

General Terms and Conditions of Trade

1. General

All our deliveries are made only on the basis of the Terms and Conditions set out below. Different purchase terms of the customer shall not become content of the contract even if we accept an order. Agreements which serve to change, expand or supplement our Terms and Conditions must be expressly made in writing. Should one or more parts of our Terms and Conditions be invalid or become invalid as a result of court decisions or legislation, this shall not affect the validity of the remaining parts of our Terms and Conditions.

2. Offer and scope of delivery

2.1 Our offers are without obligation. An order is deemed to have been accepted only once we have confirmed it in writing. Our written order confirmation is authoritative for the scope of the order. Amendments, supplements and verbal arrangements are valid only if confirmed by us in writing. The descriptions, illustrations and drawings, measurements and weights provided in printed matter and in an offer are only approximate values unless expressly designated as binding by us.

2.2 The customer is responsible for ensuring that the parts and documents to be supplied by it, such as drawings, models, templates, samples etc., are free of faults.

3. Supplied parts

Supplied parts shall be sent franco domicile to our factory at Hansastr. 19a, Karlsruhe-Rheinhafen. A notice of dispatch must be sent to us quoting our order number. We shall be notified of the material of the parts. It must guarantee best possible processing. Pre-worked parts shall be supplied true to dimensions and running true. The processing of parts to be broached may not have been completed and must allow for finishing. If these requirements are not met, we are entitled to demand the costs incurred for extra work and compensation for prematurely worn or damaged tools or to withdraw from the contract. In such a case the customer must pay the part of the price owed for the share of performance already executed and settle the above named claims. Gear blanks sent-in merely for tothing shall be deburred only if expressly agreed. Any waste occurring during processing shall become our property without compensation.

4. Prices and terms of payment

4.1 Prices apply ex works and exclude packaging, freight, postage and insurance. Packaging and dispatch is effected using our best judgement. We shall only take out transport insurance upon express request and for the account of the customer. Packing material shall be taken back only if specially agreed.

4.2 Our terms of payment are shown in our written order confirmation. Unless otherwise agreed in the order confirmation, our prices are in EUR and payable net within 30 days after receipt of the invoice. We grant 2% discount if payment is made within 7 days after receipt of the invoice. The invoice is deemed to have been received 3 days after dispatch, unless the customer furnishes proof of non-receipt.

4.3 Deliveries abroad are executed cash against documents.

4.4 Only once cheques and bills have been honoured is payment deemed to have been made. Discount charges are for the account of the customer. A bill protest and/or cheque protest entitles us to immediately assert all claims, also deferred ones, against the customer.

4.5 If the agreed times allowed for payment are exceeded, the customer shall be considered to be in default without receiving a separate warning and is obliged to pay 8% default interest above the current basic interest rate. We reserve the right to assert further claims.

4.6 The customer shall have a right of retention and/or be entitled to offset counterclaims only if its counterclaims have been declared final and absolute by a court or are recognised by us. The customer is only authorised to exercise the right of retention to the extent that its counterclaim is based on the same contract.

4.7 We shall be entitled to demand the advance payment of all outstanding deliveries in the event of a default in payment by the customer. In such a case, our outstanding performance shall not become due before payment of the claims in default. If we give our consent to the customer's withdrawal from the contract, it is obliged to pay the agreed price less the direct costs which we would have had to pay up to full completion of the ordered goods.

5. Retention of title

5.1 Goods are delivered with title reserved pursuant to Section 449 of the German Civil Code (BGB) with the expansions below.

5.2 Until payment in full of all claims against the customer under the business connection, also pending future claims, we retain title to the goods.

5.3 The processing and machining or transformation of the object of sale is always carried out by the customer in our name and on our behalf without liabilities accruing for us in this connection. In this case the customer's expectant right to the object of sale and in the transformed object continues to exist. The acquisition of title by the customer pursuant to Section 950 of the German Civil Code is excluded. The processed goods serve us as security at the value of the reserved goods. In the event that the customer processes the goods with other goods not belonging to us, we are entitled to co-ownership of the new object in proportion to the value of the reserved goods within the meaning of these provisions. The customer is obliged to notify the owner of the other object of the reserved title.

5.4 The claims of the customer against one or more buyers arising from the resale of the reserved goods without or after machining or

processing are hereby assigned to us now at the value of the reserved goods, which shall be determined on the basis of the invoiced amounts. In the event that the reserved goods are sold by the customer in conjunction with other goods not belonging to us, irrespective of whether this is without or after processing and/or machining, the assignment of the purchase-money claim is valid only at the invoice value of the reserved goods which are the subject matter of the purchase agreement.

