

General Conditions of Sale

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I. General

1. The following conditions in the version of 1st October 2007 apply to our deliveries and services, including information, advice and repairs. The conditions of the customer only apply if and to the extent that we have expressly acknowledged them in writing.
2. All collateral agreements and changes to the contract require an explicit agreement. Oral or written statements deviating from our contractual conditions and/or the acknowledgement of the order require the agreement of our organs or authorised signatories, in numbers entitling them to representation, for their effectiveness. Otherwise, our office and field service employees have no authorisation to make deviating agreements or to guarantee special conditions.

II. Information, Advice

Information and advice regarding our products are given based upon our previous experiences. The values which are stated here, especially output data, are average values established in tests under normal laboratory conditions. We accept no obligation regarding precise adherence to the values in actual operation and the realisation of considered application options if not agreed expressly. The customer is informed that any implementation is made at own risk. The employees of Stürtz GmbH are not able to carefully adjust tips and suggestions for solutions in regard to the conceivably complex demands of our machines due to the nature of communication in telephone support and the limited time frame as well as the frequently casual nature of the demanded free support. The free support services without an official order in form of tips, advice and providing programming aids and small programs therefore do not include a

liability – barring intent and in such cases where Stürtz is obliged by law to render free services. Section XI. of these conditions applies to any liability for orders against payment.

III. Quotation and Conclusion of Contract

1. Our quotations are not binding. A supply contract or other type of contract only exists when we have confirmed the customer order or other order in writing or delivered the goods.
2. All statements about our products, especially the pictures, drawings, declared weight, dimensions and output data contained in our quotations and advertising publications are to be regarded as approximate average values which can differ from values in use. The object of the agreement is exclusively the sold product with the characteristics, features and intended purpose described in the product description accompanying the (machine manuals). Other or further characteristics and/or features or an additional use only count as agreed if they are expressly confirmed by us. Insofar as limits for permissible deviations are not expressly set out in the order confirmation and designated as such, those deviations are permitted which are normal for the industry or to be reasonably expected from the customer (manufacturing and performance tolerances).

IV. Prices

1. The prices valid on the day of the final order confirmation apply in accordance with our price lists, insofar as nothing different has been expressly agreed to.
2. All prices are net prices in Euro without turnover tax, which the customer is to pay additionally in its respective legally required amount.
3. The agreed prices are calculated by us taking into account the wages, materials and energy costs applicable at the concluding of the contract. If such costs increase in a period of 6 weeks after the order confirmation up to the completion of the order, then we are entitled to demand a proportionally correspondingly increased price as a counterperformance within the framework of the percentage proportion of these costs of the agreed price.
4. The prices for working hours relate to normal working hours and performance. For overtime and night work, work on Sundays and holidays, and work under difficult conditions, the corresponding surcharges are added to the actual wage.

5. Insofar as nothing else has been expressly agreed, the customer is also to bear freight costs, packaging costs for special packaging beyond that which is normal in the trade, accessory charges, state taxes and duties, as well as the costs of monetary transactions.
6. Maturity of remuneration is determined as follows:
 - a) With an invoice value of up to 10,000- Euro net, with invoices for assembly services and commission, as well as regardless of their invoice value upon payment for deliveries of replacement parts, payment is to take place within 14 days after dispatching of the goods and/or handing over to the customers in the case of collection.
 - b) With invoice values over 10,000 Euro net, the payments are to take place as follows:
 - 30% of the amount payable 8 days after the date of the order confirmation, net
 - 30% of the amount payable 30 days after the date of the order confirmation, net
 - 30% of the amount payable 8 days after acceptance, net
 - 10% of the amount payable 8 days after commissioning, net, but 30 days after the date of the invoice at the latest

The determination of the invoice value depends on the value of the individual order. An addition of several individual orders does not take place irrespective of any inclusion in a calculation document.

