

General Terms and Conditions of Purchase of Knott GmbH 3rd of April 2007

1. General – Scope

- (1) Our Terms and Conditions of Purchase shall apply exclusively; we accept no terms and conditions of the supplier that conflict with or vary from our own Terms and Conditions of Purchase, unless we have explicitly approved their validity in writing. Our Terms and Conditions of Purchase shall apply even if we accept the supplier's delivery without expressing any reservations, in the knowledge of terms and conditions of the supplier that conflict with or vary from our own Terms and Conditions of Purchase.
- (2) All agreements that are concluded between ourselves and the supplier in relation to the execution of this contract shall require our written confirmation.
- (3) Our Terms and Conditions of Purchase shall only apply to entrepreneurs for the purposes of § 14 BGB [*German Civil Code*]. They shall be binding for all future transactions with the supplier.
- (4) Individual contractual agreements, in particular the acceptance by the supplier of a guarantee in relation to the quality of the goods on the basis of our order, shall take precedence over our Terms and Conditions of Purchase, although these shall apply on a supplementary basis.

2. Quotation – quotation documents

- (1) The supplier may also accept our order by means of its conclusive behaviour in this respect.
- (2) We shall retain ownership title and copyright to illustrations, drawings, calculations and other documents; these may not be made accessible to third parties without our explicit written approval. They are to be used exclusively for production based on our order; after the order has been processed, they are to be returned to us without the need for a prior request by ourselves. They may not be disclosed to third parties.

3. Prices – payment terms

- (1) The price stated in the order shall be binding. In the absence of any varying written agreement, the price shall include delivery "franco domicile", inclusive of packaging and also customs formalities and duty. We only accept returned packaging by special agreement.
- (2) The price shall include value added tax at the statutory rate.
- (3) The supplier shall be obliged to raise invoices after delivery in accordance with the specifications of our order, and in particular to quote our specified order number. The supplier shall be responsible for all consequences arising out of failure to adhere to this obligation or legally insufficient performance thereof.
- (4) Unless agreed otherwise in writing, we shall pay the agreed remuneration within 14 days, calculated from receipt of the invoices, subject to 3% discount, or else net within 30 days of receipt of the invoice.
- (5) We shall be due statutory rights of offsetting and retention.

4. Delivery time

- (1) The delivery time stated in the order shall be binding.
- (2) The supplier shall be obliged to immediately notify us in writing if circumstances that indicate that the agreed delivery time cannot be adhered to, should arise or come to its knowledge.
- (3) In the event of default in delivery, we shall be due statutory claims, and shall in particular be entitled to demand damages for non-performance following unsuccessful expiry of a reasonable additional period.

5. Transfer of risk – documents

- (1) Unless agreed otherwise in writing, delivery shall be “franco domicile”. At all events, the risks of accidental loss and accidental deterioration of the goods shall not pass to us until they are actually handed over.
- (2) The supplier shall be obliged to precisely state our order number on all shipment papers and delivery notes; if it fails to do so or does so incorrectly, then it shall be responsible for any delay caused or resultant loss.

6. Investigation of defects – warranty

- (1) We shall not be obliged to investigate and register complaints if the supplier has accepted a guarantee of quality in relation to the goods, unless the variation in the goods from their guaranteed quality is immediately visibly obvious.
- (2) We shall be due full rights to make statutory warranty claims; this notwithstanding, we shall be entitled to elect to require the supplier either to remedy defects or to supply replacements. In this case the supplier shall be obliged to bear all necessary expenses in connection with the remedy of defects or the supply of replacements. We explicitly reserve the right to claim damages, in particular damages for non-performance.
- (3) The warranty period shall be 24 months from the time of transfer of risk.

7. Product and defect liability – indemnification – liability insurance cover

- (1) If the supplier is liable or answerable for a product loss or product defect, it shall be obliged to indemnify us in this respect, at the first request, in the event of damages claims by third parties.
- (2) In this context, the supplier shall also be obliged to reimburse any expenditures in accordance with §§ 683, 670 BGB, that arise out of or in conjunction with a recall campaign undertaken by ourselves. Where possible and reasonable, we shall inform the supplier and give it the opportunity to comment on the content and scope of the recall measures to be undertaken.
- (3) The supplier undertakes to maintain, at its own expense, a product liability insurance policy with the sum insured requested by ourselves; this shall not affect any further damages claims that we may be entitled to make.

8. Protective rights

- (1) The supplier shall be answerable for the fact that no rights of third parties within the Federal Republic of Germany are infringed in connection with its delivery.
- (2) If a third party makes a claim against us in this context, then the supplier shall be obliged to indemnify us in relation to such claims in response to our first written request.
- (3) The supplier's indemnification obligation shall extend to all expenditures necessarily incurred by us as a result of the claim by a third party or in connection with such a claim.

9. Reservation of title – provision by ourselves – tools – confidentiality

- (1) If we provide parts to the supplier, we shall reserve ownership title to these. The supplier shall process or remodel these on our behalf. If our goods subject to reservation of title are processed with other articles not belonging to us, then we shall acquire co-ownership of the new item in the ratio of the value, at the time of processing, of our item to the other articles being processed.
- (2) If the item provided by ourselves is indivisibly combined with other articles not belonging to us, then we shall acquire co-ownership of the new item in the ratio of the value of the item subject to reservation of title to the other combined articles at the time of the combination. If combination takes place in such a way that the supplier's item must be considered as the principal item, then it is deemed to be agreed that the supplier is transferring prorata co-ownership to ourselves; the supplier shall safeguard the sole ownership or co-ownership on our behalf.
- (3) We reserve ownership title to tools; the supplier shall be obliged to use the tools exclusively for goods ordered by us. The supplier shall be obliged to insure the tools belonging to us against fire, water and theft, at their replacement value, at its own expense. It shall also be obliged to undertake any necessary maintenance and inspection work at its own expense. It must immediately notify us of any problems.
- (4) The supplier shall be obliged to keep strictly confidential all illustrations, drawings, calculations and other documents and information that it receives. They may only be disclosed to third parties subject to our explicit written approval. This confidentiality obligation shall remain effective after execution of this contract.
- (5) The supplier shall be obliged to indemnify us for all loss suffered by ourselves even in the event of infringement of these obligations hereby accepted by it.

10. Governing law and place of jurisdiction

- (1) Exclusively the law of the Federal Republic of Germany shall govern the legal relationship between the supplier and ourselves.
- (2) We exclude the possibility of application of UN sales law for cross-border transactions.
- (3) If the supplier is a merchant, then the place of jurisdiction shall be either Rosenheim or Regensburg, at our choice. However, we shall also be entitled to sue the supplier at its registered office or at the location of its branch.

11. Severability clause

If one of the above provisions should be or become fully or partially legally invalid, this shall not affect the legal validity of the remaining provisions.