

**GUARANTEE FOR
BREAKDOWN OF ENGINEERING MACHINERY
IN THE UK**

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This Guarantee contains general provisions and specific exclusions that define the extent of protection provided by this Guarantee. It is particularly important the Guarantee Holder checks that they and the Machinery meet the eligibility criteria of this Guarantee by carefully reading this document.

DEFINITIONS

Acceptance Date	<p>The Acceptance Date is as follows:-</p> <p><u>Where the Machinery has to be delivered, installed and tested at the Machinery Location</u> The date in the acceptance certificate issued by the Machinery Supplier after completion of installation and testing following delivery of the Machinery to the Machinery Location.</p> <p><u>Where the Machinery is already installed at the Machinery Location</u> The date in the Agreement between the finance house and the Guarantee Holder or the day the Period of Cover Provided by this Guarantee commences or the day following the expiry date of the manufacturer's Guarantee period.</p>
Administrator	CNC Asset Ltd, CNC House, Finmere, Buckingham MK18 4AR
Agreement	A finance or rental agreement entered into by the Guarantee Holder in respect of the Machinery or its Guarantee.
Declared Amount	The Declared Amount for new machinery shall be the value shown on the Machinery Supplier's invoice, including delivery, installation and testing costs and any accessories that are to be covered. The Declared Amount for used machinery shall be the value arrived at by starting from the value when new, and then being depreciated for age on a scale held by the Guarantee Holder.
Guarantee Provider	"Guarantee Provider".
Guarantee Holder's Contribution	The amount shown on the Schedule which will be deducted from each and every occurrence forming a recovery under this Guarantee.
Guarantee Holder	The individual, partnership or company named in the Schedule.
Machinery	The item(s) specified in the Schedule attaching to this Guarantee.
Limit of Protection	The Limit of Protection provided shall not exceed the Declared Amount during the Period of Cover Provided by this Guarantee and shall be further subject to: (i) the Maximum Recovery and (ii) a maximum of 25% of the Declared Value or the Maximum Recovery, whichever the lesser, for motors with integral spindles with r.p.m. greater than 12,500.
Machinery Location	Premises owned or occupied by the Guarantee Holder in the United Kingdom, Channel Islands or the Isle of Man as stated in the Schedule and where the Machinery is located.
Machinery Supplier	The company named in the Schedule who installed the Machinery at the Machinery Location.
Machinery Servicing Agent	Shall mean the Machinery Supplier or in the event the Machinery Supplier is unable to perform a firm authorised by the Guarantee Provider.

Maximum Recovery	An amount shown in the Schedule which is the maximum amount recoverable any one claim.
Period of Cover Provided by this Guarantee	<p>a) Breakdown Protection commences as from the Acceptance Date or from the expiry of any manufacturer's Guarantee period, if later, as stated in the Schedule and shall terminate on expiry of the Guarantee as stated in the Schedule.</p> <p>b) Operator Error Protection commences as from the Acceptance Date and terminates on expiry of the Guarantee as stated in the Schedule.</p>
Schedule	The Schedule attaching to this Guarantee containing details of the Machinery and the period and extent of protection provided to the Guarantee Holder on the Machinery under this Guarantee.
Waiting Period	<p>A period following the Acceptance Date during which any Breakdown recoveries shall not be recoverable under this Guarantee for any Machines which were:-</p> <p>i) used or reconditioned at the Acceptance Date in which case the Waiting Period shall be 60 days in respect of Breakdown and 14 days in respect of Operator Error. This Waiting Period shall not apply to machines which are a renewal of an existing insurance or Guarantee.</p> <p>ii) new at the Acceptance Date in which case the Waiting Period in respect of Operator Error after the date of commissioning shall be 7 days.</p> <p>iii) subject to the Assignment Condition, in which case the Waiting Period shall be 14 days.</p>

BREAKDOWN & OPERATOR ERROR PROTECTION CLAUSES

Breakdown	The sudden and unforeseen breaking, distortion, overheating or electrical burnout of any part of the Machinery which occurs whilst the Machinery is in use, resulting in its immediate stoppage of function and requiring repair and/or replacement before normal working can be resumed.
Operator Error	Breakage caused by the incorrect use of the Machinery by the Guarantee Holder's employee who was operating the Machinery at the time.

