



General Terms of Sale
of the company SFB Schwäbische Formdrehteile
GmbH & Co. KG 87727 Babenhausen
(Edition 01/2003)

1. Scope

- 1.1 The present Terms of Sale shall apply to companies, legal entities under public law and public special funds.
- 1.2 Our deliveries and performances shall be based exclusively on the following terms and conditions.
- 1.3 Our partners' terms and conditions shall be invalid unless explicitly acknowledged by us.

2. General terms

- 2.1 Verbal agreements shall be confirmed by the contracting partners in detail and in writing without delay.
- 2.2 Orders placed shall only become binding when they have been confirmed by us.
- 2.3 Details and illustrations contained in brochures and catalogues shall constitute approximations of the kind customary in the industry, unless we have explicitly declared them to be binding.

3. Long-term contracts and call orders, price adjustment

- 3.1 Contractual agreements with unlimited term may be terminated with three months' notice.
- 3.2 If the cost of labour, materials or energy changes significantly, both contracting partners in long-term agreements (agreements with a term of more than 12 months and agreements with unlimited term) shall be entitled to demand reasonable adjustment of the price with due regard for these factors.
- 3.3 If a binding order quantity has not been agreed, our calculation shall be based on the non-binding order quantity (target quantity) expected by the partner for a given period of time.

If our partner purchases less than the target quantity, we shall be entitled to increase the unit price accordingly. If the partner purchases more than the target quantity, we shall reduce the unit price accordingly, provided that the partner notifies us of the additional requirement at least three months before delivery.
- 3.4 In the case of delivery agreements on call, binding quantities shall be specified at least three months before the delivery date, unless agreed otherwise.

Additional costs incurred due to belated calling of the goods or due to retroactive changes by our partner with regard to the time or quantity for a call order shall be borne by the partner; our calculation shall be definitive.

4. Confidentiality

- 4.1 Both contracting partners shall treat all documents (including samples, models and data) and information of which they acquire knowledge as a result of the business relationship with the same care and confidentiality as own documents and information, insofar as the other contracting partner has designated them to be confidential or is evidently interested in keeping them secret, and shall use them exclusively for the jointly pursued purpose.

This obligation shall commence from the moment at which documents or information are/is received and shall end 36 months after the end of the business relationship.
- 4.2 This obligation shall not apply in the case of documents and information which are generally known or which were already known to the contracting partner upon receipt, but without any obligation to keep secret, or which were subsequently provided by a third party authorized to disclose such documents or information, or which were developed by the receiving partner without exploiting the other partner's confidential documents or information.

5. Drawings and descriptions

Any drawings or technical documents concerning the goods to be delivered or their manufacture shall remain the property of the contracting partner providing such drawings or documents.

6. Samples and manufacturing equipment

- 6.1 Unless agreed otherwise, the cost of producing samples and manufacturing equipment (tools, moulds, templates, etc.) shall be invoiced separately from the goods to be delivered. The same shall also apply for manufacturing equipment which has to be replaced due to wear.

- 6.2 We shall bear the cost of maintenance and correct storage, as well as the risk of damage to or destruction of the manufacturing equipment.

- 6.3 If cooperation is suspended or terminated by the partner during production of the samples or manufacturing equipment, the production costs incurred up to that time shall be borne by that partner.

- 6.4 Even when the partner has paid for the manufacturing equipment, it shall remain in our possession at least until the delivery contract has been executed. Thereafter, the partner shall be entitled to demand that the manufacturing equipment be handed over if agreement has been reached as to the date for handing it over and the partner has fully discharged all his contractual obligations.

- 6.5 We shall store the manufacturing equipment free of charge for three years after the last delivery to our partner. Thereafter, we shall request our partner in writing to inform us of the equipment's further use within six weeks. Our duty to store the equipment shall end if the partner does not reply within this six week period or does not send a new purchase order.

- 6.6 Manufacturing equipment for specific customers may only be used by us for deliveries to third parties with the prior written consent of our partner.

7. Prices

Our prices shall be stated in euros excluding value-added tax, packaging, freight, postage and insurance.

8. Terms of payment

- 8.1 All invoices shall be due for payment without deduction within 14 days of the invoice date.
- 8.2 If we have indisputably delivered at least partly faultless goods, our partner shall nevertheless be obliged to pay for the faulty article, unless the part-delivery is of no interest to our partner. Our partner shall in any case only be entitled to set off counterclaims which have been unappealably established or are undisputed.
- 8.3 In cases of default, we shall be entitled to charge interest on the defaulted sum equal to the rate charged to us by our bank for credit in current account, but at least eight percentage points above the basic rate charged by the European Central Bank.
- 8.4 If the partner defaults on payments, we may suspend the further discharge of our obligations, after having duly notified the partner in writing, until such time as payment is received.
- 8.5 Bills and cheques shall only be accepted by prior arrangement and in lieu of payment and subject to their discountability. Discount charges shall be charged as from the date on which the invoiced sum is due. Any guarantee for punctual presentation of bills or cheques and for giving notice of protest shall be excluded.
- 8.6 If it is established after conclusion of the contract that our entitlement to payment is jeopardized by the partner's inability to pay, we shall be entitled to refuse performance and set a reasonable period of grace for the partner during which he must either pay for each delivery or furnish security. If this is refused by the partner or if the period of grace expires fruitlessly, we shall be entitled to rescind the contract and claim damages.