V. Delivery

1. Delivery times (deadlines) start at the date of our order confirmation but not before unambiguous clarification of all details of the order with the inclusion of any necessary documents, approvals, certificates and releases, and not before the entry of the applicable or agreed partial payments. This especially includes statements on the profiles to be processed, profile sketches and statements on the adjusting of the machines to be delivered and the forwarding of workpieces which are necessary for the preparation of the order. They count as met with the announcing of readiness for forwarding, if the goods can not be punctually sent without us being to blame for this.
2. For delivery times and deadlines which are not expressly described in the work confirmation as fixed, the customer can set an appropriate time limit for delivery/performance for us.

3. Delivery times extend - notwithstanding our rights arising from the customer's delay - by the time during which the customer is in arrears of obligations to us, especially the obligations to payment. In the event of delay or impossibility on our part – regardless of the reason – we are liable for compensation claims of whatever kind up to a maximum 5 % of the value of the total delivery. In this, liability is restricted to typical and predictable losses. Further losses are only compensated for by us in accordance with section XII of these conditions. The regulations of section XII clause 4 apply accordingly.
4. The liability to deliver occurs provided the correct and timely self-delivery of our suppliers. This provision only applies in case that we have formed a congruent hedge with the supplier and are not liable for a possible wrong or non-delivery. We will inform the customer of the nonavailability at once and refund possible counterperformances already provided by the customer without delay.
5. Cases of force majeure and other events upon which we have no influence and which make a delivery/service substantially more difficult or impossible for us, such as stoppages (e.g. fire, machinery breakage or roll breakage, shortages of raw materials or power), transport delays, strikes, lawful lock-outs and state measures release us from the obligations of the respective contract, but obstacles of a temporary nature do this only for the duration of the hindrance plus an appropriate start-up period. Neither are we answerable for the circumstances described above if they arise during an already existing delay. Insofar as it is not to be expected of the customer that he accept the delay, he can withdraw from the contract by immediate written declaration, after prior consultation with us, insofar as the contract has not yet been partially fulfilled by us.
6. We are entitled to make partial deliveries to an extent reasonable for the customer.

VI. Acceptance and Assembly Work

1. In the assembly or setting up of systems, machines or machine parts, the costs for assembly and disconnection are to be reimbursed, with appropriate premium pay for overtime and work on Sundays and holidays. Costs for travel and overnight accommodation as well as transport costs for the transportation of luggage and tools are to be compensated for by the customer. The invoicing is carried out for the rates valid on the day of performance in accordance with our “assembly” invoicing rates. These are based upon the requirements of the 5-day-week. The assemblers are entitled to a weekly journey home.
2. Insofar as we have to carry out assembly work, the customer is obliged to fulfil in time all preconditions for the beginning of assembly, to obtain any necessary approval and to make the place of assembly ready in such a way that the assembly work can be carried out unhindered. This applies especially to the necessary constructional measures and supplying with electricity and compressed air.

3. We are not obliged to begin with the assembly so long as the customer has
 - a) not yet approved the graphic representation produced by us of the objects to be assembled by us with the measurements evident from it and/or
 - b) not yet notified us in writing that all preconditions of an unhindered performance of the assembly work are fulfilled in the sense of the above clause.
4. The customer is to inform us immediately of any hindrances or difficulties regarding the assembly. The customer is to reimburse all additional costs arising for us from a lack of cooperation on his part.
5. For the duration of the assembly, the customer is to provide a place for the safe-keeping of all the objects delivered for the assembly work.
6. Assembly work should be formally accepted by the customer by signing an acceptance certificate. Machine deliveries can be accepted according to an agreement. They are regarded as accepted, however,
 - a) if the customer does not comply with our request for acceptance or signing of the acceptance certificate within 10 days, although our performance is ready to be accepted and we have informed the customer that the omission of acceptance without further explanation causes the effects of acceptance to come into force, or
 - b) if the assembled object is used or put into operation according to the contract after a written release from us without formal acceptance by the customer longer than a test period of two weeks for its designated purpose, or
 - c) if the system or machine is dispatched at the customer's request to a place other than that which was originally agreed as the site

Negligible defects do not entitle to a refusal of acceptance. The acceptance of machines or systems takes place at the place of fulfilment.

If the customer does not fulfil his duties, then we are entitled, but not obliged, after announcement and the setting of an appropriate deadline, to carry out the actions incumbent on the customer at his premises and at his expense.

