

General Purchasing Terms and Conditions of ZEITLAUF[®] GmbH antriebstechnik & Co. KG

which are to govern business transactions with firms, corporations, corporate bodies, legal entities constituted under public law and special institutions and funds operating under public law

1. General provisions

1.1. These Purchasing Terms and Conditions of the firm of ZEITLAUF[®] GmbH antriebstechnik & Co KG (hereinafter referred-to as "ZEITLAUF[®]") shall exclusively be governing. ZEITLAUF[®] will not acknowledge nor accept any of the Supplier's General Business Terms and Conditions which are contrary to ZEITLAUF[®]'s or which diverge from ZEITLAUF[®]'s own Terms and Conditions, unless it will have been expressly and specifically confirmed by ZEITLAUF in writing that the Supplier's terms and conditions shall be valid and applicable. ZEITLAUF[®]'s Purchasing Terms and Conditions shall also apply in those cases where ZEITLAUF[®] proceeds to the acceptance of or payment for the delivery of Supplier's products and work performances or services (hereinafter referred-to as „products delivered and services rendered under the contract“) in full awareness and knowledge of the Supplier's contradictory terms and conditions or of the fact that the Supplier's terms and conditions diverge and differ from or are inconsistent with ZEITLAUF[®]'s own Purchasing Terms and Conditions.

1.2 ZEITLAUF[®]'s Purchasing Terms and Conditions shall also apply for all future business transactions contracted with the Supplier, even if and when these terms and conditions will not be mentioned or referred-to in the context of or with future or subsequent contracts. ZEITLAUF[®] herewith objects to any and all counter-confirmations which may be given by the Supplier and which have reference to the Supplier's business or delivery terms and conditions.

2. Conclusion of contract and contract amendments or modifications

2.1 All purchase orders, skeleton delivery orders and call orders asking for delivery as well as any and all amendments, modifications, alterations of or supplements to the same must be made in writing. This can also be done by way of telecommunication or telefax.

2.2 Oral agreements made prior to or at the time of the conclusion of any one contract must be confirmed in writing by ZEITLAUF[®]'s Purchasing Department in order to be valid. No. 2.1 phrase 2 hereof shall apply mutatis mutandis.

2.3 Oral agreements made after the conclusion of any one contract, more particularly subsequent amendments and supplements to ZEITLAUF[®]'s Purchasing Terms and Conditions - inclusive of this clause requiring the written form - as well as all ancillary or collateral agreements of whatever type or kind also need to be confirmed in writing by ZEITLAUF[®]'s Purchasing Department in order for the same to be valid.

2.4 The preparation of offers, cost estimates, plannings and the like by the Supplier shall be binding and will not be paid for, unless it will expressly have been otherwise agreed upon in writing.

2.5 If the Supplier will not accept any one purchase order within a period of two weeks after receipt thereof, ZEITLAUF[®] shall be entitled to revoke and cancel such order. Call orders asking for delivery shall become binding, unless the Supplier will object to the same within a period of five work days following receipt of such call orders.

2.6 The Quality Assurance Regulations for Suppliers (QSL) as well as the Delivery and Packing Requirements of ZEITLAUF[®] shall be and constitute integral parts of this Contract.

3. Delivery

3.1 Deviations from ZEITLAUF[®]'s skeleton delivery orders and purchase orders shall not be permissible unless and until ZEITLAUF[®] will have given its prior consent thereto in writing.

3.2 The product/s or item/s to be delivered shall be produced in a commercially customary manner and way in accordance with the written purchase order and the pertinent DIN standards and European norms and rules in their respectively valid version.

3.3 The Supplier shall warrant that the merchandise will conform to and comply with all technical safety requirements and regulations which will be applicable in Germany at the time of delivery thereof. If the product or item delivered to ZEITLAUF[®] is technical equipment in the sense of the German Technical Plant and Equipment Safety Act („GSG“), the Supplier shall warrant that the provisions and stipulations of said Technical Plant and Equipment Safety Act will be and are duly observed and complied with.

