

General Terms of Sale (valid as of: May 2007)**I. Scope**

1. These General Terms of Sale shall apply to contracts of any all German companies of the heristo Group.
2. In business transactions between this company and any other company, public corporation and/or legal entity under public separate fund assets the following terms of business are applicable to the exclusion of any other terms.
3. Our terms of business shall also apply to all future business relation.
4. Any terms and conditions of our contractual partner which deviate from these conditions shall be invalid.
5. These terms shall apply even if we carry out a business transaction in the full knowledge that the terms of trade of our contractual partner are diametrically opposed to, or deviate from, ours.
6. Our terms of business shall apply to the extent to which no other terms have been agreed with our contract partners in writing.

II. Applicable law

Unless our terms of business contain particular provisions, the laws governing the relations between domestic parties at our registered office (German law) apply under exclusion of any foreign law. The application of the UN Convention on Contracts of the International Sale of Goods (CISG) shall be excluded.

III. Place of performance

The place of performance for all obligations arising from the order shall be our registered office.

IV. Secrecy

1. Any information and all documents, technical or commercial know-how including but without limitation to illustrations, drawings, calculations, which we mark as being confidential must be treated strictly confidential. None of our contract partners is allowed to disclose any confidential information to any third party unless with our express written information.
2. Confidential information which has been made available must only be used for attaining the purpose of the contract. On completion or termination of the contract all confidential documents provided by us must be returned immediately and without our request required.
3. The obligation of secrecy survives the completion or termination of the contract.
4. The obligation of secrecy becomes ineffective if and to the extent to which the contents of the documents or information enter the public domain.
5. Other rights, in particular, ownership, trademarks and copyright, are reserved.

V. Set Off and Retention

No contract partner is entitled to set off any claim against any amount owing to us unless the counterclaim is undisputed and part of a non-appealable declaratory judgment. A contract partner's right of retention is limited to claims under the same contractual relationship.

VI. Assignment of rights and obligations

No contract partner is entitled to transfer or assign any rights or obligations without obtaining our written agreement. Where the assignment involves a financial claim, we are entitled to make payment to our contract partner as if the claim had not been assigned.

VII. Conclusion of contract

1. Our offers, in particular offers in printed material and advertisements, are without obligation and are to be understood as solicitation for submission of a binding proposal.
2. Any order placed by our contracting partner constitutes a binding proposal with a validity of two weeks. No contract is concluded unless we confirm acceptance of the order within the validity period in writing or make delivery.
3. We are obliged to inform the contract partner without delay if we do not accept an order.

VIII. Prices

1. Our prices are quoted exclusive of applicable value-added tax. Unless agreed otherwise, our prices are „ex works“ prices, exclusive of packaging, which is billed extra. For shipments outside Germany customs fees and other charges will be invoiced separately.
2. "Prices are subject to change" means that the contract partner agrees that we sell the goods at the price effective on the date of shipment.
3. For regular shipments of goods to customers, even where a price is agreed at the time of conclusion of contract, we reserve the right to adjust prices upward or downward if market prices or costs change after the conclusion of contract, for example as a result of higher taxes, customs fees or other charges, purchasing or examination fees, freight, transshipment or rates of exchange.
4. Clause 3 above also applies to contracts for delivery of goods shipment of which is to be made at the end of four months after the conclusion of contract or later. If pursuant to the above provisions (in clause 3 and clause 4) the agreed price increases by more than 5 %, the contract partner is entitled to cancel the contract or in the case of clause 3 or other types of continuous obligation to terminate the contract.
5. Slaughter house compensation payment, if any, must always be made by the buyer, who is also obliged to register.
6. Our bill is for the weight calculated by us as seller at the time of delivery. We do not credit for natural loss of weight during transport or interim storage.
7. We will only accept the charging of fees or remuneration for visits or for the drawing up of offers, brochures, cost estimates, etc. if this has been expressly agreed with us.

IX. Nature of the goods

1. If the contract is concluded with reference to a product description provided by us, the product data in the product description is agreed as the nature and intended use of the goods.
2. All samples are average samples. If orders are based on samples or specimens, no warranty is made that the character of the goods actually supplied is the same as that of the samples or specimens.
3. It is agreed that quality deviations typical of the goods delivered and deviations of less than 11 % of the size and/or weight specified per unit of weight are acceptable tolerance.

