

**General Terms and Conditions of Purchase of
Artur Bär Maschinenbau GmbH,
Gottlieb-Daimler-Straße 6, 75050 Gemmingen**
regarding the Procurement of Parts, Assemblies, Services and the Use of External Workers



BÄR

Art. 1 General - Scope of Application

1. The following conditions apply to all contracts on the procurement of goods, services and/or the use of external workers which will be concluded between Artur BÄR Maschinenbau GmbH, hereinafter referred to as Principal, and the Agent. They are also applicable to all future business transactions, even when not expressly agreed again.

2. The Principal's Terms and Conditions of Purchase apply exclusively. Any conditions of the Agent contrary to or deviating from the Principal's Terms and Conditions of Purchase will not be accepted, unless the Principal has given its explicit written consent on their applicability. The Principal's Terms and Conditions of Purchase will be binding even if the Principal accepts the services without reservations, being aware of contradictory conditions or conditions of the Agent which deviate from the Principal's conditions.

3. All agreements which are concluded between the Principal and the Agent regarding the performance of this contract shall be put into writing in this contract.

4. The Terms and Conditions of Purchase shall only apply with regard to entrepreneurs within the meaning of section 14 German Civil Code.

Art. 2 Offer – Offer Documents

1. The Agent is obliged to communicate within a period of one week whether it accepts the order of the Principal.
2. The Principal reserves the industrial property rights and copyrights to figures, calculations, drawings, parts lists and other documents; these must not be disclosed to third parties without the Principal's express written consent. They shall only be used for production according to the Principal's order; after completion of the order they shall be returned without being asked. They shall be concealed from third parties; in this respect the provision of article 6 item 4 shall apply additionally.
3. The availability of parts or the provision of replacement parts shall be ensured for a period of at least 10 years after the delivery by the Agent.

Art. 3 External Workers

1. If the Principal's purchase order to the Agent comprises assembly work, commissioning and/or other work to be performed on the Principal's premises and/or those of its customers, the following binding procedures shall be complied with:

- The date shall be agreed by the contractual parties in sufficient time to immediately carry out the works.
- Prior to the start of the work, the Agent's personnel shall report to the Principal's plant or assembly management and agree on the scope of the work.
- The Principal's plant or assembly management is authorised to instruct the Agent's employees.
- The Agent's employees shall inform themselves of the safety and protective measures applicable by the Principle or at the premises of its customers and must comply with such.
- The Agent shall provide its personnel with personal protection equipment.

- The performance of the scope of work as defined in the Principle's purchase order shall be coordinated, in full, by the Agent and the Agent will be fully responsible for such performance.

- The Agent's assembly registers shall be submitted to our plant or assembly management for confirmation on a daily basis, or on the next working day, at the latest.

Registers which have been submitted with delay or which have not been signed will not constitute a claim of remuneration.

- After the completion of the work, an acceptance protocol will be prepared jointly and shall contain any possible need for rework, including the deadlines for completion. The acceptance of the services rendered by the Agent is made with the reservation of all rights arising from hidden defects.

Art. 4 Prices – Payment Terms

1. The price stated on the purchase order is binding.

2. The delivery shall be free of charge and includes the packaging costs, unless otherwise agreed. The return of the packaging requires a separate agreement.

3. The order price applies plus value added tax applicable at the relating time.

4. Any and all correspondence, such as order confirmation, delivery note and invoice of the Agent shall contain the information required by us as stated in the purchase order.

5. Invoices can only be processed by the Principle if they contain the order number according to the specifications stated in the Principle's order; the Agent shall be liable for all consequences resulting from non-compliance with this obligation unless it proves that it is not liable for them.

6. Unless otherwise agreed in writing, we will generally pay the purchase price less a discount of 3 % within 14 days of delivery and receipt of invoice or net within 30 days of receipt of invoice.

7. In case of prevention caused by force majeure, strike, lock-out or comparable situations, the acceptance and payment term will be prolonged by the duration of such prevention.

Art. 5 Rights of retention, Assignment

1. The Principle is entitled to the rights of offset and retention within the limits of the law.

2. The Principle is entitled to assign any and all claims arising from the contract without the Agent's consent.

The Agent is not entitled to assign claims arising from the contractual relationship to third parties without the Principle's prior written consent.

