

General Terms & Conditions of Purchase

for Pirelli Deutschland GmbH

– Status: 1 July 2009 –

All legal relations with our suppliers shall be determined by these Terms & Conditions; otherwise the law of the Federal Republic of Germany shall apply exclusively.

1 General – scope

1. This contract and all future contracts with the Supplier shall be governed exclusively by our Terms & Conditions of Purchase; we shall not recognise conflicting terms and conditions of the Supplier, or terms and conditions of the Supplier differing from these Terms & Conditions, unless we have agreed expressly to their validity. Our Terms & Conditions of Purchase shall apply even if, being aware of conflicting terms and conditions of the Supplier or terms and conditions of the Supplier differing from these Terms & Conditions, we accept the Supplier's supply or service without demur.

2. All agreements made between ourselves and the Supplier for the purpose of executing this contract must be set out in this contract in writing.

3. Our Terms & Conditions of Purchase shall only apply to traders under the terms of Section 310 of the German Civil Code (BGB).

4. Insofar as reference may be made to Pirelli's International Terms and Conditions of Business with regard to purchase contracts, these shall only apply insofar as they do not conflict with these German Terms & Conditions of Purchase. In case of doubt the German Terms & Conditions of Purchase shall supersede the International Terms & Conditions of Business with regard to purchase contracts.

2 Orders

1. We shall be bound to our order for 3 weeks. Acceptance of order may only be given within this term.

2. **Changes to order** shall be permitted to us at any time, insofar as such changes are reasonable in the light of such practices as are usual in the industry, and providing the ensuing impact on costs and deadlines is regulated.

3. Should the Supplier make an application to open **proceedings in bankruptcy**, we cannot withdraw from the unfulfilled part of the contract.

4. Should over-deliveries or under-deliveries of our order be effectively undertaken because agreed as usual in the trade, this must be compulsorily indicated in the delivery papers. This shall apply most particularly to the last of a number of part deliveries.

5. Insofar as reference is made to **DIN norms, VDE regulations** or our Delivery Regulations, the Supplier shall undertake the guarantee that the goods delivered meet these requirements. **Hazardous materials** must be particularly so marked.

3 Prices – terms and conditions of payment – invoices

1. The price shown in the order shall be binding. In the absence of any written agreement to the contrary, the price shall be for delivery "carriage free to destination", including packaging. Return of packaging shall require a separate agreement. Price changes for continuous deliveries must be notified in good time and shall entitle us to withdrawal.

2. Payments will be made upon receipt of goods in accordance with contract and upon proper submission of invoice (with associated VAT entry).

3. Invoices must always show our order number; the Supplier shall be responsible for all consequences arising from failure to meet this duty, unless he can prove that he is not culpable for the said omission.

4. Defective deliveries shall entitle us to pro-rata retention of payment until proper fulfilment.

4 Delivery time

1. The delivery time stated in the order shall be binding. In deciding whether deadlines or periods of grace have been met, the decisive factor shall be the receipt of the goods.

2. The Supplier shall have a duty to inform us immediately should circumstances transpire, or become known to him, which imply that the delivery time cannot be met. Interruptions to delivery must be justified in writing.

5 Transfer of risk – documents

1. Unless agreed otherwise in writing, delivery must be "carriage free to destination."

2. Shipping shall be made in pursuance of our respective dispatch regulations, carriage and packaging free, and must be confirmed to us immediately. Goods shall travel, packed and labelled properly and in the way usual in the trade, at the Supplier's risk; shipping advices and postal-package or express-goods addresses must show our respective order numbers identically with invoice. Costs incurred from failure to follow shipping rules or instructions shall be payable by the Supplier.

6 Guarantee

1. Acceptance shall be governed by the respective delivery agreements.

2. Along with the agreed technical data, goods must be state of the art at the time concerned and must meet all relevant safety regulations. Changes to the item of delivery or to the manufacturing process shall require prior written permission. Should we so require, moreover, the Supplier shall have a duty to show when, in what way and by whom the goods have been inspected to ascertain their agreed characteristics and what results have transpired; upstream suppliers must be bound to the same duty.

3. The period of guarantee shall be 24 months from transfer of risk. Should rectification or subsequent delivery be required, the period of guarantee shall begin to run again after such rectification or subsequent delivery has been effected.

4. We shall be entitled to statutory guarantee claims in full; along with these, we shall be entitled to require the Supplier to remedy the defect or to make a replacement delivery, carriage paid to point of use, as we shall choose. In this case the Supplier shall have a duty to pay all expenses required for the purpose of rectifying the defect or making a replacement delivery. The right to damages, particularly to damages for non-fulfilment, shall remain expressly reserved. Should the Supplier be in arrears with a remediation of defect, we may instruct Third Parties to undertake the said rectification on the Supplier's account. The same shall apply if there is danger in delay or if there is particularly urgency. Repeatedly defective delivery or remediation shall entitle us to withdraw, under proviso of further rights.

