

General Terms and Conditions of Purchase

These terms and conditions are an integral part of all contracts concluded with our suppliers and contractors (hereinafter uniformly referred to as "Supplier"), including current or future business relations. Any deviating agreements, in particular contradictory terms and conditions of business of our Suppliers, require our express written consent to become an integral part of a contract. This applies as well in the event of our taking receipt of supplies and/or services without expressly objecting to the terms and conditions of such Supplier.

1. Offers and Orders

1.1 The offers submitted to us by the Supplier must be binding and delivered to us free of charge, including tenders submitted within the scope of calls for tenders and auctions.

1.2 We will not reimburse the Supplier for visits, the preparation of offers, project meetings for the purpose of determining the scope of supplies to be delivered and services to be provided, drafts, trial orders and expenses for the participation in our calls for tenders and auctions. We are entitled to charge the Supplier with all costs incurred to us due to offers that negligently or willfully deviate from the required specifications and/or characteristics.

1.3 Our orders and other statements are binding on us only if and when we have made them in writing.

1.4 If the Supplier does not accept our order within ten (10) working days upon receipt thereof, we have the right to cancel our order. In the event the Supplier accepts our order with deviations therefrom, the Supplier must clearly specify such deviations for us in writing. A contract will only come about upon our acceptance of said deviations in writing.

1.5 The Supplier is requested to use exclusively our order form for the purpose of its acceptance of our order.

2. Supplies and Services

2.1 The Supplier must provide its supplies and services in good merchantable quality and brand-new and deliver them to the place of receipt/use stated in the order. Unless any further requirements are specified in the order, the Supplier warrants to provide the delivery/service in good merchantable quality and - insofar as DIN, VDE, VDI or equivalent standards exist - in accordance with the latter, as well as in accordance with the legal and technical rules applying at the designated place of receipt/use of the delivery item/service.

2.2 In the case of contracts which (also) comprise/include software and consultancy services and also in the case of changes to such contracts, the Supplier must without delay agree upon specifications with us in which the supplies and/or services to be provided by the Supplier are stipulated in detail. Prior to conclusion of the contract, the parties will clarify whether the relevant specification is to be prepared by the Supplier before or after conclusion of the contract.

2.3 The Supplier agrees to supply the program documentation, in particular the source code, if the user software has been developed especially for us.

2.4 The Supplier must transfer to us any rights of ownership and any existing industrial property rights in the goods delivered to us without delay but no later than upon full payment of the price agreed upon for the relevant delivery item/service. As early as upon delivery, the Supplier must transfer to us - to the extent legally admissible - an exclusive right of use that is consistent with and permits the contractually required use of the delivery item/service.

2.5 Contractual supplies and services ordered by us and specified as "extended workbench" ["Verlängerte Werkbank"] are subject to manufacturing instructions, construction documents and materials routing slips. Inspection certificates, such as DIN 55350-18-4.2.2 must be strictly observed. Documents made available by us may not be transmitted to subcontractors except with our express prior consent in writing. We may provide material ("Furnished Equipment") for certain projects that are subject to a confidentiality clause. We will provide the

relevant confidentiality agreements to the Supplier for this purpose. The equipment so furnished will be made available only after the Supplier has signed such documents. The Supplier must use the material provided by us (samples, documents, etc.) with the necessary care and insure such material - free of charge to us - against loss, theft, fire, etc. at the replacement price thereof.

3. Prices

3.1 All prices are quoted as fixed prices excluding VAT,

3.2 The prices include the payment for all supplies and services entrusted to the Supplier (including any necessary certificates, drawings, valuations etc. in the language required by and agreed upon with us).

3.3 All prices are quoted free delivery to the place of use specified by us.

3.4 Any additional services are to be paid for by us only if the Supplier has been commissioned by us accordingly in writing prior to commencement of work by the Supplier.

4. Dates, Deadlines

4.1 The delivery periods agreed upon with the Supplier begin to run upon conclusion of contract. Dates for delivery and completion must be strictly complied with.

4.2 As soon as the non-compliance with a time limit becomes obvious, the Supplier must inform us without delay in writing of the reason and the expected duration by which the time limit will be exceeded. Notwithstanding this, the failure to meet any deadline initiates the statutory consequences of default.

5. Contractual Penalty

In the event of a failure to meet agreed upon dates and/or deadlines, the Supplier must pay to us a contractual penalty amounting to 0.1% of the net price of the relevant supply and/or service under the individual contract, for each calendar day of default by the Supplier. The amount of the contractual penalty is limited to 5% of the net price of the relevant supply and/or service under the individual contract, even if several dates and/or deadlines have been exceeded. This reservation with regard to the contractual penalty may be asserted any time at or before the final payment due on the basis of the underlying contract.

