



Terms of Purchase of the company SFB Schwäbische Formdrehteile GmbH & Co. KG 87727 Babenhausen

(Edition 01/2003)

1. General provisions

Our orders shall be based exclusively on the present Terms of Purchase. Other terms and conditions shall not form part of the contract, even if we have not explicitly rejected them. If we accept a delivery/performance without explicit objection, this shall not under any circumstances mean that we have accepted our partners' terms of delivery. The present Terms of Purchase shall apply for goods and services.

2. Orders, confirmation of orders

Only purchase orders which we have placed in writing shall be legally binding. Orders placed verbally or by telephone shall only be legally valid if subsequently confirmed in writing. The same shall also apply for any subsidiary verbal agreements and amendments to the contract.

Visits and the preparation of quotations, projects, etc. shall not be remunerated.

If an order is not confirmed without change by the contractor within one week of receiving the order, we shall be entitled to cancel the order free of charge.

Unless specifically agreed otherwise in individual instances, bidders' quotations shall remain valid for six months as from the date of the quotation.

3. Contractual amendments

Deviations from the standards underlying the contractual agreement shall only be valid with the written consent of Messrs. SFB GmbH & Co. KG, regardless of the reasons for such deviations.

Messrs. SFB GmbH & Co. KG shall be entitled to retroactively define the nature of the delivery or performance within the scope of the supplier's capability. Technical changes and their effect on prices, delivery period and other conditions shall only be valid if agreed in writing.

4. Prices

All prices quoted in our contractual enquiries shall be fixed prices unless specifically agreed otherwise in writing. This shall also apply in the case of skeleton agreements. The prices shall be net prices. Unless agreed otherwise, the agreed prices shall apply for deliveries free of charge to the address which we have specified, including packaging.

5. Freight and packaging

Delivery shall be effected free of charge to our works, including packaging. If "ex works" or "ex warehouse" is agreed in exceptional cases, we shall only bear the lowest possible freight costs. The contractor shall bear all costs incurred until the goods are handed over to the carrier, including the cost of loading and carriage. The customer shall be entitled to return packaging materials in good condition to the contractor free of charge in return for two-thirds of the value invoiced. The transport risk shall in all cases be borne by the supplier.

6. Delivery deadlines

All delivery deadlines specified by us are calendar deadlines and shall be fixed deadlines. The delivery deadline shall be defined exclusively as the day on which the consignment or performance is received at the delivery address specified by us.

7. Quantities

Only the quantity which we have ordered may be delivered. Other quantities shall only be accepted if this has explicitly been agreed in writing. The values established by our incoming inspection shall be binding with regard to piece quantities, weights and dimensions. We reserve the right to accept excess or short deliveries.

The supplier shall be obliged to obtain all the necessary accompanying documents, consignment notes, suppliers' declarations, test records, works test certificates and other documents, such as CE certificates of conformity, at his expense and shall present these to us in good time.

If acceptance of the delivery depends on documents, we shall not have defaulted on acceptance if the supplier has failed to submit the documents in good time, including a reasonable period for inspection of these documents.

If the contractually agreed performance is delivered by the supplier in part-deliveries, it shall only be deemed to have been executed when delivery is complete. The additional costs incurred as a result of part-delivery, such as for transport, packaging and insurance, shall be borne by the supplier. Part-deliveries shall not constitute a self-contained transaction for us.

If a call order or kanban delivery has been agreed with the supplier, the latter shall be obliged to provide the called quantities in such a way as to ensure compliance with the delivery date as a fixed date.

8. Invoices and payment

Invoices shall be sent to us by separate mail with all the associated documents and data. They shall not be enclosed with the goods. Delivery notes must be enclosed with the goods. The period for payment of invoices shall commence, at the earliest, upon receipt of all the agreed certificates.

Unless agreed otherwise, invoices shall be paid either within 14 days with 3% discount or within 30 days with 2% discount or within 60 days without deduction. Payment shall be effected subject to auditing of the invoice.

Appropriate security, such as bank guarantees, shall be provided on demand for payments made in advance.

9. Default of delivery

Agreed delivery periods shall be binding. Notwithstanding all further statutory rights in respect of damages, Messrs. SFB GmbH & Co. KG shall be entitled to rescind the contract, to obtain a replacement from third parties and/or to claim damages for non-performance, at its discretion, if delivery is impaired for any reasons for which the supplier is responsible. All costs incurred by us on account of impaired delivery for reasons for which the supplier is responsible shall be reimbursed by the supplier.

Acceptance of belated deliveries and performances shall not constitute any waiver of our right to compensation.

If the supplier becomes aware of possible delays in delivery, he shall be obliged to inform Messrs. SFB GmbH & Co. KG immediately. If such delays in delivery are not reported immediately or if they are reported after a delay, the supplier shall indemnify Messrs. SFB GmbH & Co. KG for all losses incurred through the belated notification, notwithstanding all further rights.

10. Acceptance / ownership / transfer of risk

Delivery or performance shall be accepted by us when it has been effected as contractually agreed or when any defects have been remedied. If a trial run has been agreed, acceptance shall be evidenced in a joint acceptance record following a free trial run.

