

General Terms and Conditions of Sale (VLB) of the PI Ceramic GmbH

Issued: July 1, 2006, Latest Revision: Jan 1, 2008

I. General, Coverage

(1) These General Terms and Conditions of Sale are valid exclusively. Contrary conditions of the ordering party or conditions differing from these General Terms and Conditions of Sale shall not be effective, except in cases where there has been an explicit consent as to their validity. These General Terms and Conditions of Sale are also valid even if despite knowledge of conditions of the ordering party contrary to or differing from these General Terms and Conditions of Sale the delivery is executed without prejudice.

(2) The entirety of all agreements, conditions, and considerations between PIC and the Customer relating to execution of this agreement is contained herein.

(3) These General Terms and Conditions of Sale are only valid in relation to companies and legal entities as set forth in § 14 BGB and § 310 BGB.

II. Offer, Documentation, Order Contracts

(1) PIC's offers are non-binding unless the order confirmation contains clauses stipulating otherwise. Based on these General Terms and Conditions of Sale orders placed with PIC shall only be deemed contractual after they have been confirmed in writing by PIC or after PIC has commenced with the fulfillment of the contractual work or deliveries. Ancillary agreements and amendments must be confirmed in writing by PIC.

(2) PIC is freed of its performance obligation even in case of confirmed orders under circumstances where the delivery or partial delivery is made impossible by unpredictable obstacles outside PIC's responsibility. Such reasons may be regulatory orders, higher power or supplies delivered late or faulty.

(3) Documentation relating to offers such as pictures, drawings, as well as weight and measure specifications are only approximations unless they are expressly specified as binding. Quotes, drawings, and other documentation remain physical and intellectual property of PIC; they must not be made available to third parties. If plans marked as confidential are provided by the Customer, PIC agrees to make them available to third parties only with the Customer's express consent.

III. Pricing, Payment Conditions

(1) Unless otherwise provided in the order confirmation the prices are FOB factory prices, not including shipping from Karlsruhe or – at the discretion of PIC – from the nearest airport. Orders which do not explicitly specify prices are calculated based on the list prices valid on the day of delivery. Prices not including customs fees („ohne Zoll“) are subject to timely presentation of a customs waiver and to approval by the customs agency.

(2) Prices do not include the legally required Value-Added Tax (VAT or „MwSt“). The VAT shall be itemized separately on the bill at the rate in effect on the billing date.

(3) The Customer shall be deemed in default if it fails to remit payments due the latest 30 days after receipt of the invoice or any payment-due notice equivalent. It remains within [PIC's] discretion to effect such default at an earlier time by issuing a reminder, to be served after the due date. Contrary to paragraphs 1 and 2 of this Article, the Customer shall be in default also in such cases where it is agreed that the sales price is to be paid on a specified date and the Customer fails to remit its payment by that date. Invoices are due without discounts. Delivery may be made against pre-payment or COD, especially for first-time orders or after occurrence of late payments.

(4) Payments shall be considered made only at such time when PIC has actual access to the monies involved.

(5) The Customer may deduct counter claims [from its payments] only after they have been determined undisputed and legally binding. In such a case the Customer is additionally entitled to exercise its right to withhold payment to the extent that its counter claim relates to the same contract.

(6) Without prejudice against further claims by PIC the Customer in case of payment default shall pay interest to PIC of 5% above the current base rate of the European Central Bank.

(7) Delivery of open orders may be made contingent upon timely payment of monies due. If after entering into a contract PIC learns of circumstances mitigating against the credit worthiness of the Customer PIC is entitled to withdraw from the contract and/or without regard for any due dates demand payment for or immediate release of merchandize already delivered.

IV. Delivery Times

(1) The delivery time commences with the date of mailing the order confirmation but not before supplying the documentation to be provided by the Customer such as permits, releases, and not before receipt of any agreed down payment.

(2) The delivery time shall be considered met if the merchandize ordered has left the factory or the Customer has been notified of the merchandize being ready for shipment by the delivery due date.

(3) The delivery time shall be extended appropriately in case of labor disputes especially such as strikes and lockouts, as well as in case of unexpected events outside the influence of PIC, provided such hindrances are proven to have a significant influence on the completion or delivery of the merchandize ordered. The same also applies if such circumstances arise at PIC's suppliers. PIC shall further not be held liable for the above circumstances if they occur during an already

existing delivery delay. In important cases PIC will notify the Customer of the beginning and end of such hindrances as soon as possible.

(4) In case of a delay on the part of PIC and after setting a fulfillment period of another 4 weeks, the Customer may rescind the contract or in such cases where the Customer has suffered damages due to a delay caused by PIC may claim delay damages excluding any further claims. Such delay damages amount to one half of one percent per week of the delay but may total no more than five percent of the value of that part of the total order which due to the delay could not be used in time or not in the manner contracted for. These limitations apply only in case of simple negligence. PIC is not liable for damages if they would have also occurred in case of a timely delivery.