5. In case of malfeasance Pirelli shall be empowered in particular to claim damages for pecuniary loss, unless the Supplier can prove that he is not culpable.

6. Should a claim be made against us under recourse for liability in the sale of consumer goods, our claims against the Supplier shall expire in accordance with statutory regulations, but no earlier than two months following the time when we have met the claims of our guarantee or paid the compensation.

7 Product liability – release – indemnity insurance – environmental protection

1. Insofar as the Supplier is responsible for a product defect, he shall have a duty to release us on first demand from all claims for damages arising therefrom brought by Third Parties, insofar as the cause lies in his sphere of control and organisation and he himself is liable in external relations.

2. The Supplier shall release us in full from claims brought by Third Parties under German or foreign law for defective goods, or shall let the principles of liability applied to ourselves apply to himself, insofar as the defect is not due to an infringement of operating, maintenance or installation rules for which we are culpable, to improper usage, defective or negligent treatment, or the goods were subject to natural wear and tear as intended.

3. Duty of compensation shall be excluded insofar as we have also effectively limited liability towards our purchasers.

4. By way of his liability for claims under Paragraph 1, the Supplier shall have a duty to reimburse any expenditure under Sections 683 and 670 of the German Civil Code (BGB) and under Sections 830, 840 and 426 of the German Civil Code (BGB) incurred by ourselves from or in connection with a recall campaign which we have undertaken. We shall inform the Supplier, as far as possible and as far as is reasonable, of the substantive details and scope of the recall measures to be undertaken, and give him an opportunity to respond. Other statutory claims shall not be affected thereby.

5. The Supplier hereby agrees to maintain a product-liability insurance with coverage of EUR 5 million per claim (all-inclusive) for personal or material damages; further claims for compensation shall not be affected hereby.

6. The Supplier hereby agrees to fulfil the rules and laws governing environmental protection in force from time to time, particularly legislation on protection against emissions, on hazardous substances, on water, and on waste. The relevant data sheets on safety of materials must be supplied to Purchasing prior to delivery.

8 Copyrights and patents

1. The Supplier shall take responsibility for ensuring that no rights of Third Parties within Germany are infringed in connection with his delivery and shall inform us immediately of any risks of infringement of which he has become cognizant.

2. Should a claim be brought against us for infringement of rights under the terms of Paragraph 1, the Supplier shall have a duty to release us from these claims at first demand; we shall not be entitled to make agreements with the Third Party regarding this claim, and in particular to conclude a settlement, without the Supplier's permission.

3. The Supplier's duty of release shall apply to all expenses which we have necessarily incurred as a result of, or in connection with, a claim brought by a Third Party.

9 Reservation of title – non-disclosure

1. Insofar as we provide the Supplier with parts or materials, we shall reserve **title** thereto. Any processing or conversion by the Supplier shall be undertaken for ourselves. Should our reserved goods be processed with other items not belonging to us, we shall acquire co-ownership of the new item in the ratio of the value of the reserved goods to the other processed items at the time of processing.

2. Should parts or materials which we have supplied be inextricably mixed with other items not belonging to us, we shall acquire co-ownership of the new item in the ratio of the value of the reserved goods to the other mixed items at the time of mixing. Should the mixing be undertaken in such a way that the Supplier's goods must be regarded as the principle item, it shall be deemed to have been agreed that the Supplier transfer co-ownership to ourselves pro rata; the Supplier shall keep the sole title or joint title for ourselves.

3. We hereby reserve title and copyright to illustrations, drawings, calculations and other documents provided; they must be returned to us without solicitation once the order is completed. The Supplier shall have a duty to keep strictly secret all illustrations, drawings, calculations and other documents and information which he has received. These may be disclosed to Third Parties only with our express permission. This **duty of non-disclosure** shall subsist even after this contract has been executed; it shall expire when and insofar as the information on production processes contained in the illustrations, drawings, calculations and other documents so received has become generally known.

10 Software

1. Unless agreed otherwise in individual contracts, the Supplier shall grant us at least a non-exclusive right of use to software and hardware products and their related documentation, unrestricted as to time, and non-transferable except in the cases of Paragraph 2.

2. We shall be entitled to make duplicates for purposes of data backup. We shall further be entitled to pass these on to our customers, with a statement drawing attention to any copyright notice by the originator, in connection with execution of contract.

3. The Supplier shall undertake a guarantee that the software and its data structure is free of defects and shall ensure that proper duplication is possible.

11 Place of jurisdiction – place of fulfilment

1. Should the Supplier be a trader, the place of jurisdiction shall be our registered office; we shall be entitled, however, to sue the Supplier also at his registered office.

2. Unless implied otherwise in the order, the place of fulfilment shall be our registered office.

12 Miscellaneous

Should a provision in these Terms & Conditions or other agreements be or become invalid or incomplete, the validity of the remaining regulations shall not be affected thereby.