

GENERAL PURCHASING TERMS

DST Dauermagnet-SystemTechnik GmbH

Section 1 Scope of validity, General

1. All goods, services and offers from our suppliers shall be rendered solely on the basis of these general purchasing terms (T&Cs). These constitute an integral part of all contracts which we enter into with our suppliers for the goods or services offered by them. The T&Cs shall only apply if the Supplier is an entrepreneur (Section 14 of the German Civil Code [BGB]), a legal entity established under public law or a public law special fund.

2. The T&Cs shall apply in particular for contracts governing the sale and/or supply of movables regardless of whether the Supplier manufactures the goods himself or buys them in from sub-suppliers. Unless an agreement has been made otherwise, the T&Cs shall apply as a master agreement for future contracts governing the sale and/or the supply of movables with the same supplier in future as well, without us having to draw attention to them again in each individual case.

3. The terms and conditions of business of our business partners and suppliers (hereinafter also known as Seller) or third parties shall not apply, even if we have not specifically objected to their application in an individual case. Even if we refer to a letter containing or making reference to the terms and conditions of business of the Seller or of a third party, this shall not constitute a concession that those terms and conditions of business shall apply.

4. Agreements made with the Seller in an individual case (including side agreements, supplements and amendments) shall in all cases prevail over these T&Cs (Section 305b of the German Civil Code [BGB]). A written contract or our written confirmation shall determine the content of such agreements.

5. References to the application of statutory regulations shall only be for the purposes of clarification. Even without such a clarification, the statutory regulations shall therefore apply, provided that they have not been directly amended in these T&Cs or expressly precluded.

6. Notifications and legally relevant declarations which are to be submitted to us by our Sellers after the contract has been signed must be made in writing to be legally valid.

Section 2 Orders, Delivery contract, Call-off

1. Insofar as our offers (e.g. enquiries) do not expressly include a binding period, we shall abide by our offer to enter into a contract for two weeks after the date of the offer. It shall be the date on which the Seller's declaration of acceptance is received by us which shall determine whether our offer has been accepted on time. An offer by the Seller to enter into a contract received late by us shall be regarded as a new offer and it shall be subject to acceptance by us.

2. Our order shall be regarded as being binding when it is submitted in writing at the earliest. The Seller shall have to draw to our attention manifest errors, such as spelling mistakes and arithmetical errors as well as to missing information in the order including the order documents to allow us an opportunity to correct mistakes and/or fill gaps prior to acceptance of our order. Otherwise the order shall not be regarded as having been entered into.

3. The Seller is urged to confirm our order within a period of two weeks or in particular carry out the order without reservation by dispatching the goods (Acceptance).

4. Delivery call-offs from call-off supply contracts shall become binding at the latest if the Seller does not raise an objection within one week from the receipt of a delivery call-off from us. Delivery call-off orders shall be based upon a call-off period of approximately 12 months. Deliveries may be called off in writing (Section 126b of the German Civil Code [BGB]), e.g. by e-mail, fax message or by data transmission.

5. We shall be entitled to terminate the contract at any time by means of a written declaration to that effect stating the reason for termination, if we are no longer able to use the ordered products in our business as a result of circumstances arising after the contract is signed. In such circumstances we shall remunerate the Seller for the part-performance he has already rendered.

6. We are entitled to amend the time and place of the delivery as well as the type of packing at any time by means of written notification (written form shall suffice) giving at least 7 days' notice prior to the agreed delivery date. The same shall apply for amendments of product specifications provided that they can be implemented in the course of the Seller's normal production process without considerable additional expenditure, whereby in these cases the notifica-

tion period in the above sentence shall be at least 2 weeks. We shall reimburse our Supplier the proven and reasonable additional costs incurred by the amendment in each case. If such amendments result in delays in delivery which cannot be avoided in our Supplier's normal production and business operations by applying reasonable efforts, the originally agreed delivery date shall be postponed accordingly. The Seller shall notify us in writing of the additional costs expected by him given a careful estimate and / or of delivery delays in good time prior to the delivery date, within at least 7 working days from receipt of our notification in accordance with Sentence 1 above.

Section 3 Prices, Terms of Payment etc.

1. The prices stated in the order are binding. The value added tax is not included in the price and shall be invoiced at the rate in force at that time.