CONDITIONS

Termination	<p>The protection provided by this Guarantee shall be terminated.</p> <p>a) at the expiry of the Period of Cover Provided by this Guarantee shown in the Schedule.</p> <p>b) at the date when any payments for this Guarantee or any payments under any related Agreement remains unpaid more than 90 days after the due date.</p> <p>c) in the event of total loss, on the date of such loss.</p> <p>d) at the date on which the Machinery is returned to the company providing finance.</p>
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e) at the date on which the Machinery is repossessed or a judgement is entered in any court with respect to the Guarantee Holder's obligations under such judgement.

f) In the event of all recoveries aggregated exceeding the Limit of Protection. Whichever is the earliest.

Information Supplied

Any proposal or information supplied by the Guarantee Holder to the Guarantee Provider or the finance house shall form part of the Guarantee.

Selling of Machine and Transfer of the Guarantee

a) in the event the Guarantee Holder sells the Machine or ceases to trade before the expiry of the Guarantee, any unexpired portion of the Guarantee can be transferred to the new owner, provided that:-

i) the Guarantee Holder gives notice to the Guarantee Provider, prior to the date of sale, that the Machine is to be sold.

ii) the recoveries record on the Machine is acceptable to the Guarantee Provider.

iii) the new owner is domiciled in the United Kingdom and the Machine will be transferred to their premises in the United Kingdom.

iv) the Machine is transferred directly from the Guarantee Holder's premises to the new owner's premises for immediate recommissioning as set out under paragraph v) below. Where the machine is held in storage at the Guarantee Holder's premises or elsewhere, the Guarantee cannot be transferred to the new owner.

v) the Machinery Supplier a) satisfactorily recommissions the Machine at the new owner's premises in accordance with the manufacturer's standard procedures and b) provides written confirmation to the Guarantee Provider that installation has been satisfactorily completed.

vi) full details of the new owner, including the address at which the Machine is located, are supplied by the Guarantee Holder to the Guarantee Provider who will issue confirmation to the new owner that the Guarantee has been transferred, subject to the fact the Guarantee Provider shall not be liable for any Breakdown that occurs for a period of 14 days as from the date the Machinery Supplier confirms the Machine has been satisfactorily recommissioned at the new owner's premises.

b) in the event the Guarantee Holder:

i) sells the Machine and any unexpired portion of the Guarantee is not to be transferred to the new owner OR

ii) ceases to trade, the Guarantee Provider shall allow a return payment to the Guarantee Holder, provided that the recoveries record on the Machine is acceptable to the Guarantee Provider. In order to ascertain the refund of payment quantum, the Guarantee Provider shall take into account the recoveries paid by the Guarantee Provider and the period and / or hours the Machine has been in use. The Guarantee Provider reserves the right to deduct up to £250 administration fee from any agreed return payment.

c) in the event that the company financing the Machine repossesses it and advises the Guarantee Provider in writing, the Guarantee Provider will, subject to the Machinery being free from both pending and paid recoveries, refund to the finance house the unearned portion of the payment received by the Guarantee Provider. The unearned portion shall be calculated on a pro-rata basis. The Guarantee Provider reserves the right to deduct up to £250 administration fee from any agreed return payment.

Non Payment

The Guarantee Provider shall not have any liability under this Guarantee in respect of any Machinery where the Guarantee Holder has failed to pay the Guarantee Provider or any company arranging finance under an Agreement within 30 days of the date of sale of the Machinery.

Assignment

A Guarantee Holder may not assign this Guarantee unless any related Agreement is also transferred with the consent of the Guarantee Provider and where such assignment is accepted in writing from the Guarantee Provider. If Assignment does take place without the consent of the Guarantee Provider or without acceptance by the Guarantee Provider the protection provided by this Guarantee in respect of the Machinery so assigned will be terminated from the date of Assignment.

Access & Reasonable Precautions

The Guarantee Holder shall:

a) provide reasonable facilities for the Guarantee Provider to examine any Machinery and carry out any required dismantling and re-assembly required by the Guarantee Provider in making such examinations.

b) take all reasonable precautions to avoid any breakage and enforce the observance of all proper safeguards against breakdowns to the Machinery.

c) ensure that all statutory and other regulations are observed.

d) keep the Machinery in a proper state of repair and maintain it in accordance with the manufacturers recommendations.

Observance

Observance of the terms, limitations and conditions of this Guarantee by the Guarantee Holder shall be precedent to any liability of the Guarantee Provider.

Misrepresentation & Non Disclosure

This Guarantee shall be avoidable in the event of mis-representation, mis-description or non-disclosure of any material facts by the Guarantee Holder.

