

**General Terms and Conditions for Wage Work (GTCW)  
of Veldener Präzisionstechnik GmbH**

**§ 1 Applicability**

- (1) For all our wage work services, especially in the field of contractual hardening including offers solely this General Terms & Conditions shall apply. They are an integral part of all contracts we conclude with our contractual partner (in the following "Customer") regarding wage work. They shall also apply for all future wage work services or offers, even if not explicitly referred to again.
- (2) Customer's or third parties' terms and conditions shall not apply, even if we have not explicitly objected to their applicability. Even if we make reference to a letter that includes Customer's or third parties' terms and conditions or that makes reference to such, this does not stand for an acceptance of the applicability of such terms and conditions.
- (3) The present General Terms and Conditions shall only apply if Customer is a merchant within the meaning of § 14 BGB (German Civil Code), legal entity under public law or a federal special fund under public law.

**§ 2 Offer and Conclusion of an Agreement**

- (1) All our offers are subject to change and non-binding unless otherwise explicitly declared or unless a certain term to accept the offer has been included. We can accept orders or appointments within fourteen (14) days. This usually will happen via remittance of an order confirmation.
- (2) For the privity of contract between us and the Customer the agreement concluded in writing as well as the present General Terms and Conditions, the content thereof continuously will be specified in the order confirmation, shall be solely authoritative. The contract shall completely reflect all understandings between the contractual parties regarding the subject of the contract. Oral covenants made by us before conclusion of this contract shall not be binding. Oral covenants made by the parties shall be replaced by the written agreement if it is not expressly declared that the parties shall remain bound by them.
- (3) Amendments and alterations of the made agreement, including this General Terms and Conditions, need to be made in writing in order to be valid. With exception of CEOs or proxy holders our employees are not authorized to make deviating oral covenants. Transmission per telefax shall be deemed sufficient in order to fulfill the required written form; transmission per telecommunication devices, especially email shall not be sufficient.
- (4) Technical deviations in fabrication and deviations usual in trade are admissible, as far as they do not influence the usability of our wage works for the contractually agreed purpose.

**§ 3 Pricing and Terms**

- (1) Prices shall apply to the scope of services rendered as detailed in our order confirmations. Extra or non-standard services are subject to separate calculation. Prices are quoted in Euro ex works and do not include packaging, VAT, customs duty in case of exportation as well as fees and any other public charges.
- (2) Amounts invoiced are due within eight (8) days without any deduction, unless otherwise agreed in writing or declared on the invoice. Authoritative for the date of payment is the reception by us. Checks shall not be considered as payment until after they have been cashed. Should Customer not pay at maturity, for amounts due interests in the amount of 5% per year starting with the date of maturity will be charged. Notwithstanding the aforesaid, the right to claim of higher interests or further damages in case of default shall remain unaffected.
- (3) Offsetting with counterclaims by Customer or retention of payments due to such rights shall only be admissible as far as counterclaims are undisputed or legally determined.
- (4) We have the right to realize or render outstanding services against advanced payment or provision of a security only, if after conclusion of the contract we become aware of facts that are suited to considerably reduce the Customer's credit rating and that endanger Customer's fulfillment of payments arising out of from the respective contractual relationship (including individual orders under the same master agreement).

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**§ 4 Customer's Burden of Proof and Obligation to Keep Records**

- (1) Essentially for our performance is that for every work piece we are supposed to deal with Customer hands us over a written order or a bill of delivery containing the following information:
  - a. Description, amount or units, net weight, value of work piece and mode of packing
  - b. Basic material and standard description, if possible
  - c. Favored treatment, especially
    - i. In case of case hardening and carbonitriding the required case depth with limit value of hardening and surface hardening (e.g. case depth 610 HV = 0,6 – 1,0 mm, surface hardening = 59 – 63 HRC)
    - ii. In case of inductive hardening the wanted hardening depth with base hardening value and surface hardening as well as the hardness range;
  - d. Information as to the wanted method procedure, test point and test load according to DIN-testing standard;
  - e. Any other information or provisions necessary for treatment of work pieces, especially according to DIN 6773, DIN EN 10 052, DIN 17023.
- (2) In case of partial hardening Customer shall include drafts that explain what parts are to be hardened and what parts are to remain unhardened. In addition, Customer has to keep us informed about the specifics regarding the size accuracy or the surface condition respectively, or if similar work pieces have been made with different steel melt. Additionally, he has to point out to us welded or soldered work pieces as well as work pieces that contain hollowware.
- (3) Should it for technical reasons not be possible to treat work pieces following the given information, we will inform Customer immediately. In that case we have the right to rescind from contract. Any costs incurred or incurring for transport or work piece will be reimbursed to Customer upon proof. Customer cannot invoke any other claims, especially damages, from us.