6. Production Inspections, Final Checks, Weight

6.1 We reserve the right during production and prior to delivery to check the quality of the material used by the Supplier, the accuracy of measurements and quantities of the parts manufactured and the observance of other regulations at the Supplier's works or at its subcontractor's works.

6.2 We are entitled to reserve the right to carry out a final check of the completed delivery item/service at the Supplier's works either ourselves or through a third party commissioned by us. The costs of such checks will be charged to the Supplier, with the exception of the costs for the personnel deployed by us.

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7. Packing, Dispatch, Acceptance

7.1 The Supplier must provide suitable packaging of its supplies at its own expense.

7.2 On the day of departure of the consignment, the Supplier must send us a notice of dispatch quoting our order number, the quantity shipped and the exact description of the goods. Each consignment is to be accompanied by a packing slip in neutral form which must contain the same information as the notice of dispatch. If the packing slip is missing, we are entitled to refuse acceptance of the consignment at the expense of the Supplier and/or to charge the Supplier with any resulting additional costs incurred by us.

7.3 We are not obligated to accept part, excess or short deliveries which have not been agreed upon. The specified dimensions and weights established upon receipt of the goods will serve as the relevant criteria.

7.4 In the case of force majeure, strikes and lockouts as well as other unforeseeable circumstances beyond our control, we are entitled to postpone the receipt or acceptance of the relevant delivery item/service.

8. Risk, Furnished Equipment, Reservation of Title

8.1 Unless otherwise agreed in writing, the risk of accidental loss and accidental deterioration of the delivery item/service will be borne by the Supplier until delivery and/or acceptance at the place of receipt/use specified in our order.

8.2 The Supplier is liable for the loss of and damage to goods furnished to it. The Supplier must inform us without delay about any impairment of such goods. The Supplier is obliged to carry out at its own cost any maintenance and inspection work that may be necessary.

8.3 Goods furnished by us are treated and processed on our behalf and remain our property at every stage of treatment and processing. In the event of processing with other goods not belonging to us, we are entitled to joint ownership in the new product produced in proportion of the value of goods furnished by us to the value of all goods used in the production as well as the Supplier's expenditure for the processing of same. To this extent, the Supplier holds the goods for us free of charge. The same applies should our property be lost through blending/co-mingling or combination. The Supplier has no right of retention to any such materials made available by HMK

8.4 The Supplier may use all documentation and data we make available to it only for the purpose of preparing offers and performing the supply/service ordered. The Supplier must keep them in safe custody and protect them against access by third parties. Said documentation and data must be returned to us - together with all transcripts or copies thereof - without delay and without being asked after handling of our inquiry or after execution of the delivery ordered. The Supplier may not use, copy or make available to third parties the aforementioned documentation and data for any purpose outside the scope of the contract.

9. Invoices and Payments

9.1 After performance of the contractual supply and/or service, the Supplier submits invoices to us for each order separately, quoting the order number and date, call number and date and including a copy of the delivery note. The value added tax must be shown separately on the invoice. In the absence of these details or if they are inaccurate or incomplete, the payment to which the Supplier is entitled will not fall due.

9.2 The Supplier agrees to include in all invoices not only the VAT identification number, but also - clearly visible - the taxpayer identification number allocated to it by its competent local tax office.

9.3 We make payment after receipt of the delivery item and the auditable invoice (cf. clause 9.1) within 30 days with 3% discount, within 60 days with 2% discount or within 90 days without discount. A delivery executed prior to the agreed date does not affect the period of payment linked with this date.

9.4 In derogation of Sec. 286 para 3 German Civil Code [BGB], we will be in default only if the conditions set forth in Sec. 284 para 1 or para 2 BGB apply. If and to the extent the Supplier fails to provide evidence of a higher damage caused by delay, this damage is limited to 5% per annum of the outstanding claim for payment.

10. Assignment, Set-Off, and Retention

10.1 Without our written approval, the Supplier is not entitled to assign claims directed against us, either in whole or in part, to third parties. For assignments of future debts as part of a reservation of title by subcontractors of the Supplier, the approval is given only subject to the provision that a set-off by us with counterclaims acquired subsequent to notice of such assignments is admissible.

10.2 Set-off with counterclaims of the Supplier is admissible only insofar as these claims are not disputed and due or are finally established in law.

10.3 The rights of retention and to refuse performance may be exercised by the Supplier only if its counterclaim is based on the same contractual relationship.

11. Defects

11.1 The Supplier warrants that the delivery item/service has the contractually agreed upon characteristics, corresponds to the state of the art in research and technology and does not have any defects which cancel or reduce its value or suitability for its ordinary use/purpose or that specified in the contract. In addition, the Supplier is liable for the fact that neither the delivery nor the use of the delivered item/service infringe third party rights, including, but not limited to, patents or other industrial property rights.

