



Date: November 2006

1. Quotations

- 1.1 Quotations must be submitted free of charge and without commitment on our part.
- 1.2 Drawings, models, designs and other documents provided to the Supplier or produced by him to our specifications may only be used to draw up the quotation and to deliver the ordered goods. They must be returned to us immediately on demand, upon completion of our request or delivery of the ordered goods.

2. Orders / contracts

- 2.1 Orders and other declarations shall only be binding when submitted or confirmed by us in writing.
- 2.2 We expect to receive order confirmations fully matching the order within 10 days of the date of the order.
- 2.3 If the Supplier confirms our order with differences of content or conditions, our silence may only be taken as acceptance where the Supplier has explicitly highlighted the change as such and has rejected our Purchasing Terms and Conditions, making reference to his own Terms and Conditions of Supply.

3. Prices

- 3.1 The prices shall be fixed prices, unless a price escalation or exception clause has been expressly confirmed by us, and they shall cover payment for all goods and services from the Supplier under this order; packaging shall only be paid for where a separate charge has been expressly agreed for this.
- 3.2 Unless agreed otherwise, the agreed prices shall apply free at the receiving plant; for rail shipments, free at the Knesebeck siding; for part-loads, free at the receiving railway station.

4. Delivery item

- 4.1 Our order shall determine the content, nature and scope of the goods to be delivered.
- 4.2 The drawings, specifications etc. associated with the order shall be binding on the Supplier; however, he should check them for possible discrepancies and inform us immediately in writing of any errors found or suspected. The Supplier shall bear sole responsibility for drawings, plans and specifications produced by him, even where they have been approved by ourselves.
- 4.3 Where no additional requirements are specified in the order, the delivery items must be supplied in commercial quality and must comply with any applicable DIN, VDI, DVGW or equivalent standards. The delivery items must be manufactured and finished in such a way that they meet the statutory requirements in effect at the place of performance on the date of delivery, in particular those relating to technical equipment, hazardous substances, accident prevention, emission controls and health and safety in the workplace, and must conform to recognised ergonomic standards.
Mobile electrical equipment and installation materials must be produced in accordance with VDE standards.
Certifiable products must be inspected in accordance with VDE standards and carry a permanent VDE quality mark.
- 4.4 Weights shall be determined on the basis of the initial weights registered by our factory scales. Where it is not possible for us to weigh the items, the weights indicated on the bill of lading from the rail operator or, in the case of delivery by HGV, given by a public weighbridge, shall apply. If it is not possible to weigh the delivery item, the Supplier must record the construction weight.

5. Delivery dates

- 5.1 Agreed delivery dates shall be binding.
- 5.2 The date of delivery shall be taken as the day on which the ordered delivery items and shipping documents reach our specified delivery location.
- 5.3 Where it becomes clear that a delivery date cannot be met, the Supplier must inform us immediately in writing of the reason and the projected length of delay. Notwithstanding this notification, any delay in delivery will incur the statutory penalties for default, unless the delay is demonstrably attributable to force majeure on the side of the Supplier.
- 5.4 Where the delivery date is exceeded as a consequence of force majeure, we may either request delivery of the order at a later date, without any claims by the Supplier arising from this, or cancel all or part of the contract after the expiry, without result, of a reasonable period of notice.
- 5.5 Even in the event of differences of opinion and subsequent legal proceedings between the Supplier and ourselves, the works must be continued without interruption and the agreed dates adhered to.
- 5.6 An agreed contractual penalty may be charged, or deducted from the purchase price, without reserving the right of acceptance. The contractual penalty shall not replace other claims in respect of default.



6. Packaging, dispatch, acceptance

- 6.1 The Supplier must provide sufficient packaging for the delivery item in accordance with normal commercial practice or according to our delivery requirements. The Supplier must take back packaging of all kinds in accordance with the German Packaging Ordinance [Verpackungsverordnung - VerpackV] of 21 June 1991 (Federal Law Gazette [Bundesgesetzblatt] Part 1, p. 1234).
- 6.2 Where a separate payment for packaging has been expressly agreed, we reserve the right to return used packaging materials to the Supplier's address and to charge back the full rental costs or 2/3 of the value of the packaging.
- 6.3 Items must be dispatched to the delivery location specified by us. Deliveries for which we assume all or part of the freight costs must be transported by the cheapest means of transport and at the most favourable rates.
- 6.4 Whatever the pricing, the risk shall only pass to us when the delivery item is handed over at the specified delivery location.
- 6.5 Dispatch notifications must be provided in triplicate immediately following the departure of every individual delivery. A packing slip must be attached to every shipment. The shipping documents must quote our order numbers.
- 6.6 If no proper shipping documents are present on receipt of the delivery item, or our order numbers are not quoted correctly on the shipping documents, any additional costs resulting shall be borne by the Supplier. In such cases, we may also refuse to accept the delivery, at the expense of the Supplier.
- 6.7 We may also refuse to accept the delivery item where an instance of force majeure or other circumstances outside our control make it impossible or impractical for us to accept the goods. In such cases, the Supplier must store the delivery item at his own expense and risk.