Jurisdiction

This Guarantee shall be governed by English Law and English Courts shall have exclusive jurisdiction in any dispute arising hereunder (save where the Guarantee Holder is domiciled in Scotland in which event Scottish Law shall apply and the Courts of Scotland shall have exclusive jurisdiction.

Guarantee Holder's Responsibilities

The Guarantee Holder is responsible for:

a) ensuring that the Machinery is properly maintained in accordance with the recommended servicing procedures at intervals prescribed by the manufacturer in the Machinery's operating manual.

b) ensuring that throughout the ownership of the Machinery there are preventative maintenance procedures in place as agreed with the Machinery

Supplier for new Machinery and with the Machinery Servicing Agent for used and reconditioned Machinery.

c) ensuring that the Machinery is only operated by a Guarantee Holder's employee who has been properly trained in the use of the Machinery in accordance with the manufacturer's instructions.

d) any replacement parts fitted to the Machinery are authentic parts made and approved by the manufacturer or appropriate generic parts.

RECOVERY PROCEDURES AND CONDITIONS

Recovery Procedure

a) The Guarantee Holder shall notify the Machinery Servicing Agent immediately a defect is discovered. The Machinery Servicing Agent shall be given the opportunity to examine the defective part or parts before they are removed from the Machinery Location.

b) In the event that the Guarantee Holder wishes to make a recovery, they shall first contact the Guarantee Provider and the Machinery Servicing Agent with details of the recovery. Where they are instructed to return the defective part or parts to the Machinery Servicing Agent, the carriage cost shall be borne by the Guarantee Holder; in all other circumstances the Guarantee Holder is to retain the broken parts for a minimum of 90 days

c) Where the Guarantee Holder is instructed to return the defective part or parts to the Machinery Servicing Agent, they shall pack the part or parts properly, mark the same with the identification numbers of the part from which they have been taken and dispatch them as directed by the Machinery Servicing Agent.

d) The Guarantee Holder shall submit a recovery form to the Guarantee Provider within 30 days of the date of the Breakdown using an authorised recoveries form obtainable from the Administrator tel. no. + 44 (0) 1280 848800 fax no + 44 (0) 845 652 1953, or from their web site at www.cncassetmanagement.co.uk. Failure to submit a recoveries form within the stipulated period may lead to the recovery being denied.

e) The Guarantee Holder shall comply with any reasonable instructions or requests for information made by the Guarantee Provider.

f) Reimbursement of parts and on site labour shall be at the Machinery Servicing Agent's retail price with due allowance made in respect:

i) any refurbished or reconditioned part that is fitted and

ii) any replaced part that is retained by the Machinery Servicing Agent for repair and subsequent re sale.

Fraudulent Recoveries

In the event any recovery is made by the Guarantee Holder which is unfounded or fraudulent or intentionally exaggerated or if any false declaration or statement is made in support thereof, then no recovery shall be paid under this Guarantee.

Control of Recoveries

The Guarantee Provider shall be entitled in the name of the Guarantee Holder to take all necessary steps for enforcing any rights against any party before or after meeting the recovery. The Guarantee Provider shall be given information and assistance by the Guarantee Holder as may be necessary.

Other Insurance

Where at the time of any Breakdown covered by this Guarantee there shall be any other insurance covering such loss or damage the Guarantee Provider shall only be liable for its rateable proportion of that breakage.

Basis of Recovery Settlement

The Basis of Recovery Settlement under the Guarantee shall be:

a) in the case of repairable breakage the cost of repair including replacement parts, standard on-site labour charges and the cost of dismantling and re-erection less the value of salvage parts, excluding VAT and including reasonable costs of travel.

b) in the case of total loss.

i) for Machinery which was new at commencement of the protection, the new replacement value of the item at the time of the occurrence including the cost of dismantling less the value of any salvage parts.

ii) for Machinery which was not new at commencement of the protection, the market value at the time of loss and the cost of dismantling the broken machinery less the value of any salvage parts.

In all cases not exceeding the Limit of Protection less any amount shown as the Guarantee Holder's Contribution.

An item of Machinery will be considered a total loss if the cost of repair:

i) for Machinery which was new at commencement of the protection if the cost of repair as defined in a) above equals or exceeds the new replacement value at the time of the breakage.

ii) for Machinery which was not new at commencement of the protection if the cost of repair as defined in a) above equals or exceeds the market value of the Machinery at the time of the breakage.