3.4 Agreed-upon dates and deadlines shall be binding and shall be duly observed and complied with. The date which shall be decisive when it comes to the due compliance with and respect of the specified delivery date(s) or deadline(s) shall be the date of receipt of the merchandise and the appurtenant shipping documents by the recipient or consignee which was indicated by ZEITLAUF[®]. In so far as the contract does not provide for delivery „free works „ (DDU or DDP according to Incoterms 2000), the Supplier shall see to it that the merchandise will in due time be made available for further processing and handling, giving due consideration to the time needed for the co-ordination with the forwarding agent, for loading and for shipment thereof so that the delivery will be made on time.

3.5 If the Supplier will have agreed and accepted to take care of the installation or the assembly of the equipment

delivered and unless the parties will have otherwise provided and agreed, the Supplier shall pay for any and all required incidental charges and expenses, such as, for instance, travelling expenses, the provision of tools and accommodation allowances.

3.6 If agreed-upon dates or deadlines will not be complied with by the Supplier as a result or consequence of circumstances for which the Supplier is or will be responsible, ZEITLAUF® shall, following a reminder and the setting of an appropriate deadline for either compliance or remedy (i.e. re-working or repair of defective products or delivery of non-defective products) and notwithstanding any further-going statutory claims, be entitled to, at its option, obtain substitute performance and at the same time demand indemnification for damages instead of performance, or rescind the contract. If the Supplier were to foresee any problems when it comes to the production, the provision of primary supply material or feedstock, the compliance with delivery dates and deadlines, or similar circumstances, which might prevent or hinder the Supplier from timely delivery by the given date or deadline or delivery of the merchandise in the agreed-upon quality, the Supplier shall immediately notify ZEITLAUF®'s ordering department accordingly. Over and above that ZEITLAUF® reserves the right, notwithstanding ZEITLAUF®'s other statutory rights, to demand indemnification for damages instead of compliance with contract.

3.7 Acceptance of any one belated delivery, service or performance by ZEITLAUF® without any reservations or provisos shall not constitute a waiver of any claims for damages and/or compensation to which ZEITLAUF® may be entitled on the grounds of such belated delivery or performance.

3.8 Partial deliveries shall not be permissible, unless ZEITLAUF® has expressly requested, ordered or permitted such partial deliveries. If any partial deliveries will nevertheless be made without ZEITLAUF®'s consent, the Supplier shall indemnify and reimburse ZEITLAUF® for the additional costs and expenditures which ZEITLAUF® will have to incur for and in connection with the receipt, verification, inspection, testing and storage of such partial deliveries, such indemnification to be reimbursed to ZEITLAUF® at a flat rate of Euro 75.00 for each extra or additional shipment delivered. The Supplier shall be permitted to supply evidence to prove that any such partial delivery did not cause any damage at all or that any damage which may have been caused thereby is substantially less than the said flat rate.

3.9 ZEITLAUF® reserves the right to charge the Supplier a 1 % penalty per completed week of delay in the event where delays in delivery are due to the Supplier's fault, the maximum of such penalty to be 5 % of the contract price. In such case ZEITLAUF® shall not be required to provide an express statement to that effect at the time where any one so delayed delivery will be accepted. This shall not affect any and all claims for damages which may be due to or resulting from default or non-performance. ZEITLAUF® shall in any such case be entitled to deduct any such forfeited penalty from the invoice which is due for payment to the Supplier.

3.10 In case of skeleton delivery orders the Supplier shall deliver a repair reserve of 1 % of the delivery quantity stipulated in the skeleton agreement, the minimum to be 5 items, in order to avoid production delays which might otherwise be due to defects or deficiencies in the products delivered to ZEITLAUF®. The invoice for these reserve products shall be submitted to ZEITLAUF® along with the last call-off.

3.11 Deliveries of excess or short quantities shall not be permissible unless ZEITLAUF® will ask for and request the same or it will have expressly permitted the same.

3.12 The volumes, numbers and figures which will be found and determined by ZEITLAUF® on the occasion of the inspection of incoming consignments shall be decisive and relevant for unit numbers, weights and dimensions, unless evidence to the contrary will be provided.

