

General Terms and Conditions for Business with Companies of Folienwerk Wolfen GmbH

1. General

The following General Terms and Conditions only apply to companies (Sec. 14 German Civil Code). They form part of all contracts and agreements concluded with us. Purchaser accepts these Terms and Conditions – also for follow-up business, if any – by receiving them without objection, but not later than with receipt of our goods or other services.

We hereby object to the validity of general terms and conditions of Purchaser which vary from these Terms and Conditions, even if such terms and conditions are transmitted to us in a confirmation letter or in any other way. Our unconditional delivery of goods, performance of services, and acceptance of payments does not constitute our recognition of conditions which diverge from these General Terms and Conditions. Unless otherwise specified in these General Terms and Conditions, the terms and definitions of INCOTERMS 2000 shall apply.

2. Quotations, Contracts

Our offers are subject to confirmation; a contract is only formed by our written order acknowledgement, or if orders have been executed by us.

Amendments, supplements and/or cancellations of contract must be made in writing. If the requirement of the written form is contracted out, this must also be done in writing. Any statements and notifications by Purchaser subsequent to contract conclusion are only valid, if they are made in writing.

We reserve the title to and copyright for designs, formulations, drawings and any other documents. They shall not be made available to any third party. Purchaser shall not make any of such designs, formulations, drawings or other documents available to any third party without our express written consent.

3. Prices, Terms of Payment

All prices are "ex works", excluding packaging, plus statutory VAT. Payments to us must be made free place of payment. Unless otherwise agreed in writing, the purchase price must be paid with delivery. Deductions of discounts must be agreed specifically in writing. Our customer may only offset payments against claims which are undisputed or have been finally settled. We reserve the right to make reasonable price changes due to changed costs for wages, materials and distribution for shipments which are delivered 2 months or more after contract conclusion.

4. Place of Performance, Transport Insurance

The place of performance shall be our seat. Unless otherwise specified in the order acknowledgement, delivery shall be made "ex works".

The risk passes to Purchaser when the products are shipped, even if prepayment of freight charges for delivery is agreed upon. If Purchaser so desires, we will effect a transport insurance for the goods to be delivered.

We will not take back any transport packaging and other packaging subject to the German Packaging Regulation (Verpackungsverordnung), excluding euro pallets, which have to be returned. Purchaser is obliged to dispose of the packaging at its own cost.

5. Delivery, Duty to Cooperate

The scope of our delivery obligation is exclusively defined in this contract. Our goods are subject to changes of material, form or color which are due to technical improvements or statutory provisions, provided that these changes are not substantial or otherwise unacceptable for Purchaser. If Purchaser can be reasonably expected to accept partial shipments, these may be made and charged.

Delivery periods are generally quoted subject to cooperation of Purchaser according to contract. The agreed delivery period is suspended for the period required by Purchaser for the inspection of samples, trial proofs etc. until the date of receipt of the comments. The prerequisite for the fulfillment of our delivery obligation is the timely and due fulfillment of Purchaser's obligations. If we do not receive any goods, although we have placed orders for identical goods with reliable suppliers, we are released from our obligation to perform and may repudiate the contract.

If, subsequent to contract conclusion, we find out that Purchaser is not able to provide an adequate guarantee of its solvency, and that our payment claim is endangered, we have the right to withhold delivery until Purchaser effects payment or furnishes security for it. If Purchaser is requested to pay or furnish a security and fails to do so within 12 working days, we have the right to rescind the contract.

If Purchaser defaults in calling, taking delivery of, or collecting goods, or if Purchaser is responsible for a delay in shipment or delivery, we have the right, without prejudice to any further claims, to charge a flat charge for our costs which corresponds to the storage charges in accordance with local custom, irrespective of the fact whether we store the goods in our company or in a third party stockroom. Purchaser has the right to prove that there was no loss or only a slight loss. Delivery of blanket orders must be taken and these orders must be paid not later than 12 months after contract conclusion, unless expressly agreed otherwise.

6. Delays in Delivery

If we are unable to keep the agreed delivery date due to circumstances which are not within our or our suppliers' control the delivery period is reasonably extended. We will immediately inform Purchaser about such a case. Should the impeding circumstances still exist one month after the agreed delivery period has expired, each of the parties has the right to rescind the contract. We do not accept liability for any further claims based on an exceeding of the delivery period for which we are not responsible.