4. No warranty is made for the nature or shelf life or otherwise of the goods.
5. Under contracts providing for the regular supply of goods by us, we reserve the right to change the agreed supplies if so required by changes of the production process, changed packaging, changes of the state of the art, modifications of applicable laws and provisions or in view of recommendations by employer organizations or experts and provided such changes or modifications are reasonable considering the mutual interests of our contract partners.
6. Clause 5 above also applies to contracts for goods to be delivered at the end of four months after conclusion of contract or later.
7. If and to the extent to which we or the manufacturer uses codes or numbers for identification of the order or the object of purchase ordered, no rights can be derived solely on the strength of such use.

X. Delivery and delay

1. We do not accept any procurement risk for which we are not liable based on fault.
2. All deliveries are made in anticipation of timely and correct self-delivery and in case of failure our contract partners have no right to claim damage. We will notify our contract partner of any failure in self-delivery without delay and assign rights, if any, from our liability contract with our suppliers to our contract partner.
3. Dates and terms of delivery, which can be binding or non-binding, must be fixed in writing. The term of delivery commences with the conclusion of contract.
4. Under contracts for the delivery of goods on call, our contract partners must issue the call allowing a reasonably short period between the date of the call and the required date of delivery. If partial deliveries on call are agreed and no additional arrangement is made, the packaging units, assortment and articles of the partial deliveries bear the same percentage relationship as the complete order.
5. If a non-binding date or term of delivery is agreed, we are in default if we fail to make delivery at the agreed date or after the agreed term after a reminder to this effect from our contract partner. If a binding date or term of delivery is agreed and we fail to deliver by the agreed date or within the agreed term, we are in default when the date or term of delivery is exceeded.
6. No damage for delayed delivery can be claimed in case of ordinary negligence.
7. If while we are at default, we cannot make delivery due to contingency and our contract partner can claim compensation of loss due to delay, such compensation is limited to 5 % of the agreed purchase price. If while we are at default, we cannot make delivery due to contingency and our contract partner can claim damage in lieu of delivery, such damage is limited to maximum 30% of the agreed purchase price. We are not liable if the damage would have occurred even if delivery had been made on time.
8. In cases of force majeure or any other event that could not be foreseen and was not caused by our fault and in cases of exceptional circumstances beyond our control to the extent to which such events or circumstances prevent us from delivering the goods at the agreed date or within the agreed term, the date or term of delivery shall be extended by the duration of such event or circumstance preventing the performance of the contract.
9. If the causes in clause 8 above prevent the performance of the contract for a period of more than four months, we and our contract partner are entitled to cancel the contract or any part of it.

Other rights of cancellation of our contract partner shall remain unaffected.

10. We are entitled to make partial deliveries of goods to the extent to which this can reasonably be expected to be acceptable to our contract partner and any such partial delivery is regarded as partial fulfillment of the contract.
11. All goods are shipped and any activity incidental to such shipment are undertaken in the name and risk of the ordering party, even if we pay the transport charges. Our contract partner must provide all necessary insurances.

XI. Payment

1. The purchase price and the prices of incidental activities are payable directly to this company on delivery of the goods and submission or transmission of the invoice; all payments must be made without deduction of postage or charges of any kind. No discount is granted unless expressly agreed separately and our contract partner makes payment of the respective amount within a fortnight of the due date. The immediate maturity of any amount due is not affected if a discount is agreed. In case of partial delivery, the price of the goods making up the partial delivery for which an invoice is made out, becomes due and payable to this company directly on delivery of the goods and submission or transmission of the invoice.
2. We are not obliged to make advances. Goods are delivered against advance payment, cash payment or cash on delivery, in particular, to buyers who have not submitted references and who are unknown to us, or to contract partners delaying payment.
3. Payment is considered to be effectively made when the amount has finally been credited to the account of this company.
4. Our contract partner defaults on payment at the latest if he fails to make payment within 14 days after the due date and receipt of the invoice or an equivalent list for payments. If the date at which the invoice or list for payment is delivered is insecure, the contract partner defaults latest 14 days after the due date and receipt of the goods.
5. In case of major violation of contract, e.g., if agreed partial payments are delayed in two consecutive cases, we are entitled to demand immediate payment of all other outstanding amounts irrespective of any agreed credit period, including interest accrued, notwithstanding our acceptance of checks or bills of exchange. The above provision does not apply if the delay or major violation of contract is not the fault of our contract partner.
6. If there is substantial reason to assume that our contract partner will not honor his payment obligations because of lacking creditworthiness, especially if our contract partner starts selling his stocks for the purpose of liquidation, if he ceases payment or requests his creditors for a respite of payment or extrajudicial proceedings are instituted into his assets with the aim of debt settlement pursuant to § 305 I 1 InsO (German bankruptcy law) or he pleads insolvency, we are also entitled to demand immediate payment of all outstanding amounts unless our contract partner provides security within a reasonable period of time allowed by us.

