

1. Scope

(1) These Terms and Conditions apply to all goods and services that are supplied to us.

(2) In relation to the contractor's General Terms and Conditions of Business (GTCBs), none but our own General Terms and Conditions of Purchase (GTCPs) will apply even if we do not expressly reject the contractor's GTCBs or any other terms and conditions of contract. Contractors' terms and conditions of contract that contradict or deviate from our orders and these GTCPs are not recognised and will not apply unless we have given our specific and express consent thereto in writing.

(3) In executing our orders, contractors acknowledge and accept without qualification our General Terms and Conditions of Purchase.

2. Offers, Orders and Other Declarations

(1) Offers must correspond to our requests; we welcome alternative suggestions. They are made free of charge and are not binding on us.

(2) Any individual arrangements agreed, including subsidiary agreements, additions and amendments, will in every instance enjoy priority over these GTCPs. Any such arrangements will be laid down or confirmed by us in writing.

3. Prices

(1) Prices agreed are fixed prices net of value-added tax, free place of use, including packing charges and freight costs. If a price is agreed ex works or ex warehouse, we will pay only the most favourable freight costs. All costs up to handover to the carrier, including loading but excluding carriage, are to be borne by the contractor. Pricing will not affect any agreement reached about the place of performance.

(2) We reserve the right to accept surplus or short shipments.

4. Place of Performance

The place of performance for payments by the parties is our effective administrative headquarters and for all other claims the consignee's address in our order form under "Versandanschrift."

5. Packing; Shipment

(1) If packaging remains the contractor's property the contractor will take it back at his expense.

(2) Risk of transport will in all cases be borne by the contractor.

(3) The contractor must safeguard our interests carefully during shipment. We are under no obligation to process shipments prior to receipt of the delivery papers.

6. Commercial Terms

Commercial terms will be interpreted in accordance with the INCOTERMS in force at the time the contract was signed.

7. Proof of Origin; Documentation Required for Sales Tax Purposes; Export Restrictions

(1) The contractor will supply and place at our disposal without delay any proof of origin that we have requested, including all

the information required and properly signed. The same will apply to documentation required for sales tax purposes in respect of shipments within and outside the European Union.

(2) The contractor will inform us without delay if a shipment is subject wholly or in part to export restrictions under German law or any other jurisdiction.

8. Drawings; Workshop Documentation; Tools

(1) Any documentation (such as drawings), devices, models, tools, other means of production or original copies that we supply will remain our property and may only be used, duplicated or placed at the disposal of third parties to prepare the offer and carry out the order. On completion of the order they must be returned to us without delay and free of charge.

(2) We are entitled to demand free of charge and without delay the handover to us of all patterns, models, tools and documentation used by the contractor to carry out the work, with the title to these patterns and documents reverting to us after payment. We are entitled without special permission to use them ourselves or to make them available to third parties to bring about successful performance of the contract if the contractor is in delay of performance, to procure fittings and accessories, for repair and maintenance, for later alterations and to make spare and replacement parts. If necessary, the contractor must provide us with any other information required to bring about successful performance of the contract.

9. Obstacles to Performance; Limitation of Entitlement to Performance; Suppliers' Legal Status

(1) If the contractor is prevented from fulfilling the contract or believes himself to be so prevented, he must notify us in writing without delay, stating the reasons for and likely duration of the delay.

(2) As a rule, a five-year statute of limitations, starting with the signing of the contract, will apply to our claims for fulfilment.

(3) The contractor will be liable for his own deliveries and for parts provided by his suppliers. If he suspects a defect or damage in connection with supplied parts that are part of the scope of contract or of fulfilment thereof by subcontractors, the contractor is under obligation to provide us on demand with information about the supplier, middleman or subcontractor and to supply any details that we require to assert claims against them.

(4) If an application for insolvency proceedings (or comparable proceedings in other countries) is filed against the contractor's assets, or if there are sufficient indications that preconditions for such application exist, we will be entitled to cancel the contract immediately and without notice, ruling out claims for compensation by the contractor.

10. Defects

(1) All goods and services provided by the contractor must at the time of passage of risk correspond in their characteristics to our order and be suitable without restriction for their useful life expectancy and contractual purpose or, if none is specified, for their ordinary use.

(2) Performance must comply with the rules of sound engineering practice, with German and European technical standards and with all statutory requirements and regulations at the place of performance, especially health and safety regulations, the

provisions of the Safety of Equipment Act, accident prevention, fire and environmental regulations.

(3) The statutory provisions will apply to redhibitory defects or defects in title of goods and services supplied by the contractor with the proviso that in the case of purchase contracts, work performance contracts and contracts for work the choice of remedy – reworking or replacement – will be ours. We are entitled to set a suitable deadline for remedy of defects unless such remedy constitutes an unacceptable burden for us. This can be the case not only in cases covered by statutory provisions but especially in the event of imminent, inappropriate delay or uncertainty of successful performance in respect of safety-relevant or necessary operating equipment, plant or facilities. Agreement on a remedy period will have the same legal effect as a deadline set by us.

(4) In the case of redhibitory defects we are entitled, without prejudice to our statutory rights, even in respect of purchase and work performance contracts to take action ourselves in accordance with § 637 of the German civil code (BGB) after the fruitless expiry of a remedy deadline. We are also entitled to claim advance payment for such action.

