

General Conditions of Delivery

for the Ludwig Schneider GmbH & Co. KG

1. Validity and Formation of Contract

- 1.1 Deliveries and performance rendered to us regardless of which kind are governed by our general terms and conditions of business. The customer approves of these aforementioned terms and conditions once he grants the contract or he accepts performance thereof.

Any conditions that may deviate are excluded, even if we do not explicitly object to their validity.

Our general conditions of purchase are valid for all future business relations, even if they are not agreed to specifically.

- 1.2 Offers to contract made by us are subject to change. The contract is not concluded until we confirm it in writing or the order is executed. Any order confirmations, delivery notes, any other letters of confirmation forwarded by us with regard to content are deemed to be correct by the customer unless they are objected to by him immediately in the written form and no later than 4 days after receipt.

Once the customer places an order for a product his intention to grant the order is binding. We are entitled to accept the contractual offer contained in the order for a period of two weeks after its receipt by us. Acceptance of the order can be confirmed by us either in writing or through delivery of the goods to the customer.

- 1.3 We retain the right, within reason, to make modifications to the product if advisable or based on changes in technology. Dimensions, figures, and drawings are used only as a method of informing the customer. They become binding only after we confirm them in writing. Details regarding characteristics and performance specifications of the product are for illustrative purposes only and not binding.
- 1.4 Unless exceptions to the provisions are agreed upon in advance the definitions and conditions contained in the offer to contract, the construction plans, the performance description, the terms and conditions of business, and as well as the guidelines established in the German Civil Code, will further apply in the following order as they pertain to the content of the contract.
- 1.5 Formation of the contract is based on the provision that we receive prompt and flawless delivery from our supplier. This only applies if we cannot be held liable for non-delivery more specifically if we have an agreement with a supplier concerning a timely delivery but the supplier cannot make this delivery. The customer will be immediately informed regarding the non-performance of our supplier. Advance payments will be reimbursed immediately.

2. Cost estimate/preliminary work

- 2.1 Cost estimates require the written form if requested by the customer; this cost estimate contains a detailed list of all work and materials including the prices which are required to manufacture the production. We are legally bound to the cost estimate for a period of 4 weeks after its submission.
- 2.2 Cost estimates based on prior agreements are subject to reimbursement.
- 2.3 In the same manner preliminary work requested by the customer such as the preparation of cost schedules, project documents, outlines, drawings, and designs are subject to reimbursements if based on a prior agreement.
- 2.4 If an order is awarded based on the cost estimate then any costs associated with the cost estimate including costs originating from preliminary work will be credited to the customer during final billing.

3. Delivery

- 3.1 Delivery dates and deadlines are only binding after they are agreed upon by the customer or after they are confirmed by us in writing. Delivery deadlines become effective on the date the order is confirmed, after technical matters are clarified, and all documents and outlines are received by us from the customer.
- 3.2 Unforeseen incidents such as acts of God, delays in delivery and shipping or industrial actions release us from the obligation of prompt delivery for the duration of the event if the event is not caused by us.

Both parties may rescind the contract should the incident extend beyond the period of six months. Claims for compensatory damages by the customer do not exist in this respect.

- 3.3 Should we be declared in default of delivery, the customer is entitled to rescission of performance or subsequent performance after admonishment and the expiration of a reasonable grace period. Claims for compensatory damages are excluded so long no other provisions are made.
- 3.4 If the customer is declared in default of acceptance, or otherwise is responsible for delayed consignment, we reserve the right to store the products at the customer's risk and expense. After the grace period has expired for taking delivery of the products we may rescind the contract and demand compensation for damages instead of waiting for performance. All other rights remain unaffected.

- 3.5 The risk of accidental loss and accidental damage of the goods passes to the customer with the delivery of the goods; in case of mail orders executed by shipping contractors, hauling companies, or any other persons or institutions responsible for delivering the product, with handing over the goods to the forwarding agent. The delivery is considered as executed, even if the customer is in default of acceptance.
- 3.6 We are entitled to make partial as well as additional and short shipments $\pm 10\%$. Our obligation to deliver the goods is suspended if the customer is declared in default of payment for services rendered out of the business relation. Total volume of make-and-hold-orders must be accepted within 12 months.
- 3.7 Our obligation to deliver and perform will be deemed accepted after the products are used unless exceptions to the provisions are agreed upon in advance. We are entitled to demand that partial performance be accepted.

4. Prices and terms of payment

- 4.1 All prices are calculated based on the price list accompanying the order confirmation unless exceptions to the provisions are agreed upon in advance or contained in the order confirmation. All prices are to be considered as net ex our factory. Transportation and transportation insurance costs plus the required value added tax will be added.

If more than 4 months have expired between completion of the contract and delivery we are entitled to demand a surcharge commensurate with an increase in our prices if it appears to be just.

