

General Terms of Payment and Delivery

of manufacturing logistics & services GmbH & Co. (ml & s)

as per 02/2007

I. Scope of validity

The General Terms of Payment and Delivery below shall apply to all business dealings between us and our commercial customers. They shall apply even if not separately mentioned again in later contracts. They shall also apply where customers make reference to their own terms and conditions, unless we have expressly consented to them. The customer's own general terms and conditions shall only apply if we have expressly consented to them in writing.

II. Entry into contract

Our offers shall be without engagement. A contract shall only materialize through our written confirmation of an order or, implicitly, by execution of the ordered delivery.

III. Delivery

1. Unless otherwise agreed, the period of delivery shall begin to run as soon as the order confirmation has been dispatched, not, however, before the customer has submitted any records, approvals and clearances as may be required and not before receipt of any down payment as may be agreed.
2. The period of delivery shall be deemed to be observed if readiness for dispatch has been communicated or the deliverables have left our works prior to its expiration.
3. The period of delivery shall be extended in case of industrial action, in particular strikes and lockouts, and if there are unforeseeable obstacles beyond our control, e.g. business disruptions, delays in the supply of essential materials, to the extent that such obstacles are proven to have a substantial impact on delivery. This shall also apply if such events occur at our suppliers' end. The period of delivery shall be extended by the period in which such action and obstacles persist. We shall not even be answerable for the events described above if they occur while we are already in default. We will advise the customer as soon as possible about the beginning and end of any such obstacles.
4. Part deliveries within the periods of delivery indicated by us shall be permissible, unless they cause disadvantages as to use.

5. The scope of delivery shall be determined through our written order confirmation.
6. Changes in design or form attributable to technological improvements or legal requirements shall be reserved during the period of delivery, provided that the deliverables are not substantially changed thereby and that the changes are reasonably acceptable for the customer.

IV. Payment

1. Prices shall be deemed to be ex works, plus applicable statutory VAT.
2. Unless otherwise agreed, the purchase price and compensation for additional services, if any, shall be due for payment as soon as the deliverables have been handed over.
3. Customers may not offset our claims with claims of their own, except if the customer's claims are undisputed or acknowledged by a court of law. Customers may assert a right of retention only in respect of own receivables under the same contract.

V. Cost of cancellation

If customers cancel an order placed without justification, we may charge up to 10% of the net selling price as compensation for the cost associated with order processing and for lost profits, without prejudice to our option to demand contract performance or to assert more extensive actual losses. The customer reserves the right to prove that no or less substantial losses have been incurred by us as a result of cancellation.

VI. Packaging and dispatch

Packaging materials shall become the customer's property and shall be separately invoiced by us. Unless otherwise agreed, a separate invoice shall be made out to cover postage and packaging.

VII. Acceptance and passage of risks

1. Customers shall be obligated to accept the deliverables within 14 days of being notified of our readiness to supply them. Unless we have expressly agreed to deliver them to the customer, the deliverables shall be handed over at our factory in Greifswald.
2. The customer shall be under the obligation to check the deliverables for defects without delay, in any case, however, within 10 days of acceptance. Apparent defects shall be communicated to us without delay. Reference is made to the consequences of § 377 paragraph 2 HGB (German Commercial

Code).

3. In the event that the customer defaults on accepting the item purchased, we shall be entitled, after extending the deadline by fourteen days, to withdraw from the contract and claim damages on account of non-performance. The statutory provisions concerning cases where the setting of time limits is unnecessary shall remain unaffected.
4. The risk shall pass to the customer once the deliverables are collected or once the deliverables are dispatched. In the event that customers declare their unwillingness to accept the deliverables, the risk of accidental destruction or accidental deterioration shall pass to the customer at the time of their refusal.
5. If acceptance of the deliverables is delayed upon the customer's request or on account of any circumstances which the customer is answerable for, we may – after expiry of one month since readiness for dispatch was communicated - charge storage fees equalling up to 0.5% of the price of the deliverables per started month, not, however, more than a total of 5%. Both parties reserve the right to prove that the cost of storage incurred was actually higher or lower.

VIII. Price changes

Price changes shall be permissible if more than 4 months have elapsed between entry into the contract and the agreed date of delivery. In the event that wages, costs of material or market cost prices subsequently increase before the deliverables are ready, we shall be entitled to adequately increase the price to cover such additional costs. The customer may not cancel the order, unless the price increase exceeds the rise in the general costs of living between the date of the order and the date of delivery in a more than negligible way.

IX. Reservation of title

1. We reserve title to the deliverables until the respective delivery has been fully paid. In the event that the customer acts in breach of contract, notably in case of default in payment, we shall be entitled to take the deliverables back after setting a deadline and withdrawing from the contract. The statutory provisions concerning cases where the setting of time limits is unnecessary shall remain unaffected. After such withdrawal from the contract the customer shall be obligated to surrender the deliverables.
2. Customers shall have the right to resell the deliverables within the course of ordinary business; however they shall assign to us as per today all receivables up to the amount of the purchase price (including VAT) agreed between us and the customer, as accrue to the customer from such resale, regardless of whether or not the deliverables are processed before being resold. The customer shall be empowered to collect such receivables after their assignment. Our authority to collect the receivables on our own shall remain unaffected thereby; however, we undertake not to collect the receivables as long as the customer properly complies with its payment obligations and is not

in default. Otherwise, we may demand that the customer discloses the claims assigned and their debtors, provides us with any information required for collection and with any pertinent records, and advises the debtors (third parties) of the assignment.

