

GENERAL PURCHASING AND SUPPLY CONDITIONS

(Last revised: October 2005)

I. Subject matter and scope of contract

I.1. The General Purchasing and Supply Conditions (hereinafter "Terms and Conditions") of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) apply exclusively. Any terms and conditions of the supplier that are contrary to our Terms and Conditions shall not apply, unless approved in writing by Walther Flender GmbH. These Terms and Conditions shall also apply, if the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) accepts the delivery object without reservation in full knowledge of contrary or deviating terms and conditions of the supplier.

I.2. These Terms and Conditions shall apply for all services to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH), regardless of the legal nature of the contract on which the delivery is based (hereinafter "delivery object"). Therefore, they apply to sales contracts and to contracts for works and services, contracts for work and materials and for combined contracts.

I.3. These Terms and Conditions are preceded by individual agreements of the contracting parties.

I.4. All agreements between the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) and the supplier for the purpose of execution of the contract shall be set down in writing.

I.5. These Terms and Conditions apply only to enterprises in accordance with Section 310, Paragraph 4 of the German Civil Code.

I.6. These Terms and Conditions shall also apply for all future transactions between the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) and the supplier.

I.7. The supplier is bound to offers for 2

weeks starting from the time of receipt of the offer, pursuant to Section 145 of the German Civil Code.

The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is likewise bound to an order for a period of two weeks starting from the time of receipt of the order by the supplier.

II. Documents

II.1. The order numbers and parts numbers of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall be repeated in all communications, bills of lading, invoices, etc. related to the order. Neither the dispatch note nor the invoice may be included with the shipment.

II.2. The supplier shall not be entitled to remuneration from the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) for offers, acquisition planning, drafts or other preliminary work performed by the supplier.

II.3. The supplier is obligated to maintain strict confidentiality concerning calculations, illustrations, plans, invitations for bids, requirement profiles, specifications, drawings, other documents and other data media, models and other aids. They may not be revealed to third parties and/or used for the supplier's own purposes other than those stated in this contract, without the express approval of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH). The obligation of secrecy also applies after winding up of this contract; it expires if and insofar as the knowledge, experience and information contained in the above documents becomes public knowledge. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) retains the sole proprietorship and right of disposal of the above documents and all intangible property rights in connection with them.

II.4. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) provides documents and other data media, in addition to models and other aids, to the supplier only temporarily and they shall be returned

immediately to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) after execution or termination of the contract, without making copies of any kind, or destroyed at the request of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH).

II.5. The supplier is obligated to provide to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) at no charge the instructions and documents, in particular replacement parts lists and sources, required for the utilization, assembly, maintenance, cleaning and repair of the delivery object.

II.6. All models, devices and other aids created by the supplier for the execution of the contract are the property of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH). The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) retains the exclusive ownership and right of disposal for the documents listed above and all intangible property rights in connection with them. These documents shall be returned to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) after execution or termination of the contract, without making copies of any kind.

II.7. The documents and rights owned by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) may not be used or otherwise exploited by the supplier or by third parties, nor may they be made available to third parties. They may not be reproduced in whole or in part by photocopying, microfilming, electronic storage or any other method.

II.8. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) can, insofar as can reasonably be expected of the supplier, request subsequent modifications in design and implementation. In this case, a mutual agreement shall be made concerning the effects on additional or lower costs of the supplier, in addition to delivery deadlines.

III. Delivery term

III.1. The supplier is obligated to comply with the promised delivery term. Stipulated delivery deadlines/delivery periods refer to the time of delivery of the delivery object at the destination specified by the Walther Flender Group (Walther

Flender GmbH, Flennor GmbH).

III.2. In the event of a delay in delivery, the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is entitled to request lump-sum damages of 0.5% of the stipulated remuneration for each partial week of delay, however not more than 5%. Further statutory claims (cancellation of contract and compensation in lieu of delivery) are reserved. The supplier has the right to prove to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) that no damage or considerably less damage was incurred. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) has the right to prove that the damage incurred was higher.

III.3. Moreover, the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) can request from the supplier indemnity against all liability for damages and/or penalties or other claims pursued by its customer in connection with a delay in delivery, insofar as the supplier is responsible for the delay.

III.4. The supplier shall notify the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) without being asked of foreseeable delays in delivery immediately, however no later than the time at which the promised delivery date has been exceeded.

IV. Packaging and transport

IV.1. The supplier is obligated to package and load the delivery object so as to ensure that the delivery remains undamaged during loading, unloading and transport. The supplier shall be responsible for damage(s) to the delivery object(s) due to insufficient packaging.

