

**General Terms of Sale and Delivery
of Randack Spezialschrauben GmbH
- Status: 24th May, 2005 –**

A. General terms

I. Conclusion of the contract

1. These terms of sale and delivery lay down the rights and obligations of Randack Spezialschrauben GmbH, Delsterner Strasse 148 e, 58091 Hagen (hereafter Randack GmbH) and of Customer in respect of the delivery contracts for all products and in particular for special screws and all additional materials connected with the former as well as for all performances, advice and services which Randack GmbH carries out for Customer.

2. These terms hold good in an exclusive manner for all future contractual relationships and all performances, advice, proposals and other ancillary performances including contracts for work and labour. They hold good regardless of the medial form (by telephone, telex or fax, in writing and per e-mail) by which the order is passed on and of a delivery promise made by Randack GmbH in so far as something different has not been agreed in writing for an individual case. An agreement on the use of electronic signatures can only be made with Randack GmbH through a written contract.

3. Terms or prescriptions of Customer which have the effect of changing a contract are herewith explicitly gainsaid. Such terms or prescriptions require the agreement in writing of Randack GmbH to be effective. Customer accepts these terms at the latest with the acceptance of the goods or of the performance by Randack GmbH. The same holds good when an order is given on the basis of an offer made by Randack GmbH.

4. Offers made by Randack GmbH are always to be understood as having been made without engagement. Verbal agreements and promises made by employees of Randack GmbH become binding first when they have been confirmed in writing by Randack GmbH or by its managing director.

5. Written form is agreed for the effectiveness of contracts concluded with Randack GmbH; the written form requirement may not be rescinded by verbal agreement.

6. Statements and technical data such as dimensions, weights, figures, descriptions, drawings, sketches, prospectuses, leaflets, directories, price lists, other printed matter, files, software programs etc. are to be understood as only approximate but have been determined as well as possible. They are not binding unless they have been explicitly designated as such. Mistakes brought about by errors may be corrected by Randack GmbH without thereby Randack GmbH being held responsible for losses resulting from such mistakes. The right to make changes is reserved in so far as such changes do not affect the function and ability to be used of the products of Randack GmbH. Changes do not bring with them the right to advance a complaint or withdraw from a contract.

7. Where the application of customary clauses on the nature of a delivery is agreed, then holding good for their interpretation are the Incoterms of the International Chamber of Commerce, Paris in their version as valid on the day a contract is concluded.

8. Object of the contract is exclusively the product as sold with the properties and characteristics as well as with the purpose in accordance with in each case the enclosed description or written confirmation of order.

8. Offers of Customer hold good only when they have been explicitly declared by Randack GmbH to have been accepted.. The keeping silent on such an offer does not represent its acceptance. The same holds good for commercial communications of confirmation passed on in electronic form unless the electronic form of transmission has been agreed for both sides for the business relationship and the transmission has been made to the address explicitly laid down for the reception of such declarations.

II. Prices

1. The prices confirmed by Randack GmbH in writing hold good whereby these prices are to be understood as net ex works or ex warehouse and to which prices value-added tax at the particular valid official rate will be added. In addition Customer shall bear all costs, fees and charges for freight, taxes or transport which arise including those arising for letters of credit or other documents necessary for the fulfilment of the contract as well as those for packing. The packing material with the exception of throwaway packing is to be sent back to Randack GmbH carriage-free.

2. The granting of discount is to be agreed in advance in writing.

3. Randack GmbH reserves the right to increase the prices as agreed should this become necessary between the date of the confirmation of order and the date for the execution of the delivery as a result of significant general price developments beyond the control of Randack GmbH or as a result of changes to the prices of Randack GmbH's suppliers (e.g. as a result of anti-dumping regulations, exchange rate fluctuations, currency formalities or increases in material or manufacturing costs).

4. Holding good for the calculation of the price is the number of pieces established at the delivery works / warehouse or the weight as established on calibrated scales of Randack GmbH or the mode of calculation customary otherwise in the sector.

5. The price is laid down in € and is to be paid in this currency to Randack GmbH in so far as something different has not been agreed with Randack GmbH. Apart from this the contracts retain their validity.

