

**GENERAL SUPPLY AND PAYMENT CONDITIONS
SCHMIEDAG GMBH, 58089 HAGEN**

1. Area of Application

(1) These general supply and payment conditions (hereinafter called "the Conditions") are valid exclusively for all sales and deliveries of goods, accessories and spare parts (hereinafter called "Goods") of Schmiedag GmbH (hereinafter called "Schmiedag"). Conditions to the contrary and/or supplemental general business conditions of the Customer shall have no validity vis-à-vis Schmiedag. This shall be true also for cases in which Schmiedag does not exclusively disagree or in such in which it outright complies with the contractual requirements.

(2) This document and its components, are building the Conditions, and contains all with the Customer agreed upon contractual conditions. No sub-agreements exist.

(3) These Conditions shall be valid also for all future business with that customer.

(4) The employees of Schmiedag (with exception of authorized representatives, managers or otherwise authorized persons) are not allowed to divert from the contents of these Conditions, or other contents of the contract or supplement the contents of the contract or to give promises or assurances, detrimental to Schmiedag.

2. Offer, Contract Agreement

(1) All Schmiedag offers are without obligation. They merely prompt the Customer to submit an offer on his part. A contract does not become valid until Schmiedag confirms the order in writing or if Schmiedag executes the order.

(2) Public statements by Schmiedag, the manufacturer of the supplied Goods or by his aides, especially in advertising or in labeling, provide no description of the Goods and no guarantee for the same.

3. Prices, Costs of Contract Settlement

(1) The in the offer acknowledgement stated prices are, as of contract close binding for a period of six weeks. In the case that six weeks after the order acknowledgement and before the delivery by Schmiedag non-covered cost increases, such as increases for material and salary, taxes or other cost occurs, Schmiedag shall be allowed to adjust these prices accordingly.

(2) Prices shall be denominated in EUR excluding packaging costs and plus VAT.

(3) Subsequent reduction of the order quantity, of agreed call-offs or in the event of an agreed part delivery of the number of items require the prior approval of Schmiedag. In this case Schmiedag shall be entitled to increase the price per item and if necessary the agreed swage costs.

4. Delivery, Delayed Delivery

(1) All deliveries are subject to a timely and correct supply delivery.

(2) Timely guidelines, and especially the delivery times named by Schmiedag are binding for Schmiedag only if they have been exclusively declared binding. In order to adhere to the delivery terms or the delivery dates, the decisive factor shall be the availability of the Goods to be picked up at the factory. Under no circumstances Schmiedag shall be responsible to keep acknowledged delivery times, if information, cooperative activities or the final product orders on the part of the Customer is received after the order acknowledgement has been sent.

(3) Delivery times will prolong accordingly in such cases in which delivery hindrances exist and in which Schmiedag has no responsible part. This is especially true for disturbances in the energy supply or that of traffic flow, issuance of an embargo, disruption of operations, strike or belated or cancelled supply delivery. Schmiedag will immediately notify the Customer of such supply hindrances.

(4) Should Schmiedag exceed binding delivery times, the Customer may rescind only after the unsuccessful expiration of an applicable grace period of at least 4 weeks. Other rights in accordance to article 10 (liability) remain intact.

(5) In case the Customer defaults in accepting the contractually agreed upon delivery, Schmiedag – subject to all other claims – shall have the right to stock the Goods at the expense of the Customer and be compensated for the on the basis of such acceptance failure incurred additional expenditure (e.g., stocking expenses). The risk of accidental loss or of accidental deterioration of the Goods shall transfer to the Customer when the Customer comes in default of acceptance.

(6) If the Customer despite the elapse of a certain grace period does not accept the delivery, Schmiedag shall have the right to sell the Goods elsewhere and if the Customer cannot deliver proof that the actual damage was of a significant lessor extend, charge and invoice the Customer a minimum amount of 20% of the sales price for the damage.

(7) Schmiedag is entitled to make partial deliveries to the extent acceptable to the Customer.

5. Measurement, Weight, Quantities, Quality

(1) Deviations from measurements, weight and quality are permissible as per DIN or other validly used practice. The weights are determined on Schmiedag's calibrated scales and determine the invoiced amount.

(2) Variations in the delivered quantity are permitted in accordance with tolerances as laid down in DIN EN 10254.

6. Tools, Impressions

(1) The tools developed for the manufacture of the forged parts and devices remain the exclusive property of Schmiedag.

(2) Tools that are directly linked with the recipient and for which the Customer assumed the cost in whole or in part will be used by Schmiedag for deliveries to the Customer only.