In case of a default in delivery, and if Purchaser furnishes evidence for the fact that it has suffered a loss due to this default in delivery, Purchaser is entitled to claim a flat-rate compensation for loss occasioned by default amounting to 0.5 % of the delivery value, not exceeding 5 % of the delivery value, for every full week. Furthermore, Purchaser may grant us a reasonable extension in writing, which may not be less than 15 working days. If this extension has lapsed, Purchaser is entitled to rescind the contract or to claim damages instead of performance. Purchaser's damage claims based on default and damage claims instead of performance which exceed the above mentioned flat rate are excluded in all cases of delays in delivery, including after expiry of a delivery period that was fixed for us, if any.

Paragraph 2 does not apply, if the default is caused intentionally, by gross negligence or substantial breach of duty. Neither does it apply, if a contract where time is of the essence was agreed upon. A contract where time is of the essence must be expressly confirmed in writing by our management. In any case, however, liability for damages is limited to the foreseeable, typical damage. The above provisions do not entail a change in the burden of proof to the prejudice of Purchaser.

7. Retention of Title

We reserve ownership of the delivered goods until payment of all our receivables arising from our business relationship by Purchaser, including future receivables arising from simultaneous contracts or contracts which were concluded subsequently. This shall also apply if amounts due are billed periodically and the balance is brought forward and accepted.

Purchaser is entitled to sell or process the goods in the ordinary course of its business. It shall process goods for us, if necessary, but for us no obligations shall ensue from this processing. If the goods which are subject to our retention of title are processed, combined or mixed with other goods, we generally have a co-owner's interest in these newly created goods. If our goods are processed this interest is calculated pro rata from the value (= invoiced gross value including incidental charges and taxes) of the goods which are subject to our retention of title in relation to the value of the newly created goods; if our goods are combined or mixed with other goods, from the value of the goods which are subject to our retention of title in relation to the value of the other goods.

Purchaser hereby assigns to us all claims which arise for Purchaser against any buyer or third party due to Purchaser's re-sale. Purchaser is entitled to collect the sums due, even subsequent to assignment of its receivables. Our right to collect such sums ourselves remains unaffected, but we will not make use of this right, if Purchaser duly fulfills its obligation to pay and its further obligations. Upon our request, Purchaser must inform us about assigned receivables and the respective debtors, give us all necessary information for collection, hand the relevant documents over to us, and inform the debtors about the assignment.

If Purchaser acts in breach of contract, in particular in the event of default in payment, we are entitled to rescind the contract and to take back the goods. With respect to the taking back of the goods, Purchaser hereby irrevocably permits us to enter its business premises and stockrooms unhindered and to take the goods with us.

Within the scope and period of our retention of title, Purchaser may neither assign goods or goods produced from such goods as securities nor pledge such goods without our consent. The conclusion of financing agreements

(e.g. leasing agreements) which include the assignment of our reservation rights, are subject to our prior written consent, unless the agreement involves the financial institution's duty to pay the part of the purchase price to which we are entitled directly to us.

Purchaser must immediately inform us in writing about attachments or other interventions by third parties. Purchaser is prohibited from making arrangements with its buyers which might interfere with our rights.

We undertake to release collateral pledged to us, if Purchaser so desires and at our own discretion, provided that the realizable value of the collaterals exceeds the receivables to be collateralized by more than 20 % or if it exceeds their nominal value by more than 50 %.

8. Product Information

Our information about our products and processes is based on extensive research and our considerable experience in the field of applied engineering. We provide this information, which to the best of our knowledge is correct, orally and in writing. In doing so, we do not assume any liability other than the liability agreed upon in the respective individual contract, and we reserve the right to make technical modifications in the course of our product development. However, this shall not release user from its obligation to verify the suitability of our products and processes for its own use. Purchaser's specifications of intended use shall only be binding, if we, at the time of contract conclusion, have confirmed in writing that the delivered goods are suitable for the use intended by Purchaser. This shall also apply to the protection of third party industrial property rights and to applications and processes.

9. Dimensions and Tolerances for Packagings

In principle, we have the right to deliver excess or short quantities of up to 10 % for production-related reasons. If a quantity of less than 500 units is to be supplied, or if execution is particularly complicated, higher tolerances up to a maximum of 20 % are allowable in the absence of any different agreement. Orders will be carried out according to the general state of technology within the scope of the material-related and packaging-related tolerances required for technical reasons and in merchantable quality, unless specific execution standards have been agreed upon in individual cases.

10. Dimensions and Tolerances for Films

The following tolerance limits shall apply to excess or short deliveries: order lots of up to 5 t +/- 10 % of the target weight, order lots of more than 5 t +/- 500 kg. Format tolerances: for perpendicular cuttings +/- 0.5 mm, for cuttings which are not perpendicular and large formats + 15 mm / - 0 mm. Width tolerances: for films in rolls +/- 0.5 mm. Thickness tolerances: for films with a thickness of < 200 µm +/- 10 %, 200 to 400 µm +/- 7 %, > 400 µm +/- 5 %.

