

General Conditions of Purchases of SE Tylose GmbH & Co. KG

1. Scope

All our current and future orders shall be governed exclusively by the following contractual conditions. Unless expressly confirmed so in writing, we do not accept divergent conditions of contract of our suppliers.

Our General Conditions of Purchase shall also apply in cases where we accept deliveries from a supplier without reserve although we are aware of said supplier's conflicting or divergent General Conditions.

All agreements concluded between ourselves and the supplier for the purpose of this contract are to be laid down in writing in said contract.

In addition, the statutory regulations applicable in any individual case, likewise, the INCOTERMS of the International Chamber of Commerce in Paris as well as the Uniform Custom and Practice for Commercial Documentary Credits (UCP), each as currently amended, shall apply.

2. Order and Conclusion of Contract

Unless anything is agreed to the contrary, we shall be bound only by such orders as we have issued in writing.

Unless our order is confirmed in writing within 2 weeks from the date of our order or delivery takes place within that time in response to our order, we shall cease to be bound to said order.

We require to be expressly informed in writing about any modified acceptance of the order by the supplier. In such a case, our order shall take effect only when we give our written approval of such modified acceptance.

Orders by telephone, fax or e-mail may not be executed by the supplier unless this has been expressly agreed with us.

We expressly reserve the right of ownership and copyright with regard to any images, technical drawings, calculations and any other documents related to our order, same may only be made available to third parties upon our express written confirmation. Any such documentation is to be used exclusively for manufacture/production in conjunction with our order; it is to be returned to us without any further request after completion of our order; it is to be kept completely secret vis-à-vis third parties, in this regard, the regulations of § 10 hereof, first paragraph, apply in addition.

3. Prices

The price as per our order is binding. Unless otherwise agreed in writing, prices are to be understood free delivered to our warehouse, inclusive of packing.

Invoices are to be made out in the currency stated in our order. We can only process invoices if these contain our order reference. Should the supplier violate these obligations, he shall be liable for any consequences resulting unless he can prove that he is not culpable for such violations.

Unless otherwise agreed, we pay the purchase price within 14 days of delivery and receipt of invoice, applying a 2% discount, or within 30 days after receipt of invoice, net.

We are entitled to cede any contractual claim/right under the contract without prior written consent. Supplier is not entitled to cede any contractual claim/right under the contract to a third party without our written consent.

4. Delivery Date and Disruptions of Contract

The delivery date stated in our orders is binding.

If circumstances likely to make timely delivery impossible should arise, or if such circumstances become apparent to the supplier, supplier is required to notify us in writing immediately.

If the supplier is unable to state a binding delivery date, he is required to state the earliest and latest delivery date.

We expressly reserve our statutory rights for cases of delayed delivery.

All cases of force majeure shall relieve the party affected thereby of its obligation to supply or accept the goods, as the case may be, for the duration of and to the extent of its effect. If delivery or acceptance is delayed by more than one month due to instances of force majeure, either party, to the exclusion of all further claims, may withdraw from the contract in respect of the quantities affected by such delay.

5. Passage of Risk

The passage of risk depends on the agreed terms and conditions of delivery. Unless otherwise agreed in writing, delivery is to be made 'free delivered to our warehouse'.

In the case of machines and technical equipment, the risk passes to us only after functional testing has been undertaken and satisfactory results have been confirmed.

6. Quality

In the case of a defective supply or service or any other breach of contract, we are entitled to our statutory claims. In cases of clear and present danger or in cases justifying a high degree of urgency, we are entitled to undertake the correction of faults at the expense of the supplier.

Statutory regulations apply with regard to the duties to inspect and to complain.

7. Industrial Property Rights

The supplier guarantees that no property rights of third parties are infringed by the proper use of the goods ordered. If any such infringement is claimed by a third party, supplier is obligated to hold us free of any such claim upon first written demand. Supplier's obligation to thus hold us free extends to all expenses necessarily resulting from, or in connection with, the invocation of such infringement by a third party.

8. Producer's Liability

To the extent that the supplier is liable for any defect which has its cause within his organisational sphere of influence, he is obligated to hold us free from any claim for damages of a third party upon first written demand. This includes expenses necessary to defend against such claim.

