

General Terms and Conditions of Purchase

Version 06.11.2012

1. Scope, recognition of customary reservations of title of the Supplier

- 1.1. These Terms and Conditions of Purchase shall apply to all the orders placed by us ("Recipient") with the Supplier.
- 1.2. These Terms and Conditions of Purchase shall apply exclusively to all orders. Other conditions of the Supplier shall thereby be rejected insofar as the content thereof fails to agree with these conditions.
- 1.3. However, we are in agreement with the customary clauses on the reservation of title, with the exception of the expanded retention of title.

2. Placement of orders

Orders shall not become legally binding until they have been placed in writing. Orders placed orally and subsequent amendments shall only be effective if they have been confirmed by us in writing.

3. Documents handed over to the Supplier and marking to be carried out by the Supplier

- 3.1. Drawings, drafts, samples, manufacturer's instructions and tools, etc., handed over to the Supplier for submitting a quotation or for executing an order, shall remain our property and shall not be used for other purposes, reproduced, or made available to third parties.
- 3.2. The Supplier shall be obliged to state our order number clearly on all shipping documents and delivery slips and shall be liable for any damage arising from the breach of this obligation.

4. Prices and payment

- 4.1. The actual quantity taken delivery of shall be due for payment in each case (decisive shall be the weight resulting from the weighing slips of the calibrated scales at the receiving location specified by us).
- 4.2. Prices shall be given as net prices in each case, not including value added tax. They shall be fixed prices and shall apply free to the receiving location specified, excluding packaging. Packaging costs shall only be reimbursed separately if this has been explicitly agreed upon.
- 4.3. Provided that no other terms of payment have been contractually agreed to, the payment shall be effected within 14 days, at a 2% discount, of the Recipient receiving the goods and a due and proper invoice.

5. Assignment of claims

The assignment of claims against the Recipient shall only be effective with the Recipient's prior, written consent.

6. Reduced incoming goods inspection, notice of defects

- 6.1. For performing an incoming goods inspection in accordance with § 377 HGB [German Commercial Code] we shall only be obligated in terms of the category of the goods being delivered, and with regard to any obvious transport or packaging damage. However, we shall be entitled to carry out comprehensive random sampling at any time, as desired.
- 6.2. All the deliveries shall apply free Recipient's plant (DAP the Purchaser's works, INCOTERMS 2010).
- 6.3. A defect shall be reported within two weeks of delivery and in the event of concealed defects, immediately upon detection.

7. Liability for defects

- 7.1. Should at least two samples taken independently of each other show a defect, or should only one sample show a significant defect, the Recipient shall have the right to treat the entire population/delivery from which the sample came, besides the sample(s) itself(themselves), as defective. A sample shall be regarded as significantly defective in the above-mentioned sense, whatever the case, if the delivered material contains traces of cadmium and/or asbestos or any such materials or parts suspected of being radioactive or explosive.
- 7.2. Should the Recipient decide on this possibility, the Recipient shall have the following rights to choose from with respect to this population:- the Recipient may either make the material available to the Supplier for collection or keep it and reduce the price to an appropriate amount. For returned material the Recipient may either demand a completely new delivery or repayment of the purchasing price. Furthermore, the Supplier shall bear all the additional costs arising in connection with the identification and/or remedy of the defects, such as, e.g. transport or sorting costs.

8. Product liability - indemnity - liability insurance cover

- 8.1. The Supplier shall be obligated to exempt the Recipient, upon its initial request, from claims for compensation for damages asserted by third parties, to the extent that the cause is located within its sphere of authority and organisational area, and it is individually liable to third parties. Rights of recourse pursuant to § 478 BGB [German Civil Code] shall remain unaffected thereby.
- 8.2. In this context, the Supplier shall also be obligated to reimburse any expenditure resulting from, or in connection with a recall campaign conducted by the Recipient.
- 8.3. The Recipient shall inform the Supplier of the content and extent of the recall measures to be carried out - insofar as this is possible and feasible - and give the Supplier the opportunity to comment.
- 8.4. The Supplier shall be obligated to take out a product liability insurance covering the risk and to show it to the Recipient at any time upon request.
- 8.5. Any further claims of the Recipient shall remain unaffected by the aforesaid regulations.