A total loss settlement will, in the first instance, be paid to the finance provider for the Guarantee payment to the extent of their outstanding financed amount.

Light Source

In the event of a breakdown to any laser diode, LED, valve, cathode ray, x-ray tube, laser or other light source system part forming part of the Machinery deterioration of such tube, diode or valve through normal use prior to the breakdown shall be taken into account and the recovery paid in proportion to the estimated remaining life of such items. The remaining life of any laser diode whose hourage reading is greater than 15000 hours or whose Ampage reading is greater than 29A shall be deemed to be nil. The remaining life of any LED whose efficiency reading is greater than 106% or less than 94% shall be deemed to be nil.

Obsolete Parts

In the case of obsolete parts or any item or part of any item of the Machinery which is unobtainable, the Guarantee Provider shall only be liable to pay the last listed price of that part or item or the nearest equivalent price at the time of the breakage.

Liquidation

In the event of liquidation or administration of the Guarantee Holder this Guarantee responds first to the interests of the Guarantee Provider.

Suspension of Protection	Following a recovery, the Guarantee Provider reserves the right at any time to suspend the protection of any Machine until the requirements of the Guarantee Provider have been fulfilled. Such Suspension of Protection will be notified in writing by the Guarantee Provider to the Guarantee Holder.
Arbitration	In the event any difference shall arise as to the amount to be paid under this Guarantee (liability being otherwise admitted) such difference shall be referred to an arbitrator to be mutually appointed by the parties. Where any difference is referred to Arbitration, the making of an award shall be a condition precedent to any right of action against the Guarantee Provider.

THE GUARANTEE PROVIDER SHALL NOT BE RESPONSIBLE FOR:

Guarantee Holder's Contribution	The amount stated in the Schedule as the Guarantee Holder's Contribution in respect of each Breakdown.
Breakdown	Any costs caused by the Machinery from its own electrical or mechanical breakdown except where Breakdown is specified in the Schedule in which case such incidents will be considered under the Breakdown Protection Clause.
Accidental Damage	Any costs to the Machinery sustained from any extraneous cause other than Operator Error as defined herein and where shown as covered in the Schedule.
Fire and Damage from other Extraneous Causes	Any costs caused by or arising from fire, lightning, explosion, aircraft or other aerial devices or articles dropped there from, storm, tempest, flood, inundation, escape of water from water containing apparatus, leakage from sprinkler installations, theft or attempted theft or damage from any other extraneous cause, including damage from objects or equipment not forming an integral part of the machine system or cell and surges or variations in the electrical supply.
Installation Testing & Commissioning	Breakdown to Machinery during installation, testing and commissioning at the Machinery Location and until handed over by the Machinery Supplier upon agreement of an Acceptance Date between the Guarantee Holder and the Machinery Supplier.
Dismantling	Breakdown to Machinery from the commencement of dismantling and/or disconnecting at the Machinery Location.
Transit	Any costs whilst in transit.
Prototypes	Breakdown to any item which is a prototype or was a prototype at commencement of the Guarantee.
Hired Out Machines	Machinery whilst hired out or loaned by the Guarantee Holder unless agreed in writing by the Guarantee Provider.
Consumables, Tooling, Attachments & Tyres	Breakdown to: a) exchangeable, consumable or other parts requiring periodic renewal, cutting edges, tooling, attachments glass, china, porcelain, ceramic or similar fragile materials, operating media and to tyres by application of brakes punctures or bursts, foundations, masonry and packing materials. This exclusion is limited to breakdown involving those parts themselves and shall not apply to other

