

General Conditions

**PROCITEC GmbH
Rastatter Straße 41
75179 Pforzheim / Germany**

I. General Provisions

1. For the privity of contract between PROCITEC and Purchaser concerning deliveries and / or services of PROCITEC (below: supplies) in addition to the based offer the following terms and conditions are valid in the following order:

1. Our General Conditions
2. Our Software License Agreement.

General Terms and Conditions of the Purchaser are only valid if PROCITEC explicitly agreed to them in written form. For the scope of the delivery the mutual written concurrent agreements are authoritative.

2. PROCITEC herewith reserves any industrial property rights and/or copyrights pertaining to its cost estimates, drawings and other documents (hereinafter referred to as "Documents"). The Documents shall not be made accessible to third parties without PROCITEC's prior consent and shall, upon request, be returned without undue delay to PROCITEC if the contract is not awarded to PROCITEC. Sentences 1 and 2 shall apply mutatis mutandis to the Purchaser's Documents; these may, however, be made accessible to those third parties to whom PROCITEC has rightfully subcontracted Supplies.

3. The Purchaser has the non-exclusive right to use standard software and firmware, provided that it remains unchanged, is used within the agreed performance parameters, and on respectively with the agreed equipment. Without express agreement the Purchaser may make one back-up copy of standard software.

4. Partial deliveries are allowed, unless they are unreasonable to accept for the Purchaser.

5. The term „claim for damages" used in the present GL also includes claims for indemnification for useless expenditure.

6. In order to fulfill the duties of the contract PROCITEC is entitled to place orders to subcontractors or external service providers.

II. Prices, Terms of Payment, and Set-Off

1. Prices are CPT and excluding packaging; value added tax shall be added at the then applicable rate.

2. If PROCITEC is also responsible for assembly or erection and unless otherwise agreed, the Purchaser shall pay the agreed remuneration and any incidental costs required, e. g. for traveling as well as allowances.

3. Payments shall be made free PROCITEC's paying office without discount.

4. The Purchaser may set off only those claims which are undisputed or non- appealable.

III. Retention of Title

1. The items pertaining to the Supplies ("Retained Goods") shall remain the PROCITEC's property until each and every claim the Supplier has against the Purchaser on account of the business relationship has been fulfilled. If the combined value of PROCITEC's security interests exceeds the value of all secured claims by more than 20 %, PROCITEC shall release a corresponding part of the security interest if so requested by the Purchaser; PROCITEC shall be entitled to choose which security interest it wishes to release.

2. For the duration of the retention of title, the Purchaser may not pledge the Retained Goods or use them as security, and resale shall be possible only for resellers in the ordinary course of their business and only on condition that the reseller receives payment from its customer or makes the transfer of property to the customer dependent upon the customer fulfilling its obligation to effect payment.

3. Should Purchaser resell Retained Goods, it assigns to PROCITEC, already today, all claims it will have against its customers out of the resale, including any collateral rights and all balance claims, as security,

without any subsequent declarations to this effect being necessary. If the Retained Goods are sold on together with other items and no individual price has been agreed with respect to the Retained Goods, Purchaser shall assign to PROCITEC such fraction of the total price claim as is attributable to the price of the Retained Goods invoiced by PROCITEC.

4. (a) Purchaser may process, amalgamate or combine Retained Goods with other items. Processing is made for Supplier. Purchaser shall store the new item thus created for PROCITEC, exercising the due care of a diligent business person. The new items are considered as Retained Goods.

(b) Already today, PROCITEC and Purchaser agree that if Retained Goods are combined or amalgamated with other items that are not the property of PROCITEC, PROCITEC shall acquire co-ownership in the new item in proportion of the value of the Retained Goods combined or amalgamated to the other items at the time of combination or amalgamation. In this respect, the new items are considered as Retained Goods.

(c) The provisions on the assignment of claims according to No. 3 above shall also apply to the new item. The assignment, however, shall only apply to the amount corresponding to the value invoiced by PROCITEC for the Retained Goods that have been processed, combined or amalgamated.

