

General conditions of contract for purchasing of goods and services Leicher Engineering GmbH

1. General, scope of application

- 1.1 These terms and conditions for the purchase of goods and services (these „Terms“) apply to all business relations with our business partners and suppliers (the “Suppliers”).
- 1.2 These Terms apply, above all, to contracts for the sale and/or the delivery of movable objects (the “Goods”), irrespective of whether the Supplier produces or processes the Goods itself or purchases the Goods from its suppliers.
- 1.3 These Terms, as amended, shall apply as a framework agreement also to future contracts for the sale and/or delivery of goods with the same Supplier, without us having to newly refer to these Terms in each particular case.
- 1.4 These Terms apply exclusively. Any deviating, conflicting or supplementing general terms and conditions of the Supplier will become part of the contract only if and to the extent that we have expressly agreed to their application in writing. This requirement of approval applies in any event, even if, for example, we accept the deliveries of the Supplier without reservation while being aware of its general terms and conditions.
- 1.5 Any individual written agreements made with the Supplier in the particular case (including side agreements, supplements and amendments) shall take priority over these Terms.

2. Scope of delivery by the Supplier

The Supplier's delivery shall always include, along with the goods ordered, all required documents, certificates, test results and agreed packaging, including labelling.

3. Conclusion of contract

- 3.1 Contracts with our Suppliers will be brought about only through our written confirmation of the Supplier's quotation (order). Our Orders will be made exclusively in writing.
- 3.2 If, following our confirmation of the Supplier's quotation, any details of the quotation (e.g. lot sizes of delivery or scope of documentation) should change, such changes will be deemed accepted by the Supplier unless the Supplier objects to such changes within 14 days after receipt of the corresponding order.
- 3.3 The Supplier will be bound to a quotation provided to us for three months. Such quotation forms the basis of our negotiations with our customers. The price quote of the Suppliers therefore covers the entire quantity offered as well as any part thereof. This includes the delivery period and the price.
- 3.4 We may order the entire quantity offered or any part thereof. Particularly if quotations of the Suppliers consist of several different Goods or variants of the Goods we may order partial quantities, without this

affecting the delivery period or price as per the quotation.

4. Default in delivery

- 4.1 If the Supplier fails to make delivery, fails to make delivery in sufficient form or quantity or fails to deliver within the agreed delivery period or if the Supplier is in default, our rights – in particular, our rights to rescission and damages – shall be based on the statutory regulations. The provision in No. 4.2 below remains unaffected.
- 4.2 If the Supplier is in default, we may – in addition to any further statutory claims – demand liquidated damages equal to 1% of the net price per completed calendar week, but in aggregate not more than 5% of the net price of the goods delivered late. We reserve the right to prove that we actually incurred no damage at all or substantially lesser damage.
- 4.3 If, following our order, the Supplier establishes that it may supply the ordered Goods only at a higher price, and/or with a longer delivery period, the Supplier may withdraw from the contract for delivery. In such case, the Supplier must compensate us for the difference between its price and the price charged by the substitute supplier, plus any other costs incurred by us for such substitute delivery. We reserve any other, additional claims.

5. Passing of the risk

The risk of accidental loss and of accidental deterioration of the Goods shall pass to us upon delivery at the place of performance. Unless agreed otherwise, the place of performance shall be our place of business. If acceptance is agreed, such acceptance shall be relevant for the passing of the risk.

6. Prices and payment terms

- 6.1 All prices are inclusive of statutory VAT, unless Vat is shown separately.
- 6.2 Unless agreed otherwise in the particular case, the price includes all services and ancillary services of the delivery (e.g. assembly, installation) as well as all ancillary costs (e.g. proper/contractually agreed) packaging, as well as transportation costs, including any transportation and liability insurance, customs duties and taxes). Upon our request, the Supplier shall take back packaging material at its own cost. Price adjustments (of any kind) shall require a written agreement with us in each individual case.
- 6.3 Price increases on the basis of material price increases may be demanded no earlier than 12 months after the first delivery. Material price increases must be evidenced by the Supplier through presentation of original invoices. Material price increases must be accepted by us in writing.
- 6.4 The agreed price shall be due for payment within 120 calendar days after complete delivery and performance (including acceptance, if agreed, and

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complete and proper documentation as owed by the Supplier) as well as receipt by us of a proper invoice indicating statutory VAT.

