

General Terms and Conditions for Purchasing of Vorwerk & Co. Teppichwerke GmbH & Co. KG

I. General

1. Solely the following general terms and conditions for purchasing are valid for all orders placed by Vorwerk. Any deviating or altering sales terms of the vendor are non-binding, even so if the vendor only agrees to deliveries on his terms. Herewith the validity of possible sales terms of the vendor is formally objected. The confirmation of the delivery is not considered as acceptance of deviated sales terms, even if Vorwerk does not object expressly at the moment of receipt. These terms and conditions for purchasing are effective with Vorwerk's confirmation and execution of the order, even so if the vendor refers to his sales terms in his confirmation or execution of the order.
2. Alterations of the following terms and conditions for purchasing require written agreement by Vorwerk. The validity applies to the transaction expressly agreed upon and not to previous transactions, even if still being in execution.

II. Legal Venue

1. All privities of contract between Vorwerk and the vendor are subject to the applicable law of the Federal Republic of Germany. The UN Convention on Contracts for the International Sale of Goods dated 1980-04-11 is foreclosed.
2. For both parties the legal venue for all disputes regardless of their nature is Hameln, including disputes arising from cheques or bills of exchange. Notwithstanding the above Vorwerk reserves the right to address the courts at the vendor's place of business or place of performance even abroad.
3. Paragraph 1) and 2) are valid for all parties responsible for the proper performance of the sale and/or deriving rights thereof.
4. The vendor commits to the non-usage of materials and applications listed as prohibited substances according to the German Regulation on Prohibited Chemicals.

III. Offer and Conclusion

1. Orders are placed in written form. In case of verbal ordering Vorwerk has to confirm in writing.
2. Upon receipt of the order the vendor has to issue an order confirmation. In case the vendor is not able or willing to execute the order in accordance with the purchase order of Vorwerk, irrespective of the regulation pursuant para.1 his order confirmation has to indicate clearly all possible differences.

The correspondence linked to the order has to be addressed to the purchase department and kept separately for each order stating the order number and/or other indications. If not otherwise expressly required by Vorwerk the vendor has to issue and timely present all delivery notes, bills of sale in single and the invoice in duplicate.

3. Vorwerk reserves all rights of property and intellectual property rights on drawings and other documents handed over by Vorwerk to the vendor for the purpose of preparation of the offer and/or execution of the order. They are intended for the predetermined purpose only and without Vorwerk's consent shall not be duplicated or passed over to competitors or being otherwise exploited. They must be returned by request at any time.

IV. Delivery

1. Agreed terms and periods of delivery must be complied even if not expressly indicated as "fix". They are classified as "complied" only by timely intention to deliver.
2. Agreed terms of delivery extend adequately if due to force majeure the vendor is prevented to fulfill his obligations. Vorwerk is entitled to withdraw partially or completely from the contract if the delivery is delayed for more than four weeks.
3. If the vendor falls behind with the delivery of the goods in place of delivery or rescission of the contract pursuant § 323 BGB Vorwerk is entitled at discretion to optionally demand delivery and compensation due to delayed delivery (compensation for delay) or compensation, optionally reimbursement of expenses, after an adequate extension of time of three weeks at the most, unless dispensable pursuant to legal regulations. In case of delay Vorwerk without granting an extension of time and without prejudice of further claims for damages is also entitled to claim a contractual penalty of 0.5 % of the order value per week commenced not exceeding 5 % of the total order value. If delays are to be expected in the process of delivery or preparation of the order the vendor has to inform Vorwerk immediately.
4. Only on the basis of special written agreement the vendor is entitled to conduct partial deliveries.

V. Forwarding, Transfer of Perils and Acceptance

1. If not agreed otherwise deliveries are carried out DDU Hameln (Incoterms 2000) to the address for dispatch stated overleaf. Forwarding charges include loading charges, unloading, packing and return of empties.
2. Deliveries can be effected only at times, places and in measures notified to Vorwerk. Charges for differing deliveries go to the account of the vendor and do not constitute a default of acceptance on the part of Vorwerk.

3. Acts of force majeure and other circumstances complicating, delaying or impeding considerably the acceptance and Vorwerk not being accounting for entitle Vorwerk to postpone the acceptance during the impediment and an adequate lead time or to partially or completely withdraw from the contract. Claims of the vendor for delivery, rescission or compensation for damages are excluded.

The circumstances entitling Vorwerk to the before mentioned measures particularly comprehend breakdowns of operations, strikes, regulatory measures, shortages of raw materials, whether occurring with Vorwerk itself or with Vorwerk's customers.

VI. Guarantees and Liability

1. If not stipulated otherwise with the order the limitation period comprehends 60 months as from passing of risk. Any longer limitation periods have priority. The dispatch of a letter of complaint addressed to the vendor preserves all rights.
2. Upon goods receipt Vorwerk will check the amount of packaging units and its intactness. Further checks will not be executed.

Any defaults detected upon goods receipt may be notified within one month. In case of defaults detected during the process of production or after the product has been used will be notified without delay.

Vorwerk is not bound to further checks and complaints to the vendor.