7. Provision

- 7.1 The Supplier shall be liable to us for any loss or damage to items provided. We must be notified immediately of any legal or actual damage to such items.
- 7.2 Where other items not belonging to us are processed, we shall acquire a share in the title to the newly produced item in proportion to the ratio between the value of our order and the value of the items used in manufacture plus the costs incurred by the Supplier to process these. The Supplier must also store the items for us free of charge. The same shall apply if our title should lapse through amalgamation or mixing with other items.

8. Production checks / final inspections

- 8.1 We reserve the right to check the quality of the materials used, the accuracy of dimensions and quantities and the general quality of the parts to be produced both during manufacture and before delivery, and to confirm compliance with the other requirements of the order in the factories of the Supplier and his own suppliers.
- 8.2 Where we have reserved the right to carry out a final inspection of the completed delivery item in the factory of the Supplier, or to request such an inspection by a third party, readiness for the final inspection must be notified to us and the third party in writing 14 days in advance, unless agreed otherwise. The material costs of production checks and final inspections shall be borne by the Supplier.
- 8.3 Where we have specified a final check on the completed delivery items by a third party, the Supplier must arrange for the final inspection to be carried out by the third party at no cost to ourselves, and send us the results of the inspection immediately, or at the latest with the shipping documents.
- 8.4 The production checks and the final inspection shall not exempt the Supplier from his duty to perform or from his warranty commitments under Section 11 below.

9. Invoicing and payment

- 9.1 Invoices must not be attached to the shipment but submitted separately for each order in three copies quoting the order number, immediately after delivery; the same shall apply to any inspection or acceptance documents specified in the order. Agreed terms of payment must be quoted in full on the invoice; otherwise we may deduct discounts upon expiry of the deadlines specified for this. The agreed value-added tax must be shown separately on the invoices.
- 9.2 Payments shall be subject to the correctness of the invoices and the contractual quality of the goods and services concerned. Unless agreed otherwise, payment shall be due within 8 days of receipt of the delivery item and the invoice with a 3% discount, or within 14 days with a 2% discount, or by the end of the following month with no discount, the means of payment to be specified by ourselves. Inspection or acceptance documents specified in the order shall be considered part of the complete delivery. The payment period shall only start upon receipt of the correct documentation.



10. Assignment and set-off

- 10.1 The Supplier may not assign his contractual claims to third parties, either in full or in part, without our written consent. Consent is hereby granted for prior assignments associated with retention of title by suppliers to the Supplier provided that they can be set off against counterclaims acquired after notice of the assignment.
- 10.2 We may offset all our claims against the Supplier against any claims by the Supplier against our company in respect of goods and services or based on other legal grounds.
- 10.3 Claims may also be offset where payment in cash has been agreed on the one side and payment by bill of exchange or in the form of other services by way of performance has been agreed on the other, or where the due dates of the respective claims differ. Claims not yet due shall have interest deducted at 3% over the Deutsche Bundesbank discount rate for the period between the notification of set-off and the due date.

11. Warranty, claims and warranty period

- 11.1 The Supplier shall warrant that the delivery item has the contractually agreed features, conforms to the recognised technical standards and is free from any faults that might cancel or reduce its value or its suitability for its normal or contractually specified use. The Supplier shall also warrant that no third-party rights, in particular industrial property rights, are infringed by the delivery or use of the item.
- 11.2 The Supplier must rectify any defects in the meaning of paragraph 11.1 immediately and at his own expense. If it is not possible, customary or practicable to rectify such defects, we may instead demand the immediate provision of a defect-free delivery item at no cost to ourselves.
- 11.3 If the Supplier does not comply immediately with his obligation to rectify defects or to supply replacement items, refuses to meet these obligations or is unable to supply a replacement, we may assert our statutory warranty rights without further notice. In urgent cases, we may rectify a defective delivery item or procure a replacement from a third party, at the expense of the Supplier.
- 11.4 Unless agreed otherwise, the warranty period shall be 12 months. The Supplier shall waive the right to object to late warranty claims; however, claims in the meaning of paragraph 11.1 must be asserted against the Supplier no later than 7 days after the expiry of the warranty period.
- 11.5 The warranty period shall begin with the handover of the delivery item to us or the third party appointed by us, at the delivery location specified by ourselves. Where delivery items are repaired or replaced, the warranty period shall begin afresh. For properly stored spare parts, the warranty period shall begin only upon commissioning, and end no later than 2 years after receipt of the parts by ourselves.

12. Additional statutory provisions

Unless agreed otherwise, the statutory provisions in effect at the place of performance shall also apply. The Uniform Laws on the International Sale of Goods shall not apply.

13. Place of performance; jurisdiction

The place of performance for deliveries shall be the destination; the place of performance for payments shall be Knesebeck. The exclusive place of jurisdiction for both shall be the court with responsibility for Knesebeck; the laws of the Federal Republic of Germany shall apply exclusively.

14. If any contracts concluded should be partially invalid, the remaining provisions shall continue to apply.
15. H.Butting is a GmbH & Co.KG, whose personally liable shareholder is Butting Verwaltungs-GmbH.