



Leading Metalworking
Technologies

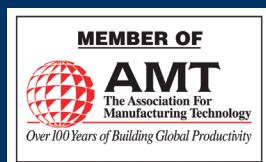
**BELIN
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in alliance

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Distribution Policy and Procedures

www.lmtusa.com



GENERAL TERMS AND CONDITIONS

General Contact Information:

LMT USA, Inc.

1081 S. Northpoint Blvd.

Waukegan, IL 60085

www.lmtusa.com

Phone 630-969-5412

Fax 630-969-5492

LMT Customer Service:

Toll Free 800-225-0852

Hours of Operation:

Mon.–Fri. 7:30am - 5:00pm CST

Orders; Minimum Requirements:

All orders must be approved and accepted by LMT USA, Inc., in its sole discretion. Buyer's mere possession or receipt of a Price List or these General Terms & Conditions of Sale may not necessarily constitute an offer for sale. LMT USA, Inc. reserves the right to reject any order or refuse to ship Products to Buyer for any reason, including, without limitation, Buyer's failure to pay previous invoices or Buyer's insolvency or financial difficulties. All orders must total at least \$25 (twenty-five US dollars) each in order to be eligible for acceptance by LMT USA, Inc. In addition, 'Special' and 'Non Stocked' products may require minimum purchase quantity.

In all instances the buyer will present LMT USA, Inc. with a fully authorized purchase order (PO) document containing at a minimum the following information related to the associated transaction:

- 7 digit EDP / Part Number (or 5 digit EDP)
- Product Description (style, # and size)
- Unit of Measure
- Current Unit Price
- Complete "Buyer" address (Company Name, Street Address, City, ZIP code, phone number, contact name)
- Complete "Ship To" address (Company Name, Street Address, City, ZIP code, phone number, contact name).
- E-mail address or Fax number (Shipment notification and Order confirmation)

Product Shortages:

LMT USA, Inc. will make reasonable efforts to fulfill orders; however, LMT USA, Inc. shall not be held liable for delays in delivery due to product shortages, acts of nature, war, terrorism, regulatory or carrier issues.

Payment Terms:

Payment for Products purchased by Buyer from LMT USA, Inc. shall be made as follows:

1% 10 (ten) days; Net 30 (thirty) days. Accounts which exceed fifteen (15) days beyond established payment terms will be placed on credit hold until the account is within established payment terms.

Option to Accelerate:

LMT USA, Inc. shall have the right on written notice to Buyer to demand immediate payment of amounts due hereunder when LMT USA, Inc. believes in good faith that the prospect of payment or performance by Buyer hereunder is impaired. The acceptance of Products by Buyer shall constitute an express representation that Buyer is not then insolvent within the meaning of Title 11, United States Code or any similar federal or state law.

Taxes:

Any tax, duty, customs fees or any other fee of any nature imposed upon this transaction by any Federal, State or local governmental authority shall be paid by Buyer in addition to the price of the price quoted or invoiced. In the event LMT USA, Inc. is required to prepay any such tax, LMT USA, Inc. will issue a separate invoice for these charges.

Unauthorized Resale:

The Products sold hereby are intended for Buyer's "own use" and are not for resale unless the Buyer is an authorized distributor of LMT USA, Inc.

DISTRIBUTION DISCOUNT STRUCTURE

LMT USA, Inc. offers a tiered discount structure to our distributors. This program consists of three discount levels based on annual sales volume. Accounts are reviewed annually and will be adjusted once per calendar year. Discount adjustments are based upon sales volume and average days to pay.

PRODUCT GROUP	DISCOUNT LEVEL		
	A	B	C
Thread Rolling			
Thread Heads and Attachments	30	25	20
Thread Rolls	30	25	20
Thread Roll Spare Parts	30	25	20
Precision Turning Heads	A	B	C
Precision Turning Heads	30	25	20
Turning Head Inserts	40	35	30
Milling Products	A	B	C
Standard Milling Inserts	40	35	30
Standard Fette Bodies	40	35	30
Standard Kieninger Bodies	40	35	30
Kieninger Milling Spare Parts	40	35	30
Fette Milling Spare Parts	40	35	30
Turning Products	A	B	C
Turning Holders and Boring Bars	40	35	30
Standard Turning Inserts	55	50	45

PRODUCT GROUP	DISCOUNT LEVEL		
	A	B	C
PCD/CBN Style Inserts			
PCD/CBN Inserts	40	35	30
Solid End Mills	A	B	C
Solid End Mills	40	35	30
Internal Threading Products	A	B	C
Taps	40	35	30
Rotating Toolholders & Accessories	A	B	C
Rotating Toolholders	30	25	20
Thermogrip Shrink Fit Heating Units	15	15	15
Sale/Clearance Items	A	B	C
Inventory Reduction Items*	20	20	20
Closeout/Clearance Items*	20	20	20

*These items cannot be returned for credit unless defective and no additional stock is available.