III. Terms of payment / letters of credit

1. The invoices of Randack GmbH due for immediate settlement are to be paid without deduction at the latest by the 15th of the month following the month of the first delivery. Payments by cheque and discountable bills of exchange shall only be accepted for payment - in so far as this has been agreed - subject to exclusion of any liability of Randack GmbH for the timeliness and proper order of the presentation or of the protest. A deferment of the payment of invoices is not linked therewith even if the acceptance of bills of exchange has been agreed in general. In the case of default, Randack GmbH is entitled to charge interest at the rate of 8 % above the particular valid base rate (in accordance with § 247 of the German Civil Code) without having to present any special proof.

2. The claims of Randack GmbH shall become due for immediate settlement regardless of the period of any bills of exchange that have been taken in and credited as well as regardless of dates for payment that have been agreed should Customer be in default with payment, or does not convert a bill of exchange when due or should other circumstances arise on the basis of which it becomes clear that the claim for payment of Randack GmbH is endangered as a result of shortcomings in the capabilities of Customer. Randack GmbH will then be entitled to demand security for deliveries and performances under the business relationship still to be made. Randack GmbH may demand payment in advance if Customer does not provide sufficient security or does not provide it in good time. The legal prescriptions on default in payment remain unaffected.

3. Orders for call-down are to be called down in cases of doubt at the latest within one year of the issuing of the order

IV. Offsetting

Customer is only permitted to carry out offsetting in so far as his counterclaims are not in dispute or have been legally established.

V. Retention of title

1. Randack GmbH retains title to the goods it delivers (goods subject to retention of title) up to the time at which all its claims - regardless of the legal foundation of these - including net balance claims have been satisfied. The same holds good too for future and conditioned claims and payments, in particular payments that have been made in settlement of claims that have been particularly designated. Instructions that a payment is for settlement of a particular invoice will fundamentally not be accepted by Randack GmbH. The extended retention of title shall be cancelled with the settlement of all claims covered by the extended retention of title still outstanding at the time of the payment.

2. Randack GmbH is entitled to assign its claims for payment to which it is entitled vis à vis Customer.

3. The goods subject to retention of title remain the property of Randack GmbH regardless of their stage of manufacture, i.e. also if they have been converted into something new. Processing and converting of the goods subject to retention of title shall be carried out for Randack GmbH as manufacturer in the sense of § 950 of the German Civil Code without thereby Randack GmbH becoming obliged in any way. The processed and converted goods hold good as goods subject to retention of title. In the case of the processing, combining or mixing of the goods subject to retention of title with other goods by Customer, Randack GmbH shall hold joint title to the new thing pro rata in the ratio of the invoice value of the goods subject to retention of title to the invoice value of the other goods used. Should the property of Randack GmbH be extinguished by the connecting or mixing, then Customer agrees now to transfer to Randack GmbH the rights of ownership to which Randack GmbH is entitled in the new state or in the new thing in the ratio of the invoice value of the goods subject to retention of title and shall guard over these rights of ownership free of charge for Randack GmbH. Goods in which joint rights of ownership are held count as goods subject to retention of title in the sense of section V. 1.

4. Customer may sell the goods subject to retention of title only in normal business transactions under normal terms of business and only when he is not in default with payment and only when the claims resulting from such selling-on are assigned to Randack GmbH. Customer is only entitled to dispose over the goods subject to retention of title in other ways subject to Randack GmbH having agreed to this in writing and only subject to his not being in default vis à vis Randack GmbH. In addition and if Customer is in default Randack GmbH may forbid the selling-on and the processing of the goods as delivered and demand their return or the transfer of the collateral possession of the goods as supplied at Customer's cost and revoke the collection authorization. To this extent Customer is obliged to hand over the goods. In the case of Randack GmbH taking the goods back temporarily, then a withdrawal from the contract is only given if Randack GmbH has explicitly declared this in writing or where legal prescriptions provide for this.

5. Customer accepts here and now that his claims from the selling-on of the goods subject to retention of title shall be assigned to Randack GmbH. Such claims shall serve as security to the same extent as the goods subject to retention of title in the sense of section V. 1. Randack GmbH accepts here and now such an assignment.

