

International Purchase Conditions (IPC) of Inc.
For use in international business transactions

I. General

1. In supplement to the individual contract agreements, these International Purchase Conditions (IPC) are valid exclusively for all business with suppliers or other contractors (herein collectively called "Supplier"). They apply to permanent business associations or limited agreements as well as for all future supplier relationships up to the enforcement of our new International Purchase Conditions. Contrary or different conditions of the supplier are neither by order confirmation of the supplier nor by implicit acceptance of deliveries or performance nor by payment by us included in the contract. All agreements with respect to the execution of the contract must be made in writing. Changes or additions to contractual agreements must be in writing and approved by us.

II. Offer

The supplier is bound to his offers for at least one month. Prices are accounted for in.... (currency) including value-added tax; delivered free to buyer's address; including packaging, payment of duty and insurance. We reserve all title and copyright in documents that we provide to the supplier for submittal of offer. They are to be sent back to us without cost or delay upon the failure to submit an offer or after the placement of an order.

III. Order

The acceptance of our order(s) must occur within 10 working days after submission and by means of a written order confirmation with binding delivery date and prices. Blanket orders are authorized only for the acquisition of primary materials in necessary amounts. If technical or other changes by the supplier to the character of the delivered products causes the character of our final product, the supplier bears the risk of our refusal to accept the goods and all of resulting defects and damages.

2. An assignment to a third party without our consent is prohibited and entitles us to cancel the contract and to assert damages.

IV. Prices, payment

1. Invoices are to be sent to us for each order in duplicate after each delivery in proper form. Invoices must coincide with the contents of the bill of lading. The invoice receipt date will be considered to be the date of the receipt stamp. Payment takes place only after complete receipt of defect-free goods and complete performance without fault and after receipt of the invoice. Time delays caused by incorrect or incomplete invoices do not affect the cash discount period. This time limit is defined by the day of delivery or the later issuance of invoice.

2. Insofar as prepayment is stipulated by the supplier, an unlimited guarantee from a bank or surety in an amount at least as much as the amount of prepayment is required. 3. Without our prior written consent, the supplier is not entitled to assign claims against us or to allow collection by third parties. Our payments are made only to the supplier.

V. Delivery deadlines and dates, default

1. The supplier is to inform us without delay of difficulties which would hinder delivery by the deadline at the prescribed quality, and to solicit our decision concerning the preservation of the contract. He is liable for failed or late notifications. Upon default in delivery we are entitled to lawful claims. Upon deadline violation by the supplier we are entitled to cancel the contract. A grace period provided for failure to deliver can be set aside in case of a particular urgency of the supply because of our own deadline obligations.

2. We are not obligated to accept before the delivery deadline.

VI. Delivery, transport, packaging and passage of risk

1. As a basic principle, delivery takes place free of freight, packaging, customs and insurance costs. The supplier must attach all shipping documents and bills of lading to our order information. The goods delivered by the seller must in every case be accompanied by the necessary papers – mostly according to custom and usage – that allow us to allocate and handle the delivery efficiently.

2. The supplier is liable for losses and damages that occur during transport, including unloading, up to and until our acceptance at our factory. The supplier must therefore purchase sufficient transport insurance for his deliveries.

3. If we bear carriage costs upon acceptance, we will specify the freight carrier which is requested of us in a timely manner.

4. Risk does not pass until delivery to the delivery address or upon placement and acceptance at our factories. Before dispatch, the goods are stored by us without cost and at the risk of the supplier.

VII. Quality, quality assurance

The supplier must abide by the acknowledged engineering rules and the agreed (technical) information, in particular quality specifications and protective laws to be considered and other safety regulations. He is obligated to support a quality-management system based on the international standard ISO 9000 ff with the obligation for a goal of zero-defects and the continued improvement of his performance and, at our request, to prove this by producing an appropriate certificate. The supplier bears the responsibility that his suppliers maintain a comparable quality-management system. Particulars are regulated in individual agreements in writing between the parties about quality.

VIII. Insurance, defects, defect analysis, limitation period, recourse

1. The supplier warrants that all goods delivered by him or all work performed by him contains the state-of-the-art, the appropriate legal provisions and specifications and instructions from authorities, workers' compensation insurance carriers and trade associations, insofar as they exist in the recipient's respective country. He also warrants that the subject matter of the delivery or performance fulfills all specifications and all of the company's own standards that we have expressly communicated to the supplier in our order. If deviations from these regulations, standards, specifications and other statements are necessary in particular cases, the supplier must hereby solicit our written consent. Upon our written consent, the obligations of the supplier regulated in following numbers 2 through 10 remain unaffected. In the case of any concerns with respect to the fulfillment desired by us, the supplier is obligated to notify us of his concerns without delay.