List price will be provided when calling for price and availability. Distributor product discounts will be communicated via fax or e-mail only. Distributors signed up on www.lmtusa.com can retrieve discounts online. Quotes will be sent to the fax number or e-mail address in our system at the time of the request. Requests to change distributor contact information are required in writing to protect information.

SHIPMENTS

All products shall be shipped and delivered FOB LMT USA, Inc. Warehouse (Lisle, IL). LMT USA, Inc. will pre-pay freight (and charge Buyer) for orders. Buyer may request 'freight collect' and provide a UPS, FedEx or DHL account number. LMT USA, Inc. assumes no liability for damage, loss or delay when shipped 'freight collect'. Package insurance is available upon request.

In stock items ordered before 3:00pm CST will ship the same day via UPS Ground. Expedited orders (3 day select, 2nd day, Next Day Air) will ship the same day when the order is placed before 4:00pm CST.

Shipping costs are determined by the shipment weight, origin Zip Code (60085) and destination Zip Code.

Orders may arrive in more than one package and/or on different dates. Depending on the type, quantity and weight of items in your order, we may pack and ship them in different packages to ensure they arrive on time and undamaged. LMT USA, Inc. reserves the right to make partial shipments unless clearly specified by the Buyer. Back ordered items will ship within 24 hours of product receipt. All items in a single order must be shipped to a single address. LMT USA, Inc. does not ship to PO Box addresses.

LMT USA, Inc. will not drop ship items purchased by credit card. Items will be shipped to the Buyer's company address only.

ORDER CANCELLATION

Standard items stocked by LMT USA, Inc. can be canceled before shipment without additional costs. An assigned part number is not an indication that the item is a Stocked Standard. Non Standard, Special Order and Non Stocked items can be canceled within 24 hours when back ordered.

RETURN POLICY

- A. **DAMAGED GOODS:** Call LMT USA, Inc. Customer Service Department to request a Return Goods Authorization (RGA) Number. Buyer must specify item, quantity involved, nature of damage and the LMT Sales Order Number or Distributor PO Number.
- B. Returned Products will not be accepted without approval by LMT USA, Inc. Requests for return authorization due to LMT USA, Inc. order entry/shipping errors or distributor ordering errors should be directed to LMT Customer Service within fifteen (15) days. All other requests should be directed to the Product Manager or Director of Operations. If the request is approved, Buyer will receive a Return Goods Authorization (RGA) Number (see below). All authorized shipments of returns must be received by LMT USA, Inc. within thirty (30) days of the date of the authorization of the return. The following additional requirements shall apply when the error is not caused by LMT USA, Inc.:
 - Items returned within 30 days of original shipment date will be credited at invoice price.
 - Items returned 31-365 days of original shipment date will be credited at invoice price, less a 15% restocking fee.
 - No items may be returned after one (1) year.
 - No returns will be authorized and credit will not be issued for discontinued items, special production items, and Non Stocked items.
 - Increased restocking charges will apply should Product condition require downgrading upon inspection (or repacking be necessary).
- C. Only Products in original FULL & UNUSED packaging will be authorized for return (Exception: Products exhibiting manufacturing defects or shipment damage). Used items cannot be returned for credit.
- D. All Products returned are to be shipped freight prepaid, except items returned due to LMT USA, Inc.'s order entry/shipping error or Product manufacturing defect.
- E. LMT USA, Inc. does not accept any responsibility for damage to Products after they have been accepted by Buyer or its agents.
- F. Every effort will be made to assess requests to return goods in a just and equitable manner.
- G. No returns will be accepted without a Return Goods Authorization (RGA) number. The RGA number must be indicated on the shipping label or package. Product returned without the RGA number identified on the shipping label or package will be returned at the customer's expense.
- H. RGA Numbers are valid for a period of 30 days. Expired returns received by LMT USA, Inc. will be charged a \$25 (twenty five dollar) fee.
- I. The return shipment tracking number should be retained as a record of the return. LMT USA, Inc. will not assume responsibility for return items until we have received and signed for the package at our warehouse.

