

General Terms and Conditions of Sale (AVL) of Polytec GmbH

I. General, Coverage

(1) These General Terms and Conditions of Sale and remarks relating to the contracts to be closed between POLYTEC and the orderer are applicable exclusively. Contrary conditions of the ordering party or conditions differing from these General Terms and Conditions of Sale shall not be effective, except in cases where there has been an explicit consent as to their application. These General Terms and Conditions of Sale are also applicable even if despite knowledge of conditions of the ordering party contrary to or differing from these General Terms and Conditions of Sale the delivery is executed without prejudice.

(2) The entirety of all agreements, conditions, and considerations between POLYTEC and the Customer relating to execution of this agreement is contained herein.

(3) These General Terms and Conditions of Sale are only applicable in relation to enterprises, companies and legal entities, and public specific funds as set forth in § 14 BGB and § 310 BGB.

II. Offer, Documentation, Order Contracts

(1) POLYTEC's offers are non-binding unless the order confirmation contains clauses stipulating otherwise. Based on these General Terms and Conditions of Sale orders placed with POLYTEC shall only be deemed contractual after they have been confirmed in writing by POLYTEC or after POLYTEC has commenced with the fulfillment of the contractual work or deliveries. Ancillary agreements and amendments must be confirmed in writing by POLYTEC.

(2) POLYTEC is freed of its performance obligation even in case of confirmed orders under circumstances where the delivery or partial delivery is made impossible by unpredictable obstacles outside POLYTEC's responsibility. Such reasons may be regulatory orders, higher power or supplies delivered late or faulty.

(3) Documentation relating to offers such as pictures, drawings, as well as weight and measure specifications are only approximations unless they are expressly specified as binding. Quotes, drawings, and other documentation remain physical and intellectual property of POLYTEC; they must not be made available to third parties. If plans marked as confidential are provided by the Customer, POLYTEC agrees to make them available to third parties only with the Customer's express consent.

(4) POLYTEC does not accept any exercise risk, nor furnish any guarantees of any kind, unless an express written agreement pertaining to this has been reached with the customer.

III. Pricing, Payment Conditions

(1) Unless otherwise provided in the order confirmation the prices are factory prices, not including packing and shipping from Waldbronn or - at the discretion of POLYTEC - from the nearest airport. Orders which do not explicitly specify prices are calculated based on the list prices valid on the day of delivery. Prices not including customs fees ("ohne Zoll") are subject to timely presentation of a customs waiver and to approval by the customs agency.

(2) Prices do not include the legally required Value-Added Tax (VAT or "MwSt"). The VAT shall be itemized separately on the bill at the rate in effect on the billing date.

(3) The Customer shall be deemed in default of payment if it fails to remit payments due the latest 30 days after receipt of the invoice or any payment-due notice equivalent. It remains within POLYTEC's discretion to effect such default at an earlier time by issuing a reminder, to be served after the due date. Contrary to sentences 1 and 2 of this paragraph, the Customer shall be in default also in such cases where it is agreed that the sales price is to be paid on a specified date and the Customer fails to remit its payment by that date. Invoices are due without discounts. Delivery may be made against pre-payment or COD, especially for first-time orders or after occurrence of late payments.

(4) Payments shall be considered made only at such time when POLYTEC has actual access to the monies involved.

(5) The Customer may deduct counter claims from its payments only after they have been determined undisputed and legally binding. In such a case the Customer is also entitled to exercise its right to withhold payment to the extent that its counter claim relates to the same contract.

(6) Without prejudice against further claims by POLYTEC the Customer in case of payment default shall pay interest to POLYTEC of 5% above the current base rate of the European Central Bank.

(7) If we do not receive payment within time, we will, by not delivering, make use of our legal retaining lien and thus declare to suspend fulfillment of the contract. If after entering into a contract POLYTEC learns of circumstances reducing the credit worthiness of the Customer POLYTEC is entitled to withdraw from the contract and/or without regard for any due dates demand payment for or immediate release of merchandise already delivered.

IV Delivery Times

(1) The delivery time commences with the date of mailing the order confirmation but not before supplying the documentation to be provided by the Customer such as permits, releases, and not before receipt of any agreed down payment.

