

General Conditions of Purchase
of
Rückle GmbH Werkzeugfabrik,
Maschinenfabrik Eimeldingen GmbH,
HEADTec GmbH
and of
Vario Fertigungstechnik GmbH
for international business transactions

Status: July 2007

I. Scope

1. Our following Conditions of Purchase apply exclusively. The Conditions also apply to all future transactions and in all cases in which contact is taken up with a supplier for business purposes, as for example the entry into contractual negotiations or in the preliminary stage before conclusion of a contract, even if these Conditions are not expressly agreed again or if no express reference is made to them again.

2. Conditions of the supplier which diverge from, or which contradict, our Conditions of Purchase are not recognized by us. Agreements reached beforehand and previous versions of our Conditions of Purchase are revoked by these Conditions of Purchase.

3. Insofar as the supplier makes supplies subject to reservation of title, then this - simple - reservation of title is expressly acknowledged. Other agreements, alterations and collateral arrangements are only valid if we state in writing that we expressly agree thereto.

4. Performance of the act of supply/service ordered and settlement of the remuneration agreed is deemed to constitute acknowledgement of the application of these Conditions of Purchase.

II. Conclusion of a Contract

5. We make our orders, changes to orders and calls for supplies in writing, by data-transmission or by fax. In the event of doubt, the content of oral and telephonic agreements (discussions) is only binding, if it has been confirmed by us in writing. Every order, change to an order, as well as every call for supplies, must be confirmed by the supplier immediately in writing. If this confirmation is not despatched within seven working days following receipt of our order or change to an order or if our order is not accepted within a period of 14 days, then we are no longer bound to the order. Calls for supplies become binding, if the supplier does not object to them within 7 working days after receipt.

6. Order-documents, in particular drawings or sketches which are enclosed, remain our property. The supplier is obliged to state on all correspondence the company reference (ID-No., Department-No. etc.) which was given at the time of our preliminary enquiry or, as appropriate, in our written order.

7. A reference to business relations with us in publicity material or in documents of reference or the use of trade-marks and labels which belong to us requires our prior written consent.

8. The offers or estimates of costs which are transmitted to us are binding. They are to be prepared free of charge.

III. Item to be supplied

9. The supplier is obliged to supply, or, as appropriate, to carry out, the item/service ordered by us in accordance with the contractual agreements. Deviations from the

planned form of construction or other modifications are only permissible with our written consent. The supplier guarantees that the supply/service will be performed with the use of suitable materials, that it will conform to the recognised technical rules and that it will comply with the statutory- and official safety-regulations and the environmental-protection provisions which are currently in force or which have already been enacted subject to a transitional period, but which will definitely come into force.

10. If we order parts which are to be manufactured by the supplier in accordance with a drawing or sketch specifically provided by us or in accordance with a model, then, if we so request, the supplier shall, together with supply of the item ordered, submit a test-protocol showing the characteristics of the product, such as measurements etc.

In the case of a supply of raw materials which have been ordered (e.g. steel), a factory certificate indicating the composition of the product must always be enclosed.

In the case of orders of chemicals, colours and varnishes, we must always be given safety-data sheets together with the delivery.

If we issue instructions to hardeners, then these must submit test-protocols with the delivery showing the actual hardnesses measured compared to the target hardnesses ordered.

11. If the supplier makes changes to the manner in which the material processed is composed or in the constructive manufacture of its products or services, as compared with similar supplies or services which were previously supplied to us, then the supplier is obliged to inform us about this without delay. In principle, any changes require our consent.

12. The supplier must carry out the instructions given to it in its own business premises. Transmission of instructions to third parties requires our written consent.

13. At our request, the articles ordered are to be supplied in such a form that the identity of the supplier or manufacturer is not recognisable by third parties. The firm-

names or logos of the supplier or manufacturer are not to be affixed to the products. The supplier or manufacturer is, in any event, permitted to attach an identification number to the parts to be supplied.

14. If we instruct a third party to perform work of a non-physical kind, such as, for example, construction work, then, on supply thereof or, as appropriate, on performance of the relevant contractual obligation, we acquire the exclusive right to use the work done, such right being unlimited in time and space.

IV. Models, Tools, Drawings, Sketches, Logo

15. If, within the framework of a supply/service, we provide any of the following to the supplier:

- models, samples, manufacturing-equipment, tools, measuring- and testing devices, drawings, standardized workshop-papers, printing plans or other ancillary materials,

then these remain our property. They will be stored by the supplier with the care of a proper businessman, free of charge and separately from other things in the possession of the supplier; they will be labelled by the supplier as our property and will only be used by the supplier for the purpose of the performance of our supply/service. The models and tools which are made available to the supplier are to be insured by the supplier against catastrophes such as fire, water, theft and loss at the supplier's cost.