Art. 6 Reservation of Title

1. If the Principle provides parts to the Agent, it reserves the title of these parts. Processing or transformation made by the Agent shall be taken over by the Principle. If the Principle's goods subject to retention of title are processed with other objects which do not belong to the Principle, the Principle shall become a co-owner of the new object in proportion to the value of its object (purchase price plus value added tax) with regard to the other processed objects at the time of processing.

2. If the object provided by the Principle is mixed inseparably with other objects which do not belong to the Principle, the Principle shall become a co-owner of the new object in proportion to the value of its object (purchase price plus value added tax) with regard to the other mixed objects at the time of mixing. If mixing is carried out in such a way that the object of the Agent is considered to be the main object, it shall be deemed to be agreed that the Agent confers a pro-rata co-ownership upon the Principle; the Agent shall hold the sole ownership or the co-ownership for the Principle.

3. The Principle reserves the ownership of any tools; the Agent is obliged to only use the tools for the production of goods ordered by the Principle. The Agent is obliged to insure the tools belonging to the Principle at replacement value against fire damage, water damage and theft at its own expense.

At the same time the Agent already assigns all claims for compensation arising from the insurance to the Principle; the Principle hereby accepts the assignment. The Agent is obliged to carry out any necessary maintenance and inspection work and all repair work on the Principle's tools at its own expense and in good time. Any failure shall be communicated to the Principle immediately; if the Agent culpably fails to do so, claims for damages shall remain unaffected.

4. The Agent is obliged to keep all received works, drawings, calculations and other documents and information strictly confidential. They must only be disclosed to third parties with the Principle's express consent. The obligation to maintain secrecy shall also apply after completion of this contract; it expires if and as far as the manufacturing knowledge contained in the received figures, drawings, calculations and other documents has become common knowledge.

5. The Agent shall only be entitled to a simple reservation of title (section 449 German Civil Code).

Art. 7 Delivery Deadlines

1. The Agent shall comply, bindingly, with the delivery deadlines or performance dates as stated in the purchase order.

2. The Agent undertakes to immediately inform the Principle in writing if circumstances occur or become known to it, which indicate that the agreed delivery deadline can probably not be complied with.

3. If the Agent is in default, the Principle is entitled to the statutory claims. The Principle is particularly entitled to claim damages for non-performance.

4. If the Principle asserts claims for damages, the Agent is entitled to demonstrate that the Agent is not responsible for the infringement of the duty.

Art. 8 Warranty, Liability

1. The Principle is obliged to check the goods for any quality and quantity deviations within a reasonable period of time; however the Principle is only obliged to check completeness and to check for undamaged individual packages. A notification of a defect shall be considered as timely if it is received by the Agent within 15 business days after receipt of the goods or, in case of latent defects, after discovery. The Principle is entitled to the unrestricted statutory warranty claims; irrespective of this the Principle is entitled to demand removal of defects or replacement at its own choice. In this case, the Agent is obliged to bear all expenses required for the purpose of removal of defects or replacement. The right to compensation, particularly to damages for non-performance is reserved explicitly.

2. The Agent warrants that its deliveries and services remain free of defects during the warranty period. The warranty period shall be 36 months from the transfer of the risks.

3. In case of imminent danger, or in case of extreme urgency, the Principle is entitled to remove the defects itself or to have them removed at the Agent's expense.

Art. 9 Delivery of Goods

1. The Agent warrants that the latest state of the art, the latest accepted safety regulations as well as the agreed specifications have been complied with in their scope of delivery / services.

2. If the Agent wishes to make technical innovations, improvements or other changes prior to delivering the scope of the delivery to the Principle, the Agent will inform the Principle in writing of type and scope, by explaining the differences. The Principle reserves the right to test and, if appropriate, reject the changes.

No changes may be made without the Principle's express written consent.

3. Complete deliveries are agreed in principle. No deviations are allowed without the Principle's written consent.

Art.10 Product Liability – Indemnity

1. If the Agent is liable for product damage, it is obliged to indemnify the Principle on first request from claims for damages of third parties as far as the cause is within the Agent's area of control and organisation and as far as the Agent is liable itself externally.

