

I. General

Our purchase conditions are valid exclusively. We do not acknowledge conditions provided by the supplier contradicting or deviating from our conditions, unless we have expressly agreed to their validity in writing. Neither our silence on the submission of conditions by the supplier nor a lack of objection to the order being carried out by the supplier shall be deemed as an acknowledgement. Our purchase conditions also are valid for future transactions with the supplier.

II. Order

Supply contracts (our order as well as the supplier's order confirmation) must be in writing. Only orders in writing, containing a legally binding signature, are valid. Orders via telefax are legally valid even without our signature and can be sent as a computer fax in text form (§ 126 BGB – German Civil Code). Orders via e-mail are legally valid only if the e-mail serves as a carrier for the original order document in the pdf format or if the e-mail is subsequently confirmed by computer fax in text form (§ 126 b BGB). Orders transferred electronically are also legally valid if their technical format has been agreed upon with the supplier on an individual basis (e.g. "business-to-business" - B2B). Oral agreements or agreements made on the telephone require a written confirmation or a confirmation via computer fax in text form (§ 126 b BGB). The same is valid for any subsequent amendments.

The supplier is obliged to accept our orders in writing within a period of time of 1 week.

The supply goods will be ordered according to the performance offers made by the supplier or according to our specifications. The supplier must verify that he has the specification available in the version stated in the order and, if necessary, must ask for its provision. Moreover, the supplier must verify whether the material specified in the ordering letter meets the requirements of the purpose of use known to him. Should the supplier have reservations as to the usability, we must be informed of this without delay.

As far as is reasonable for the supplier, we can request modifications to the construction and design of the supply goods. Here, the consequences, in particular regarding additional or reduced costs as well as delivery dates, shall be agreed adequately and mutually.

III. Prices and Delivery Conditions

The price listed in the order is binding. Unless otherwise agreed in writing, the price includes delivery "delivered duty paid, DDP, Incoterms 2000" including packaging.

Should the parties, deviating from this, agree a delivery "free domicile", the supplier shall bear the risk up until the delivery of the supply goods to us or the receiving station stipulated by us respectively; in particular, the supplier shall bear all costs arising up to the delivery of the supply goods, including duties and taxes.

IV. Delivery

a) Quality

For his performance, the supplier must comply with the acknowledged standards and the current state of the art technology, the security provisions and the agreed technical data. Modifications to the supply goods require our prior written consent. The manner of cooperation in the quality sector depends on the respective agreements with the supplier or the targets pursuant to our quality management system respectively. Our quality protection guidelines can be accessed on the internet at www.allweiler.de. Our order is carried out including the quality guideline valid at the time; its validity is acknowledged by the supplier with the confirmation of the order.

b) Delivery Dates

Agreed delivery dates are binding. The relevant time for the meeting of the delivery date is the receipt of the supply goods with us or with the receiving station stipulated by us respectively. Unilateral modifications of the delivery date by the supplier are not allowed. Should supply goods be delivered before the date mentioned in the order, ALLWEILER reserves the right to store them at the suppliers costs at his warehouse or with an assigned forwarding company until the agreed delivery date. As soon as the supplier can assume, whilst adhering to mercantile diligence obligations, that he will not be able to meet the agreed delivery date, he shall report this without delay, stating the reasons and the expected delay.

Should the suppliers fall into arrears with his delivery, we are entitled to claim a contractual penalty of 1 % of the order value per commenced week, however, a maximum of 5 % of the order value. We are entitled to claim the contractual penalty in addition to fulfilment of the contract. We commit ourselves to declare the reservation of the contractual penalty towards the supplier at the latest within 10 working days from the receipt of the delivery.

Further statutory claims (e.g. compensation for damages caused by arrears in addition to fulfilment of the contract, compensation for damages instead of the performance or withdrawal from the contract) remain reserved.

c) Scope of delivery

Every delivery must contain a delivery note. This delivery note must show the exact description of the supply goods, the delivered amount, the material number as well as our order number. The data mentioned above also must be recorded in all waybills and/or other shipping documents, customs documents as well as other documents specified in the order.

V. Invoicing and Payment

All invoices must list the exact description of the supply goods, the delivered amount, the material number, our order number, the customs tariff number as well as the weight of the supply goods. Should the supplier neglect this, we shall not be responsible for any delays in processing. Statutory value added tax is to be listed separately.

Payments will be made after receipt of the invoice, however, not before receipt of the supply goods, pursuant to the conditions stipulated in the order. Unless otherwise agreed by the parties, payment is due within 30 days with 3 % cash discount or within 45 days net. In the case of a notice of defects, the time period for payment only starts after settlement of the claims.

The supplier is not entitled to assign receivable amounts owed by us or to have third parties collect them without our prior written consent, which may not be refused unreasonably.

VI. Examination of Defects, Liability for Defects by the Supplier, Product Liability

a) Examination of Defects

The delivered supply goods will be examined by us for defects within an adequate period of time, unless otherwise agreed. We can still give notice of defects which only emerge during processing or use of the delivered supply goods without delay after their detection.

b) Liability for Defects by the Supplier

We are entitled to the statutory claims for defects without any deductions. In any case we are entitled, according to our choice, to demand either rectification of the defect or delivery of new goods. The right to claim compensation for damages, in particular the right to claim compensation for damages instead of the performance, is expressly reserved.

We are entitled to rectify the defect ourselves at the supplier's costs, if danger is imminent or if there is a special urgency.

The period of limitation shall be 24 months, unless otherwise agreed, calculated from the handover of the supply goods. If a defect is rectified or if substitute goods are delivered, the period of limitation starts again.

