

# ASTEELFLASH GENERAL CONDITIONS OF DELIVERY

## I. General Terms

1. These General Conditions of Delivery apply exclusively to the legal relationship between ASTEELFLASH and the Buyer in relation to deliveries and/or services (hereinafter: deliveries) waiving the Buyer's general terms and conditions. The Buyer's general terms and conditions only apply to the extent that ASTEELFLASH expressly agreed to them in writing. The mutually agreed upon written declarations determine the scope of delivery.

2. ASTEELFLASH retains full right of retention and industrial proprietary patent rights for all estimates, drafts, drawings, plans, licenses and other documents (subsequently referred to as documents). Any technology and know-how as well as all intellectual or industrial property rights, whether or not patented or incorporated, shall remain the exclusive property of ASTEELFLASH. Documents may only be made available to third parties after ASTEELFLASH's prior explicit written consent. If a contract is not granted to ASTEELFLASH, the documents must be returned to ASTEELFLASH immediately upon first request. Sentences 1 to 4 shall apply analogously for documents of the Buyer; however, they may be made accessible to those third parties to which ASTEELFLASH admissibly transferred deliveries.

3. The Buyer has the non-exclusive right to use standard and company software with the agreed performance features in unaltered form using the on agreed-upon devices. The Buyer may make a backup copy of standard software without requiring express agreement.

4. Partial deliveries by ASTEELFLASH are permissible, provided they are acceptable for the Buyer.

5. The term "claim for damages" as used in these General Conditions Delivery also includes claims for reimbursement of expenses incurred by ASTEELFLASH.

## II. Price and Terms of Payment

1. Quoted prices are defined ex works, exclusive packaging, plus the respective applicable statutory value added tax (VAT). If ASTEELFLASH has taken over the set-up or assembly and unless otherwise agreed upon, the Buyer shall bear – aside from the stipulated compensation – all required additional expenses, including travel costs, cost for transportation, insurance, customs, assembly and provision costs as well as daily allowances. Non-reusable packages are always payable by the Buyer. Reusable packages remain the property of ASTEELFLASH. In the absence of any special instructions in this regard, the packaging shall be selected by ASTEELFLASH. For such reusable packages ASTEELFLASH shall issue a rental invoice to the Buyer. The Buyer is obliged to return the reusable packages to ASTEELFLASH immediately. If the package is not returned immediately or within the agreed period of time, the Buyer is obliged to reimburse ASTEELFLASH for the price of the packages. Offers are only valid within the one-month term of acceptance, unless otherwise agreed. Orders must be submitted to ASTEELFLASH in written form. Orders submitted via fax or email shall only be considered valid if ASTEELFLASH provides written confirmation of receipt of the order within 8 days. Cancellation or amendment of the placed order or a product return by the Buyer requires the explicit prior written agreement of ASTEELFLASH. After the warranty period has expired, delivered products may not be returned.

2. The prices and information appearing in catalogues, brochures and price lists of ASTEELFLASH are provided on an indicative basis only. ASTEELFLASH reserves the right to make any changes to the form, dimensions, description, material or price, irrespective of the prices and information appearing in catalogues, brochures and price lists.

3. The sale contract shall be considered validly concluded when the Buyer's order is explicitly accepted by ASTEELFLASH in writing. This applies even if a previous offer has already been accepted.

4. In case of an offer for products relating to non-euro currencies, ASTEELFLASH, unless otherwise agreed to in writing, reserves the right to adjust prices after conclusion of the sale contract in case of currency fluctuations in relation to the Euro of 2.5% or more in relation to the market value of the currency used in the bid to designate the price of

material on the day of the offer (European Central Bank (ECB) – at 12 noon CET on the day of submitting the offer).

## III. Retention of Title

1. All goods delivered by ASTEELFLASH (retained goods) shall remain the property of ASTEELFLASH until all claims ASTEELFLASH has against the Buyer through the business relationship has been satisfied. If the combined value of the security interests due to ASTEELFLASH exceeds the value of all secured claims by more than 10%, ASTEELFLASH shall release a corresponding portion of the security interest if so requested by the Buyer; ASTEELFLASH shall have the right to choose between various security interests for release.

2. For the duration of the retention of title according to Article III. No. 1, the Buyer may not pledge the retained goods delivered by ASTEELFLASH nor use them as security, and resale shall only be possible for the Buyer in the ordinary course of business and under the provision that the Buyer receives payment from his Customer or makes the transfer of ownership to the Customer contingent upon full payment by the Customer.

