

#### I. Applicable Conditions

1. The following terms and conditions shall apply exclusively; any conflicting conditions or conditions deviating from the present terms and conditions on the part of the buyer shall only be accepted by the supplier if these conditions of purchase conform to the recommendations of the German Association of the Automotive Industry (VDA) issued for General Terms and Conditions for purchasing production material and spare parts intended for automobiles. The terms and conditions mentioned before shall prevail over the latter. Other General Terms and Conditions will not be accepted by the supplier unless supplier has given express written consent to the validity of these conditions. The following conditions shall also apply if the supplier – although being aware of conflicting conditions or conditions deviating from the present terms and conditions on the part of the buyer – unconditionally effects delivery to the buyer.
2. These terms and conditions shall apply for the entire period of the business relations; in the event that the contract is concluded they need not to be sent to the buyer.

#### II. Ordering

1. Any supply agreements (ordering and acceptance of order) and delivery schedules as well as alterations and amendments of which must be in writing. Delivery schedules can also be transmitted by data telecommunications.
2. In the event that the supplier does not accept the order within five work days from receipt, buyer shall be entitled to cancel the order. Delivery schedules shall become binding if the supplier does not object to them at the latest within two weeks from receipt.
3. The details stated in the order documents (descriptions, drawings, pictures etc.) do not constitute an assurance of characteristics.
4. As far as reasonable for the supplier, the buyer shall be entitled to demand changes of the delivery item with regard to design and version. Any effects – particularly with regard to additional costs, reduced costs and delivery dates – shall be mutually agreed upon in a reasonable way.

#### III. Payment

1. Price setting shall be made in EURO. Prices are ex works without packing. Price changes shall be permitted, if the factors on which price calculation is based have changed within 4 months after conclusion of the contract.
  2. Payment shall either be made within 14 days with a discount of 2% or within 30 days from date of invoice without any discount. In the event that deliveries are accepted, which have been effected earlier, payment falls due according to the agreed delivery date.
  3. Payment shall be effected by bank transfer. Cheques will only be accepted on account of payment. Fulfilment shall only be considered accomplished after encashment. Any costs arising from money transfer shall be borne by the buyer.
  4. Set-off shall only be permitted in case of undisputed or legally binding claims.
  5. In case of incorrect delivery, the buyer shall be entitled to withhold payment ad valorem until proper fulfilment has been ensured.
  6. Without the prior written consent of the buyer – which may not be unreasonably refused – the supplier shall not be entitled to assign the claims existing against buyer or to authorise third parties to collect the claims. In case of an extended reservation of title, consent shall be deemed to be given.
- If the supplier assigns its claim against buyer to a third party without buyer's consent – disregarding clause 1 – assignment shall be deemed effective. However, the buyer shall be entitled to effect payment – at his option – to the supplier or the third party with the effect of discharging the obligation.
7. In case of a total net value of < 100 EURO per order a handling charge of 20 EURO will be charged.

#### IV. Notice of defects

The buyer shall give immediate written notice to the supplier of any defect detected on the delivered items in the proper course of business. In this respect, the supplier shall waive the objection of a late notice of defects.

#### V. Confidentiality

1. The contracting parties undertake to keep all non-obvious commercial and technical details coming to their attention as a result of their business relations confidential (business secret).
2. Any drawings, models, templates, samples and similar objects may not be passed to third parties or made accessible otherwise. The reproduction of such objects shall only be permitted within the scope of company requirements and in compliance with the copyright regulations.
3. A corresponding obligation must be imposed on sub-suppliers.
4. The contracting parties may only advertise with their business relations with prior written consent.

#### VI. Delivery

1. The delivery dates and times given are without obligation. Partial deliveries shall be permitted upon consultation.
2. Basically, delivery is "ex works". Reasonable shipping and insurance costs shall be borne by the buyer.
3. At the moment of handing over the goods to the carrier or forwarder, risks shall be transferred to the buyer.
4. Due to possible deviations in manufacturing, excess and short deliveries of up to 5% of the scope of delivery shall be reserved.