2. The supplier confers the goods free of physical defects. The legal regulations of the recipient's particular country apply insofar as nothing else is agreed subsequently. He is responsible for all defects and defect damages resulting from the absence of characteristics. The supplier is obligated to issue to us a certificate of workmanship on demand. We are entitled to demand performance from the supplier, to cancel the contract, or to the decrease the purchase price, and to demand indemnity or reimbursement of unavailing expenses.

Within the scope of the performance, we are optionally entitled to demand removal of defects or delivery of defect-free goods from the supplier. The supplier is obligated, for the purposes of the removal of defects, to bear all necessary costs for replacement delivery or removal of damages, in particular transport-, road-, work- and materials costs. If the supplier does not accomplish removal of defects or replacement delivery within a fair period of time determined by us, or if they fail, we are entitled, at the supplier's expense, to undertake the removal of defects ourselves or through a third party, or to arrange replacement, or to cancel the contract and to demand indemnity instead of performance. Under urgent circumstances, in particular when the risk of default exists,

for defense against acute risks or the mitigation of greater damages, we are entitled to undertake at the supplier's expense the removal of defects ourselves or through a third party, or to arrange replacement. In this case we will provide the supplier with notification hereby.

3. Absent arrangements in the quality assurance agreements, the deliveries are to be inspected by us or the recipient within a reasonable period within the scope of proper business operations for obvious defects, transport damage and identity of the goods. A notice of defects by us is timely if it is received within a period of 14 work days, calculated after the receipt of delivery or, for hidden defect, after their discovery. In this respect the supplier waives objection to late notice of defects. Transit operations are to be stopped upon the customer's notice of defects. The periods of time listed above are tolled during our annual company holidays, insofar as the supplier is informed of the period of the annual company holidays in the order. We reserve the right, in the case of objection by the supplier, to charge the costs originating in conjunction with the notice of defects. The supplier bears the cost and risk for return consignment of defective delivery items.

4. For the product produced or delivered by the supplier and for the order carried out by him, our defective-goods claims lapse upon the passage of 36 months after delivery or acceptance by us or a third party named by us in the prescribed receiving- or disposition office, insofar as no longer limitation period has been agreed upon with the supplier or is mandated according to the statutory regulations of the country of the recipient. The supplier agrees to record this limitation period with his commercial liability insurance carrier.

5. The supplier indemnifies us against claims of third parties for title defects. With respect to title defects, a limitation period of 10 years applies, insofar as the statutory regulations of the country of the recipient do not prescribe a longer limitation period.

6. During the limitation period for our defect claims, repaired products, products, product components or product parts, delivery starts the limitation period running anew at such time as the supplier has completely fulfilled our claims for performance.

7. If we take back products manufactured and/or sold by us as the result of the deficiency of the subject matter of the contract delivered by the supplier, or if the purchase price is decreased for us as a result, or if we bear claims in other ways as a result, we reserve recourse against the suppliers, whereby an otherwise-required settlement of time limit for our defects is not necessary.

We are entitled to demand from the supplier reimbursement of expenses that we have borne in relation to our customers, because they have a claim against us for reimbursement for the purpose of replacing necessary expenses, in particular transport-, road-, work- and materials costs.

9. Without prejudice to the provisions in number VIII. 4, the limitation period commences in the case of number VIII. 6 and VIII. 7 - at the earliest - 2 months after the time at which we have fulfilled the claims directed against us by our customers; at most, however, 5 years after delivery by the supplier.

10. If a physical defect appears within 6 months since the passage of risk, then it is presumed that the defect already existed at the passage of risk, unless this presumption is inconsistent with the type of defect.

IX. Products liability, insurance coverage

1. For defects in the goods and the damages resulting therefrom, which occur for us or third parties, the supplier indemnifies us against the liability resulting thereby. The supplier agrees with his insurer to the co-insurance of this indemnification within the scope of his commercial liability insurance. The supplier indemnifies us in this respect against claims by third parties for the responsibility for a product harm, inasmuch as the cause lies within the scope of his control or organization. He is obligated to pay claims for a recall implemented to prevent personal injury that are necessary because of accidental product defects from the supplier. As to the content and scope of the recall measures to be implemented, we will inform the supplier upon request as

much as is possible and reasonable, and provide him the opportunity to respond.

