

**Terms and conditions of purchase of the company
Fertigungstechnik Weißenfels GmbH, 06667 Weißenfels
General business terms for the purchase of products, raw materials and spare parts**

Status: August 2010



I. Application of terms and conditions

1. All purchase orders from the above mentioned company (hereinafter referred to as "Purchaser") are placed with the Supplier subject to the following terms and conditions. The purchaser will not accept any contrary terms and conditions of the supplier, unless he expressly confirms his consent in writing. The lack of a response to terms and conditions, which have been advised by the Supplier, does not signify their acceptance. The same applies to order confirmations: The lack of a response does not signify acceptance. If the Purchaser has concluded a blanket order with the Supplier, the provisions of such a blanket order shall have priority. They may only be amended by these terms and conditions of purchase.

2. The Purchaser's terms and conditions of purchase also apply to any future business with the Supplier even if not explicitly repeated and agreed. Execution of the order is considered to be an acknowledgement of acceptance of these terms and conditions.

3. These terms also exist in German. In case of differences between the German and English versions or in other cases of doubt, the German version applies.

II. Order and order confirmation

1. Supply contracts (order and order confirmation) and call-offs as well as their modifications and amendments must be made in writing. Call-offs may also be made by electronic data transmission.

2. The Purchaser may revoke the order if the Supplier has failed to send a written order confirmation within a period of three weeks from the date of receipt of the order. If the order confirmation differs from the order, the Purchaser shall only be bound following acceptance of any such discrepancy in writing.

3. Acceptance of deliveries or services, as well as payments, do not constitute approval.

4. Without the Purchaser's written consent the Supplier is not entitled to pass orders to third parties. If this occurs, the Purchaser may withdraw from the contract in whole or in part and claim damages. If the Purchaser gives his consent, the third party is considered as the Supplier's agent.

5. The Purchaser may request the Supplier to carry out modifications of the item to be delivered with respect to engineering and design, if such a request can be reasonably accommodated. The impact of any such modifications with respect to a change in the purchase price or the delivery date shall be amicably agreed.

6. Purchaser's technical documents, drawings, items, layouts as well as works specifications and other information accompanying the purchase order are essential parts of orders.

7. Any tools, models, samples, drawings or other documents, which the Purchaser puts at the Supplier's disposal, remain the property of the Purchaser and must not be disclosed to third parties without the consent of the Purchaser.

III. Payments

1. Save as otherwise agreed in writing, payments will be made within 14 days of receipt of the invoice with a 3 % cash discount or within 30 days net.

2. Payment will be made by bank transfer or by cheque.

3. The payment period starts once full delivery has been made or a service has been rendered and the invoice in the correct form has been received.

4. Deduction of a cash discount is also permitted when the Purchaser sets payments off or withholds a reasonable proportion of payments in the event of defects; the payment term starts after complete elimination of any defects.

5. The Purchaser is entitled to offset and retain a portion of the price to the legally permissible extent. In particular, the Purchaser is entitled to set off the Supplier's claims against claims by his subsidiaries or affiliated companies.

6. Without the prior written consent of the Purchaser, which shall not be unreasonably withheld, the Supplier is not entitled to assign any claims he may have against the Purchaser or to have them collected by third parties. In the case of an extended period of retention of title, the consent is considered as granted. Offset or retention is only permitted if the Supplier has an uncontested or legally valid claim against the Purchaser.

IV. Non-disclosure

1. The parties to the contract undertake to treat any commercial and technical information, which are disclosed to them as a result of the business relationship in a confidential manner.

2. Drawings, models, templates, samples and similar items shall not be passed to unauthorized third parties or otherwise made available. Reproduction of any such items is only permitted on a "need to know" basis, taking proper account of copyright provisions.

3. The Purchaser and the Supplier understand that any of the Purchaser's information, drawings, process know-how, materials etc. have been given in trust, in accordance with § 18 of the law on unfair competition and must only be used within the framework of the co-operation between the Parties. Marketing by the Supplier or transfer of knowledge to third parties requires the Purchaser's consent. Contraventions are liable to prosecution and will entail indemnity claims. The Supplier shall put all staff having access to the information under an obligation to keep this knowledge secret and not to use it personally or disclose it to third parties. The staffs of the Supplier is put under this obligation not only for the duration of their employment but also after they have left.

4. Subcontractors must be put under the same obligation.

V. Retention of title

1. Materials made available by the Purchaser shall remain his property. Such materials must be stored separately, identified and managed free of charge and shall only be used in fulfilment of the Purchaser's orders.

2. In the case of deterioration or loss, the Supplier is under an obligation to pay compensation. A bill of materials will be presented to the Purchaser at his request.

