

1. APPLICABILITY

These General Conditions of Sales are applicable to all deliveries from Gislaved Gummi AB ("Gislaved") and form part of each contract regarding the delivery of products ("Contract"). No general terms and conditions of the Purchaser shall be applicable, even if these have been provided to Gislaved and Gislaved has not expressly objected to their applicability. Statements and information, as well as amendments and supplements to the Contract, that are not confirmed in writing shall not set aside what has been prescribed in these General Conditions, or in any other way be binding upon the parties.

The parties may from time to time enter into a specific framework delivery contract that will set forth specific terms applicable to certain deliveries from Gislaved to the Purchaser. In such case, the terms of such framework delivery contract will form part of the respective Contracts concluded under the framework delivery contract.

2. QUOTATION AND CONCLUSION OF CONTRACT

Gislaved's quotation applies to the period stated in it for acceptance of a reply or order from the Purchaser. Unless the period of validity of the quotation has been specially stated, it is limited to thirty (30) days, counting from the date of the quotation.

A Contract will not be deemed to have been concluded until Gislaved has acknowledged the order of the Purchaser in writing.

Information regarding the products, their technical specification and function in Gislaved's catalogues, brochures, advertisements, price lists, internet presentations and other information material may only be relied upon by the Purchaser if the Contract makes a specific reference to it.

3. DESIGNS AND CONSTRUCTIONS

If products are delivered in accordance with special proposals, sketches, drawings or prototypes, then the responsibility of Gislaved is limited to the manufacture of these products in accordance with such particulars. Only design specifications agreed upon in writing shall be binding upon Gislaved. Unless specifically agreed in writing, Gislaved is not responsible for the products being suitable for the specific purposes of use, originally or later on intended by the Purchaser. Proposals, drawings, descriptions, models or prototypes otherwise supplied by a party to the other party or to the recipient of a quotation remain the property of the party supplying them and must not without its permission be used in any way or be communicated to a third party. Any intellectual property rights regarding the products or their manufacturing remain the exclusive property of Gislaved.

4. PROGRESS- AND INITIAL SAMPLES

If the Purchaser has approved progress- or initial samples, then Gislaved will not be liable for defects as long as the products supplied agree with the approved progress- or initial samples. If the Purchaser puts a serial order without making any written objection as to previously supplied samples, the Purchaser shall be deemed to have approved such samples.

5. TOLERANCES AND LIMIT GAUGES

If no special agreement has been concluded regarding tolerances, then the tolerance requirements normally applied by Gislaved for such products shall apply. If the Purchaser is not informed about these requirements, he shall ask Gislaved for a clarification. A change in the tolerance requirements after conclusion of the Contract requires a written agreement. Special limit gauges and fixtures stipulated by the Purchaser for the checking of completed articles shall be supplied by him.

6. DELAY

If a delay is caused by any circumstance mentioned in point 18 or for reasons that the Purchaser is responsible for, the delivery time shall be extended with such a period that can be deemed reasonable, with due consideration taken to all circumstances. This clause is applicable whether or not the cause of the delay occurs before or after the expiry of the agreed delivery time.

If a party finds that it cannot keep the agreed time for delivery or receipt of the products, or if a delay is deemed as probable, it should notify the other party of this in writing and state the reason for the delay, and if possible, state the time when the delivery or receipt can be made.

If Gislaved does not deliver the products within the agreed delivery time or within the extended delivery time stated in the first paragraph of this point 6, the Purchaser has the right to cancel the Contract concerning the delayed products, if the delay is of significant importance to him and if he has informed Gislaved of this importance in writing when the Contract is entered into at the latest.

If the Purchaser, in case of a delay which Gislaved is responsible for, has given Gislaved a fixed extension time, and this extension time is not unreasonably short, then the Purchaser has the right to cancel the Contract concerning the delayed products if delivery has not been made within the fixed extension time.

If the Purchaser fails to receive the products on the agreed delivery day, Gislaved may store the products at the Purchaser's expense and risk.

