

GENERALITIES

- a) The present contractual general conditions are applied whichever the nationality of the client is. These define the rights and obligations (duties, liabilities) of APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. and of the client in what concerns work contracts of manufacture of machined, forged, casted parts or of any other kind of processing of ferrous or non ferrous materials, of attached materials to the above, as well as any type of benefit, consultancy or service that APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. could eventually provide the client.
- b) These conditions will always replace any other clause constituted in a non specific way by the client and if APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. does not accept them in writing. They serve as basis for the interpretation of the concluded agreements of APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. and its clients, in case the specified contractual agreements are not presented in written form or in an unclear way.
- c) In case some client decides to establish a deep industrial society relationship with APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V., the present general conditions will serve as basis for the setting of the text that specifies the agreements made between the parts.

DELIVERY AND TRANSFER OF RISKS

- a) The delivery of parts is considered done only at the premises of APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V., except when stated otherwise in the contract. This will take place by the direct delivery of the provision, either to the client or the designated carrier in the contract, or lacking that, the one selected by APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V.
In case of absence of instructions on the destination or impossibility of independent expedition by APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V., the delivery will be considered as done just by issuing a simple notification at supplier's disposal, being the parts invoiced at the client's cost, and being subject to the risks this assumes. Unless an opposite stipulation is precised in the contract, the partial expeditions are authorized as APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. wishes.
- b) The transfer of risks to the client is made at the moment of delivery, as it is previously mentioned, in spite of the right of property reserve.

PRICE

- a) Except otherwise convened, the contractual prices of the provisions are considered as Unitary, free of taxes, and in the case of APLICACIONES

INDUSTRIALES DE CALIDAD, S.A. DE C.V., the responsibility of delivering the parts in the state specified in the contract.

- b) These parts can be, according to the explicit contract:
- checkable by following the appropriate formulae taking into account, price variations of materials, energy cost, wages rates and attached expenses related to the order, involved between the contract date and the contractual delivery date, in lack of other application dates specified in the contract.
 - fixed according to an agreed contract.

WEIGHT

In the particular case of delivered parts according to their weight, it concerns the measured weights of the parts to be considered as valid, while the ones specified in the purchase order are only significant.

AMOUNTS

From the quantitative point of view, the number of parts shown in the contract sets the rule. In case of series production, certain tolerance is admitted on the name of produced and delivered parts, having agreed on it between APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. and the client during the contract negotiation. In absence of a preliminary contract, the generally admitted tolerance is $\pm 5\%$ of the number of parts specified in the contract.

PAYMENT CONDITIONS

- a) Payments are considered as placed in APLICACIONES INDUSTRIALES DE CALIDAD, S.A. DE C.V. site.
The terms and way of payment, as well as eventual payments on account, must be properly established in the contract. In absence of agreement, they will be considered due net payments, without discounts, fifteen days after the invoice date.
Except differently stated, tooling fees are payable at the latest, fifteen days after the presentation of the prototypes, the parts, or the first samples.
- b) The lack of payments with acceptance and lack of banking direct deposit after seven days after the shipment, as well as the lack of respect to a payment due date, a serious attempt against the client's credit, imply that APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. has full right to summon.
- Whichever the expiration term is and, consequently, the immediate demand of the due amount protected by some title or the suspension of all expedition.
 - Be the pronouncement of the set of contracts in course, with the retention of a part of the received payments, tools, or some tool part

withhold by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., until the setting of an incidental compensation.

- c) All requirable amount bears, after summoned, an interest rate equal to three and a half times the legal interest rate, according to legal dispositions. The client cannot exempt himself to pay for the whole or for part of the amount due to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., claiming ignorance, mainly about the titles and guarantees, without the agreement of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V.
- d) In case of sub-treatment, and with the purpose of guaranteeing the covering of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. creations, the client is committed, respecting the legislative dispositions suitable to the matter, to promote the acceptance of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., when it proceeds, before the contracting authority.