3. In the event that the Buyer resells goods that are subject to retention of title he hereby assigns all future claims against his Customers to ASTEELFLASH – including possible balance claims -- without the need for any further special declarations. If the goods subject to retention of title are resold together with other goods without agreement on an individual price for the goods subject to retention of title, the Buyer shall assign to ASTEELFLASH the specific part of the total price claim corresponding to the price of the goods subject to retention of title invoiced by ASTEELFLASH.

4. The Buyer shall inform ASTEELFLASH immediately in case of garnishment, seizure or other court orders or interventions by third parties.

5. If the Buyer fails to fulfil his duties, especially in rendering due payments, ASTEELFLASH shall be entitled to cancel the Contract and take back the goods should the Buyer fail to remedy this within a reasonable period; the statutory provisions governing the non-necessity of a set period shall remain unaffected. The Buyer shall be obliged to relinquish the goods immediately. Taking back the goods and exercising the retention of title, or seizure of the retained goods by ASTEELFLASH shall not constitute a termination of the contract, unless this has been expressly declared by ASTEELFLASH.

6. The Buyer accepts the risk of deterioration of goods on the day of delivery, and shall be responsible to ASTEELFLASH for any resulting damages even if he was not responsible for the damage.

## IV. Delivery Periods and Delay

1. The specified delivery date refers to an ex works delivery by ASTEELFLASH. Delivery shall be made, either by direct delivery to the Buyer, or by simple notice to the Buyer of availability for collection, or by delivery in the factories or shops of ASTEELFLASH to a shipper or transportation company appointed by the Buyer or, failing such appointment, selected by ASTEELFLASH. The observance of agreed time limits for deliveries presupposes the prompt receipt of all documents to be delivered by the Buyer, required authorisations and releases, in particular of plans, as well as observance of the agreed terms and conditions of payments and other obligations of the Buyer. Should these prerequisites not be fulfilled on time, the time limits shall be appropriately extended. This shall not apply if ASTEELFLASH is responsible for the delay.

2. These terms are reasonably extended if the delay is caused by acts of God, e.g. mobilisation, war, unrest or similar events (strike, lockout). The same applies for delayed or improper deliveries by ASTEELFLASH.

3. In case of delayed deliveries by ASTEELFLASH the Buyer may claim damages for each complete week of delay as from the third week at 0.5% and up to a total maximum of 3% of the price of the part of the delivery that could not be used as intended because of the delay, provided the Buyer can furnish evidence of the loss incurred. If

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ASTEELFLASH provides evidence of a lesser damage to the Buyer, ASTEELFLASH shall only have to settle for the lesser damage. A penalty may only be applied if the delay is the fault of ASTEELFLASH. This penalty shall be considered a flat-rate damage compensation. This penalty for delayed delivery on the part of ASTEELFLASH may only be applied if, at the time of conclusion of the contract, the Buyer confirmed in writing his intention to apply the penalty against ASTEELFLASH in case of delayed delivery.

4. Both claims for damages by the Buyer due to delayed delivery and claims for damages in lieu of performance that exceed the limits defined in Article IV. No. 3 above are prohibited in all cases of delayed delivery, even after expiry of any deadline specified by ASTEELFLASH. This does not apply in case of mandatory statutory liability because of intentional or gross negligence by ASTEELFLASH or damage to life, body or health. The Buyer may legally withdraw from the contract only if ASTEELFLASH is responsible for the delay. The above regulations do not change the burden of proof to the Buyer's disadvantage.

5. Upon ASTEELFLASH's request, the Buyer is obliged to declare within a reasonable time whether, due to a delay in delivery, he intends to terminate the contract in accordance with Article IV. No. 4, or whether he insists on delivery.

6. If shipment or delivery is delayed upon the Buyer's request for more than one month after ASTEELFLASH's notification of readiness for shipment, ASTEELFLASH is entitled to charge storage charges at 0.5% but not more than 3% of the price of goods concerned for every month begun. The parties to the contract may provide evidence of higher or lower storage charges.

