

1. Scope / General Information

1.1. The following Terms and Conditions of RHODIUS Schleifwerkzeuge GmbH & Co. KG (Purchaser) shall apply to any and all agreements for the delivery of goods and other services, as concluded by and between the Purchaser and the Seller. They shall also apply to any and all future business relationships, even if not expressly agreed separately.

1.2. Application of the Seller's General Terms and Conditions shall be expressly waived. Any agreement to the contrary must be made in text form to be valid. The Purchaser's Terms and Conditions shall apply even if the Purchaser accepts the Seller's delivery without reservation although being aware of conflicting terms or terms that depart from his Terms and Conditions.

1.3. Any and all agreements by and between the Purchaser and the Seller must be made in writing to be valid.

2. Contract Conclusion and Contract Amendments

2.1. Cost estimates shall be binding and free of charge, unless expressly agreed otherwise in text form between the parties.

2.2. The Purchaser's orders shall be legally binding on either party if accepted in text form by the Seller within no later than two weeks as of receipt. Differences from the order as well as any amendments or side agreements must be expressly confirmed in text form by the Purchaser to be valid. The Seller must comply exactly with the order data and shall be obligated to clearly indicate any differences in his confirmation.

2.3. Delivery schedules within the scope of order and schedule planning shall become binding unless objected to by the Seller within two working days as of their receipt.

2.4. The Quality Assurance Guideline for Suppliers (QAG) and the delivery and packaging provisions of the Purchaser shall be part of the present Agreement and must be strictly complied with by the Seller. In case of non-compliance, the Agreement shall be deemed not properly fulfilled.

3. Delivery and Performance

3.1. Differences in delivery and performance from the contractual agreements shall be permitted only with the Purchaser's prior approval in text form.

3.2. Agreed-upon dates and deadlines shall be binding. Any extension shall require the Purchaser's prior approval in text form. If the Purchaser agrees to an extension, the extra costs – especially any additional air freight and express freight costs – shall be borne by the Seller.

3.3. Unless expressly agreed otherwise in text form between the parties, compliance with the delivery date or delivery period shall be determined by the date of receipt of the goods or provision of the other service at the Purchaser's place of business. If the parties have not agreed on an "ex works" delivery (DAP or DDP pursuant to Incoterms 2010) or on a different place of performance, the Seller must provide the goods in due time taking into account the time for loading and shipping to be agreed with the carrier.

3.4. The Seller shall bear the risk of accidental loss, destruction or deterioration of the purchased goods until the goods or other services are accepted by the Purchaser or his agent at their designated destination.

3.5. If an agreed date is not complied with and should the Seller hence be in default, the statutory provisions shall apply.

3.6. Should the Seller identify problems relating to production, supply of semi-finished products, compliance with the delivery date, or other circumstances that might prevent him from rendering

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his service on time or from rendering the service with the agreed-upon quality, he must promptly notify the Purchaser in text form.

3.8. The unreserved acceptance of a late delivery or service shall include no waiver of the claims arising for the Purchaser as a result of such delay.

3.9. In principle, partial deliveries shall not be permitted, unless expressly approved in advance, in text form, by the Purchaser.

3.10. Excess or short deliveries of more than 5 % shall be excluded, unless expressly approved in advance, in text form, by the Purchaser.

3.11. When it comes to quantities, weights and other measures, the values determined at the time of the incoming goods inspection shall be decisive, subject to otherwise evidence.

4. Prices / Delivery Slip / Invoice / Payment

4.1. Unless expressly agreed otherwise in text form between the parties, the prices specified on the Purchaser's order shall be fixed prices, including VAT as applicable from time to time, and – unless agreed otherwise in text form – shall be “delivery duty paid” (DDP pursuant to Incoterms 2010). They shall include the cost of packaging and the cost of everything else to be effected by the Seller in order to fulfill his delivery and performance obligation at the agreed place of performance. If, based on a separate agreement in text form, third-party costs may be invoiced separately as a matter of exception, such costs can only be reimbursed if previously submitted to the Purchaser for approval in form of a list showing all individual cost items and a cost estimate.

4.2. If the price has not been expressly specified on the Purchaser's order, the Seller must notify the Purchaser before fulfilling the order. If he fails to do so, the price paid by the Purchaser for the preceding delivery shall apply, unless the Seller has reduced his prices. If the price is notified by the Seller, it shall be deemed agreed if approved in text form by the Purchaser within one week as of receipt of the respective notification.

