General Terms and Conditions of Business

1. General

1.1. We shall perform all of our deliveries, services and offers for entrepreneurs in terms of § 14 of the Civil Code subject exclusively to the below terms and conditions of sale, delivery and payment. Terms and conditions of purchase and/or payment of the customer which are in opposition to or deviate from these terms and conditions are not acknowledged unless we agree in writing that the customer's terms and conditions shall apply in that individual case.

1.2. Our terms and conditions shall apply even if we perform deliveries to the customer without reservation in the knowledge of terms and conditions of the Customer which are in opposition to or deviate from our terms and conditions.

1.3. Our Terms and Conditions of Business shall also apply for all future transactions with the customer, even if the application thereof is not expressly stipulated once again. They shall also apply for sales from collections of samples.

2. Offers and Contracts

2.1 Our offers shall be subject to change at any time and non-binding, unless otherwise stipulated below. All offers and all orders by the customer shall only be binding for us insofar as we confirm them in writing or by telex, or if we comply therewith by shipping the merchandise. An order confirmation may also be issued in the form of an invoice.

2.2 Our written order confirmation shall be decisive for the scope of the order and the content of the contract. Such order confirmation shall fully present all agreements between the contracting parties with regard to the subject of agreement.

2.3 Statements with regard to the subject of the delivery or performance (e.g. measurements and weight information, technical data, images, drawings and other documents) which are part of our offer shall be only approximately decisive, unless usability for the

contractually required purpose requires precise agreement or unless the binding nature thereof is expressly confirmed.

2.4 If an order by the customer qualifies as an offer in terms of § 145 of the Civil Code, we may accept such offer within 3 weeks of receipt by us. Shipment of the merchandise, in particular, shall constitute acceptance.

3. Prices, Modes of Payment, Assumption of Procurement Risk and Warranties

3.1 Unless otherwise evident from our order confirmation, our prices apply ex warehouse, not including packaging, postage and shipping costs; they shall be invoiced separately. Any necessary (marine) insurance premiums or other ancillary payments shall also be charged separately. This shall be in addition to applicable value-added tax accruing on the invoicing date. For deliveries abroad, the customer shall pay any customs or customs handling costs, etc.

3.2 We furthermore reserve the right, even after conclusion of the agreement until the delivery, to change our prices appropriately, without additional profit, if there are more than six weeks between conclusion of the contract and the delivery date. If costs increase or decrease in that period, particularly due to increased wages for our employees or changes in the price of materials, and this involves a substantial change in our calculation resulting in an increase or decrease in our prices of at least 10%, we hereby reserve the right to change our prices appropriately. We shall document the increase in decrease in costs to the customer upon request. If the price increase exceeds the agreed-upon net price by 20%, the customer may rescind the contract.

3.3 The prices we quote shall apply only for that individual contract; each subsequent order shall each require a new contract.

3.4 Unless otherwise agreed, the purchase price shall be due for payment immediately without deduction. If a discount is granted in any individual case, this shall only apply for timely payment in cash; no discount shall be granted for deliveries of precious metals, if such are agreed upon.

3.5 For deliveries and services for customers abroad, it is expressly agreed that all costs for enforcing our rights, in and out of court, in the event of default on payment by the buyer shall be borne by the buyer.

3.6 Insofar as the customer defaults on payment claims existing against the customer, we shall furthermore be entitled to request advance payment or the posting of securities for outstanding deliveries/orders and, after setting an adequate grace period for the security/advance payment without result, to rescind the contract and request compensation of damages. The same shall apply if circumstances become known which have the potential to substantially diminish the customer's creditworthiness, namely the filing of an insolvency petition, the initiation of forced execution measures, the issuance of an affidavit or the discovery that the customer has made false statements about its financial circumstances, insofar as such circumstances jeopardize our claim for performance.

3.7 Installment payments shall require express agreement and shall only be possible with a partial payment surcharge, which shall be agreed upon in each individual case. In each case where installment payment is agreed to by us, the amount outstanding in each case shall be due for payment immediately and in full if the customer falls behind on the payment of an installment by more than two weeks.

3.8 The customer may only set off claims against a counterclaim which is undisputed or established by final and binding judgment. The assertion of a right of retention shall only be permissible for the customer if such right is based on the same contractual relationship and if the underlying counterclaims are undisputed or established by final and binding judgment.

3.9 The assumption of procurement risk, even for obligations in kind, and the assumption of warranties in general in terms of § 443 of the Civil Code, shall require an express written agreement.