(3) Schmiedag will preserve the tools for a period of three years after the last order from the Customer. After elapse of the three years and within a period of six-weeks, Schmiedag will give the Customer the opportunity to express his opinion as to the further use of the tools. If no response is received, Schmiedag may proceed with the tools at its discretion, including the destruction of the same.

7. Liability Transfer, Place of Fulfillment

In accordance with Incoterms 2010, all deliveries take place "ex works" Hagen or Homburg Saarland ("EXW").

8. Payment Conditions

(1) The Customer is to pay the net purchase price within 20 days after receipt of invoice, if invoice is paid after that date, Customer will in accordance with § 286 Abs. 2 Nr. 2 BGB (German Civil Code) fall into the state of default. Such legal consequences are in accordance with § 288 BGB.

(2) Should the Customer default on his payment responsibilities, Schmiedag shall have the right to deny services in whole or in part until such time that the amounts due or a security bond is received.

(3) If after contract close the Customer experiences a substantial deterioration of his assets, which would compromise payment of the purchase price, especially so when the Customer stops payments or if an insolvency proceeding over the assets of the Customer is applied for, then if the Customer has not paid the purchase price or rendered a security bond within a certain period of time Schmiedag shall have the right to rescind from the contract. This shall not apply, if the insolvency administrator claims performance of the contract pursuant to paragraph 103 German insolvency act (§ 103 InsO).

(4) The Customer is entitled to set-offs or right of retention only then if his claims are determined legally binding or unchallenged.

(5) The Customer has no entitlement, to pass rights and claims from this contract onto third parties without the prior consent of Schmiedag.

9. Warranty

(1) The Customer shall check the delivered Goods immediately upon receipt and will indicate deficiencies to Schmiedag immediately in writing. If the Customer is omitting such indication and unless it is regarding a deficiency that was unnoticeable at time of checking, the Goods shall be deemed accepted. If a deficiency shows up at a later date the indication has to be made immediately after discovery of the deficiency, otherwise such deficiency shall be deemed accepted also.

(2) As of the date of liability transfer; guarantee claims of the Customer are subject to a statute of limitations of two-years.

(3) If the delivered Goods should have a material defect, then Schmiedag will either remove the defect or deliver as per Schmiedag's choice new Goods (supplementary performance). If the supplemental performance fails or it is unacceptable to the Customer, then the Customer may reduce the purchase price or rescind from the contract. Further claims with exception to the claims in art. 10 (liability) do not exist. Claims of the Customer from sec. 478, 479 BGB (regress of supply chain) remain intact.

10. Liability

(1) Subject to (i) any legal requirements under applicable law in force at the time of delivery and (ii) the regulations below Schmiedag shall be liable for any damages incurred by the Customer as a result of a late or defective delivery of the goods or a breach of contract unless such delay, defect or breach of contract has not been attributable to negligence or wilful conduct on the part of Schmiedag.

(2) If and to the extent that Schmiedag is liable for damages pursuant to subparagraph (1)

a) Schmiedag's liability shall be limited to € 1,000,000 (Euro one million) in total; and

b) Schmiedag shall not be liable for any indirect and/or consequential damages, including loss of profit, loss of production and/or recourse claims of the customers.

(3) The foregoing limitations of liability pursuant to subparagraph (2) shall not apply if

- a) liability is mandatory under the applicable law, e.g. under the German Product Liability Act or in case of injury to life, body or health,
- b) Schmiedag has granted a guarantee, or if
- c) the damage is attributable to gross negligence or wilful conduct on the part of Schmiedag.

(4) The exclusion and/or limitation of claims for damages according to the above sections apply also to claims against directors, officers, employees and auxiliary persons (Erfüllungshelfen) of Schmiedag.

11. Force Majeure

Regardless of the provisions of art. 10 (liability), Schmiedag is not responsible or liable for any disturbance or delay of fulfillment of any a part of this contract, which is based in events for which Schmiedag has no responsibility, including strike or labor disputes. Should such events last for more than 30 days, Schmiedag shall have the right to rescind from the contract effective immediately and without that claims for replacement or possible damages or losses for the Customer would exist.

12. Duties of the Customer

(1) If the Goods have been manufactured in accordance to drawings, designs, brands or other specifications of the Customer, then the Customer commits himself to hold Schmiedag harmless of any liability with regard to infringement of industrial property rights, such as patents, taste samples or intellectual property rights to which Schmiedag is exposed simply because such Goods are to be in accordance with the specifications.

(2) In transportation damage, the Customer shall immediately complain to the transportation company to initiate a recording of the facts.

