

General Terms of Purchase

I. Application

1. These General Terms and Conditions shall apply to all ongoing and future purchase orders for merchandise and services and their processing. To the extent the term "seller" is used in these conditions of purchase, this term shall apply also to service providers contractors and providers of any services. Seller's conditions diverging from these Conditions will not be acknowledged unless otherwise stipulated within these Conditions or otherwise agreed in the contract with the Seller. Should we accept the merchandise not expressly objecting these Conditions, the Seller may in no case assume our consent with his conditions.
2. Any oral agreements made by our employees shall become binding on us only if and in so far as we confirm them in writing.
3. Any offer made by Seller will be free of charge and not binding on us.
4. Any trade terms shall, in cases of doubt, be interpreted according to the Incoterms as amended from time to time

II. Prices

1. The contract price shall be regarded as a fixed price.
2. In case of "free house" deliveries, deliveries "free place of destination" and other "free"-deliveries, the price shall include the costs for freight and packing. In case of "unfree" delivery, we shall bear the lowest possible freight rates only, unless a special kind of delivery has been requested by us.

III. Payment

1. Unless otherwise agreed the following terms of payment shall apply: Payment shall be made either within 14 days with 3 pct. discount or within 30 days without discount. Should the Seller's conditions for payment be more favourable, they shall prevail.
2. Payment and discount periods shall begin with the receipt of the invoice but not before the receipt of the merchandise. In case of services, such periods shall begin only after the transaction has been approved by us. If the delivery includes documentation (e.g. test certificates) or similar written material, such periods shall begin only after receipt of the same as agreed upon in the contract.
3. Payment shall be made by cheque or by bank remittance. Payment is considered to have been made in time if the cheque has been mailed on the due date or the bank has been instructed to make the remittance on the due date.
4. We will be liable for interest only if and in so far as we are in arrears for payments, not at their mere maturity date. The interest rate will then be 5 %points above the Basic Interest Rate. We are, in any case, entitled to establish a lower rate than claimed by the Seller.
5. We shall be entitled to all statutory rights as to the set-off and retention of our claims against the Seller's.

IV. Group offsetting

1. In agreement with all companies affiliated to the Salzgitter Aktiengesellschaft group, we are authorized to offset against all accounts receivable to which we are entitled from the seller and to offset against all accounts payable, to which the seller, irrespective on which legal grounds, is entitled from us, from Salzgitter AG or its corporate affiliates. This applies also if contractual agreement has been made for one side to make cash payment and the other side to make payment by bill of exchange or other payment mode. Where applicable, these agreements shall relate exclusively to account balance. If the claims have different maturing dates, account settlement shall be made effective the value date.
2. Corporate affiliates to the Salzgitter AG are identified as such by the addendum in their letterhead "Ein Unternehmen der Salzgitter Gruppe" [an affiliate to the Salzgitter group]. We will make a complete list of these companies available upon request.
3. Any collateral in effect for us or one of the abovementioned companies shall apply to all of these companies' accounts receivable.

V. Delivery Times / Late Delivery

1. The delivery schedule and deadlines stipulated in our purchase orders shall be binding upon seller. The seller will immediately inform us of any imminent risk of delivery delay. At the same time, seller will make suggestions for appropriate countermeasures to prevent detrimental consequences.
2. Unless otherwise agreed in writing, any contractual terms and dates of delivery shall be considered to be met only if and in so far as the merchandise has been handed over to us at such dates.
3. If and in so far as the Seller defaults in delivery, we shall be entitled to our statutory rights. In particular, we shall have the right to claim damages for non-performance if and in so far as the Seller fails to effect delivery after a reasonable grace period set to him has elapsed. Our right to request delivery shall be excluded only if the Seller has compensated us for our damages.
4. The Seller may claim relief for his default by reason of lack of any documents to be submitted by us only in such cases where we have, upon the Seller's reminder, failed to deliver such documents to him.

VI. Retention of Title

1. The Seller's terms covering his retention of title shall be valid subject to the condition that title in the merchandise shall pass to us on the date of payment for such goods. Consequently, the extended forms of the so-called current account retention (Kontokorrentvorbehalt) shall not apply.
2. The Seller may claim return of the merchandise on the basis of the retention clause only if he has previously withdrawn from the contract.