VII. Dispatch, Passing of Risk

1. Dispatch and transportation take place at the risk and expense of the customer. The risk is also passed to the customer in the case of partial deliveries, as soon as the shipment has been handed over to the personnel carrying out the transportation or has left our warehouse for dispatching or has left our factory for delivery ex works. Transport insurance is only taken out at the express wishes and at the expense of the customer. The above regulations also apply if the transportation takes place using our vehicles.
2. If the dispatching of the delivery is delayed for reasons which are the responsibility of the customer then the risk is passed to the customer with the announcement to the customer of readiness for dispatch. The customer bears any storage charges arising after the passing of risk. In the event of storage at our works at least 1/2 % of the invoice total is invoiced per month. As for the rest, we are entitled, after the setting and fruitless elapsing of an appropriate time limit, to have the contract item at our disposal in other ways and to deliver to the customer with an appropriately extended time limit. We are also entitled, after fruitless elapsing of the time limit, to withdraw from the contract and to refuse to make the delivery to the customer. Our claims for damages are not affected by the exercising of the right of rescission (§ 325 BGB).

VIII. Blanket Orders

1. Blanket orders oblige the customer to accept the total quantity underlying the blanket order.
2. Insofar as no particular demands of delivery deadlines stem from the contract, the total quantity of the blanket order is to be recalled within 12 months.
3. If demands of delivery deadlines are not adhered to by the customer then we are entitled, four weeks after giving written notification, pointing out the consequences of the unfulfilled demand of delivery, to deliver and invoice the total quantity in full. Our rights regarding a delay on the part of the customer remain unaffected.

IX. Payment

1. Payments are to be made in Euro and have to take place postage paid and free of charge. Bills of exchange and cheques only count as payment after redemption and are accepted without obligation to punctual showing and protesting.

2. In the event of the exceeding of payment deadlines we are entitled to invoice interest of 8% above the basic interest rate of the European Central Bank. The interest is to be set higher if we prove a burden with a higher rate of interest. The enforcement of further damages caused by default is not ruled out.
3. The holding-back of payments because of or offsetting with counterclaims by the customer are only permitted if these counterclaims are undisputed or established as legally binding.
4. In the event of non-adherence to the agreed payment deadlines the customer falls into arrears, without a requirement for a special formal notice of default. This applies especially to the payment conditions listed under clause IV.6. If other instalment payments are agreed and if the customer falls into arrears with one payment or if the delay of an instalment amount lasts longer than 6 weeks, then the entirety of the remaining purchasing price is due immediately. In the event of the defaulting of the customer, we are entitled to refuse all deliveries to the customer, even those regulated by other contracts. We bear no liability for any losses arising from this non-delivery. We can withdraw from the contract if a cessation of payment, the opening of insolvency or court arrangement proceedings, refusal of the application for the initiation of insolvency proceedings in the absence of protest against the lump, bill of exchange or cheque protests or other concrete indications regarding the deterioration in the financial circumstances of the customer become known to us. In such a case, all unpaid invoices immediately become due for payment and we can make all other deliveries dependent on the making of payment in advance, on an absolute bank guarantee or other securities. This also applies if the above-described circumstances already existed on the part of the customer at the concluding of the contract but were not known to us or were not necessarily known to us.

X. Conditional Sale

1. All delivered goods remain our property (reserved goods) until the fulfilment of all requirements, regardless of the legal argument upon which they are based, including requirements arising or determined in future, from contracts concluded at the same time or later. This also applies if payments are rendered for specially designated requirements.
2. The processing and treatment of the reserved goods take place for us as manufacturer in the sense of § 950 BGB, without us being under an obligation to make this so. The processed goods are regarded as reserved goods in the sense of clause 1. If the customer processes, combines and mixes the reserved goods with other goods, we are entitled to joint ownership of the new item in the ratio of the invoice value of the reserved goods to the invoice value of the other goods used. If our ownership expires through combination or mixing, then the customer already at that point transfers the ownership rights to which he is entitled to the new stock or the item to us in the scope of the invoice value of the reserved goods and keeps them safe for us free of charge. The

joint ownership rights arising in accordance with this count as reserved goods in the sense of clause 1.