2. The supplier is obligated to provide commercial and products liability insurance with an all-inclusive limit of indemnity of at least 2.5 million Euros for personal-, property- and financial injuries with a twofold yearly maximum aggregate limit and a recall-cost indemnity with a limit of at least 3 million Euros. The limit of indemnity must extend to foreign damages. The supplier is to inform us of exclusions for the USA/Canada limit. The scope of this insurance must extend to the inclusion of personal- and property injury due to failures of insured characteristics of the final products, to damages due to combination, mixture and processing of the final products, to damages due to processing and further processing of the final products, disassembly and assembly costs, production of defective goods by machines as well as testing- and sorting costs. The supplier will provide us with an appropriate certificate of insurance upon demand. (*certificate of insurance*)

The assertion of further damage claims hereby remains intact.

X. Trademark, release

The supplier takes on the risk that the delivery item and its makeup conforms to the provisions which exist for the business or the use of such items, regardless of whether these provisions are based on law, statute, governmental regulations or commercial custom within Europe or without. He thereby indemnifies us against all public and private claims based on violations of these provisions. The supplier is responsible for ensuring that trademark rights of third parties are not infringed upon in connection with his performance. If we are subject to claims by a third party for this reason, then the supplier is obligated to indemnify us against these claims upon first request. If the supplier uses trademark rights of third parties on the basis of licensing contracts made with the supplier, he makes sure that the use of the final product is permitted in all countries in which corresponding trademark rights exist. We have a free right of joint use to his trademark rights within the scope of the delivered products. The indemnity obligation of the supplier relates to all claims that accrue to us from or in relation to the demands of third parties.

Upon our request, the supplier will declare all trademark rights known to him, or expected to be known to him, that he uses in relation to the items delivered or to be delivered.

XI. Force majeure

War, civil war, export restrictions and trade restrictions on the basis of a change in political circumstances, strikes, lockout, disruption of operations, business restrictions and similar events that make the performance of the contract impossible or infeasible for us are considered as force majeure and release us for the duration of its existence from the obligation of timely acceptance. Based on information from us, the contract partners are obligated to adjust their obligations in good faith to the altered contractual circumstances. Insofar as the force majeure is not of negligible duration (i.e. uninterruptedly halted for at least 2 weeks), we are entitled to cancel the contract, insofar as this results in a considerable reduction of our needs.

This is particularly the case if our needs are reduced by more than 30%.

XII. Retention Of Title

1. Insofar as we ourselves provide goods, we retain for ourselves the title thereto.

2. The supplier holds the exclusive title or the joint title for us free of charge.

3. We do not recognize any kind of expansion or extension of a retention of title that goes beyond the simple retention of title of the supplier in which unprocessed supplier product is stored by us, in particular after processing, combination, or mixture with other goods and after alteration of the supplier product.

XIII. Trade secrets

The supplier is obligated to handle our orders and all commercial and technical details connected herewith as trade secrets. The supplier is obligated not to disclose the documentation and information that result from this contract. Duplication is permissible only within the scope of commercial requirements and proprietary provisions. Disclosure to third parties may occur only with our written consent.

We make sure that our suppliers are similarly obligated. The contract partners may advertise their business connection only with prior written consent.

XIV. Arbitration, place of performance, other

1. All disputes – contractual and extra-contractual – arising from or in relation to the business relationship between us and the supplier are to be resolved conclusively by a board of arbitration, binding both parties, according to the rules of conciliation and arbitration of the International Chamber of Commerce Paris. The place of arbitration is our main place of business.

2. We are also entitled to appeal in every case to the competent governmental courts at the headquarters of the buyer. In this respect the agreed jurisdiction according to XIV. 1 is suspended. Legal venue is our main place of business. We can also bring an action against the supplier in the appropriate forum for his domicile. Insofar as nothing else is provided in the order, our main place of business is the place of performance.

3. The April 11, 1980 treaty of the United Nations concerning contracts for the international sale of goods (UN-Sales Law/CISG) – in the English language version – is valid for all legal questions between the supplier and us, insofar as it does not contradict the stipulated provisions of these International Purchase Conditions. The substantive and procedural law in effect in our domicile is valid and applies subsidiarily.

4. Should individual provisions of the contract be invalid, the remaining provisions are not affected. Invalid provisions are reinterpreted such that the intended commercial purpose of the provisions are achieved.

XV. Other liability for the performance of ancillary obligations

To the extent not asserted in these terms and conditions, all further contractual or statutory claims against us are barred, in particular for compensation for damages for the breach of cooperation- and ancillary obligations, including indirect or consequential damages. We are however liable for intentional and gross negligence by the proprietor or managing officers or in other cases of obligatory statutory liability.