2. Provided that nothing has been agreed otherwise in an individual instance, the price shall include all the Seller's performances and ancillary performances (e.g. assembly, installation etc.) as well as all ancillary costs (Transport, packing, insurance). The Seller shall have to take back packing materials at our request. Insofar as the price does not include packing in the agreement made, and the remuneration for the packing – only provided on a loan basis – is not expressly specified, this is to be invoiced at proven cost. At our request the Seller shall have to take back the packing at his expense.

3. Unless agreed otherwise, we shall pay the agreed price within 14 days from the delivery of all goods and supply of all services including acceptance of the goods as agreed or laid down by law, if applicable, and receipt of a properly made out invoice to qualify for a prompt payment discount of 3 % or within 30 days net. The receipt of our payment instruction by our bank shall determine whether the payment owed by us has been made on time. We cannot be held responsible for delays caused by the payment procedures of the banks involved.

4. We shall be entitled to offsetting rights and rights of retention as well as the objection that the contract has not been fulfilled as provided for by law. In particular, we shall be entitled to withhold payments due for as long as we are still entitled to claims against the Seller from incomplete or defective goods or services.

5. The statutory regulations shall apply if we are in default subject to the proviso that in all cases the Seller shall have to send us a written payment reminder.

6. Only after he has obtained our written consent shall the Seller be entitled to assign his claim against us. Should the Seller have an extended reservation of title, this consent shall be regarded as having been given.

7. The Seller shall only have a right to offset or of retention against counter-claims which have been adjudicated or which are not contested.

8. In the event that we are in default with payment we shall owe default interest amounting to 5 % points above the base rate in accordance with Section 247 of the German Civil Code [BGB].

9. Our order numbers, the item numbers, quantity delivered and delivery address are to be stated on all order confirmations, shipping documentation and invoices. Should delays arise as a result of the lack of such information, the length of time we are allowed for payment shall be extended by the length of the delay.

Section 4 Delivery period

1. The delivery period stated by us shall be binding. If the delivery period is not stated in the order, and an agreement has not been made otherwise, it shall be two weeks from the contract being entered into. The Seller shall be obliged to inform us straight away in writing if he will probably be unable to comply with the agreed delivery times regardless of whatever reasons. Early delivery is not allowed unless we have expressly agreed to it.

2. If the Supplier fails to render his performance or if he fails to do so within the agreed delivery period or if he is in default, our rights, in particular to withdraw from the contract and to demand compensation for damages, shall be determined by the statutory regulations. The regulations of Paragraph 3 below shall not be affected.

3. If the Seller is in default, we may demand a contractual penalty amounting to 0.5 % of the net price for each full calendar week of delay, not, however, exceeding a total of more than 5 % of the net price of the goods delivered late. We shall be entitled to demand the contractual penalty in addition to fulfilment as a minimum amount compensation for damages owed in accordance with the statutory regulations. Our right to assert a claim for damages over and above this amount shall not be affected by the above. We shall not be obliged to reserve the right to claim a contractual penalty when taking delivery of a consignment.

4. If the day on which the goods/services have to be delivered/rendered is laid down in the contract, the Seller shall consequently be in default when this day expires and he has not fulfilled his contractual obligations without him having to be sent a separate reminder by us.

5. The Seller shall be obliged to inform us in writing straight away if circumstances as a result of which the delivery time cannot be observed arise or become known.

Section 5 Performance, Delivery, Passing of risk, Delay in taking delivery

1. Without our prior written consent the Seller shall not be entitled to have the performance owed by him carried out by a third party (e.g. sub-contractors). The Seller shall bear the procurement risk for his performances, unless an agreement has been made otherwise in a specific instance (e.g. purchase of reserved goods).

2. The Seller shall not be entitled to deliver the goods in part-deliveries without our prior consent. We may reject such deliveries.

3. Our Seller's goods/services must be supplied franco domicile to the address stated in our order. If no such address is stated in our order and nothing has been agreed otherwise, goods/services are to be supplied to our principal place of business. The place to which the goods/services have to be supplied shall also be the place of fulfilment. The respective destination shall also be the place of fulfilment for any cure which may be rendered.

4. It shall be the receipt of the goods at the place of fulfilment which shall determine whether the goods have been supplied on time.

5. A delivery note stating the date and content of the consignment as well as our order identification (number and date) is to be attached to the consignment. If the delivery note is missing or is incomplete, we cannot be held responsible for the resulting delays in processing invoices and payment.