3. Where a customer processes or redesigns the goods, this shall invariably be done for us. If the deliverables are processed with other items not owned by us, we shall acquire joint title to the new thing, reflecting the proportion between the value of the deliverables and the value of other items processed at the time of processing.
4. If the deliverables are inseparably mixed with other items not owned by us, we shall acquire joint title to the new thing, reflecting the proportion between the value of the deliverables and the value of other items mixed with them. The customer shall keep such joint title safe for us.
5. The customer may neither pledge the deliverables nor transfer them as security. If deliverables are attached, seized or otherwise disposed of by third parties, the customer shall promptly advise us thereof and provide us with all information and records required for protecting our rights. Enforcement officers and/or third parties shall be advised of our ownership.
6. We undertake to release the collateral owed to us upon the customer's request, to the extent that it exceeds the value of the claims to be secured, if not yet satisfied, by more than 20%.

X. Warranty

1. The warranty period shall be 12 months except in cases of § 438 Abs. 1 Nr. 1 German Civil Code (BGB), § 438 Abs. 1 Nr. 2 BGB, § 479 Abs. 1 BGB or § 634 a Abs. 1 Nr. 2 BGB in which the warranty period is 3 years. If during the warranty period the goods delivered by us prove to have any defects, the causes of which had already existed at the time when the risks passed, the customer shall be entitled, at our election, to repair or new delivery. If we are unable to remedy a defect under warranty or if further attempts at repair cannot reasonably be expected to be acceptable to the customer, the customer may claim a price reduction in lieu of remedial action or may withdraw from the contract.
2. The customer shall promptly advise us of any defects.

XI. Liability for damages

1. Customer claims to compensation for expenses or damages, on whichever legal grounds, shall be excluded. This shall apply in particular to claims arising from the breach of contractual duties or tort claims.
2. The exclusion of liability stated in paragraph 1 above shall not be applicable and the statutory provisions apply in the event of wilful intent, gross negligence

or injury to the life, body or health of a person. Nor shall it be applicable where material contractual duties or any regulations of the German Product Liability Act (Produkthaftungsgesetz) are breached.

3. In the event that material contractual duties are breached by ordinary negligence, claims for damages shall be limited to the damage typically foreseeable under the contract at the time of concluding it. This shall not be true for claims arising from any injury to the life, body or health of a person or any infringement of the German Product Liability Act (Produkthaftungsgesetz).
4. To the extent that our liability is excluded pursuant to the provisions above, such exclusion of liability shall likewise apply to liability on the part of our organs and vicarious agents.

XII. Industrial property rights

1. Unless expressly agreed otherwise, we shall warrant during the warranty period that the goods delivered are free from third-party industrial property rights and copyrights (protected rights) within Germany.
2. We shall not be liable if and to the extent that it is the customer who is answerable for the infringement of a protected right. In particular, we shall not be liable where we produce goods under the customer's instructions and according to the customer's plans and specifications and, further, where the customer uses the goods inappropriately, changes them or uses them together with products not delivered by us, thus causing the infringement of a protected right. As between the parties, the customer shall indemnify us against all third-party claims in such cases.
3. In the event that we are liable for an infringement of protected rights, we may, at our election, either
 - a) acquire a right of use at our cost and expense to ensure that the merchandise can be further distributed or
 - b) modify the merchandise in such a way that protected third-party rights are no longer infringed.If we are unable to do this on reasonable conditions, the customer shall have the statutory rights to withdraw from the contract or claim a price reduction.
4. The customer shall promptly advise us of any claims asserted by third parties, leaving it to us to decide on any counteraction and negotiations and assisting us in warding off the claims. The customer must not recognise the infringement without consulting us first. If the customer discontinues the sale of the goods in order to minimise the loss or for other reasons, it shall draw the third-party's attention to the fact that this does not imply any acknowledgment that a protected right has been infringed.

XIII. Place of jurisdiction and applicable law

1. If the customer is a merchant, it shall file any claims resulting from disputes arising from the contractual relationship with the competent court of jurisdiction at our principal place of business. We shall likewise be entitled to bring an action at the customer's principal place of business.
2. German law shall exclusively apply, to the exclusion of the laws governing the international sale of movable goods, even if the customer's firm is domiciled abroad.

XIV. Other provisions

1. Transfers of rights and duties of the customer under the contract made with us shall require our written consent in order to be effective.
2. To the extent that it is necessary for the production of the deliverables to manufacture tools based on the customer's drawings and technical specifications, no rights to such manufactured tools whatsoever shall arise in the customer's favour.
3. Should any of the above provisions be or become ineffective in whole or in part, the validity of the other provisions shall remain unaffected thereby. The ineffective provision shall be replaced by such effective provision as comes closest to what the parties contemplated when they entered into the contract.

Greifswald in February 2007