

GENERAL CONDITIONS OF SALE AND DELIVERY

OF RADSATZFABRIK ILSENBURG GMBH - APPLICABLE FROM 1 JULY 2007

1. Scope of Application

(1) The present General Conditions of Sale and Delivery (hereinafter the "Conditions") apply exclusively to all sales and deliveries of goods, accessories and spare parts (hereinafter "Goods") by Radsatzfabrik Ilsenburg GmbH (hereinafter "RAFIL®"). Conflicting and/or additional general standard terms and conditions of the customer shall be inapplicable to RAFIL®. This shall be the case even if RAFIL® does not expressly object to those conditions or complies with their contractual obligations unreservedly.

(2) All contractual provisions entered into with the customer are contained in the document of which the present Conditions form a part. There shall be no subsidiary agreements.

(3) The present Conditions shall also apply to all future business transactions with the customer.

2. Quotations

(1) All quotations submitted by RAFIL® are without obligation. They represent merely a request to the customer to submit an offer on its part.

(2) Any public statements by RAFIL®, the manufacturer of the delivered Goods or its agents, in particular in the context of advertising or labelling, do not constitute any description of the characteristics of the Goods or any warranty pertaining thereto.

3. Prices

The prices of RAFIL® valid at the time of order confirmation shall apply to all sales. All prices are exclusive of value-added tax. In the event that cost increases beyond the control of RAFIL®, such as rises in material and labour costs, public charges or other costs, occur at least six weeks after order confirmation and prior to delivery, RAFIL® shall be entitled to adjust the prices accordingly. Upon request, RAFIL® shall provide the customer with evidence of such cost increases.

4. Terms of Payment

(1) Where the contract provides for payment by letter of credit, the customer is obliged to open such letter of credit and to hand it over to RAFIL® within seven (7) days.

(2) Under no circumstances is RAFIL® under any obligation to perform the contract before receiving the letter of credit.

(3) The customer shall pay the purchase price, upon performance, within 30 days after receipt of the invoice, after which it will be in default within the meaning of § 286 para.2 (2) of the German Civil Code (BGB). The legal consequences shall be governed by § 288 BGB.

(4) Should the customer fail to comply with its payment obligations, RAFIL® shall be entitled to refuse performance, wholly or in part, until payment of the due amounts is effected or security provided.

(5) If advance performance by RAFIL® is required and a substantial deterioration in the financial position of the customer occurs after conclusion of the contract, thereby endangering the payments of the purchase price, in particular if the customer discontinues the payments or an application is made to initiate insolvency proceedings regarding the assets of the customer, RAFIL® may refuse delivery until payment of the purchase price is effected or security provided. RAFIL® shall be entitled to withdraw from the contract unless the customer pays the purchase price or provides security within a reasonable period.

(6) The customer shall be entitled to rights of offset or retention only if its counterclaims are recognised by declaratory judgement or are uncontested.

(7) The customer is not entitled to assign any rights or claims arising from the present contract to third parties without the prior consent of RAFIL®.

5. Intercompany Offset Clause

(1) RAFIL® is entitled to offset any receivables owed to RAFIL® by the customer against any receivables owed to the customer, for whatever the cause in law, by companies in which Georgsmarienhütte Holding GmbH has a direct or indirect majority shareholding.

(2) The current group of companies within the meaning of the preceding paragraph in which Georgsmarienhütte Holding GmbH has a direct or indirect shareholding can be viewed on the Internet at www.georgsmarienhuetten-holding.de. Upon request the customer will receive information at any time regarding the group of companies within the meaning of the preceding paragraph.

6. Delivery and Default of Delivery

(1) Time allowances, particularly delivery dates specified by RAFIL®, are binding only if expressly agreed as binding by RAFIL®. Shipment ex works shall be definitive for compliance with the delivery deadlines or delivery dates. RAFIL® is in no way under any obligation to adhere to confirmed delivery dates if information, contributions or finalised product requirements on the part of the customer necessary for the shipment or delivery of the Goods are not received until after dispatch of the order confirmation.