16. The supplier is aware that our drawings or sketches for the production of the goods ordered, as well as our logos, are protected under copyright law or, as appropriate, under trade-mark law. The supplier therefore undertakes that, without our prior consent in writing, the supplier will not pass on the following to third parties nor use the same for non-contractual purposes: our logo, the drawings or sketches, as well as the tools and models manufactured on the basis thereof. For every case of blameworthy infringement of this undertaking, we are entitled to claim a liquidated

lump-sum in damages amounting to EUR 10,000.-- (in words: Ten Thousand Euros); it is open to the supplier to show that we have not incurred any loss or that the loss incurred by us is smaller. If such evidence is presented, then we shall only be entitled to claim compensation for the loss which has actually arisen.

17. On manufacture of the item to be produced or, as appropriate, on despatch of the supply contracted for, the supplier transfers ownership to us in respect of all manufacturing equipment, tools and models specifically designated for the order which were manufactured by the supplier at our cost. If these remain with the supplier, then delivery thereof to us shall be substituted by our allowing the supplier to retain the manufacturing equipment and tools as gratuitous bailee for the purpose of the performance of the order.

18. If we make a contribution toward the cost of production of manufacturing equipment, tools or models, then the supplier will transfer co-ownership of the manufacturing equipment, tools and models to us in proportion to the relationship which our contribution bears to the total costs of manufacture. We accept the transfer of co-ownership. The supplier is only entitled to use the manufacturing equipment, tools and models which are encumbered with our right of co-ownership after our written consent has been given.

19. To the extent that the supplier produces goods on our instructions and with our assistance – e.g. by our making available models, drawings etc. –, then goods of the relevant kind may only be manufactured by the supplier exclusively for us and they may only be delivered to, and sold to, us.

V. Terms of Payment

20. Periods for payment begin to run from the delivery-date fixed; they begin to run at the earliest from the day of receipt of the goods, from acceptance thereof – insofar as

this is agreed or is stipulated by law – and from the time a proper invoice is submitted. If the issue of additional certificates or material-testing certificates is agreed, the payment periods do not commence before these documents are received. These documents constitute an integral component part of the supply; they are to be presented at the latest five days after receipt of the goods or, as appropriate, receipt of the invoice.

21. In respect of payments made within 14 days after receipt of the goods, the supplier will grant a 3% discount for prompt settlement; otherwise, payment will be made within 90 days net. If defects in the delivery should appear or should be discovered within that time-period, then we have a right of retention and the claim of the supplier will not become due for payment until final removal of the defect or, as appropriate, until a faultless replacement delivery is made. In this case as well, we are entitled to deduct a discount for prompt settlement.

22. We are entitled to make payments by cheque or by bills of exchange which are capable of being discounted, the discounting charges and taxes to be borne by the supplier.

23. Settlement of an invoice shall not be deemed a waiver of the right to complain of defects. If a supply is defective, we are entitled to withhold payment proportionately until proper performance.

24. Apart from the above, we are entitled to the rights of set-off and retention as provided for by statute.

25. The supplier is not entitled to assign its claims to payment of the purchase price or, as appropriate, its claims to payment of the fee for undertaking work to third parties without our prior written consent. We will not unreasonably refuse to give this consent.

VI. Prices, Despatch, Packaging, Delivery

1. The prices agreed are basically fixed prices. If no prices are stated in the order, then the list prices of the supplier shall apply with the deductions which are customary in the trade. If the supplier reduces the prices for the products ordered before they are despatched, then the reduced prices shall apply. In principle, despatch shall take place on the following basis: delivered, insured and customs paid: DDP (Incoterms 2000) to our delivery-address as stated. Packaging costs are to be borne by the supplier.

2. Packaging-slips are to be enclosed with all deliveries; despatch-documents are to be sent in on the day of despatch. The complete order- and article-numbers must be stated on mailing-notices, way-bills, parcel-labels, delivery-notes and invoices. The VAT-ID No. or similar tax number of the supplier must be apparent. Invoices are to be issued in ordinary single-copy form. Supplies without adequate accompanying documents will be held back in the handling- and payment process until clarification; until the matter is put right by the supplier, the supplies will be stored in our premises, exclusively at the cost and risk of the supplier. The supplier is exclusively liable for all losses and costs which arise due to faulty compliance with, or non-observance of, these conditions.

