

Terms and Conditions

PART 1: Sale and Delivery (pages 1-12)

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PART 1:

Terms and Conditions of Sale and Delivery

Section 1

Validity of conditions

(1)

These Terms and Conditions of Sale and Delivery shall apply exclusively to our offers, sales and deliveries. We do not acknowledge conditions of the Customer which are adverse or deviate from our Terms and Conditions of Sale and Delivery unless we have expressly approved them in writing. Our Terms and Conditions of Sale and Delivery shall also apply if we execute the order without reservation in the knowledge of the existence of adverse provisions and those deviating from our Terms and Conditions of Sale and Delivery.

(2)

Our Terms and Conditions of Sale and Delivery shall also apply to all future business with the Customer.

Section 2

Offer and conclusion of the contract

(1)

Our offers are not binding and may be revoked by us at any time prior to and directly after acceptance by the Customer.

(2)

The Customer is bound to its order for 15 working days. Our acceptance shall be in writing or by telex or fax, insofar as delivery or invoicing is not directly by us.

(3)

The information contained in our specification is authoritative for the condition of the delivery object owed by us.

Information contained in catalogues, brochures, circulars, notices, diagrams and price lists does not determine the condition of the delivery object, unless these are expressly included in the specification with reference to the specification.

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(4)

Information in our specification which determines the condition of the delivery object is not a guarantee, particularly not shelf-life guarantees.

Information on the delivery and performance scope is not a commitment to the transfer of a procurement risk. Correct and timely self-supply of us by our suppliers remains rather reserved.

The transfer of warranties and the procurement risk require written agreement from the parties, in which the terms of the warranty and the procurement risk are expressly used.

(5)

Insofar as we do not expressly take on the assembly responsibility, this shall lie exclusively with the Customer. Drawings or other instructions regarding the installation of our delivery objects submitted by us are not assembly instructions but only information on the dimensions of the delivery object and the specification of the locations in which the delivery object is to be installed within the Customer's entire plant/ machine.

Section 3

Prices

(1)

The prices stated in our offer form the basis of the existing calculation at the time the offer was submitted. With regard to contracts which bind us for more than four months or where continuing obligations are involved, should an essential change occur in raw material prices of at least 10% after submission of the offer/conclusion of the contract, we shall be entitled to increase the agreed prices by the proportional additional expenditure. The Customer shall be informed of this. This regulation applies correspondingly to a reduction in raw material prices by the amount of 10%.

(2)

Should the number of units ordered be less than the volume used as a basis in the offer, we shall be entitled to include a smaller volume surcharge or to recalculate the price.

Section 4

Payment

(1)

The payment period specified or agreed on the GRAFIX GmbH invoices is crucial to the calculation of the invoice date. The invoice shall be deemed to have been paid, when the full amount has been credited to our bank/ giro account.

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(2)

Should the Customer still have open invoices, the oldest due claim shall be repaid.

(3)

Should serious defects in the creditworthiness of the Customer arise after conclusion of the contract, we shall be entitled to make the entire remainder of the debt due immediately, even if we have accepted cheques or promissory notes and to refuse to carry out any remaining performance on our part. Serious defects in creditworthiness include in particular the Customer not performing its payment obligation despite reminders, cheques and promissory notes not being honoured, composition or insolvency proceedings being initiated or the process being ceased due to insufficient assets.

The Customer may prevent the immediate assertion of the entire remaining debt by organising adequate and suitable security.

(4)

The Customer shall not be entitled to offset its claims against us or retain its payments provided that these claims were executed due to set-offs and/or the right of retention, not recognised by us or not determined to be non-appealable.

Section 5

Delivery time, delay and impossibility

(1)

The delivery deadline specified in writing in the order confirmation shall serve as the delivery time. Insofar as the Customer has not furnished all the documentation, authorisations, releases etc to be acquired by it at least one month before the delivery deadline specified in writing, the delivery deadline specified in writing by one month, beginning from the time at which the existing documents, authorisations, releases, etc. listed previously are received in full by us.

