

Terms and Conditions of Delivery and Payment

1. General terms and conditions

- a) We will only complete contracts according to the following terms and conditions, even if we do not always refer to these terms and conditions in a continuous business relationship. The remaining terms and conditions shall not be affected in cases where individual provisions of our terms and conditions of delivery and payment are altered. Diverging agreements are to be submitted in writing.
- b) Diverging and preformulated contract conditions of the customer are only valid as far as we accept them in writing, even if the customer excludes in his order conditions the validity of diverging sales conditions in writing. Counter-confirmations of the customer with reference to his business and purchase conditions are then considered as contradicted. At the latest the receipt of the delivery or partial deliveries is considered as acceptance of our terms and conditions. The following terms and conditions are also valid for additional actions outside of delivery contracts, especially for consulting and suggestions.
- c) Our offers are subject to alteration and not binding. We are only committed according to our written order confirmation. Oral completions, additional agreements, alterations, amendments, assurances, and consents via telephone are only binding if we confirm them in writing.
- d) The submitted diagrams, samples, models, drafts, sketches, test settings, test prints, and similar preparatory work that was created by us stays in our possession. The customer is committed to returning them. The right to pass them on to third parties only exists if we confirm it in writing or if it necessarily provided for according to the purpose of the contract.
- e) Works for sketches, drafts, test prints, samples, and special designs have to be paid for by the customer.
- f) Additional changes at the customers request, including resulting machine down-time, must be paid for by the customer. The repetition of test prints requested by the customer due to minor divergences is also considered as an additional change.

2. Prices

- a) Price quotations are in EURO, excluding freight, postage, insurance, and sales tax.
- b) Prices are based on current cost factors at the time of order confirmation. If order-related cost factors with a permanent relationship of debenture should change after the completion of the contract, we are entitled to appropriately correct the prices. With other remuneration contracts the prices are adapted to the changed cost factors at the earliest four months after the completion of the contract.

3. Delivery time and shipping

- a) A delivery date is only valid, if all the details of the order are clarified in time, this includes the timely supply of all relevant documents and the clarification of all actions which need to be performed. A delivery period starts when the above mentioned requirements are present. Delivery periods and delivery dates refer to the times when the products were sent ex works. They are considered as kept to, with the appropriate notification in cases where the goods cannot be delivered in time through no fault of our own.
- b) during the checking of test prints, galley proofs, samples, etc. by the customer, the delivery period is slowed down from the date of shipment to the customer, until the reception of his statement. Delivery dates are postponed for this period.
- c) In cases where the customer requires changes to the order which would affect the production period, a delivery period is agreed upon starting after the order confirmation, from the beginning after the confirmation and the complete clarification of the change. In this case a delivery date is postponed for the period of the prolongation of the production period.
- d) In cases where we cannot fulfil our obligations due to unexpected events concerning our factory, suppliers or events outside our control, such as war, riots, legal actions, natural disasters, accidents, strikes, lockouts, lack of personnel, faulty means of transportation, or other operational disturbances including delays in delivering necessary working materials

required for production – the delivery period is postponed for the period of the hindrance and until an appropriate starting time. The same applies to delivery dates.

In cases where the hindrance makes the delivery impossible or unreasonable, we are entitled to withdraw from the contract; the customer has the same right if the purchase is considered to be unreasonable due to the delay, and after a deadline extension which has still not been met has been made in writing by the customer. A possible withdrawal from the contract must be made in writing.

e) Regardless of our rights, if the customer is behind schedule with his contractual obligations or other agreements with our company and therefore is delayed, delivery periods are prolonged. The same is valid for delivery dates. It does not depend on whether the customer is at fault.

f) In a case where we are behind schedule, the customer is entitled to withdraw from the contract if the goods are still not delivered after a further deadline has been made in writing, agreed upon and then not kept to. Further claims, especially claims for compensation due to non-fulfillment or replacement of damage due to delay, are excluded, except where we are blamed for intentional or culpable negligence.

g) At any time we are entitled to deliver partial deliveries, partial services and partial calculations.

