

General Terms and Conditions of Purchase of Stelter Zahnradfabrik GmbH
As of June 2006

Section 1
General Scope of Application

1. Our Terms and Conditions of Purchase apply exclusively. We do not recognise terms and conditions of the supplier which conflict with or deviate from our Terms and Conditions of Purchase, unless we have expressly consented in writing to their application. Our Terms and Conditions of Purchase shall apply even if we unconditionally accept delivery despite knowing of terms and conditions of the supplier which conflict with or deviate from our Terms and Conditions of Purchase.
2. Our Terms and Conditions of Purchase apply exclusively in relation to businesses.
3. All agreements made between us and the supplier for the purpose of carrying out this contract must be laid down in writing in this contract.
4. Our Terms and Conditions of Purchase also apply to all future transactions with the supplier, even if they are not expressly incorporated again.
5. Our Terms and Conditions of Purchase also apply to services and works.

Section 2
Tender, Tender Documents

1. The supplier shall be obliged to accept our purchase order within 14 days, unless other binding periods are agreed upon in the individual case.
2. We shall retain title and copyrights to illustrations, drawings and other documents. Our illustrations, drawings and other documents may not be made accessible to third parties without our express consent and shall be used exclusively for manufacturing on the basis of our purchase order. They shall be kept confidential in relation to third parties. The provision in section 9 subsection 4 applies additionally in this respect.

Section 3
Prices, Payment Terms

1. The price indicated in the purchase order shall be binding. In the absence of a written agreement to the contrary, the price shall include free delivery and packaging. The return of packaging shall require special agreement.
2. Statutory value-added tax shall be included in the price. It must be indicated separately.
3. We shall only be able to process invoices, if the purchase order number indicated in our purchase orders is quoted in the invoices as prescribed in our purchase orders. The supplier shall be responsible for all consequences arising on account of non-compliance with this obligation, unless the supplier proves that non-compliance is not attributable to it.
4. Unless otherwise agreed upon in writing, we shall pay the purchase price within 14 days, calculated from delivery and invoice receipt, with a 3 % cash discount or within 90 days from invoice receipt.
5. We shall be entitled to rights of set-off and retention to the statutory extent.

Section 4 Delivery Period

1. The delivery period stated in the purchase order shall be binding.
2. The supplier shall be obliged to inform us in writing without undue delay, if circumstances indicating that the stipulated delivery period cannot be complied with occur or become apparent to it.
3. In the event of default in delivery, we shall be entitled to demand default damages at the flat rate of 1.5 % of the delivery value for every full week of default, but not exceeding 10 % as a flat rate. In this connection, the supplier shall have the right to prove to us that no damages or significantly lower damages were incurred. Statutory or contractual claims over and above the foregoing (particularly for compensatory damages on account of breach of duty) remain reserved.

Section 5 Passage of Risk, Documents

1. Unless otherwise agreed upon in writing, delivery shall be free to the place of destination.
2. The supplier shall be obliged to precisely quote our purchase order number in all shipping documents and delivery notes. If the supplier fails to do so, delays in processing shall not be attributable to us.

Section 6 Inspection for Defects, Warranty

1. An obligation on our part to give notification of defects as per section 377 of the German Commercial Code [HGB] is excluded. We undertake to carry out a minimum check for conformity with the delivery note and for transport damage.
2. The supplier undertakes to carry out a final inspection of the goods and shall conclude with us a quality assurance agreement.
3. We shall be fully entitled to all statutory rights in respect of liability for defects. In the event of defects, we shall in particular be entitled, at our option, to rectification of defects or delivery of an item free from defects. The supplier shall fully bear necessary costs in this connection. Furthermore, we shall be entitled to full and unlimited statutory claims to compensatory damages.
4. The statutory defect liability periods and limitation periods apply fully.

