supplier.
2. The place of business of the supplier shall be the place of jurisdiction for all disputes arising from the delivery contract
3. This contract and all legal relations of the parties are subject to the law of the Federal Republic of Germany to the exclusion of the UN Sales Convention (CISG).