IV.2. The supplier shall bear the costs of packaging and dispatch. Insofar as the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) has to bear the costs for transport and/or packaging, the supplier is obligated to choose the most economical transport and/or packaging type.

IV.3. The supplier shall take back transport containers, tools, aids and packaging of all

types, in particular transport packaging. The supplier shall bear the costs incurred for packaging, loading, transport to its premises and unloading. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall conclude an appropriate shipping contract in its own name and at the cost of the supplier. Insofar as the supplier does not re-use the returned packaging/transport packaging, he shall bear the costs incurred by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) for their material disposal. Foreign suppliers shall additionally pay any customs duties, customs fees, taxes and levies in connection with the return of the transport containers, tools, welding bottles, other aids and transport packaging.

IV.4. The supplier is obligated to promptly submit a written declaration (certificate of origin) on the origin of the delivery object. The supplier shall be liable to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) for all damages incurred by the latter as a result of the negligent failure to submit this declaration or in the event of an incorrect or delayed declaration. Likewise, the supplier shall declare the origin of his goods by means of a customs confirmation.

IV.5. The supplier shall at his expense provide the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) with the delivery order and/or the usual transport document (e.g. a valid bill of lading, a sea waybill or a multi-modal transport document) required by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) for acceptance of the delivery object in accordance with Section VI.2. In the event that the supplier and the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) have agreed to electronic data communication, the document mentioned in the preceding paragraph can be replaced by a corresponding notification by means of electronic data exchange (Edi message).

V. Price and payment

V.1. The stipulated prices are binding, unless expressly agreed otherwise by the parties, for

which the supplier shall bear the burden of proof. The statutory value-added tax is not included in the price.

V.2. The term of payment begins with receipt of all contractually owed delivery objects at the destination specified by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) or with their acceptance, if this is stipulated in the contract or provided for by law. However, if the supplier's invoice is received by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) after receipt of all contractually owed delivery objects at the destination specified by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) or after their acceptance, then the term of payment shall begin with the date of receipt of the invoice.

V.3. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall effect payment within 30 days of the beginning of the term of payment and if payment is effected within 14 days after the beginning of the term of payment, the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is entitled to a 3% discount. Payment in accordance with the above is deemed effected with the dispatch or electronic input of a credit transfer order or with the dispatch of a check for deposit only.

V.4. The payment of an invoice from the supplier without raising objections by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall not be deemed an acknowledgment of the debt for the amount paid.

VI. Place of performance and transfer of Risk

VI.1. The place of performance is the destination specified by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH).

VI.2. If the law does not provide for an acceptance inspection and this is not stipulated in the contract, the risk of accidental loss and accidental deterioration is transferred from the supplier to the Walther

Flender Group (Walther Flender GmbH, Flennor GmbH) upon delivery at the destination, otherwise upon the acceptance inspection provided for by law or stipulated in the contract.

VII. Duty to examine and to make a complaint in respect of a defect

VII.1. If the delivery objects exhibit defects and no acceptance inspection takes place, the Walther Flender Group (Walther Flender GmbH, Flennor GmbH), diverging from Section 377 of the Commercial Code, can make a complaint in respect of obvious defects within a period of 14 days starting from completion of unpacking of the delivery objects at the location where the delivery objects are to be used for the intended purpose and hidden defects within a period of 14 days after their discovery.

VII.2. For volume deliveries, the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is obligated only to make random samples. If this shows that more than 10% do not fulfil the contractual or statutory requirements, then the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is released from the obligation of further inspection and can refuse acceptance of the entire delivery based on the result of the random samples and place the entire delivery at the disposal of the supplier for collection.

VII.3. If the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is obligated by a contract to the successive retrieval of deliveries and if a partial delivery exhibits material and/or legal defects preventing its use for the intended purpose, then this entitles the Walther Flender Group (Walther Flender GmbH, Flennor GmbH), without prejudice to other rights, to initially refrain from further retrieval of deliveries and making of payments.

VII.4. If the supplier is certified in accordance with the ISO 9000 Series of Standards (in particular ISO 9001, ISO 9002, ISO 9003), the Walther Flender Group (Walther Flender GmbH,

Flennor GmbH) is exempted from the duty to examine and to make a complaint pursuant to Section 377 of the Commercial Code.

VII.5. If a quality assurance agreement exists between the supplier and the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) with respect to the duty of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) to examine and make a complaint, then the provisions of that agreement take precedence over the stipulations of Section VII.1-4 of the present contract.