4. Acceptance, shipping, risks

a) Unless otherwise agreed upon in writing the goods ready for dispatch have to be immediately accepted. If the customer does not fulfil this obligation, we are entitled to ship the goods or to store the goods on our own discretion at the costs and the risk of the customer and to consider the goods as being delivered ex works. If the customer falls behind with the acceptance of the order, we are entitled to our rights in accordance with § 326 of the Civil Code after a further agreed deadline extension has still not been met.

b) We will choose the transport method, whether company-owned means of transportation or through third persons. We determine the means of transportation and the transport method with no obligation. In connection with the transport, we are only liable for intentional and culpable negligence. The liability for intentional and culpable negligence is restricted to the choice of transport, through third persons, hauliers or carriers. This is also valid if the freight is delivered unfranked.

c) The risk is passed over to the customer with the handing over of the goods to the haulier, the carrier or the self-collecting customer, but at the latest when the goods leave the factory. This is also valid if we carry out the transport with our own vehicles. All deliveries – including possible returns – are at the risk of the customer.

5. Faulty goods, warranty

a) According to § 377 of mercantile law, the customer is as a trader obliged to check the goods after the acceptance at the place of delivery and he has immediately to reprehend existing faults. In case of a legitimate complaint we will take back faulty goods and substitute them; though instead we are also entitled to repair the goods. Otherwise the customer is obliged to complain about obvious faults within two weeks after the delivery or the goods will be considered as accepted.

b) With the delivery of outfall samples the customer is still obliged to immediately check the samples, identify any problems and place any possible complaint.

c) Further claims especially in case of changes, reductions or compensations. are excluded subject to the following exceptions.

d) If we can not fulfil our obligation to replace the delivery or if we refuse this delivery if repairing or if further attempts to repair the goods are unacceptable to the customer, the customer is entitled to ask for the right to change (cancellation) the contract or to reduce the reimbursement.e) As stipulated in the contract, the customer must check the prefabricated and intermediate products that were sent for correction. After declaring that the products are ready for printing, we are only liable for faults that result from the production procedure following this declaration. The same is valid for all other release declarations for further production.

- f) With productions up to 5,000 identical copies a warranty is excluded, if less than 5% of the contractually agreed identical copies of a production to be delivered are faulty. With higher productions the above percentage is reduced as follows: 5,001 – 10,000 copies 3%, 10,001 – 20,000 copies 2%, over 20,000 copies 1%.
- g) Divergences in the quality of the paper, cardboard, packages, or other material we obtained for the customer cannot be complained about, if they are declared as admissible in the General Sales Conditions for graphical papers and graphical cardboards for typographical use by the registered Association of German Paper Factories, as stated in the in the federal legal gazette. (published 25.01.1994.) A copy of the above mentioned sales conditions can be sent to the customer upon request. We are only liable for light-fastness, variability and divergences in the colours and bronzes and for the quality of coating, cellophaning, varnishing, etc., if material faults were recognizable before their use and appropriate checking was performed.
- h) Colour divergences cannot be considered as faults if the divergence of the densinometric average value does not exceed +/- 9%. A comparison at daylight, i.e. at 5,000 Kelvin, is decisive for the determination of whether colours are matching.
- i) Divergences between proof and production due to the printing technique cannot be considered as faults.
- j) In cases where the contract includes refining works or further processing of print products or packaging, we are not liable for resulting damage of the product to be refined or further processed as long as the damage was not caused by intentional or culpable negligence.
- k) In a case where agreed features are missing, we are liable according to item a).
- l) The customer has immediately to give us the opportunity to convince ourselves of the fault or the missing of an agreed feature. He must also put the goods or products that are the subject of the complaint at our disposal upon our request. Furthermore the customer must immediately stop the resale or further processing of the product where a fault or the missing of an agreed feature is detected. If the customer violates the above obligations, all claims of the customer resulting from the faultiness of the goods and the missing of agreed features are lost.
- m) The customer carries the risk for the loss of data and/or files, data bases, programs and procedures that are stored on data carrier, including possible replacement costs. The formatting of data carrier is done depending on the respective industrial standard. The duplication of data on data carriers and/or files, data bases, programs, procedures, etc., that are stored on disks, is performed solely according to technical reproduction criteria without control of the included qualitative or quantitative performance. The customer carries the risk of faulty duplication, except where faults are not based on faulty masters, data carriers or online drafts that were put at our disposal. When faulty masters, data carriers or online drafts were put at our disposal, we are not liable for a resulting faulty duplication. Furthermore the customer carries the risk of the production of copies with respect to data carriers with viruses, provided that the masters, data carriers or online drafts that were put at our disposal had no viruses.
- n) After an acceptance has been agreed and the product accepted the reprimand of faults that are detected during acceptance are excluded.