7. In any of the cases in clause 6 above we are also entitled to withdraw from the contract.

8. If our contract partner does not make payment designation, we can in our discretion set off payments received against any outstanding claim or accessory claim which we have on our contract partner.

XII. Delay of acceptance

1. If our contract partner delays acceptance of the goods and we claim damage, the rate of such damage is 15 % of the purchase price. The amount of damage shall be increased or decreased if we are able to prove that the damage is higher or our contract partner can prove that it is lower.

2. If deliveries or partial deliveries are agreed on call without a definite period for performance and our contract partner fails to issue a call for agreed deliveries or partial deliveries within a commercially reasonable call-off period, we can require that the goods are called. If our contract partner fails to comply with our request within a reasonable period allowed by us, we are entitled to terminate the contract and claim damages.

XIII. Treatment of goods, advertising and labeling of goods

1. From the time of delivery of the goods, our contract partner is responsible for compliance with all provisions, regulations, requirements and recommendations by laws, government agencies or the official veterinary regarding the proper treatment, in particular, cooling of the goods during loading and unloading, in transit, storage, sorting or packaging as well as during export or import.

2. Our contract partner shall make public statements concerning our products and their characteristics, in particular, in advertisements or as part of the labeling of our products, only in accordance with product information supplied by us and only in reasonable manner.

3. Our contract partner is responsible that products on sale are designated correctly if the designation is different according to local or trade habit.

XIV. Retention of title

1. We retain title in the goods delivered by us until full payment of all amounts due to us under the respective purchase contract has been made. Title is also retained until payment has been made of all claims, including future claims for whatever cause under the business relationship with our contract partner, which are in temporal or factual connection with the delivery of the goods the title to which is retained .

2. On our contract partner's request we are obliged to waive the retention of title if our contract partner has fulfilled all claims in connection with the goods sold and the fulfillment cannot be contested and reasonable security exists for all other claims in the normal course of business.

3. The contract party is obliged to treat and keep safe all delivered goods with the diligence of a prudent merchant. He shall insure the goods at his own cost if this is part of the due diligence.

4. The contract partner is entitled to process the goods, combine or mingle them with other objects and/or sell them in the ordinary course of business; the contract partner is not entitled to pledge such goods or put them in escrow.

Any processing of the goods by our contract partner is for our benefit. We become the owner of the object. If the goods are combined or mingled with other objects that are not our property, we become co-owner of the new object prorated the respective value of the combined or mingled goods at the time of their combination or mingling. The retention of title also extends to the parts or partial quantities of the delivered goods set apart from them.

5. Our contract partner agrees *ex ante* to assign to us, and we accept the assignment of, any claim against third parties from the sale of delivered or processed goods, including contingent and future claims. This also applies to claims from or in connection with the sale of such delivered or processed goods, which our contract partner has under applicable laws. If the goods are sold after combination or mingling with objects that are not our property, the *ex ante* assignment to us shall be for an amount equal to the ratio the value of the delivered goods bears to the sales value of the objects made therefrom. In the event of the destruction or damage of the goods delivered or the objects made from the goods delivered, our contract partner agrees *ex ante* to assign to us any claims under insurance contracts relating to the goods and we accept such assignment. In the event of destruction or damage of the new objects this relation is for an amount equal to the ratio the value of the goods delivered by us bears to the sales value of the objects made therefrom.

In the event that the goods delivered and title to which is retained are sold without or after processing with other objects that are not our property, our contract partner agrees to assign to us any claims from the sale only for an amount equal to the ratio the value of the goods delivered by us bears to the sales value of the total quantity. If an open account is agreed, the assignment *ex ante* relates to the balance at the time of closing the account instead of to each individual claim.

6. The permission to sell in the ordinary course of business is only given to the extent to which we become the owner of the claim for compensation from such sale. Our contract partner is not permitted to enter into an arrangement with a third party, which restricts his right of assigning claims acquired through the sale.

If requested by us, our contract partner must inform us without delay of the names of all parties liable for the assigned claims and submit to us all documents and other information necessary to enforce the claims and inform the liable party of the assignment. We shall also be entitled to inform the liable parties of the assignment of the claims.

7. Our contract partner is entitled on our behalf to collect the claims assigned to us.

8. We can withdraw the permission to process, transform, combine, mingle, mix, sell and collect claims, in particular for the reason of lacking creditworthiness pursuant to clause XI.6.