- 6.5 As regards the commencement of our default, the statutory regulations shall apply. In any event, however, a demand for payment shall be necessary.
- 6.6 We shall be entitled, within the scope specified by law, to rights to setoff and retention as well as to the defence of non-performance of contract. Above all, we shall be entitled to withhold overdue payments as long as we still have claims against the Supplier under incomplete or defective delivery.
- 6.7 The Supplier shall have a right to setoff or retention only on the basis of its counter-claims that are established with non-appealable effect or are undisputed.

7. Rolling order forecast

- 7.1 If specifically agreed, our orders will be made on the basis of the rolling order forecast outlined below.
- 7.2 To that effect, we will agree with the Supplier on a rolling forecast for each calendar quarter ("Quarterly Forecast"). The forecast figures required for the Quarterly Forecast must be provided by us to the Supplier no later than by the first calendar day of the first month of the quarter preceding the concerned forecast (i.e. 1 October for the quarter starting on 1 January; 1 January for the quarter starting on the 1 April; 1 April for the quarter starting on 1 July; 1 July for the quarter starting on 1 October).
- 7.3 Furthermore, we will agree with the Supplier on a rolling forecast for each calendar month ("Monthly Forecast"). The forecast figures required for the Monthly Forecast must be provided by us to the Supplier no later than by the first calendar day of the calendar month preceding the forecast month.
- 7.4 Furthermore, if expedient for us, we will implement with the Supplier a forecast on a weekly basis ("Weekly Forecast"). This forecast period covers the Monday of the following week up to and including the succeeding Sunday.
- 7.5 The Weekly Forecast shall be binding. If no Weekly Forecast is available for lack of expediency, the Monthly Forecast shall be binding.

8. Framework orders

If rolling order forecast is agreed, our orders will be binding upon written order. This shall not apply to framework orders. Framework orders are such orders where a certain quota of goods has been ordered by us in a general order. Unless agreed otherwise in writing, such framework orders will generally be placed by us through initial samples orders and individual release orders.

9. Emergency stocks

Insofar as agreed, our Supplier shall build up emergency stocks/emergency lots in sufficient quantity, but at least in the amount of one delivery lot for short-notice access made through our written individual orders. This shall not result in an obligation on our part to order and/or accept the entire emergency stocks/emergency lots built up by the Supplier.

10. Retention of title

Transfer of ownership to the Goods shall be made to us unconditionally and regardless of payment of the price. Specifically excluded shall be all forms of the extended retention of title ("*erweiterter oder verlängerter Eigentumsvorbehalt*"), which means that any retention of title validly declared by the Supplier shall be valid only until payment of the Goods delivered to us and only for such Goods.

11. Defective delivery

- 11.1 Unless provided otherwise below, our rights in case of defects of quality and defects of title of the Goods (including wrong delivery and short delivery as well as improper assembly, defective assembly, operating or working instructions) and in case of other breaches of an obligation by the Supplier, shall be governed by the statutory regulations. Excess deliveries will be accepted by us only in case of a price reduction which, expressed as percentage, corresponds to the excess delivery and only if released by us in writing. Short deliveries will be accepted by us only if this is permitted under our customer contract and only upon express written release by us.
- 11.2 Under the statutory regulations the Supplier warrants, above all, that the Goods have the agreed quality upon passing of the risk to us. In any event, such product descriptions shall be deemed to be agreed in terms of quality which – particularly through indication or reference in our order – form part of the concerned contract or have been incorporated in the contract in the same way as these Terms. It is irrelevant whether the product description comes from us, from the Supplier or from the manufacturer.
- 11.3 As regards the commercial duties of inspection and notification, the statutory regulations apply, provided that our inspection duty shall be limited to such defects that are revealed in the context of our incoming goods inspection in an external check, also of the delivery documents, and in our quality control by way of sampling procedure (e.g. damage in transit, wrong or short delivery, excess delivery, wrong packaging). If acceptance is agreed, no inspection duty applies.
- 11.4 Our notification duty for defects detected subsequently remains unaffected. In all cases, our notification (notice of defect) will be considered to be given immediately and in good time if delivered by us in writing to the Supplier within 10 working days after detection of the defect.