(d) Where Purchaser combines Retained Goods with real estate or movable goods, it shall, without any further declaration being necessary to this effect, also assign to PROCITEC as security its claim to consideration for the combination, including all collateral rights for the pro-rata amount of the value the combined Retained Goods have on the other combined items at the time of the combination.

5. Until further notice, Purchaser may collect assigned claims relating to the resale. PROCITEC is entitled to withdraw Purchaser's permission to collect funds for good reason, including, but not limited to delayed payment, suspension of payments, start of insolvency proceedings, protest or justified indications for overindebtedness or pending insolvency of Purchaser. In addition, PROCITEC may, upon expiry of an adequate period of notice disclose the assignment, realize the claims assigned and demand that Purchaser informs its customer of the assignment.

6. The Purchaser shall inform PROCITEC forthwith of any seizure or other act of intervention by third parties. If a reasonable interest can be proven, Purchaser shall, without undue delay, provide Supplier with the information and/or Documents necessary to assert the claims it has against its customers.

7. Where the Purchaser fails to fulfill its duties, fails to make payment due, or otherwise violates its obligations PROCITEC shall be entitled to rescind the contract and take back the Retained Goods in the case of continued failure following expiry of a reasonable remedy period set by PROCITEC; the statutory provisions providing that a remedy period is not needed shall be unaffected. The Purchaser shall be obliged to return the Retained Goods. The fact that PROCITEC takes back Retained Goods and/or exercises the retention of title, or has the Retained Goods seized, shall not be construed to constitute a rescission of the contract, unless PROCITEC so expressly declares.

IV. Time for Supplies; Delay

1. Times set for Supplies shall only be binding if all Documents to be furnished by the Purchaser, necessary permits, supplies and approvals, especially concerning plans, are received in time and if agreed terms of payment and other obligations of the Purchaser are fulfilled. If these conditions are not fulfilled in time, times set shall be extended reasonably; this shall not apply if the Supplier is responsible for the delay.

2. If non-observance of the times set is due to:

(a) force majeure, such as mobilization, war, terror attacks, rebellion or similar events (e. g. strike or lockout);

(b) virus attacks or other attacks on the PROCITEC's IT systems occurring despite protective measures were in place that complied with the principles of proper care;

(c) hindrances attributable to German, US or otherwise applicable national, EU or international rules of foreign trade law or to other circumstances for which PROCITEC is not responsible; or

(d) the fact that PROCITEC does not receive its own supplies in due time or in due form such times shall be extended accordingly.

3. If the PROCITEC is responsible for the delay (hereinafter referred to as "Delay") and the Purchaser has demonstrably suffered a loss therefrom, the Purchaser may claim a compensation as liquidated damages of

0.5 % for every completed month of Delay, but in no case more than a total of 2,5 % of the price of that part of the Supplies which due to the Delay could not be put to the intended use.

4. Purchaser's claims for damages due to delayed Supplies as well as claims for damages in lieu of performance exceeding the limits specified in No. 3 above are excluded in all cases of delayed Supplies, even upon expiry of a time set to PROCITEC to effect the Supplies. This shall not apply in cases of liability based on intent, gross negligence, or due to loss of life, bodily injury or damage to health. Rescission of the contract by the Purchaser based on statute is limited to cases where PROCITEC is responsible for the delay. The above provisions do not imply a change in the burden of proof to the detriment of the Purchaser.

5. At PROCITEC's request, the Purchaser shall declare within a reasonable period of time whether it, due to the delayed Supplies, rescinds the contract or insists on the delivery of the Supplies.

6. If dispatch or delivery, due to Purchaser's request, is delayed by more than one month after notification of the readiness for dispatch was given, the Purchaser may be charged, for every additional month commenced, storage costs of 0.5 % of the price of the items of the Supplies, but in no case more than a total of 5 %. The parties to the contract may prove that higher or, as the case may be, lower storage costs have been incurred.