3.10 If merchandise is taken back permanently, particularly due to payment difficulties or insolvency on the part of the customer, etc., a credit shall be issued. We hereby reserve the right in this regard to perform markdowns according to

- the exterior condition of the merchandise at the time of the return (e.g. due to cost of necessary reconditioning; the cost of relabeling if the original labels were removed by the customer or became damaged and/or unsightly during the storage period);
- a decrease in value taking place in the time between delivery and the return date as a result of outdated fashion or technological improvements;
- a decrease in the price of precious metals relative to the price on the invoice date. Decisive in this regard shall be the price on the date on which the retained merchandise comes back into our possession;
- our selling expenses (field service); we shall be entitled to a flat-rate markdown of 10% in this regard. The customer shall remain free to demonstrate at its cost that a markdown is not justified, or is justified only to a substantially smaller extent.

4. Delivery, Passage of Risk, Delivery Time and Delays in Delivery

4.1 Delivery shall be made at the customer's cost "ex works." Risk shall pass to the buyer upon handover to the shipping agent, or upon leaving our premises at the latest. This shall also apply if partial deliveries are made and if we assume other services (e.g. shipment). If the merchandise is ready for shipment, risk shall pass to the buyer one week after receipt of notice of readiness for shipment, unless we expressly assume shipment of the merchandise. If the shipment or acceptance of the merchandise is delayed as a result of circumstances for which the buyer is responsible, risk shall pass to the buyer when notice of readiness for shipment is sent. This shall also apply if the merchandise is shipped to a recipient designated by the customer and for freight prepaid deliveries. Even if the merchandise is to be insured by us, this shall not mean that we assume the risk of shipment.

4.2 When merchandise is shipped back, the customer agrees to adequately insure such shipments against any form of loss and deterioration at its cost.

4.3. Delivery times or delivery periods indicated by us shall be understood as merely approximate, except when expressly promised. Our adherence to such times and periods shall be contingent upon clarification of all commercial and other questions between us and the customer and upon the customer's performance of all cooperative actions for

which the customer is responsible (e.g. production of any necessary official certifications or permits or payment of agreed-upon advance or partial payments, etc.). If that is not the case, the delivery period shall be extended appropriately. This shall not apply if we are responsible for the delay in delivery. If the contract is subsequently modified at the customer's request, we shall be entitled to request an appropriate extension of the delivery period. We shall be entitled to perform partial deliveries provided the partial delivery can be used by the customer within the bounds of the contractual agreement, delivery of the remaining merchandise is ensured and no substantial added expense accrues to the customer, particularly in the form of additional costs.

4.4 Delivery periods and deadlines shall be measured by our obligation to make delivery ex works: the delivery period and/or deadline shall be met if, prior to the expiration thereof, the delivery object has left our premises or a notice of readiness for shipment has been sent.

4.5 We shall not be liable for damage arising from inability to perform deliveries or delays in delivery insofar as such are caused by force majeure or other events which were not foreseeable at the time the contract was concluded (e.g. operational disturbances, difficulties obtaining energy and materials, shipping delays, strikes, lawful lockouts, shortage of skilled workers, difficulties with official permits), provided we are not responsible for such events.

4.6 Insofar as circumstances in accordance with Section 4.5 above exist only temporarily, they shall result in an appropriate extension of the delivery period. We hereby agree to immediately communicate the delivery hindrance and the expected removal thereof. The customer may rescind the contract if the extension of the delivery period is unreasonable for the customer.

5. Additional Provisions for Selection and Consignment Transactions

5.1 Our General Terms and Conditions of Business shall also apply if we provide merchandise to our customers for selection or consignment, subject to the special provisions contained in this section.

5.2 The merchandise provided to the customer for selection at the request thereof shall be considered permanently sold if and insofar as it is not returned to us within an agreed-upon period or, in the absence of an agreement, within the period indicated by us in the accompanying documentation or, for selections with no initial time limit, within an adequate period set by us after the fact. The provisions with regard to reservation of ownership shall remain unaffected thereby.

5.3 Upon delivery of the selection merchandise to the customer or the agent thereof, or upon handover to the carrier in case of shipment, all risks, particularly the risk of non-negligent loss, destruction and damage, shall pass to the buyer.

5.4 In addition, the customer shall be obligated to adequately insure our selection merchandise against robbery, burglary, extortion, fire and water damage and hereby assigns the claims thereof against the insurer arising from future losses to us in advance as a precaution. We hereby accept such assignment. Section 8.10 hereof shall apply accordingly.

5.5 The customer may not make our selection merchandise available to third parties without our prior written consent (not even in consignment or for selection). Even if our consent has been issued, the customer shall be required to obligate the third party to adequately insure the merchandise against all risks in terms of Section 5.4 below. The customer's own liability in accordance with Section 5.3 above shall remain in effect.

5.6 If selection merchandise is returned or sent back, the customer shall bear the risk in terms of Section 5.3 above until the merchandise arrives in our premises.

