

General Business Terms and Conditions Sales, Delivery and Payment Terms Valid from: August 2008

Ruf GmbH & Co. KG
(Supplier)

Scope

The following terms and conditions apply only to businesses of registered traders, incorporated bodies under public law and special assets governed by public law.

I. Application

1. Orders become only binding after they have been confirmed in scope, type and quantity with an order confirmation from the Supplier. Amendments to orders must be made in writing.
2. For existing customers, the terms apply to all future transactions, even if not explicitly referred to, provided that they have been agreed upon by the partners for a previous order. Terms and conditions that deviate from these General Business Terms and Conditions are only valid, if they have been explicitly agreed between the parties. The decision or declaration that one or more of the clauses of these General Business Terms and Conditions are null and void shall not affect the remaining clauses.
3. Purchasing conditions of the Purchaser shall only be binding on the Supplier, if they have been explicitly accepted.

II. Prices

The prices are ex works, including packaging and are subject to the applicable rate of VAT.

III Obligation of delivery and acceptance

1. Quoted delivery periods start at the date at which the Supplier is in the possession of all documents necessary to perform the order and has received the agreed down payment(s) and materials. After a notice of readiness for dispatch has been issued, the delivery deadline is deemed met even if dispatch of the goods is not possible due to circumstances for which the Supplier cannot be held responsible.

2. If the agreed delivery period is not adhered to by the Supplier due to its own fault, the Purchaser shall be entitled to grant a reasonable period of grace, to demand payment for delayed delivery, excluding any further claims. The Purchaser shall only be entitled to withdraw from the contract, if it has notified the Supplier when granting the period of grace that it might consider non-acceptance of the delivery. Compensation for late delivery amounts to 0.2% of the net value of the part of the delivery that is delayed for every full week of delay, to a maximum of 5% of the said value.
3. The Purchaser shall accept partial deliveries.
4. For make-and-hold orders without agreed period of delivery, manufacturing sizes and acceptance criteria, the Purchaser shall be entitled to demand a binding delivery date after three months from the date of the order confirmation. If the Purchaser fails to make such a request within three weeks, the Supplier shall be entitled to demand a period of grace of two weeks and to withdraw from the contract after this period has lapsed, or to reject the order and claim compensation for damages.
5. In the event of force majeure affecting the Supplier or its subcontractors, the period of delivery shall be extended accordingly. This also applies to interference by the authorities, shortage of energy and raw materials, strikes, lock-outs and other unforeseeable events that prevent delivery on time.

IV. Transfer of rights

The Supplier shall be entitled to transfer its rights arising from its business relationships to other parties.

V. Materials provided by the Purchaser

1. Materials supplied by the Purchaser must be delivered at the Purchaser's expense and risk. The delivery must be made on time and include a quantity allowance of minimum 5%, and all materials must be of perfect quality.
2. In the event of non-compliance with these requirements, the period of delivery will be extended accordingly. Unless the delay is caused by force majeure, the Purchaser shall be liable for any additional costs arising from disruptions in the manufacturing process.

VI. Packaging, dispatch and transfer of risk

1. Unless agreed otherwise, the Supplier shall be free to choose the packaging and method of delivery.

2. When the goods leave the supply work, all risk shall pass to the Purchaser, even if no freight costs are charged. For orders where the Purchaser has caused a delay in delivery, the risk shall pass to the Purchaser upon notification that the goods are ready for dispatch.
3. If requested by the Purchaser in writing, the Supplier shall insure the goods at the Purchaser's expense against damage caused by storage, breakage, transportation and fire.

VII. Retention of title

1. Until the Purchaser has met all its obligations towards the Supplier in relation to the order, all goods remain the property of the Supplier, even if the purchase price for specially marked liabilities has been paid. For Purchasers who have an account with the Supplier, the Supplier shall retain title in the goods as a security for any outstanding amounts payable by the Purchaser.
2. Processing by the Customer shall take place subject to exclusion of title by purchase according to § 950 BGB (German Civil Code) on behalf of the Supplier and the Supplier is the owner of the product, which is then subject to retention of title according to clause 1.
3. Where materials provided by the Purchaser are combined or mixed by the Supplier with materials from other sources, articles 947/948 BGB apply, so that the part of the produced goods that are owned by the Purchaser shall be subject to retention of title according to the above clauses.
4. Reselling the goods subject to retention of title by the Purchaser is only permitted by way of usual business transactions and under the condition that it has entered with its customers into an agreement on retention of title pursuing above clauses 1 to 3. The Purchaser shall not be entitled to other dispositions of the goods subject to retention of title, in particular distraint and transfer of title as security.
5. In the event of reselling the Purchaser herewith cedes to the Supplier all claims of the Supplier pending fulfilment of the claims and other justified titles against its customers with all additional rights arising from such resale. At the request of the Supplier, the Purchaser shall furnish the Supplier immediately with all relevant information and hand over documentation required to exercise the rights of the Supplier against the customer of the Purchaser.