6. Material to be provided

Any material procured by the customer has to be delivered to us without faults. The acceptance is confirmed without over riding the guarantee for the correctness and perfection of the delivered amount and its suitability for further processing. We will fulfil our obligation to reprimand according to § 377 and § 378 of mercantile law, if obvious faults are reprimanded within 12 days and hidden faults with 6 months from the date of the delivery. If the customer puts the material at our disposal, the packing material and the waste become our property. For supplied material we charge storage expenses of € 15.00 per pallet per month from the start of each month.

7. Copyright, storage terms, right of retention

- a) The customer is solely responsible for checking the reproduction rights of all masters, data carriers, online drafts, test prints and special packaging which we will put at his disposal.
- b) The copyrights and the rights of reproduction in any procedure where our sketches, drafts, originals, films, etc. are used remains our property, even if these are sent separately. Claims of third persons of violation of copyrights, license agreements or similar rights have to be exclusively carried by the customer. PMD Computertechnik GmbH is entitled to withdraw from the contract if there is case of a justified doubt concerning the legitimation of the customer with regard to reproductions and connected violations of copyrights. The customer has to carry our costs until this point of time. Resulting legal claims by the customer are excluded.
- c) Unless otherwise agreed in writing, the printing plates (offset plates, printing blocks, etc.), films, reproductions, steel band cuts, etc. remain our property, even if they are sent separately. We are not obliged to deliver test prints, duplicates and copies to the customer, unless this was agreed in writing.
- d) If foreign printing pads, lithos, manuscripts and other items were handed over to us, we are only liable for keeping them with the same care with which we keep our own.
- e) We keep our own and foreign printing plates, lithos, manuscripts, films, printing blocks, etc. for a maximum of two years after their last use. After this period we are entitled to destroy them. If the customer wants to get back the items he put at our disposal, he has to notify us punctually in writing before the expiration of this period. If the above items are destroyed the customer is not entitled to compensation.
- f) Masters, data carriers, online drafts, films, lithos, printing blocks, manuscripts, raw materials, etc. which the customer put at our disposal are subject to a right of retention according to § 369 of mercantile law (German BGB), until all due claims from the business connection are completely fulfilled.

8. Insurance

We are not obliged to insure goods handed over to us against theft, fire, water, or any other danger, including masters, data carriers, online drafts, cartridges, manuscripts, originals, printing plates, printing blocks, films, material or printing stationary stored at our factory, or other delivered goods. If necessary, the customer himself is responsible for the insurance of such items.

9. Samples and galley proofs

- a) The customer has to check samples of data carriers, slipcasses, manuals, etc. for all possible faults, return them and release them for production.
- b) The customer has to check galley proofs and test prints for printer's errors and other mistakes and then return them, declared "ready for printing". In both cases, a) and b), we are not liable for errors and mistakes that were not noticed by the customer. Modifications by the customer have to be in writing. Galley proofs and test prints are sent separately, unless otherwise agreed in writing.
- c) We are only obliged to send the customer samples of data carriers, slipcasses, manuals, a test print or a galley proof, if he specifically asked for this in writing. If the customer does not want the components to be delivered, the liability – for example for printer's errors, is restricted to intentional and culpable negligence.
- d) All costs due to modifications, including machine down-time costs, after the release of the production and/or printing approval are chargeable to the customer.

10. Excess deliveries or reduced deliveries

- a) With productions of less than 10,000 identical copies, excess or reduced deliveries are permissible up to 20% of the ordered production.
- b) With productions of 10,001 to 20,000 identical copies, the percentage is reduced to 15%; with productions over 20,000 identical copies it is reduced to 10%.
- c) The difference between the theoretical and the effective number of items per packing unit or per counting unit shall not exceed the tolerance values of +/- 3% in 95% of the delivered packing or counting units, but shall at least not exceed +/- 5 items.