VII. Delivery Period

1. Dates and periods which are agreed are binding. Our receipt of the goods shall be decisive for the purpose of establishing whether the delivery-date or delivery-period has been complied with. The supplier is obliged to notify us in writing without delay if circumstances arise or become apparent which give reason to believe that the agreed delivery-time cannot be met. This notification does not release the supplier from the supplier's liability for delay.

2. The supplier can only make the assertion that a supply has been hindered because documents which were to be produced by us were missing or because materials which were to be provided by us were missing, if the supplier has requested delivery of these

documents or, as appropriate, delivery of these items from us in writing and has not received them within a reasonable period.

3. Supplies which are made too early do not affect the due time for payment which was agreed. Partial-supplies will only be accepted, if this has been expressly agreed. The remaining supply which is still outstanding is to be specified in the delivery documents. If partial-supplies were not agreed, then the agreed due time for payment shall begin to be calculated from the day complete delivery takes place, at the earliest.

4. The supplier falls into delay with delivery as soon as the relevant delivery-date which has been bindingly agreed is passed, even if no notice of default is issued.

5. If the supplier exceeds the delivery-period contractually agreed, then the supplier must pay a contractual penalty amounting to 0,15% of the delivery price (excluding Value Added Tax) for every working day by which the delivery-period is culpably exceeded, in total, however, a maximum of 5% of the delivery price. A contractual penalty incurred can be claimed until the time of final payment.

6. If delay in delivery is due to blame on the part of the supplier, then the supplier shall be liable on an unlimited basis for all losses arising because of the delayed delivery; the contractual penalty which has been incurred shall be set off against the loss due to delay.

7. Acceptance of a supply does not represent a waiver of claims to damages for delay in delivery.

VIII. Transition of Risk

8. The supplier bears all risks of a deterioration in the items to be supplied, including the risk of their fortuitous destruction, until the items to be supplied are delivered to

the delivery-address which is specified by us. The arrangements contained in VII.3, VI.2 remain unaffected.

9. If the supplier owes performance of an item of work or if it was agreed that a formal acceptance procedure should take place, then risk first passes after formal acceptance takes place in accordance with Figure XII of these Conditions of Purchase.

IX. Liability

10. We accept the goods delivered subject to their examination for freedom from defects. We satisfy our duty of examination and our duty to complain of any obvious defects in the supply/service if we send off an objection regarding defects within 14 working days from receipt of the supply. To the extent that the proper conduct of business affairs does not make it possible to undertake an examination of the supply/service within that period, we will notify obvious defects to the supplier without delay after examination takes place and after the relevant defect is discovered. To this extent, the supplier waives its right to allege that the objection regarding defects has been submitted late.

11. If there are material defects in the supply/service of the supplier, then we are entitled to assert the statutory liability for material defects within the following time-periods: for a period of 24 months from the time the final customer takes our products into operation, such products having been manufactured with the use of the items supplied, and for a maximum period of 36 months from delivery to us, or acceptance by us, of the items supplied. If, in respect of certain items or rights acquired by us, longer limitation periods are provided for by statute, as, for example, in § 438(i) Nos. 1 and 2 BGB, then these limitation periods shall be deemed to be agreed.

12. To the extent that we are entitled to a statutory claim to subsequent performance, then, at our selection, the supplier shall either remove the defect or deliver a thing free of defects. The provision of § 439(iii) BGB remains unaffected hereby. If additional costs are incurred due to the fact that, after the supply to us, we have brought the

defective thing to another place, then these additional costs shall be borne by the supplier if such transportation accords with the proper use of the thing.

13. To the extent that the examination of the goods delivered is carried out on a spot-check basis as agreed, we are entitled to make claims for subsequent performance with regard to the whole supply if the quality-limits owed are exceeded.

14. If subsequent performance is unsuccessful or if the supplier refuses the types of subsequent performance selected, then we have the following options: we can withdraw from the contract concluded; we can claim a reduction in the remuneration claimed from us; or, if the supplier does not prove that the supplier is not to blame for the defects, we can claim damages in lieu of performance. The same applies, if subsequent performance by the supplier is unacceptable for us. This is the case, in particular, if, despite having received a request to remove the defects, the supplier does not discharge his duty without delay and acute dangers or greater losses threaten to occur. In these cases, we are also entitled to carry out the work which is required to remove the defects ourselves or to arrange for such work to be done by third parties at the cost of the supplier. This applies in particular, if greater losses – in particular, claims by our customers for delay - can only be avoided by a removal of the defects by us or by third parties instructed by us. We will inform the supplier about this. Statutory claims which go beyond this – as, for example, claims for reimbursement of expenses – remain unaffected.