- 4.2 Payments by the customer must be rendered in full within 30 days of receiving our invoice unless exceptions to the provisions are agreed upon in advance.
- 4.3 The relevant date for payments received via bank transfer, check, or promissory notes is the date the payment is credited to our account. Checks and promissory notes will only be accepted under special conditions and on account of performance. Check fees and promissory notes expenses will be charged to the customer.
- 4.4 If the customer exceeds the date of payment he will be declared to be in default. Late payments will be assessed an interest penalty at 8% above the base interest rate for the period the customer is in arrears. We also reserve the right to assess the customer with additional charges if damages can be proven.
- 4.5 We are entitled to demand the entire unpaid balance along with advanced payments and other security deposits if the customer no longer meets his contractual payment obligations, refuses to make payment, or if we are informed of other circumstances, which may question the credit worthiness of the customer. In this case we may also rescind the contract without setting a grace period if the contractor has not yet been fulfilled.

- 4.6 The customer is entitled to an offset if his claims for compensation are determined to be lawful or we recognize them. The customer may only exercise a right of retention if his claim for compensation is based on the same contractual relationship.
- 4.7. We are entitled to charge the customer for extra expenditures related to subsequent changes made to the model, design, or dimensions contained in the offer or letter of confirmation if requested by the customer or due to impending technology, unforeseen difficulties, or other conditions outside of the realm of our influence.
- 4.8 Our claim for payment expires after 5 years.

5. Retention of ownership

- 5.1 We retain ownership of the goods until full payment of all claims relating to an active business relation are received.
- 5.2 The customer is obligated to handle the goods with care. The customer is obligated to carry out regular maintenance and inspection work at his own expense if this is required. The customer is obligated to inform us if third parties have access to the concerning damage or destruction of the goods. The customer is obligated to inform us immediately concerning a change in the possession of the goods or a change in the customer's address.

We are entitled to rescind the contract and demand return of the goods if the customer is found to be in breach of contract, declared to be in default of payment, or if infringements are made regarding the individual provisions of the contract.

- 5.3 The customer may only sell the products in the framework of normal business operations and based on a pre-arranged retention of ownership agreement with his client. The customer hereby agrees to cede this retention of ownership right to us along with any debt claims equal to the amount of claims held by us. This authorization is revocable.

We retain the right to collect these debt claims after the customer no longer meets his payment obligations in a timely manner and is declared to be in default.

- 5.4 Once the customer processes or combines the products with other materials he cedes to us as collateral the conditional ownership rights of the goods equal to the price of the products which he then must safe keep on our behalf free of charge.

The handling and processing of the conditional goods is performed by the customer absent our liability. We retain ownership of newly processed items in relationship to the value of the product supplied by us before the product was processed into an item using outside materials. The same applies if the products are mixed with outside materials.

- 5.5 We will return collateral upon demand if the collateral exceeds the current value of the unpaid account by 10%.
- 5.6 The customer is obligated to adequately insure all products delivered under conditional ownership or any new items resulting from adding, mixing, or processing with outside materials against normal risks in particular against fire, theft, and water damage. The customer is also obligated to exercise due care when handling these products or items.

6. Warranty

- 6.1 The customer is obligated to inspect the delivery promptly after receipt and to immediately inform us in writing of any complaints and visible or hidden defects no later than within one week after receiving the goods or discovering the defect. The customer loses warranty and rights to recover damages with regard to guaranteed quality or lack thereof if the customer fails to inspect the delivery immediately following receipt and prior to consumption, use, installation, or resale. The customer must inform us in writing of complaints within one week of doing so.

We are exempt from all warranty and compensatory damage claims after this deadline has expired. Compliance with the deadline is determined by the post date of the correspondence. The customer has the burden of proof for all claim assumptions, in particular for the defect itself, for the time during which the defect was discovered, and for the punctuality of lodging the claim. Permissible tolerances are not grounds for deeming a product defective.

- 6.2 We may either offer to repair or replace defective goods under our guaranty. Replaced goods become our property if not previously the case. The customer has the choice of reducing payment or rescinding the contract and claiming compensatory damages within the bounds of limitations on liability instead of demanding performance to the extent we refuse to perform or refuse subsequent performance to remedy defects based upon excessive cost, or subsequent efforts to perform fail, or such efforts are deemed unreasonable by the customer.

Slight infringements of contract such as insignificant defects do not entitle the customer to rescind the contract. If the customer chooses to rescind the contract after subsequent efforts to perform have failed, he will no longer be entitled to make claims for compensatory damages in connection with defective goods.

If the customer chooses to make a claim for compensatory damages after subsequent efforts to perform have failed, the goods remain in the possession of the customer if this is reasonable. Compensation for damage is limited to the difference between the purchase price and the value of the defective product. This does not apply if we are fraudulently responsible for a breach in contract.