(2) The delivery lead times shall be adequately extended in cases where there are impediments to delivery beyond the control of RAFIL®. This shall apply in particular to energy supply or transport disruptions, imposition of embargoes, breakdowns, industrial action, or lateness or failure to obtain supplies itself. If it becomes impossible for RAFIL® to perform the contract for the stated reasons, the order in question shall be deemed as cancelled. RAFIL® shall inform the customer of any such impediments to delivery without delay.

(3) If the customer defaults in accepting the contractual delivery, RAFIL® shall be entitled – subject to any other claims - to place the Goods in storage at the risk of the customer and to receive from the customer reimbursement of the additional expense (e.g. storage costs) incurred because of the default in acceptance.

(4) Should the customer fail to accept delivery in spite of a reasonable additional period of time elapsing, RAFIL® shall be entitled to sell the Goods elsewhere, free from third party rights, and to invoice 20% of the purchase price to the customer as minimum compensatory damages, unless the customer provides evidence that the actual damage was significantly less.

7. Dimensions, Weight, Quality

Deviations in dimensions, weight and quality shall be admissible in accordance with the agreed railway administration standards, DIN [German Industrial Standards] or current practice. The theoretical weights are verified by type on our calibrated scales and are definitive for invoicing. Demonstration of the weight may take place through presentation of a weight slip. Unless individual weighing takes place, the total weight of the consignment at the time shall apply. Differences in relation to the theoretical individual weights shall be spread proportionately among them.

8. Packing and Packing Costs

(1) Where required technically, RAFIL® delivers the Goods packed in special shipping crates or support frames and protected against corrosion.

(2) The customer shall bear the packing costs. The support frames serving as packing will not be taken back. Shipping crates will remain the property as shown on the labels and are to be deemed as on-loan packaging in circulation.

9. Passage of Risk and Place of Performance

All deliveries take place "ex works" RAFIL®, Ilsenburg (EXW) as per INCOTERMS 2000.

10. Warranty

(1) Should the delivered Goods have a material defect, RAFIL® will, at its own option, remedy the defect or deliver defect-free (replacement) goods. If the replacement proves to be a failure or is unacceptable to the customer, the customer may reduce the purchase price or withdraw from the contract. Other claims on the part of the customer, with the exception of the claims stated in Article 11 (Liability), are excluded.

(2) The warranty period is 60 months for all goods that are subject to UIC conditions, otherwise 24 months, following delivery.

11. Liability

(1) RAFIL® shall be liable for damages only if

a) liability is compulsory under applicable law, such as under the Product Liability Act or in cases of injury to life, limb and health.

b) RAFIL® negligently violates a material contractual obligation (cardinal obligation) or a guarantee, or

c) the damage is based on grossly negligent or wilful conduct of RAFIL®.

(1) In all other cases, the liability of RAFIL® for damage is excluded, irrespective of the legal basis. In particular, RAFIL® will not be liable for indirect damage, loss of profit and other pecuniary losses of the customer.

(2) The liability shall in any case be limited to the damage that RAFIL®, upon concluding the the contract, was able, or would have been able, to reasonably foresee on the basis of the circumstances and facts to which it had access. This limitation of liability does not apply in the cases of para. (1) (a) of present clause 11 (Liability).

(3) The disclaimer and/or limitation of liability in the preceding paragraphs shall also apply to the personal liability of the employees and vicarious agents of RAFIL®.

12. Force Majeure

Regardless of the provisions relating to Article 11 (Liability), RAFIL® will not be responsible or liable for any disruption or delay in the performance of any part of the present contract deriving from events beyond the control of RAFIL®, including strikes or industrial action. Should such events last for more than 30 days, both parties shall have the right to withdraw from the contract with immediate effect through declaration of withdrawal to the other party, without there being any claims for compensation for damage or loss.

13. Obligations of the Customer

(1) Should the Goods have been manufactured to customer drawings, designs, labels, trademarks or other specifications, the customer undertakes to indemnify RAFIL® from any liability on account of the infringement of property rights such as patents, ornamental designs or copyrights to which RAFIL® is subject because the Goods conform to those specifications.