Unless otherwise agreed, supplier is obligated to maintain a product-liability insurance cover of Euro 5 Mio –lump sum- per incident for personal injury/damage to property; notwithstanding our right to additional claims for damages, should this be given.

9. Retention of Title, Provision of Materials

Whenever providing a supplier with components, we reserve our property rights in such components. Processing in any form by the supplier is undertaken in our name. If any material/goods falling under our retention of title is/are processed jointly with other material/goods not being our property, we acquire proportional ownership in the resulting material/goods relative to the value of material/goods falling under our retention of title to the other material/goods at the time of processing (purchase price plus VAT).

If material/goods provided by us is/are mixed with other material/goods not belonging to us in such a way that a separation is impossible, we acquire proportional rights in the resulting material/goods

(purchase price plus VAT) relative to the value at the time of mixing. If such mixing is done in such a way that the material/goods of the supplier is/are to be considered the principal material/goods, it is already now agreed that the supplier transfers to us the proportional co-ownership; the supplier holds in trust either our sole or co-ownership.

As far as tools provided by us are concerned, we retain ownership of same. Supplier is obligated to employ such tools only for the production of goods ordered by us. Supplier is obligated to insure such tools at replacement value against fire, water damage and theft. Already at this juncture, supplier cedes to us any claims under such insurance cover, we, in turn, accept such cessation at this juncture. Supplier is obligated to perform all potentially necessary inspection and maintenance work with regard to our tools at his own expense and in a timely manner. We are to be informed about any possible malfunctions immediately; should this obligation be culpably not be complied with, we reserve all possible claims for damages.

To the extent that our securities as per paragraphs 1 and/or 2 hereof exceed the purchase price of all unpaid goods under our retention of title by more than 10 percent, we are obligated to release secured material/goods of our choice at the request of the suppliers.

10. Secrecy, Implementing Documentation, Specifications

Supplier is obligated to safeguard strict secrecy of all images, technical drawings, calculations and any other documentation and information provided by us. Third parties may only be informed after our express approval has been given. This obligation to secrecy continues after completion of an order. It only expires as and when the production know-how contained in the images, technical drawings, calculations and any other documentation provided by us has become common knowledge.

If asked to do so, the supplier shall make available to us such plans, detailed drawings and technical calculations as relate to the item on order for approval and, after their accuracy has been determined, to submit such data files resp. master copies as we may need for regular use or repair work.

Furthermore, the supplier shall, at our request, provide us with drawings of spare parts for the important spares and adequate information for us to procure such spares. The approval of such plans, detailed drawings, calculations etc, does not affect the duties of the supplier under the warranty. Moulds, tools, printer's copies etc, which are invoiced to us, become our property when they are paid for, they are kept for us by the supplier free of charge and are to be handed over to us on request.

11. Changes of Products and/or Processes

Suppliers with whom we maintain a regular business relationship are obliged to notify us in good time in writing if they intend to implement changes to products and/or processes or alterations to analytical methods with regard to products which we order.

12. Environmental Protection, Industrial Safety, Accident Prevention and Safety

The supplier is obligated:

- a) to comply with relevant statutory regulations and rules relating to environmental protection, industrial safety, accident prevention and transport and plant safety, as well as
- b) to maintain an effective management system in the areas stated. On request, he will provide us with evidence to this effect, respectively grant us insight.

13. General Terms

If any clause in the above General Terms and Conditions is or becomes inoperative, the validity of these General Terms and Conditions and of the contract as a whole shall not thereby be affected.

The laws of the Federal Republic of Germany shall apply exclusively. Application of the United Nations Convention on Contracts for the International Sale of Goods is excluded.

If the supplier is a merchant, the venue of jurisdiction is to be the legal domicile of our company; we may, however, proceed legally against the supplier at the place of his legal domicile if we so choose.

The place of performance for supplier's obligation to supply or perform shall be the place we have specified as being the point of acceptance.

Special Notes:

If the goods ordered are supplied by rail, it is essential to state our order number in box 13b of the railway bill of lading (recipient's reference number).

Any references by the supplier with regard to existing business relationships with us for purposes of publicity require our express approval.

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