(2)

The delivery period is complied with if by its expiry the delivery object has left the plant or our readiness to deliver has been communicated to the Customer.

(3)

With delivery contracts on call, the Customer shall be obliged to establish 6 months of covering delivery classifications in advance and to call the established delivery classifications correspondingly in time before the relevant delivery deadline. Should the Customer not comply with this obligation or not as specified, we shall be entitled after the setting of an appropriate period to recall and/or classification, to carry out the recall or

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classification ourselves, to deliver the goods or to withdraw from the contract. The right to claim damages due to infringement of an obligation is not excluded by rescission.

(4)

Claims for damages due to a delay in delivery or non-performance of obligations are excluded insofar as they do not involve gross negligence or intent on our part, on the part of our managerial employees or vicarious agents. This limitation to liability shall not apply to an involuntary infringement of crucial contractual obligations (cardinal obligations).

Should we be deemed liable for the payment of damages due to simple negligence (infringement of cardinal obligations), the claim for damages shall be restricted to typically foreseeable damages. Damages arising from production losses/ and or lost profits are not excluded in cases of simple negligence. This limitation to liability shall apply correspondingly for grossly negligent behaviour by our vicarious agents.

A possible right of rescission of the Customer due to this state of affairs shall remain unaffected by this limitation in liability.

(5)

Correct and timely self-delivery remains reserved.

(6)

If there is a delay in acceptance by the Customer, the damages arising for us because of this breach in obligation, in particular the costs arising through the storage of the delivery object, are to be replaced. This does not apply if the infringement of the obligation is beyond the control of the Customer. In this case, the transfer of the costs of the Customer is limited to the costs arising as the result of storing the delivery objects. Moreover, we shall be entitled, after unsuccessful determination of an appropriate period for acceptance in any other way to make the delivery object available and to supply the Customer with a suitably extended period.

Section 6

Force majeure

Should we be prevented from fulfilling our obligation after conclusion of the contract as a result of unforeseen, unusual circumstances, which could not be averted despite the reasonable care depending on the circumstances of the case in question, in particular interruptions to work, official sanctions and interventions, delays in the supply of essential raw materials, energy supply difficulties, etc., the delivery period shall be extended by the appropriate time. Should these circumstances make delivery impossible, we shall be released from our delivery obligation.

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These regulations also apply in cases of lockout or strike.

Should the existing hindrance last for longer than one month, both parties to the contract shall be entitled to withdraw from the part of the contract yet to be fulfilled. Claims for damages are excluded in such cases.

We may only turn to the circumstances stated here if we notify the Customer of these circumstances without delay after their occurrence.

Section 7

Transfer of risk

Should the goods be ready for shipping and dispatch or acceptance is delayed for reasons beyond our control, the risk shall be passed over to the Customer with the receipt of the notification of dispatch readiness. Statutory provisions also apply.

Section 8

Retention of title

(1)

The goods delivered shall remain our property until full payment of all accounts arising from the business association between us and the Customer.

(2)

The Customer shall be entitled to resell the reserved property in the normal course of business; however, a mortgage or chattel mortgage may only be permitted with our approval.

The Customer shall be required to guarantee our rights in resale of the reserved goods.

(3)

The claims of the Customer arising from the resale of the reserved goods are now already assigned to us by the Customer; we accept the assignment. Despite the assignment and our collection rights, the Customer shall be entitled to collect for as long as it fulfils its obligations to us and does not lose its assets. At our request, the Customer must inform us of the information on the assigned claims required for collection, and in particular a list of debtors with names and addresses, the amount of the claim and the date of the invoice and to inform its debtors of the assignment to us.

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(4)

The Customer shall carry out possible treatment and processing of the reserved goods for us without us acquiring obligations as a result of this. The processing, integration and mixing of the reserved goods with other goods not belonging to us results in us being entitled to the resulting co-ownership interest in the new product in the proportion of the invoice value of the goods to be processed at the time of processing, integration or mixing.