11. Measurement divergences

- a) Measurement divergences are permissible with up to 1% divergence with stationary printings with measures over 20 cm, 1.5% divergence with measures up to 20 cm, and at least 1 mm though higher divergences are usual.
- b) The indicated measures of the packaging are not inside dimensions or overall sizes, but production measures.

12. Payment conditions, lien

- a) Where there is a lack of diverging agreements, the payment of the amount of the invoice must be cleared net in cash immediately after the receipt of the payment. Banking charges and all arising costs for payment are to be paid by the customer.
- b) If the objective is exceeded, we are entitled to charge interest and commissions according to the respective bank charges for overdraft provision, with customers at least interest of at least 5% and with traders 8% above the respective basic interest rate of the European Central Bank.
- c) Where it is expressly agreed, we will accept discountable and properly taxed bills of exchange. Discount expenses and all costs connected with the redemption of bills of exchange must to be borne by the customer. Credit notes concerning bills of exchange and cheques are carried out subject to the receipt and the redemption minus the expenses with the set value of the day on which we have the equivalent at our disposal.
- d) The customer is not entitled for a set-off or enforcement of a right of retention due to any counterclaims, including the warranty claims, except where the counterclaims are determined as undisputed or legally valid.
- e) We are entitled to the usual securities for our claims, no matter whether they are limited or restricted.
- f) Circumstances that become known to us and that we deem to be suitable to reduce the credit-worthiness of the customer according to our estimation, result in the immediate settlement of all our claims without consideration of the period of validity of possible accepted bills of exchange.
In these cases we are also entitled to deliver still due deliveries only with advance payments and after a deadline first agreed upon and then stated in writing has not been met we are entitled to withdraw from the contract and/or demand compensation for non-fulfillment. We are furthermore entitled to prohibit the further disposal and the processing of delivered goods under the reservation of proprietary rights.
We are also entitled to revoke the collection authorization of the customer due to the prolonged reservation of proprietary rights of claims that were transferred to us. The same is valid with regard to nonconformance of the represented payment conditions by the customer, but in this case the right to process and dispose of the goods and the collection authorization ends automatically when the first instance of non-conformance of the payment conditions occurs.
- g) If the customer falls behind with the payment of a previous delivery or service, we are entitled to withhold deliveries without being obliged to replace products with may have sustained possible resulting damage.
- h) With new business connections we are entitled to ask for advance payments.
- i) With a provision of raw material in an invoice amount of more than €30,000, we are entitled to ask for immediate payment.

13. Reservation of proprietary rights

- a) All delivered goods remain our property (reserved goods) until all claims are fulfilled, especially the respective balance claims – including the total release from contingent commitments we entered in the interest of the customer. This is also valid if the price for certain deliveries indicated by the customer is paid and for conditional claims.
- b) processing of the reserved goods is performed according to § 950 of the Civil Code without placing any obligations on us as manufacturer. The processed goods serve as

reserved goods according to item a). The customer does not obtain any property on the new matter.

c) When processing, connecting or combining the reserved goods with other goods through the customer, we are entitled to co-ownership of the new matter which is related to the invoice amount of the reserved goods to the invoice amount of the other used goods. Our co-ownership share proportionally includes the processing value. In case our property should expire due to legal regulations, the customer then transfers to us the proportional property and expectancy rights of the new stock or the matter in relation to the invoice amount of the reserved goods to the invoice amount of the other used goods. The customer keeps the new stock free of charge for us. The above mentioned co-ownership shares are regarded as reserved goods according to item a).

d) The customer can sell the reserved goods only through regular businesses and he can use them only when carrying out of factory contracts or factory delivery contracts, if it is ensured that the claim against his customer according to item e) of this section is transferred to us, that the customer sold the goods under the reservation of proprietary rights, and that he did not terminate the right for disposal and processing according to the regulation in item 12f). The customer transfers to us the resulting claims from the disposal.