6. The risk of accidental loss or deterioration of the goods shall pass over to us at the place of fulfilment, even if it has been agreed that we are to be responsible for carriage. Insofar as it has been agreed that there is to be an acceptance test, risk shall pass over after the acceptance test has been passed. The statutory regulations of the German contract for services law shall moreover apply accordingly upon acceptance. If we are in default with taking delivery of a consignment, this shall constitute hand-over or delivery.

7. The statutory regulations shall apply if we are in default with taking delivery of goods or services. The Seller must also expressly offer us his services in those cases in which a specific or defined calendar period of time has been agreed for an act or co-operation on our part (e.g. furnishing materials). If we are in arrears with taking delivery of goods or services, the Seller may consequently demand compensation for his additional expenditure incurred in accordance with the statutory regulations in Section 304 of the German Civil Code [BGB]. If the contract concerns a non-fungible thing manufactured by the Seller, the Seller shall only be entitled to additional rights, if we have to undertake to provide assistance and we are responsible for failing to provide it.

Section 6 Ownership protection

1. We shall retain the title or copyright for all orders and instructions submitted by us as well as drawings, diagrams, calculations, descriptions and other documents we have provided to the Seller. The Seller must not allow third parties access to them without our express consent, or use them himself or through third parties or reproduce them. Such documents are only to be used for rendering the contractual performance laid down in contracts entered into with us. He shall have to return these documents to us in full at our request, if they are no longer required by him in his proper course of business or if negotiations do not result in a contract being signed. In such circumstances copies made by the Seller are to be destroyed. By way of exception, this shall not apply to safekeeping in line with statutory safe-keeping periods as well as the saving of data for back-up purposes as part of normal data back-up.

2. Tools, devices and models which we provide the Seller or which are made for the purposes of the contract and which are invoiced separately to us by the Seller, shall remain our property. They are to be marked clearly as our property by the Seller, kept in safe-keeping with care by him and protected from damage of all types and are only used for the purposes of the contract with us.

3. The Seller's reservation of title shall only apply insofar as it refers to our payment obligations for the respective goods, to which the Seller reserves title.

4. The processing, mixing, or joining (Finishing) by the Seller of items furnished by us shall be carried out on our behalf. The same shall apply if the goods supplied by us are finished, so that we are regarded as the manufacturer and acquire title of the product in accordance with statutory regulations when the goods are finished at the latest.

5. It is imperative that the goods are assigned to us, regardless of whether the purchase price has been paid or not. If, however, in a given instance, we accept an offer to have the goods assigned to us by the Seller conditional upon the payment of the purchase price, the Seller's reservation of title shall expire when the purchase price for the goods delivered is paid at the latest. We shall still be authorised to sell on the goods in a proper commercial transaction even before we have paid the purchase price subject to assigning the account materialising as a result of the resale to the Seller in advance of the resale. Apart from the simple reservation of title, all other forms of reservation of title, in particular the expanded, forwarded and prolonged reservation of title shall in any case be precluded.

Section 7 Defects, Notification of defects, Warranty

1. Unless specified otherwise below, the statutory regulations shall apply for our rights in the event of quality defects and legal defects of the goods (including incorrect and short deliveries as well as improper assembly, incorrect instructions for assembly or operation or owner's handbook) and in the event of other breaches of duty by the Seller.

2. The statutory regulations shall apply for the commercial obligations to inspect goods and notify the Seller of defects subject to the following proviso:

Our obligation to inspect incoming goods shall be limited to defects which become apparent during our goods inward inspection and external appraisal including shipping documentation as well as by means of our quality control department conducting random checks (e.g. transport damage, incorrect deliveries and short deliveries). Insofar as acceptance has been agreed, there shall be no obligation on our part to inspect incoming goods. Moreover, what matters is the extent to which an inspection is expedient taking the circumstances of the individual case into consideration in the proper course of business.

Our obligation to notify the Seller of discovered defects shall not be affected by the above. In all cases our notification (notification of defects) shall be regarded as having been submitted straight away and on time, if it is received by the Supplier within eight working days.

3. The Seller shall have to bear all the expenditure necessary for the purposes of effecting a cure, in particular, transport costs, travelling expenses, labour and the cost of materials. In the event that defective parts have already been installed because we were unaware of the defect, the Seller shall also have to bear the costs of removal and installation of incorrect parts.