## V. Transfer of Risk

1. Even in cases of freight-paid delivery, the risk shall be transferred to the Buyer as follows:

- a) if the supplies do not include set-up or assembly at the time of being shipped or picked up. At the Buyer's request and expense, ASTEELFLASH shall insure the supplies against the usual risks to goods in transit;
- b) if the supplies do not include set-up or assembly on the day of acceptance at the Buyer's premises or, if explicitly agreed in writing, following a flawless test run.

2. The risk shall transfer to the Buyer if the dispatch, delivery, commencement, set-up or assembly, the acceptance into the Buyer's own premises or trial run is delayed for reasons for which the Buyer is responsible, or if the Buyer otherwise delays acceptance of the goods.

## VI. Tools and Devices

1. The Customer shall pay, on a pro-rata basis, for those tools and devices produced to implement the Customer's orders. The Customer shall pay 100% of the proportional cost if metal templates must be produced anew due to wear. Metal templates and devices, as well as set-up costs, are dependent on batch size. ASTEELFLASH reserves the right to charge for their mass production, which may be reasonable in high volume cases.

## VII. Set-up and Assembly

The following terms apply for set-up and assembly, provided no other terms have been agreed upon in writing between ASTEELFLASH and the Buyer:

1. The Buyer shall accept at his own expense and provide on time:

- a) all earthworks, construction work and other auxiliary work from outside the industry, including the correspondingly required experts and labourers, construction material and tools,
- b) the necessary items and materials required for set-up and commissioning, such as scaffolding, hoisting equipment and other devices, fuels and lubricants,

- c) energy and water at the application site, including connections, heating and lighting,
- d) at the set-up site, sufficiently large, suitable, dry and lockable rooms for storing machine parts, apparatuses, materials, tools, etc., and for the assembly personnel workrooms and common rooms, including sanitary facilities appropriate to the circumstances; additionally, the Buyer shall take the same measures at the construction site for the protection of ASTEELFLASH's property and the employed assembly personnel as he would take for the safety of his own property and personnel.
- e) protective clothing and protective devices required due to special circumstances at the construction site.

2. Prior to the beginning of assembly work the Buyer shall provide, without being requested to do so, necessary information on the location of concealed power, gas and water lines and similar installations as well as necessary statics.

3. Prior to the beginning of set-up or assembly, the provisions and devices necessary for commencing the work must be at the set-up or assembly location, and all preliminary work must have been advanced to a certain point, prior to the beginning of set-up work, that the set-up or assembly can be performed without interruptions according to the contractual agreements. Access roads and the set-up or assembly site must be levelled off and cleared.

4. If set-up, assembly or commissioning is delayed due to circumstances which ASTEELFLASH is not responsible for, the Buyer shall bear to a reasonable extent the costs for the waiting period and additionally required travelling by the assembly personnel.

5. The Buyer shall weekly and promptly attest to ASTEELFLASH the working hours of assembly personnel as well as the termination of the set-up, assembly or commissioning.

6. If ASTEELFLASH demands acceptance of the delivery after completion, the Buyer shall provide the same immediately, at the latest within two weeks. If this is not done, the acceptance is deemed to have been granted. Acceptance is also assumed to have been granted if the delivery is being used – possibly after conclusion of a stipulated test phase.

## VIII. Acceptance

The Buyer must not refuse to accept the delivery due to minor defects.

## IX. Terms of payment

1. Invoices are payable in full by the Buyer within 30 days without any deductions.

2. As of the due date of the invoice the Buyer is obliged to pay interest on the sum payable from the due date at a rate of 10% above the respectively current key interest rate of the European Central Bank. Interest on arrears shall be due without further reminder.

3. Any offsetting by the Buyer may only be permitted against such claims if they are undisputed or legally binding.

## X. Material Defects

ASTEELFLASH shall be liable for material defects as follows:

1. At the discretion of ASTEELFLASH, all of those parts or services displaying a material defect are to be repaired, replaced or provided again free of charge, provided that the cause of the material defect already existed at the time of the risk being transferred. If the material defect pertains to the electrical function of the component/device and no electric testing has been performed by ASTEELFLASH as agreed upon, ASTEELFLASH's material defect liability for the electrical function of the component/device shall be excluded. ASTEELFLASH's liability for material defects and damages caused by material defects shall be excluded entirely if the material defect is caused either by materials or

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components provided by the Customer or by designs/drawings or other specifications provided by the Customer.

