

GENERAL TERMS AND CONDITIONS

I. Field of application

These General Terms and Conditions shall apply to all current and future business transactions between the customer and us. Even in cases in which we do not explicitly object to terms and conditions of the customer which deviate from these general terms and conditions, we shall not be bound by such terms and conditions unless they have been explicitly recognised by us.

II. Terms of delivery

1. Conclusion and contents of contract

- 1.1. Our offers shall not be binding. Written form is required for all agreements except where the customer is able to demonstrate that such requirement has been waived in specific instances.
- 1.2. Documentation pertaining to offers, such as drawings or illustrations, technical specifications, reference to standards, and advertising claims, shall only be deemed to represent statements of warranty if explicitly designated as such.
- 1.3. Delivery items may deviate from offers, samples, trial or prior deliveries in compliance with the relevant DIN or other technical standards and within tolerances which accord with customary industry practice.

2. Prices

- 2.1. Prices are exclusive of packaging, freight, loading and unloading, transport, insurance, erection, assembly and commissioning costs. These costs shall be borne by the purchaser. In accordance with statutory provisions we shall accept return delivery of packaging used by us provided that such packaging is returned to us carriage prepaid by the purchaser within a reasonable period of time.
- 2.2. Statutory value-added tax shall be added to all prices quoted at the time the contract is concluded with business undertakings.

3. Performance period

- 3.1. Delivery deadlines and periods shall only be binding if agreed in writing, except where the customer is able to demonstrate alternative procedures in specific instances. Delivery deadlines and periods shall be deemed met if the delivery item has passed through our factory gates at the time such deadlines or periods expire.
Performances shall not be deemed due should the customer have failed to fulfil its requisite share of the performance or have failed to provide agreed advance performance. In such cases, delivery deadlines and periods shall only begin to take binding effect on us following performance of the share of performance due from the customer or receipt of the advance performance.
- 3.2. Should performance be delayed for reasons for which we are not responsible or owing to impeding circumstances and operating disruptions which were not foreseeable at the time the contract was concluded and which have a substantial influence on the production or delivery of the subject matter of the contract, the performance period shall be prolonged until such circumstances or disruptions are rectified. This shall also apply should our prior vendors be affected by such circumstances provided that we are not culpably responsible for supply or acceptance shortcomings. Should performance of the contract be wholly or partially unreasonable for one of the parties, the relevant party shall be entitled to withdraw from the contract.
- 3.3. Reminders and the stipulation of periods of grace shall be made in writing in order to be effective.

4. Delivery, shipment, passage of risk, partial deliveries

- 4.1. Risk shall pass to the customer upon transfer of the subject matter of the contract to a freight carrier or to persons responsible for transporting the goods on behalf of the customer, at the latest however as soon as the goods leave the point of sale, the warehouse or – including in the framework of direct-to-customer transactions – the supplier's works. Should shipping or receipt and acceptance be delayed for reasons for which we are not responsible, the risk shall pass to the customer upon receipt of notification of readiness to deliver or a similar notification by the customer.

- 4.2. We shall be entitled to make partial deliveries on a reasonable scale. We shall be authorised to make surplus or short deliveries of manufactured or standard packaged goods of up to 10% in conformance with standard commercial practice.

- 4.3. We shall be entitled to manufacture the entire order volume in a single batch for make-and-take orders. Change requests made subsequent to placement of the order shall only be complied with if explicitly agreed.

Payments for outstanding quantities for make-and-take orders shall be due for settlement upon expiry of the agreed ultimate deadline regardless of the delivery status of the make-and-take order. Should an ultimate deadline not have been agreed, we shall be entitled to call due the remaining payments one year subsequent to conclusion of the contract at the latest.

- 4.4. We charge a processing fee of 10% of the value of the goods – minimum fee €10 – for the exchange of goods for reasons for which we are not responsible.

5. Notification of defects

- 5.1. Business undertakings shall notify discernible or hidden defects in writing within 5 days of receipt of the goods or detection of the defect.
- 5.2. Claims regarding defects shall only be asserted if we have been granted the opportunity to verify defects ourselves and, in particular, the goods or samples have been provided to us for verification purposes at our request. The relevant costs shall be borne by the customer.