VIII. Claims based on defects / liability of the supplier

VIII.1. The supplier is obligated to the Walther Flender Group (Walther Flender GmbH, J.H. Deussen Söhne GmbH, Flennor GmbH) to keep the delivery object free of material and legal defects beginning with the transfer of risk through the end of the limitation period.

VIII.2. If the delivery object exhibits a defect despite the above obligation, the rights of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall be governed by the statutory entitlements and the provisions of these Terms and Conditions.

VIII.3. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) can take measures itself or through third parties to remedy defects if either the supplier fails to comply with the written request to remedy the defect within an appropriate period determined by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) or without a prior request in urgent cases where the operational reliability is at risk and to prevent inordinate damage.

VIII.4. Minor defects can be remedied by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) or third parties immediately at the expense of the supplier.

VIII.5. Measures to remedy defects can be executed or initiated at the cost of the supplier without setting a deadline if there is a delay in delivery and the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) has an interest in immediate remedy of the defect in order to prevent delay on its own part.

VIII.6. The supplier shall be notified immediately in the cases described in No. 3, 4 and 5. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall send a report on the type and extent of the defects and the work performed.

VIII.7. The supplier shall bear all costs of subsequent fulfilment, in particular costs of fault finding, retrofitting, assembly and disassembly, transport, toll, labour and material costs, in addition to customs.

VIII.8. The supplier shall ensure that no rights of third parties, in particular property rights and applications for property rights, which are published within the European Economic Community, the USA and Japan, are violated in connection with his delivery. If claims are asserted against the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) in this connection, then the supplier shall be obligated to exempt the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) from these claims at the initial request in writing. The supplier's obligation of exemption is extended to all expenses inevitably incurred by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) as a result of or in connection with the claims asserted by a third party. This does not apply if the violation(s) of (property) rights are founded on plans, drawings, models or other equivalent descriptions specified by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH).

VIII.9. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) can request from the supplier exemption from all claims of its customers, if and insofar as the supplier's delivery has given cause for liability. For exemption from claims for damages

directed against the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) outside of the scope of the Product Liability Act this applies only if and insofar as the supplier is responsible for the cause.

VIII.10. The supplier is obligated to carefully perform control and monitoring obligations, in particular to comply with the technical standards and the contractually agreed condition through careful quality checks and documentation of the same. The supplier is obligated to organize his territorial and organizational area objectively and personally so that risks in connection with the supplier's delivery and its utilization by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) and its customers are eliminated.

VIII.11. In the event that eligibility criteria for claims of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) against the supplier are within the exclusive area of risk or responsibility of the supplier, the supplier shall bear the burden of proof for the nonexistence of such eligibility criteria.

IX. Manufacturer's liability

IX.1. The supplier releases the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) from third-party claims for damages if and insofar as the cause for the liability of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is within the scope of the supplier's risk and responsibility and the supplier is answerable for the cause of the liability. This also applies in the event that claims are asserted against the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) based on its manufacturer's liability in accordance with foreign laws.

IX.2. Within this framework the supplier is also obligated to reimburse any expenses in accordance with Sections 683, 670 of the German Civil Code incurred as a result of or in connection with a recall action conducted

by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH). The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) shall inform the supplier – insofar as possible and reasonable – about the content and extent of the recall actions to be carried out and give him the opportunity for comment.

IX.3. The supplier shall be obligated to maintain product liability insurance with suitable coverage, however at least 1,000,000.00 EUR per instance of personal injury/property damage –on a flat-rate basis– for the duration of this contract; any other compensation to which the Walther Flender Group (Walther Flender GmbH, J.H. Deussen Söhne GmbH, Maschinenlager GmbH, Flennor GmbH) is entitled is not affected by this clause.

X. Protective regulations, instructions and explanations, insofar as the delivery object is a machine, plant or plant section

X.1. The supplier shall send separately to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH), at no charge, complete technical documentation concerning the delivery objects consisting of at least the documents listed in No. 3 in Appendix V to the EC Machinery Directive.

X.2. The supplier shall include with the delivery objects at his cost an original operating manual and a maintenance manual for technical staff, which must be prepared in the language of the supplier's country, in German and, if so requested from the supplier by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH), in the language of the country of destination/utilization.

X.3. The supplier shall send separately to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) a manufacturer's declaration or a declaration of conformity concerning the delivery objects in accordance with Appendix II of the EC Machinery Directive.

X.4. If the supplier's head office is in an EC/EEA country and if the supplier is obligated to send the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) a declaration of conformity concerning the delivery objects (see No. 3), then the supplier shall be obligated to affix the so-called CE mark to the delivery objects.