5.5 The customer is only entitled and authorised to resell, dispose of and to process and/or machine the reserved goods provided that the purchase-money claim arising from the resale passes to us. The customer may not make any other dispositions regarding the reserved goods. The customer must immediately inform us of any seizure of, or any other impairment to, our objects and rights by third parties.

5.6 The customer is authorised to collect the claim arising under the resale despite the assignment thereof. Our collection authorisation is not affected by the customer's collection authorisation. We shall not collect the claim as long as the customer meets its payment obligations in due form. Upon demand, the customer shall inform us of the debtors of the assigned claim.

5.7 Title to the goods shall continue to be reserved if individual claims of ours are included in a current account, the balance is struck and this is recognised.

5.8 The reservation of title is contingent on the title to the reserved goods passing to the customer ipso jure and the customer being entitled to the assigned claims upon payment in full of all claims which we have against the customer under the business connection. At our option, we undertake to release the security to which we are entitled based on the above provisions insofar as it exceeds the claims to be secured by more than 25%. Security, irrespective of the kind for claims based on legal grounds other than for the delivery of goods and thus connected claims, for example interest and costs, serve as security for all claims arising under deliveries of goods upon repayment of this claim.

5.9 The customer waives the assertion of the objection that a covenant against assignment has been agreed between it and the third buyer. It is obliged to agree that there is no covenant against assignment with third buyers.

5.10 In the event of default of payment, the occurrence of financial difficulties, instigation of insolvency or composition proceedings, the customer is obliged:

a. to provide information in writing to us within 14 days after our written demand on

aa. the amount (by the type of merchandise and place of storage) of the reserved goods within the meaning of the provisions above in the customer's possession at the time of the receipt of the demand;

ab. the claims still existing and transferred to us according to no. 5, paragraph 4 and 5, of the above provisions (by the type of merchandise and place of storage for each individual claim, new address etc. of the third debtor, copy of invoice to the third debtor etc.);

ac. the amount of any other security to which we are entitled.

b. Irrespective of the requirement stated at the outset for the purpose of checking the information provided according to item a, to allow us and/or those authorised by us:

ba. to enter all areas of the business premises during customary hours of business and

bb. to permit inspection of the business documents required to safeguard our claims.

6. Delivery period and call orders

6.1 The delivery period is shown in the agreements made between the contracting parties. It commences upon sending the order confirmation, but not prior to our receipt of the documents to be procured by the customer (receipt of technical data, a permit, clearance/approval, advance payment etc.).

6.2 Compliance with the delivery period is subject to us receiving supplies ourselves correctly and in due time. The supplier shall notify us of any delay that becomes apparent as soon as possible.

6.3 The delivery period has been observed if the delivery item has left the supplier's factory before the expiry of the delivery period or notification has been given of the readiness for dispatch.

6.4 In the event of a default in delivery we shall be liable - to the extent that the purchaser establishes a prima facie case - for each completed week of default as lump-sum compensation for delay at 0.5% of the delivery value, but not more than 5% of the delivery value at the maximum. If the customer sets us a reasonable period to render performance after the due date - taking into account the statutory exceptions - and the period is not observed, the customer is entitled to withdraw from the contract in compliance with statutory provisions.

6.5 If unforeseen hindrances should occur for which we are not responsible, irrespective of whether these occur at our factory or at our suppliers, the delivery periods shall be extended for a reasonable period. Modifications requested subsequently interrupt the delivery period, which begins anew after agreement is reached on the modifications.

6.6 If dispatch is delayed for reasons for which we are not responsible, the customer shall pay storage costs - for storage at our factory at least ½ % of the invoice amount for each month - after the readiness