2. In terms of the Agent's liability for cases of damage according to section 1, the Agent is also obliged to replace any expenses as defined in sections 683, 670 German Civil Code and according to sections 830, 840, 426 German Civil Code which arise from or in connection with any recall actions which we had to perform.

The Principle will inform the Agent about the contents and scope of the recall measures to be performed – as far as possible and reasonable – and the Principle will give the Agent the opportunity to express an opinion on the matter.

Any other statutory claims shall remain unaffected.

3. The Agent guarantees that no rights of third parties within the Federal Republic of Germany and/or the rest of the EU are infringed in connection to its delivery. The Agent assures the Principle that it does not infringe any patent rights and that it will answer for the Principle and the consequences in case of damage.

If third parties claim damages from the Principle in this context, the Agent will release the Principle from all these claims at first request; the Principle is entitled to make agreements with the third party and particularly to conclude a compromise – without the Agent's consent.

The Agent's obligation to indemnify refers to all expenses which necessarily accrue from or in connection with the claims by a third party to the Principal. In particular, the Agent shall indemnify the Principal from any legal fee regardless of whether these were incurred by the Principal or by the third party.

4. Upon delivery of a copyrighted work, the Principal shall receive a simple, unrestricted right of use for all types of use from the Agent.

Art. 11 Insurance Coverage

The Agent undertakes to maintain a (product) liability insurance of an insured sum which is adequate for the order, but amounts to a min. of €5,000,000 per personal/ property damage. At request, the Agent is obliged to provide evidence to the Principle of the existence of such insurance by providing a copy of the related insurance policy.

Any further statutory claims to which we are entitled shall remain unaffected thereby.

Art. 12 Secrecy

1. The Agent undertakes to treat as business secrets all non-obvious commercial and technical details which become known to the Agent through the business relationship. The Agent may not make use of the business relationship for advertising purposes without the Principal's prior written consent. If the Agent's scope of delivery comprises components which have been manufactured based on the Principal's intellectual property, such as drawings, data records, samples or similar items, the Agent will not be entitled to use them for advertising purposes in any form. Any exceptions require the Principal's express written consent.

2. Drawings, models, templates, samples and / or similar items which the Principal has provided to the Agent remain in the Principle's property. They must not be provided or made accessible to third parties in any other way and may not be used for delivery to third parties without the Principle's prior written consent. The Agent shall impose the same obligation on any sub-suppliers.

3. The Principle is entitled to save, process and transfer any and all data concerning the contractual relationship and the payments of the Agent. All personal and company-related data of the Agent will generally be treated as confidential. The data required for business purposes are saved electronically. The data will not be transferred to third parties.

Art. 13 Risk of conveyance

The Agent bears the risk of conveyance. This shall also apply if the Principal bears the costs of transport for the goods obtained. In the case of a loss during transport, the Principal shall transfer to the Agent the rights to which it is entitled according to section 425 German Civil Code against the freight carrier.

Art. 14 Cancellation

1. If the Agent stops the services or if insolvency proceedings are initiated for the Agent's assets or an out-of-court composition proceeding is applied for, the Principle is entitled to cancel the contract.

If the contract is not cancelled, the Principle is entitled to retain an amount of min. 5 % of the remuneration in form of collateral for the contractual claims up to the end of the statutory warranty period.

The statutory conditions of the cancellation will not be limited by these conditions.

Art. 15 Place of Jurisdiction – Place of Performance

1. The place of jurisdiction for all disputes between us and the Agent shall be agreed to be Heilbronn, insofar as the Agent is a registered merchant, a legal entity under public law or a federal special fund under public law.

2. Unless stipulated otherwise in the order, the Principal's place of business is the place of performance.

Art. 16 Applicable Law

German law shall apply to the contractual relationship between the Principal and the Agent, under exclusion of the UN Convention on Contracts for the International Sale of Goods.

The same shall apply with regard to checks and bills of exchange and to claims for damages, irrespective of their type. The Principle is, however, entitled to file an action at the Agent's registered office.

Art. 17 Severability Clause

If individual provisions of these Terms and Conditions of Purchase are or become null and void, the effectiveness of the remaining conditions shall not be affected thereby. The ineffective provision shall be replaced by an effective one which comes closest to the economic purpose of the ineffective provision.

As of: March 2011