7. If the contractually agreed Delivery is not available because PROCITEC did not receive delivery from his own suppliers or the PROCITEC's stock necessary for the Delivery is depleted, PROCITEC shall be entitled to provide a Delivery which is equivalent in terms of quality and price. Should PROCITEC be unable to provide a Delivery which is equivalent in terms of quality and price, he may rescind from the Contract.

V. Passing of Risk

1. Even where delivery has been agreed freight free, the risk shall pass to the Purchaser as follows:

(a) if the delivery does not include assembly or erection, at the time when it is shipped or picked up by the carrier. Upon the Purchaser's request, PROCITEC shall insure the delivery against the usual risks of transport at the Purchaser's expense;

(b) if the delivery includes assembly or erection, at the day of taking over in the Purchaser's own works or, if so agreed, after a successful trial run.

2. The risk shall pass to the Purchaser if dispatch, delivery, the start or performance of assembly or erection, the taking over in the Purchaser's own works, or the trial run is delayed for reasons for which the Purchaser is responsible or if the Purchaser has otherwise failed to accept the Supplies.

VI. Assembly and Erection

Unless otherwise agreed in written form, assembly and erection shall be subject to the following provisions:

1. Purchaser shall provide at its own expense and in due time:

(a) all earth and construction work and other ancillary work outside the Supplier's scope, including the necessary skilled and unskilled labor, construction materials and tools;

(b) the equipment and materials necessary for assembly and commissioning such as scaffolds, lifting equipment and other devices as well as fuels and lubricants;

(c) energy and water at the point of use including connections, heating and lighting;

(d) suitable dry and lockable rooms of sufficient size adjacent to the site for the storage of machine parts, apparatus, materials, tools, etc. and adequate working and recreation rooms for the erection personnel, including sanitary facilities as are appropriate in the specific circumstances; furthermore, the Purchaser shall take all measures it would take for the protection of its own possessions to protect the possessions of PROCITEC and of the erection personnel at the site;

(e) protective clothing and protective devices needed due to particular conditions prevailing on the specific site.

2. Before the erection work starts, the Purchaser shall unsolicitedly make available any information required concerning the location of concealed electric power, gas and water lines or of similar installations as well as

the necessary structural data.

3. Prior to assembly or erection, the materials and equipment necessary for the work to start must be available on the site of assembly or erection and any preparatory work must have advanced to such a degree that assembly or erection can be started as agreed and carried out without interruption. Access roads and the site of assembly or erection must be level and clear.

4. If assembly, erection or commissioning is delayed due to circumstances for which PROCITEC is not responsible, the Purchaser shall bear the reasonable costs incurred for idle times and any additional traveling expenditure of the Supplier or the erection personnel.

5. The Purchaser shall attest to the hours worked by the erection personnel towards PROCITEC at weekly intervals and the Purchaser shall immediately confirm in written form if assembly, erection or commissioning has been completed.

6. If, after completion, PROCITEC demands acceptance of the Supplies, the Purchaser shall comply therewith within a period of two weeks. The same consequences as upon acceptance arise if and when the Purchaser lets the two- week period expire or the Supplies are put to use after completion of agreed test phases, if any.

VII. Receiving Supplies

The Purchaser shall not refuse to receive Supplies due to minor defects.

VIII. Defects as to Quality

PROCITEC shall be liable for defects as to quality ("Sachmängel", hereinafter referred to as "Defects",) as follows:

1. Defective parts or defective services shall be, at PROCITEC's discretion, repaired, replaced or provided again free of charge, provided that the reason for the Defect had already existed at the time when the risk passed.
2. Claims for repair or replacement are subject to a statute of limitations of 12 months calculated from the start of the statutory statute of limitations; the same shall apply mutatis mutandis in the case of rescission and reduction. This shall not apply where longer periods are prescribed by law according to Sec. 438 para. 1 No. 2 (buildings and things used for a building), Sec. 479 para. 1 (right of recourse), and Sec. 634a para. 1 No. 2 (defects of a building) German Civil Code ("Bürgerliches Gesetzbuch"), in the case of intent, fraudulent concealment of the Defect or non-compliance with guaranteed characteristics ("Beschaffenheitsgarantie"). The legal provisions regarding suspension of the statute of limitations ("Ablaufhemmung", "Hemmung") and recommencement of limitation periods shall be unaffected.
3. Notifications of Defect by the Purchaser shall be given in written form without undue delay.
4. In the case of notification of a Defect, the Purchaser may withhold payments to an amount that is in a reasonable proportion to the Defect. The Purchaser, however, may withhold payments only if the subject-matter of the notification of the Defect involved is justified and incontestable. The Purchaser has no right to withhold payments to the extent that its claim of a Defect is time-barred. Unjustified notifications of Defect shall entitle PROCITEC to demand reimbursement of its expenses by the Purchaser.
5. The Supplier shall be given the opportunity to repair or to replace the defective good ("Nacherfüllung") within a reasonable period of time.
6. If repair or replacement is unsuccessful two times, the Purchaser is entitled to rescind the contract or reduce the remuneration; any claims for damages the Purchaser may have according to No. 10 shall be unaffected.
7. There shall be no claims based on Defect in cases of insignificant deviations from the agreed quality, of only minor impairment of usability, of natural wear and tear, or damage arising after the passing of risk from faulty or negligent handling, excessive strain, unsuitable equipment, defective civil works, inappropriate foundation soil, or claims based on particular external influences not assumed under the contract, or from non-reproducible software errors. Claims based on defects attributable to improper modifications or repair work carried out by the Purchaser or third parties and the consequences thereof are likewise excluded.
8. The Purchaser shall have no claim with respect to expenses incurred in the course of supplementary

performance, including costs of travel, transport, labor, and material, to the extent that expenses are increased because the subject-matter of the Supplies has subsequently been brought to another location than the Purchaser's branch office, unless doing so complies with the normal use of the Supplies.

9. The Purchaser's right of recourse against PROCITEC pursuant to Sec. 478 BGB is limited to cases where the Purchaser has not concluded an agreement with its customers exceeding the scope of the statutory provisions governing claims based on Defects. Moreover, No. 8 above shall apply mutatis mutandis to the scope of the right of recourse the Purchaser has against PROCITEC pursuant to Sec. 478 para. 2 BGB.

10. The Purchaser shall have no claim for damages based on Defects. This shall not apply to the extent that a Defect has been fraudulently concealed, the guaranteed characteristics are not complied with, in the case of loss of life, bodily injury or damage to health, and/or intentionally or grossly negligent breach of contract on the part of PROCITEC. The above provisions do not imply a change in the burden of proof to the detriment of the Purchaser. Any other or additional claims of the Purchaser exceeding the claims provided for in this Article VIII, based on a Defect, are excluded.

11. The guarantee and liability claims are not extended to malfunctions or defects, which are due to the use of software not provided by PROCITEC GmbH.

This exclusion of warranty applies in case software of third-party providers, for example software for monitoring or prevention of computer viruses, disturbs the function of the PROCITEC Software or deletes it completely or partially from the designated memory location.

IX. Industrial Property Rights and Copyrights; Defects in Title

1. Unless otherwise agreed, PROCITEC shall provide the Supplies free from third parties' industrial property rights and copyrights (hereinafter referred to as "IPR") with respect to the country of the place of delivery only. If a third party asserts a justified claim against the Purchaser based on an infringement of an IPR by the Supplies made by PROCITEC and used in conformity with the contract, PROCITEC shall be liable to the Purchaser within the time period stipulated in Article VIII No. 2 as follows:

(a) PROCITEC shall choose whether to acquire, at its own expense, the right to use the IPR with respect to the Supplies concerned or whether to modify the Supplies such that they no longer infringe the IPR or replace them. If this would be impossible for PROCITEC under reasonable conditions, the Purchaser may rescind the contract or reduce the remuneration pursuant to the applicable statutory provisions;

(b) PROCITEC's liability to pay damages is governed by Article XII;

(c) The above obligations of the PROCITEC shall apply only if the Purchaser (i) immediately notifies PROCITEC of any such claim asserted by the third party in written form, (ii) does not concede the existence of an infringement and (iii) leaves any protective measures and settlement negotiations to the PROCITEC's discretion. If the Purchaser stops using the Supplies in order to reduce the damage or for other good reason, it shall be obliged to point out to the third party that no acknowledgement of the alleged infringement may be inferred from the fact that the use has been discontinued.