6. Should the goods subject to retention of title be sold on with other goods, then the claim from the selling-on shall be assigned to Randack GmbH in the ratio of invoice value of the goods subject to retention of title to the invoice value of the other goods. In the case of the selling-on of goods to which Randack GmbH has joint rights of ownership in accordance with section V. 3, then that part of the claim proportional to that part of the joint rights of ownership held by Randack GmbH shall be assigned to Randack GmbH. If the goods subject to retention of title are used by Customer for the fulfilling of a contract for work and labour, then the claim from the contract for work and labour shall be assigned in advance to Randack GmbH in proportion to the value of the delivery by Randack GmbH. Randack GmbH accepts here and now such an assignment.

7. Customer is entitled to collect claims resulting from selling-on. This authorization shall be withdrawn should it be revoked by Randack GmbH or at the latest on Customer getting into default or not converting a bill of exchange or in the case of application being made for the opening of insolvency proceedings. Randack GmbH shall make use of its rights to revoke the collection authorization if circumstances become known to it which indicate that the financial situation of Customer has deteriorated significantly to the extent that Randack GmbH's payment claims are endangered. On Randack GmbH so requiring, Customer is obliged to inform his own customers immediately of the assignment to Randack GmbH. Should Customer not meet this obligation, Randack GmbH will notify third party debtors of the extended retention of title and collect the claims itself. In such cases Customer is obliged to make available to Randack GmbH the necessary documents (copies of invoices etc.) and to inform Randack GmbH on the amount of each claim still outstanding.

8. Customer is not permitted to assign claims from selling-on unless the assignment is a matter of true factoring of which Randack GmbH has been notified and in which the factoring proceeds exceed the value of Randack GmbH's secured claim. Randack GmbH's claim becomes due for immediate payment with the crediting of the factoring proceeds. To permit simple, extended and lengthened retention of title situations to be followed up, Customer grants permission here and now to Randack GmbH to enter his premises and other storage places, to inspect all documents which come into question for the identification of the material delivered by Randack GmbH, to make lists and to take back the goods which have

been supplied. Randack GmbH is entitled to take back the goods subject to retention of title whereby such taking back does not represent withdrawal from the contract in question and will be carried out at the risk and at the cost of Customer.

9. Randack GmbH may realize goods subject to retention of title which have been taken back by free-handedly selling the goods. A credit note that might be prepared on the material taken back will be based at maximum on the reselling price. If the transport costs were borne by Randack GmbH, the credit note will be reduced by the amount of the freight costs that actually arose. Similarly Randack GmbH is entitled to charge a processing fee of up to 15 % of the sum of the order, whereby it may charge a higher fee if it can prove it suffered higher costs.

10. The pledging or transfer by way of security of the goods subject to retention of title or, as the case may be, of claims that have been assigned is impermissible.

11. Customer shall inform Randack GmbH without delay of attachments or other impairments by third parties, stating in each case the pledgee. Customer shall bear all costs that must be incurred to ensure the elimination of the seizure or for the transporting back of the goods subject to retention of title, in so far as these costs are not paid by the third parties.

12. Should the invoice value of the security existing exceed the secured claims including ancillary claims (interest, costs etc.) by in total more than 10 %, Customer may request the release of securities. Randack GmbH has the right to select which securities should be released.

13. Customer is obliged to look after the goods subject to retention of title for Randack GmbH carefully and free of charge, to maintain them at his own cost and to insure them against the usual risks such as fire, theft and water to the usual extent at his cost, doing this within the framework of what a careful businessman would do. Herewith Customer assigns to Randack GmbH in advance his claims for remuneration, which claims he is entitled to advance for losses of the afore-mentioned type vis à vis insurance companies or other parties with acquisition obligations. Randack GmbH accepts the assignment.

14. All claims as well as the rights from the retention of title to all special forms laid down in these terms shall remain in existence until the complete indemnification from possible liabilities which Randack GmbH has entered into in the interest of Customer.

15. If the law of the country, to which the goods subject to retention of title have been brought in accordance with the contract, does not permit retention of title, then Randack GmbH may exercise all the rights of a comparable type. Customer is obliged to take at his cost all measures which are necessary to permit these rights to become effective for the objects delivered and for these rights to be maintained.

B. Execution of the delivery

I. Execution of the delivery / delivery periods and due-dates / force majeure and other hindrances

1. Subject of the contract is - in so far as something different has not been explicitly agreed in writing - the manufacturing and trading in of screwing and clamping elements of steel and iron as well as of all other materials that may be used.