Should the Customer acquire the sole ownership of the new product, the parties shall be in agreement that the Customer shall grant us a co-ownership interest in the new product in proportion to the invoice value of the reserved goods to be processed, integrated or mixed and that this shall be secured free of charge.

(5)

Should the reserved goods be resold together with other goods, irrespective of whether they have been processed, integrated or mixed with them, the assignment of future claim agreed above shall only apply to the amount of the invoice value of the reserved goods which are resold along with the other goods.

(6)

In enforcement proceedings against third parties regarding the reserved goods or future-assigned claims, the Customer must inform us without delay should it hand over any documents necessary for an intervention.

(7)

The entitlement of the Customer to the reserved goods and to collection of assigned claims expires in cases of default on payment by the Customer after unsuccessful demands for payment, with disputed promissory notes or cheques or with loss of assets – particularly initiation of composition and/or insolvency proceedings – on the part of the Customer. In such cases, we shall be entitled to take possession of the reserved goods and the Customer shall be obliged to return the reserved goods to us.

We can reclaim our delivery objects only when we have declared that we have withdrawn from the contract. The right to demand damages in addition to withdrawal from the contract is not excluded by this.

(8)

It shall be clarified that in cases of financing by cheque/promissory note, the property shall only be handed over to the Customer after complete redemption of the promissory note and payment to us of the promissory note amounts.

(9)

Insofar as the security interests to which we are entitled for all our claims not yet paid with regard to the Customer exceed more than 10%, we shall be obliged to release the security rights at the request of the Customer at our option.

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Section 9

Product inspection and product warning obligation

(1)

In order to protect the end-user against risks arising from the product, the Customer shall be obliged to continually monitor the product from a safety-technical point of view (product inspection obligation). Should it become discernible that risks may arise from the product, the Customer shall be obliged to inform us of this in writing without delay (product warning obligation).

(2)

Should we be subject to a claim for damages from a third party due to an infringement of the product inspection and/or product warning obligation, and this liability can be traced back to the infringement of the product inspection and/or product warning obligation of the Customer, we shall not be liable to the Customer for this damage.

(3)

As part of its normal production inspections, the Customer shall be obliged to check the defect-free function of our machines.

Section 10

Notification of defect

(1)

The Customer's inspection and notification obligations are determined in accordance with section 377 of the *Handelsgesetzbuch* [German Commercial Code]

(2)

We shall bear all expenditure regarding subsequent improvements insofar as the subsequent improvement takes place at the Customer's registered place of business as agreed in the supply contract.

(3)

No quality defect claims from the Customer exist for:

- defects arising as a result of improper handling or over-utilisation by the customer or its purchaser
- if the delivery object is changed externally and/or through the installation of externally manufactured parts, unless the defect is not directly associated with this change
- if statutory or installation and handling regulations issued by us are not fulfilled by the Customer or its purchaser unless the defect is not directly associated with this non-observance.

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(4)

Should it be determined that the defect relates to a circumstance that does not make us liable for quality defects, the Customer shall refund all our costs arising from this.

Section 11

Quality defects/limitation period

(1)

Should the delivery object not be free from quality defects or should we have given a guarantee for certain quality characteristics, we may choose to eliminate the defect or deliver a defect-free delivery object.

(2)

Should attempts to rectify the problem fail a second time, the Customer may choose to withdraw from the contract or reduce the purchase price.

Should the quality defect be due to gross negligence or intent on our part or the part of our managerial employees or vicarious agents or should the defect lead to an involuntary infringement of essential contractual obligations (cardinal obligations) or to an involuntary infringement of life, body, health or if we have given a guarantee for certain quality characteristics, the Customer may make a claim for damages due to the quality defect instead of rescinding the contract or reducing the purchase price.