2. Rectification claims shall be subject to a limitation period of 12 months from delivery according to Article IV. No. 1 or in case of assembly after acceptance according to Article VII. No. 6. The equivalent regulation applies for the termination of the contract and price reductions. This time period shall not apply where longer time periods are prescribed by law according to Sections 438 Para 1 No. 2 (buildings and material for buildings), Section 479 Para 1 (recourse action) and Section 643a Para 1 No. 2 (defects in buildings) of the German Civil Code (BGB) in the case of intent, fraudulent concealment of defects, or non-observance of a quality guarantee. The legal provisions concerning the suspension, interruption and resumption of limitation periods remain unaffected.

3. The Buyer shall notify ASTEELFLASH in writing of any defects immediately.

4. In any case ASTEELFLASH must be given the opportunity to rectify any defects within a reasonable time period.

5. If the rectification fails, the Buyer may withdraw from the contract or reduce payment, irrespective of any damage claims according to Section XIII..

6. Claims for defects shall not be valid in cases of insignificant deviation from the agreed quality, only minor impairment of usefulness, natural wear and tear or damage arising after the transfer of risk due to faulty or negligent handling, excessive strain, unsuitable operating materials, substandard construction work, inappropriate foundation soil, or as a result of particular external influences not assumed under the contract, as well as non-reproducible software errors. Claims for defects attributable to improper modifications or repair work carried out by the Buyer or third parties and the consequences thereof shall also be invalid.

7. Claims asserted by the Buyer on account of the expenditure required for rectification, in particular the cost of transportation, travelling, labour, and material, shall be ruled out in as much as such expenditure increases as a result of the object of delivery having been subsequently transported to a place other than the Buyer's premises, unless such transportation complies with its intended use.

8. The Buyer's right of recourse against the ASTEELFLASH pursuant to Section 478 of the German Civil Code (BGB) (trader's recourse) is limited to cases where the Buyer has not concluded any agreements with its Customer exceeding the scope of the statutory provisions governing claims for defects. Furthermore, item 8 shall apply accordingly to the scope of the right of recourse the Buyer has against ASTEELFLASH pursuant to Section 478, Paragraph 2 of the German Civil Code.

9. Any claims for damages on the Buyer's part based on a material defect shall be excluded. This shall not apply in the case of fraudulent concealment of the defect, non-observance of a quality guarantee, injury to life, body or health, or violation of freedom, or in the case of a wilful or grossly negligent breach of duty on the part of ASTEELFLASH. The above regulations do not constitute a change in the burden of proof to the detriment of the Buyer. Any claims of the Buyer for defects provided for in this Article X. or elsewhere shall be excluded.

## XI. Industrial Property Rights and Copyrights; Defects of Title

1. Unless otherwise agreed, ASTEELFLASH is obliged to provide the delivery free of third party industrial property rights and copyrights (hereafter: property rights) only within the country of the delivery location. If a third party raises justified claims against the Buyer on the grounds of infringement of property rights by deliveries provided by ASTEELFLASH and used in accordance with the contract, ASTEELFLASH shall be liable to the Buyer within the period specified in Article X. No. 2, as follows:

- a) At its own discretion and expense, ASTEELFLASH will, with respect to the delivery concerned, either obtain usage rights, modify the delivery so that it no longer infringes

property rights, or replace them. If it is not possible for ASTEELFLASH to reasonably do so, the Buyer is entitled to exercise the statutory rights of termination or price reduction.

- b) ASTEELFLASH's obligation to pay damages shall be governed by Article XIII. of these General Conditions of Delivery.

- c) ASTEELFLASH's above-mentioned obligations shall only be valid if the Buyer promptly notifies ASTEELFLASH in writing of any claims raised by third parties, does not concede an infringement, and reserves ASTEELFLASH's rights for all defensive measures and settlement negotiations. If the Buyer discontinues the use of the delivery on the grounds of loss mitigation or for other good reason, he shall be obliged to notify the third party that the discontinuation of use does not constitute acknowledgement of infringement of a property right.

2. Any Buyer claims shall be excluded insofar as he is responsible for the infringement of a property right.

3. Any Buyer claims shall also be excluded if the infringement of the property rights is due to specifications made by the Buyer, unanticipated use by ASTEELFLASH, or is caused by the delivery being modified by the Buyer or used in conjunction with products not delivered by ASTEELFLASH.