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11.5 By taking proper actions, the Supplier warrants the unqualified marketability of the Goods, above all the absence of any hazardous or harmful substances.

11.6 Any costs incurred by the Supplier for the purpose of examining and removing notified defects shall be borne by the Supplier even if it turns out that actually no defect existed. Our liability for damages in case of unjustified demands for defect removal remains unaffected; we shall be liable, however, only if we have recognised, or, due to gross negligence, have failed to recognise that no defect existed.

11.7 If a defect is detected, we may, at our option, demand subsequent improvement or replacement delivery (subsequent performance). The subsequent performance shall also include any removal and installation costs, special transportation costs, travel costs as well as examination and sorting costs. If the Supplier fails to satisfy its obligation to provide subsequent performance within a reasonable period set by us, we may remove the defect ourselves and demand from the Supplier compensation of the expenses incurred by us therefor or a corresponding advance payment. If the Supplier's subsequent performance has failed or is unreasonable for us (e.g. due to particular urgency, endangering of industrial safety or threatening occurrence of disproportionate damage), no period needs to be set; the Supplier shall be notified immediately, if possible beforehand. Besides, in the event of a defect of quality or defect of title, we shall have the right to reduce the purchase price or withdraw from the contract in accordance with the statutory provisions. Moreover, we shall have a claim to compensation for damage and expenses insofar as the statutory preconditions for any such claim are satisfied. Failure to make subsequent performance will be deemed to exist if, following our notice of defect, the Supplier has been unable twice to make flawless delivery. The compensation for expenses shall cover, in particular, our tooling costs for the concerned goods.

11.8 In case of infringements of intellectual property rights, the Supplier will indemnify us against any and all damage resulting from such infringements.

11.9 Otherwise, the statutory regulations shall apply.

12. Producer's liability

If the Supplier is responsible for a defect of quality or defect of title of the Goods ("defect"), which shall be the case, above all, if the defect is caused within its sphere of sovereignty and organisation,

12.1 the Supplier shall indemnify us against any claims made by third parties on the basis of any damage resulting from such defect or shall compensate us for damage incurred by us;

12.2 the Supplier shall indemnify us against all claims made by third parties or compensate any damage thereby caused to us, which are based on any claimed infringements, particularly infringements of intellectual property rights of third parties;

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12.3 the Supplier shall reimburse us for any expenses incurred under or in connection with claims made by third parties, including any recall campaigns conducted by us. We will inform the Supplier, insofar as possible and reasonable, about the terms and scope of any recall campaigns and give the Supplier the opportunity to comment. A claim to reimbursement of expenses in respect of recall campaigns conducted by us will exist only if the recall campaign was suitable and necessary to prevent or mitigate damage otherwise threatened to us, our customers or third parties due to the defect of the Goods. Any additional claims that we may have under the law remain unaffected.

12.4 The Supplier shall take out and maintain a product liability insurance with an insured lump sum of at least EUR 10 million per bodily injury/property damage and shall prove such insurance to us upon request, but without request once a year, by presentation of a proper confirmation. Maximisation of the sum insured shall be at the Supplier's discretion. The excess shall not be above EUR 5,000.00 per event or damage.

13. Quality protection and quality control

13.1 To ensure the quality of its goods, the Supplier shall maintain a quality management system at the latest state of technology. Only such goods will be delivered by the Supplier which have passed the quality management system free of faults and which have been found to correspond with our order. Drawing parts, standard parts and catalogue parts as well as screws, nuts, threaded parts and form parts shall, unless agreed otherwise, be delivered according to the latest state of technology from time to time and the technical standards (DIN/EN/ISO standards) (in case of doubt, with priority of the European standards) applicable to them.

13.2 Quality relevant documents and papers shall be preserved by the Supplier for at least 10 years and provided to us in copy upon request.

13.3 The supplier is obligated to make, keep and provide to us on demand retained samples of each of the Goods delivered to us.

13.4 The Supplier may use sub-contractors for delivery of the goods ordered by us only subject to our prior written approval. This shall not apply to any transport persons instructed by the Supplier who do not perform any work on the Goods ordered by us.

