

# GENERAL TERMS & CONDITIONS OF SCHOBERTECHNOLOGIES GMBH (STG)

December 1, 2010

## I. QUOTATION AND CONCLUSION OF CONTRACT

1. All deliveries and performances by STG shall be exclusively on the basis of these General Terms & Conditions where the Customer is not a consumer. The Customer's own Terms & Conditions do not become part of the contract even if they are not expressly refused. This shall also apply where the Customer's Terms & Conditions do not conflict with these General Terms & Conditions.
2. STG's quotations solely represent a response to the Customer to make a contract offer (i.e. an order). No contract binding upon STG exists until STG's written declaration of acceptance (confirmation of order). The right is reserved to sell the goods in the meantime.
3. STG's order confirmation determines the content of the contract, including the measurements and workmanship. Accordingly, the Customer undertakes to check these and all other documents, such as drawings and similar items, immediately upon receipt and to give notice of any objections. Where objections are not notified within one week from receipt, this is deemed to constitute approval unless STG has requested an explicit approval. Additional costs incurred through later alterations made by the Customer shall be borne by the Customer.
4. Any additions or amendments of this contract must be set down in writing. This shall also apply with regard to this written form clause.

## II. PRICES

1. In case of doubt, all prices are ex works, plus Value Added Tax and incidental costs such as, and in particular, packaging, freight and installation at the Customer's premises.
2. Where, after the conclusion of the contract, any changes are made which may affect the price and especially the prime costs, STG is authorized and obliged to make an appropriate adjustment to the price. Where this leads to a price increase of more than 5%, the Customer is entitled to withdraw from or cancel the contract within a period of two weeks of being notified of such price increase.

## III. DELIVERY

1. STG is entitled to alter its agreed delivery or service where this is necessary or appropriate as a result of technical progress and may be reasonably accepted by the Customer.
2. In the case of custom-made spare parts (e.g. punches, punching dies or perforating rules), STG is authorized to deliver an additional or reduced quantity within a tolerance of 15%, whereby the total price will be adjusted accordingly.
3. Reasonable partial deliveries are permissible.
4. Built-in modules, punching tools, cutting cylinders and other accessories will be supplied without or with only simple protection guards (e.g. protective cover over format gears). Any further mechanical or electrical protection guards which may be necessary and which may in particular be required by the type of machine for which the part in question is intended are not included in the delivery and are the responsibility of the manufacturer or of the machine operator.
5. Stated delivery periods and dates are for delivery ex works.
6. All information concerning the delivery date is provided only on condition that all details of the performance have been clarified and the drawings, samples, dimensions and test materials to be provided by the Customer are at STG's disposal. Delays caused by the Customer's failure to meet immediately his cooperation obligations will result, without any request from STG being necessary, in a corresponding adjustment to delivery periods and dates.
7. STG reserves the right not to deliver unless it has itself obtained correct and prompt delivery.
8. The agreed delivery period shall be extended by an appropriate term where STG's performance is delayed by circumstances beyond STG's control, in particular in the event of *force majeure*.

## IV. DISPATCH AND TRANSFER OF RISK

1. The means of packaging, dispatch and transportation are at STG's discretion.
2. The risk is passed on to the Customer when the goods are handed over to the forwarding agent.
3. Fitters for installing or commissioning the goods are provided only at the Customer's request and for a separate charge.

## V. PAYMENT

1. With the exception of the contents of point 2 below, payment shall be made in full within 30 days from the invoice date.
2. In the case of custom-made items, 40% of the payment shall be payable 10 days after receipt of the order confirmation and a further 50% 10 days after notification of STG's readiness to dispatch but in any event prior to dispatch provided that STG has informed the Customer at these times of the respective partial payments due. Point 1 above shall apply with regard to payment of the remaining 10%.
3. Where payment is not made on the due date, STG is entitled, without any reminder being required, to charge interest for delay at the legally permissible rate.
4. Where the Customer's financial situation seriously deteriorates after the conclusion of the contract or where STG learns of such deterioration after the conclusion of the contract, STG may demand advance payment or provision of appropriate security. Until then, STG is authorized to stop work. The delivery periods or dates are extended correspondingly. Furthermore STG is entitled to set the Customer an appropriate deadline for advance payment or provision of security and, where such deadline is not met, to refuse completion of contract and to claim damages instead of performance.
5. Bills and checks are accepted only with a view to performance. Discount and note charges and all other fees and costs shall be borne by the Customer.