ADJUSTMENTS

LMT USA, Inc. must receive notification within fifteen (15) days of Invoice Date for any claims related to order entry, short shipment and/or damage. Credit will be issued at purchase price upon verification. No credit will be issued after fifteen (15) days of Invoice Date.

CONTRACT PRICING

LMT USA understands the dynamic environment of our industry. In response, we offer Contract Pricing for projects or special circumstances. Please contact LMT Customer Service for criteria and requirements.

BLANKET ORDER CONTRACT

LMT USA, Inc. offers a Blanket Order Program to support distribution requirements for large quantity purchases or protracted purchasing requirements with guaranteed inventory and price.

- A. Blanket Order Request Forms are available on line at www.lmtusa.com or by contacting Customer Service.
- B. The maximum term of a Blanket Order is twelve (12) months.
- C. Release dates and part numbers are required for processing.
- D. All products will be shipped and invoiced no later than twelve (12) calendar months from the original release date.
- E. **Blanket Order Contracts cannot be canceled.**
- F. **Items purchased through Blanket Order Contract cannot be returned for credit.** (Exception: Products exhibiting manufacturing defects or shipment damage).
- G. The completed form is subject to approval by LMT USA, Inc.
- H. The Distributor will assume full financial responsibility for items ordered on the Blanket Order Contract.

TEST TOOL POLICY

LMT USA, Inc. has established a fair and liberal test tool policy to ensure our customers find viable, cost-effective solutions. Criteria to determine “success” and “failure” must be determined in advance of the test.

- A. LMT USA, Inc. will break standard package quantities for test purposes.
- B. Distributors must submit a formal stand alone purchase order indicating “FOR TEST PURPOSES ONLY” within the BODY of the purchase order. Orders which omit this information will be processed as a standard order and become subject to our return policy.
- C. Test orders must be paid within the terms of Test Order Invoice.
- D. Tools must be tested and returned within 60 days of the Invoice date to be eligible for credit. All test tools returned to LMT USA must be accompanied by the LMT Value Analysis Report which details the criteria of the test. The form can be located at www.lmtusa.com (‘Online Service’, ‘General Purchasing Conditions’) or contact LMT USA Customer Service for a fax/e-mail copy.
- E. Original packaging is required for test tools returned to LMT USA, Inc.
- F. To return tooling, please contact LMT Customer Service to obtain a Return Goods Authorization (“RGA”) number. The completed LMT Value Analysis Report, LMT RGA document and the tools are required in the return shipment.

WARRANTIES; REMEDIES

LMT USA, Inc. warrants that the goods purchased are free from defects in workmanship or material. LMT USA, Inc. shall replace goods which are defective in material or workmanship or credit Buyer the purchase price (at LMT USA's option) if such goods are returned to LMT USA for examination. LMT USA, Inc. does not guarantee any of its goods against wear, age, abuse, accidents, strong solvents or lengthy exposure to direct ultraviolet light.

LMT USA, Inc. EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES EXCEPT AS SPECIFICALLY SET FORTH HEREIN, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. In case of any breach of this Agreement, the non-breaching entity shall have the benefit of the remedies provided by the laws of the state of Illinois governing the sale of goods, except that no such entity shall have the right to punitive, exemplary, multiplied or consequential damages, all of which are hereby irrevocably waived by all parties.

CATALOGS & FORMS

Catalogs and Forms may be requested by contacting our Customer Service Department. An increasing number of catalogs are available on our website www.lmtusa.com for download in Adobe PDF.

DISCLAIMER

The Products sold by LMT USA, Inc. hereunder, and the terms and conditions relating thereto (including, without limitation, any pricing, quantity, or shipment terms) may be changed or modified by LMT USA, Inc. without advance notice to Buyer. The terms and conditions of all sales shall be governed by the relevant General Terms & Conditions of Sale in effect as of the date on which such Products are shipped by LMT USA, Inc. to Buyer.



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