3.13 As far as software is concerned which is part of the scope of delivery of the product or products concerned and which shall be inclusive of its covering documentation, ZEITLAUF® shall, aside from the right to use the same to the legally permitted extent (Sections 69a seqq. of the German Copyright Act), also be entitled to use the same on the basis of the agreed-upon performance features and to the extent which is or will be required for the contractual use of the product or products. ZEITLAUF® shall also be allowed and entitled to make a backup copy even without first having come to an express and specific agreement thereon.

4. Force majeure

Force majeure, labour disputes, interruptions of operations which are not due to the Supplier's or ZEITLAUF®'s fault or negligence, public disturbances, governmental measures or action and other inevitable events shall entitle ZEITLAUF® to rescind the contract either in whole or in part, notwithstanding ZEITLAUF®'s other rights and titles, unless such events will be of an irrelevant duration or /and these events entail a considerable reduction of ZEITLAUF®'s requirements. This right of rescission shall not apply for continuous obligations.

5. Packing

The goods which are to be delivered to ZEITLAUF® shall be packed according to commercial standards or shall, upon ZEITLAUF®'s request, be given a special type of packing which shall be in accordance with ZEITLAUF®'s instructions.

6. Notice and advice of dispatch and invoice

6.1 The information and data stated in ZEITLAUF®'s purchase orders and calls for delivery shall be absolutely valid and governing. A separate specific invoice shall be sent to ZEITLAUF® in duplicate for each and every order, with due quotation of the respective purchase order number and other allocation or reference data; the invoice shall not be enclosed with or attached to the consignments. In the absence of any other information or requirements in the purchase order all payments shall be made by those means or instruments of payment which ZEITLAUF® will have determined and specified. Separate specific prior agreements shall respectively be required

if and when it is intended to proceed to payment by the delivery of a bill of exchange.

6.2 All shipments shall be handled and effected in due and full compliance with ZEITLAUF®'s pertinent shipping instructions. ZEITLAUF®'s purchase order numbers and article numbers shall be indicated in all shipping documents.

6.3 All consignments of goods shall be delivered to ZEITLAUF® free from freight and incidental expenses or charges. ZEITLAUF® shall not pay for any cartage nor for any expenses incurred for transport insurances or other insurances.

6.4 Consignments of goods which will be kept and held in ZEITLAUF®'s consignment stock shall not be due for payment unless and until ZEITLAUF® will commence to use such consignments for the purposes of its production processes.

6.5 In cases where deposit or down payments are to be made, ZEITLAUF® shall, upon request, be given covering bank guarantees the validity term of which will cover the entire time span up to the complete fulfilment of all delivery and performance obligations by the Supplier.

6.6 Any transfer, cession and assignment of any and all claims which may arise against ZEITLAUF® shall be barred and precluded. All exceptions to this rule shall require express agreements thereon in writing.

6.7 ZEITLAUF® shall be entitled to set off any and all claims which the Supplier may have in relation to ZEITLAUF®, against claims to which ZEITLAUF® is or will be entitled in relation to the Supplier.

6.8 The Supplier shall not be entitled to assert any rights allowing it to refuse performance and rights of retention or lien in relation to ZEITLAUF®.

7. Prices and passing of risks

7.1 In the absence of specific agreements on the issue, prices are to be understood free works, customs duty paid (DDP according to Incoterms 2000) inclusive of packing. Such prices shall not include turnover or value-added tax. The Supplier shall assume and bear the risk of damage or destruction up to the point where the merchandise is accepted by either ZEITLAUF® or its authorized agent at the place or location to which the merchandise is to be delivered in accordance with orders given by ZEITLAUF®.

7.2 The prices quoted in ZEITLAUF®'s purchase orders shall be fixed prices. These prices shall be binding and any and all increases which might be claimed or asserted on the grounds of increases in wages and salaries and in materials prices, technical improvements, etc. shall be barred and precluded.

8. Payment conditions

Unless specific agreements are or were made on this issue, payment of all invoices shall be made within 14 days with a deduction of a 3 % discount, or within 30 days without any deduction after the due date of payment and receipt of both the invoice and the merchandise or the rendering of the service or work performance. Payment will be made subject to checking of invoices.