(5) Insofar as statutory rights or contractual provisions entitle us to cancel a contract in the event of non-performance or inadequate performance, such cancellation can, provided that non-performance or inadequate performance is limited to a definable part of the contract, be limited to this part with the remainder of the contract continuing to apply in full.

(6) Once we have exercised our right of cancellation for non-performance or inadequate performance and have laid claim to compensation in place of performance, we will be entitled without prejudice to our statutory rights to an appropriate advance payment in respect of the costs to be anticipated, plus a safety mark-up of 50%, if the work or outstanding work needs to be placed elsewhere. In this case we are only required to put the work out to tender if doing so will not lead or threaten to lead to substantial delays or interruptions in operational, production or business workflow. We will charge market rates for services rendered for our own account.

(7) Insofar as we are required by § 377 Section 1 of the German commercial code (HGB) to investigate performance and notify complaints, we have five working days from handover in which to do so. A complaint in respect of a defect that only becomes apparent later is deemed to have been lodged in time as per § 377 Section 3 HGB if it is lodged within five working days of discovery.

(8) If a redhibitory defect comes to light within six months of the passage of risk, it is assumed to have been present at the time of passage of risk unless this assumption is irreconcilable with the nature of the product or the defect.

(9) In addition to statutory provisions a redhibitory defect is considered to exist when the product does not have properties that we might expect from the product description provided by us or by the manufacturer. In this connection it is sufficient for the product description to have been made available to us after signing the contract, for example together with the goods.

11. Industrial Property Rights

(1) The contractor is responsible for ensuring that his performance and its use by us are not in breach of third-party property rights. The same applies to procurement of fittings and ac-

cessories, repair and maintenance, later alterations and the manufacture of spare and replacement parts by us or by third parties.

(2) Without prejudice to our statutory rights the contractor must indemnify us against all third-party claims and all damages, costs and other disadvantages we may sustain in this connection, including in particular disadvantages arising from necessary changes to buildings, plant, machinery and electronic data processing equipment or programs, and from delays in construction, project or operational workflow.

12. Invoicing

(1) A separate invoice must be issued for each order. The invoice must comply with fiscal requirements and, in Germany, especially with those of the Sales Tax Act. It must also be clear and comprehensible, must list the goods and services provided and must quote our order number. Insofar as acceptance has been agreed, the acceptance certificate must be attached.

(2) Calculations will be based on the quantities, contents and numbers we have acknowledged. In the case of differences in weight we acknowledge only the weights taken by our weighers.

13. Payment

(1) We will pay either within 14 days of delivery and receipt of invoice deducting 3% discount or in full by the end of the month after delivery and receipt of invoice. If we take early delivery the agreed delivery date will be taken as the due date.

(2) In making payments we do not accept the invoice or acknowledge that the delivery is free from defects.

(3) We can offset all claims that the contractor has against us against all claims that we or Salzgitter AG or German companies in which Salzgitter AG directly or indirectly holds a majority interest may have against the contractor.

On request we will notify the contractor in detail of the group companies to which this provision applies.

(4) If we delay payment, we will pay interest on the amount due in accordance with § 247 BGB ruling out any further claims to payment of interest above the base rate.

14. Assignment as Security

If we make advance payments toward the cost of our order, we are entitled at any time to demand the assignment as security of suitable materials, and especially of the items ordered and in the course of being manufactured.

15. Assignment; Transfer of Contract; Change of Status

(1) The contractor may not assign claims against us, either wholly or in part, without our prior express consent in writing, which consent will not be withheld without good cause.

(2) For assignments based on extended retention of title our consent may be considered as having been given in advance subject to the proviso that we reserve against the assignee all the rights against the contractor that would be ours if the assignment had not been made. We do not accept direct debits against us.

(3) Without our express prior consent in writing the contractor may not transfer his contractual obligations to third parties ei-

ther wholly or in part. If we grant this consent, the contractor will remain jointly and severally liable to us.

(4) The contractor must notify us without delay of any legally effective transfer of contract and any change in his company's name or status.

16. Offset and Contractor's Right of Lien

(1) The contractor may only offset claims of ours against undisputed or legally effective claims against us.

(2) The contractor is only entitled to a right of lien insofar as it applies to the same contractual relationship.

17. Place of Jurisdiction; Applicable Law

(1) The place of jurisdiction for both parties is the local court (Amtsgericht) or regional court (Landgericht) at the domicile of the ordering party. We are also entitled to choose as the place of jurisdiction the court in charge of the contractor's domicile.

(2) In addition to these Terms and Conditions of Purchase, the law of the Federal Republic of Germany applies without recourse to its principles of conflicts of laws. The applicability of the UN Convention on Contracts for the International Sale of Goods (CISG) is hereby expressly excluded.

18. Partial Invalidity; Ban on Advertising; Data Protection

(1) Should any provision of these Terms and Conditions be or become legally invalid, the validity of the remaining provisions shall in no way be affected. In such case the contracting parties undertake to negotiate a replacement provision that comes as close as possible to the spirit and purpose of the invalid provision as intended by the contracting parties while satisfying legal requirements.

(2) The use of our requests and orders for advertising purposes is not permitted.

(3) Data collected in connection with the business relationship is kept on file and shared by Salzgitter Group companies.