9. Delivery

- 9.1 Unless agreed otherwise, we shall effect delivery "ex works". Compliance with delivery dates or periods shall be determined by our notice that goods are ready for shipment or collection.
- 9.2 The delivery period shall commence with dispatch of our letter confirming the order and shall be extended accordingly if the conditions in No. 15 are met.
- 9.3 Part-deliveries shall be permissible within reasonable limits and shall be invoiced separately.
- 9.4 Excess or short deliveries due to manufacturing reasons shall be permissible within a tolerance of ten percent of the total order quantity. The overall price shall change commensurately in accordance with the scope of such excess or short deliveries.

10. Shipment and transfer of risk

- 10.1. Goods which have been declared ready for shipment shall be taken over by the partner without delay, otherwise we shall be entitled either to ship such goods or to store them at the partner's expense and risk, at our discretion.
- 10.2 We shall be free to choose the means of transport and the route, unless specifically agreed otherwise in individual instances.
- 10.3 The risk shall pass to our partner when the goods are handed over to the railway company, haulage company or carrier or when they are put into storage, at the latest however when they leave our works or warehouse, even if we have undertaken to deliver the goods.

11. Default of delivery

- 11.1 If it becomes clear that the goods cannot be delivered within the agreed delivery period, we shall immediately inform our partner of the delay, as well as of the reasons therefor, and shall specify a probable delivery date if at all possible.
- 11.2 If delivery is delayed on account of circumstances pursuant to No. 15 or due to an act or omission by our partner, the delivery period shall be extended commensurately with the circumstances.
- 11.3 If we default on delivery, our partner shall be entitled – provided that he can plausibly prove that a loss has been incurred – to claim damages of 0.5% for each full week of default, but altogether not more than 5% of the price for that part of the delivery which cannot be used for its intended purpose on account of the default.
- 11.4 The partner's claims for damages above and beyond the limits specified in No. 11.3 shall be excluded in all cases of belated delivery, even after expiry of a period of grace set for the supplier. This shall not apply in cases with statutory liability due to wilful intent or gross negligence; this shall not constitute any reversal of the burden of proof to the partner's disadvantage. The customer's statutory right of rescission shall remain unaffected.

12. Reservation of title

- 12.1 We shall retain ownership of the delivered goods until all claims associated with the business relationship have been satisfied.
- 12.2 Our partner shall be entitled to sell the goods in the ordinary course of business, provided that his obligations from the business relationship with us are discharged in good time. However, the partner shall not be entitled to pledge the goods to which we have retained title, nor to transfer them by way of security. He shall be obliged to safeguard our rights if the goods to which we have retained title are resold on credit.
- 12.3 Following any breach of duty by our partner and particularly if the partner defaults on payments, we shall be entitled to rescind the contract and take back the goods following the fruitless expiry of a reasonable period of grace granted to the partner for performance. The statutory provisions concerning the necessity of a period of grace shall remain unaffected. The partner shall be obliged to surrender the goods. We shall be entitled to rescind the contract if bankruptcy proceedings are instituted against the partner's assets.
- 12.4 Our partner herewith assigns to us, by way of security, all rights and claims resulting from the sale or – if permitted to the partner – the lease of goods to which we have retained title. We herewith accept this assignment.
- 12.5 The partner shall in all cases only process the reserved goods on our behalf. If the reserved goods are processed or inseparably mixed with items not belonging to us, we shall acquire part-ownership of the new article commensurate with the invoiced value of the reserved goods in relation to the other processed or mixed items at the time of processing or mixing.
- If our goods are combined or inseparably mixed with other movable items to form a single article and if the resultant article constitutes the main article, the partner shall assign the corresponding ownership or part-ownership to us. The article produced by processing or combining or mixing with other items shall be governed by the same provisions as the reserved goods.
- 12.6 Our partner shall immediately inform us of any third-party execution against the reserved goods, the claims assigned to us or any other security, and shall submit all the documents required for intervention. The same shall also apply with regard to impediments of any other kind.
- 12.7 If the value of the security provided exceeds the secured claims by more than 20 percent altogether, we shall be obliged to release security at our discretion if demanded by the partner.