If a delivery is late due to a cause for which the Purchaser is responsible, the Purchaser must reimburse Gislaved for extra costs caused.

If the Purchaser cancels the Contract according to the third or fourth paragraph of this point 6, he has the right to be reimbursed by Gislaved for the direct extra cost he has had, and found unavoidable, when obtaining similar products from another source. The reimbursement shall not exceed the value of the delayed products in question. If the Purchaser does not cancel the Contract, he is not entitled to any compensation caused by Gislaved's delay.

Beyond what is laid down above in this point 6, Gislaved has no responsibility for delayed performance. Gislaved is, furthermore, never responsible for loss of production, production interruption or delays at the Purchaser or its customer, loss of profit or any indirect or consequential damage. This limitation of Gislaved's responsibilities is not valid if the Purchaser can show that Gislaved has acted gross negligently.

7. PACKING AND PLACE OF DELIVERY / RISK FOR PRODUCTS

Prices stated by Gislaved are deemed to apply to unpacked products. With regard to the packing of the products and the cost thereof, these are therefore subject to what has been agreed to in the Contract.

Unless otherwise agreed in writing, prices stated are EXW Gislaved's factory or place where Gislaved has the products, to which the Contract refers, in stock. Inco-terms, in the version applicable at the time of the Contract, shall apply.

8. CHECKING

If no written agreement for a more thorough dispatch-check has been concluded, then the products shall be checked in the way that is normally used by Gislaved before Gislaved dispatches such products. If the Purchaser is not informed about these requirements, he shall ask Gislaved for a clarification. A dispatch-check of Gislaved does not in any way free the Purchaser from his general obligation to examine the products.

The Purchaser shall check the products as soon as possible after delivery. If the products are delivered to another party than the Purchaser, the Purchaser shall see to that such party conducts such inspection in the same way. If the Purchaser does not comply with these requirements, he loses his right to claim the defectiveness of the products.

9. QUANTITY

The Purchaser accepts that Gislaved may deliver quantities +/- ten percent (10%) of the quantity of products agreed in the Contract. The amount to be paid by Purchaser under the Contract shall be adjusted accordingly. The term "agreed quantity" in this context means the total agreed quantity regardless of whether partial deliveries are made.

If not otherwise agreed in writing, Gislaved shall not be obliged to deliver product quantities in excess of the forecasts made by the Purchaser.

If the Purchaser fails to purchase the volumes according to his forecasts, Gislaved shall be compensated for all costs for all raw materials it has acquired in reliance on such forecast, and which Gislaved cannot use otherwise.

10. RESPONSIBILITY FOR DEFECTS

Claims regarding defects must be made in writing and without delay after the Purchaser noted, or should have noted, the defect. If the Purchaser fails to make such notification, he loses the right to claim the defectiveness of the products. If the defect can be suspected to have occurred during transport, the carrier shall also be notified by the Purchaser at once.

Gislaved is only responsible for defects which are notified to it in accordance with the above within twelve (12) months counting from the date when the products were delivered. The Purchaser is aware that certain products, due to their chemical properties, can have a very short storage life and must be processed after delivery by Gislaved without undue delay. It is therefore understood that Gislaved is not responsible for defects in the products after such storage life has elapsed. The storage life for each concerned product is usually indicated by Gislaved in its advertising material or communication with the Purchaser. If the Purchaser is uncertain about the storage life, he shall request such information from Gislaved.

To remedy a defect, Gislaved shall - at its own option - remedy the defect by either supplying substitutes for, repairing or reprocessing the defective products. Any liability is limited to the products that are proven to be defective. In no event shall Gislaved be liable for measures or costs concerning other delivered products, e.g. for recalls or other field service actions concerning products which are of the same type but are not in each case proven to be defective. The Purchaser is not entitled to take own remedial action or to claim compensation therefore, if not such action has been approved by Gislaved beforehand in writing.

