

Validity

1. These general purchase terms are valid for all, also future, orders and their execution. Any differing conditions of a supplier not explicitly recognized by HORN in writing are not binding for HORN notwithstanding the fact that HORN did not explicitly object to them.
 - 1.1 Submission of offers shall be free of charge and not binding for HORN. The quotation shall be binding for the supplier for a period of three months. To be firm, the order will have to be placed in writing. Verbal agreements shall be valid upon written confirmation by HORN.
 - 1.2 Orders shall immediately be confirmed in writing by the supplier or persons having full power of attorney. HORN reserves the right to cancel the order if the order confirmation is not received within 14 days upon receipt of the order, at the latest within four weeks from the date of order placement. An order confirmation will be required also in case of immediate delivery, if the delivery differs from the order.

1.3 Price

The prices agreed upon are to be understood free place of delivery indicated by HORN including cost for freight and packing as well as additional charges.
In case of unfree delivery HORN shall only bear the cheapest freight costs, unless HORN has prescribed a special kind of shipping.

2.

2.1 Payment

- 2.2 In the absence of differing agreements or more favourable terms in the conditions of delivery or invoices of the supplier the following terms of payment shall be valid:
 3. The purchase price for deliveries and other performances is to be paid within 14 days with a 4 % discount as well as within 30 days with a 2 % discount and within 60 days net upon receipt of the invoice, however, not before receipt of the goods and in case of performances not before the acceptance thereof, and in case documentations and similar documents are part of the scope of delivery, not before delivery thereof to HORN in conformity with the contract.
 - 3.1 Payments are effected by remittance.
- 3.2 Notwithstanding section 286 clause 3 BGB (Civil Code), delay in payment will not occur without reminder. In case of undue delay in payment the supplier shall be entitled to surcharge a rate of interest which is 5 % more than the base interest rate for the invoice amount.

Covenant not to assign

3.3

Accounts receivable from HORN shall only be assigned upon written approval by HORN.

4. Contractual obligations of the supplier may only be performed by third parties commissioned by the supplier upon previous written approval by HORN.

- 4.1 Exceptional terms for delivery of a plant/machine
- 4.2 The exact contractual obligations for delivery of a plant/machine shall be agreed upon in an individual contract by the contracting parties. The main and additional obligations shall be finalized therein, any rights and duties beyond these shall herewith be explicitly excluded; additionally the following stipulations will be valid:

5.

Assembly and commissioning of machines, plants, devices and modules:

5.1

- 5.1.1 Insofar as electrical and mechanical assembly including commissioning of the goods ordered is required these shall be effected completely by the supplier at the place of installation.
- 5.1.2 The work shall be effected taking into consideration safety precautions in conformity with the regulations of the mutual indemnity associations, the regulations for prevention of accidents and the regulations for fire prevention and protection. The supplier shall provide and bear the cost for the legal insurances for his staff. Furthermore sufficient insurance for the assembly work shall be part of the supplier's performances.
- 5.1.3 The supplier's scope of delivery and of performances shall include installation of the goods supplied as well as the test run following the installation.
- 5.1.4 HORN shall continuously make available the future operating personnel as well as the persons in charge of maintenance and repair (shop mechanics, works electricians) during commissioning and until acceptance of the plant in order to ensure appropriate instruction of the personnel.
- 5.1.5 The unhindered course of assembly and commissioning shall be a prerequisite. In case of delays or interruptions during assembly or commissioning for reasons HORN cannot be held responsible for the cost arising therefrom will be invoiced.

5.2 Acceptance of plant/machine

After the plant has proven to be in working order after the assembly, mutual acceptance of the plant shall be effected. The plant will have to work trouble-free for at least 72 hours under production conditions and all performance parameters will have to be proven; this applies to the warranty for existence of certain qualities in particular, insofar as these were agreed upon.

5.3 Penalty in case of delivery of a plant/machine

If the delivery, the commissioning or the acceptance by HORN is delayed for reasons the supplier who is the contractor is to be held responsible for, the following penalty shall be charged, starting from the agreed date of acceptance:

- 5.3.1 0.2 % per working day up to max. 5 % of the total order value.
- 5.3.2 Notwithstanding section 341 clause 3 BGB (Civil Code) – reserve of penalty by the orderer for acceptance/reception of performance – HORN shall be entitled to reserve the penalty which has possibly accrued not already at acceptance but to assert it until the final payment.
- 5.3.3 This shall apply to the provision “Penalty” only.
- 5.3.4

5.4 Determination of availability of plant

The supplier shall guarantee HORN availability of the plant amounting to at least 98 % in a 24-hour operation. The plant shall be capable to permit the intended use, i.e. without restriction of product quality and/or additionally required staff and without reduction of production capacity.