(2) The delivery time shall be considered met if the merchandise ordered has left the factory or the Customer has been notified of the merchandise being ready for shipment by the delivery due date.

(3) The delivery time shall be extended appropriately in case of labor disputes especially such as strikes and lockouts, as well as in case of unexpected events outside the influence of POLYTEC, provided such hindrances are proven to have a significant influence on the completion or delivery of the merchandise ordered. The same also applies if such circumstances arise at POLYTEC's suppliers. POLYTEC shall further not be held liable for the above circumstances if they occur during an already existing delivery delay. In important cases POLYTEC will notify the Customer of the beginning and end of such hindrances as soon as possible.

(4) In case of a delay on the part of POLYTEC and after setting a fulfillment period of another 4 weeks, the Customer may rescind the contract or in such cases where the Customer has suffered damages due to a delay caused by POLYTEC may claim delay damages excluding any further claims. Such delay damages amount to one half of one percent per week of the delay but may total no more than five percent of the value of that part of the total order which due to the delay could not be used in time or not in the manner contracted for. These limitations apply only in case of simple negligence. POLYTEC is not liable for damages if they would have also occurred in case of a timely delivery.

(5) If the shipment is delayed upon request of the Customer the costs arising in connection with the storage at the POLYTEC factory but at least one half of one percent of the invoiced amount per month is charged starting one month after notification of readiness for shipment. If after notifying the Customer of an appropriate waiting period such time has passed without action POLYTEC is entitled to dispose of the merchandise ordered as it sees fit and to deliver to the Customer at an appropriately extended delivery time.

(6) Prerequisite for POLYTEC keeping the delivery time is the Customer's fulfillment of its obligations under the respective contract.

V Risk Assignment, Insurance, Packing

(1) The risk is assigned to the Customer at the time of shipment of the merchandise; this applies also in case of partial delivery and if POLYTEC has agreed to undertake additional items such as shipping costs, delivery, and installation. POLYTEC can upon Customer's request and at its expense insure the shipment against theft, breakage, freight, fire, and water damage and various other coverable risks.

(2) If the shipment is delayed due to circumstances within the Customer's responsibility the risk is assigned to the Customer beginning with the date the order is ready for shipment, but POLYTEC must if requested by the Customer at Customer's cost procure such insurance coverage as it demands.

(3) Delivery must be taken of merchandise delivered even if it has minor flaws. This does not preempt the Customer's rights as set out in *Article VII*.

(4) Partial deliveries shall be permitted unless the Customer can prove that the partial delivery represents an unreasonable imposition.

(5) With the exception of pallets, no transport or any other packaging meeting the packaging regulation will be taken back by POLYTEC. The Customer is obligated to effect the disposal of any such packaging at its own expense.

VI. Title

(1) Up to such time as all monies due have been received POLYTEC reserves the right of ownership on the merchandise ordered. This title also remains with POLYTEC in case of receivables of POLYTEC arising from any other ongoing business relationship with the Customer and up to such an amount as POLYTEC is entitled to based on the current purchase.

(2) POLYTEC is entitled to insure the merchandise ordered at Customer's expense against theft, breakage, fire, water, and other damage provided the Customer itself cannot provide proof of itself having purchased appropriate insurance.

(3) The Customer may not mortgage the merchandise to be delivered, nor pass any rights thereto to third parties as a security, nor make any dispositions to the detriment of any merchandise still property of POLYTEC except for actions taken in the context of regular business dealings.

(4) If maintenance and inspection work needs to be performed these must be undertaken in a timely manner by the Customer at its own expense.

(5) In case of liens against the merchandise ordered or any actions brought by third parties the Customer must immediately inform POLYTEC in writing in order to enable POLYTEC to file suit pursuant § 771 ZPO. Inasmuch as such third party is unable to reimburse POLYTEC for the court or out-of-court costs of said suit filed pursuant § 771 ZPO the Customer shall be liable for any damages incurred by POLYTEC.