4. In the event of property right infringements, the provisions of Article X. No. 4, 5 and 9 shall apply accordingly in other respects to the claims by the Buyer pursued in No. 1 a).

5. Where other defects in title occur, the provisions of Article X. shall apply accordingly.

6. Any additional or other claims of the Buyer against ASTEELFLASH and its vicarious agents for defects of title not regulated in Article XI. shall be excluded.

## XII. Impossibility of Performance, Adjustment of Contract

1. If the delivery cannot be carried out, the Buyer shall be entitled to claim damages, unless ASTEELFLASH is not responsible for this. However, the Buyer's claim for damages shall be limited to 10% of the value of that part of the delivery that cannot be put to its intended use due to the impossibility to deliver. This limitation shall not apply in cases of mandatory liability based on intent, gross negligence, or due to injury to life, body or health; this shall not constitute a change in the burden of proof to the detriment of the Buyer. The right of the Buyer to cancel the contract shall remain unaffected.

2. In as far as unforeseeable circumstances as defined by Article IV. No. 2 substantially alter the economic significance or content of the delivery, or have a considerable impact on the Buyer's business, the contract shall be amended appropriately in good faith. Should this not be economically viable, ASTEELFLASH shall have the right to withdraw from the contract. In ASTEELFLASH intends to withdraw from the contract, ASTEELFLASH is to inform the Buyer immediately on learning the implications of the circumstance concerned; this shall also apply even if an extension of the delivery period had initially been agreed with the Buyer.

## XIII. Other Claims for Damages

1. Any claims for damages or claims for reimbursement of expenses the Buyer may have, regardless of the legal grounds, especially due to a breach of duties arising from contractual obligation or tort, shall be excluded.

2. This shall not apply in the case of mandatory statutory liability, for example, pursuant to the German Product Liability Act, in cases of intent, gross negligence or injury to life, body or health or due to breach of fundamental contractual obligations. However, claims for damages concerning a breach of fundamental contractual obligations shall be limited to foreseeable damage intrinsic to the contract, unless caused by intent or gross negligence, or based on liability for injury to life, body, or

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health. The above regulations do not constitute a change in the burden of proof to the detriment of the Buyer.

3. Provided that the Buyer is entitled to claims for damages according to Article XIII., these shall become time-barred upon expiry of the applicable statute of limitations periods set out by Article X. No. 2. The same shall apply to claims made by the Buyer in conjunction with measures for damage prevention (e.g. recalling items). The provisions governing the statute of limitations shall apply in the case of claims for damages pursuant to the German Product Liability Act.

## XIV. Place of Jurisdiction and Applicable Law

1. If the Buyer is a trader, the sole place of jurisdiction for all disputes arising directly or indirectly from the contractual relationship shall be the ASTEELFLASH's registered location. However, ASTEELFLASH shall also have the right to take legal action at the Buyer's registered location.

2. Legal relations existing in connection with this contract shall be governed by German substantive law to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

## XV. Contract Validity

Should individual provisions of this contract be invalid, the remaining parts shall nevertheless be binding. This shall not apply if adherence to the contract would cause undue hardship for one of the parties.

## XVI. Supplementary Clause: Extended Retention of Title

In addition to Article III., the following basic and extended retention of title is agreed:

1.a) The Buyer is entitled to process the retained goods or to mix or combine these with other items. The processing, mixing or combination (hereinafter: processing) occurs on behalf of ASTEELFLASH. The Buyer shall store the new item on behalf of ASTEELFLASH by exercising due commercial care. The new items are considered retained goods.

1.b) By way of this regulation, ASTEELFLASH and Buyer have agreed that if the supplied goods are combined or mixed with items that do not belong to ASTEELFLASH, ASTEELFLASH shall always be granted joint title to the new product in the ratio of the value of the combined or mixed retained goods to the value of the remaining goods at the time of combining or mixing. The new item shall be deemed retained goods.

1.c) In accordance with above Article III. No. 3., the assignment of claims provision also applies to new items. Such assignment is valid only up to the amount that equals the amount invoiced by ASTEELFLASH for the processed, combined or mixed retained goods.

1.d) If the Buyer combines the retained goods with properties or mobile objects, he will assign to ASTEELFLASH, without requiring any special further explanation, the claims that he is entitled to as compensation, for the combination with all ancillary rights for security in the amount of the ratio of the value of the combined retained goods to the other combined goods at the time of combination.