9. Claims for defects or deficiencies and recourse

9.1 Acceptance of products and/or services shall be subject to their inspection and examination for faultlessness, and more specifically also for accuracy, completeness and fitness for their intended purpose or use. ZEITLAUF® shall be entitled to inspect and examine the products delivered or services rendered under the contract in so far and as soon as this will be feasible and practicable in the course of its regular business operations; ZEITLAUF® shall give notice of any and all defects or deficiencies so discovered immediately after they will have been detected. In so far the Supplier shall waive any and all objections and defences of belated notices of defects or complaints. Any and all comments regarding ZEITLAUF®'s complaints along with information on Supplier's intended rectifying measures shall immediately be submitted to ZEITLAUF® in writing, at the latest, however within 5 work days after notice thereof was given to the Supplier.

9.2 If any specific samples taken of any one consignment will be found to be defective or deficient, ZEITLAUF® shall be entitled to assert pertinent claims for the entirety of such consignment.

9.3 The Supplier or entrepreneur shall be liable for any and all defects or deficiencies of either the goods delivered and/or the services or performance rendered under the contract, regardless of whether such defects or deficiencies will be recognizable right away or at a later time, unless the law provides for reasons on the grounds of which a supplier is or will be discharged from having to perform. Notwithstanding any other statutory rights ZEITLAUF® shall, during the period and time covered by the warranty period, be entitled to, at its option, in terms of remedy or replacement, demand either remedy by re-working and repair of defective goods or delivery of a product or service which will be free from any defects or deficiencies, if quality or material defects were detected.

9.4 ZEITLAUF® shall, as a matter of principle, have the right of option of the specific remedy which it will elect for the remedy of defects or deficiencies by either re-working and repair or by replacement of defective products.

9.5 If and when the Supplier will not proceed to removal and remedy of any such detected defect or deficiency immediately following ZEITLAUF®'s demand to do so, then ZEITLAUF® shall, in cases of urgency and in particular for the purpose of averting imminent dangers or the avoidance of major damage, be entitled to itself effect such removal and remedy of any such detected defects or deficiencies at the Supplier's expense, or to have such measures of removal and remedy of any such defects done by a third party or parties at the supplier's expense. This shall also include uselessly incurred or disbursed costs and expenses. Any and all claims which are to be asserted on the grounds of material or quality defects or deficiencies shall lapse and become forfeited after 2 years in accordance with and subject to the governing provisions of the German statute of limitations, unless the object, product or service was used for a building or structure in line and in accordance with its ordinary use and has caused or occasioned the defectiveness of such building or structure, in which case the period of limitation shall be 5 years. The period of limitation for any and all claims which are or will be asserted on the grounds of material or quality defects shall begin to run at the time at which the the product, object or

services sold under the contract will be or will have been delivered (passage of risk).

9.6 In case of deficiencies in title the Supplier shall additionally indemnify and keep ZEITLAUF® harmless from any and all rights and titles to which any third party or parties may be entitled. The period of limitation for deficiencies in title shall be 10 years.

9.7. As far as any such parts of the consignment are concerned which were either restored or repaired prior to the expiration of the period of limitation governing ZEITLAUF®'s claims for defects or deficiencies, the period of limitation shall begin to run anew from that moment on where the Supplier will have completely and fully fulfilled ZEITLAUF®'s rights and claims to remedy of any such defects or deficiencies.

9.8 If ZEITLAUF® will have to incur any costs and expenses as a result of the deficient or defective delivery and supply of any of the objects, products or services sold and delivered under any one contract, more particularly costs and expenses incurred for things such as transport, travelling, working, materials costs or costs for an inspection of incoming goods, which will go beyond the usual scope and extent, the Supplier shall pay for such costs.

9.9 If it is due to the defectiveness of any one product, object or service which was sold and delivered to ZEITLAUF® by the Supplier under any one contract, that ZEITLAUF® takes back any of the products produced and/or sold by it or if deductions are or were made from ZEITLAUF®'s sales price on account of such defectiveness, or if any other claims are or will be asserted against ZEITLAUF® on such grounds, ZEITLAUF® reserves the right to have recourse against the Supplier, it being understood and agreed that ZEITLAUF® shall not be required to set any terms or deadlines which would otherwise be required.