15. The running of the limitation periods is interrupted for the duration of the supplier's attempts at repair. Interruption of the limitation periods commences at the time when our notice regarding defects is given. Interruption of the limitation period first ends at the time when the item to be supplied is usable without defects. In respect of parts which are delivered anew within the limitation period, the limitation period begins at such time at which the supplier has completely fulfilled our claims to new delivery.

16. If we take back from our customers the thing sold to them because the relevant item is defective, such defect having been caused by a supply/service of the supplier, or if our customer reduces the remuneration agreed, then we are entitled to exercise

the rights specified in § 437 BGB against the supplier, without the need to set a time-period. Therefore, we can withdraw from the contract, we can reduce the remuneration agreed or, in the event that the supplier does not prove that the supplier was not to blame, we can demand damages in lieu of performance. If, in relation to our customer, as a result of the defectiveness of our product - such defectiveness having been caused by a supply/service of the supplier -, we had to reimburse expenses, then we can demand that such costs be compensated by the supplier. § 479 BGB shall apply in respect of the limitation of these claims to recourse.

17. If a material defect becomes apparent within six months from transition of risk, then it shall be presumed that the thing was already defective at the time of transition of risk, unless this presumption is incompatible with the type of thing or the type of defect. In cases in which recourse is taken against the supplier, this presumption shall apply subject to the proviso that the time-period shall commence on transition of risk to the final customer.

18. If the supply/service of the supplier received by us is affected by legal defects, then the supplier shall keep us indemnified against possible claims from third parties. The limitation period for legal defects is ten years.

19. In principle, the supplier is liable to us for damages on an unlimited basis for all types of blameworthy breach of obligation, regardless of whether direct or indirect loss, financial loss or other items of loss are being claimed. In addition, the supplier is liable under the Product Liability Act.

20. If claims are made against us for infringement of national-, foreign- or official safety-regulations or product-liability rules or with regard to defects in our products which have been caused by supplies made by, or acts of performance of, the supplier, then we can demand compensation from the supplier for the losses caused by the supplier's products and we can demand that the supplier indemnifies us against relevant claims by third parties. However, in cases where liability is dependent on blame, this only applies if the supplier was to blame. If the cause of the loss lies in the area of responsibility of the supplier, then, to that extent, the supplier bears the burden of proof.

21. The costs which are to be reimbursed also include the costs of any recall-campaign which may be necessary as well as the necessary costs of legal action. The supplier will be informed of the content and extent of the recall-campaign which is to take place. The supplier is obliged to conclude a manufacturer's public liability insurance for its liability as manufacturer of the items to be supplied.

X. Rights of Rescission in the Event of Force Majeure

If, as a result of events of force majeure, labour disputes, civil unrest or official measures or other unavoidable events which occur after conclusion of the contract, there is a significant drop in demand for the goods ordered without blame on our part, then we can withdraw from the contract in full or in part or request performance at a later time, without the supplier being entitled to make any claims in respect thereof against us. The foregoing clause is subject to the proviso that the events in question are not of insignificant duration.

XI. Goods made available to the Supplier by us

1. If the supplier treats or processes goods which are made available by us, then the treating or processing shall be undertaken on our behalf in such a way that we acquire co-ownership of the new thing (produced), our share therein to correspond to the proportion which the purchase price of the merchandise supplied by us bears to the total sale value of the new thing (produced) at the time of processing. If the goods supplied (by us) are processed by the supplier with other goods which do not belong to us, then we are entitled to co-ownership of the new thing manufactured, our share therein to correspond to the proportion which the purchase value of the goods belonging to us which were used for the production of the new thing and which were subject to our reservation of title bears to the sale value of the new thing at the time of processing.

2. If the goods supplied by us are inseparably connected, mixed or jumbled with other goods, then we acquire co-ownership of the whole quantity of goods in the amount of the proportionate value of the goods supplied by us according to their purchase price, §§ 947, 948 Civil Code (BGB). If the supplier obtains sole ownership due to connection, mixture or jumbling, then the supplier already now transfers co-ownership to us in such proportion as the goods made available by us bears to the value of the newly-manufactured goods at the time of connection, mixture or jumbling. We accept this transfer. In this case, the supplier shall store the merchandise owned by us without charge.