3. Only within the framework of a proper running of business, and so long as he is not in arrears, is the customer entitled to sell the reserved goods on further, to process them or combine with other things or otherwise incorporate other things into them (also called reselling in the following for short). No other disposal of the reserved goods is permitted. We are to be notified immediately of distraints or other access to the reserved goods by third parties. All intervention costs are borne by the customer. If the customer extends the term of payment to his purchaser, then he is to reserve the ownership of the reserved goods towards the purchaser with the same conditions to which we have reserved the ownership in the delivery of the reserved goods. Otherwise, the customer is not empowered to resell.
4. The claims of the customer arising from the reselling of the reserved goods are already hereby ceded to us including value-added tax. They serve as security in the same scope as the reserved goods. The customer is only entitled and empowered to resell if it is guaranteed that the claims to which he is entitled from this are transferred to us.
5. If the reserved goods are resold by the customer together with other goods not delivered by us at a total price, then the cession of the claim from the reselling takes place in the amount of the invoice value of our respective reserved goods being resold.
6. If the ceded claim is accepted in a running invoice, then the customer already hereby cedes to us a part of the account balance, including of the closing balance from the current account, corresponding to the amount of this claim.
7. The customer is empowered to collect the claims ceded to us until we revoke this. We are entitled to revocation if the customer does not fulfil his obligations to pay from the business relations with us in due form or circumstances in the sense of clause IX.4 clause 6 become known which substantially reduce the credit-worthiness of the customer. If the preconditions for the exercising of the power of revocation are present, the customer is to make the ceded claims and their debtor known to us immediately upon our request, to give all information necessary for collection of the claims, to hand the relevant documents over to us and to notify the debtor of the cession. We are also entitled to give notice of assignment to the debtor ourselves.
8. If the realisable value of the securities existing for us exceeds the secured claims by a total of more than 10 PC then we are obliged upon the request of the customer to release securities of our choice to this extent.
9. We can demand the return of goods secured by the privileged property if the customer has not settled the outstanding claims within a term of payment set by us and we therefore withdraw from the contract. A respite period is not required if the customer refuses the payment seriously and finally. Regardless of this, we can demand the return of the goods if we are entitled to a

damages claim against the customer by § 281 BGB or the customer treats the goods incorrectly or behaves in a way which is similarly contrary to the terms of the contract, such as passing the goods on contrary to his duties.

XI. Guarantee and Requirement to Give Notice of Defects

1. The customer is obliged to examine the delivered goods carefully – even if patterns or samples have been sent beforehand – for completeness and correctness immediately after their arrival at his premises. The delivery counts as approved if the rebuke of obvious defect is not given to us in writing immediately after the arrival of the goods. If the defect is not recognisable in a proper examination, then the notice of defect is to be given in writing, by telex or by fax, immediately after the discovery of the defect.
2. Damages in transit are to be brought to the attention of the forwarder; as far as this is concerned, the notification duties of the general terms and conditions for German forwarding agents (Allgemeine Deutsche Speditionsbedingungen) apply.
3. With justified notices of defects, we offer guarantee through remedying of the deficiency or replacement delivery as we choose. If the remedying of the deficiency or replacement delivery goes wrong within an appropriate time limit, the customer can demand reduction of the purchasing price or withdraw from the contract.
4. A defect does not exist if the deviations of the delivered goods from the acknowledgement of the order are normal in the industry. In the case of goods which have been sold as degraded or used material, the purchaser is not entitled to make any claims due to any defects. This does not apply to cases where defects are fraudulently kept secret. Furthermore no defects are existing in case of faults due to poor or not executed prescribed maintenance on the sales goods as far as the customer can be held responsible.
5. The customer is to give us the time and opportunity which we consider necessary for the carrying-out of all repairs and replacement deliveries which seem necessary by our reasonable exercise of discretion; otherwise we are exempted from liability for deficiencies. Only in urgent cases of the jeopardising of operational safety and for protection against disproportionately large losses of which we are to be immediately informed, or if we are behind with the remedying of the defect, the customer has the right, to remedy the defect himself or have it remedied by third parties and to demand that we reimburse of the necessary costs.