9.10 ZEITLAUF® shall be entitled to demand that the Supplier reimburse ZEITLAUF® for any and all expenses which ZEITLAUF® is or will be required to pay in relation to its customer or customers on the grounds that such customer or customers is or are entitled to claim indemnification of costs incurred by it or them for purposes of remedy of defects or deficiencies by re-working and repair or replacement of defective products, more particularly transport, travelling, working and materials costs.

9.11. Notwithstanding the provision stipulated in No. 9.6 hereof the period of limitation which shall be applicable in those cases which are specified in Nos. 9.9 and 9.10 hereof shall begin at the earliest 2 months after the date and time by which ZEITLAUF® will have satisfied those claims which ZEITLAUF®'s customer or customers asserted against it, at the latest, however, 5 years after delivery of the product/s delivered under the contract by the Supplier.

9.12. If a material or quality defect were to be detected or show within a period of 6 months after the passing of the risk, it shall be assumed and deemed that such defect was already in existence at the time of the passage of risk, unless this assumption will be inconsistent or incompatible with the type of the object, product or service or the nature of the defect.

10. Product liability and recall

In the event where claims were to be raised and asserted against ZEITLAUF® on product liability grounds, the Supplier shall be obliged to indemnify ZEITLAUF® and keep it harmless from any and all such claims, in so far and to the extent where any such damage is due to or was caused by a defect of the object, product or service which was delivered under the contract by the Supplier. In those cases where liability is based on or derived from fault this shall, however, apply in such cases only, where the Supplier is at fault. If and to the extent where the cause for any one damage falls within the Supplier's domain of responsibility, the Supplier shall in so far have the burden of proof. In any and all of these cases the Supplier shall pay for all costs and expenditures, inclusive of any and all costs and expenses incurred for the prosecution of legal action or recalls. Over and above that the statutory provisions shall apply.

11. Execution of work

Persons who perform work in ZEITLAUF®'s plants or premises in fulfilment of the contract shall observe and comply with the provisions of the respectively applicable works rules. Any and all liability on the part of ZEITLAUF® for accidents in which such persons may be involved in on ZEITLAUF®'s premises shall be barred and precluded, unless any such accident was caused by wilful or grossly negligent neglect of duty on the part of ZEITLAUF®'s legal representatives, agents or vicarious agents.

12. Provision and supply of materials by ZEITLAUF® GmbH antriebstechnik & Co KG

12.1 All documents and paperwork provided by ZEITLAUF®, production means and equipment which the Supplier will have produced or developed on the basis of ZEITLAUF®'s information or with ZEITLAUF®'s cooperation, as well as materials, components, containers and special packagings shall remain ZEITLAUF®'s property. They shall be used in accordance with given instructions and predetermined use only. The processing and transformation of materials and the assembly of components will be done for ZEITLAUF® and on ZEITLAUF®'s behalf. The parties agree that ZEITLAUF® is and will be co-owner of the products manufactured with the use of its materials and components, which will in so far be kept for ZEITLAUF® by the Supplier, the ratio of such co-ownership title to correspond to the ratio of the value of ZEITLAUF®'s provisions in relation to the value of the product so processed and/or transformed.

12.2 Production facilities, equipment and production means and materials provided by ZEITLAUF® shall be stored as ZEITLAUF®'s property in a clearly arrayed manner and separate from other items, and they shall, at the Supplier's expense, be sufficiently and adequately insured for their replacement value against fire, water and theft. At the same time the Supplier as of now transfers, cedes and assigns to ZEITLAUF® any and all claims to indemnification and compensation resulting from such insurance; ZEITLAUF® herewith accepts such transfer, cession and assignment.

12.3 The Supplier shall be obliged to, at its own expense and in due time, do and perform any and all maintenance and repair work which may be required to be done on the production facilities, equipment and

production means provided by ZEITLAUF®. In case of malfunction the Supplier shall immediately advise ZEITLAUF® thereof; if the Supplier were to fail to do so due to its own fault, then this shall not affect ZEITLAUF®'s possible claims for damages.