2. Claims of the Purchaser shall be excluded if it is responsible for the infringement of an IPR.

3. Claims of the Purchaser are also excluded if the infringement of the IPR is caused by specifications made by the Purchaser, by a type of use not foreseeable by PROCITEC or by the Supplies being modified by the Purchaser or being used together with products not provided by PROCITEC.

4. In addition, with respect to claims by the Purchaser pursuant to No. 1 a) above, Article VIII Nos. 4, 5, and 9 shall apply mutatis mutandis in the event of an infringement of an IPR.

5. Where other defects in title occur, Article VIII shall apply mutatis mutandis.

6. Any other claims of the Purchaser against PROCITEC or its agents or any such claims exceeding the claims provided for in this Article IX, based on a defect in title, are excluded.

X. Conditional Performance

1. The performance of this contract is conditional upon that no hindrances attributable to German, US or otherwise applicable national, EU or international rules of foreign trade law or any embargos or other sanctions exist.

2. The Purchaser shall provide any information and Documents required for export, transport and import

purposes.

XI. Impossibility of Performance; Adaptation of Contract

1. To the extent that delivery is impossible, the Purchaser is entitled to claim damages, unless PROCITEC is not responsible for the impossibility. The Purchaser's claim for damages is, however, limited to an amount of 10 % of the value of the part of the Supplies which, owing to the impossibility, cannot be put to the intended use. This limitation shall not apply in the case of liability based on intent, gross negligence or loss of life, bodily injury or damage to health; this does not imply a change in the burden of proof to the detriment of the Purchaser. The Purchaser's right to rescind the contract shall be unaffected.

2. Where events within the meaning of Article IV No. 2 (a) to (c) substantially change the economic importance or the contents of the Supplies or considerably affect the PROCITEC's business, the contract shall be adapted taking into account the principles of reasonableness and good faith. To the extent this is not justifiable for economic reasons, PROCITEC shall have the right to rescind the contract. The same applies if required export permits are not granted or cannot be used. If the Supplier intends to exercise its right to rescind the contract, it shall notify the Purchaser thereof without undue delay after having realized the repercussions of the event; this shall also apply even where an extension of the delivery period has previously been agreed with the Purchaser.

XII. Other Claims for Damages

1. Unless otherwise provided for in the present GL, the Purchaser has no claim for damages based on whatever legal reason, including infringement of duties arising in connection with the contract or tort.

2. This does not apply if liability is based on:

- (a) the German Product Liability Act ("Produkthaftungsgesetz");
- (b) intent;
- (c) gross negligence on the part of the owners, legal representatives or executives;
- (d) fraud;
- (e) failure to comply with a guarantee granted;
- (f) negligent injury to life, limb or health; or
- (g) negligent breach of a fundamental condition of contract ("wesentliche Vertragspflichten").

However, claims for damages arising from a breach of a fundamental condition of contract shall be limited to the foreseeable damage which is intrinsic to the contract, provided that no other of the above case applies.

3. The above provision does not imply a change in the burden of proof to the detriment of the Purchaser.

XIII. Venue and Applicable law

1. If the Purchaser is a businessman, sole venue for all disputes arising directly or indirectly out of the contract shall be PROCITEC's place of business. However, PROCITEC may also bring an action at the Purchaser's place of business.

2. This contract and its interpretation shall be governed by German law, to the exclusion of the United Nations Convention on contracts for the International Sale of Goods (CISG).

XIV. Severability Clause

The legal invalidity of one or more provisions of this Agreement in no way affects the validity of the remaining provisions. This shall not apply if it would be unreasonably onerous for one of the parties to be obligated to continue the contract.

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