(3) For deliveries to other EU – Member States, the Customer shall provide Schmiedag the sales-tax identification number under which the profit and income tax is reported within the EU. Otherwise, the Customer would have to pay Schmiedag for the in addition to the agreed upon price owed amount of sales tax.

13. Retention of Title

(1) Schmiedag shall reserve the rights to property on the delivered Goods (conditional goods) until all – present and future – claims from the business relations with the Customer have been fulfilled, in particular also the respective balance amounts.

(2) The Customer commits to store the conditional Goods accurately and to sufficiently insure them against fire, water, theft and other risks. At contract close, the customer will relinquish his applicable claims from the insurance policy to Schmiedag who will hereby accept them.

(3) Development and processing take always place with Schmiedag being the manufacturer, but without liability to Schmiedag. If Schmiedag's ownership ends through the development and processing, then Schmiedag shall obtain ownership of the integrated Goods in relation to the value of the delivered ones to those of the cooperatively processed Goods at time of processing. If the Customer obtains ownership outright through the connections or the blending, then he will transfer co-ownership in relation to the value of the delivered and the other connected or blended Goods at the time of connection or blending. The Customer shall keep the (co-ownership) ownership for Schmiedag. If the Goods are stored with a third party, then the Customer will already now relinquish the third party's obligation to surrender the Goods to Schmiedag. Schmiedag hereby accepts this obligation to surrender. The co-ownership and ownership obtained by Schmiedag in accordance with these provisions is transferred to the Customer under the same conditions as the ownership from the by Schmiedag delivered Goods.

(4) The Customer shall have the right to sell the conditional Goods within the scope of an orderly business manner. The Customer relinquishes already now all current and future invoice claims (including VAT), which will accrue from the sale of these Goods. Schmiedag hereby accepts this relinquishment. The Customer will keep the right to collect such demands also after said relinquishment. Schmiedag's authorization to collect such claims on its own shall remain hereby unaffected. Schmiedag shall be committed not to collect such demands as long as the Customer keeps current with the payments from the received revenues, is not in default and specifically has not applied for or started insolvency proceedings or stopped payments.

(5) The Customer shall be prohibited every other use of the conditional Goods. Particularly, he shall have no right to assign or pledge the conditional Goods for collateral means. The demands relinquished to Schmiedag may only be pledged or transferred onto third parties for collateral means after Schmiedag's prior approval.

(6) The Customer shall inform Schmiedag immediately in writing about invasions or impending levy of executions by third parties on the conditional Goods. The costs necessary for the protection of Schmiedag's rights are to be carried by the Customer as far as the third party cannot reclaim them.

(7) If the Customer infringes on a substantial contractual duty, especially when he has come into payment default, Schmiedag after setting a reasonable additional period has the right to repossess the conditional Goods at the Customers expense, or demand the relinquishment of certain rights in regard

to the ownership of the Customer vis-à-vis third parties. Moreover, Schmiedag shall have the right to revoke the right for the Customer to resell and also revoke a possible collection authorization to collect the demands, to use, exploit or sell them again. Schmiedag may offset the revenues from the sale of the conditional Goods with the still open demands. The Customer shall be liable for the loss if such revenue is below the sales price.

(8) If the value of the existing security exceeds the secured demands by more than 20%, Schmiedag shall be committed to release these securities upon the request of the Customer, but as per Schmiedag's choice.

(9) As far as Schmiedag is in the right to repossess the conditional Goods, the Customer has to grant Schmiedag and its representatives irrevocably access to his offices and business premises during normal business hours and grant the repossession.

14. Export Certificate

If a Customer who resides outside of the Federal Republic of Germany (external customer) or his representative picks up Goods and transports or sends them beyond the borders, the Customer will have to procure the fiscally necessary export certificate. If this certificate is not procured, the Customer shall pay with the purchase price the in the Federal Republic of Germany valid sales tax.

15. Applicable Law, Place of Jurisdiction

(1) The contractual relations are subject to the law of the Federal Republic of Germany. The uniform UN sales law (UN Convention on Contracts of the International Sale of Goods) does not apply.

(2) Exclusive jurisdiction for all disputes from this contract or in connection therewith, shall be Hagen. Regardless of the above mentioned jurisdiction agreement, Schmiedag may sue the Customer also in its local jurisdiction.

16. Severability clause

Should any one or more of the provisions of these general supply and payment conditions be invalid or impracticable, the parties shall agree on a replacement provision that comes as closely as possible to the commercial meaning and purpose of the invalid or impracticable provision.