4.3. Each and every delivery must be accompanied by a detailed delivery slip. The delivery slip and invoice must be generated by machine or in clearly legible writing and must include the Purchaser's order number and customer number. The invoice must moreover comply with the VAT provisions.

A single copy of the invoice, including the invoice number and other features (such as the Purchaser's order number and article number), must be sent to the following address:

RHODIUS Schleifwerkzeuge GmbH & Co. KG
Brohltalstraße 2
56659 Burgbrohl.

At the Purchaser's request, the Seller shall be moreover obligated to send to the Purchaser his long-term supplier's declaration pursuant to Regulation (EC) No. 1207/2001.

4.4. Unless otherwise agreed in text form with the Seller, the invoice must be paid either within 14 days less a 2 % discount, or within 30 days without deduction, calculated as of the time of delivery of the goods and receipt of the invoice. Payment shall be subject to invoice verification.

4.5. The Purchaser shall have all statutory offset and retention rights.

5. Force Majeure

Force majeure, labor disputes, business disruptions outside the Seller's control, riots, official measures and other unavoidable events shall release the Purchaser from his obligation to take timely acceptance of the goods or services for as long as such events last, and shall exclude a default of acceptance by the Purchaser. During such events and within two weeks thereafter, the Purchaser shall – without prejudice to any other rights that he may have – be entitled to rescind the Agreement as a whole or in part, if such events last for not only a short period of time and if the Purchaser's needs have considerably decreased because he had to procure the goods from a different source.

6. Marketability of the Goods and Services

The Seller shall warrant that the goods and services supplied comply with any and all applicable legal and official regulations and other provisions (relating, e.g., to packaging, declaration, advertising, production, condition, labeling, and especially with the provisions of VDE, DIN, EN, GS, TÜV, CE, BS, ASTM, AZO Dyes Regulation), as applicable from time to time.

7. Warranty / Liability

7.1. The Seller warrants that the goods fulfill any and all specified characteristics of state and quality specifications.

7.2. The Purchaser shall check the goods for variations in quality and quantity within a reasonable period of time once they have been supplied by the Seller. The notification of manifest defects shall be deemed given on time if mailed by the Purchaser within five working days as of delivery of the goods. The notification of latent defects shall be deemed given on time if mailed by the Purchaser within five working days as of their discovery.

7.3. The statutory provisions governing material defects and defects of title shall apply, unless otherwise provided hereinafter.

7.4. The right to choose the method of cure shall basically rest with the Purchaser. The Seller may reject the selected method of cure only if it can be performed only at unreasonably high costs.

7.5. In case of defects of title, the Seller shall also indemnify the Purchaser from possibly existing third-party claims and for all expenses which the Purchaser might consider necessary, unless the Seller is not responsible for the defect of title.

7.6. Warranty claims for defects shall expire within 36 months, except in case of malice, unless the item has been used as intended for a building and has caused that building's defectiveness. The period of limitation shall commence upon delivery of the contractual item (passing of risk).

7.7. If the Seller fulfills his obligation to cure the defect by supplying a replacement product, the period of limitation for the supplied replacement product shall commence upon its delivery, unless the Seller has expressly and rightly stated that the replaced product is supplied only for reasons of goodwill, to avoid disputes or in the interest of continuing the business relationship.

7.8. Should the Purchaser incur costs as a result of the faulty delivery of the contractual item, especially transport, freight, labor or material costs, or costs for an incoming inspection that exceeds the normal scope, the Seller shall be obligated to reimburse such costs as well as all expenses that the Purchaser may have deemed necessary.

7.9. In case of imminent danger or urgency, the Purchaser shall be entitled to cure the defect himself at the Seller's expense.

8. Seller's Liability / Insurance Coverage

8.1. If the Purchaser is held liable by a third party for damages that have been caused by a defect, which the Seller is responsible for, the Seller shall be obligated – if the defect lies within his sphere of responsibility – to indemnify the Purchaser at the latter's first request from any and all third-party claims and costs that are necessary to avert such claims, including any and all expenses which the Purchaser may have deemed necessary in this regard.

8.2. If the Purchaser has to perform a recall due to a defective product, the Seller shall also be obligated to compensate the Purchaser for any and all expenses incurred as a result of, or in connection with the recall. The Purchaser shall – if in a position to do so – inform the Seller about the contents and scope of the recall campaign and give him an opportunity to comment.