Should we be deemed liable for the payment of damages due to simple negligence (infringement of cardinal obligations), the claim for damages shall be restricted to typically foreseeable damages. Damages arising from production losses and/or lost profits are not excluded in cases of simple negligence. This limitation to liability shall apply correspondingly for grossly negligent behaviour by our vicarious agents.

(3)

No quality defect claims from the Customer exist for:

- defects arising as a result of improper handling or over-utilisation by the customer or its purchaser
- if the delivery object is changed externally and/or through the installation of externally manufactured parts, unless the defect is not directly associated with this change
- if statutory or installation and handling regulations issued by us are not fulfilled by the Customer or its purchaser unless the defect is not directly associated with this non-observance.

Should it be determined that the defect relates to a circumstance that does not make us liable for quality defects, the Customer shall replace all our costs arising from this.

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(4)

We shall bear all expenditure for subsequent improvement insofar as the subsequent improvement takes place at the Customer's registered place of business as agreed in the supply contract.

(5)

The Customer shall have no warranty claims:

- for defects resulting from improper handling or over-utilisation by the Customer or its purchaser
- if the delivery object is changed externally and/or through the installation of externally manufactured parts, unless the defect is not directly associated with this change
- if statutory or installation and handling regulations issued by us are not complied with by the Customer or its purchaser, unless the defect is not directly associated with this non-observance.

(6)

Should it be determined that the defect relates to a circumstance that does not make us liable for quality defects, the Customer shall refund all our costs arising from this.

(7)

The regular limitation period for defective delivery objects, which are not usually used for structures, is 1 year from the delivery of the object of the contract to the Customer.

The shortening of the limitation period for claims for damages due to quality defects is excluded for gross negligence or intent, an involuntary infringement of essential contractual obligations (cardinal obligations) or the involuntary infringement of life, body, health by us, our managerial employees or vicarious agents.

(8)

Should the contract relate to used objects, all claims regarding quality defects are excluded. This exclusion does not apply to claims for damages involving gross negligence or intent, an involuntary infringement of essential contractual obligations (cardinal obligations) or the involuntary infringement of life, body, health by us, our managerial employees or vicarious agents.

Section 12 Commercial protective rights

(1)

Claims for damages made against us due to the infringement of trademarks, patents, utility models or registered designs are excluded insofar as they do not involve gross negligence or intent on our part or on the part of our managerial employees or vicarious agents or the non-infringement of existing commercial protective rights was guaranteed.

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This restriction to liability shall not apply in the case of an involuntary infringement of essential contractual obligations (cardinal obligations) by us, our managerial employees or vicarious agents.

If we or our representative bodies, managerial employees or vicarious agents are deemed subject to damages claims due to simple negligence (infringement of cardinal obligations), the claim for damages shall be restricted to typically foreseeable damages. This restriction to liability shall apply correspondingly for grossly negligent behaviour by our vicarious agents.

(2)

The right of the Customer to withdraw from the contract due to the violation of existing commercial protective rights shall remain unaffected.

(3)

Insofar as we may be liable for damages due to the infringement of protective rights of third parties, the Customer has only to produce evidence of this legal defect, when a non-appealable judgement is issued against it in this regard. The right of the Customer to serve notice against us shall remain unaffected by this regulation.

Section 13

Claims for damages due to infringement of protective obligations

(1)

Our liability regarding quality or legal defects, delays in delivery on non-delivery is not covered by this section (Section 13). In this respect, the rules of sections 5, 11 and 12 of these General Terms and Conditions of Sale, Purchase and Payment apply.

(2)

Claims for damages due to other obligation infringement, in particular protective obligations, are excluded, with the exception of gross negligence or intent, an involuntary infringement of essential contractual obligations (cardinal obligations) or the infringement of life, body, health by us, our managerial employees or vicarious agents.

Should we be subject to the payment of damages due to simple negligence, the claim for damages shall be restricted to typically foreseeable damage. Damage caused by production shortages and/or lost profits is excluded in cases of simple negligence. This limitation to liability shall apply correspondingly for grossly negligent behaviour by our vicarious agents.