9. If the value of the securities provided in our favor exceeds the value of our outstanding debts by more than 20%, we are obliged - on the customer's request - to release on securities of our choice in a corresponding value.

10. Our contract partner is not entitled to dispose of the goods title to which is retained except in the manner set forth in the preceding clauses XIV.1.–9.

11. Any pledging or other intervention by any third party in the goods title to which is retained shall be communicated by our contract partner to us without delay in writing.

If our intervention against an attempted pledge by a third party was successful whereas the attempt to collect the cost from such third party by seizure by way of execution fails, our contract partner is obliged to reimburse the cost to us.

XV. Defects

1. Claims of our contract partner from defects in newly made products become time barred one year after the passing of risk. This provision does not extend to the time bar of the company's rights of recourse pursuant to § 479 clause 1 BGB (German civil code). Claims of our contract partner from defects of products not made new are excluded. In case of fraudulent non-disclosure of any defect or the acceptance of quality warranty, any other claims are not affected. The liability for physical injury, including death, or damage to health due to gross negligence or premeditated violation of any obligation or infringement of any essential provision of the contract or of any cardinal duty pursuant to section XVI, is also not affected by the above provisions.

2. Any overt or ascertainable defect must be communicated to us in writing without delay after delivery, or not later than within 24 hours of delivery in the case of perishable food, or latest within one week of delivery in case of any other goods, otherwise the goods are deemed approved and accepted. Any defect that is not obvious directly but is noted later must be communicated in writing without delay after detection, within 24 hours of its detection in the case of easily perishable goods, or within five working days in case of other goods, otherwise the goods are deemed approved and accepted.

The above provision does not apply to cases of fraudulent nondisclosure of defect.

3. Notwithstanding the right to contingent sale pursuant to § 379 II HGB (German commercial code), our contract partner shall make provision at his own cost for the temporary proper storage of all defective goods.

No goods shall be returned to us except with our prior permission.

4. Defects are made good by us at our discretion either by repair or replacement. As long as we meet our obligation of making the defect good and the attempt at making good does not fail, our contract partner cannot demand a lower price (price reduction) or cancellation of the contract (rescission). If only a part of a consignment is defective, the ordering party that has a right of cancellation can cancel the contract as a whole only if it is not interested in the remaining part of the delivery.

XVI. Liability

1. If we are obliged to pay damage under applicable law and these General Terms, our liability is limited in the event of normal negligence: We are only liable for infringement of any essential duties under the contract or of any cardinal duty and our liability is limited to typical damage that was foreseeable at the time the contract was concluded. This limitation does not extend to physical injury, including death, or damage to health. If the damage is covered by an insurance concluded for the particular event by our contract partner (excluding fixed-sum insurance), we are only liable for any related disadvantage suffered by our contract partner, e. g., higher insurance premium or interest until the time payment is made by the insurer. The same applies to damage caused by a defect of the object of purchase.

2. Notwithstanding our fault, our liability, if any, for fraudulent non-disclosure of the defect or for acceptance of a quality warranty or for a supply risk and pursuant to the product liability law are not affected.

3. Our liability for delayed delivery is finally defined in section X of these General Terms.

4. Any personal liability of any of our legal representatives, servants or employees for damage caused by them due to normal negligence is excluded.

XVII. Contractual language

The language of the contract is German. If any contract documents are drawn up in a language other than German, the legal relationship between the parties, if any, is exclusively defined by the German version of the contract.

XVIII. Legal venue

For all disputes arising from this business relationship, including those arising from bills of exchange or cheques, any legal proceedings must be brought at the court having jurisdiction, both internationally and nationally, for the registered office of our company. We can bring action against our contract partner in the local court with jurisdiction over the contract partner's or any of his affiliated company's registered office.

XIX. Ineffectiveness

If it is found that any provision deemed agreed and considered necessary to be agreed between us and our contract partner in reality does not represent effective agreement, we are entitled, complementing what has been agreed, to close loopholes by an effective provision giving due consideration to the interests of both parties.

XX. Severability Clause

If it is found that any provision in a contract is or becomes ineffective, such ineffectiveness does not affect the contract as a whole. If any provision of the contract is or becomes ineffective for reasons other than §§ 305 – 310 BGB (German civil code), we and our contract partner will replace the ineffective provision by an effective one as closely as possible reflecting the economic intention of the parties. This also applies if any provision of a contract is or becomes ineffective for reasons of §§ 305 – 310 BGB (German civil code) provided that there is no provision regarding this matter in the law.