2. The Buyer is authorised to collect assigned claims arising from a resale until such authorisation is revoked. Where good cause exists to do so, in particular in the event of default in payment, stoppage of payment, the commencement of insolvency proceedings, bill protest, or reasonable indication of insolvency or threatened insolvency of the Buyer, ASTEELFLASH is entitled to revoke the Buyer's right to collect assigned claims. Furthermore, following a prior warning and complying with a reasonable deadline, ASTEELFLASH may disclose such information regarding assignments by way of security, exploit assigned outstanding balance claims and require the Buyer disclose any assignments by way of security.

3. In the event of seizure, sequestration or other dispositions or interventions by third parties, the Buyer shall notify ASTEELFLASH. Following authentication of a justified interest, the Buyer shall hand over

the necessary documents to ASTEELFLASH for assert its rights against the Customer.

4. If the Buyer is in breach of his obligations, in particular if he is in default of payment, ASTEELFLASH shall be entitled to withdraw from the contract and take back the goods if the Buyer has failed to remedy the breach within the reasonable time period specified; this shall be without prejudice to the legal provisions stipulating that no deadline needs to be established. The Buyer shall be obliged to surrender the goods. The taking back of the goods, assertion of the retention of title, or seizure of the retained goods by ASTEELFLASH does not constitute a withdrawal from the contract unless ASTEELFLASH has expressly stated that it should be understood as a withdrawal.

## XVII. Supplementary Clause: Special Characteristics of Material

1. By means of the Customer's acceptance and commissioning of the project/products, ASTEELFLASH shall be authorised and entitled to order, as necessary, material for which the Customer is accountable in order to be able to supply orders and forecasts according to the material delivery times. Such authorisation includes, without limitations, additional material that is necessary in ASTEELFLASH's opinion, provided this can be evidenced with due consideration of any minimum requirements by suppliers for orders and/or minimum order quantities of suppliers, dimensions of packaging and the most economical order quantities. Without restriction to the abovementioned regulations, ASTEELFLASH is entitled and authorised to order such necessary material at all times for which the delivery schedule is longer than the order/liability timeframe of the forecast or Customer order. ASTEELFLASH will only procure material in compliance with the Customer's list of approved suppliers, if such a list is provided. For all other suppliers, ASTEELFLASH will seek the Customer's prior written approval. Approval is deemed to have been given if the Customer does not respond to a request within 14 days. In the event of inconsistencies between the terms of this contract and the conditions negotiated between the Customer and suppliers, ASTEELFLASH shall be released from any liability toward the Customer in accordance with this contract. If the Customer instructs ASTEELFLASH to purchase materials according to contracts negotiated by the Customer, the Customer shall bear primary responsibility to instruct his suppliers to provide services in accordance with these contracts, including the dissolution of any quality issues and the compensation to ASTEELFLASH for any expenses reasonably incurred in connection with problems in the quality of the material.

2. Free Issue Material shall be made available by the Customer to ASTEELFLASH free of charge and no later than one week prior to the start of production. As a general rule, ASTEELFLASH shall trigger orders of Free Issue Material. Failing this, the Customer shall oversee adherence to punctual delivery. The Free Issue Material shall be transferred to ASTEELFLASH's warehouse, explicitly labelled, and managed in the same way as ASTEELFLASH's own material and included in the inventory. Additional inventories requested by the Customer are separately billed. Expenses for storage and handling of Free Issue Material are included in the production costs. The Free Issue Material must be of the same quality as material purchased by ASTEELFLASH (delivery quantity, schedule, packaging, etc.). The Customer shall be billed for any costs associated with improper Free Issue Material, particularly for packaging not suitable for machine processing, insufficient quality, or delayed delivery. Additional requirements due to technical considerations must be particularly noted and taken into account. ASTEELFLASH cannot guarantee delivery quantities if this is not observed.