#### VII. Delivery and Delay in Delivery

1. The supplier shall be obliged to compensate the damage caused by delay to the buyer. This shall not apply to loss of profit and damages resulting from interruptions in service.
2. In case of slight negligence, compensation shall be limited to the additional freight costs, retrofitting costs and – if the supplier fails to take the required measures within the period of grace granted or loses interest in executing the delivery – it shall be limited to the additional expenditures for covering purchases.

#### VIII. Force Majeure

Force majeure, industrial actions, riots, official measures and other unforeseen, inevitable and serious events shall release the contractual parties from their contractual obligations for the duration of the event and to the extent of the effects of such an event. This also applies if the events take place at a time when the affected party is already in default. The contracting parties shall be obliged to provide – to the extent reasonable – the required information immediately and to adapt their obligations to the changed conditions in good face.

## IX. Quality and Documentation

1. For his articles of sale the supplier shall observe the generally accepted rules of technology, the safety regulations and the technical data agreed upon. Any changes of the delivery item require the prior written approval of the buyer. For initial sample inspection please refer to the VDA publication "Sicherung der Qualität von Lieferungen - Lieferantenauswahl/Produktionsprozess - und Produktfreigabe/Qualitätsleistung in der Serie" (Assurance of delivery quality – supplier selection/production process – and product release/quality performance in series), Frankfurt am Main 1998 (VDA = German Association of the Automotive Industry). Independently from this, the supplier must ensure constant quality control of the delivery items. The contracting parties shall inform each other about the possibilities for quality improvement.
2. In the event that the kind and scope of the tests, the testing equipment and the test methods were not specified by the supplier and the buyer, the buyer shall be prepared – upon request of the supplier – to discuss the tests with the supplier on the basis of his knowledge, experience and within the bounds of possibility and to determine the state of the testing technology required in each case. In addition, the buyer shall inform the supplier about the applicable safety regulations upon request.
3. In case of vehicle parts which are specifically marked – for example, with a "D" – in the technical documents or due to a separate arrangement, the following details shall be recorded by the supplier in separate documents: when, in which manner and by whom were the delivery items tested for the characteristics the documentation of which is compulsory and which results were obtained in the required quality tests. The test documents must be kept for a period of ten years. They must be provided to the buyer if required. The supplier shall impose the same obligations – in compliance with the legal regulations – on the sub-suppliers. For guidance please refer to the VDA publication "Nachweisführung - Leitfaden zur Dokumentation und Archivierung von Qualitätsforderungen" (Verification – guidelines for documentation and archiving of quality requirements), Frankfurt am Main 1998.
4. In the event that authorities responsible for vehicle safety, exhaust emission regulations etc. request insight into the production process and the test documents of the buyer in order to verify the compliance with certain requirements, the supplier shall – upon request of the buyer – agree to grant them the same rights at his premises and to provide any reasonable support.