	resultant Breakdown.
	b) Machinery which has been altered or modified from the manufacturer's original specification.
	c) parts that have not been supplied and fitted to the Machinery by the manufacturer or the Machinery Servicing Agent.
	d) mirror, block and stamper in optical disc moulds.
Cables & Pipes	Any costs to trailing cables or flexible pipes other than when accompanied by other breakdown to the Machinery.
Light Sources	Light sources (including lasers), unless occasioned at the same time as Breakdown to other parts of the same item for which the Guarantee Holder is protected.
Operational Use	Breakage arising out of the use of the Machinery outside the manufacturer's recommended specifications.
Manufacturer's Liability	Breakage which is the responsibility of the manufacturer and/or supplier and/or maintenance supplier under contract, Guarantee, maintenance agreement or otherwise.
Manufacturer's Warranty Terms and Conditions	Any exclusions contained in the Manufacturer's Warranty Terms and Conditions that are not otherwise specified herein.
Proper State of Repair and Maintenance	Breakage arising out of: <ul style="list-style-type: none"> a) the failure to keep the Machinery in a proper state of repair or failure to maintain the Machinery in accordance with the manufacturer's recommendations. b) the cost of normal or routine maintenance.
Unauthorised Repair or Installation	Recoveries from Installation or Testing and any recovery where the Recoveries Procedure has not been followed and any other costs to the Machinery as a result of unauthorised repair or installation at the Machinery Location.
Improvements	The cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair.
Continued Use	Recoveries arising out of the continued use of broken Machinery.
Refractory Linings	Any costs to refractory, oven or other linings or brickwork.
Solidification of Materials	Any costs caused by or arising from solidification of any materials being processed by the Machinery at the time of the breakage.
Removal of Materials Being Processed	Any costs incurred in clearing any materials being processed at the time of the recovery.

Molten Material Breakout or Burnthrough	Any costs caused by the breakout or burnthrough of molten material from a furnace.
Working Environment	Any costs to the Machinery as a result of contaminated compressed air supply, poor electric power supply and poor machine environment which includes excessive dust or other processed waste, excessive heat or excessive cold.
Wear & Tear	The cost of rectification or making good of wear and tear, gradual deterioration, rust, corrosion or oxidisation, gradually developing defects, cracks, flaws or fractures, scratching of painted or polished surfaces, and gradual reduction in operating performance of any part where this can reasonably considered to be due to wear, tear or deterioration commensurate with the age, hours and condition of the Machinery. This exclusion is limited to breakage involving those parts themselves and shall not apply to other resultant Breakdown costs.
Application of Tools	Any recoveries caused by the application of any tool or process to the Machinery during the course of maintenance, inspection, modification or overhaul.
Failure of Electricity Supply	Any breakdown which results directly or indirectly from any failure of the public electricity supply.
Accessories	Any Accessory being used with the Machinery which was not originally supplied with the Machinery or added to the Schedule without the appropriate additional payment being made.
Consequential Loss	Liquidated damages, penalties for delay or detention or in connection with Guarantees of performance or consequential breakdown not otherwise covered in this document.
Overloading and Wilful Acts	Recoveries arising from the execution of repairs, intentional overloading or experiments involving the imposition of any abnormal conditions on the Machinery and any costs caused by abuse, misuse, wilful act or neglect of the Guarantee Holder.
Sonic Waves	Any recoveries created by aircraft or other aerial devices travelling at sonic or supersonic speeds.

COMPLAINTS PROCEDURES

	<p>a) Any enquiries and complaints the Guarantee Holder may have regarding this Guarantee should be addressed, in the first instance to:-</p> <p>CNC Asset Ltd, CNC House, Finmere, Buckingham, MK18 4AR Telephone NO. + 44 (0) 1280 848800, Fax No. + 44 (0) 845 652 1953 e mail: claims@cncasset.co.uk</p>
	<p>b) The above procedure will not prejudice the rights of the Guarantee Holder to take legal proceedings.</p>

SCHEDULE ATTACHING TO AND FORMING PART OF THE GUARANTEE

Guarantee No:

This Schedule forms part of the attached Guarantee and confirms the under- mentioned Machinery is protected by the Guarantee Provider.

Guarantee Holder Address Telephone No..... Fax No.
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Period of Cover Provided by this Guarantee From "the Acceptance Date" To or hours from the Acceptance Date, whichever occurs first, in excess of any unexpired manufacturer's Guarantee period or the Waiting Period as defined herein.

Machinery Location Machinery Supplier Address Address Telephone no:

Declared Amount (to include delivery and installation charges and Accessories purchased from the manufacturer with the Machinery) £.....
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Maximum Recovery any one event: £.....
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Protection clauses, as defined herein, applicable to this Guarantee:- <i>Breakdown and Operator Error</i>

Guarantee Holder's Contribution each and every recovery:- £.....
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Machinery

Description of Machinery (including accessories sold with Machinery) Model No..... Serial No..... Year of manufacture Manufacturer's Name and Address Telephone No..... Manufacturer's Guarantee period:-..... months or.....hours, whichever occurs first New / Reconditioned / Used Hours Usage or impressions up to Acceptance Date (if applicable)

Signed (Print name and Position) for and on behalf of the Guarantee Provider
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