3. Any materials placed at the Supplier's disposal by the Purchaser for processing shall remain the Purchaser's property. If the Supplier processes the Purchaser's materials with foreign materials, the Purchaser is entitled to co-ownership in the new product in proportion of the value of his materials in relation to the value of the other materials. If the Purchaser's materials cease to exist due to their combination with foreign materials, the Purchaser shall enjoy co-ownership of the new product in proportion to the value of the purchased goods in relation to the value of the other materials at the time when combination takes place. If combining is carried out in a way such that the Purchaser's materials are to be considered

as main constituent, it is hereby agreed that the Purchaser transfers proportional co-ownership to the Supplier.

VI. Lead times, delivery times, transfer of risk

1. Save as otherwise provided for in writing, delivery is made on the basis "free point of destination". The risk of accidental deterioration of the goods will be transferred to the Purchaser at the time of delivery. If delivery includes erection and if delivery is in the form of services, the risk will be transferred to the Purchaser upon acceptance.

2. If unforeseen circumstances occur, or if the Supplier anticipates such circumstances which give him reason to believe that he will be unable to comply with his duties in whole or in part at the due time, the Supplier will inform the Purchaser immediately in writing of any de-lay, its estimated duration and the reasons for its occurrence. Failing this, the Supplier will not be entitled to cite such reasons for any delay in fulfilling his contractual obligations.

VII. Delay in delivery

1. The Supplier shall compensate the Purchaser for any damage caused by delay in delivery. This does not apply to loss of profit or losses arising from interruption of operations.

2. In the case of slight acts of negligence, the compensation shall be limited to additional freight charges, retrofitting expenses and, after a period of grace which has been granted has expired without the problem being rectified or if the Purchaser no longer wishes to take delivery of the goods, to additional expenditure in making alternative purchases.

3. The amount of compensation shall be determined in good faith, taking account of the Supplier's economic circumstances, the type, extent and duration of the business relationship and, if applicable, the value of any goods which have been supplied to the Purchaser.

VIII. Force Majeure

Acts of God, labour disputes, riots, government action and other unforeseeable, inevitable, serious events will release the partners from their contractual obligations for the duration of such events, taking account of their effects. This also applies if such events occur at a time when the partner concerned is in default. The partners to the contract shall inform each other immediately as far as this is reasonably practicable, and they shall meet their obligations to the best of their ability, bearing in mind the changed circumstances.

IX. Quality and documentation

1. The Supplier, with respect to the goods and services he supplies, shall adhere to generally recognized codes of practice, all applicable legal requirements, government regulations including provisions of the employers' liability insurance association, generally accepted rules relating to health and safety at work and occupational medicine, the rules and regulations applicable in his own company, as well as any technical specification agreed upon.

Machines and technical equipment shall be supplied complete with an operating manual and the manufacturer's declaration of conformity according to the EC standard, in accordance with the Machinery Directive. If possible, the Supplier's products shall bear the CE mark. If no CE mark has been issued, adherence to the above provisions and regulations must be demonstrated at the Purchaser's request.

Any modifications to the items to be supplied require the Purchaser's prior consent in writing.

The Supplier is responsible for continuously checking the quality of his products. The partners shall inform each other of any possibilities for quality improvement.

2. If no agreement has been made between the Supplier and the Purchaser as to the nature and extent of tests, testing equipment and methods, the Purchaser will, at the Supplier's request, engage in discussions on details of testing based on his experience, knowledge and capabilities, in order to define the actual position with regard to test engineering. Furthermore, the Purchaser will inform the Supplier, at his request, of any applicable safety regulations.

3. When offering materials, objects and substances which are defined as hazardous in the Ordinance on Hazardous Substances, or materials, objects and substances, which due to their nature, properties or condition may jeopardize the safety of persons or have a harmful impact on the environment, and which require special precautions to be taken with regard to packaging, carriage, storage, handling and disposal in order to comply with the applicable regulations and provisions, the Supplier undertakes to provide the Purchaser with a safety data sheet as per § 14 of the Ordinance on Hazardous Substances and an accident procedures sheet, together with his quotation. The same applies to information on marketing restrictions imposed by law. If the materials or objects are modified, the Supplier undertakes to deliver modified data and specification sheets. The supply of products involving the use of carcinogenic substances is prohibited. Before delivering hazardous materials, an investigation into whether it could be possible to supply substitute materials must be carried out by the Supplier.

4. Products and substances, e.g. packaging materials, which must be taken back by the manufacturer / distributor (§ 24 KrW/Waste Act), shall be taken back by the Supplier free of charge. Suitable means of collecting such materials shall be provided by the Supplier.

X. Analysis of defects, warranty

1. The Supplier undertakes to ensure that his supplies and services correspond to the quantity and quality agreed that they have assured properties and comply with the generally recognized codes of practice.

The Supplier must check goods which have been delivered within a reasonable period of time to check for any deviations in quality or quantity. A notice of defects will be considered as having been filed in time, if it is presented to the Supplier within a period of 10 working days from the date of receipt of the goods or, in the case of hidden defects, from the date of their discovery.

2. Without prejudice to any warranty claims the Purchaser may have under law, he is entitled to request either the removal of defects or replacement goods from the Supplier. In these circumstances, any expenses incurred in the removal of defects or the supply of replacement goods shall be borne by the Supplier.