X.5. The supplier shall be obligated to ensure to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) that the delivery objects comply with the applicable accident prevention/ industrial safety regulations and the recognized occupational health and safety regulations, both of the supplier's country and of the Federal Republic of Germany. If the country of destination/utilization is known to the supplier at the time of conclusion of the contract, the delivery objects must also comply with the above-mentioned rules and regulations of the country of destination/utilization. In particular, the supplier shall ensure that the delivery objects comply with the relevant EU directives, the EC Machinery Directive, the German Devices Safety Act and the Machinery Ordinance, in the applicable version, and that the conformity assessment procedures prescribed by the directives have been carried out. The supplier shall be obligated to strict compliance with all regulations mentioned in this paragraph. If third-party claims are asserted against the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) due to failure to comply with such regulations, then the supplier shall be obligated to exempt the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) from these claims at the initial request in writing. The exemption entitlement of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is independent of any fault of the supplier. The above-mentioned exemption entitlement of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) toward the supplier also includes the costs incurred by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) in the litigation and pursuit of claims. It also includes all other expenses inevitably incurred by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) as a result of or in connection with the claims asserted by a third party.

XI. Limitation periods

XI.1. The limitation periods apply according to the statutes of limitation with the following exceptions: Insofar as the limitation period for material defects would be two years according to law, it is extended to 30 months. This applies in particular to the two-year limitation period for material defects claims in accordance with Section 438 I No. 3, 634 a I No. 1 of the German Civil Code.

XI.2. The limitation period for legal defects (Section VIII.8) is 10 years starting from the conclusion of the contract.

XI.3. For delivery objects and parts thereof replaced due to non-fulfilment and for delivery objects and parts thereof on which defects were remedied, the limitation period begins with the completion of the subsequent fulfilment. For delivery objects that cannot remain in operation during the examination of defects and subsequent fulfilment, the limitation period is extended by the time of the interruption due to defects.

XII. Assignment, set-off, retention

XII.1. The assignment of any claims of the supplier against the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is excluded, except for financing purposes.

XII.2. The supplier is not entitled to deny a measure that is due for the remedy of defects until complete payment of the purchase price or remuneration.

XII.3. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is entitled to set-off and retention rights to the extent provided for by law. The Walther Flender Group (Walther Flender GmbH, Flennor GmbH) is furthermore entitled to set off claims with receivables to which a company is entitled if the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) owns at least 50% interest in that company.

XIII. Duty to inform and secrecy

XIII.1. If a delivery relationship exists, the supplier has a duty to inform concerning all circumstances that could be of significance to the Walther Flender Group (Walther Flender GmbH, Flennor GmbH); this includes in particular information on quality problems, if they possibly could not be resolved completely, foreseeable delivery problems and all changes in product qualities, which could affect the utilization by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH), even if they do not result in the delivery object being defective.

XIII.2. If suppliers of replacement parts intend to discontinue production completely or partially, they are obligated to inform the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) of this at least 90 days beforehand.

XIII.3. Both parties shall be obligated to treat all non-public, business and technical details of which they become aware during the business relationship as a secret.

XIV. Jurisdiction, applicable law

XIV.1. For all disputes arising as a result of or in connection with the contractual relationship, if the supplier is a domestic businessperson, a legal entity under public law or a domestic separate estate under public law, the place of jurisdiction is Düsseldorf, Federal Republic of Germany. For legal action against the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) by suppliers who have no general place of jurisdiction in the Federal Republic of Germany, the sole place of jurisdiction is likewise Düsseldorf, Federal Republic of Germany. For legal action by the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) against suppliers who have no general place of jurisdiction in the Federal Republic of Germany, the additional place of jurisdiction, in addition to the statutory places of jurisdiction, is likewise Düsseldorf, Federal Republic of Germany. Any arbitration agreements concluded by the parties shall take precedence.

XIV.2. Concerning the inclusion of these

Terms and Conditions of the Walther Flender Group (Walther Flender GmbH, Flennor GmbH) and for all legal relations resulting from this contract and any ancillary transactions and/or subsequent transactions for the parties and their legal successors, the laws of the Federal Republic of Germany shall apply exclusively, to the exclusion of UN sales law. This choice of law clause and the above jurisdiction agreement are also subject to the laws of the Federal Republic of Germany, to the exclusion of UN sales law.

Walther Flender Group (Walther Flender GmbH, Flennor GmbH)
D-40593 Düsseldorf
Schwarzer Weg 100 - 107