(5) If the shipment is delayed upon request of the Customer the costs arising in connection with the storage at the PIC factory but at least one half of one percent of the invoiced amount per month is charged starting one month after notification of readiness for shipment. If after notifying the Customer of an appropriate waiting period such time has passed without action PIC is entitled to dispose of the merchandize ordered as it sees fit and to deliver to the Customer at an appropriately extended delivery time.

(6) Prerequisite for PIC keeping the delivery time is the Customer's fulfillment of its obligations under the respective contract.

V. Risk Assignment, Insurance, Packing

(1) The risk is assigned to the Customer at the time of shipment of the merchandize; this applies also in case of partial delivery and if PIC has agreed to undertake additional items such as shipping costs, delivery, and erection. PIC can upon Customer's request and at its expense insure the shipment against theft, breakage, freight, fire, and water damage and various other coverable risks.

(2) If the shipment is delayed due to circumstances within the Customer's responsibility the risk is assigned to the Customer beginning with the date the order is ready for shipment, but PIC must if requested by the Customer at Customer's cost procure such insurance coverage as it demands.

(3) Delivery must be taken of merchandize delivered even if it has minor flaws. This does not preempt the Customer's rights as set out in Article VII.

(4) Partial deliveries shall be permitted unless the Customer can prove that the partial delivery represents an unreasonable imposition.

(5) With the exception of pallets, no transport or any other packaging meeting the packaging regulation will be taken back [by PIC]. The Customer is obligated to effect the disposal of any such packaging at its own expense.

VI. Title

(1) Up to such time as all monies due have been received PIC reserves the right of ownership on the merchandize ordered. This title also remains with PIC in case of receivables of PIC arising from any other ongoing business relationship with the Customer and up to such an amount as PIC is entitled to based on the current purchase.

(2) PIC is entitled to insure the merchandize ordered at Customer's expense against theft, breakage, fire, water, and other damage provided the Customer itself cannot provide proof of itself having purchased appropriate insurance.

(3) The Customer may not mortgage the merchandize to be delivered, nor pass any rights thereto to third parties as a security, nor make any dispositions to the detriment of any merchandize still property of PIC except for actions taken in the context of regular business dealings.

(4) If maintenance and inspection work needs to be performed these must be undertaken in a timely manner by the Customer at its own expense.

(5) In case of liens against the merchandize ordered or any actions brought by third parties the Customer must immediately inform PIC in writing in order to enable PIC to file suit pursuant § 771 ZPO. Inasmuch as such third party is unable to reimburse PIC for the court or out-of-court costs of said suit filed pursuant § 771 ZPO the Customer shall be liable for any damages incurred by PIC.

(6) Any processing or use of any such merchandize whose title is still with PIC shall be performed by the Customer for and in the name of PIC without any obligations arising for PIC. In case of any processing, use, or merging of such merchandize with other items not property of PIC, the partial property of the newly created item shall be assigned to PIC to the extent corresponding to the value of PIC's part at the time of said processing, use, or merging. If the Customer gains sole proprietorship of the newly created item Customer shall without the requirement for a separate agreement assign property rights to PIC to the extent corresponding to the value of PIC's part at the time of said processing, use, or merging and maintain its safekeeping it safely without any costs incurring for PIC.

(7) The Customer is entitled to sell such reserved merchandize or the product newly created using it in the course of its regular business dealings. In such case Customer at the present time and without the requirement for a separate agreement for each individual occurrence assigns to PIC the title to the gross amount (including VAT) of the receivables arising against its customers or third parties from such sale up to the amount owed to PIC, regardless whether the merchandize was sold with or without any processing. The Customer shall retain the right to collect such receivables even after the assignment. This shall not

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preclude the right of PIC itself to collect them. PIC, however, agrees not to collect the receivables as long as Customer meets its payment obligations arising from the income collected and does not incur any delays and especially does not file for bankruptcy or insolvency. If this be the case PIC can demand that the Customer discloses to PIC the assigned receivables and the corresponding debtors, providing all data necessary for collecting them, turning over all related documents, and notifying the debtors (third parties) of that assignment.

(8) In case of any violation of the contract through the Customer, especially payment default, PIC after issuing a reminder with a fulfillment period is entitled to repossession and the Customer is obligated to release the merchandize. The Customer shall carry any and all costs incurred in the course of such a repossession or release. The enforcement of a property title by PIC or a repossession of any delivered merchandize by PIC do not constitute a withdrawal from the contract.