(6) Any processing or use of any such merchandise whose title is still with POLYTEC shall be performed by the Customer for and in the name of POLYTEC without any obligations arising for POLYTEC. In case of any processing, use, or merging of such merchandise with other items not property of POLYTEC, the partial property of the newly created item shall be assigned to POLYTEC to the extent corresponding to the value of POLYTEC's part at the time of said processing, use, or merging.

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If the Customer gains sole proprietorship of the newly created item Customer shall without the requirement for a separate agreement assign property rights to POLYTEC to the extent corresponding to the value of POLYTEC's part at the time of said processing, use, or merging and maintain its safekeeping it safely without any costs incurring for POLYTEC.

(7) The Customer is entitled to sell such reserved merchandise or the product newly created using it in the course of its regular business dealings. In such case Customer at the present time and without the requirement for a separate agreement for each individual occurrence assigns to POLYTEC the title to the gross amount (including VAT) of the receivables arising against its customers or third parties from such sale up to the amount owed to POLYTEC, regardless whether the merchandise was sold with or without any processing. The Customer shall retain the right to collect such receivables even after the assignment. This shall not preclude the right of POLYTEC itself to collect them. POLYTEC, however, agrees not to collect the receivables as long as Customer meets its payment obligations arising from the income collected and does not incur any delays and especially does not file for bankruptcy or insolvency. If this be the case POLYTEC can demand that the Customer discloses to POLYTEC the assigned receivables and the corresponding debtors, providing all data necessary for collecting them, turning over all related documents, and notifying the debtors (third parties) of that assignment.

(8) In case of any violation of the contract through the Customer, especially payment default, POLYTEC after issuing a reminder with a fulfillment period is entitled to repossession and the Customer is obligated to release the merchandise. The Customer shall carry any and all costs incurred in the course of such a repossession or release. The enforcement of a property title by POLYTEC or a repossession of any delivered merchandise by POLYTEC do not constitute a withdrawal from the contract.

VII. Warranty for Faulty Merchandise

In case of faults of merchandise delivered POLYTEC shall notwithstanding *Article VIII* and barring any additional claims be liable as follows:

(1) Any parts or components whose usability for the intended purpose turns out within 12 months after risk assignment to be severely impaired due to a circumstance originating before the risk assignment, especially faulty construction, defective material, or deficient manufacture, shall at reasonable discretion by POLYTEC be repaired or replaced. POLYTEC must immediately be notified of the determination of any such faults. To maintain its entitlement to replacement, the Customer must notify POLYTEC within 10 days after delivery in writing of obvious faults and such faults apparent by inspecting the merchandise after delivery.

(2) If two attempts at correction by POLYTEC fail the Customer is, at its discretion, entitled to either demand a price reduction or to withdraw from the contract.

(3) Parts replaced become property of POLYTEC.

(4) There will be no warranty for damages occurring due to the following reasons: Unsuitable or improper use, use leading to damages causing loss, faulty installation or startup by the Customer or a third party, regular wear, faulty or negligent handling, unsuitable operating materials or consumables, deficient building provisions, unsuitable site properties, chemical, electro-chemical or electrical influences, provided they are not caused by POLYTEC.

(5) The Customer must after communicating with POLYTEC allow POLYTEC the required time and opportunity for performance of all repair and replacement deemed necessary in POLYTEC's reasonable discretion, otherwise POLYTEC shall not be liable for any deficiencies. Only in urgent case of the endangerment of operational safety and to prevent unreasonably extensive damage - whereby POLYTEC must be notified immediately - or if POLYTEC defaults on remedying the fault the Customer is entitled to remedy the fault itself or have it remedied by third parties and to demand the necessary costs be reimbursed by POLYTEC.

(6) Necessary expenses incurred for the purpose of making repairs and/or the delivery of a faultless item, such as transport, travel, labor, and material are carried by POLYTEC, whereby it remains within POLYTEC's discretion in each case to determine the most cost effective solution. This obligation does not cover excessive costs caused by the merchandise after its delivery having been moved to a location other than the residence or the business site of the customer unless such transport corresponds to the intended purpose of the item.