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(3)

This limitation on liability in accordance with subsection 2 shall apply correspondingly to tortious claims.

(4)

Claims for damages due to the other infringements of obligations regulated in these sections, which involve a quality defect, shall become statute-barred within one year of the end of the year in which the claim arises and the Customer has become aware of the circumstances giving rise to the claim or would have become aware but for gross negligence.

This restriction of the limitation period shall not apply to claims for damages caused by gross negligence or intent, an involuntary infringement of essential contractual obligations (cardinal obligations), as well as the infringement of body, life, health and freedom by us, our managerial employees or vicarious agents.

Section 14

Suspension of limitation period during negotiations

Pending negotiations over claims due to quality defects or other claims for damages may only take place, if the parties have stated in writing that such claims are to be negotiated. Should the appeal to this written form requirement represent legally improper conduct, neither party may rely on compliance with this written form requirement.

Section 15

Place of performance, applicable law, jurisdiction, partial invalidity

(1)

Stuttgart shall be the place of performance for payment and for delivery to our delivery site.

(2)

The exclusive jurisdiction for any disputes arising from the contractual relationship between the parties, of which the deliveries and performances form the basis, shall be the Stuttgart regional court covering our registered office. We are however entitled, but not obliged, to file against the customer in its statutory place of jurisdiction.

(3)

The legal relationships between the parties with regard to the deliveries and performances agreed shall be subject to German law with the exception of the Vienna UN Sales Convention (CISG).

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(4)

Subsidiary agreements, reservations, changes and additions shall be in writing.

(5)

Should the provisions of these General Terms and Conditions of Purchase, Delivery and Payment or a provision forming part of other associated agreements with regard to the supply contract be or become invalid, the validity of all other provisions or agreements shall remain unaffected.

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PART 2:

Terms and Conditions of Purchase

Section 1

Authoritative provisions

(1)

Orders are handled exclusively on the basis of our Terms and Conditions of Purchase. The General Terms and Conditions of the Supplier or other deviating agreements shall only be valid if they are confirmed in writing by us as an addition to our Terms and Conditions of Purchase.

(2)

Our Terms and Conditions of Purchase shall also apply if deviating conditions of the Supplier are accepted knowingly without reservation. References or counter-confirmations of the Supplier referring to its supplier conditions shall herewith be expressly contradicted.

(3)

Our Terms and Conditions of Purchase shall also apply to all future business with the Supplier.

Section 2

Orders

(1)

Only orders placed in writing are valid. Our signature is therefore not required. The written form is also adhered to via remote data transfer and fax.

(2)

Acceptance of every order shall be confirmed by the Supplier without delay after receipt, at the latest within one week. Should we have not received the confirmation within one week of the date of the order, we shall be entitled to revoke the order.

(3)

The Supplier shall reasonably expect that we may request changes in the design and execution of the object. In this way, the effects, in particular the additional costs and minor cost as well as the delivery deadlines can be appropriately considered.

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Section 3

Prices

(1)

Insofar as nothing is agreed to the contrary, the prices stated in our order and confirmed by the Supplier are binding.

(2)

If no specific agreement has been made, the prices for delivery are freight paid to the unloading point specified by us, and if no unloading point was specified, to our registered office, including packaging.

Section 4

Invoices and supplier declarations

(1)

The invoice is to be sent to our postal address and may not accompany the delivery. It must contain all the information required by us and be received by us in duplicate without delay after delivery, at the latest within 5 days.

(2)

The Supplier shall be obliged to provide a supplier declaration in accordance with the authoritative EU regulations, at the latest with the first delivery.

(3)

Insofar as the form requirements according to subsections 1 and 2 are not fulfilled, the invoices are not deemed to be issued.

Section 5

Payment conditions

(1)

When payment is made within 14 days, we shall be entitled to a discount of 3%. Payments made within 30 days shall be net, insofar as nothing else is agreed to the contrary.