3. The Purchaser is entitled to reclaim tooling costs incurred by him, if the Supplier has demonstrated on a number of occasions his inability to supply faultless goods.

4. If the Supplier has delivered defective goods, he shall be given the opportunity to sort out defective goods, to rectify the defects or to supply replacement goods before such goods will be processed

or installed by the Purchaser, unless such action is unacceptable to the Purchaser. If the Supplier is unable to meet his obligations or if he fails to do so without delay (on the following working day) the Purchaser may withdraw from the contract and return the goods to the Supplier at the Supplier's risk. In urgent cases, the Purchaser may carry out the repair himself or have it carried out by a third party, following consultation with the Supplier. Any costs arising from such activity shall be borne by the Supplier.

If the Supplier has repeatedly delivered defective goods, the Purchaser may, after giving a written warning and if there is a further delivery of defective goods, withdraw from the contract. Such a withdrawal will apply also to any goods which are included in the contract which have yet to be delivered.

5. If, notwithstanding the obligation to give notice of defects as per paragraph X clause 1, a defect is only discovered after the start of production, the Purchaser shall only be entitled to compensation for additional expenses beyond the provisions in paragraph X clause 2 if such a provision has been agreed in the contract.

6. Any defective goods which have been replaced shall be put immediately at the Supplier's disposal, if the Supplier so requests. Any resulting expenses shall be borne by the Supplier.

7. The warranty period expires 24 months after the date of delivery to the Purchaser.

8. Warranty claims will not be valid if the defect arises from failure to adhere to operating, maintenance and installation instructions, to improper or unskilled use, to faulty or negligent treatment and natural wear as well as to modifications to the object supplied, carried out by the Purchaser or by a third party.

9. The Supplier shall exempt the Purchaser from any product liability claims asserted by third parties, insofar as he is answerable for the defect which has given rise to the claim.

10. Save as otherwise stated herein, the warranty is subject to applicable legal provisions.

XI. Liability

Unless otherwise stated herein, the Supplier's liability in relation to damage the Purchaser has directly or indirectly suffered due to delivery of defective goods, to the failure to observe legal safety regulations or to other legal causes for which the Supplier is answerable, shall be limited to the following:

1. Basically, liability for damages only arises if the Supplier is at fault in respect of the damage caused.

2. If under foreign law third-party claims are asserted against the Purchaser in circumstances where he is not at fault, the Supplier shall be liable to the Purchaser insofar as he would be directly liable.

Any settlement concerning the damage between the Purchaser and the Supplier shall be subject to the principles of § 254 BGB. This also applies to direct claims asserted against the Supplier.

3. Purchaser's claims are not accepted if the damage is due to his failure to adhere to operating, maintenance and installation instructions, to improper or unskilled use, to faulty or negligent treatment and natural wear as well as to unsatisfactory repairs.

4. For measures undertaken by the Purchaser to ward off damage (e. g. call-backs) the Supplier shall be liable to the extent he is put under an obligation by law.

5. If the Purchaser wishes to have recourse to the Supplier, he shall inform and consult the Supplier immediately and comprehensively. He shall give the Supplier the opportunity to investigate the damage. The parties to the contract shall agree upon measures to be taken, particularly in the case of settlement negotiations.

6. The principles laid down in paragraph VII clauses 1 and 3 shall apply accordingly, if the Supplier is not insured or his insurance is inadequate.

XII. Property rights

1. The Supplier affirms that, in connection with the items he is to deliver no rights of third parties are infringed. This applies to the Supplier's country as well as to any other country.

2. The Purchaser is entitled to obtain approvals for delivery, commissioning, use etc. from the owner of the property rights at the Supplier's cost.

XIII. Place of venue

In the event of disputes arising from the contractual relationship, any lawsuits shall be filed with the court having competence at the registered seat of the Purchaser, if the Supplier is a fully authorised merchant, a legal entity or has fund assets regulated by public law. The Purchaser is also entitled to sue the Supplier at his registered seat.

XIV. General provisions

1. If a party to the contract suspends payment, or if an application for insolvency proceedings or judicial or extra-judicial proceedings for the settlement of debts is filed, the other party shall be entitled to withdraw from that part of the contract which has not yet been fulfilled.

2. If any of these provisions or any additionally agreed provisions is or will become invalid, such a provision shall not affect the validity of those remaining. The parties to the contract shall replace the invalid provision with a valid provision, which shall meet as closely as possible the economic purpose of the original.

3. This contract shall be governed by and construed in accordance with the laws of the Federal Republic of Germany, the terms of the "United Nations Convention on Contracts for the International Sale of Goods" are non-applicable.

4. If the Supplier is a fully authorised merchant, a legal entity or has fund assets regulated by public law, the registered seat of the Purchaser shall be the place of venue. The place of jurisdiction shall be Weißenfels or the Supplier's registered seat, at the discretion of the Purchaser.