(7) The warranty obligation for remedying the deficiency and/or delivery of a faultless item extends from the shipment of the faultless item or the completion of the repair to the end of the original warranty of the merchandise. This period, however, shall be extended for the amount of shut down time caused by the repair or replacement work.

(8) Any modifications or maintenance work performed by the Customer or a third party which is unsuitable or done without prior permission by POLYTEC invalidates any warranty for its consequences.

(9) Not included in the warranty are consumables, such as lamps, fuses, batteries and similar. Special provisions apply to special tubes and equipment which, due to their technical construction, are given a shorter warranty period by the manufacturer; in these cases the respective shorter warranty period also applies to POLYTEC.

(10) The above mentioned limitations to liability for deficiencies do not apply if POLYTEC has fraudulently concealed a defect or has issued a guarantee, which however can only be effected with express permission from POLYTEC.

(11) If a delivery item is returned to POLYTEC during the warranty period and within the course of the examination for defects, POLYTEC ascertains that the defect has been caused by improper handling or usage of the delivery item by the customer, POLYTEC will make the customer an offer to make a repair for a fee, subject to these conditions. The costs of fault diagnosis are to be borne by the customer - providing the case does not fall under warranty.

VIII. Liability/Statutory Limitation

(1) If based on legal requirements or the conditions herein POLYTEC is liable for damages caused by simple negligence, POLYTEC's liability shall be limited as follows:

The liability applies only in case of a violation of essential contractual obligations and is limited to typical damages as could be foreseen at the time of entering into the contract. This limitation does not apply in case of loss of life, bodily injuries, and health damage. Inasmuch as the damages are covered by an insurance purchased by POLYTEC for that specific incident (except for blanket insurance), POLYTEC is only liable for disadvantages suffered by the Customer in connection with the damages such as, for example, increased insurance premiums or interest losses up to the payment of damages by the insurance.

No liability shall apply for damages caused by faulty merchandise due to minor negligence.

(2) Any liabilities of POLYTEC in case of malicious concealment of a fault, in cases arising from the assignment of warranty or a procurement risk are not affected by any culpability of POLYTEC.

(3) Liabilities relating to delivery delays are dealt with in their entirety in *Para. 4 of Article IV*.

(4) In cases where our liability for damages is excluded or limited this is also applicable for the personal liability of our employees, staff members, representatives and persons employed in performing an obligation for whom POLYTEC is vicariously liable. In any case any liability for damages is limited to the predictable, typical damage incurred.

(5) Further liability for damages is excluded - irrespective of the legal nature of the claim beign asserted. This particularly applies to claims for damages based on fault at the time the contract was concluded, due to breach of other obligations or due to claims in tort for compensation for material damage in accordance with § 823 German Civil Code. This limitation also applies inasmuch as instead of a claim for rectifying the damage, performance compensation for useless expenditure is required.

(6) For the statutory limitation of all claims which are not subject to statutory limitation due to a fault, the term of preclusion is 18 months. This extends from the point in time at which the person entitled to damages gains or should have gained knowledge of the damage, the fault and of the person liable for damages. In other respects, the provisions of the German Civil Code on statutory limitation are applicable.

IX. Export and Customs

Certain goods are subject to German and/or US-American export regulations. It is the Customer's responsibility to abide by such regulations in case of a sale to a foreign country.

X. Other

(1) Special conditions apply for assembly and service.

(2) If any one or more of the conditions set out in these General Terms and Conditions of Sale should be or become invalid it shall be replaced by a valid clause or interpretation which most closely resembles the invalid one in its economic result. The validity of the remaining General Terms and Conditions of Sale shall not be affected.

XI. Place of Performance and Jurisdiction, Applicable Law

(1) Place of performance for any and all obligations arising from this agreement for both parties is 76337 Waldbronn, Germany.

(2) For both parties the place of jurisdiction for any disputes directly or indirectly arising from this contract is Karlsruhe; this also applies to suits filed in conjunction receivables from bills of exchange and checks. We also reserve the right to file suit at any other place of jurisdiction where the Customer can be sued according to German civil procedure law.

(3) This contract is subject to the laws of the Federal Republic of Germany. UN Commercial Laws (CISG) shall not apply.