VII. Performance of Deliveries and Passing of Risks

1. The Seller shall bear the risks of accidental loss and accidental deterioration of the merchandise until it has been handed over to us at its place of delivery. This provision shall also apply in cases of "free delivery" (franco domicile).

2. We will not accept partial deliveries unless we have given our prior express consent to them.
3. Excess deliveries or short deliveries are admissible only in a range of +/- 5%, unless agreed differently in writing.
4. Seller will bear packaging expenses, unless agreed differently in writing. If we agree to bear packaging expenses in singular cases, we will be charged the lowest possible price. The obligation to take back packaging is based upon the packaging ordinance (Verpackungsverordnung) as of August 21, 1998 in its respectively valid version. Wooden packaging must be in compliance with IPPC Standard (ISPM No. 15).

VII.a. Processing

1. To the extent we make available to a contractor material for refinement, alteration, etc., such shall hereinafter be termed "processing".
2. The contractor shall bear the risk of accidental loss, destruction or deterioration of the material made available for processing from the time the unprocessed material is delivered to the first carrier until the contractor delivers the finished goods to us or our customer at the defined destination.
3. The material made available remains our property. Processing shall be done for us as manufacturer as defined in §950 BGB (German civil code) without placing us under any obligation. The contractor is obligated to store the material separately and to identify it as our property. The contractor will immediately inform us of any attachment of our property or any other infringement of our property rights by third parties.
4. The contractor is obligated to adequately insure the material made available for processing against all customary risks, in particular against theft, fire, water, etc.. Upon request, the contractor will provide evidence for such insurance.
5. Immediately after receiving the material made available for further processing, the contractor will inspect it for any defects and/or transport damages and will immediately notify us of any defects and/or transport damages. All processing work will be ceased immediately. The contractor shall be liable for all damages we incur due to non-compliance with the abovementioned inspection and notification obligations.

VIII. Declarations of Origin

Where the Seller makes a declaration in regard to the preferential or non-preferential origin of the sold merchandise, the following terms shall apply:

1. The Seller will allow verification through customs authorities and submit all necessary information as well as any required certification.
2. The Seller shall compensate us for any damages and losses incurred to us, if and in so far as the competent authorities, due to any deficient certification or impossibility to verify, fail to acknowledge the declared origin, unless he proves that he is not responsible for such consequences.

IX. Warranty Provisions and Statute of Limitations

1. The Seller shall deliver the merchandise free of any material and legal defects. He will certify in particular that his deliveries and his services comply with the state of the art and with any contractual requirements and standards.
2. When receiving the goods, we are only obliged to comparing labels and any other IDs with the delivery note, the number of packaging units as well as any visible transport damages. We are not obligated to make any further inspections such as but not limited to opening of the packages. Notices of defects shall be considered having been made in due time if the seller receives these by mail, telefax, e-mail or telephone inside of eight workdays. The term for any notices of defects begins at the time we - or in the case of transfer orders, our customers - become aware of the defect or should have become aware of the defect.
3. In the event that the merchandise shows a defect, we may exercise our statutory rights. If the Seller tries to repair the merchandise, such remedy is considered to have failed after the first unsuccessful attempt. We shall have the right to withdraw from the contract also in such cases where a breach of contract is not considered to be material.
4. Where the merchandise was already defective at the time the risk passed to us, we may claim from the Seller also those expenditures in connection with such defect which we must pay to our customer.
5. Any claims arising from defects of the merchandise will be governed by the statutory limitation periods. Such periods will begin with the timely notification of the defect in accordance with the provisions of No. 2 of this clause. The Seller's warranty for the merchandise will elapse at the latest ten years after its delivery. Such time limit will not apply in those cases where our claims rely on facts which the Seller knew or should have known and which he did not reveal to us.
6. The Seller hereby assigns to us - on account of performance - the benefit of any claims against his supplier arising from the delivery of deficient merchandise or of such merchandise being not in compliance with the guaranteed characteristics. He will supply us with any documents necessary to enforce such claims.

X. Place of Performance, Jurisdiction, Applicable Law

1. Unless otherwise agreed to, our warehouse shall be the place of performance for the delivery.
2. Our principal office shall be the place of jurisdiction. We may, however, sue the Seller at his place of jurisdiction or at the court which is competent for our branch office with which the contract in question has been concluded.
3. All legal relationships between ourselves and the Seller shall be governed by the laws of the Federal Republic of Germany supplementing these Purchase Conditions, including the provisions of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (UNCITRAL).