## X. Liability for defects

1. If defective goods are delivered, the buyer shall be entitled to claim the following, provided that the corresponding legal conditions and the conditions mentioned below are fulfilled:
  - a) Before starting production (processing or assembly), the buyer shall give the supplier the opportunity to sorting the affected items out and to repair the defects or to make an additional (compensation) delivery. If the supplier is not able to take these measures or if he does not take them within a reasonable period, the buyer shall be entitled to withdraw from the contract without fixing further deadlines and to send the goods back at supplier's risk. In urgent cases, buyer may repair the defects himself or have them repaired by a third party after consultation with the supplier. The costs arising from these measures shall be borne by the supplier after prior consultation. In the event that the same goods are delivered in defective condition again, buyer shall be entitled – after a written reminder in case of repeatedly receiving defective goods – to withdraw from the contract due to the shipment which was not fulfilled as well.
  - b) If the defect is detected after start of production – despite meeting the obligations stipulated in chapter IV (Notice of defects) – the buyer shall be entitled to - charge the transport costs (towing costs excluded) arising from supplementary performance according to § 439 clauses 1, 3 and 4 of the German Civil Code (BGB) "Supplementary performance and compensation" as well as the disassembly and assembly costs (labour costs; material costs to the extent agreed) or to reduce the purchase price.
  - c) In case of a culpable violation of obligations going beyond the supply of defective goods (e.g. breach of duty of disclosure, of duty to advise or to inspect) the buyer shall be entitled to demand compensation for the resulting consequential harm caused by a defect as well as for the reimbursement of the consequential harm caused by a defect made by the buyer to his own customers according to the law and to the stipulations in chapter XI. A consequential harm caused by a defect is considered a damage to objects of legal protection other than the goods themselves, which arises to the buyer as a result of the delivery of defective goods.  
The buyer shall only be entitled to the reimbursement of further expenses or to claim for damages resulting from the delivery of defective goods according to § 437 of the German Civil Code (BGB) or to the provisions mentioned therein directly, if stipulated in the contract. For agreements to be newly made, chapter XV clause 1 must be observed.
2. Upon request, the buyer shall provide the supplier with the parts to be replaced by him immediately and at supplier's expense.
3. Any claims resulting from liability for defects shall become time barred after the expiry of 24 months from initial registration of the vehicle or from spare part installation, however, at the latest after the expiry of 30 months from delivery to the buyer. In case of goods intended for commercial vehicles the legal statute of limitations shall apply, if not otherwise agreed upon.
4. Claims based on defects do not arise if the defect is caused by non-compliance with the operating, maintenance and installation instructions, by inadequate or improper use, incorrect or careless handling, natural wear and tear as well as by any interventions in the delivery item on the part of the buyer or third parties.
5. In case of bad delivery, the buyer's claims arising from the Product Liability Act, unlawful acts and agency of necessity shall remain unaffected by the present chapter X. Any guarantee of quality and guarantee of durability must be expressly named as such in writing in each case.

## XI. Liability

1. Unless other liability conditions have been stipulated in other parts of these terms and conditions, the supplier shall only be obliged to make up for damages arising to the buyer as a direct or indirect consequence of bad delivery, violation of official safety regulations or due to any other legal grounds for which the supplier is responsible to the extent described in the following.
2. Basically, liability for damages shall only apply if the damage was culpably caused by the supplier.
3. In the event that claims against buyer are asserted due to liability regardless of negligence or fault according to law – valid for third parties – which may not be varied by agreement between the parties, the supplier shall assume liability to the same extent as he would be liable directly. For damage compensation between buyer and supplier the provisions of § 254 of the German Civil Code (BGB) shall apply. This shall also apply in case of claiming against the supplier directly.
4. The liability to pay damages shall be excluded, if the buyer himself has effectively limited his liability against his customers. The buyer shall make an effort to arrange – to the extent permitted by law – limitations of liability in favour of the supplier as well.
5. Any claims on the part of the buyer shall be excluded, if the damage is caused by non-compliance with the operating, maintenance and installation instructions, by inadequate or improper use, incorrect or careless handling or natural wear and tear or incorrect repair – for which the buyer is responsible.
6. The supplier shall be liable – to the extent of legal obligation – for any measures taken by the buyer for fending off the damage (e. g. recalls).
7. In the event that the buyer intends to claim against the supplier according to the stipulations mentioned above, the buyer shall inform and consult the supplier immediately and comprehensively. He shall give the supplier the opportunity to investigate the claim. The contracting parties shall agree upon the measures to be taken, particularly in case of composition proceedings.
8. The principles stipulated in chapter VII clause 1 shall apply, unless the supplier does not have an insurance or does only have an insufficient insurance.