6. If the goods subject to retention of title are resold by the Purchaser following processing according to clause 2 and/or 3 together with other goods not belonging to the Supplier, the cession of the purchase claim according to clause 5 shall only apply to the amount of the invoice value of the goods that are subject to retention of title.
7. If the value of the securities held by the Supplier exceeds its total claim by more than 10%, the Supplier is obliged to release goods to that extent at the request of the Purchaser, whereby the Supplier retains the right to choose the goods to be released.
8. In the event of distraint or seizure of the goods subject to retention of title, the Purchaser must notify the Supplier without delay. All intervention costs resulting from such distraint or seizure shall be payable by the Purchaser.
9. If the Supplier according to the above provisions should make use of its ownership reservation by taking back goods subject to retention of title, it shall be entitled to sell the goods by private contract or put them up for auction. The goods subject to retention of title shall thereby be valued at the achieved sales price or maximum the price agreed between the Supplier and the Purchaser. The Supplier reserves the right to claim compensation for damages, in particular for loss of income.

VIII. Payment terms

1. All payments must be made in Euro and to the Supplier.
2. Unless agreed otherwise, a down payment of 30% of the purchase price must be made upon confirmation of the order.
3. In the event of default, the Purchaser shall pay interest at an annual rate of 8 % above the current basic interest rate of the ECB, unless the Supplier can prove that it is charged a higher credit interest rate.
4. Checks and bills of exchange shall only be credited when fully cleared, and all associated expenses and charges must be paid by the Purchaser. The Purchaser shall only be entitled to offset or claim a retention right if its claims are undisputed and/or have been legally established.
5. In the event of default of payment, or if the Supplier has reasonable doubts regarding the creditworthiness of the Purchaser, all liabilities of the Purchaser shall become due immediately. In addition, the Supplier shall be entitled to demand advance payment for outstanding deliveries or claim compensation for damage due to default of payment. In such a case, the Supplier is entitled to demand that the Purchaser refrains from selling the goods and to take back the goods at the expense of the Purchaser.

IX. Acceptance

An acceptance inspection shall only take place, if explicitly agreed by the parties and stated in the contract.

The supplied goods are deemed accepted within 12 working days from the date of the notification of completion of production by the Supplier, provided that acceptance is rejected for reasons other than an immediate complaint be the Purchaser that includes the reasons for rejection. This applies also, if the final adjustment of the goods has not yet been completed, and in particular in cases where the goods are commissioned on a trial bases or where the unit has been commissioned prior to the agreed date.

X. Liability for defects

1. Claims by the Purchaser based on defects of the supplied goods must be made within 12 months from the date of acceptance, or 14 months from the notification of readiness for dispatch by the supplier. Claims shall only be considered, if the goods have been serviced and maintained by the Purchaser according to the instructions in the manual made available by the Supplier.

Wearing parts are excluded from the liability for defects.

2. Complaints for defects must be made in writing without delay, latest two weeks after receipt of the delivery.
3. In the event of a justified a complaint for defects, the Supplier shall be obliged to repair the goods or to provide a replacement free of charge. If the Supplier fails to repair or replace the goods within a reasonable period of time, the Purchaser shall be entitled to reduce the agreed purchase price or to withdraw from the contract. Unless the defect is due to malice on the part of the Supplier, the Purchaser shall not be entitled to any further compensation. This does not affect the Purchaser's rights under the German Product Liability Act.
4. Unauthorised reworking or modification of the goods, or improper handling shall void all warranty. The Purchaser is only permitted to repair the goods, if this is necessary in order to prevent disproportional damage or if the Supplier fails in its duty of repair or replacement. In this case, the Purchaser must inform the Supplier in advance of its intention to carry out the repair and shall be entitled to a compensation for reasonable costs arising from this.

XI. Property rights

The Purchaser undertakes to use the documents and drawings made available to the Purchaser, as well as all drafts and proposals made by the

Supplier as regards the design and production of the parts or the unit only for the intended purpose and not make this information available to a third party or to publish it without the consent of the Supplier.

XII. Place of performance and jurisdiction

1. The place of performance is the location of the supplying works.
2. Any disputes arising from these General Business Terms and Conditions, including any disputes regarding documents, bills or exchange of cheques, shall be settled before a competent court in Memmingen, Germany.
3. These General Business Terms and Conditions are subject to German law without referral or transmission to the law of another country. The United Nations Convention on Contracts for the International Sale of Goods of the 11 April 1980 (BGBl. 1989 II, page 586) is not applicable to the Federal Republic of Germany (BGBl. 1190 II, page 1477).

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