Section 7 Product Liability, Indemnification, Liability Insurance Cover

1. Where the supplier is responsible for product damage, the supplier shall be obliged to indemnify us against third-party claims for compensatory damages on first request, in so far as the cause lies within its sphere of control and organisation and it is liable itself in relation to third parties.
2. Within the framework of its liability for cases of damages, the supplier shall also be obliged to reimburse any and all expenses arising from or in connection with a recall campaign, except where the claim ensues from sections 830 and 840 of the German Civil Code [BGB] in conjunction with sections 426 and 254 of the German Civil Code.

3. If a claim is otherwise brought against us on account of a defect in the item delivered by the supplier, we shall be fully entitled to a right of recourse against the supplier under section 478 of the German Civil Code. An exception thereto shall only exist, if we have been granted an equivalent settlement for the right of recourse beforehand.
4. The supplier undertakes to maintain product liability insurance with blanket cover in the sum of 5 million EUR per case of personal injury / property damage. If we are entitled to claims to compensatory damages over and above the foregoing, these shall remain unaffected.

Section 8 Property Rights

1. The supplier warrants that no third-party rights within the Federal Republic of Germany will be infringed in connection with its delivery.
2. If a third party brings a claim against us on account thereof, the supplier shall be obliged to indemnify us against such claims on first written request. We shall not be entitled to enter into any agreements whatsoever with the third party, particularly a settlement, without the supplier's consent.
3. The supplier's duty to indemnify relates to all necessary expenses incurred by us as a result of or in connection with third-party claims brought against us.

Section 9 Retention of Title, Provision of Parts, Tools, Confidentiality

1. If and in so far as we provide parts to the supplier, we shall retain the title thereto. Processing or remodelling by the supplier shall be undertaken on our behalf. If our goods under retention of title are processed with other items not belonging to us, we shall acquire joint title to the new item in the ratio of the value of our item (purchase price plus value-added tax) in relation to the other processed items at the time of processing.
2. If the item provided by us is inseparably mixed with other items not belonging to us, we shall acquire joint title to the new item in the ratio of the value of the item under retention of title (purchase price plus value-added tax) in relation to the other mixed items at the time of mixing. If mixing is effected in such a manner that the supplier's item is to be regarded as the principal item, it shall be deemed agreed that the supplier transfers joint title to us on a pro-rata basis. The supplier shall act, on our behalf, as custodian of the property solely or jointly owned by us.
3. We retain the title to tools. The supplier shall be obliged to use the tools exclusively for manufacturing the goods ordered by us. The supplier shall be obliged to insure, for the replacement value, the tools belonging to us against fire, water and theft damages at its own expense. At the same time, the supplier assigns to us here and now all compensation claims arising from the said insurance. We accept the assignment. The supplier shall be obliged to carry out in due time at its own expense any and all necessary servicing and inspection work on our tools, as well as all maintenance and repair work. The supplier shall immediately notify us of any faults. If the supplier culpably fails to do so, claims to compensatory damages shall remain unaffected.
4. The supplier shall be obliged to keep strictly confidential all illustrations, drawings, calculations and other documents and information received. They may only be disclosed to third parties with our express consent. The obligation of confidentiality shall also apply after this contract has been wound up. It shall lapse if and in so far as the manufacturing

know-how contained in the illustrations, drawings, calculations or other documents provided becomes common knowledge.

5. If and in so far as the security interests to which we are entitled under subsection 1 and/or subsection 2 exceeds by more than 20 % the purchase price of all our goods under retention of title which are yet to be paid for, we shall be obliged to release security interests of our choosing at the supplier's request.

Section 10

Place of Performance, Place of Jurisdiction, Applicable Law

1. The place of performance for our duties (particularly our payments) is Bassum.
2. The place of jurisdiction for all legal proceedings is, in cases where the value in dispute is 5,000.- EUR or less, Local Court [Amtsgericht] Syke or, in cases where the value in dispute is over 5,000.- EUR, Regional Court [Landgericht] Verden (Aller). We shall also be entitled to bring an action at the place where the supplier's registered office is situated.
3. The legal relations between the parties are subject to German law. Applicability of the UN Sales Law Convention (CISG) is expressly excluded.