## XII. Property Rights

1. The supplier shall be liable for any claims resulting from the infringement of property rights and of applications for property rights (property rights) – although using the delivery items in accordance with the stipulations of this contract – of which at least one must originate from a property right family published either in the home country of the supplier, by the European Patent Office or in one of the following countries: Federal Republic of Germany, France, Great Britain, Austria or in the USA.
2. The supplier shall hold the buyer and his customers harmless from any claims resulting from the use of such property rights.
3. This does not apply in the event that the supplier has produced the delivery items according to drawings, models or other similar descriptions and specifications provided by the buyer when was not aware – and not required to be aware – of the fact that property rights are infringed in connection with the products developed by the supplier.
4. If the supplier does not assume liability according to clause 3, he shall hold the buyer harmless from any third party claims.
5. The contracting parties undertake to inform each other immediately about any risks of infringement and any reported infringement cases coming to their attention, in order to give each other the opportunity of defending such claims by mutual agreement.
6. Upon request of the buyer, the supplier shall inform about the use of published and unpublished own as well as of licensed property rights and applications for property rights relating to the delivery item.
7. The principles for limitation of liability stipulated in chapter VII clause 1 shall be applied.

## XIII. Use of Manufacturing Equipment and Confidential Information of the Buyer

1. Any models, templates, patterns, samples, tools and other manufacturing equipment as well as any confidential information which have been provided to the supplier by the buyer or which have been fully paid by the supplier, may only be used for deliveries effected to third parties with the prior written consent of the buyer.
2. In the event that the order is not placed or that order execution is not accomplished, the above mentioned equipment and documents containing confidential information shall be returned immediately.

## XIV. Retention of Title

The supplier retains ownership on any goods delivered by him until full payment has been received; in this context all deliveries shall be considered a coherent delivery transaction. In case of a current account, the goods subject to retention of title will serve as collateral for any balance claim by the supplier.

In the event that the buyer combines the goods with other items so as to form an indivisible uniform item and if the other item is to be considered the main item, the buyer shall be obliged to transfer co-ownership to the supplier on a pro-rata basis, as far as this main item is property of the buyer. If the buyer resells the delivered goods as intended, he shall – already now - assign any claims arising against his customers from the sale to the supplier, including any ancillary rights, until all claims of the supplier have been fully settled.

In case of justified reasons and upon request of the supplier, the buyer shall be obliged to inform third party buyers about the transfer and to provide the supplier with the information and documents required for the assertion of his rights.

The supplier shall release the collaterals retained by him, if their value does not exceed the claims to be secured by a total of more than 20 %. Contrary general terms and conditions of the buyer or other alternative agreements are not valid.

## XV. General Provisions

1. The amount of the claims for compensation to be settled by the supplier in accordance with the chapters VII, X, XI and XII shall be fixed on the basis of the economic situation of the supplier, the kind, extent and duration of the business relations and the possible share of causation and/or fault on the part of the buyer according to the regulations of § 254 of the German Civil Code (BGB). Furthermore, particularly unfavourable assembly conditions for the vendor parts must be considered in favour of the supplier. In particular, the indemnifications, costs and expenses to be borne by the supplier must be in reasonable proportion to the value of the vendor part, not exceeding the amount of the merchandise value.
2. In the event that one of the contracting parties suspends payment or that insolvency proceedings are instituted against the party's assets or that extrajudicial compensation proceedings are filed, the other party shall be entitled to withdraw from the contract for the part of the contract which has not been fulfilled.
3. Should any of the provisions of these terms and conditions and of the other agreements concluded be or become invalid, this shall not affect the validity of the remaining conditions of the contract. The contracting parties shall be obliged to replace the invalid provision by a regulation which comes closest (equal) to the economic purpose of the invalid provision.
4. If not otherwise agreed upon, these terms and conditions shall be exclusively governed by German law. The UN Convention on Contracts for the International Sale of Goods dated April 11, 1980 shall be excluded.
5. The place of fulfilment for all obligations arising from this contract shall be Bayreuth.
6. The place of jurisdiction for all disputes arising from this contract shall be the competent court in Bayreuth, if the contractual parties are registered traders.