(2)

Default on payment begins 30 days after the due date and receipt of the invoice. The invoice shall become due 30 days after further processing of the delivery objects, at the latest however 60 days after receipt of the

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invoice, but at the earliest after compliance with the form requirements regulated in section 4 subsections 1 and 2 and receipt of the delivery.

(3)

Payment shall take place with the reservation that the invoice is checked.

(4)

On acceptance of early deliveries, the period for determining the due date begins to run only after the agreed delivery date.

(5)

Default penalties for remuneration demands are limited to a maximum of 5% over the basic rate of interest. Should the Supplier pay lower rates of lending interest, these are authoritative. Should claims for default be asserted, the Supplier must be able to provide us with evidence of the lending interest it pays.

Section 6

Delivery deadlines and periods

(1)

The deadlines, volumes and periods specified in the order or delivery classification are binding and are to be complied with/fulfilled in full. We are not obliged to accept part-deliveries. Partial performance after an unsuccessful, reasonable period for performance of the entire delivery may be rejected as not owed. Crucial to compliance with delivery deadlines and periods is the receipt of the goods at our agreed unloading point, and if no unloading point was agreed, at our registered office.

Section 7

Shipping/place of performance/bearing of risk

(1)

The delivery is to be made to the shipping address specified on the order. The delivery note is to accompany the goods in duplicate.

(2)

Insofar as we did not carry out the shipping ourselves or determine the transport company, the place of performance is always the shipping address stated on the order and, if no shipping address is stated, our registered office.

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(3)

The Supplier shall bear the risk until the delivery of the delivery object to the specified shipping address (place of performance), even when we assume transport and/or transport assurance.

Section 8

Delivery delay

(1)

The Supplier shall bear the supply risk for delivery objects ordered by us.

(2)

Decisive for the delivery deadline determined by the calendar, is the date specified in our written order or other declarations from us associated with the order. Supplier dates are insignificant for the time of the performance of the Supplier unless they agree with those stated by us.

(3)

As soon as the Supplier foresees difficulties in the material order, manufacture etc. which may prevent it making it the delivery in good time as agreed, it shall inform us without delay. The Supplier's obligation to deliver on time and acceptance of the supply risk are unaffected.

(4)

The acceptance of the delayed delivery or performance contains no waiver of our existing claims against the Supplier due to the delayed delivery. We may always reject part-deliveries as non-fulfilment of the delivery obligation.

Section 9

Quality and documentation

(1)

The Supplier shall comply with the recognised rules of technology, safety regulations and the agreed technical data when making its delivery. Changes to the delivery object require our prior written authorisation.

(2)

Should we require an initial sample, mass production may only begin after written approval of the sample.

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(3)

If the nature and scope of the inspection as well as the inspection materials and methods between the Supplier and us are not agreed, we are prepared at the request of the Supplier within the framework of its knowledge, experience and options, to discuss the inspection with the Supplier, and to determine the necessary status of inspection technology.

(4)

Insofar as the Supplier has received drawings, samples or other provisions from us, it shall be obliged to comply with these with reference to the nature, condition and execution of the delivery object. The Supplier may not rely on documents, advertising statements or drawings which contain statements on the condition of the delivery object, insofar as the requirements reproduced there do not correspond to our requirements in the above documents. However, the Supplier is bound by such statements insofar as they exceed our condition requirements.

The inspection documents are to be retained for 10 years and made available to us on request. Should the Supplier cease trading before this 10-year period expires, it shall hand over the documents to us at this point free of charge.

Within the framework of the legal possibilities, subcontractors shall have the same obligation to the Supplier.

(5)

Insofar as the authorities or customers of ours demand access to the production flow or production documents to check specified requirements, the Supplier shall be prepared to grant the same rights in its premises and to provide any reasonable support in so doing. In addition, the Supplier shall ensure that these rights are also granted to the authorities and our customers with regard to the subcontractors of the Supplier.