Any extra costs for remedying a defect, due to the fact that products are at a different place than the place of delivery according to the Contract, shall be borne by the Purchaser. If the remedying of defects requires works at other items than the products themselves, the Purchaser shall bear the extra costs therefore.

If Gislaved fails to remedy the defect within a reasonable time after the Purchaser's notification, the Purchaser has the right to cancel the Contract regarding the defective products by notifying Gislaved in writing. Only in this case, the Purchaser is entitled to a reasonable compensation from Gislaved for the added costs he has had to procure similar products from another source. The compensation must however not exceed the value of the defective products in question. In order for the Purchaser to be entitled to this compensation the demand for compensation must be made in writing within a reasonable period of time but in no event later than four (4) weeks after the date when it became clear that Gislaved has failed to remedy the defect.

If the new products are delivered in replacement of defective products then Gislaved will issue an invoice for such products. Such invoice will however be credited as soon as the Purchaser has delivered back, at his own costs, the defective products to Gislaved to the original place of delivery by Gislaved.

Gislaved is responsible for replaced, repaired or reprocessed products under the same terms and conditions as were valid for the original products. However, Gislaved's warranty obligations for replaced, repaired or reprocessed products cease in any case eighteen (18) months after the commencement of the warranty period for the original defective products.

Beyond what is laid down above in this point 10, Gislaved has no responsibility for defective products. Gislaved is furthermore never responsible for loss of production, production interruption or delays at the Purchaser or its customer, loss of profit or any indirect or consequential damage. This limitation of Gislaved's responsibilities is not valid if the Purchaser can show that Gislaved has acted gross negligently.

If not specifically agreed otherwise in writing, Gislaved does not make any specific commitment (*Sw: utfästelse*) regarding the properties of the products.

11. SCOPE OF RIGHT TO CANCEL ETC

In case of delays or defects in products, the Purchaser's right to cancellation hereunder, or under any other statutory or contractual provision or legal principle, is limited to the products which are actually delayed or defective and the remaining part of the Contract shall always remain in full force. The Purchaser may neither cancel other Contracts or other agreements between the parties, e.g. a framework delivery contract.

If delivery is postponed because of any such circumstance as stated in point 18, then Gislaved has the right to postpone subsequent deliveries of products to a corresponding extent.

12. RESPONSIBILITY FOR DAMAGE CAUSED BY PRODUCTS

The Purchaser shall indemnify Gislaved to such an extent that Gislaved is made responsible against a third party for damage or loss that Gislaved is not responsible for towards the Purchaser according to the second paragraph in this point 12.

Gislaved is not responsible for damage caused by the products

- a) on movable or immovable property if the damage occurs while the products are in the possession of the Purchaser, or
- b) on products manufactured by the Purchaser or on products in which the Purchaser's products are part of.

The above mentioned limitations in Gislaved's responsibility are not valid if Gislaved is proven guilty of any gross negligence. If a third party puts forward any demands against Gislaved or the Purchaser for compensation for damage or loss mentioned in this point 12, then the other party must immediately be informed about this.

13. ADJUSTMENT OF PRICES

If not otherwise agreed, the prices shall be adjusted as follows.

If a definite price has been agreed to for the products, irrespective of if this is valid for singular deliveries or for a certain period of time and subsequently an import- or export charge, tax or other similar surcharge is imposed or changed (in case such costs, according to the Contract, are for the account of Gislaved), or if Gislaved's cost for raw materials are increased because of sub-supplier price changes or changes in exchange rates, Gislaved has the right to correspondingly change the price for all concerned products.

If the Purchaser, at any time, fails to purchase agreed minimum quantities, Gislaved has the right to change the price for future deliveries in order to offset the diminished profitability and/or increased costs for Gislaved. Alternatively, Gislaved has the right to demand compensation for such diminished profitability and/or increased costs due to Purchaser's failure to purchase the minimum quantities.