3. In case of defaulted goods Vorwerk is entitled to the legal claims in its entirety. In urgent cases Vorwerk is also entitled to replace or repair defaulted goods at the vendors expenses.
4. Learning of any alterations of the composition of the processed material or of the constructive execution compared to past deliveries and services the vendor is obligated to immediately inform Vorwerk before start of production or – if the vendor is not the producer – immediately upon knowledge of the alteration. All alterations need Vorwerk's approval. Vorwerk is not obligated to check deliveries and services for conformity.

VII. Trademark Rights and Nondisclosure

1. The vendor ensures that the delivered goods shall not infringe any rights of third parties.
2. The intellectual property rights apply without special notification for all information and documents handed over by Vorwerk or its representatives to the vendor. Without Vorwerk's prior written consent the vendor shall not copy or disclose to any third party any of this information or documents nor misuse it deviant of its original purpose.

3. The vendor shall keep strictly confidential all know-how and information left to him by Vorwerk, not use them for third party orders or even make them available direct- or indirectly to third parties.
4. Inventions, working results and know-how arising of the cooperation with Vorwerk shall be exploited exclusively by Vorwerk in fact free of charge and areal and temporary unlimited. The vendor shall notify Vorwerk immediately in writing of all inventions, working results and all know-how arising in connection with the execution of the order and hand over all sketches, prototypes and written documentation.
5. If it is about inventions or working results capable of being protected Vorwerk is entitled to acquire domestic and international property rights to be registered in Vorwerk's name. If Vorwerk exercises this right and it concerns an employees' invention Vorwerk indemnifies the inventor directly according to the law of employees' invention. Amount and payment date of the inventor's compensation go by the internal regulation for inventions of staff of the vendor or – in case of non-existence according to Vorwerk's internal regulations. The vendor itself shall not be entitled to any fee or compensation.
6. The right to use inventions or working results notified to Vorwerk by the vendor but not capable of being protected are regarded as satisfied under the terms of §4 by settlement of the order.
7. The vendor must take all organisational and legal measures as well as making statements – such as usage of his employees' inventions – necessary for Vorwerk to exercise the before mentioned rights.

VIII. Delivery according to instructions, sketches, prototypes, moulds and tools

If the vendor produces goods according to instructions, sketches or moulds furnished by Vorwerk neither the resulting goods nor the special equipment, matrices etc. for its production shall become available to third parties without Vorwerk's prior written consent. That also applies if the special equipment and matrices are property of the vendor and Vorwerk declines the acceptance of the goods due to delayed or deficient performance, or despite proper performance refrains from further ordering.

Moulds, samples, sketches and technical documentation of any kind remain in Vorwerk's property and must be kept secret; the vendor immediately shall return them together with any duplicates on Vorwerk's request.

IX. Property- and possession relationship on machinery, moulds, tools, materials and/or equipment

1. The machinery, moulds, tools and/or equipments provided by Vorwerk are and remain in the sole property of Vorwerk.

2. In case the vendor purchased machinery, moulds, tools and/or equipment on Vorwerk's request these items at their actual condition vest in Vorwerk's sole property and/or co-property respectively inasmuch as Vorwerk has duly paid the agreed price or instalments.
3. The vendor gratuitously keeps and maintains with adequate care all machinery, moulds, tools and /or equipment purchased or manufactured on Vorwerk's name until its transfer to Vorwerk for at least 10 years after termination of this agreement. They shall not be scapped without Vorwerk's prior written consent.
4. The vendor's property right on the machinery, moulds, tools and/or equipment terminates in case of insolvency and/or over-indebtedness of the vendor, in any case with the application for insolvency proceedings at the latest.
5. In case that due to delay or deficient performance of the vendor – regardless of which reason – Vorwerk is faced with possible production breakdowns the vendor upon Vorwerk's request has to immediately transfer the respective machinery, moulds, tools and/or equipment to Vorwerk. The transfer must be effected independent of any agreement between the parties aiming to avoid production breakdowns with Vorwerk.
6. Vorwerk's machinery, moulds, tools and/or equipment shall be marked notably as being in Vorwerk's property.
7. Material provided and delivered by Vorwerk for the execution of the order remains in Vorwerk's property. Its processing and mixture with other goods belonging to third parties and remaining in their property is permitted within the scope of the placed order. If the vendor does not fulfill his obligations or is behind schedule with the order Vorwerk shall prohibit the processing at any time and claim the return of the delivered material independent of its actual state of production.
8. The processing of the material provided by Vorwerk is carried out for and by order of Vorwerk without causing Vorwerk any liability. The property is reserved to Vorwerk. If the material provided by Vorwerk is processed with other items not belonging to Vorwerk, Vorwerk acquires the co-property on the new item at the actual state of production. Items belonging to Vorwerk are kept gratuitously by the vendor with the care of a prudent businessman.

X. Payments

Unless otherwise expressly agreed payments are due within 14 days less 3 % cash discount or 30 days less 2 % cash discount or 60 days net from date of invoice.

XI. Miscellaneous

There do not exist any oral additional agreement . Any alteration or amendment of this agreement shall be valid only if expressly confirmed in writing. This requirement may only be waived in writing.

The invalidity or ineffectiveness of individual provisions of this agreement shall not result in the invalidity or ineffectiveness of the remaining provisions. In such a case the remaining provision shall be interpreted in such a way as to achieve the economic purpose of the invalid provisions.

Status: November 2006