(6)

For materials which due to statutes, regulations, other provisions or their composition or effect on the environment must be specially treated with regard to packaging, transport, storage, contact and/or waste disposal, the Supplier shall provide with the offer a complete safety information sheet, the requisite information sheet for further processing abroad as well as an applicable accident instruction sheet (transport). In case of changes to the materials or the legal situation, the Supplier shall provide us with updated information and instruction sheets.

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Section 10 Notification of defect

(1)

Insofar as we are obliged to give notification of defect, this shall take place with regard to obvious defects at the latest 14 days after receipt of the goods.

(2)

For goods where the defect can only be detected when processed by us and/or when used by purchasers of ours, the notification of defect shall still be in good time if it takes place within a week of our establishing the defect or after receipt of the notification of defect from our purchaser.

(3)

Should we be the subject of a claim by our purchaser due to a defect, despite non-compliance with the regulation on the proper notification of defect, the notification of defect by us shall still be in good time if the notification takes place on our part 7 days after the assertion of the defect by the purchaser.

(4)

If we are subject to a claim because of a defect based on the fact that the Supplier and/or its agent has made inappropriate statements regarding the conditions of the delivery object to our Purchaser, the notification of defect shall be in good time when we notify the Supplier 14 days after receipt of the notification of defect from our purchaser.

(5)

Should the facts regulated by subsections 1 – 4 constitute a restriction of the rights of the Supplier according to section 377 of the *Handelsgesetzbuch* [German Commercial Code] (HGB), the Supplier shall renounce the objection to the delayed notification of defect.

(6)

The payment of the purchase price prior to the discovery of the defect is on no way an acknowledgement that the goods are free from defects and were delivered as prescribed.

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Section 11 Quality defects

(1)

Should a defect occur within six months of hand-over, it shall be assumed for the benefit of the customer that the delivery of goods was already defective at the passing of the risk, unless this assumption is not compatible with the nature of the material or the defect.

(2)

Insofar as not hereinafter regulated to the contrary, the limitation period for claims regarding quality defects which do not concern a structure and are not material objects is 24 months from the time the object of the delivery was further processed by us, or a maximum of 30 months from receipt of the delivery object by us.

(3)

The suspension of the limitation period is in accordance with the statutory provisions, subject to the proviso that the suspension of the limitation begins at the time of the receipt of the defect notification by the Supplier. With several attempts to rectify the defects, the limitation shall be suspended for a minimum of 3 further months, calculated from the time of the last attempt to rectify the defect.

Section 12 Product liability

(1)

The materials and parts delivered to us are intended particularly for use in printing machines. These products are to be used worldwide.

(2)

The Supplier shall carry out all inspections on the products produced and/or supplied by it, irrespective of any incoming goods inspection carried out by us and is responsible for the defect-free condition of the delivery. Any inspections carried out by us shall not release the Supplier from liability.

(3)

Statutory provisions shall apply to any claims we may have against the Supplier relating to product liability.

Insofar as statutory factual regulations contain no regulations by which we nevertheless can be subject to a claim under German or foreign law despite product liability or due to infringement of official safety regulations or violation of protective rights, the Supplier must reimburse us for any resultant damage including the costs of

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the prosecution, insofar as the Supplier has delivered a faulty or causal part. The liability of the Supplier also exists in the no-fault/non-voluntary action of the Supplier, insofar as we, due to no-fault liability, are subject to a claim for damages under German or foreign law.

The same rules regarding the burden of proof shall apply to our relationship with the Supplier as do to our relationship with an injured party. Should several parties be involved in a damages claim for the same damage, section 5 of the *Produkthaftungsgesetz* [Product Liability Act] shall be applied. Should there be a case for contributory negligence, section 6 of the *Produkthaftungsgesetz* shall be applied.

Should we and/or our purchaser be obliged to withdraw from the contract due to a defect caused by the delivery object of the Supplier, or withdrawal is at least appropriate and/or we are obliged to absorb the costs of withdrawal, the Supplier shall be obliged to take on our costs. If the costs are to be divided due to several responsible parties, sections 5 and 6 of the *Produkthaftungsgesetz* are to be applied accordingly.