Deviations in color, grade, weight, length of material, etc. which are usual in the industry are no reason for complaints.

11. Defects

Purchaser is obliged to immediately examine the goods with respect to defects and to make an immediate complaint with respect to defects of the goods, if any, in accordance with the statutory provisions of Sec. 377 of the German Commercial Code (HGB).

Purchaser cannot derive any further rights from defects which do not prejudice or only immaterially prejudice the value and the suitability of the goods for the use perceivable by us. Deviations in the condition of the raw materials and auxiliary agents cannot be objected to, if they have been defined as allowable in the standard terms of delivery of the plastics industry, and if – with respect to print work – they are due to the deviations between trial proof and print for reasons connected with printing technology. We do not warrant fastness to light, as well as color changes. Tolerances which are usual for the respective design, particularly regarding deviations in colors, form no basis for complaints. We exclude any warranty for layouts and films provided by Purchaser. If a packaging is subject to specific requirements under law, statutory regulation or invitation for bids, Purchaser must expressly draw our attention to this fact.

If the goods have a defect at the time of the passing of the risk we have the right to first effect post-performance. Post-performance is made at our discretion by rectification of the defects or delivery of substitute goods. We will bear the costs for post-performance, in particular transport, traveling and labor costs and costs of materials, provided that these costs are not increased by the fact that the purchased goods were brought to a place other than the place of performance. If post-performance is not successful, Purchaser is entitled to claim rescission or a price reduction, at its discretion.

The limitation period for claims resulting from defects with respect to our products is 12 months from the date of delivery. This period does not apply, if the law prescribes more extensive mandatory periods according to Sec. 438 I no. 2 of the German Civil Code, Sec. 479 I of the German Civil Code, and Sec. 634a I of the German Civil Code. Should Purchaser intend to return our goods to us, it may only do so with our prior consent.

We only assume liability for defects, if a warranty was expressly given, if the defect was caused intentionally or by gross negligence. If Purchaser is entitled to a compensation for damages instead of performance, our liability, including our liability according to paragraph (3), is limited to compensation of the foreseeable, typical damage. For all other claims for damages item 12 shall apply. Other or more extensive claims by Purchaser resulting from defects are excluded.

12. Further Liability for Damages

Irrespective of the legal nature of the asserted claim we exclude any liability for damages which is not provided in item 11. This shall apply in particular to claims for damages based on culpa in contrahendo, other neglects of duty, or claims in tort for compensation of property damages according to Sec. 823 of the German Civil Code.

This shall not apply if liability is mandatory, e.g. according to the Product Liability Act, in cases of intent, gross negligence, due to breach of material contractual obligations. However, liability for damages due to breach of material contractual obligations is limited to the foreseeable damage which is typical for the contract in question, provided that the damage was not caused by intentional or grossly negligent behavior, or that a liability for injury of life, body or health exists. The above provisions do not entail a change in the burden of proof to the prejudice of Purchaser.

If liability for damages against us is excluded or limited, this shall also apply with respect to the personal liability for damages of our employees, representatives and persons employed in performing an obligation for whom we are vicariously liable.

If Purchaser is entitled to damages according to this item 12, such claims become statute-barred after the limitation period for claims resulting from defects with respect to newly created products and equipment according to item 11 has expired. Claims for damages according to the Product Liability Act are subject to the statutory provisions on limitation periods.

13. Copyrights, Other Industrial Property Rights, Tools, Designs

Purchaser is fully responsible for ensuring that the use of the designs, print layouts, etc. provided by it or produced according to its specifications does not infringe any third party's rights, and releases us from any liability in this respect. Tools, lithographs, printing forms, forming dies, designs, sketches, etc. produced or ordered by us will remain our property, even if Purchaser is charged for their production costs in whole or in part. The preservation period for other parties' print layouts and other customized things is limited to 24 months from the last order produced on the basis of these things.

14. Punching Errors and Typesetting Errors, Additional Orders

For changes deviating from the punch or print layout which may become necessary the hours worked will be charged. The same applies to corrections resulting from illegibility or other corrections, in particular corrections made by a graphics designer.

15. Place of Jurisdiction

If Purchaser is a businessman the place of jurisdiction shall be the seat of our company; if we file a suit, we may also do so at Purchaser's place of general jurisdiction.

16. Applicable Law

All legal relationships between Purchaser and us shall be governed by the law of the Federal Republic of Germany, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).

17. Severability

Should individual provisions of these Terms and Conditions be invalid, in whole or in part, this shall not affect the validity of the remaining provisions.

October 2003