e) The customer is entitled to collect the transferred claims in proper business, as long as no termination of the collection authorization according to item 12f) occurs.

f) If the collection authorization is terminated, the customer is obliged to immediately notify his customers about the transfer to us. Upon request he must also put at our disposal an exact list of our entitled claims with the names and addresses of the customers, the amount of the individual claims and invoice date, and he has to supply all other information and documents required for the enforcement of the transferred claims. We can require that the customer allows us the inspection of the stock of the transferred claims with examples of the customer's bookkeeping through one of our representatives. In this case the customer gives us express consent for whatever access to his rooms is required in order to see the files. Hire-purchases of the garnishee to the customer first pay off the partial amount of the claim that was not transferred to us.

g) The customer has to notify us about possible accesses by third persons to the reserved goods or the transferred claims – especially distraints – and he has to give us the names of these persons. The costs of possible interventions are carried by the customer.

h) If the value of our securities exceeds the secured claims for more than 20%, we are obliged upon request of the customer to release the above securities – of our own free will.

i) The customer is obliged to give us upon request a list (distrain protocol) listing the still existing reservation of proprietary rights of goods, even if they are processed, and to give us copies of invoices and a list of the claims of the garnishees. He also has to notify the garnishee about our right of ownership.

j) In case reserved goods are returned due to our reservation of proprietary rights, a withdrawal from the contract is only allowed if we expressly declare this to be so in writing. We are entitled to do as we please with the returned reserved goods, even by selling them. The costs of the return are carried by the customer. In this above mentioned case the customer also gives consent for any required access to his rooms, in order to pick up the reserved goods.

k) The customer stores the reserved goods for us. He has to insure them against fire, theft and water. The customer transfers claims for compensation to us in the amount of our claims. This is valid for claims he is entitled to from damages according to sentence 2 of item k) against insurance companies or other obligations for compensation.

14. General limitation of liability

a) We are only liable for damages that were caused intentionally or through culpable negligence by us, a legal representative or an executive assistant or which are caused to a serious fault of the organization. For damages from injuries to life, body or health that are caused by a violation of duty we are also liable in case of negligence. We are not liable for damages that did not occur on the delivery item itself or for additional expenses in the carrying out that arise due to the storing of the delivery item at a different location. Liability is

also excluded in case of an insignificant deviation of the actual condition of the item from the debit. Liability is also excluded against companies in case of a serious fault of a simple executive assistant and it is limited to the amount of typically occurring damages.

b) If the customer puts compulsory master, data carriers, online drafts, samples or drawings at our disposal or if galley proofs, test prints or samples are released, the customer exempts us from claims of any third persons, even if these claims are enforced under the point of product liability, as far as the goods correspond to the master, the data carrier, the online draft, the sample, the drawing, or the released galley proof with respect to the test print.

c) The customer exempts us from all damages that result from the carrying out of orders which constitute a violation of the protective rights of third persons.

15. EDP-storage, data protection

Personal data of the customer connected with our business relationship is stored and processed at our company or connected companies with consideration of the legal regulations of the Federal Data Protection Law.

16. Applicable law

Only the law of the Federal Republic of Germany is valid under the exclusion of foreign laws and the international private law.

17. Export control terms and customs documents

a) We do not take liability for the correspondence of our delivered goods with the regulations of possible export control terms. If a diverging agreement is made in an individual contract, this agreement only refers exclusively to the German export control terms.

b) The customer is responsible for keeping the appropriate terms and conditions, possibly until the consumer has received the goods.

c) If deliveries are exported duty-free according to the contract, the customer is liable to us for any only possible subsequent demands of the customs office.

18. Place of performance, court of jurisdiction

a) The place of performance for all resulting obligations from this contract is D-57299 Burbach.

b) The court of jurisdiction – also for bill of exchange and cheque processes – is D-57072 Siegen. We are also entitled to sue at the residence of the customer.

19. Invalidity clause

If one of the above terms and conditions should be or become ineffective, the effectiveness of the other terms and conditions is not affected. Ineffective terms and conditions are – if possible – substituted by effective terms and conditions that are as close as possible to the desired economical purpose.

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