(4)

The Supplier shall be obliged to obtain appropriate third party insurance, in particular adequate product liability insurance. At our request, the Supplier must provide us with evidence of this insurance without delay.

Section 13

Production materials

(1)

Materials or parts manufactured by us shall remain our property and must be labelled with our reference. They may only be used as specified. The processing of materials and the assembly of parts is carried out for us. It has been agreed that we are the co-owners of products manufactured with our materials or parts in proportion with the value of the entire product. The hand-over shall be replaced by the agreement that the goods shall remain in the possession of the Supplier until the agreed delivery date for processing and shall be held separately for us.

(2)

All documentation which we make available to the Supplier, such as templates, drawings, models, etc. shall, on request, be returned to us free of charge.

(3)

The Supplier shall be obliged to adequately ensure the materials and parts contributed against all risks, particularly fire and theft, at its own cost and, on request, to provide evidence of such insurance.

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(4)

Forms, models, equipment, etc. may only be destroyed with our written authorisation. The Supplier shall be obliged, at regular intervals and whenever requested, to provide us with a list of the production materials which we own or co-own.

(5)

Should we so request, the Supplier shall return without delay (at the latest within one day) all materials, parts, forms, models, equipment or other production materials made available to it by us. Should this involve co-ownership with the manufacturer, the return shall take place concurrently with reimbursement for the co-ownership interest. Should a dispute arise over the amount of the co-ownership interest, we can, by arranging security in the amount of the disputed contribution, prevent a right of retention because of this co-ownership interest of the Supplier.

With regard to the production materials, a right of retention by the Supplier is excluded, insofar as the claim on which the right of retention is based is in dispute by the parties or is not recognised by declaratory judgement.

(6)

Insofar as our security interests regarding the purchase price in accordance with subsection 1, exceed all reserved property not yet paid for by more than 10%, then we shall be obliged at the request of the Supplier to release the security rights at our option.

Section 14

Commercial secrets

(1)

The Supplier shall be obliged to treat our order and all associated commercial and technical details as commercial secrets. This obligation shall also apply after termination of the supply contract, until this commercial secret is made public without the aid of the Supplier.

(2)

Products manufactured in accordance with documentation drafted by us such as drawings and models or in accordance with confidential specifications made by us or with our tools or tools we have designed may neither be used by the Supplier itself nor offered or supplied to third parties.

(3)

Parts which we have developed or further developed in cooperation with the Supplier may only be supplied by the Supplier to third parties with our prior written authorisation.

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(4)

Insofar as the Supplier utilises subcontractors to fulfil its delivery obligation to us, it shall ensure that these subcontractors are subject to the obligations regarding confidentiality as covered by section 14 subsections 1 and 2. Should we so request, the Supplier shall provide us with an appropriate written agreement made with its subcontractors.

Section 15 Final provisions

(1)

The Terms and Conditions of Purchase and all legal relations between ourselves and the Supplier are subject to the law of the Federal Republic of Germany. The use of the United Nations Convention on Contracts for the International Sale of Goods – CISG – is excluded.

(2)

The place of jurisdiction for all disputes arising either directly or indirectly from this contractual relationship is Stuttgart, and if we so choose, this shall also be the place of jurisdiction of the Supplier.

(3)

Should one of the parties to the contract cease its payments or should insolvency proceedings against its assets or judicial or extra-judicial composition proceedings be initiated, the other party shall be entitled to withdraw from the part of the contract yet to be fulfilled. Ongoing claims shall remain unaffected by this.

(4)

Should a provision in these Terms and Conditions of Purchase or a provision forming part of other associated agreements be or become invalid, the validity of the all remaining provisions or agreements shall remain unaffected. Should the invalid agreement not involve General Terms and Conditions, the parties shall be obliged to replace the invalid agreement with a valid agreement which represents as closely as possible the economic purpose of the invalid agreement in a legal effective manner.