14. VALUE-ADDED TAX, DUTIES ETC

The price does not include value-added tax. If not otherwise agreed in writing, all import duties, taxes etc., present or future into the country of destination shall be for the Purchaser's account. The Purchaser is responsible for import licenses and all other permits, inspections, information or other requirements applicable to the products in the country of destination.

15. CONDITIONS OF PAYMENT

Unless otherwise agreed in writing, payments shall be in cash and made not later than thirty (30) days after the date of the invoice.

If the Purchaser omits to receive the products on the agreed delivery date for reasons that Gislaved is not responsible for, payment shall still be made as if delivery had been made according to the Contract.

Has the Purchaser not paid within three (3) months from the agreed day of payment, Gislaved has the right to cancel the Contract by notifying the Purchaser in writing. Gislaved has in such a case the right to claim that the Purchaser sends back the concerned products (free point of delivery by Gislaved) at his own costs and to be compensated for losses suffered.

Gislaved is always entitled to claim interest of twelve percent (12%) on delayed payments.

16. RESERVATIONS REGARDING RIGHT OF OWNERSHIP ETC

Products delivered remain the property of Gislaved until they have been paid in full. An acceptance or other certificate of indebtedness will not be deemed to constitute payment until it has been discharged in full. Retained ownership in the products shall also serve as security for the balance of all other payments owed to Gislaved, e.g. regarding unpaid prices for other products.

17. INSOLVENCY ETC

If there is reasonable ground for assuming that the Purchaser will not fulfil his obligations to make payment or that the Purchaser has become insolvent, then Gislaved has the right to demand immediate payment in cash or that a for Gislaved acceptable security is provided. If this is not done without delay, then Gislaved has the right to cancel the Contract, in writing, in so far as unpaid products are concerned, without being obliged to make any compensation.

18. GROUNDS FOR EXEMPTION (FORCE MAJEURE)

If the fulfilment of the Contract is prevented or rendered considerably more difficult by any circumstance - such as war, decisions of governmental or public authority, civic unrest, shortage of energy, raw materials, or transport means, labour disputes, prohibitions, restrictions, not forthcoming permits, accidents, war, riot, terrorism or measures from authorities in response to terrorist threats, unfavourable transport- or weather-conditions or non-delivery from a sub supplier - that could not be foreseen at the time the Contract was concluded, the concerned party shall to a corresponding degree be released from its obligations.

It is incumbent on the party that wishes to refer to such an exemption to notify the other party, in writing, without delay of the origin thereof, as well as of its termination.

If the exemption prohibits the Purchaser to receive the products, he shall compensate Gislaved for any extra costs Gislaved has to safeguard and protect the products.

If the fulfilment of the Contract is delayed for more than six (6) months due to reasons mentioned in the first paragraph of this point 18, either party may cancel the Contract by notifying the other party, in writing. If the Purchaser cancels the Contract, he shall take over, at a reasonable price, raw materials obtained by Gislaved for fulfilling the Contract as well as any products that have been completed before a written notification of the cancellation has reached Gislaved. Apart from that, no party has to provide any compensation for circumstances referred to in this point 18.

19. MODELS, MOULDS AND OTHER TOOLS

If special models, moulds or other tools are required, then the Purchaser will be charged their cost, and an agreement to this effect shall be concluded between the parties before production commences. Unless otherwise agreed in writing, such models, moulds or other tools are the property of Gislaved but must not be used for the account of anyone else without the consent of the Purchaser. The Purchaser shall pay for all maintenance of or necessary replacements for the models, moulds or other tools, except if such replacement or maintenance is necessary due to gross negligence of Gislaved.

Gislaved is not responsible for defects in the products if these are due to models, moulds or other tools approved by the Purchaser.