2. The obligations of Randack GmbH to make deliveries are subject to the reservation that Randack GmbH is supplied itself in a contractually correct manner and on time unless Randack GmbH is to blame for the fact that a delivery is not in accordance with contract or is late. Excepted from the above are things for which Randack GmbH is answerable "in the sense of slight carelessness". Randack GmbH is not bound by the scope and composition of an order in respect of sequence and the time of the delivery. In so far as something different has not been agreed in writing, each component of an order represents a complete delivery.

3. Dates and periods for delivery must be agreed in writing; otherwise statements on times and dates for delivery are to be understood as approximate. Delivery periods commence with the date of the confirmation of order issued by Randack GmbH and hold good as maintained on readiness for delivery in cases where the goods cannot be dispatched on time for reasons for which Randack GmbH is not responsible. All delivery periods and dates are given subject to the reserve that there are no unforeseen production disruptions and that deliveries of the required primary materials are made to Randack GmbH on time and, where small completion quantities from purchases have been agreed and are customary, subject to the reserve that these quantities can be supplied and are delivered to Randack GmbH on time. Should changes be made to a contract that have an effect on the delivery period, then the delivery period will be extended by an appropriate amount.

4. Decisive for the fact as to whether delivery periods and dates have been maintained is the time at which the goods were dispatched from the works.

5. Should Customer not fulfil on time contractual obligations and here in particular co-operation or secondary obligations such as opening a letter of credit, adduction of domestic or foreign certificates, performance of a prepayment or similar, Randack GmbH is entitled to extend/postpone its delivery periods and dates in a reasonable manner in accordance with the requirements of its production sequence without prejudice to its rights from default of Customer. Should Customer wish changes after the object to be delivered has been dispatched, then the costs necessary for the execution of these changes - for example the additional costs and personnel costs arising - shall be to the burden of Customer. Should further approvals be necessary for the execution of the changes desired by Customer, then Randack GmbH shall only be obliged to execute the changes when Customer has produced the required approvals in writing.

6. Prior to a delivery outside the area of the Federal Republic of Germany, Customer shall notify Randack GmbH of the value-added tax identification number under which he carries out his acquisition tax. If the goods are brought abroad by Customer, by his agents or by a third party, then Customer shall pay Randack GmbH an amount in the amount of the value-added tax amount of the invoice amount holding good in each case for domestic deliveries.

7. Events of force majeure entitle Randack GmbH to postpone deliveries by a period equal to the duration of the hindrance and a reasonable start-up time. The same also holds good should such events occur during a delay that is already present. Counting in the same way as force majeure are events involving currency-policy, trade-policy and other measures, strikes in Randack GmbH's own operations and in third party operations, lock-outs, operational

disruptions for which Randack GmbH is not to blame (e.g. fire, machine breakdowns, shortages of materials or power), hindrances on traffic routes, delays in import formalities / customs clearance or warlike actions as well as all other circumstances which - without Randack GmbH being responsible therefor - make the delivery significantly more difficult or impossible to carry out. Here it is not of importance whether these circumstances arise at Randack GmbH, at the delivery works or at one of Randack GmbH's suppliers.

9. Randack GmbH cannot get into default as long as Customer is in default. Goods notified as ready on time must be called down without delay; otherwise Randack GmbH is entitled - after having issued a reminder - to dispatch the goods by a means it may select or - at its discretion - to store the goods - if necessary outdoors - in each case at the cost and risk of Customer and to then charge the goods as if they had been delivered immediately.

10. Pick-up orders - also when they are call-down orders in the sense of section III. 3 - are to be executed within 180 days from confirmation of order. On the expiration of this period Randack GmbH is entitled to proceed in accordance with section B.I.9 of these General Terms of Sale and Delivery. Instead of the opportunities listed in this section, Randack GmbH may also withdraw from the contract on the expiration of a period of 14 days and demand damages instead of the performance.

II. Dispatching/packing and passing of risk

1. Randack GmbH shall determine the route and mode of dispatching as well as the forwarding agent and carrier. Any payments for freight count as submittals to the burden of Customer. Insurance to provide against damage will only be concluded on Customer explicitly requesting this in writing.

2. The risk including the risk of seizure, also of accidental destruction and also in the case of FOB and CIF transactions passes to Customer with the handing over of the goods to be delivered to the forwarding agent, the carrier or the other companies commissioned but in any case at the latest when the goods leave the works or the warehouse. Randack GmbH will only conclude insurance cover on the instructions of Customer.