III. Conditions of payment

1. Due date and default

- 1.1. Our invoices shall be due for settlement within 5 days of the invoice date at the latest; in the case of partial deliveries, the amount due for partial performance shall be due for settlement.
- 1.2. Should the customer fail to settle on the due date or default on payment, we shall be entitled to charge consumers arrears and default interest of 5% per annum and business undertakings interest of 8% per annum above the base rate charged by the Deutsche Bundesbank (German Federal Reserve Bank). More extensive claims asserted by us remain unaffected.

2. Prompt payment discount

We grant commercial bulk buyers with whom we have continuous business dealings a net payment target of 30 days. We grant 2% prompt payment discount if settlement is made within 10 days of the invoice date. Cash discounts or prompt payment discounts agreed in exceptional cases shall not apply should our receivables not be satisfied in full or should further receivables become due for settlement at the time the original receivables are settled. Workshop and service performances, tool costs, expenses etc. shall be due for settlement immediately at no discount.

3. Right to withhold performance, offsetting

The customer shall not be entitled to withhold or offset payments against counterclaims which have not been explicitly recognised by us or which have not been ruled final and absolute by a court of law.

4. Rendering of accounts, account reconciliation

Objections to our rendering of accounts, account statements, account reconciliation or similar shall be made in writing within an exclusion period of 3 weeks of receipt of the relevant document. This period shall be deemed met if such notification is sent in good time. Failure to register objections in time shall be deemed to constitute approval of settlement.

Should obvious mistakes – in particular miscalculations – subsequently become apparent, both we and the customer shall be entitled to demand that such mistakes are corrected in accordance with statutory provisions.

IV. Retention of title

1. We retain title to all goods until all claims due to us have been met in full and the financial documents negotiated for this

purpose, including acceptor's and finance bills have been finally paid. With regard to business undertakings, our retention of title shall also continue in force for contingent and future claims and receivables deriving from a continuous business relationship, regardless of the legal standing of such claims and receivables.

2. The purchaser shall be entitled to dispose of the purchased goods in the ordinary course of business.
3. Title is also retained to the full value of products resulting from the processing, blending and joining of our goods; in such cases we shall be deemed to be the manufacturer of such products. Should the goods be processed, blended or joined with the products of third parties and such third parties continue to hold title to the goods, we shall acquire co-title to the processed goods based on the ratio of the invoice value of the processed goods.
4. The purchaser herewith assigns as collateral any receivables from third parties resulting from resale or working and processing to cover the value of our co-title to the goods. The purchaser shall be authorised to collect such receivables on our account until such authorisation is revoked or the purchaser ceases to make payments to us. Neither shall the purchaser be entitled to sell these receivables to a factor for collection purposes unless an obligation is simultaneously imposed on the factor to effect payment of consideration equal to the amount of our receivables directly to us pending settlement of all accounts receivable by us from the purchaser.
5. The purchaser shall notify us immediately in writing should third parties seize or assert claims to goods and receivables to which we hold title.
6. Should the customer default on payment or fail to fulfil the duties attendant on retention of title, we shall – upon expiry of a reasonable period of time - be entitled to demand surrender of the goods and to sell the same on the open market for the best possible price, deducting the realization proceeds from the purchase price, or to offset the current or purchase value deducting a reasonable amount to cover our processing costs. Repossession in this form shall only be deemed to constitute withdrawal in the case of partial payment transactions with a consumer.
7. The goods and the receivables created in their lieu shall not be pledged to third parties nor transferred or assigned by way of security prior to settlement in full of our receivables.
8. With regard to repair, refurbishment, processing orders, or contracts for work and services, we shall hold a contractual lien to assets which come into our possession in the course of performing such orders or contracts; said lien shall cover receivables due to us on the basis of such orders or orders placed at an earlier date.
9. Should the value of the collateral exceed the value of our receivables by more than 20%, we shall release collateral security – selected at our discretion - at the demand of customer.

V. Intellectual property rights relating to development work, copyright

1. To the extent that our performance consists of the provision of technical consulting services, in particular the elaboration of proposed technical solutions, the production of drawings or recipes, the development and improvement of products, etc. we retain comprehensive rights to the same. This shall apply in particular to our intellectual property rights to products as well as to the physical ownership of all drawings, samples, models, etc.
2. Transfer of any kind, including for the purposes of inspection, including any form of re-forwarding, reproduction (in whole or part) is prohibited and shall substantiate a duty – notwithstanding all our other claims – to surrender goods manufactured or obtained in such a manner. At our request, the customer shall provide us with all the information and shall submit all the relevant documentation we require for the purposes of asserting our rights. Drawings, samples, moulds, etc. created by us shall be returned to us on demand; such items shall be returned to us automatically in all cases in which the order is not placed with us.

