

CONDITIONS OF PURCHASE (as at 03/2009) of Trafö Förderanlagen GmbH & Co KG**Bahnhofstraße 80****D-97922 Lauda Königshofen, Germany****I. Validity**

1. The following conditions are valid solely for all orders placed by Trafö for goods and services (from now on called "article of supply") as well as any conclusions of work contracts. These conditions also apply to any future business relationships between the supplier and Trafö Förderanlagen GmbH & Co KG. Conditions of Sale from the supplier are valid only for individual situations if we have expressly agreed to those in writing.
2. All our orders and alterations of orders are undertaken in writing. This includes the use of Fax and/or e-mail. Verbal orders or alterations of orders are only valid if these have subsequently been confirmed in writing.
3. Each order or alteration thereof is to be confirmed in writing by the supplier. The contract becomes valid with the acceptance of the order if we have continuous relations with a supplier or two weeks after acceptance of the order if the supplier does not voice any objections to the content of the conditions.
4. The supplier is to perform all outputs at his own premises as far as the supplier's premises are able to sustain this. The supplier may install the assistance of a sub-contractor only if written consent has been issued by Trafö Förderanlagen GmbH & Co KG.

II. Product

1. The product of the article of supply needs to correspond exactly either with the order or the specification that is attached to the order. If no product conditions are stated then the article of supply must correspond with the usual requirements of the product that would be necessary of such an article and also the generally acknowledged technological status as is applicable at the time of supply or acceptance of the scope of supply.
2. The supplier is obligated to provide all necessary data, drawings and any documentation that is required for the usage, installation, operation, maintenance and commissioning for the intended use of the article of supply. These various documents are to be handed over in their entirety and without further request at the point of supply or acceptance of the article of supply. Furthermore, on request the supplier is obligated to supply details of manufacturers or suppliers of goods that have contributed to the completion of the article of supply.
3. The article of supply must comply with any effective legal regulations, especially those concerning Health & Safety, but also generally recognised Health and Safety regulations as applicable within the country of acceptance or handover, need to be complied with as relevant at the point in time of acceptance or handover. Unless otherwise agreed, any new designs, molds, tools, films and any other documents that were exclusively acquired or manufactured by the supplier for the execution of the order will become Trafö property once the agreed amount has been paid to the supplier, even if these items have been in ownership of the supplier to that point in time. These articles are to be handed to Trafö upon request.
4. Any equipment or documentation issued to the supplier for the manufacture of the article of supply remains the property of Trafö. The supplier must not use these items for purposes other than those originally intended, copy them or make them available to third parties. The supplier must return any of these items, including any copies made, if requested. No right of retention exists.
5. The supplier must supply a spare parts list for the article of supply in German and English no later than at the point of acceptance or handover.
6. The supplier guarantees that any Hardware or Software supplied does not contain any copying protection, data or program locks or any similar user limitations and that no third parties have any rights to these. The supplier will grant Trafö user and exploitation rights for the Software supplied. These rights will be unrestricted either by time, location or transferability.

7. It is the supplier's duty to ensure that the article of supply is packaged in a proper manner. Packaging of the article of supply needs to be adequate to ensure that damage during transport is avoided. Additionally, the supplier also needs to conform with any packaging regulations as may be applicable in the country where the goods are to be shipped to. The supplier has to take back packaging against his own costs, if so requested.

III. Price Structure and Terms of Payment

1. Any prices stated by Trafö are to be considered as net prices and VAT, if applicable, is to be added at the rate ruling at the time of invoicing.
2. The agreed prices are to include for packing, customs duties, insurance, transport and unloading at place of execution. The place of execution is the address stated in the order.
3. Unless otherwise agreed the term for payment is 60 calendar days net or 3% discount after 14 days after the date of the invoice.

IV. Conditions of Delivery and Delivery Dates

1. Conditions of delivery are to be stated in the purchase order and are to be in accordance with INCOTERMS 2000.
2. It is essential that agreed delivery dates are maintained.
3. The supplier must inform Trafö in writing stating the causes and the expected duration of the delay as soon as it becomes apparent that an agreed delivery date cannot be maintained.
4. A penalty of 0.2% per working day, with a maximum of up to 5% of the net order value, is to be paid by the supplier should it be the fault of the supplier if the delivery date is exceeded. We reserve the right to make claims for further damages. We do not need to reserve the right for penalty claims at the time of acceptance or handover for future validation.