3. Transport damage is to be noted immediately on the delivery note and - in the case of dispatching by rail or post - is to be had established by appropriately authorized employees of the Deutsche Bahn AG or, as the case may be, the Deutsche Post AG in order to permit claims for damages to be advanced.

4. If transport by the envisaged way or to the envisaged place within the envisaged period of time becomes impossible for reasons for which Randack GmbH is not to blame, then Randack GmbH is entitled - following consultation with Customer - to deliver the goods by another way or to another place. Customer shall bear any additional costs arising thereby.

II. Claims of defects

1. Subject to the exclusion of further claims, Randack GmbH warrants the maintenance of guarantees that have been explicitly given and also warrants the proper production of and faultfree material in/of the goods at the time of the transfer of risk to the extent that Randack GmbH will either repair/improve free of charge or replace with new ones those parts of its delivery which are unusable or of which the usefulness is significantly impaired as a result of

such defects. Parts which are replaced become the property of Randack GmbH. Apart from this Customer shall bear the costs. Randack GmbH warrants the proper quality of such repair/improvement work and the proper quality of parts which are fitted or replaced, the scope of this warranty being the same as that for the other object/objects delivered. Liability is not undertaken for deterioration, destruction or unprofessional handling of the goods after the transfer of risk.

2. Additional costs incurred for work carried out outside the normal hours of work, e.g. overtime or work on public holidays, shall be to the burden of Customer. The warranty does not cover natural wear and tear or parts, which become worn out prematurely as a result of their material make-up or the nature of their use. In addition the warranty does not cover damage brought about by improper storage, handling or use, excessive loading, unsuitable operating resources or chemical, electro-mechanical or electrical factors of influence. The same holds good for other circumstances occurring after the transfer of risk and for which Randack GmbH is not to blame.

3. Customer shall check the goods supplied by Randack GmbH without delay following delivery. Obvious defects – including also the absence of any warranted properties – are to be complained about in writing without delay but in any case not later than within 14 days of receipt of the goods. Concealed defects are to be complained about after they have been detected without delay but in any case within a period of 14 days. The goods count as having been accepted if Customer does not issue his complaint in the required manner and within the required period. The date on which notification of a complaint is received at Randack GmbH is decisive for deciding whether the complaint was notified on time; complaints of defects are excluded on the expiration of one year from the date of dispatching or, as the case may be, acceptance of the goods.

4. The content of an agreed specification and any explicitly agreed form of use do not represent any warranty; for a warranty to be undertaken it must be agreed in writing.

5. In the case of complaints, Customer shall give Randack GmbH opportunity to check the goods complained of without delay. This holds good in particular for the removal of parts complained about; similarly Randack GmbH must be given the opportunity to carry out a check prior to any repair work being commenced. In urgent cases where operational safety is at risk or in order to ward off unreasonably large damage or loss, Randack GmbH shall check the defect complained of immediately.

6. Should Customer not comply with his obligations as laid down in sections B.III.3 and 5 or should he carry out changes to goods which he has complained about without having obtained the agreement of Randack GmbH thereto, then he shall lose all rights to advance claims under warranty. On request the goods complained of or samples thereof are to be made available to Randack GmbH at Randack GmbH's expense.

7. Any costs incurred in connection with an unjustified complaint of defects shall be borne by Customer. Flat-rate charges for costs in connection with complaints of defects will not be recognized.

8. In the case of goods which have been sold with a declaration of faults, then Customer has no right to advance claims of defects in respect of the declared faults or in respect of faults with which he normally has to reckon.

9. Randack GmbH is not subject to any liability under § 478 of the German Civil Code in so far as Randack GmbH acts vis à vis Customer as a supplier of materials and parts.

10. If Customer does not accept the retention of title of Randack GmbH and if he acts to outward appearances as being himself the manufacturer or should he give this impression, then he shall count as the manufacturer in the sense of § 4 Para. 1 of the German Product Liability Act.

11. The effectiveness of quality-securing clauses or commercial best-possible obligations for deliveries by Randack GmbH as laid down in the general terms of business of Customer are herewith explicitly gainsaid. Such terms may only be agreed in writing and individually with Randack GmbH.

12. The general terms of business of Customer, which foresee a conventional penalty for delivery delays, are herewith explicitly gainsaid.

