



General Terms and Conditions – (as of April 2007)

§ 1

General Provisions, Scope

1. Our Terms and Conditions apply exclusively; we do not acknowledge any Supplier's conditions adverse to or deviating from our Terms and Conditions, unless we have expressly agreed to their applicability. Our Terms and Conditions shall apply even in the event that we unconditionally accept the Supplier's delivery with the knowledge of adverse or deviating conditions of the Supplier's.
2. All agreements made between us and the Supplier for the purpose of executing this contract must be set down in writing.
3. Our Terms and Conditions apply only with regard to contractors in the meaning of Art. 310 para. 1 clause 1, 14 BGB (German Civil Code).
4. Our Terms and Conditions also apply to all future business transactions with the Supplier and to all business transactions between the Supplier and our affiliates of CEAG AG, Bad Homburg v.d.H., unless special conditions are agreed upon in special cases.
5. For orders relating to the performance of a service or the manufacture of tools, the provisions of the tool hiring contract enclosed with the order (separate tool orders) applies in addition.

§ 2

Conclusion of Contract, Offer Documents

1. The Supplier is obliged to object to our order promptly in writing if the Supplier is unable or unwilling to accept the order; otherwise the contract shall come into existence upon receipt of our order.
2. The product specification/quality requirements enclosed with the order form an integral part of the contract. The requirements set forth therein as well as the general freedom of the ordered goods from any other defects and their fitness for the use required by us is considered as the agreed quality in the meaning of Art. 434 para. 1 clause 1 BGB.
3. Under contracts for delivery of goods on call, we reserve the right to change the quantities called up and the delivery deadlines. An obligation to accept the goods exists only for the respective quantity called up.
4. We reserve property rights and copyrights for tools (including those on the basis of a tool hiring contract), illustrations, drawings, calculations, and other documentation; they must not be made available to third parties without our express written consent. They are to be used exclusively for manufacturing on the basis of our order; after processing the order they are to be returned to us without further notice. They are to be kept secret towards third parties.

§ 3

Prices, Terms of Payment, Packaging

1. The conditions defined with us in separate conditional agreements form the basis of the order. In the absence of deviating written agreements, the price shall include delivery "free domicile" (for foreign Suppliers or non-domestic deliveries "DDU – Delivered Duty Unpaid" works Ostbevern under INCOTERMS 2000) incl. packaging and payment for the transport insurance. The return of the packaging is subject to special agreements.
2. Statutory value added tax is not included in the price; it has to be stated separately in the Supplier's invoice in the statutory amount applicable on the day of the invoice date.
3. We will process invoices only if – in accordance with the specifications set forth in our order - they give the order number stated in the order and the other information mentioned in these Terms and Conditions; the Supplier shall be responsible for any consequences resulting from the failure to fulfil this obligation.
4. Payments will be made at our option by sending collection-only cheques or by remitting the sum to an account held by the Supplier.

Unless otherwise agreed in writing, we will pay the purchase price within 60 days net, within 30 days with a 3 % cash discount, counted from the day of delivery and receipt of the invoice. If, at the time of receipt of the invoice, the goods have not arrived at all or not in the full quantity or not in a condition as specified by the contract, the term of payment shall commence only at the time of the complete arrival of the goods or of establishing the contractual condition of the goods at the place of destination. The term of payment shall be kept by sending the collection-only cheque (postmark date) or by ordering payment with our bank.

5. We are entitled to set-off rights and rights of retention to the extent stipulated by law.

§ 4

Delivery Period, Withdrawal, Compensation

1. The delivery deadline stated in the order is a fixed deadline in the meaning of Art. 323 para. 2 section 2 BGB; Art. 376 HGB (German Commercial Code) does not apply. If no delivery deadline is stated, the next possible delivery deadline shall apply. Advance deliveries and delivery of surplus or reduced quantities are possible only upon our prior consent. Any resulting additional costs and costs arising from express deliveries due to delayed delivery shall be borne by the Supplier.
2. The Supplier shall be obliged to notify us promptly of any circumstances occurring or becoming apparent to the Supplier that will result in the situation that the required delivery deadline cannot be kept.
3. In the event of default of delivery, we shall be entitled to the statutory claims. In particular we shall have the right, after the fruitless expiry of a reasonable grace period, to claim damages for non-performance.
4. No warning or granting of a grace period shall be required for causing default or prior to exercising the right of withdrawal from the contract.
5. Unless a higher penalty for breach of contract was agreed in special cases, we shall be allowed to claim fixed compensation in the amount of 1 % for every completed week of default, in total, however, not more than 10 % of the price for the delayed part of the delivery. This contractual penalty shall not affect the right of withdrawal and the right to claim damages for non-performance; however, the contractual penalty is to be set off against higher damages claimed.
6. Any preclusion or limitation of our claims for damages, regardless of the legal grounds, by any terms and conditions used by the Supplier shall be invalid.

§ 5

Delivery, Assignment Right, Reservation of Title, Documents

1. Unless otherwise agreed in writing, delivery is to be effected "free domicile" (for foreign Suppliers or non-domestic deliveries "DDU – Delivered Duty Unpaid" works Ostbevern in accordance with the INCOTERMS 2000) (place of delivery). In this case, the forwarding risk shall be borne by the Supplier.
2. The title in the delivered goods shall be transferred to us upon delivery at the place of destination. We do not acknowledge any ordinary or other reservation of title (e.g. extended reservation of title including advance assignment and current account reservation or group reservation of title).
3. In the case of delivery to a consignment warehouse at our premises, the special provisions of the Consignment Storage

Contract shall apply as a supplement to these General Terms and Conditions of Purchase.