13.5 If the Supplier wishes to make substantial changes to the manufacturing process disclosed to us prior to our order (different procedure, different machine type, different material or different/including better material properties), the Supplier must obtain our prior written approval.

14. Statute of limitations

14.1 Unless provided otherwise below, the mutual claims of the parties will come statute-barred in accordance with the statutory regulations. The general limitation period

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for claims for defects shall be 3 years after the passing of the risk. If acceptance is agreed, the limitation period begins to run upon acceptance. The 3-year limitation period shall also apply to claims based on defects of title, provided that the statutory limitation period for third parties' claims *in rem* for restitution of goods remains unaffected; besides, claims based on defect of title will not become statute-barred in any event as long as the third party can still assert the right against us, particularly for lack of limitation of time.

- 14.2 The limitation periods under purchasing law, including the above extension, apply – in the scope as provided by law – to all contractual claims for defects. To the extent that we are also entitled to extra-contractual claims for damages on the ground of a defect, the regular statutory limitation period shall apply, unless application of the limitation periods under purchasing law lead to a longer limitation period in the particular case.

15. Confidentiality and non-disclosure

- 15.1 Drawings, models, samples, data and other information provided by us to the Supplier must be kept in strict confidence by the Supplier ("Business Secrets"). Such Business Secrets may be passed on to third parties or otherwise disclosed to the public only with our prior written approval. Excluded thereof shall be the disclosure to sub-suppliers approved by us. A corresponding non-disclosure agreement shall be made with employees and sub-contractors of the Supplier. This shall be proved to us in each case by provision to us of a copy of the relevant non-disclosure agreement. In the event of a breach of this provision, the Supplier shall be liable for a contractual penalty in the amount of EUR 10,000.00 for each breach.
- 15.2 This shall apply accordingly to any use of Goods delivered and/or to be delivered by the Supplier to us vis-à-vis third parties, whether in illustrations of the Goods, no matter through what medium or by use of the Goods themselves vis-à-vis third parties, particularly as an exposition item at trade fairs or in the company of the Supplier.

16. Supplier's handling of our goods

- 16.1 The Suppliers shall be obligated to handle carefully any goods provided by us for commissioned processing or reprocessing. Any loss of or damage to such goods shall be avoided at any rate. Such goods shall be insured accordingly by the Supplier against loss and/or damage.
- 16.2 Such goods are and remain our property. Any pledging or transfer by way of security of our goods by the Supplier shall be prohibited. We agree to such goods being processed within the ordinary course of business of the Supplier. Processing of such goods, however, shall always be made by our order, without us incurring any liabilities a result thereof.
- 16.3 Our retention of title also extends to the products created through processing, mixture or combination of

our goods at the full value of such products, provided that we shall be considered the manufacturer. If in case of processing, mixture or combination with goods of third parties, their ownership interest subsists, we shall acquire co-ownership at the ratio of the invoice values of the processed, mixed or combined goods. Otherwise, the created product shall be governed by the same regulations as our goods.

- 16.4 If our goods are sold or combined with a piece of real property within the Supplier's ordinary course of business without immediate payment, the Supplier hereby fully assigns to us as security its claim to the consideration, and we hereby accept this assignment. The Supplier shall be authorised and obligated to collect the claim assigned to us, as long as we do not revoke such authority. The Supplier shall separately post the collected amounts and pass them on to us immediately. Any related costs shall be borne by the Supplier.
- 16.5 Upon our request, the Supplier shall be obligated to disclose the assignment to its purchaser and to provide to us the information and hand out to us the documents necessary for us to enforce our rights against the purchaser. We shall also be entitled to inform the purchaser of our Supplier of such assignment.
- 16.6 If third parties claim or assert a right to our goods, the Supplier shall be obligated to notify us immediately in writing.
- ### **17. Choice of law and place of jurisdiction**
- 17.1 These Terms as well as all legal relations between us and the Supplier shall be governed by the laws of the Federal Republic of Germany, excluding the United Nations Convention on Contracts for the International Sale of Goods.
- 17.2 Unless provided otherwise, the exclusive (also international) place of jurisdiction for all disputes under the contractual relationship shall be our place of business in Kirchheim-Heimstetten. We shall also be entitled, however, to bring an action at the place of business of the Supplier.