(2) In the event of damage occurring in transit, the customer shall immediately arrange for ascertainment of the facts by the appropriate bodies.

14. Retention of Title

(1) RAFIL® reserves ownership of the delivered Goods (reserved Goods) until all - present and future - claims arising from the business relationship with the customer have been fulfilled.

(2) Any machining or processing will take place at all times on behalf RAFIL® as the manufacturer, but without any obligation for RAFIL®. If the title held by RAFIL® lapses due to processing, etc., then RAFIL® shall have ownership of the unitary object based on the value of the delivered objects in proportionate relation to the co-processed objects at the time of the processing. If the customer acquires sole ownership through combination or commingling, it shall assign co-ownership to RAFIL® in proportion to the value that the delivered items have in relation to the other combined or commingled objects at the time the combining or commingling takes place. RAFIL®'s (co-)ownership acquired in accordance

with these provisions passes to the customer under the same conditions as the ownership of the Goods delivered by RAFIL®.

(3) The customer is entitled to sell the reserved Goods in the normal course of business. The customer already assigns to RAFIL® at the present time all current and future receivables in the amount invoiced (including value-added tax) that accrue to it from the resale of these Goods. RAFIL® herewith accepts this assignment. The customer remains entitled to collect such receivables also after assignment. The authority of RAFIL® to collect such receivables itself will remain unaffected by this. RAFIL® undertakes not to collect such receivables as long as the customer meets its payment obligations ensuing from the agreed sales, is not in default of payment and, in particular, no application has been made to initiate insolvency proceedings, or there is no stoppage of payments.

(4) The customer is prohibited from any other exploitation of the reserved Goods. In particular, it is not entitled to transfer ownership of, or pledge, the reserved Goods as security. The receivables assigned to RAFIL® may be pledged or assigned as security to third parties only with the prior consent of RAFIL®.

(5) The customer shall inform RAFIL® in writing without delay about any interference by third parties or any distraint by third parties concerning the reserved Goods. The customer shall bear the costs necessary to protect the rights of RAFIL® in as far as these cannot be reclaimed from the third party.

(6) If the customer violates a material contractual obligation, in particular if it defaults on payment, RAFIL® shall be entitled to take back the reserved Goods at the expense of the customer or to demand the assignment of any rights of ownership of the customer in relation to third parties. RAFIL® shall also be entitled to revoke the customer's right of resale as well as any authorisation to collect the receivables and use, exploit or resell the reserved Goods. If RAFIL® takes back the reserved Goods or sells these Goods, this shall not be construed as withdrawal from the contract. RAFIL® may offset the revenues from the exploitation of the reserved Goods against the outstanding receivables. The customer shall be liable for the loss if the exploitation revenues are less than the purchase price.

(7) If the value of the existing securities exceeds that of the secured receivables by more than 50% in total, RAFIL® undertakes, on request by the customer, to release the securities at the option of RAFIL®.

(8) If RAFIL® is entitled to take back the reserved Goods, the customer shall irrevocably grant RAFIL® and its representatives access to its business premises during the normal course of business and tolerate removal.

15. Proof of Exportation

If a customer residing outside the Federal Republic of Germany (extra-territorial buyer) or its agent collects Goods and conveys or ships them abroad, the customer shall furnish us with the proof of exportation necessary for tax purposes. If such proof is not furnished, the customer shall pay the value-added tax on the invoice amount applicable to deliveries within the Federal Republic of Germany.

16. Applicable Law, Place of Jurisdiction

(1) The contractual relationship is subject to the law of the Federal Republic of Germany. Application of UN law on contracts and sale of goods (United Nations Convention on Contracts for the International Sale of Goods) is excluded.

(2) The exclusive place of jurisdiction for any disputes arising from this contract or in connection therewith is Magdeburg. Irrespective of the above agreement regarding the legal venue, RAFIL® may take legal proceedings against the customer also at its place of business.