4. The costs incurred by the Seller for the purposes of inspection and repair (including any costs incurred for removal and installation which may be incurred), shall also be borne by him even if it should turn out that there was in fact no defect. Our liability to pay compensation for defects for unjustified requests to have defects rectified shall not be affected by the above. Given this, we shall only be liable if we were aware that there was no defect or the fact that we did not know that there was a defect was attributable to gross negligence on our part.

5. If the Seller fails to fulfil his obligation to render a cure – either by rectifying a defect (repair) or by supplying a new fault-free thing (replacement) as we so choose – within a reasonable period of time set by us, we may consequently rectify the defect ourselves and demand compensation for the expenditure necessary for this or a corresponding sum in advance. If the cure is unsuccessful or unreasonable for us (e.g. on account of it being particularly urgent, a hazard to safety at work or on account of the impending threat of disproportionate damage), we shall not have to set a time limit. We shall inform the Seller of such circumstances beforehand if possible.

6. Moreover, in the event that there are quality defects or legal defects we shall, in accordance with the statutory regulations, be entitled to reduce the purchase price or to withdraw from the contract. Besides which, under the statutory regulations we shall be entitled to claim compensation for damages and expenses incurred.

7. We shall not waive our warranty claims with acceptance or approving submitted specimens or samples.

Section 8 Property rights

1. The Seller vouches that if the items supplied are used in accordance with the contract, this shall not give rise to a breach of any property rights and applications filed for property rights, in particular third party compensation claims for damages against us. Provided that such applications for property rights have been filed or registered with the German or European patent office. The Supplier also vouches that no third party property rights in those countries in which the products are manufactured or in which the Supplier has them manufactured the products will be breached by the products supplied by him.

2. The Supplier's obligation to pay compensation for damages and/or obligation Supplier to exempt us from damages shall also cover that expenditure we necessarily incur as a result of, and in connection with, claims asserted against us by third parties.

3. The above regulations shall not apply, if the Seller has manufactured items for us in accordance with our specifications, in particular drawings, models and other descriptions and he is unaware or had no reason to be aware that third party property rights would be breached as a result.

4. The Seller is obliged to inform us immediately of any risks that property rights might be breached he becomes aware of and in particular alleged instances of breach.

5. Our additional statutory rights on account of legal defects to the products supplied against the Supplier shall not be affected by the above.

Section 9 Product liability, Insurance

1. If the Seller is responsible for product damage, given this he shall have to exempt us from third party claims, to the extent that the cause is in his sphere of control and organisation and he is personally liable to other parties. If we are obliged to mount a recall campaign with other parties as a result of a defect in a product supplied by the Seller, the Seller shall bear all the costs associated with the recall campaign.

2. As part of his obligation to exempt us, the Seller shall have to reimburse us for the expenditure incurred by us in accordance with Sections 683 and 670 of the German Civil Code [BGB], arising from or in connection with a claim asserted by a third party including recall campaigns mounted by us. We shall – insofar that this is possible and reasonable – inform the Seller of the content and scope of recall campaigns and allow him the opportunity to respond. Our additional legal rights shall not be affected by the above.

3. The Seller shall have to take out a product liability insurance policy with lump-sum cover of at least 5 million € per personal injury / property damage claim and maintain the policy continuously. The Seller shall have to send us a copy of the liability insurance policy upon request and upon further request submit the original to us for our inspection. We shall also be entitled to demand to see the original copy during the contractual relationship.

Section 10 Recourse asserted against a Seller

1. We are entitled to our rights of recourse laid down by law statutory within the supply chain (Recourse of the entrepreneur in accordance with Sections 478 and 479 of the German Civil Code [BGB]) plus warranty claims in full. We shall, in particular, be entitled to demand the specific type of cure (Repair or replacement) we owe our buyer in a given case. Our statutory right of choice (Section 439 Para 1 of the German Civil Code

[BGB]) shall not be restricted by this.

2. Before we recognise or fulfil a claim under warranty asserted by our buyer (including compensating him for his expenses in accordance with Section 478 Para 3, Section 439 Para 2 of the German Civil Code [BGB]), we shall inform the Seller and by giving a brief description of the facts and circumstances, request a written response. If we do not receive a response within a reasonable period of time, and if a solution is not reached by mutual consent either, the cure actually rendered by us shall consequently be owed to us as we have rendered it to our buyer. In this case the production of evidence to the contrary shall be incumbent upon the Seller.