11.2 In the case of a defective delivery item/service, we are entitled - without limitation - to the statutory warranty claims subject to the provision that the period for claims provided in Sec. 377 German Commercial Code [HGB] is at least eight (8) working days. In the case of hidden defects, in particular those appearing during processing or commissioning of the delivery item/service, the period for claims commences only with their detection.

11.3 The period of limitation for claims based on defects is three (3) years starting to run with the beginning of the statutory period of limitation.

12. Damages and Liability

12.1 Claims for damages and for compensation of expenses (hereinafter jointly referred to as "Damages") by the Supplier against us are excluded, regardless of the legal basis thereof, unless they are based on the provisions of the Product Liability Act, on the deliberate or grossly negligent violation of contractual or legal obligations on our part, on injuries to health and bodily injuries of the Supplier due a breach of duty for which we are responsible, the assumption of a warranty for a specific quality or the violation of essential contractual obligations by our company. In the event of a violation of essential contractual obligations, the Supplier's claim for damages against us is limited to foreseeable damage which is typical for this type of contract, unless it is based on willful misconduct or gross negligence, or our company is liable for injuries to health or bodily injuries or due to the assumption of a warranty for a specific quality. A breach of duty by our legal representative or person employed in performing our obligation is deemed a breach of duty by us.

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12.2 In the development and production of the delivery item/service, the Supplier will observe the state of the art in research and technology and comply with all mandatory legal provisions, it will carry out a detailed functional and quality check prior to delivery and will adequately document all measures taken to fulfill these obligations, and it will keep this documentation for a period of 15 years and allow us to inspect such documentation at any time upon request.

12.3 Should a claim for damages be raised against us by third parties as a result of a defect in the product, the Supplier will hold us harmless and indemnify us against such claims insofar as the damage has been caused by the raw materials or partial products delivered by the Supplier or by the services rendered by the Supplier. In all other respects, the Supplier is liable in accordance with the statutory provisions.

13. Data Protection, Security, Protection of Classified Material and Confidentiality

13.1 We are entitled to store the data relating to our Supplier electronically and to process and use these data for the purposes of our business, in accordance with the statutory provisions.

13.2 In the case of orders involving classified material the Supplier must strictly comply with the relevant applicable edition of the manual for the protection of classified material in industry by the Federal Ministry of Economics and Technology.

13.3 The Supplier must treat the award of contracts as strictly confidential and may refer to its business relations with us in any of its publications, such as advertising material, reference lists, etc., only upon our prior written consent.

13.4 The Supplier agrees to treat as a business secret any business and/or technical details that are not common knowledge and that have become known to the Supplier within the scope of this business relationship. Any subcontractors that we must authorize in writing are to be bound accordingly by the Supplier. Any employees or staff commissioned by the Supplier to execute our order must be bound by the Supplier to the same level of confidentiality. These persons must be cautioned with regard to Sections 17 and 18 German Unfair Competition Act [UWG]. If the Supplier discovers that information to be kept secret has come into possession of any unauthorized third party or that a document to be kept secret is lost, the Supplier must notify us accordingly without delay. The duty of secrecy remains in force and effect for an unlimited period of time even after fulfillment of the contract.

14. Spare Parts, Availability

14.1 The Supplier is obliged to deliver spare parts to us for the duration of the normal period of technical service life, but for at least ten years following the last delivery, on appropriate conditions.

14.2 If, after the period specified in clause 11.1 above has expired or during the said period, the Supplier discontinues delivery of the order item concerned, it must advise HMK in due time and in writing of the discontinuation of the product with reference to the HMK order number. Furthermore, the Supplier must also give HMK an opportunity to place a last order.

14.3 The Supplier is obliged to safeguard manufacturing documentation for a period of 10 years following the last delivery, and to make it available to the purchaser on request.

15. Place of Fulfillment, Jurisdiction, Applicable Law

15.1 The place of fulfillment for all supplies and/or services to be rendered by the Supplier is the place of receipt/ use specified by us in each case.

15.2 The exclusive place of jurisdiction with regard to all disputes directly or indirectly arising from the contractual relationship with the Supplier - including documentary deeds, drafts and checks - is Kiel. At our option, however, we remain entitled to assert claims against the Supplier also at the courts which have jurisdiction over the Supplier's place of business.

15.3 The laws of the Federal Republic of Germany, exclusive of the United Nations Convention on Contracts for the International Sale of Goods, apply.

16. Partial Invalidity

Should any of the provisions of a contract for supplies and services of which these Terms and Conditions form a part be or become invalid, the validity of the remaining provisions of the relevant contract will not be affected thereby.