The supplier shall be liable for deliveries and for performances of subcontractors to the same extent to which he is liable for his own performances.

c) Product Liability

As far as the supplier is responsible for a product defect, he is obliged to exempt us from claims for compensation of damages by third parties at our first request insofar as the cause for the damage lies within his area of authority and organisation and insofar as he himself is liable in relation to third parties. The supplier commits himself to maintain a product liability insurance with an amount of cover which is appropriate in the branch of trade, however, with a minimum amount of Euro 5,000,000.00 (in words: five million Euro) and to present this insurance to us upon demand.

VII. Certificate of Origin for Supply Goods

The supplier commits himself to make possible the verification of certificates of origin by the customs administration and to give any information necessary for this as well as to provide official certificates that might be necessary. The supplier is obliged to compensate us for any damage arising from the competent authority not accepting the declared origin due to incorrect certification or incorrect possibility of verification.

VIII. Property Rights

The supplier warrants that the supply goods produced/delivered by him are free of industrial or other property rights of third parties, whether domestic or foreign. Should third parties raise claims due to violations of property rights or other violations of rights in connection with the production, installation or use of the supply goods, the supplier shall exempt us from these claims. This exemption is also valid in relation to our customers. Upon request, the supplier must either procure at his own cost for us or for our customers the right of use for the property rights concerned or replace the supply goods or the process in such a way, that no property rights are violated.

The supplier commits himself to inform us without delay of any risks of violation that become known and of any alleged cases of violations and to give us the opportunity, to counteract any corresponding claims.

IX. Reservation of Title – Supply of Material – Workshop Equipment

a) We do not accept any provisions regarding reservation of title by the supplier.

b) As far as we make a down-payment at the time of ordering new supply goods, the supplier shall grant us a right of title to the supply good in the production process, in particular to the material and/or components and individual parts necessary for the production, corresponding to the value of the down-payment made by us.

c) Workshop equipment which is our property, such as tools, models, matrices, templates, samples provided by us to the supplier on loan, is to be treated and stored diligently and must be returned to us upon request after execution of the contract in good order and condition. It may only be used for the fulfilment of the respective contract with us and only be used with our prior written consent for the supplier's own purposes or deliveries to third parties. Even if the supplier – for any reason whatsoever – has become proprietor of the ALLWEILER workshop equipment, we can request its return at any time. The supplier cannot counter this with a right of retention. Any claims for compensation for utilization by the supplier or other claims by the supplier are not affected by the obligation of return.

The supplier is obliged to insure the workshop equipment belonging to us at its replacement value at his own cost against damage caused by fire, water and theft. At the same time, the supplier now already assigns to us any claims for compensation from this insurance; we hereby accept the assignation. The supplier is obliged to execute maintenance and inspection work that might become necessary on our tools as well as any servicing and repair work at his own cost in good time. He must inform us without delay of any breakdown as well as loss, attachment orders or other disturbances; should he culpably fail to do so, claims for compensation of damages remain unaffected. The supplier is liable for loss of, and damage to, the workshop equipment.

The tools and workshop equipment must be identified in such a way that our position as proprietors is documented also towards third parties.

d) As far as we supply material to the supplier, we reserve our right of title. Processing and reshaping by the supplier is done on our behalf. Should reserved title goods be processed or incorporated with other goods that do not belong to us, we obtain joint ownership of the new goods in the relation of the value of our goods (purchase price plus VAT) compared to the other processed/incorporated goods at the time of processing. Should incorporation be done in a way that the supplier's product has to be regarded as the main object, it shall be deemed to have been agreed that the supplier assigns to us a proportionate joint ownership; the supplier shall keep the sole or joint ownership for us.

e) Manufacture of tools must be effected according to our specifications. Tools manufactured by the supplier must be able to produce items complying to the drawings under the conditions of a series production process. The delivery scope contains, in addition to the tools, the complete documentation as is customary in the branch of trade for the tool, even if this has not been expressly stated in the order, in particular it contains all construction documents for the tool, a complete set of drawings for the tool, including detailed drawings, complete component lists, a complete set of CAD data in the format stipulated by us as well as service instructions for the tool. Should the supplier produce tools or other workshop equipment on our behalf and at our costs, these objects shall pass into our sole or joint ownership even during the production process in the relation of the value of the down-payments made by us (purchase price plus VAT). Should it have been agreed that only a part of the costs is taken over, we shall obtain joint ownership corresponding to our share of the costs. Regarding tools in our joint ownership, provision IX c) is valid mutatis mutandis.

X. Subcontractors

The assignment of subcontractors as well as changes of subcontractors for the production of parts according to drawings require our prior written consent. In all other cases, we must be notified in writing prior to the allocation of an assignment to a subcontractor.

XI. Non-Disclosure

The supplier must treat as a business secret any commercial or technical details that are not obvious and that he learns of during the business relationship. In particular, the supplier must treat as business secrets all ALLWEILER workshop equipment, production methods, our orders and any particularities connected with them. Drawings, models, templates, samples and similar objects as well as other documents and information must be strictly kept secret by the supplier. They may not be handed over or

otherwise made accessible to unauthorized third parties.

Subcontractors must be obliged accordingly.

The obligation of non-disclosure is also valid after the execution of the contract; it expires if and insofar as the production know-how contained in the provided documents is general knowledge.

XII. Place of Performance, Place of Jurisdiction

a) The place of performance for all deliveries and performances is the receiving station stipulated in the order.

b) The place of jurisdiction for all disputes arising from our order is the competent court of the respective factory which has placed the order, as far as no other place of jurisdiction is valid due to mandatory statutory provisions. We also are entitled to take legal action at any other statutory place of jurisdiction.

German law is applicable exclusively. The application of the UN Convention on the International Sale of Goods of 11. April 1980 is excluded.