

**General Conditions of Sale and Delivery of Spare Parts,
Tornos S.A., rue Industrielle 111,
CH-2740 Moutier, Switzerland**

1. Scope of application

The present General Conditions of Sale and Delivery shall apply to all sales of spare parts by Tornos SA, hereinafter **Tornos**, to any of its customers, hereinafter the **Customer**, subject to any amendments made in writing in its offers, its confirmations of order or in a separate contract. No divergent *Customer* purchase conditions shall apply unless duly accepted in writing by *Tornos* in response to a request by the *Customer*. Should the *Customer* not make that request, it shall be considered as having waived its own purchase conditions.

2. Conclusion of contract - written form

The contract shall be concluded between the *Customer* and *Tornos*, hereinafter called the **Parties**, as soon as *Tornos*, upon receipt of the *Customer's* order – hereinafter called the **Order**, for the spare parts, hereinafter called the **Parts** – has confirmed to the *Customer* in writing that it has accepted the *Order*, hereinafter called the **Confirmation**. Any declaration or act made or performed by the *Parties* and having a legal effect shall be made in writing.

3. Technical documentation

Unless otherwise stipulated by *Tornos* in writing, the technical indications contained in booklets, catalogues, data sheets, etc. and in the documentation with which the *Customer* or its representatives are provided, are given only by way of indication, whether they concern the *Parts* or any other products ; they are and shall at all times remain solely and wholly the property of *Tornos*. The diagrams, drawings, sketches, plans, descriptions, specifications, etc. of each Party shall remain solely and wholly the property of the Party that prepared them and may not be used for other purposes or disclosed to any third party, without the prior written authorization of the Party that prepared them. Drawings, etc. that *Tornos* has to forward to its subcontractors, confidentially and only on loan, for the purpose of performing the task entrusted to them shall form an exception to this rule.

4. Extent and performance of delivery

The extent of the delivery and its performance are defined in the *Confirmation*. Services not included will be invoiced in addition.

5. Price

Prices are net for *Parts* available in the *Tornos* dispatch stores, excluding shipping, insurance and packing, in accordance with the **EXW** conditions of the 2000 Incoterms, in the currency mentioned in the *Confirmation*, excluding VAT, without any deductions; they shall be valid for the *Order* as defined in the *Confirmation* and may be modified by *Tornos* in case of changes made by the *Customer* to its *Order* (specifications, deadlines, quantities, etc. of the *Parts*) or in case of a delay following a reason attributable to the *Customer*.

Supplementary expenses, such as the cost of constituting and maintaining bank guarantees, certification, export or import, custom duties, levies, taxes, etc. are not included in the prices.

6. Delivery time

The agreed delivery time is that mentioned in the *Confirmation* by *Tornos* or, should the *Customer* amend the *Order*, that mentioned in the *Confirmation* of the latest *Order*.

The delivery shall be deemed effected when *Tornos* makes the Product available to the carrier.

A delay in delivery shall confer no right to claim damages, be they in respect of direct or indirect prejudice or repercussions, production losses, lost earnings, etc., or to a reduction or termination of the *Order* or of any other *Orders* already confirmed. The case of grave misfeasance on the part of *Tornos* shall remain reserved.

7. Acceptance of the delivered Product

The *Customer* shall verify the state and quality of the *Parts* immediately upon receipt. In case of transport damage, it shall gather all necessary elements of proof and keep them at the disposal of *Tornos*, the carrier, the insurer and any third party concerned; it shall inform *Tornos*, the last carrier and the transport insurance company of any transport damage noted, immediately upon receipt of the *Parts*.

Any other defect shall be announced to *Tornos* in writing immediately, but at the latest within the week following the receipt of the *Parts*. If no written claim of defect is received within the above deadline, the *Parts* shall be deemed to have been accepted by the *Customer*.

8. Title retention

Ownership rights to the delivered *Parts* shall not pass to the *Customer* until the *Customer* has made payment in full. The *Customer* shall undertake to participate in any steps that may prove necessary to guarantee *Tornos's* right of ownership. The *Customer* shall take care of the *Parts* and shall insure them adequately during the period for which *Tornos* reserves its ownership rights; in particular, the *Customer* shall undertake, in the case of a risk of seizure or claim on behalf of a third party, immediately to inform that third party of *Tornos's* ownership rights to the threatened *Parts*.

9. Transfer of risks and benefits

The transfer of risks and benefits to the *Customer* shall occur as soon as *Tornos* places the *Parts* at the disposal of the carrier.

Upon receipt of the *Parts*, the *Customer* alone shall be responsible for unpacking them and ensuring that they be appropriately stored at their place of destination.

10. Transport, insurance and packing

The *Parts* shall be transported at the risk of the *Customer* that shall assume all costs including those of insurance and packing. The packing materials are not returnable.

Unless otherwise indicated by the *Customer*, but at the *Customer's* cost, *Tornos* shall select the carrier, the mode of transport and the packing and it shall, likewise at the *Customer's* cost, have the *Parts* covered by an insurer of its choice against the usual transport risks.

11. Payment

The prices, including the additional expenses mentioned in Art. 5, shall, at no cost to *Tornos* and with no deductions of any kind be payable in full within the set deadlines and in the agreed currency to one of the addresses mentioned in the *Confirmation* or, if applicable, in the invoice.