V. Inspection of Defects, Claims for Defects, Rights of Third Parties, Product Liability

1. The following inspections will be carried out within 10 working days of the supply of the article of supply:
 - Identification testing based on markings and delivery notes
 - Testing for obvious defects and external signs of transport damage
 - Estimation of the quantity supplied.Defects that are detected either through this inspection or later regarding the article of supply will be notified in writing with immediate effect. Apart from that the supplier will not require an additional received goods certificate and any claims in connection with inspection and complaint.
2. Should the article of supply be delivered to a place, i.e. a building site, where there is no representative of Trafö present at the time of supply then the supplier will forgo an inspection of the article of supply at the point of supply. Under such circumstances it is the duty of Trafö to immediately notify the supplier of any defects in writing should any become apparent at a later point in time.
3. The supplier carries the same liabilities for supplies from third parties as acquired by the supplier as if these supplies had been made by the supplier directly.
4. Statute of limitations for defects is 36 months, except for servius for buildings. A timely notification of defects stops the statute of limitations until such time when the supplier has opposed the claim for defects.
5. The supplier ensures that the article of supply is free from third party claims and rights and that either resale or additional processing of the article of supply would not violate any property or other rights to third parties. The supplier is obligated to release us from any demands or legal measures should third parties endeavour to prosecute Trafö due to damage to such rights.
6. It is the supplier's duty, where appropriate and in the case of the damage being the responsibility of the supplier, to indemnify Trafö for claims for compensation for damages, insofar the cause lies within the supplier's area of control or organisation and liability for external representation of the company is already in existence. According to §§ 683,670

BGB (German Civil Code) it is the supplier's duty to reimburse Trafö for any possible additional costs that may have arisen due to the return of goods. As far as possible the supplier will be made aware of any actions required for the return of the goods and will be given an opportunity to comment.

7. It is the supplier's duty to ensure that any of his personnel that may be operational at a building site, which also has Trafö personnel on site, abides by the effective health and safety regulations. The supplier is also required to comply with any local, effective, legal requirements, inclusive those of financial reward and insurance.

VI. Retention of Ownership

1. Trafö will recognise retention of ownership if the supplier reserves the right to retain ownership of the article of supply until such time as full payment of the agreed price has been transferred. However, the extended forms of the so called open account and corporate proviso are not valid.
2. An extended retention of ownership cannot be granted to the supplier once the article of supply has been processed, connected or integrated with other items or if the article of supply has been sold on.

VII. Confidentiality

1. It is the supplier's duty not to disclose any confidential matters regarding operational or business issues to third parties. Confidentiality applies to any notifications, information, plans, drawings calculations, process technological know-how, design information, operational data, customer information, regardless whether this information originates from Trafö or any business partners, irrespective of the format it was received in and so long as they are neither now nor never will be in public domain.
2. Any confidential matters may only be passed to third parties by the supplier with the express written consent of Trafö and only after exact details of the third person and the scope have been disclosed to Trafö.
3. Any items of confidentially, irrespective in which format they may reach the supplier, remain the property of Trafö. These items are to be stored under secure conditions and are to be issued to Trafö upon their request at any point in time. There is no right of retention on the side of the supplier of any such data.
4. Duty of confidentially remains even after our business relationship with the supplier has been concluded and remains intact until such time as any confidential items have been released. The burden of proof therefore lies with the supplier.

VIII. Termination of Contract

1. We retain the right, without this affecting any of our remaining rights, to cancel the contract with immediate effect, if
 - a) the supplier has stopped payments
 - b) insolvency proceedings in reference to his assets have been initiated or, if initiated insolvency proceedings, due to insufficient funds, have been rejected.
2. In case of cancellation we retain the right, according to equitable discretion, either to estimate the value of the goods/services already supplied and accept these against a commercial invoice or to return the same to the supplier. Payments already issued by us are to be returned by the supplier prior to any return shipments being made. Furthermore, we retain the right to claim for additional damages due to either partial or complete non-performance of the contract.

IX. Final Clause

1. The laws of the Federal Republic of Germany will apply in all our business relations, however, with the exclusion of the Uniform Law of the International Sale of Goods (CISG).
2. Any disputes that arise either directly or indirectly due to the contract will be dealt with by the court of law where Trafö is registered. However, we also reserve the right to take action in the court of law where the supplier's company is registered.
3. The validity of the remaining clauses of these conditions of purchase remain unaffected should any particular clause of these conditions of purchase be invalid.