5.7 The provisions of Sections 5.3 through 5.6 above shall apply accordingly for consignment transactions.

6. Notice of Defects and Warranty

6.1 The buyer or the agent thereof shall be required to inspect the received merchandise immediately after arrival for completeness, shipping damage, defects, quality and characteristics. This shall also apply in the event of resale. Notice is to be provided to us in writing of obvious defects and shipping damage immediately after discovery, within one week after delivery of the merchandise to the destination at the latest. For defects which are not obvious, the same periods shall apply from the point in time the defect becomes recognizable.

6.2 Warranty claims of the customer for subsequent performance or for compensation of damages or reimbursement of expenditures pursuant to § 437 No. 1, No. 3 of the Civil Code shall expire in one year from delivery of the merchandise; if claims are asserted against the customer by a consumer for defects, limitation shall take effect no earlier than two months after performance of the customer's warranty claims, pursuant to § 479(2) of the Civil Code. The statutory rule shall remain in effect for reduction and rescission, whereby the limitation date for the claim to subsequent performance shall be in accordance with Sentence 1 above. Sentences 1 and 2 shall not apply if the defect was concealed in malicious fashion.

6.3 In case of the justified notice of defects, we shall be obligated by way of subsequent performance, at our option, to remedy the defect or deliver a defect-free object. If the subsequent performance fails, the customer shall expressly retain the right, at the option thereof, to reduce the purchase price or rescind the contract.

7. Compensation of Damages and Limitations on Liability

7.1 We shall be liable

- without limitation for intentional or grossly negligent breaches of duty by our management, executive employees and vicarious agents in accordance with statutory provisions;
- without limitation for intentional or negligent injury to life, limb or health in accordance with statutory provisions;
- for intentional action and negligence, insofar as we breach a material contractual duty; for simple negligence, however, our liability shall be limited to the compensation of foreseeable contract-typical damages;

- without limitation within the bounds of any warranty assumed by us (§ 443 of the Civil Code) or in the case of a maliciously concealed defect;
- without limitation in cases of liability in accordance with the Product Liability Act.

7.2 Additional claims for damages against us shall be excluded, regardless of the legal nature thereof.

7.3 Insofar as our liability is excluded or limited, this shall also apply for the personal liability of our employees, representatives, commercial agents and vicarious agents. With regard to liability for material defects, the provision under Section 6.2 of these Terms and Conditions shall apply for the limitation of damage claims and claims for the reimbursement of wasted expenditures.

8. Reservation of Ownership

8.1 The delivered merchandise shall remain our property until payment in full of all claims arising from our business relationship, including all ancillary claims, and until the payment of bills and checks. This shall also apply if the purchase price for certain merchandise deliveries performed by us is settled. In case of a running account, the retained merchandise stipulated in accordance with the above provisions shall apply as security for our claim to the balance.

8.2 If we enter into liability for bills of exchange in the customer's interest as the issuer of a reverse or acceptor's bill of exchange, our rights arising from the reservation of ownership shall not expire until the assertion of claims against us arising from the bill of exchange is permanently excluded.

8.3 The customer may only sell our retained merchandise in ordinary business transactions. The pledge or assignment of retained merchandise by way of security shall not be permitted.

8.4 Insofar as a resale of our retained merchandise is not to take place in cash, the customer hereby assigns the purchase price claim thereof against the buyer to us in advance in the amount of our invoice price, including value-added tax, as a precaution. We hereby

accept such assignment. The customer shall be empowered to collect the claim assigned to us in trust on our behalf for as long as the customer duly meets the payment obligations thereof towards us. In case of the customer's default on payment, we shall be entitled to disclose the assignment and request payment by the third party to us. This shall also apply if payment is discontinued and if insolvency proceedings are requested. If the customer includes the claim thereof arising from resale of our merchandise in a true or "untrue" current account relationship existing with the customers thereof, the customer hereby assigns the claims thereof in advance to a determined and acknowledged balance in the customer's favor, as well as to any surplus remaining upon cessation of the current account relationship (causal final balance), to us in advance in the amount of the price of our resold merchandise charged by us thereto, as a precaution. We hereby accept such assignment.

8.5 The customer may alter or process our retained merchandise in the course of ordinary business transactions. Alteration or processing shall take place for us as manufacturer in terms of § 950 of the Civil Code, without obligating us. We shall immediately acquire ownership of new objects created through alteration or processing. If our retained merchandise is processed together with other merchandise not owned by us, we shall acquire co-ownership of the new object in proportion of the value of our retained merchandise relative to the value of other jointly processed merchandise at the time of processing.