6. The Customer is not empowered to offset and withhold payment unless the counterclaim has been lawfully established or is undisputed.
7. Where the Customer is in default with any payment deriving from the business relationship, STG has the right of retention and particularly in relation to items which the Customer has delivered to STG for repair.

## VI. RETENTION OF TITLE

1. The goods shall remain STG's property until any and all existing and future claims deriving from the business relationship have been fully satisfied. With settlement of all claims, ownership shall be transferred to the Customer at the time that the last payment is received.
2. The Customer is authorized by STG - with such authorization being revocable at any time - to resell goods for which STG retains title in the normal course of business.
3. The Customer hereby assigns to STG as surety its own claim to the purchase price and any claims relating to the retained goods (e.g. deriving from an insurance policy or tort). STG accepts this assignment. The Customer is entitled, with such right being revocable at any time to collect the purchase price. In the event of delay in payment, STG is entitled to disclose the assignment vis-à-vis the third party. The Customer undertakes to give STG personal particulars of its own Customer and the amount of its claim and to assist STG in making its claim by delivering all pertinent documents.
4. Any processing or mixing of the retained goods is always carried out for STG as the manufacturer. Where STG's title expires by reason of combination with other goods, it is hereby agreed that the title to the new item shall be assigned to STG as joint owner pro rata to the value. The Customer keeps custody of the retained goods free of charge.
5. The retained goods may be connected with the ground and soil only for temporary purposes. STG's retained title shall not be impaired thereby.
6. The Customer may not encumber the retained goods with third parties' rights. STG must immediately be informed of any attachment by third parties.

## VII. WARRANTY

1. The warranty period shall be 12 months from delivery of the goods to the Customer.
2. The delivered goods shall be examined immediately and any defects in the consignment or service must be notified without delay and at the latest within 10 days of receipt of the goods. STG assumes no liability for any third parties' actions and the consequences thereof.
3. Minor standard or technically unavoidable discrepancies shall not represent a delivery defect.
4. At its discretion, STG is authorized either to repair the defective item or to provide a replacement therefore. Replaced goods or parts become STG's property.
5. In the case of rotating tools, STG's warranty covers only trouble-free combined running of the tools. In this regard STG shall not be liable for all custom-made items insofar as complaints arise out of the specific nature of the material being processed by the Customer (e.g. in relation to tensile strength, lamination with layers of glue, structure, static charge, too high degree of moisture and register differences) where STG has not expressly been advised of such issues at the time the contract was concluded. The same shall apply with regard to negative material properties and other conditions of which STG was not aware at the time the contract was concluded and which were not apparent to STG offhand. Nor does STG assume liability for any defects resulting from the Customer's incorrect drawings or information.
6. In developing custom-made items STG takes into account the current state of technology.

## VIII. FIELD STAFF

1. STG's field staff are not authorized to make any statements which are legally binding upon STG.
2. Field staff do not have the authority to collect payments.

## IX. LIABILITY

1. With the exception of points 2 and 3 below, STG's liability to the Customer with regard to compensation is limited to situations involving deliberate action and gross negligence.
2. In the event that obligations going to the root of the contract (cardinal obligations) are breached, and in the event of injury to life, limb or health, STG shall also be liable for minor negligence.
3. In any event STG's liability shall be limited to foreseeable damages typically arising out of the contract.

## X. FINAL CLAUSES

1. The place of performance is STG's registered office and the courts with competence for that office have jurisdiction.
2. This contract is based solely on domestic German law which applies when both parties to the contract reside in the Federal Republic of Germany specifically excluding the international purchasing rules and the rules of the United Nations Agreement dated April 11, 1980.
3. Where any of these provisions are invalid, the validity of the contract shall remain unimpaired. The invalid provision shall be replaced by a permissible provision which accords in practical terms as closely as possible with the invalid provision.
4. STG may store the Customer's data within the scope of what is legally permissible provided that this aids the fulfillment of the respective contract and the maintenance of the business relationship and where no conflict with the Customer's interests is apparent. This statement has the effect of notification within the meaning of Art. 33, para. 1, Federal Data Protection Act.