3. Our claims recourse of the entrepreneur shall also apply in those cases in which the goods have been finished by us or one of our buyers, e.g. installation into another product, prior to being sold to a consumer.

Section 11 Spare parts

1. The Seller shall be obliged to keep a stock of spare parts available for the products supplied to us for a period of at least 10 years after delivery.

2. If the Seller intends to stop production of spare parts for the products supplied to us, he must inform us of this straight away after making the decision to stop making them. Subject to Paragraph 1 above, this decision must be made at least 6 months prior to closing down production.

Section 12 Non-disclosure

1. The Seller shall be obliged to keep secret the terms of our order as well as all information and documents provided to him for this purpose (with the exception of information in the public domain) for a period of 60 months after disclosure, but at least however, for the duration of the actual supplier-customer relationship with us and only use it for carrying out our order. He shall return it to us straight away after queries have been dealt with or after handling orders upon request.

2. The Seller shall, moreover, be obliged to handle all commercial and technical information not in the public domain and which he becomes aware of as a result of our business relationship as business secrets. In particular, models, templates, specimens, tools and similar items must not be handed over to third parties or made accessible for them by other means. The reproduction of such items other than in line with operational requirements shall be subject to regulations otherwise.

3. The Seller shall ensure by taking suitable measures that his salaried staff employees, freelance staff and sub-contractors called in to work on the contracts entered into with us maintain the above confidentiality. The Seller shall only disclose information as described above in Paragraph 1 and Paragraph 2 to those of his salaried staff, freelance staff, consultants, etc. who have to be involved with the development, design, manufacture and supply of goods to us. Disclosure shall, moreover, mean that the persons receiving such information shall be obliged to maintain silence in accordance with this non-disclosure regulation (Section 12).

4. Any sub-suppliers which the Seller is allowed to call in are to be placed under a corresponding obligation.

5. Our Seller may only use our business relationship for advertising purposes after obtaining our prior written consent.

Section 13 Statute of limitation

1. The reciprocal claims of the Parties to the contract shall become time-barred in accordance with the statutory regulations, unless an agreement has been made otherwise in a given instance below.

2. Notwithstanding Section 438 Para 1 No 3 of the German Civil Code [BGB], the general period of limitation for warranty claims shall be 3 years (36 months) from the passing of risk. Provided that acceptance has been agreed, the period of limitation shall begin with acceptance. The three-year period of limitation shall also apply accordingly for claims based upon legal defects, whereby the statutory period of limitation for real third party rights of surrender (Section 438 Para 1 No 1 of the German Civil Code [BGB]) shall not be affected as a result.

Claims based upon legal defects shall, moreover, not become time-barred in any circumstances, for as long as the third party is still able to assert the right against us – in particular in the absence of a period of limitation.

3. The periods of limitation laid down in the law on sales including the above extension shall apply – to the extent laid down by law - for all contractual claims under warranty. Insofar as we are also entitled to non-contractual compensation claims for damages on account of a defect, the normal statutory period of limitation shall apply (Sections 195 and 199 of the German Civil Code [BGB]), if the law on sales does not result in a longer period of application if the periods of limitation apply in given case.

4. The period of limitation for claims under warranty shall be suspended when the Seller receives our written notification of a defect until the Seller rejects our claims or states that the defect has been remedied or refuses to continue negotiating our claims. If a replacement part is supplied and the defect is remedied, the warranty period for replaced and repaired parts shall start from the beginning, unless we have to assume given the conduct of the Seller, that he did not regard himself as being obliged to take the measures, but instead only supplied a replacement or remedied the defect as a gesture of goodwill for similar reasons.

Section 14 Choice of law, Place of jurisdiction, Miscellaneous

1. These T&Cs and all legal relationships between us and the Seller shall be governed by the law of the Federal Republic of Germany. International uniform law, in particular the Convention on Contracts governing the International Sale of Goods (CISG) shall not apply.

2. The preconditions and effects of the reservation of title shall be governed by the law of the respective storage place of the thing, insofar as the choice of law made accordingly in favour of German law is not allowed or invalid.

3. The exclusive place of jurisdiction is the courts having jurisdiction where our principal place of business is based. We shall however also be entitled to take legal action against the Seller at the court having jurisdiction where his principal place of business is based.

4. The contractual language is English.