3. If at any time the total quantity of any material part necessary for the production of Customer products which ASTEELFLASH has available, or which has been ordered or manufactured upon mutual agreement is greater than the sum of: (I) the quantity of such material part that is used by ASTEELFLASH in the manufacturing of products for the Customer in accordance with this contract within the previous thirty (30) days; and (II) the quantity of such material which, according to ASTEELFLASH's forecast, will be used in the manufacturing of products for the Customer in accordance with this contract in the following fifteen (15) days, then such quantity of material will be considered "excess material." On or about the fifteenth (15<sup>th</sup>) day of every month, ASTEELFLASH will provide the Customer with a notification on the quantity and value of the

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available excess materials as of the end of the previous month. Within sixty (60) day of receiving such notification from ASTEELFLASH (the date of receipt of notification), the Customer shall simultaneously issue the following to ASTEELFLASH: (I) an order for the delivery of warehoused excess material in accordance with the definition below, and (II) an order for warehousing fees ("order for warehousing expenses") at a price of two (2) percent per month in relation to the average value of the respective excess material from the date of receipt of notification until the day the Customer issues an order for the delivery of warehoused materials and the order for warehousing expenses to ASTEELFLASH. Unless otherwise agreed in writing, the average value is calculated based on the warehouse inventory at the end of the month. The Customer shall inform ASTEELFLASH's purchasing department of any material bought by the Customer from ASTEELFLASH that is still suitable for the manufacturing of Customer products, so that ASTEELFLASH's purchasing department can give priority to purchasing material from the Customer rather than on the free market. The purchase price of such material is the cost of the material as used in the currently valid calculation. In the event of a complete or partial production of orders or their rescheduling or cancellation, or a reduction in a forecast or the termination of this contract or parts thereof or any other incident including a change in the specifications or a change in construction, which results in the material that ASTEELFLASH purchased or issued an order to the material providers for, and now based on the most recent orders and forecasts is no longer needed for the manufacturing of products within the following six (6) months (or that is otherwise unsuitable for use in the manufacturing of products due to the lapsed deadline), said material shall be considered excess material. For this material, the Customer shall issue an order for the delivery of warehoused materials to ASTEELFLASH concerning the obsolete material seven (7) working days after receipt of such a notification. In the case of excess material, the order price is the price as expressed by the current costs of such products. In the case of obsolete material, the order price is the price paid by ASTEELFLASH for such outdated material specified in the product-price determination. Any excess or obsolete materials bought by the Customer from ASTEELFLASH by way of an order to deliver warehoused material is considered a part of the inventory owned by the Customer. The order for the delivery of warehoused materials should compensate lower prices, including deficits, resulting from the sale of material at lower prices than originally paid by ASTEELFLASH for such material as well as costs in relation to restocking and fees for returning goods. If at any time any material becomes surplus or obsolete, ASTEELFLASH will undertake appropriate efforts to (a) cancel outstanding orders for such material, (b) return material to the original supplier or third parties or sell it at conditions determined at the discretion of ASTEELFLASH and, (c) to use excess material and material deliveries that cannot be cancelled for the manufacturing of other products. The mitigation efforts should continue for a period of up to fourteen (14) days. Any invoices relating to excess or obsolete material are to be paid in full to ASTEELFLASH in Euro (immediately and without deductions) within seven (7) days from the invoice date.

4. If a Customer cancels an order or a part thereof:

- a) in the case of prototypes, initial batches, preliminary production, semi-finished products (provided ASTEELFLASH was entitled to manufacture and deliver these to the Customer) or end products, the Customer must pay ASTEELFLASH the full price for such a cancelled order (or a part thereof);
- b) if the order (or a part thereof) is cancelled within thirty (30) days of the planned delivery schedule specified in the original order, the Customer must pay ASTEELFLASH the value-added costs of the cancelled order(s) (or a part thereof) for all products for which ASTEELFLASH at that point in the manufacturing process, had not yet started; where "value-added costs" are defined as the full product price minus the material costs for ASTEELFLASH.
- c) the Customer shall cover all expenses for all material and/or surplus stock that resulted from the cancellation.
- d) the Customer shall cover any other expenses demonstrably connected with or caused by the cancellation. This also applies to missing amortisation of tools, apportioned one-time costs or other remedies.

If the Customer postpones jointly agreed deadlines, the Customer may be billed by ASTEELFLASH for costs demonstrably resulting from such postponement. ASTEELFLASH must be consulted in advance regarding

postponement; a maximum of three months is permissible. If a postponement exceeds three months, the postponement will be interpreted as a cancellation and handled as such. If the Customer refuses or fails to accept a delivery from ASTEELFLASH based on an order or this contract, ASTEELFLASH, at its discretion, may consider such an order (or the relevant part thereof) a cancellation on the part of the Customer.