

General Conditions of Purchase of Schmiedewerke Gröditz GmbH

1. Scope of Application

- (1) These General Conditions of Purchase (hereinafter "General Conditions") apply exclusively to all orders placed with suppliers. Any conflicting and/or supplementing terms or conditions of the supplier are not binding upon SWG. This applies also if SWG shall not expressly object to such terms or conditions or if SWG shall fulfil its obligations without objecting to such terms or conditions.
- (2) The General Conditions together with the document of which they form a part, contain all relevant terms and conditions of the agreement. No additional agreements exist.

2. Orders

- (1) The supplier may not assign rights or claims from this contract to third parties without prior agreement by Schmiedewerke Gröditz GmbH.
- (2) The supplier may only have orders or essential components thereof performed by third parties following prior agreement by SWG.
- (3) Offers are submitted free of charge and non-binding for Schmiedewerke Gröditz GmbH.

3. Deliveries

- (1) The delivery dates specified in the order are binding. All deliveries must be made with customs duties paid (DDP) to Schmiedewerke Gröditz GmbH in accordance with INCOTERMS 2000. The delivery addresses are as follows:

Postal address: Schmiedewerke Gröditz GmbH
Riesaer Strasse 1, 01609 Gröditz
Germany

For railway deliveries: factory siding Gröditz/wagon
goods/piece goods

For truck deliveries: Mon.–Fri., 7 a.m. to 2 p.m.
Großenhainer Strasse/
W.-Mischnick-Strasse

- (2) Each delivery will be subject to a delivery note issued in duplicate and sent to us via separate post on the day of dispatch. Dispatch notes, consignment notes and package labels must indicate the order number, request number, receiving department and other information required for the order. The goods to be delivered must be packaged appropriately and labelled in accordance with our dispatch specifications.
- (3) The supplier is entitled to perform premature deliveries only following prior written agreement by Schmiedewerke Gröditz GmbH. The supplier is obliged to notify us without delay by fax or e-mail of any known or anticipated delay affecting the fulfilment of his delivery commitment. Such notification must include:
 - a) the likely duration of delay
 - b) the reason for delay
 - c) the measures undertaken to overcome the delay

In the event of default of delivery, we are entitled to avail of all statutory claims. Following expiry of a second deadline of two (2) weeks, we are entitled to withdraw from the contract and demand compensation instead of fulfilment.

4. Prices

The prices agreed in the order are binding.

5. Terms of Payment

- (1) The supplier is obliged to draw up an invoice in duplicate for each order indicating the order number and in accordance with the respectively valid statutory specifications which—if the order numbers are missing or the valid statutory specifications are not observed—shall not apply as having been placed.
- (2) We shall pay invoices net within a period of thirty (30) days of receipt. Cash discounts may be agreed separately.

- (3) Schmiedewerke Gröditz GmbH shall be entitled to offset any claims against suppliers or assert a right to retention.
- (4) The payment of invoices is not equivalent to waiving warranty rights as regards the goods delivered nor does it eliminate the possibility of later complaints.
- (5) We shall be entitled to set off any claims which we may have against the supplier against all claims which the supplier may have, for whatever legal reasons, against companies in which Georgsmarienhütte Holding GmbH has a majority shareholding, either directly or indirectly.
- (6) The current group of companies in which Georgsmarienhütte Holding GmbH has a majority shareholding, either directly or indirectly can be viewed on the Internet under <http://www.georgsmarienhuetten-holding.de>. On request, the supplier will be provided at any time with information on the group of companies.

6. Retention of Title

We do not acknowledge any supplementary or extended retention of title. We only acknowledge simple retention of title to the extent that it permits us to sell, process and combine the delivered goods within the framework of ordinary business operations.

7. Warranty

- (1) The supplier guarantees that the goods delivered correspond to the agreed specifications in the order, are made of the agreed material, are free of material, production or construction faults in accordance with the state of the art at the time of order as well as free of faults which impair or reduce their applicability for conventional use or use as agreed in the contract or which reduce the value of the goods and which correspond with all of the statutory and official approvals.
- (2) We reserve all of the appropriate rights granted by German law for the event of delivery of faulty goods. We shall be entitled to choose whether the supplier is to remedy the fault associated with goods delivered or supply immaculate goods.
- (3) The warranty period shall be 24 months from the delivery of goods. Spare parts replaced within the framework of remedying faults shall be subject to a new warranty commencing with transfer of the goods.

8. Quality Assurance

The supplier acknowledges the quality assurance specifications of Schmiedewerke Gröditz GmbH.

9. Official and Statutory Specifications

Services and products to be delivered must comply with the respectively valid official and statutory specifications.

10. Place of Fulfilment, Jurisdiction

- (1) The place of fulfilment for all services is Gröditz, Germany.
- (2) This contract is subject to the laws of the Federal Republic of Germany. The trade clauses included in this contract must be outlined in accordance with the International Rules for the Interpretation of Trade Terms (Incoterms) and their supplements in the respectively valid versions at the time of delivery.
- (3) Riesa shall be the exclusive place of jurisdiction in respect of all legal disputes arising from or in connection with this contractual relationship. Notwithstanding such agreed jurisdiction, SWG shall always be entitled to bring legal action at the Customer's seat of business.

Valid as at: January 2006