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- for dispatch has been notified. We are entitled to store the delivery item outside our factory at the customer's expense.
- 6.7 Unless otherwise agreed, orders without fixed delivery data (e.g. call orders) must be called within one year after confirmation of the order. Residual stock for which a call order has not been placed after the expiry of this period shall be delivered and billed after granting a reasonable acceptance period. Additional costs incurred as a result of such delayed acceptance shall be borne by the purchaser. We expressly reserve the right to adjust the prices of orders with call periods exceeding six months.
7. **Passing of the risk**
The risk passes to the customer upon dispatching the delivery items ex works at the latest, also in the event that delivery and assembly carriage-free is agreed.
8. **Liability for defects**
- 8.1 The customer's rights under the warranty require that the customer has fulfilled its obligation to examine the goods and make a complaint in respect of a defect in due form pursuant to Section 377 of the German Commercial Code. If defects should arise despite our taking the greatest care, obvious defects must be notified immediately pursuant to Section 377 of the German Civil Code, but within 14 days after receipt of the goods at the latest, and hidden defects immediately after discovery, otherwise the goods shall be deemed to be approved.
- 8.2 Claims for defects become time-barred 12 months after delivery of the goods.
- 8.3 For the parts replaced or repaired within the above warranty period, the warranty period begins anew and lasts 6 months after replacement, completion of the repair or from acceptance, however at least until the expiry of the original warranty period. In the event of inspection or repairs we grant a 6 month guarantee on the work performed. We grant 12 months warranty on replaced gears.
- 8.4 Should the goods supplied have a defect which already existed at the time when the risk passed despite all the care taken, we shall either repair the goods or supply a replacement, provided that the defect was notified in due time. Replaced parts become our property. To carry out all the repairs and make all the replacements which we consider necessary, the customer must give us the time and opportunity required. Otherwise we shall be released from liability for the consequences resulting therefrom. Only in urgent cases where the operational safety is endangered or to ward off an excessively large amount of damage, of which we must be immediately notified, is the customer entitled to rectify the defect itself or have it rectified by third parties and to demand reimbursement of the expenses from us.
- 8.5 If subsequent performance fails, the customer may withdraw from the contract.
- 8.6 Claims based on defects shall not be allowed if the deviation from the agreed nature or the impairment of the usability is only insignificant, or in the event of natural wear and tear or damage which occurs after the risk is passed as a result of incorrect or negligent treatment, excessive strain, unsuitable operating materials or due to special external influences which were not presupposed under the contract. The results of tests are authoritative for the running qualities of gears. If the customer or third parties carry out repair work or modifications improperly, claims based on defects shall not be allowed for these nor any consequences arising therefrom.
- 8.7 Claims of the customer based on expenses incurred for subsequent performance, particularly transport, labour and material costs, are excluded to the extent that the expenses increase because the goods supplied by us are subsequently taken to a place other than the customer's branch, unless the connection corresponds to its intended use.
- 8.8 In the event that individual parts are supplied, we are liable only for execution based on the drawing.
- 8.9 Claims of the customer against us and our vicarious agents based on a defect which go beyond those in these Terms and Conditions or claims other than those provided herein are barred.
9. **Liability for defects in the event of the processing of sent-in parts**
- 9.1 If sent-in parts are processed – machining, heat treatment, grinding etc. – we are not liable for defects arising from the behaviour of the material. If sent-in parts become useless as a result of flaws in the material or other faults occurring during processing, the processing costs must nevertheless be paid.
- 9.2 If work pieces become useless due to intentional or grossly negligent conduct by us or our vicarious agents, we shall replace the useless work pieces at our expense and shall attempt subsequent improvement. If this again fails, the customer is entitled to withdraw from the contract. In the event of mere negligent conduct by us or our vicarious agents, we shall assume the processing of similar replacements.
10. **Liability and rescission**
- 10.1 Other claims for damages and claims for the reimbursement of expenses of the customer – irrespective of the legal grounds, also those based on tortious acts or for compensation of damage caused by defects or of consequential damage due to a culpable infringement of collateral duties under the contract or for lost profits – are barred. This does not apply to the extent that we, our executive employees or vicarious agents are guilty of intent, gross negligence, causing death, bodily injury or an impairment to the health of another or liability exists due to an infringement of an essential contractual duty.
- 10.2 In the event of an infringement of essential contractual duties which are not attributable to intent or gross negligence nor caused as a result of death, bodily injury or an impairment to the health of another, liability is restricted to compensation of foreseeable damage which is typical for the contract.
- 10.3 The customer has a right of withdrawal if delivery becomes completely impossible for us, if we default (cf. also no. 6.4) or if subsequent improvement proves to be impossible.
- 10.4 Unforeseen occurrences within the meaning of no. 6.5 which lead to an overstepping of the delivery period, entitle us to withdraw from the contract in whole or in part excluding any claims of the customer, if the economic situation has changed to such an extent since the order was placed that we cannot be reasonably expected to fulfil the contract. Our prices correspond to the cost situation existing upon issuance of the order confirmation. If relevant pricing factors rise, we reserve the right to amend prices.
11. **Copyright**
We retain title and the copyrights to all offers, cost estimates, drawings, calculations and all other documents submitted. Such documents may not be copied, nor disclosed to third persons nor made accessible in any other manner.
12. **Place of performance and jurisdiction**
The place of performance is Karlsruhe, Federal Republic of Germany. In case of any disputes arising directly or indirectly from or in connection with the contract, the courts at Karlsruhe have jurisdiction and venue. This also applies to bill- or cheque-based claims.
13. **Applicable law**
The contract is governed by the laws of the Federal Republic of Germany.
14. **Collateral duty of the customer**
When installing gears, it must be ensured that in the event that the gears fail, they merely stop working but do not cause any harm to persons.