**§ 5 Delivery**

- (1) Performance periods and terms promised by us are to be understood approximative, especially for procedural reasons; unless a fix term or period has been expressly agreed upon. As far as shipment has been agreed, delivery periods and delivery terms refer to the time when goods are delivered to carrier, shipper or to any third person assigned with transportation.
- (2) Irrespective of our rights for the case of default by Customer, we may ask for an extension or a postponement of delivery terms for the time period during which Customer is in default with his obligations towards us.
- (3) We are not liable for impossibility of performance or late performance if this is due to force majeure or other events unpredictable at the time of contractual conclusion (such as any business disruption, problems with material and energy supply, transportation delay, strike, lawful lockout, lack of manpower, energy or raw material, problems obtaining necessary official authorizations, or absence of, wrong or delayed delivery by suppliers), which we are not responsible for. If such events considerably complicate our performance or make it impossible and if the obstruction is not transitional we have the right to rescind from the contract. In case of temporary disruptions delivery periods will be extended or postponed for the period of disruption plus an appropriate lead time. If acceptance of delivery or performance cannot be expected of Customer due to delay he can rescind from the contract with immediate written statement addressed to us.
- (4) If we fall behind with one of our performances or if one of our performances becomes impossible, no matter for what reason, our liability shall be limited according to § 8 of this General Terms & Conditions.

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**§ 6 Transfer of Risk**

Unless otherwise agreed, work pieces to be treated by us shall be shipped to us including all necessary documentation at the expense and risk of Customer and shall be collected there after termination of our wage work. If shipment of work pieces is agreed, risk transfers to Customer with delivery to train, carrier or shipper or with start of storing respectively, the latest when leaving our work or storage; this shall also apply if we agreed to take over delivery to or from Customer with own means of transportation.

**§ 7 Warranty**

- (1) The parties acknowledge that the treatment of work pieces to be performed by us as wage work will be carried out according to Customer's information as in § 4 and as performance of services according to the rules of technology. We explicitly do not grant any warranty for the success of the treatment, especially not for freedom of deformation or cracks, surface hardness, hardness penetration, ability to be galvanized. If a treatment performed by us according to the information given as in § 4 does not prove successful, e.g. because of concealed flaws, or because characteristics of the used material, forming or the condition of the delivered work pieces make a successful treatment impossible, Customer is nevertheless obliged to pay the agreed prices. Necessary re-performances assigned by Customer will be billed separately to Customer.
- (2) Customer has to notify us of defects immediately after transfer of risk. Concealed defects have to be rebuked in writing immediately after detection, but within twelve (12) months after transfer of risk the latest. This period also applies to limitation of warranty claims, if not legal provisions stipulate a longer term.
- (3) In case of warranty claims Customer shall give us the opportunity to verify and re-perform. If we fail to re-perform or to duly re-perform within an adequate period of time, Customer can, after unsuccessfully granting us in writing a period of grace reduce the agreed price, rescind from the contract or realize the necessary re-performance himself or assign a third party to do so at our expenses.
- (4) In case of damages of work piece and in case of any other damage our liability will comply with § 8.
- (5) If Customer has processed objected work pieces without our consent, our warranty deed expires.
- (6) Customer has to accept two percent (2%) of good defective for production reasons but at least 4 pieces. This good defective for production reasons and usual in the business does not raise damage claims by Customer.
- (7) If we perform straightening works upon Customer's request, no responsibility is taken for possibly arising breakage.
- (8) Should Customer wish special test components parts upon special guidelines, these are to be ordered separately.

**§ 8 Liability for damages due to fault**

- (1) Our liability for damages, no matter for to what legal reason, especially due to impossibility, default, defective or wrong performance, contractual breach, breach of duties during contractual negotiation and unlawful act, if it depends on fault, is limited in accordance with § 8.
- (2) We shall not be liable in case of slight negligence of our legal representatives, employees or other vicarious agents, unless in case of breach of an obligation essential to the contract. Essential to the contract are the obligations to timely perform as well as duties to advice, of protection and care which shall ensure Customer the contractual use of treated work pieces or the protection of Customer's personnel's body or life or the protection of his property from serious damage.
- (3) If we are liable for damages in accordance with Sec. (2), this liability is limited to defects that we had foreseen at the time of conclusion of agreement as possible result of a contractual

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breach or that we should have foreseen applying all due diligence. Additionally, indirect and consequential damages that result from defects in treated work pieces are only reimbursable if such defects are typically to be expected under conventional use.

- (4) In case of liability for slight negligence our obligation to indemnify for loss of property and further resulting damages is limited to 1M Euro per case, even if the damage results due to a violation of essential contractual obligations.
- (5) The aforementioned exclusion and limitation of liability shall apply equally for our organs, legal representatives, employees or other auxiliary persons.
- (6) If we give technical information or advice and if this information or advice does not belong to our due and contractually agreed performance, this will happen free of charge and under exclusion of any liability.
- (7) The limitations of this § 8 shall not apply to limitation for willful act, for warranted characteristics of state, for injury of life, body or health or for liability according to the German Product Liability Act (Produkthaftungsgesetz).

**§ 9 Miscellaneous**

- (1) Place of jurisdiction for any conflict resulting from the business relation between us and the Customer shall upon our choice be Landshut or the seat of the Customer. For claims against us, Landshut shall be the sole place of jurisdiction. Mandatory legal provisions regarding exclusive jurisdiction shall remain unaffected.
- (2) The relationship between us and the Customer shall only be subject to the laws of the Federal Republic of Germany. This shall also apply, if individual documents (e.g. offers, order confirmations) are not written in German language.
- (3) Customer acknowledges that we save the data arising from this contractual relationship according to the provisions of the Federal Data Protection Act (Bundesdatenschutzgesetz) for data processing and that we reserve the right to pass the data on to thirds (e.g. insurances) if necessary for the completion of the agreement.