9. Protective rights of third parties

The Supplier shall be responsible for ensuring that protective rights of third parties are not infringed in connection with the delivery. Should, in connection with the delivered products, the Recipient be held liable for infringing protective rights of third parties, the Supplier shall be obligated to exempt the Recipient from such claims. The Supplier's indemnification obligation shall also include all the expenses that may thereby have necessarily been incurred for the Recipient in connection with the claim forwarded by a third party. The Recipient shall inform the Supplier immediately of any claim asserted by third parties. Insofar as an indemnification is given, the Supplier shall be entitled, at its own sole discretion, to take appropriate measures for legal defence or for the granting of the necessary rights of use. All legal claims of the Recipient, particularly claims for compensation, shall remain unaffected thereby.

10. Provisions

In the event of our providing the Supplier with metal provisions or scrap for the production of the products to be supplied by the Supplier, the following shall be applicable:-

- 10.1. Surface finishing carried out for us by the Supplier shall be effected at our behest and upon our instruction such that we, alone, and not the Supplier, shall be regarded as the manufacturer in accordance with § 950 BGB [German Civil Code].
- 10.2. Should insolvency proceedings be initiated against the assets of the Supplier, the Supplier shall upon request and at any time, inform us of the identity of all other customers with positive reworking accounts at the time of opening the proceedings and also of the amount of the respective balances.
- 10.3. Our agreement to continue processing the available scrap deposits shall terminate upon commencement of the insolvency proceedings. In the name of the entire community of all the customers (§ 744 par. 2 BGB [German Civil Code]) we herewith, in this case, now already prohibit the Supplier to undertake any further processing.
- 10.4. Instead of asserting our claim to separating and returning the share of the total metal deposits of the Supplier to which we are entitled, we may, in a respective written declaration, declare the set-off with this claim wholly or partially against claims of the Supplier. Under the right to recover possession, the amount of the declared set-off shall, at this time, be converted into a payment claim in accordance with § 45 InsO [German Insolvency Code].

11. Tools

Should the Supplier produce – with or without our order – tools for the production of products ordered by us, or should the Supplier otherwise place orders for such tools, a tool of this kind shall, in the first instance, be valid as manufactured on our behalf, with the effect that the property rights in such a tool shall lie directly with us upon its manufacture. Otherwise, this ownership shall automatically transfer from the Supplier to us at that moment when the Supplier receives it, insofar as we are already committed, or as soon as we otherwise commit ourselves to reimburse the Supplier the full purchasing price that the Supplier paid for it. The Supplier shall not be permitted to use a tool of this kind for any purpose other than the purpose mentioned above, and shall insure it for the period until it is returned to us, at its own expense against the usual risks of deterioration/loss (fire, water, theft). During this period the Supplier shall also carry out the due maintenance and repairs at its own expense and in the proper manner.

12. Mitigation of damage through safeguards against third-party claims

If one of our customers claims compensatory damages due to the fact or on grounds that the material purchased by us from the Supplier - whether installed, not installed - is defective, our relationship to the Supplier shall not require us to invoke a plea from § 377 HGB [German Commercial Code] (absence of a notice of defects) or objection on grounds of statutes of limitation within the scope of mitigation of damage as against our customer, provided notification of a defect was made within two weeks of the warranty claim and the statute of limitation began no later than three months beforehand. Should our customer be a company that was responsible for 20% or more of our turnover in the preceding calendar year for the respective product area, we shall still not be obligated to recognise this objection if the above-mentioned conditions have not been met, provided only a refusal to compensate for damages could seriously impair our business relationship with the customer.

13. Offset

The Supplier acknowledges that we place all orders that are subject to these conditions, in fulfilment of existing or future own offset obligations or those of other companies belonging to the Diehl Group (§§ 15 et seqq AktG [German Companies Act]). The Supplier declares its willingness, to confirm this vis-à-vis the

competent offset authorities, if necessary, and to make and receive any declarations and to perform any acts within the bounds of what is reasonable that may be necessary for this business transaction to be acknowledged as an offset transaction (e.g. fill in any forms and/or make any oral /telephonic confirmations).

14. Final clauses

- 14.1. The place of fulfillment for all obligations shall be the receiving location specified by us.
- 14.2. For this contractual relationship and all disputes arising therefrom or in connection therewith, German Law shall be applicable with the exclusion of the uniform United Nations Convention on Contracts for the International Sale of Goods (CISG).
- 14.3. The exclusive place of jurisdiction for our principle place of business shall be the generally competent court. However, we shall also be entitled to file legal action at the court having jurisdiction for the principle place of business of the Supplier.

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