6. Deliveries

- 6.1 Unless agreed otherwise, shipment of the goods ordered shall be effected at the account and risk of the supplier. (refer to 2.1)
- 6.2 In case HORN was exceptionally charged packaging in case of separate agreement, HORN shall return reusable packing unfree and shall deduct the invoiced sum to the full amount.
- 6.3 Damages caused during transport will be at the supplier's account.
- 6.4 In case of delivery by a forwarder only the freight (German Railways Tariff), but not the charge for transport from the railway freight depot shall be paid.
- 6.5 In case of delivery "to the door" the supplier shall bear the transport risk up to the place of receipt.
- 6.6 Partial consignments have to be approved by HORN. Increased delivery or part delivery shall not be permitted without the explicit approval by HORN. In case partial deliveries are not utilizable for HORN, HORN shall be entitled to terminate the entire contract. In such cases assertion of claims for damages shall be excluded.
- 6.7 For deliveries from abroad the supplier shall contact HORN in good time because of customs clearance and importation formalities.

7. Delivery periods

- 7.1 Delivery times agreed upon are binding. The delivery times are principally to be understood for arrival of the supplier's consignment at the HORN works, unless a different delivery address has been agreed upon by the parties.
- 7.2 HORN shall be notified in writing immediately in case of any impending delays in delivery, stating the causes and the expected duration thereof.
- 7.3 If the supplier, who is the contractor, is in delay concerning delivery/performance, HORN shall be entitled to assert damages amounting to 0.2 %, altogether 5 % maximum of the value of the agreed delivery (penalty), for each working day.
- 7.4 HORN reserves assertion of a penalty up to full payment of the purchase price.
- 7.5 The legal claims in case of delay in delivery shall remain unaffected.
- 7.6 In case of industrial dispute in the company, disturbance, force majeure and other unforeseeable and inevitable incidents the party concerned is not responsible for, this party shall be exempted from his obligation of delivery respectively acceptance for the period the disturbance persists and to the extent of its impact. If the disturbance persists for more than one month after the term of delivery originally agreed has expired, each party shall be entitled excluding all other claims to terminate the contract with regard to the quantity concerned by the disturbance of delivery or acceptance. If partial performance has been

supplied to HORN, HORN shall be exempted fully or partially from the obligation to accept the partial delivery/performance and HORN shall be entitled to terminate the contract insofar as the delivery or performance is not utilizable any more because of the delay and taking into consideration economic aspects. In such case assertion of claims for damages shall be excluded.

8. Warranty

- 8.1 The supplier warrants that his deliveries and performances are state-of-the-art and comply with the warranties and standards agreed under this contract as well as with the safety regulations, industrial safety legislation, regulations for prevention of accidents and other regulations.
- 8.2 Upon receipt the goods shall be inspected for quality and completeness to the extent acceptable for and technically feasible by HORN. For notification of apparent defects as well as of lack of warranties for the existence of certain qualities a term of 5 working days upon receipt of the goods at the HORN works shall be valid. In case of chain-of-delivery business this term shall be 5 days upon receipt of the goods at the works of the subpurchaser of HORN. In case the supplied goods are plants or machines with multiple functions this term shall be extended to 14 days.
- 8.3 Notification of hidden defects or of lack of warranties shall be permissible for up to expiration of one week after discovery of this defect by HORN or by the subpurchaser of HORN. For foreign business this term shall be two weeks.
- 8.4 If a merchandise is found to be faulty or if it lacks the warranty for the existence of certain qualities, HORN shall be entitled at their discretion to subsequent improvement or replacement as well as to reimbursement for the expenditure required. If the supplier does not effect subsequent improvement or replacement upon the corresponding request by HORN within an appropriate extension of the original term – three days maximum unless agreed otherwise in the contract – or if the supplier effects subsequent improvement or replacement insufficiently, HORN shall be entitled to have the defects repaired at the supplier's expense or to purchase goods in replacement at the supplier's expense.
- 8.5 The warranty period is 24 months, for buildings it is five (5) years, starting from orderly acceptance. The same applies to subsequent deliveries within the supplier's warranty. This warranty period does not depend upon the operating times.
- 8.6 For goods resold by HORN the warranty period begins from commissioning or the final technical acceptance by the subpurchasers of HORN.
- 8.7 By way of provisional performance, the supplier shall already now assign all claims to HORN he is entitled to with regard to his supplier because of and in connection with the delivery of defective goods or such goods lacking the warranties for the existence of certain qualities. The supplier shall make available to HORN all documents required for assertion of such claims.
- 8.8 In case a plant is delivered it will have to be designed in such way that it complies with the valid regulations of the German authorities and of the supervising authorities concerning EU regulations, machinery safety regulations, regulations for prevention of accidents, VDE regulations, noise protection and air protection regulations (TA Lärm and TA Luft) as well as the Federal Pollution Control Act.
- 8.9 Upon request, the supplier shall be obliged to immediately repair free of charge all damages or defects occurring during the warranty period, lack of warranty for the existence of certain qualities being part thereof.
- 8.10 In case HORN has to effect small repairs at the plant at short term after acceptance for reasons of production, for mitigation of loss, for avoiding safety

hazards at HORN's or the customer's of HORN, HORN shall be entitled to effect such measures without previous coordination with the supplier.