- Every delivery must include the respective delivery note without any price statement. The note must state how many delivery units the entire delivery comprises. The package bearing the delivery note must be clearly labelled. The invoices must not be enclosed with the deliveries.
- All of the Supplier's documents (such as delivery notes, shipment documents, and invoices) must state in typing the information agreed with us, particularly the identity, order, and supplier numbers, for the goods ordered/delivered for the purpose of handling the orders, invoices, and the payment. If the Supplier fails to provide this information, delays in processing are unavoidable for which we will not accept any responsibility. We are seeking to handle the ordering and payment processes to a large extent without any paper. Therefore, the Supplier shall be obliged to provide respective common information exchange formats and corresponding sorting criteria in coordination with us.
- Any assignment of the outstanding amount receivable from us shall be precluded, unless the express consent of our director of finance has been obtained.

§ 6

Provisions of the Directive 2002/95/EU

We will only accept consignments that are in 100 % conformity with the provisions of the directive 2002/95/EU and the Electrical and Electronic Equipment Act (RoHS/WEEE) and thus also observe the concomitant prohibition of certain substances that have been classified as dangerous. In the event that the delivered goods do not comply with these regulations, this will constitute a defect and we shall in any case reserve the right, in addition to the rights mentioned below, to return the entire quantity or the partial or residual quantity of such goods for a free-of-charge replacement with components conforming to the directive, or for credit to the full extent. In the event that the defect is detected only after processing the component or by our customers, the Supplier shall be obliged to fully compensate for the resulting damage.

§ 7

Inspection, Defect Rights

- We shall be obliged merely to inspect the goods or have them inspected for any obvious deviations in identity or quantity on the basis the delivery documents within a reasonable period; the notice of a defect shall be deemed to have been delivered in due time if it is received by the Supplier within a period of two weeks following the receipt of the goods. In all other respects, Art. 377 HGB is waived.
- For our defect rights for goods not delivered as provided in the contract, for subsequent or replacement deliveries or replacement parts, the limitation period of Art. 438 BGB shall apply. We are entitled to the statutory defect rights to their full extent. Any limitations, including the preclusion or limitation of defect rights – e.g., to maximum amounts – shall be void.
- The warranty period shall be 30 months following delivery.
- In the case of reduction or withdrawal, a debit note for the faulty goods will be issued and sent to the Supplier. The note shall be deemed accepted by the Supplier if it does not object in writing within two weeks following the receipt of the debit note or of the goods, as the case may be. The goods concerned will be either returned at the Supplier's expense and risk or made available to the Supplier for collection for 20 days, after consultation with the Supplier.
- The value of the goods shall be charged to the Supplier's account. Any credit notes for faulty goods and other returns of goods are to be provided promptly upon request.

§ 8

Statutory Regulations, Proprietary Rights

- The Supplier shall warrant that the goods delivered comply with the statutory and official regulations for their sale and use applying at the respective place of delivery and that they do not violate any third party rights. In addition, the Supplier shall warrant that the goods delivered are in accordance with models, that they are free of any third party rights and, in particular, that their sale does not violate any existing industrial property rights (copyrights, patent rights, design and utility patent rights, trademark rights, etc) of third parties.
- In the event that a third party raises any claims against us in this respect, the Supplier shall be obliged to indemnify us from any such claims and to compensate for any resulting substantiated costs; we shall not be allowed – without the Supplier's consent – to make any agreements with a third party, including, without limitation, to reach a settlement. We shall be obliged to initiate a judicial clarification of an alleged infringement of a right only if the Supplier makes an advance commitment to refund the expenses required for such clarification and furnishes security upon our request.
- The right of indemnity relates to any and all expenses necessarily arising to us from or in connection with a third party's recourse to the claim.

§ 9

Product Liability, Release from Liability, Liability Insurance Protection

- If the Supplier is responsible for a product defect, it shall be obliged to indemnify us upon first request from any claims for damages raised by third parties in as far as the cause falls within the Supplier's domain and organisation and the Supplier itself is liable in relationship with third parties
- The Supplier undertakes to keep a product liability insurance with a sum insured of at least EUR 5 million per damaging event (personal injury/property damage)– blanket– and upon request to furnish proof of coverage; if we are entitled to any further claims for damage, such claims will not be affected.

§ 10

Other Liability

The Supplier's liability also includes the contract-typical, foreseeable damage arising to us from further processing the goods delivered by the Supplier or combining them with our products so that due to the faulty nature of the Supplier's delivery the FRIWO product manufactured from this delivery may also be faulty.

§ 11

Gifts to Employees

It is prohibited to the Supplier to offer, promise, or grant any gifts to our employees or to employees of affiliated companies. We reserve the right to claim damages and the right of terminating the business relationship without notice.

§ 12

Place of Fulfilment, Governing Law, Place of Jurisdiction

- The place of fulfilment for all claims from our business relationship shall be Ostbevern.
- The contractual relationship with the Supplier shall be exclusively governed by the laws of the Federal Republic of Germany with the exception of the conflict of laws and the UN Convention in the International Sale of Goods (CISG).
- The place of jurisdiction is Münster/Westphalia. However, we shall have the right, upon our discretion, to sue at the Supplier's general place of jurisdiction also.