If the payment deadlines are not met, Tornos shall be entitled to invoice interest on arrears and costs at market rates. Subsequent deliveries may be withheld pending payment and Tornos may impose other forms of payment.

12. Guarantee

Tornos guarantees that the *Parts* comply with its *Confirmation*, embody no design, constructional, assembly or material defect and can be used under normal conditions, provided the indications in the *Tornos* instruction file are followed and the prescribed maintenance is carried out.

The length of the guarantee shall be 6 months from the delivery of the *Parts*. The length of the guarantee on *Parts* replaced by *Tornos* under its guarantee shall be 6 months from the time of delivery; on *Parts* repaired, this guarantee shall be 3 months. *Parts* suffering wear and tear shall form an exception and are not guaranteed unless otherwise mentioned in the *Confirmation*.

At *Tornos*'s discretion, the *Parts* may be repaired or replaced free of charge under the guarantee. The defects must be such as to be identifiable to and accepted by *Tornos*.

All other claims are excluded, especially with regard to damages in respect of direct or indirect prejudice or repercussions, loss of production, lost earnings, etc., as is the possibility for the *Customer* to reduce or cancel the *Order* in question or any other *Order* already confirmed. The case of grave misfeasance on the part of *Tornos* shall remain reserved.

The guarantee does not cover damage resulting from normal wear, improper treatment or storage, lack of maintenance, excessive use or failure to observe the instructions for use.

Any direct intervention, repair, modification or transformation performed on the *Parts* by the *Customer* or by a third party after the *Parts* leave *Tornos*, without prior written permission from *Tornos*, will invalidate the *Tornos* guarantee on the corresponding *Parts*.

13. Return by the Customer of Parts he has in his stock

For standard new *Parts* which are in very good condition and are not obsolete, and which have been delivered by *Tornos* not longer than (30) days ago, the *Customer* may suggest that *Tornos* takes them back, however, *Tornos* is not obliged to do so. If *Tornos* accepts, all of the costs of return and risks shall be borne by the *Customer*. *Tornos* shall credit in such a case the *Customer* the net price (after deduction of the costs for packaging, transport, insurance and customs clearance, etc...) that the *Customer* had effectively paid originally, less twenty-five percent (25%), but an amount of at least two hundred Swiss francs (CHF 200) for handling charges.

Non-standard *Parts* are not taken back.

14. Standard exchanges

A standard exchange is the replacement of a *Part*, *subassembly* or *module* by the same *item* which, although not new, has been duly revised by *Tornos*, and which benefits from the same warranty and specifications as an identical new *item*, but at a better price.

Tornos does not guarantee that it will have such replacement revised *items* continuously in stock and be able to deliver them.

The defective *item* that is the object of a standard exchange must be in a condition that is susceptible to be repaired. The *Customer* must send back the defective *item* to *Tornos* within (30) days after delivery of the revised *item*. Charges for transportation, packaging, and insurance will be paid for by the *Customer*, and *Tornos* will assume the customs, import and other duties. If the above conditions (particularly the maximum 30 days deadline for returning the *item* to be repaired) are not fulfilled, *Tornos* will not credit the *Customer* the difference between the price invoiced for the revised *item* and the buyback value of the *item* to be repaired.

15. Cancellation/reduction of the Order - Suspension of performance of the Order

If the *Customer* should cancel the *Order* as confirmed or suspend the performance thereof for a reason not imputable to *Tornos*, especially if the *Customer* ordered a large number of *Parts* or special or unusual *Parts* that *Tornos* has had to make specially or order from a sub-contractor, *Tornos* shall be entitled to invoice the *Customer* the costs incurred. That invoice shall be payable in 30 days.

If the *Customer* should reduce the *Order* as confirmed and that reduction should have an impact on the quantity price or any quantity discount offered, *Tornos* shall be entitled to invoice the *Customer* the resulting difference. That invoice shall be payable in 30 days.

If, during the execution of the *Order*, *Tornos* should notice that the *Customer*'s financial situation might deteriorate or is deteriorating, *Tornos* shall be entitled to require the *Customer* to provide it with guarantees or advances, including to cover future *Tornos* costs incurred by continuing work on the *Order*.

After serving the *Customer* with due notice, *Tornos* shall be entitled to suspend work on the *Order*. If, within a reasonable period, the *Customer* cannot solve the problems, fails to honor its commitments, fails to provide the necessary additional guarantees or does not pay the requested additional advances, *Tornos* shall be entitled to reduce or even cancel the *Order*. In such a case, *Tornos* shall be entitled to invoice the *Customer* the costs incurred and that invoice shall be payable in 30 days.

16. Act of God

If, through some act of God the dispatch of the *Parts* becomes impossible, the *Parties* shall consult in order to find a balanced solution.

17. Invalidation of a clause

If one or more of the terms of the present General Conditions should be or become partially or completely invalid, the remainder of the present General Conditions shall remain entirely valid. The *Parties* shall consult on the invalidated term or terms to find a replacement solution whose legal and economic scope would be as close as possible to that of the term or terms invalidated.

18. Authentic version

Only the English version of the present General Conditions shall be authentic.

19. Place of performance, jurisdiction and applicable law

The place of performance and exclusive jurisdiction shall lie in Moutier, Switzerland, and all legal relations shall be governed exclusively by Swiss substantive Law excluding any other regulations and in particular the United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention of 1980).