PARTS – TYPE, CONTROL AND RECEPTION OF PARTS

- For orders of series, the client must request the manufacture of the parts that will be provided by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., by accepting their required precautions, controls and tests. This acceptance must be required by the client to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., in writing or by any other communication mean that generates a document.
- In any case, including the absence of reception, the nature of the required controls and tests, the concerning norms and severity classes, as well as the tolerances of all nature, must be compulsorily specified by the client in the blueprints and technical information books, and confirmed in the contract between APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. and the client. In case of the execution of compound or assembled parts by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., the components should be placed according to the boundaries of each part, according to the nature of the transition zones. The principles and the modalities of the nondestructive controls could only be defined in function of the conception of the parts, the client must always specify in the purchase order the kind of determined controls, the part's components, and the applied severity classes, all this to determine in a particular way the conditions to exert the guarantee defined in the following article. In lack of a technical book regarding controls and tests to be performed on the parts, APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. will only perform a simple visual and dimensional control. The controls and tests judged necessary for the client will be performed at the request of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., either by itself or by means of a third party lab. This must be specified at the latest, at the conclusion of the contract, as well as the nature and characteristics of the controls and tests. In case a reception is required, its characteristics and conditions must be established, at the latest, at the conclusion of the

contract. The price for controls and tests is generally different of that for the parts, but it can be included in it, previous agreement of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. and the client. This price includes the cost of the required special jobs to obtain the essential conditions for the fine execution of these controls, remarkably in the case of nondestructive controls.

- Except in the case of opposite convention specified in the contract, the reception will be carried out in APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. site, with the expenses charged to the client, at the latest, the week following the order placement. In case of deficiency by the client or the control organism, the parts will be stored by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. at the client expenses. After a second notification by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., and within the fifteen days following the shipment, the ordered material will be considered as received, and APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. can issue the invoice. In every case, these controls and receptions will be performed within the frame of appropriate norms, according to the conditions defined in the blueprints and technical information books, such that they must be defined by the client and accepted by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V.

LIABILITY AND GUARANTEE.

- a) APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. is obliged to carry out the agreement within the boundaries of the subscribed obligations, which means that the company has the sole obligation of providing the client with the parts, according to the blueprints and prescriptions in the book of technical information, validated by the acceptance of the parts or prototypes by the client.
- b) The guarantee provided by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., after the agreement with the client, consists in:
 - repay the client the value of the nonconforming parts, according to the blueprints and the book of technical information or to the type parts accepted by the client.
 - or to replace them free of charge
 - or to proceed to get the compliance

The parts replaced by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. will generate a debit memo, being the replaced parts invoiced at the same price as the ordered parts.

Obtaining compliance will follow the modalities decided and agreed by the client. APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. ensures the cost in case the company performs them or must provide a preliminary agreement in case the client decides to perform them for a price that will be notified to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V.

The replacement or compliance posting of the parts, done by agreement between APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. and the client, cannot modify the regime of the guarantee.

The parts that will be replaced must be returned to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., through the carrier chosen by APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V.

c) In the hardship of cancellation of the right of the guarantee previously defined, the client is obliged to denounce the nonconformities discovered in the parts and to explicitly request the replacement or the compliance posting of the parts in a maximum term, from the delivery date:

- To the next 15 days for apparent nonconformities
- To the next 2 months for other nonconformities, term that can eventually be reduced to one month for series manufactures.

After these terms, no claim will be received. All compliance posting of the parts made by the client without the agreement of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., with a cost for the client, will mean the loss of the guarantee right.

d) The guarantee and the responsibility of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. will not be extended in any case:

- To damages of the goods, people, and in a general way, to all damages caused by a defective part during its use, when the defect is attributed to the conception of the part or to the set in which it is included, to any kind of instructions given by the client to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., or also, to all the treatments and modifications performed by the part after its delivery.
- To damages of the goods, people, and in a general way, to all damages caused by the defective part, during its use if the client has omitted to use it without proceeding or have made proceeded all the controls and tests that should have been needed for its conception, its use and the researched industrial result.
- To the operation undergone by the parts before set to service, mainly treatments, machining, controls, packaging of the parts, storage or carelessness of the parts that will reveal defectiveness, and cannot be attributed to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V.
- To expenses for setup, dismantling, and removal of circulation of the parts by the client.

e) Any other type of coverage, has to be requested and sent to APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V., for being revised and if so, included in APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V.'s offer.

RIGHT OF PROPERTY RESERVE

The parts provisions will be carried out under the reserve of property guarantee, up to where it is guaranteed by the legislation of the country where the merchandise lies at the moment of the claim.

The present clause means that the transference of property of the delivered merchandise will not become effective until its price has been paid in full.

APPLICABLE RIGHT

The present contractual general conditions and the contracts they put at stake are ruled by the Mexican competent courts.

The parties will make an effort to solve the discrepancies relative to the interpretation of the law and its execution.

In case these do not have effect, the competent Court of APLICACIONES INDUSTRIALES DE CALIDAD S.A. DE C.V. locality is the only one authorized to solve the discrepancies, whichever the conditions of the contracts and the agreed payment way, even in case of guarantee or defenders plurality.