The warranty duties of the supplier shall not be affected by this in any way. In such case HORN shall immediately notify the supplier of the measures which had become necessary and the cost accrued, since this will be borne by the supplier in case of warranty.

- 8.11 The running of time for the warranty period shall be suspended for the time between notification of the defect and the elimination thereof. For replaced or subsequently improved parts the warranty period shall restart upon achievement of the faultless serviceability of the delivery in conformity with the contract.

9. Exclusion of liability

- 9.1 Claims for damages because of breach of duty or illicit act shall be excluded insofar as the damage was not caused by wilful act or gross negligence. In case of breach of essential contractual obligations HORN shall be liable also in case of slight negligence; in such case, however, the liability of HORN with regard to a contractor shall be restricted to compensation for foreseeable, typically occurring damage. This shall be valid to the same extent for persons employed in performing an obligation or vicarious agents.
- 9.2 This limitation of liability shall not apply to fatal and physical injuries and injury to health.

10. Product liability

- 10.1 If HORN is held liable with regard to product liability according to German or another law, the supplier shall engage to exempt HORN from claims for damages insofar as the cause of the damage occurred in his territory and organizational domain. The supplier's liability in conformity with the contract remains unaffected.
- 10.2 The supplier shall be liable for measures for averting of damage, e.g. recall operations etc. insofar as he is legally obliged.
- 10.3 In case HORN intends to hold the supplier liable in conformity with the provisions above, HORN shall immediately notify the supplier thereof. HORN shall give the supplier the opportunity to examine the damage and to come to an agreement with HORN concerning the steps to be taken, e.g. settlement negotiations.
- 10.4 Upon request the supplier shall prove to HORN the existence of liability insurance, the amount insured being EUR 5,000,000.00 for property damage, physical injury and property loss.

11. Transfer of title

- 11.1 As for delivery of a plant, machine etc. the owner's title to the plant shall unrestrictedly be transferred to HORN upon payment of 50 % of the total invoice amount, the extended forms of current account reservation and of extended group reservation of ownership not being valid correspondingly.
- 11.2 Insofar as titles to the plant of third parties are existing, the supplier shall be responsible that such titles will be discharged at the moment of transfer of title.
- 11.3 A reservation of title by the supplier shall only be an integral part of the contract, if the reservation of title will be discharged upon payment of the agreed price for the reserved merchandise and HORN will be entitled to resell and to process it in

ordinary course of business (so-called extended reservation of title). A farther-reaching reservation of title with regard to HORN is invalid.

- 11.4 If HORN makes parts available to the supplier, this supplied merchandise shall remain property of HORN (reserved merchandise) until all claims will have completed HORN is entitled to within the trading relation including future claims, also from contracts which were concluded simultaneously or later. The supplier shall engage to store the goods he was supplied by HORN only clearly separated from his other stock and to attach a visible indication of the persisting owner's title of HORN to the goods.
- 11.5 Treatment and processing of the reserved goods by a contractor shall be effected for HORN as manufacturer in the meaning of section 950 BGB (Civil Code) without obliging HORN. The treated and processed goods are considered to be reserved goods in the meaning of these conditions.
- 11.6 In case of processing, adjunction and intermixture of the reserved goods with other goods by the supplier, who is a contractor, HORN is entitled to co-ownership to the new merchandise in proportion of the invoice value of the reserved goods (final invoiced amount including V.A.T.) to the invoice value of the other goods. In case the title of HORN to the goods is discharged because of intermixture, adjunction or processing, the supplier shall already now transfer the rights of ownership and expectancies he is entitled to for the new stock or the merchandise to HORN to the extent of the invoice value of the reserved goods; in case of processing in proportion of the invoice value of the reserved goods to the invoice value of the other goods used; and the supplier shall store the new stock or the merchandise for HORN free of charge. Co-ownership rights of HORN are considered as reserved goods in the meaning of these conditions.
- 11.7 In case of faulty breach of important contractual obligations, particularly in case of delay in payment, HORN shall be entitled, if the conditions for terminating the contract are fulfilled, to take the goods back, to enter the supplier's premises, if necessary, and to confiscate the goods. Moreover HORN shall be entitled to forbid processing of the goods supplied. Taking back the good by HORN represents termination of the contract. In case of levy of execution by third parties the supplier shall immediately inform HORN in writing, in case of impending danger also by other suitable means of communication as fast as possible.
- 11.8 The supplier shall not be entitled to resell the reserved goods. Using the reserved goods for performing contracts for services and contracts for work done and materials supplied shall also be considered as resale.
- 11.9 Upon the supplier's request, HORN shall engage to release the securities HORN is entitled to insofar as the liquidated value of the securities exceeds the claims to be secured by more than 10 %; selection of the securities to be released shall be incumbent upon HORN.
- 11.10 If the purchased goods are temporarily stored with the supplier (storage business), the title of ownership shall be transferred upon signature of the purchase contract. In such case the real transfer shall be replaced by a possessory agreement acc. to section 930 BGB (Civil Code) legally founded within the obligatory contract between the parties. In such case the supplier shall provide for sufficient insurance cover against deterioration and loss of the delivery item. The delivery item shall be marked as possession for another and shall be stored separately from the supplier's goods in order not to endanger its condition. Unless agreed otherwise, HORN shall not be charged for storing.