VII. Warranty for Faulty Merchandize

In case of faults of merchandize delivered PIC shall notwithstanding Article VIII and barring any additional claims be liable as follows:

(1) Any parts or components whose usability for the intended purpose turns out within 24 months after risk assignment to be severely impaired due to a circumstance originating before the risk assignment, especially faulty construction, defective material, or deficient manufacture, shall at reasonable discretion by PIC be repaired or replaced. PIC must immediately be notified of the determination of any such faults. To maintain its entitlement to replacement, the Customer must notify PIC within 10 days after delivery in writing of obvious faults and such faults apparent by inspecting the merchandize after delivery.

(2) If two attempts at correction by PIC fail the Customer is, at its discretion, entitled to either demand a price reduction or to withdraw from the contract.

(3) Parts replaced become property of PIC.

(4) There will be no warranty for damages occurring due to the following reasons: Unsuitable or improper use, faulty installation or startup by the Customer or a third party, regular wear, faulty or negligent handling, unsuitable operating materials or consumables, deficient building provisions, unsuitable site properties, chemical, electro-chemical or electrical influences, provided they are not caused by PIC.

(5) The Customer must after communicating with PIC allow PIC the required time and opportunity for performance of all repair and replacement deemed necessary in PIC's reasonable discretion, otherwise PIC shall not be liable for any deficiencies. Only in urgent case of the endangerment of operational safety and to prevent unreasonably extensive damage - whereby PIC must be notified immediately - or if PIC defaults on remedying the fault the Customer is entitled to remedy the fault itself or have it remedied by third parties and to demand the necessary costs be reimbursed by PIC.

(6) The expenses necessarily incurred for repair and/or replacement such as transport, travel, labor, and material are carried by PIC, whereby it remains within PIC's discretion in each case to determine the most cost effective solution. This obligation does not cover excessive costs caused by the merchandize after its delivery having been moved to a location other than the residence or the business site of the customer unless such transport corresponds to the intended purpose of the item.

(7) The warranty period for the replacement part or the repair extends from the shipment of the replacement part or the completion of the repair to the end of the original warranty of the merchandize. This period, however, shall be extended for the amount of down time caused by the repair or replacement work.

(8) Any modifications or maintenance work performed by the Customer or a third party which is unsuitable or done without prior permission by PIC invalidates any warranty for its consequences.

VIII. Liability

(1) If based on legal requirements or the conditions herein PIC is liable for damages caused by simple negligence, PIC's liability shall be limited as follows: The liability applies only in case of a violation of essential contractual obligations and is limited to typical damages as could be foreseen at the time of entering into the contract. This limitation does not apply in case of loss of life, bodily injuries, and health damage. Inasmuch as the damages are covered by an insurance purchased by PIC for that specific incident (except for blanket insurance), PIC is only liable for disadvantages suffered by the Customer in connection with the damages such as, for example, increased insurance premiums or interest losses up to the payment of damages by the insurance. No liability shall apply for damages caused by faulty merchandize due to minor negligence.

(2) Any liabilities of PIC in case of malicious concealment of a fault, in cases arising from the assignment of warranty or a procurement risk are not affected by any culpability of PIC.

(3) Liabilities relating to delivery delays are dealt with in their entirety in Para. 4 of Article IV.

(4) Excluded is the personal liability of legal representatives, agents, and employees of PIC for damages they caused due to minor negligence.

IX. Electrical and Electronic Equipment

European Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE-Reg.-Nr.: DE93978928) 27 January 2003 obliges were delivered after 13 August 2005, wherever PIC is legally recognized as the producer. The time of delivery can be determined by the 2nd and 3rd places of the PIC serial number on the nameplate. If the positions contain "05" or higher, then the wider provisions of the law apply, and the device can be returned to PIC for disposal.

X. Export and Customs

Certain goods are subject to German and/or US-American export regulations. It is the Customer's responsibility to abide by such regulations in case of a sale to a foreign country.

XI. Other

(1) Special conditions apply for assembly and service.

(2) If any one or more of the conditions set out in these General Terms and Conditions of Sale should be or become invalid it shall be replaced by a valid clause or interpretation which most closely resembles the invalid one in its economic result. The validity of the remaining General Terms and Conditions of Sale shall not be affected.

XII. Place of Performance, Venue, Applicable Law

(1) Place of performance for any and all obligations arising from this agreement for both parties is D-07545 Gera, Germany.

(2) For both parties the venue for any disputes directly or indirectly arising from this contract is Karlsruhe; this also applies to suits filed in conjunction receivables from bills of exchange and checks. We also reserve the right to file suit at any other venue as reasonably explained to the Customer.

(3) This contract is subject to the laws of the Federal Republic of Germany. UN Commercial Laws (CISG) shall not apply.