8.3. If the Purchaser is held liable by a third party because the Seller's delivery or service infringes an industrial property right or other right of that third party, the Seller shall undertake to indemnify the Purchaser from such claims at the latter's first request, including from any and all necessary expenses incurred by the Purchaser in connection with such third-party claims and their defense. The Purchaser shall not be entitled to acknowledge any third-party claims or to settle such claims with the third party without the Seller's approval in text form.

8.4. The Seller shall be obligated to take out and maintain product liability insurance with coverage of least € [...] per personal injury / material damage that is appropriate for the goods and service. This shall not affect the Purchaser's further legal claims.

8.5. The Purchaser's further legal claims shall remain unaffected.

9. Execution of Works on the Purchaser's Factory Premises

Persons carrying out work on the Purchaser's factory premises in fulfillment of the Agreement shall comply with the provisions of the plant regulations and with the applicable occupational health and safety regulations. The Purchaser cannot be held liable for accidents or damages that could have been avoided had the plant regulations and the applicable occupational health and safety regulations been complied with.

10. Purchaser's Liability

10.1. The Purchaser can be held liable for damages only if he or one of his assistants has breached a major contractual obligation or if the damage is based on gross negligence or intent on the part of the Purchaser or one of his assistants. A major contractual obligation shall be an obligation, the compliance with which is vital to the proper performance of the Agreement and may be regularly relied on by the contractual partner.

10.2. If a major contractual obligation – although violated – is not violated with gross negligence or intent, the Purchaser's liability shall be limited to the damage that he may have reasonably expected at the time of contract conclusion.

10.3. The above liability provisions shall apply to contractual as well as non-contractual claims. Liability that is based on mandatory legal provisions, warranted properties, assumed guarantees and for damages caused by injury to life, limb or health shall remain unaffected.

11. Documents and Confidentiality

11.1. Any and all business-related technical and other information made available or provided by the Purchaser (incl. features that can be gathered from any provided items, documents or software, as well as other knowhow or experiences) shall be kept secret from third parties if and in as far as they are not demonstrably in the public domain. Such information may be used at the Seller's own premises only for the purpose of fulfilling his contractual obligations and may be provided only to persons necessarily involved herewith. Such information may neither be

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copied nor used for commercial or industrial purposes without the Purchaser's prior approval in text form.

11.2. Any and all items and documents provided in physical form shall remain the sole and exclusive property of the Purchaser.

11.3. The Purchaser reserves all rights to such information (including copyrights and the right to file industrial property rights, such as patents, utility models etc.). If provided to the Purchaser by third parties, this legal reservation shall also apply to the benefit of such third parties.

11.4. At the Purchaser's request, all of his information and documents (possibly incl. any copies or records made thereof) and items borrowed to the Seller shall be promptly returned to the Purchaser, in full, or destroyed if they cannot be surrendered.

11.5. Products manufactured according to documents designed by the Purchaser, such as drawings, models and the like, or according to confidential information provided by the Purchaser, or with his tools or copied tools, must be neither used by the Seller himself nor offered to third parties. The same shall apply accordingly to print orders placed by the Purchaser.

11.6. The above obligations shall continue to apply after the end of the respective order and even after the end of the business relationship. The Seller shall undertake to impose the above obligations on any and all persons involved by the Seller.

12. Reservation of Title

The Seller shall not be entitled to a reservation of title, if this should exceed a simple reservation of title. What shall be excluded at any rate is a corporate reservation of title as well as reservations of title where the transfer of ownership is subject to a condition that exceeds payment of the agreed fee for the concrete delivery.

13. Data Privacy

The Purchaser advises that the data necessary for business transaction is processed and stored by means of an EDP system in terms of Sec. 33 of the German Data Privacy Act (Bundesdatenschutzgesetz). Personal data shall be collected, processed and used only if and in as far as required for contract execution and implementation and for invoicing purposes. In electronic business dealings the contract terms are not saved.

14. Place of Performance

The place of performance of any and all contractual obligations shall be the Purchaser's place of business, unless expressly agreed otherwise in text form between the parties.

15. Place of Jurisdiction

If and in as far as permitted by law, the exclusive place of jurisdiction for any and all contractual and non-contractual claims between the contractual parties shall be Andernach. The Purchaser shall be entitled, however, to sue the Seller also at his place of jurisdiction.

16. Applicable Law

All legal relationships between the contractual parties shall be governed exclusively by the law of the Federal Republic of Germany, to the exclusion of the provisions of the United Nations Convention on Contracts for the International Sale of Goods (CISG).