6. Only our direct customers are entitled to guarantee claims against us and these claims can not be ceded.
7. All guarantee claims against us fall under the statute of limitations within a year after the passing of risk to the customers. If the delivered system is used in shifts, the warranty period is shortened to 6 months. The above statutory periods of limitation do not apply with regard to such claims for damages as are based upon a material defect, which is to be attributed to intentional breach of duties on our part; in such cases, the legally regulated statutory periods of limitation are applied to these claims.
8. For all other damages claims to which the customer is entitled to due to or in connection with defects in or due to other breaches of duty, regardless of the legal argument, we only bear liability where there is intent or gross negligence. Section XII. applies, especially in regard to clause 4.

XII. Limitation of Liabilities

1. In the case of claims for damages for culpable actions or breaches of duty, based upon whatever legal argument, including delay, defective delivery (with the exception of section XI. clause 4) or breaches of duty in the sense of § 280 BGB and of duties to advise, unpermitted actions, product liability (with the exception of any liability according to the product liability laws) we are liable in cases of minor negligence only in the event of the infringement of substantial duties, jeopardising the aim of the contract. As for the rest, our liability for minor negligence and a liability regardless of negligence or fault is ruled out.
2. In cases of liability, with the exceptions of gross negligence and intent, we are only liable for the typical and predictable losses.
3. Insofar as our liability is ruled out, this also applies to personal liability of our staff, employees, representatives and auxiliary persons.
4. The above limitations of liability do not apply to damages claims in case of injury to life, limb and health which is due to a culpable breach of duty by us or our auxiliary persons or legal representatives. The regulations of the product liability laws also remain unaffected. The limitations of liability are also not applicable for claims from guarantee statements, insofar as these grant the customer claims regardless of negligence or fault.
5. Irrespective of the regulation of XI. clause 7, all claims against us, based on whatever legal argument, come under the statute of limitations in one year after the passing of risk to the customer, if we have acted negligently or are liable regardless of negligence or fault. In cases of gross negligence, the statutory period of limitation is 3 years. Any shorter legal statutory periods of limitation have priority. The clauses 1 and 2 do not apply to claims from unpermitted actions

and in cases of intent as well as in cases of clause 4; in such cases, the legal statutory periods are applied.

XIII. Manufacture According to Instructions of the Customer, Ownership of Construction Documents

1. In cases of manufacture according to the customer's drawings, patterns and other instructions of the customer, we take on no guarantee or liability for the functioning of the product and for other defects, insofar as these circumstances are based upon the instructions of customers.
2. The customer exempts us from any claims of third parties, even based on product liability, brought against us because of losses caused by the goods, unless we have caused the losses intentionally or through gross negligence.
3. The customer guarantees to us that the manufacturing and delivery of the goods produced according to his instructions infringe no property rights of third parties. In the event that property rights are asserted against us, we are entitled to withdraw from the contract, without legal examination of any claims of third parties, after consultation with the customer, unless the third party withdraws the assertion of property rights within 8 days by written declaration. The customer has to reimburse us for any losses which have arisen through the assertion of property rights and to exempt us upon request. In the event of withdrawal, the work which we have performed up to that point is to be remunerated. Other rights according to the legal regulations remain unaffected.
4. The moulds, tools and construction documents produced by us for the carrying-out of the order are exclusively our property. The customer is not entitled to make claims for these, even if he has contributed to covering the costs for the manufacturing of moulds, tools and construction documents unless something different has been expressly agreed.

XIV. Place of Fulfilment, Competency of Court and Law to be Applied

1. The place of fulfilment for our deliveries is Neustadt/Rott for deliveries ex works.
2. Competency of court for all conflicts arising from this contract is, according to our discretion, either our headquarters or the headquarters of the customer, but exclusively our headquarters for complaints from the customer. Legal regulations concerning exclusive competence remain unaffected.
3. The law of the Federal Republic of Germany applies to all legal relations between us and the customer. Neither the UN sales law (CISG) nor any other international agreements apply, even after their adoption into German law.

Stürtz Maschinenbau GmbH