12. Additional agreements

- 12.1 Other additional agreements shall become integral part of the contract exclusively in case of explicit agreement.
- 12.2 Additional verbal agreements including contracting out the written form require the written form to become effective.

13. Infringement of industrial property rights of third parties

- 13.1 Based on his careful examination, the supplier shall explicitly confirm that he does not know of any incriminatory rights of third parties at the moment of conclusion of contract, which interfere with the subject of the contract. Due to this warranty of title, the supplier shall engage to transfer the matter of purchase to HORN exempt from any rights of third parties.
- 13.2 In case one of the contracting parties acquires knowledge of rights of third parties at a moment after conclusion of the contract, which the supplier should after careful examination have been aware of at the moment of conclusion of the contract and which probably constitute legal imperfection of title of the subject of contract, this party shall immediately notify the other contracting party thereof.
In such case the contracting parties shall agree on concerted action.
In such case the supplier shall immediately and to the best of his ability try to eliminate such rights by objection or nullity suit or to obtain the right of use and enjoyment of such rights transferable to and free of charge for HORN.

14. Secrecy

- 14.1 Tools, models, drawings and other documents made available by HORN or produced for HORN may only be used for performance of orders by HORN.
- 14.2 The transmission of products as well as of all documents and notes established during execution to third parties respectively publication thereof requires the previous written consent by HORN.
- 14.3 Establishment as well as processing and treatment of such tools, models, drawings and other documents which the supplier makes for execution of the order shall be made for HORN as manufacturer with the consequence that HORN shall acquire ownership thereof.
- 14.4 The supplier shall engage to keep absolute silence and secrecy concerning all observations and perceptions as well as concerning the negotiations and design discussions for the plants ordered.
The supplier shall impose the same obligation on all persons acting in connection with this order. The same obligation shall be imposed on subcontractors possibly employed.

15. General terms

- 15.1 The chief superintendent engineer respectively the person employed in performing an obligation and responsible for execution of this order will be communicated to HORN in writing before beginning of the work.

- 15.2 The work shall be executed taking into consideration the safety precautions in conformity with the regulations of the mutual indemnity associations and of the trade inspection.
- 15.3 The supplier shall instruct his personnel that these regulations are to be observed imperatively at the respective site of execution at the HORN works respectively in connection with this order.
- 15.4 Moreover the supplier shall take care that his staff will not enter the factory installations outside the working area without authorization.

16. Applicable law

- 16.1 Any other generally binding regulations are explicitly and categorically excluded. In addition to these general terms of business, the following regulations and laws are valid in the following ranking: Commercial Code, Civil Code in their respective versions.
- 16.2 The stipulations of the Act on international purchase of tangibles as well as on conclusion of international purchase contracts (CISG) for tangibles herewith are explicitly excluded.

17. Place of performance and place of jurisdiction

- 17.1 Unless agreed otherwise, the place of performance for delivery is Plößberg, being the registered seat of HORN.
- 17.2 Within the scope of section 38 Code of Civil Procedure, Weiden is the place of jurisdiction for all litigations arising from the contract, notwithstanding the right of HORN to file a suit at another place of jurisdiction which is legally admissible.
- 17.3 This also applies to proceedings restricted to documentary evidence, summary bill-enforcement procedures and cheque proceedings.

18. Final provisions

- 18.1 In case agreements of the contract concluded become partially or entirely ineffective, residual validity shall not be affected. The contracting parties shall engage in such case to replace the ineffective agreement by such agreement closest to the intended purpose of the contract. The same shall apply in case of gaps in the provisions requiring settlement.
- 18.2 The rights of the supplier arising from the contracts concluded with HORN shall not be assignable.
- 18.3 The supplier fully agrees with all provisions of the contract in their contents.