13. Retention of ownership title

As soon as any one consignment will be delivered to its destination the goods so delivered will immediately become ZEITLAUF®'s property. Notwithstanding any of the Supplier's business conditions or terms which may be to the contrary, the stipulation of any extended and/or broadened retention of ownership titles shall not be effective nor valid. Notwithstanding the foregoing provision ZEITLAUF® shall be entitled to consume or (re-)sell even such objects, items or products which were delivered to ZEITLAUF® by the Supplier and for which the Supplier can still claim retention of title or security interest, without such use or (re-)sale requiring any consent by or notification of the Supplier.

14. Documents and confidentiality

14.1 Any and all commercial or technical information or data (inclusive of features, characteristics or attributes which are to be taken or concluded from items, objects, documents or software which may have been made available or handed over by ZEITLAUF®, and other knowledge or experience passed on by ZEITLAUF®) shall be kept secret in relation to any and all third party or parties, unless there is evidence to prove that the same is or are known to the general public, and in the Supplier's company such information or data shall be made available only to such persons who must necessarily be entrusted with the use of such information and data in order to ensure delivery of the Supplier's products to ZEITLAUF®, in which case such persons shall equally be under the same obligation to keep such information and data confidential and secret; any and all such information or data shall continue to be ZEITLAUF®'s exclusive property. Without ZEITLAUF®'s previous consent in writing such information or data shall not be reproduced or be used for any business purposes other than for deliveries to ZEITLAUF® itself. Upon ZEITLAUF®'s request or demand all the information and data which originated from ZEITLAUF® (inclusive of any copies, notes or records which may have been made thereof) and all objects or items which were made available to the Supplier on a loaning basis shall immediately and completely either be returned to ZEITLAUF® or be destroyed. ZEITLAUF® reserves all rights in and to such data and information (inclusive of copyrights and the right to apply for industrial property rights and titles such as patents, utility models, semiconductor protection etc.). In so far as any such information was made available to ZEITLAUF® by any third party or parties, this reservation of rights shall also apply for the benefit of such third party or parties.

14.2. The Supplier shall not itself use, nor offer or deliver to any third party or parties any of the products which are or were produced or manufactured on the basis of papers and designs which were drafted and prepared by ZEITLAUF®, such as drawings, models and the like, or on the basis of ZEITLAUF®'s confidential information or data, or by means of ZEITLAUF®'s tools or duplicated tools.

15. Place of performance

The place of performance shall be the place to which the products are to be delivered in accordance with orders given by ZEITLAUF®.

16. Severability clause

If any one of the foregoing provisions were to be or become invalid, then this shall, in case of doubt, not affect the validity of the other remaining provisions.

The remaining provisions and clauses of the General Purchasing Terms and Conditions of ZEITLAUF® GmbH antriebstechnik & Co. KG shall rather continue to be applicable and valid and the invalid clause or provision shall be replaced by a permissible clause which shall be as close to the purpose of the contract as possible.

17. Place of jurisdiction and venue and law which is to be applied

17.1 The place of jurisdiction and venue for any and all legal disputes which arise or ensue directly or indirectly from or in connection with any and all contractual relationships which are based on these Purchasing Terms and Conditions shall be the Court of Jurisdiction which will be competent for jurisdiction for the head office of ZEITLAUF® GmbH antriebstechnik & Co. KG. The place of performance which is agreed upon for any and all disputes which may be arising between the parties shall be Lauf a.d.Pegnitz, the German version of ZEITLAUF®'s General Purchasing Terms and Conditions to be governing.

17.2 All contractual relationships arising out of or on the basis of these Terms and Conditions shall exclusively be governed by German law, the application of the conflict of laws provisions and the UN Convention on the International Sale of Goods (CISG) being barred and precluded.

17.3 The above-mentioned clauses and provisions are a translation of ZEITLAUF®'s "Allgemeine Einkaufsbedingungen". In case of any discrepancies the German text is the only valid version.

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ZEITLAUF® GmbH antriebstechnik & Co KG

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