3. Should we supply items in compliance with specifications or documents provided by the customer, the customer shall guarantee that the intellectual property rights of third parties are not infringed as a result and shall indemnify us against the claims of third parties.

VI. Test parts, moulds, tools

1. Should parts need to be supplied by the customer for the purpose of performing the order, such parts – plus an agreed or appropriate surplus quantity of the same to cover potential scrap - shall be delivered in perfect condition, in good time, and free of charge to our production location. Our liability for tools, moulds and other production devices supplied by the customer is limited to our liability for the exercise of due diligence in our own affairs. Maintenance, servicing and potential insurance costs shall be borne by the customer.
2. The production of test parts and tools as well as manufacturing and modification costs for moulds shall be borne by the customer. Unless otherwise agreed, we shall be the sole owners of tools and other devices required for the purpose of manufacturing parts. Unless confirmed otherwise, calculated tool costs shall be proportionate costs.
3. The accuracy of manufactured moulds and other technical devices shall be confirmed by the customer prior to commencement of production. Samples for all mould calibres shall be supplied. The customer's confirmation of accuracy – even if issued indirectly in the form of make-and-take orders – shall be binding for us with regard to commencement of production without the obligation on our part to obtain additional verification.
4. Our retention duties shall expire – regardless of the ownership rights of the customer – two years subsequent to last production using the mould or tool at the latest.

VII. Liability for defects

1. In the framework of the following conditions we provide warranty to consumers for a period of 2 years as of the date of delivery and to business undertakings for a period of 1 year as of the date of delivery. Should longer warranty periods be stipulated by law in specific circumstances, such longer periods shall apply.
2. Provided that defects are notified legitimately and in good time, we shall – at our discretion – deliver goods in perfect condition or perform subsequent improvements. In the framework of statutory provisions, the customer shall be entitled to cancel the contract or to reduce the purchase price four weeks following notification of defects at the earliest. Should business undertakings order goods from us on the basis of catalogs, lists or similar produced by our prior vendors (third party accessory parts), we shall only warrant the same in accordance with the terms and conditions of such prior vendors, provided that the customer is familiar, or ought to be familiar, with such terms and conditions.
3. Warranty claims shall not be recognised if damages are incurred after the goods have left our premises as a result of repairs being made to the goods by third parties, or as a result of the goods being processed in any other way, used for purposes other than those for which they are intended, or as a result of disregarding operating instructions, manufacturing regulations or other generally known rules.
4. The costs of subsequent improvement resulting from the fact that a business customer relocates the goods to a place other than the place of performance shall be borne by the customer.
5. Rights of recourse shall be recognised in the framework of statutory regulations. Public statements made by our customer which substantiate the claims of the consumer shall release us from our obligations should such statements not be approved by us and deviate from own statements.

VIII. Scope of liability

We shall bear unlimited liability for compensation in cases of wilful misconduct or gross negligence, for express guarantees, and for compensation claims asserted on the basis of injuries to or impairments of life, limb, health or liberty. Our product liability is limited to the provisions of the German Product Liability Law (Produkthaftungsgesetz).

In dealings with business undertakings, compensation shall be limited in cases of slight negligence to typically foreseeable damages.

Liability for slight negligence is excluded in the event of an insubstantial breach of contract or infringement of minor contractual duties.

IX. General provisions

1. The place of performance and payment for business transactions with business undertakings shall be Reutlingen.
2. The legal venue for all disputes with business undertakings shall be Reutlingen.
3. The law of the Federal Republic of Germany shall apply including in transactions with parties based outside Germany to the exclusion of international law on the sale of goods.
4. Should one or several provisions of these General Terms and Conditions be or become null and void, this shall not affect the validity of the remaining provisions. The contracting parties shall agree upon a provision to replace the ineffective provision that reflects as closely as possible the economic intent of the previous provision.

February 2002

REIFF - Technische Produkte - GmbH
72762 Reutlingen