Warranty claims do not exist if the delivered products are defective due to improper maintenance and cleaning or due to damage and improper use handling or repair. Warranty and claims for compensatory damages relating to new fabrications or products which are created by combining outside materials with goods delivered by us are excluded.

We in turn cede our right to compensatory damages, with respect to the supplier of the outside materials, to the customer.

We reserve the right to deny guaranty for the operative capacity of our delivery or performance after these are combined by the customer to create new products for sale unless previously agreed to. The claims of the customer are limited to only those defective parts of the delivery and will have no effect on the rest of the delivery.

The guaranty will extend for one year after the delivery date. This will not apply if the customer fails to give proper notice regarding the defective parts (see no. 1 of these provisions).

- 6.3 The customer is not entitled to rescind the contract if we are not responsible for breach of duty relating to defective parts. The short statute of limitations deadline does not apply if we can be proven attributable negligence in such cases where injuries, health risks, or loss of life are incurred by the customer.

Our liability relating to product liability laws also remains in effect.

- 6.4 All other claims remain unaffected in the case of fraudulent concealment of defects or the assumption of a guaranty. Guarantees in the legal sense are not given to the customer by us.
- 6.5 All other claims, in particular those regarding consequential damage are excluded to the extent permissible by law. We are liable to the extent permissible by law for all compensatory damage claims when malice or gross negligence can be proven to include those from a positive breach in contract, unauthorized acts, and especially those arising from product liability or based on other legal grounds.

We are liable for ordinary negligence during substantial breach of contract if the breach can be attributed to our company organization. The statute of limitations for these claims expires after 6 months. The limitation deadlines go into effect with the delivery of the goods.

If we are under contractual obligation to stock pile spare parts, this obligation is limited to 5 years after delivery is made.

- 6.6. All other claims are excluded unless otherwise specified in these provisions.

7. Liability

- 7.1 During minor negligent breaches of duty, our liability is limited to the predictable and contract typical immanent average amount of damage associated with the particular production. This also applies for insignificant breaches of duty by our legal and commercial representatives.
- 7.2 We can not be held liable by business establishments for minor negligence and insignificant breaches of contractual duty.
- 7.3 The previously stated limitations of liability do not affect claims made by the customer based on product liability. The liability limitations concerning bodily harm and risk of health which can not be attributable to us or the loss of life by the customer which can be attributed to us continue to apply.
- 7.4 We specifically point out that due to their application, some of our instruments are filled with mercury and that mercury can be hazardous to ones health.

It is therefore the obligation and responsibility of the customer to inspect the delivered goods for broken glass or other sources of leaking mercury and also to specifically inform his own customers of this risk. Any form of liability on our part is excluded for breaches of this nature.

8. Property rights

- 8.1 The customer must inform us immediately regarding any third party claims concerning commercial property right infringements attributable to the delivery of our products.

The customer is solely responsible for preventing the infringement of third party commercial property rights regarding products ordered by the customer according to specification. In this respect the customer releases us from third party claims.
- 8.2 The customer must provide us any support if it is necessary to defend his property rights.
- 8.3 Should third party rights hinder the customer from using the delivered products we will either obtain for the customer the right to use the products or replace the products with products which do not infringe on the rights of third parties.

- 8.4 Other rights of the customer are excluded, to the extent they are not specified in these provisions.
- 8.5 The customer recognizes the chronological importance of our innovations and products and the related commercial property rights which we are entitled to. This also applies if the customer chooses to reprocess or modify our innovations or products.

9. General rights

- 9.1 Amendments and additions made to the contract or these provisions must in the written form.
- 9.2 In the event one of the contractual provisions should be or become invalid or void it will have no effect on the validity of the other provisions in this contract.

In the event one of the contractual provisions should be or become invalid the provision shall be replaced by relative and valid provisions coming as close as possible to the economic purpose of the provision being replaced.

- 9.3 The legal relations between the customer and us are subject exclusively to the laws of the Federal Republic of Germany. The applicability of the Unified International Sales Law is excluded.
- 9.4 If the customer is a business man, legal entity of the public or public special assets, then the exclusive court jurisdiction for settling all disputes resulting from the contract is Wertheim subject to the provision that we may also file suit against the customer in his general court jurisdiction.

The same applies even if the customer does not have general court jurisdiction in Germany or the residence and the usual domicile of the customer during filing of the lawsuit is unknown.

- 9.5 The customer is aware that during our business operations it may be necessary to record and process his company data. The customer hereby gives his approval and is deemed informed in accordance with § 33 paragraph 1 of the Federal Data Protection Act.

Ludwig Schneider GmbH & Co. KG, Wertheim