If the Purchaser cancels the Contract, then the Purchaser is entitled to make use of models, moulds or other tools specially produced or acquired for the deliveries to the Purchaser, in order to have someone else produce the remaining quantity of products in accordance with the cancelled Contract. This shall however not apply, if there are any other outstanding and un-cancelled Contracts, the fulfilment of which requires that Gislaved can use such models, moulds or other tools. Furthermore, the Purchaser will have no such right of utilization if the design or construction of such models moulds or other tools would reveal any specific know-how of Gislaved or disclose any other business secret of its concerning production techniques. Any intellectual property rights included in the models, moulds or other tools or the products remains under all circumstances Gislaved's property and may be made

available to the Purchaser only under a specific license agreement and upon payment of a reasonable license fee. During the period when the Purchaser has the right to make use of models, moulds or other tools, the Purchaser is responsible for these and shall restore them to Gislaved in their original condition. Compensation for the right of utilization will be agreed upon from case to case and shall take consideration of the return on investment that Gislaved had calculated originally.

Models, moulds and other tools will be kept by Gislaved during a maximum period of two (2) years after the latest delivery. After these two (2) years have elapsed, Gislaved has the right to scrap or otherwise dispose of such models, moulds or other tools. In such a case Gislaved must, however, have notified the Purchaser accordingly in writing. If the Purchaser wishes Gislaved to keep such models, moulds or other tools longer than the said two years, then Gislaved shall have the right to receive reasonable compensation for their care and insurance.

During the time the models, moulds and other tools are in Gislaved's possession, Gislaved shall see to it that they are covered by fire insurance.

20. CONDITIONS OF PAYMENT FOR MODELS, MOULDS AND OTHER TOOLS

Payment for models, moulds and other tools shall be made by the Purchaser in the manner and at the times stated in the Contract. If no provision exists concerning this, payment shall be made in cash net when progress- or initial samples have been delivered and approved by the Purchaser.

21. METAL PARTS AND OTHER PARTS INCLUDED

If metal parts or other products are included in the products ordered and are supplied by the Purchaser, then such parts or products shall be delivered free Gislaved's factory in the quantities and at the times stated by Gislaved. Such parts or products shall be delivered by the Purchaser with a surplus quantity of ten (10)% in order to provide compensation for rejects.

Metal parts and other products shall be made in accordance with agreed dimensions and tolerances so that they fit in the moulds, and the Purchaser shall see to it that they are suitable for their purpose in other respects also. The Purchaser is responsible for direct expenditure incurred by Gislaved because of delays in the delivery of such parts or products or defects in them.

22. PATENTS, REGISTERED DESIGNS, COPYRIGHTS AND THE LIKE

Both when products are delivered in accordance with drawings, models or other prototypes supplied by the Purchaser, or when Gislaved has undertaken the designing-work, the Purchaser accepts all liability for any infringement of the right of a third party because of a patent, registered design, copyright or the like. The Purchaser shall compensate and hold harmless Gislaved for all expenditure, loss or damage Gislaved may assume as a result of such infringement or disputes concerning it.

In the case of export sale, Gislaved accepts no liability or obligation to provide compensation for infringement of another party's right to a patent, registered design, copyright or the like and Gislaved shall be compensated and held harmless by the Purchaser herefore. This applies also when any product of Gislaved is included as a component or inclusion-product in any other product.

23. SOLUTION OF DISPUTES AND APPLICABLE LAW

Any dispute, controversy or claim arising out of or in connection with the Contract, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. If the total amount in dispute does not exceed EURO 100,000 the Rules for Expedited Arbitrations of the Arbitration Institute of the Stockholm Chamber of Commerce shall apply instead. The arbitral tribunal shall be composed of a sole arbitrator. The place of arbitration shall be Gothenburg. The language to be used in the arbitral proceedings shall be English, if the Purchaser has its principal place of business outside Sweden, and Swedish, if the Purchaser has its principal place of business within Sweden. However, Gislaved has the right to bring action against the Purchaser for any unpaid purchase price at any competent court of law, e.g. the court at the statutory seat, central administration, or principal place of business of the Purchaser.

Any Contract as well as the legal relationship of the parties in general, shall be governed by substantive Swedish law, with the exemption of the act (1987:822) regarding international purchases.