In the event of operational disturbances in the SFB plant due to strikes, lockouts, Acts of God, war and all other circumstances beyond the control of SFB, we shall be relieved of our obligation to accept delivery or performance for the duration of such disturbances.

If technical assistance, equipment or personnel is provided to the supplier for the acceptance inspection, such support shall be invoiced to the supplier by SFB at the prices and rates charged by SFB. SFB shall be entitled to deduct the corresponding sum from that charged by the supplier in the relevant invoice.

In the case of goods delivered with reservation of title, SFB shall be entitled to resell the goods within the ordinary course of business. SFB shall acquire ownership of the goods at the latest upon payment of the full, contractually agreed price. By delivering or handing over the goods, the supplier confirms that he is fully entitled to dispose of the goods and that third-party rights to the goods do not exist.

SFB shall immediately inform the supplier of any obvious defects in the delivery or performance as soon as they are discovered in the normal course of business. The supplier shall waive the objection of defects being reported too late.

Incoming inspections shall be undertaken by SFB at random. If defects are found, SFB shall be entitled to reject the complete consignment. If SFB returns defective goods to the supplier, the latter shall be obliged to refund all costs incurred in this context.

11. Warranty

If certain qualities have been agreed, this shall constitute an agreement on warranted properties. The supplier shall be liable for faultless delivery and execution of the contract. The supplier's liability for defects revealed immediately or later shall continue for the duration of the warranty period. The warranty period shall equal 24 months.

Within the scope of the warranty, SFB shall be entitled to claim the following rights at its discretion:

Free delivery of a replacement, rescission of the purchase contract, reduction in the agreed price, elimination of defects at the supplier's expense, in which case the costs shall include all further costs for remedying the defects, including labour, travel and accommodation, as well as severance pay; furthermore, damages for non-performance insofar as the delivered article lacks a warranted property or a fault has been maliciously concealed.

If the supplier is obliged to remedy a defect, this shall be done immediately. If the supplier fails to discharge this obligation, even after being reminded and after having been granted a period of grace, SFB shall be entitled to remedy the defect directly or through a third party at the supplier's expense in each case.

12. Confidentiality

The supplier shall be obliged to treat all information or know-how acquired in conjunction with the submission of a quotation or placement of an order by SFB as confidential business secrets and shall not pass such information or know-how on to third parties, unless the supplier can prove that the information was already provided when preparing the quotation or that it was or became public knowledge. The supplier may only make reference to the business relationship with SFB in his promotional materials with the explicit consent of SFB.

The supplier shall be liable for ensuring that third-party proprietary rights are not violated in execution of the contract, nor in delivery and use of the subject of the delivery or performance. The supplier shall exempt SFB from all claims by third parties concerning any violation of proprietary rights.

13. Tools, documents and drawings

Insofar as we provide the supplier with tools, test equipment, documents, schedules, samples, drawings and other information for the purpose of fulfilling the order, the supplier shall be obliged to treat all such materials with due care and confidentiality. They may only be made accessible to third parties for use in conformity with the contractual agreement.

Any violation of these obligations shall be prosecuted and shall give rise to claims for damages. Insofar as the supplier forwards the aforementioned information to third parties in execution of the contract, he shall be obliged to impose the same obligations on the third parties with regard to confidentiality.

Documents, tools, test equipment, etc. which have been provided to the supplier shall be handled as directed by SFB and shall be returned to SFB in full and without restriction upon completion of the order. The supplier shall not be entitled to withhold the tools, test equipment, documents, etc. in any way whatsoever.

14. Provision of materials

Substances or parts which we have provided shall remain our property. They may only be used in conformity with their intended use. Substances shall be processed and parts assembled on our behalf. It is agreed that we shall remain part-owner of the products made with our substances and parts in accordance with the value of the materials provided in relation to the value of the product as a whole, and that the latter shall be stored on our behalf by the supplier.

In the case of materials provided for a specific order, the supplier shall explicitly be liable for ensuring that the materials provided are exclusively used for the specific order item.

15. Right of rescission

SFB shall be entitled to rescind the contract or to terminate the contract if bankruptcy proceedings are instituted against the supplier's assets.

16. Accident prevention regulations

Delivery and performance shall be governed by the accident prevention regulations of the relevant employers' liability insurance association for SFB. Any other accident prevention regulations to be observed additionally shall be stated by the supplier upon delivery or start-up. The supplier shall also be responsible for instructing his own and any other personnel provided with regard to compliance with all the specified accident prevention regulations.

17. Concluding provisions

The supplier may only assign claims against SFB with the consent of SFB.

18. Jurisdiction

Place of jurisdiction for all disputes associated with all contractual agreements with our suppliers shall be at our company headquarters insofar as our suppliers are merchants. The law of the Federal Republic of Germany shall apply in addition to the above provisions.

Place of performance for all contractual performances shall be at the customer's company headquarters.

If any of the provisions in the present Terms of Purchase prove or become invalid or unenforceable, this shall not affect the validity of the remaining terms. The invalid or unenforceable provision shall be replaced by a ruling meeting the legal and economic intent of the original provision as closely as possible. The same shall also apply if loopholes are found.