XII. Acceptance

1. If, within the framework of the relevant order, the formal acceptance of the act of performance of the supplier is owed by us, then, in the event that the act of performance is performed in accordance with the contract, we will declare in writing that the supplier has fulfilled its contractual obligations.

2. A fictitious acceptance is excluded. There is no right to demand that partial acceptances take place.

XIII. Protective Rights

1. The supplier guarantees that, in connection with the supply/service by the supplier, no third party rights will be infringed.

2. If a third party makes claims against us for alleged infringement of protective rights, then the supplier is obliged to indemnify us against such claims. The duty of indemnity applies to all expenses which necessarily arise due to, or in connection with, the claim by a third party.

3. If the supplier owns commercial protective rights to the supplies or services ordered or with regard to processes for their manufacture, then these are to be notified to us on request, the relevant registration number to be stated.

XIV. Spare Parts

1. The supplier undertakes to supply spare parts in respect of the item to be supplied for the expected period of technical use of the relevant item, but at least for a period of ten years after delivery. The supplier undertakes that such spare parts will be supplied at reasonable prices and on the conditions applicable to the underlying order.

2. If, after this period expires, the supplier discontinues supply of spare parts, then the supplier shall inform us accordingly and give us the opportunity to make a final order. If agreement on the terms of the order, or regarding the price, is not reached or if the supplier discontinues supply of spare parts without notice, then, if we so demand, the supplier is obliged to hand out to us the documents required for production of the spare parts without delay. We are entitled to use the documents free of charge.

XV. CE-Conformity Declaration / Manufacturer's Declaration

The goods delivered must fulfil all legal provisions, directives and norms relating to the relevant merchandise. If a manufacturer's declaration or a declaration of conformity (CE) within the meaning of the EC-Machinery Directive is necessary, the supplier must prepare it and must make it available on demand, without delay and at the supplier's own cost.

VIII. Maintenance of secrecy

1. The parties undertake as follows:

- that, during the period of the contract, the parties will keep secret information which has become accessible to them in connection with the contract, which is described as confidential or which, for other reasons, is recognisable as constituting a business- or company secret, above all technical- and commercial information; and
- that, during the period of the contract, the abovementioned information will not be recorded, passed on to third parties or used by the parties in any way, except insofar as express written consent thereto has been obtained beforehand or except insofar as any such conduct is necessary in order to achieve the purpose of the contract.

This obligation to maintain secrecy shall continue to apply for another five years after the order has been performed in full or has come to an end.

2. The following information is excepted herefrom:

- information which a contracting party proves was already known to it before the contractual negotiations commenced or which a contracting party proves was notified (to the party) by third parties as not being confidential, provided that those third parties are, in turn, not in breach of any obligations of confidentiality;
- information which a contracting party proves has been developed by the party independently of its disclosure;

- information which a contracting party proves is, or will become, public knowledge without the blame or involvement of the parties; or
- information in respect of which a contracting party proves that there is a duty of disclosure by virtue of statute or that a public authority or court has ordered such information to be disclosed.

3. In the case last mentioned above, the disclosing contracting party is obliged to inform the other contracting party without delay before disclosure. Statutory duties of confidentiality which go beyond those referred to above remain unaffected.

4. For every case of blameworthy infringement by the supplier of this obligation to maintain secrecy, we are entitled to claim a liquidated lump-sum in damages amounting to EUR 10,000.-- (in words: Ten Thousand Euros); it is open to the supplier to show that we have not incurred any loss or that the loss incurred by us is smaller. If such evidence is presented, then we are only entitled to claim compensation for the loss which has actually arisen.

5. We reserve to ourselves the right to claim an amount of loss which is verifiably higher, instead of the lump-sum in damages.

IX. Final Provisions

1. The place of performance and legal venue for all disputes between the parties arising out of the contractual relationship is Römerstein. Independently hereof, we are also entitled to proceed against the supplier at the supplier's general legal venue.

2. If a provision of these Conditions of Purchase should be or become ineffective or if, within the framework of other agreements, a provision hereof should be or become

ineffective, then the effectiveness of all other provisions or agreements shall not be affected thereby.

3. The language of the contract is German. If another language is also used by the parties apart therefrom, then the German text shall take priority in accordance with this agreement.

4. The contractual and other legal relations between ourselves and the supplier are governed by German law, to the exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG) dated 11th April 1980.