13. Redhibitory defects

- 13.1 The nature of the goods shall be defined exclusively by the agreed technical specifications. If our delivery is to be based on the partner's drawings, specified requirements, samples, etc. the partner shall be responsible for ensuring the goods' suitability for the intended purpose. The contractual conformity of the goods shall be determined at the moment at which the risk passes over in accordance with No. 10.3.
- 13.2 We shall not be liable for any redhibitory defects due to unsuitable or incorrect use of the goods, incorrect assembly or start-up by the partner or a third party, the usual wear and tear, incorrect or negligent handling, nor shall we be liable for the consequences of any unprofessional modifications or repair work undertaken by the partner or third parties without our consent. The same shall also apply in the case of defects which reduce the value or suitability of the goods only marginally.
- 13.3 Claims concerning redhibitory defects shall become statute-barred after 12 months. This shall not apply if longer periods are prescribed by law, particularly in the case of defects in buildings or goods which have been used for a building in accordance with their normal intended use and have caused the defective nature of the building.
- 13.4 If an acceptance inspection or inspection of initial samples has been agreed, notice of defects shall be excluded in the case of defects which the partner could have discovered through careful inspection, be it for acceptance or of the initial sample.
- 13.5 We shall be given the opportunity to verify the notified defect. Reportedly defective goods shall be returned to us without delay on demand; we shall

bear the cost of shipment if the complaint proves justified. If the partner fails to discharge these obligations or modifies the goods for which a complaint has been filed without our consent, he shall forfeit all rights in respect of redhibitory defects.

- 13.6 If notice of defects is justified and has been filed in good time, we shall either rework the defective goods or deliver a faultless replacement, at our discretion.
- 13.7 If we fail to discharge these obligations or do not discharge them as contractually agreed within a reasonable period of time, our partner shall be entitled to set a final period of grace in writing within which we must discharge our obligations. If this period of grace expires fruitlessly, our partner shall be entitled to demand a reduction in price, to rescind the contract or to undertake the necessary rework either directly or through a third party at our expense and risk. Reimbursement of costs shall be excluded if costs increase because the goods have been moved to another location following our delivery, unless such relocation is in accordance with the conforming use of the goods.
- 13.8 Our partner shall only be entitled to exercise his statutory rights of recourse against us to the extent that he has not reached any agreement with his customer exceeding the statutory rights in respect of defects. The last sentence of No. 13.7 shall apply accordingly with regard to the scope of recourse.

14. Other rights, liability

- 14.1 Unless otherwise specified below, all other and more far-reaching rights of the partner against us shall be excluded. This shall apply in particular with regard to claims for damages associated with a breach of duty under the obligatory relationship and in tort. We therefore cannot accept any liability for damage not suffered by the delivered goods as such. Above all, we cannot be held liable for loss of income or other financial losses by our partner.
- 14.2 The above restriction of liability shall not apply in cases of wilful intent, gross negligence by our statutory representatives or executive employees, nor for culpable violation of substantial contractual duties. In cases of culpable violation of substantial contractual duties, our liability shall be limited to the contractually typical and reasonably foreseeable loss, except in cases of wilful intent or gross negligence by our statutory representatives or executive employees.
- 14.3 The restriction of liability shall also not apply in those cases in which liability for personal injury or property damage to privately used objects is prescribed by the law on product liability for defects in the delivered goods. It similarly does not apply in cases of death, bodily injury or damage to health and in the absence of warranted properties if and to the extent that the purpose of the warranty was to protect the partner against damage not incurred by the delivered goods as such.
- 14.4 Insofar as our liability is excluded or restricted, this shall also apply to the personal liability of our employees of every kind, as well as our statutory representatives and vicarious agents.
- 14.5 The statutory regulations concerning the burden of proof shall remain unaffected.

15. Acts of God

Acts of God, labour disputes, official measures, non-delivery by our suppliers and other unforeseeable, unavoidable and major circumstances shall release the contracting partners from their duty to perform for the duration of the disturbance and in accordance with their effect. This shall also apply if such circumstances arise at a time at which the partner concerned is already in arrears, unless such default has been caused by wilful intent or gross negligence. The contracting partners shall be obliged to provide all the necessary information without delay and to the greatest reasonable extent and shall adjust their obligations in accordance with the changed conditions and in good faith.

16. Place of performance, jurisdiction and applicable law

- 16.1 Unless specified otherwise in the letter confirming the order, place of performance shall be at our company headquarters.
- 16.2 Place of jurisdiction for all legal disputes, including proceedings concerning bills and cheques, shall be at our company headquarters. We shall also be entitled to sue our partner at his domicile.
- 16.3 The contractual relationship shall be governed exclusively by the law of the Federal Republic of Germany.

Application of the United Nations Convention on the International Sale of Goods (CISG) dated 11 April 1980 shall be excluded.