

Delivery and Payment Terms

The following delivery and payment terms are an integral part of all of the Seller's delivery contracts. Any purchasing terms of the buyer are not an integral part of the contract. The terms extend to all subsequent transactions even if the inclusion of the terms is not explicitly agreed upon.

§ 1 Delivery Times and Prices

Delivery times are subject to proper and timely delivery to the Seller and are non-binding. Anything different is applicable only when the Seller guarantees a delivery time in writing.

Observance of a delivery time assumes the ability to perform work without disturbances and to export without hindrance. Acts of God; work stoppages; traffic disturbances; shortages of transportation, heating oil, raw materials and auxiliary materials; or operational disturbances of any kind at the Seller's own company or companies involved in fulfilment; as well as impediments caused by official decrees that hinder delivery free the Seller from his obligation to deliver for the duration of the effects without entitling the buyer to withdraw from the contract.

If price increases of any kind occur before the date of delivery and if the time from the date of contract closure to the agreed delivery date is greater than four months, the Seller is entitled to adjust his selling prices accordingly. All prices exclude legally applicable value-added tax without deductions.

§ 2 Delivery

Products are delivered – unless agreed otherwise – ex works. The goods should be received, to the extent possible, at regular intervals during the agreed delivery time. The buyer is responsible for the consequences of insufficient or delayed order releases. Inaccurate quantities must be reported verbally or via telephone on the day of receipt of the goods, whereby this report must also be confirmed on the same day by the buyer's dispatch of a written notification. An inaccurate quantity report is effective only when the written confirmation is received by the Seller within two days after receipt of the goods at the latest.

§ 3 Payment

Checks will be accepted only under reservation of timely redemption and the respective debt will be considered fulfilled only after the checked has been redeemed for the full amount. Payment will be applicable on the day of redemption.

in the event of payment default the Seller is entitled to charge interest in accordance with German law but at a minimum of a 7% annual rate. The right to document deviating damages remains – assuming the legal interest rate has not been exercised – unaffected. Upon one instance of default on the part of the buyer, all of the Seller's claims, including those not yet due or deferred, become immediately payable. This applies also to suspension of payments or upon application to open insolvency proceedings. In the event of a suspension of payments the Seller is entitled to make future deliveries dependent on the settlement of open claims.

Whenever payments are made by means of funds transfer or "wire", each contractual party will be responsible for all bank fees that apply to their respective account.

§ 4 Retention of Title

The delivered goods remain the property of the Seller until full payment of the purchase price and all other, including subsequent, claims that the Seller obtains against the buyer as a result of their business relationship. The buyer entitled and empowered to process or resell the retained goods only by means of a proper business transaction and only provided that regulations according to numbers 3 and 4 are observed. The buyer is not entitled to other acts of disposal of the retained goods and of other claims that he has ceded or must cede to the Seller in accordance with number 4.

If the buyer processes the delivered goods to create a new item, the processing is done for the Seller. It is not possible for the buyer to obtain

ownership of the delivered goods by processing those goods. If the goods are processed with other items that do not belong to the Seller, the Seller obtains partial ownership of the new items in proportion to the overall value. The new item becomes the retained goods.

The buyer relinquishes to the Seller at this time his claims from the resale of the retained goods in the amount that corresponds to the value of the retained goods. Under the terms of these stipulations, the value of the retained goods is the amount of the Seller's invoice plus a security surcharge of 20 %.

The Seller empowers the buyer under reservation of retraction to collect the claims from resale. The Seller will not exercise his own rights of collection as long as the buyer fulfils his payment obligation. The buyer must upon request name the debtor of the transferred claims and to notify this person or entity of the transfer. The Seller is hereby empowered to notify the debtors of the transfer in the name of the buyer.

If the value of the securities granted to the Seller exceeds his claims by more than 20 %, then the Seller is obligated upon the buyer's request to transfer the claims in return or release them according to the Seller's choice.

The buyer must without delay notify the Seller about foreclosures or other third party measures that may legally or effectively restrict the Seller's rights to the retained goods or transferred claims and provide the Seller with the documentation required for intervention. In the case of seizure or other confiscations the buyer is obligated to tell the executing authorities of the Seller's ownership and to officially notify the Seller within three days by sending him a copy of the confiscation protocol. The buyer bears the costs of exercising the Seller's rights to the property.

§ 5 Guarantee, Liability

The buyer must immediately (within five days following delivery, but always before processing) inform the Seller in writing about any defects.

If the goods are defective, the Seller will guarantee the goods by either repairing the goods at no charge or delivering replacements at no charge, according to his choice. As long as the Seller fulfils his obligation to remove the defects and the subsequent improvement does not fail, the buyer will not have the right to lower the remuneration or intentional action or gross negligence.

In the case of culpable breach of duty on the part of the Seller during contract negotiations and during execution of the contract, contractual and non-contractual damage claims can be asserted only in the presence of intentional action or gross negligence.

§ 6 Place of Jurisdiction, Applicable Law, Offsetting, Form

Place of jurisdiction for all claims exerted by the contractual parties, including the Seller's actions on bills of exchange and checks, is (assuming the buyer is a merchant) the Seller's place of jurisdiction.

The law of the Federal Republic of Germany is the applicable law under exclusion of the United Nations Conventions on Contracts for the International Sale of Goods (CISG).

The buyer is permitted to exercise offsetting with counter-claims only in the case of legally established or undisputed claims.

There are no verbal supplementary agreements. All agreements within the bounds of the business relationship can be agreed only in written form. This applies also to alteration of the requirement for the written form.

§ 7 Safeguarding Clause

The invalidity of individual stipulations does not affect the effectiveness of the remaining stipulations of these terms. The invalid stipulations will be replaced by a stipulation that most closely approximates the intentions of the party who desired the stipulation.

Oberaurach, 18.1.2006