If our ownership is to be lost through the processing and the customer is to become the owner, it is hereby agreed in advance that ownership shall pass from the customer back to us at the moment of acquisition by the customer. If our merchandise is processed together with other merchandise not owned by us and the customer is to become the owner of the new object, it is hereby agreed in advance that the customer shall transfer co-ownership of the new object to us in the proportion in accordance with Paragraph 1 of this Section. The customer shall be obligated to keep our property and/or jointly held property for us revocably free of charge.

If an object supplied by us becomes a material component of another object, the main object, through combination, it is hereby agreed that co-ownership of the main object shall pass to us in proportion to the value of our object (final invoice amount including value-added tax) relative to the value of the main object (final invoice amount including

value-added tax) at the time of the combination. Our jointly owned property shall be kept for us free of charge by our customer, exercising customary due care.

If our retained merchandise is to be resold on credit after processing, the customer hereby assigns the claim thereof to the purchase price (or compensation) to us in advance, as a precaution, in the amount of our invoice value, including value-added tax. If our retained merchandise was processed together with other merchandise not owned by us, the purchase price (or compensation) claim shall only be assigned to us in advance in the amount of the invoice value of our jointly processed merchandise. If we acquire co-ownership by law or based on our Terms and Conditions of Business in connection with the combination of objects supplied by us with other objects, the customer hereby assigns us in advance, in the event of the resale of the combined objects, the purchase price (or compensation) claim thereof in the amount of the value of our jointly combined object in accordance with our invoice. Otherwise, Section 8.4 hereof shall apply accordingly for assignment and collection.

8.6 The customer shall be obligated to adequately insure the retained merchandise at its cost, in our favor, against theft, burglary, robbery, extortion, fire and water damage. The customer hereby assigns all insurance claims arising from such insurance to us in advance as a precaution. We hereby accept such assignment.

8.7 The customer shall be required to immediately object to third-party attempts to access (e.g. attachment or seizure) the merchandise delivered subject to reservation of ownership or the claims assigned to us, making reference to our rights. Furthermore, the customer shall be required to immediately notify us in writing of such access attempts and provide us with the documents necessary for intervention (e.g. a copy of the attachment record).

8.8 The customer hereby agrees to leave our original labels on the merchandise until resale or, it its own labels are used, to identify the merchandise through suitable labeling as coming from our deliveries.

8.9 In case of default on payment or other conduct by the customer in breach of contract, we shall be entitled to take possession of the retained merchandise at the cost of the customer or request assignment of the customer's surrender claims against third parties. The reservation of ownership shall entitle us to request surrender of the retained

merchandise if the agreed-upon payment is not made, even if a period was not set in advance.

8.10 We hereby agree to release the securities to which we are entitled in accordance with the above provisions, at out option, insofar as the realizable value therefore exceeds the secured claims by more than 30%.

9. Copyright Protection

Our designs, samples, models and the like shall be considered our intellectual property and may not be copied or otherwise reproduced by the customer, even if no specific proprietary rights exist in that regard. Each negligent infringement of this provision shall make the buyer liable to pay damages.

10. Data Processing

10.1 We shall be entitled to process and/or arrange for the processing in terms of the Federal Data Protection Act of all data relating to the business relationship with the Customer.

10.2 Customer data shall be subject to electronic data processing within the framework of performing the contract. When using personal data, we shall comply with statutory provisions, particularly the Federal Data Protection Act.

11. Customer's Right of Rescission

A breach of duty on our part shall only entitle the Customer to rescission if we are responsible for the breach. Subject to the provision in Section 6.3 of these General Terms and Conditions of Business, this shall exclude the right of rescission in case of defects.

12. Place of Performance, Place of Jurisdiction, German Law, Intra-Community Purchase

12.1 The place of performance for delivery and payment by both parties shall be Idar-Oberstein exclusively.

12.2 The place of jurisdiction for all legal disputes arising from the contractual relationship, and as to the existence and validity thereof, as well as for actions arising from bills and checks, shall be Idar-Oberstein for both parties or, at our option, the customer's registered office. This choice of jurisdiction shall also apply for customers which do not have a general place of jurisdiction in Germany.

12.3 For intra-Community purchases as of 1 January 1993, customers from EU member states shall be obligated to compensate us for damages which may arise due to tax offenses by the customer or due to provision of false information or the omission of information by the customer with regard to the circumstances decisive for the taxation thereof (e.g. with respect to the "purchase threshold" or the provision of incorrect identification numbers).

12.4 The contractual relationship shall be governed exclusively by German law for both parties, to the exclusion of the UN Convention on the International Sale of Goods.

13. Severability

If one of the above provisions is or becomes invalid, the remaining provisions shall remain in effect. The provision whose content comes closest to the economic purpose intended by the Parties shall apply in place of the invalid provision.