13. Liability for losses from erroneous proofs of origin will only be undertaken by Randack GmbH when a warranty for such proofs of origin has been explicitly undertaken.

14. The period of limitation for claims against Randack GmbH begins with the day of dispatching.

15. In so far as something different has not been explicitly agreed in writing, all statements on the products of Randack GmbH and in particular here in figures, drawings, technical statements and references to standards and specifications in prospectuses and catalogues do not represent a warranty in the sense of § 434 of the German Civil Code but are to be understood as merely descriptions or designations. The same holds good for the delivery of patterns or samples in so far as something different has not been agreed.

16. Customer is entitled to advance claims for damages or claims based on vain expenditure, the purpose of which would have been reached without infringing obligations of the defaulter, only when these are founded on the deliberate intent or gross default of the managing director of Randack GmbH, its executive staff or other vicarious agents. For simple default Randack GmbH is liable only when the simple default relates to a significant - i.e. important in respect of the contract - violation of obligations by Randack GmbH. The damages to be paid shall be limited to the losses typically arising in a foreseeable manner with transactions of the type concluded.

17. If the defectiveness is in an item which belongs to a generic class the claims for damages shall be subject to the general liability agreement. Strict liability shall be excluded.

18. Not until a claim for damages has been advanced in an unmistakable manner in writing is the claim for fulfilment in accordance with § 281 Para. 4 of the German Civil Code extinguished first.

19. The maximum limit for liability for losses in the sense of § 414 Para. 2 and § 449 Para. 2 of the German Commercial Code is limited to 2 units of account for each kilogram of the crude weight of the delivery. For losses in excess of the afore-mentioned limit Customer has to take out insurance cover himself.

C. Other matters

I. Proof of export / proprietary rights

1. If Customer, having his seat outside the Federal Republic of Germany (overseas territory purchaser), or his agent picks up goods and forwards or dispatches them to the overseas territory, then Customer has to present to Randack GmbH the proof of export necessary for fiscal purposes. If this proof is not presented, Customer shall pay the value-added tax on the amount of the invoice holding good for deliveries within the Federal Republic of Germany.

2. The advice in respect of applications as given by Randack GmbH verbally or in writing or through tests is given in accordance with the best of Randack GmbH's knowledge but is to be understood as non-binding information - also in respect of any proprietary rights of third parties. In particular this advice does not free Customer from the requirement to carry out his own checks on the products supplied by Randack GmbH in respect of their suitability for the intended processes and purposes.

3. Randack GmbH has property rights and copyright to cost estimates, calculations, drawings, drafts, moulds, patterns, models, profiles, artwork and other documentation which Customer receives direct from Randack GmbH or via third parties. All these may neither be made accessible to third parties nor duplicated, nor used for a purpose other than the agreed one, in each case without the explicit agreement thereto in writing. On request they are to be sent back. Rights of Customer to retain any of these is excluded.

4. Customer indemnifies Randack GmbH against claims from infringements of copyrights, patents, utility patents or other proprietary rights such as trade names etc. unless the design of a delivery item stems from Randack GmbH.

II. Place of performance / venue / applicable right

1. For all contractual obligations the place of performance is the place of the works or warehouse from which Randack GmbH carries out the delivery. Sole venue for all disputes including suits in bills of exchange and cheque processes is Hagen. However Randack GmbH is also entitled to sue Customer at Customer's general venue. Applicable for all legal relationships between Customer and Randack GmbH is exclusively the law of the Federal Republic of Germany. Application of the agreement of the United Nations of 11th April, 1980 on the purchasing of goods internationally (the so-called UN Convention on the International Sale of Goods) is excluded.

2. Holding good for the charging of deliveries from one EU member state to another EU member state are the regulations in respect of value-added tax of the 6th EC directive in their particular valid form unless national law conflicts with this.

III. Data protection

In accordance with § 33 of the German Data Protection Act Randack GmbH refers to the fact that it stores the data of Customer within the framework of the German Data Protection Act.

IV. Final prescription

Should individual clauses of these General Terms of Sale and Delivery be invalid in whole in part, then this shall not affect the effectiveness of the other clauses or, as the case may be, of the other parts of such clauses. In such a case the parties to the contract shall replace such an ineffective mode of regulation with an effective one that comes closest to the economic objective of the ineffective mode of regulation.