

## GENERAL TERMS OF DELIVERY AND PAYMENT FOR THE SUPPLY OF PARTS AND SYSTEMS

All our present and future deliveries and performances will be exclusively subject to the following conditions:

**1. Conclusion of Contract**

Our quotations are subject to alteration without notice. No order, call for delivery or any other agreement, amendments or any supplement shall become binding unless confirmed by us in writing. We reject any divergent purchase conditions of the Customer; commencement of work also does not constitute acceptance of such terms.

**2. Prices, Terms of Payment**

2.1 Our prices are ex-works plus packing and value added tax. Our invoices are payable without deduction within 30 days from the date of delivery or partial delivery.

2.2 The Customer is not entitled to retain or offset payments, unless counterclaims are undisputed or are finally and not appealably awarded by court.

2.3 Default in payment or risk to our claims resulting from deterioration in the creditworthiness of the Customer entitles us to demand immediate settlement of all our claims or insist on securities—irrespective of the terms of any bills of exchange. In such cases we are also entitled to carry out outstanding deliveries only if they are paid for in advance or security is provided. A report of a reputable bank, rating agency or other equivalent institution stating that a deterioration in the creditworthiness of the Customer is determined is sufficient proof of such deterioration.

**3. Delivery Period/Force Majeure**

3.1 Delivery periods do not commence until all details relating to them have been clarified and the requirements to be met by the Customer have been complied with. Observing the delivery deadline is subject to our punctually obtaining the accurate supplies from our supplier. Deliveries before the agreed delivery period and partial deliveries are permissible.

3.2 If supply contracts are not called on schedule we are entitled, after an extension of the deadline has proved to be fruitless, to make supplies at our discretion or withdraw from the part of the supply contract that has not yet been met.

3.3 In case of delay, the Customer may terminate the portion of the contract that has not yet been fulfilled if he has given us reasonable notice. Should partial deliveries that have already been made be of no use to the Customer, he shall be entitled to withdraw from the contract.

3.4 We will compensate for any damage incurred through default/delay in accordance with the following: in the case of minor negligence the claim is restricted to additional freight costs and assembly costs. In case we did not correct a breach because of delay within a reasonable time after notice by the customer of such period or the customer cannot use the relevant supply performance anymore, the customer may also claim the additional expense of purchase from an alternate source. In assessing the level of compensation, in good faith, the economic circumstances of the supplier, the nature, extent and duration of the business relations and, if appropriate, also the value of the supplied part are to be taken into account, in our favour.

3.5 Occurrence of Force Majeure, which shall also include strike, lockout or unforeseen (including in-house) circumstances which make the delivery impossible in spite of reasonable efforts, entitles us to postpone the delivery for the period of prevention and for an appropriate initial period or to withdraw fully or partly from the contract with respect to the portion not yet fulfilled. This shall also apply if such prevention of performance occurs during a default or to a sub-supplier. The Customer may request us to state within two weeks whether we wish to withdraw or supply within an appropriate extension period. If we fail to issue a statement to such effect then the Customer may withdraw from the non-fulfilled portion of the contract.

**4. Dispatch and Transfer of Risk**

4.1 If not agreed to otherwise, delivery is made "ex works". Goods that have been reported to be ready for dispatch should be accepted without delay, otherwise we shall be entitled to dispatch or store them at our discretion with the cost and risk thereof being borne by the Customer. Once they are put into store they shall be deemed to have been delivered.

4.2 As soon as they have been transferred to the railway, the forwarding agent or the freight carrier, the risk passes to the Customer even if we are responsible for the delivery.

**5. Reservation of Title**

5.1 Property and title to all goods supplied (goods under reservation) shall remain with us until all claims have been met, especially any balance claims to which we are entitled, irrespective of the legal reason. This also applies if payments are made against a specific claim. The Customer authorizes us with immediate effect, in case of default in payment or if facts become known that give rise to justified doubts regarding the creditworthiness of the Customer, to enter his premises and collect the goods that have been supplied. Recovery of the goods shall only be regarded as termination of the contract if we expressly state this in writing. In such instances we shall also be entitled to prohibit the reserved goods from being treated, processed or sold.

5.2 Treatment and processing of the goods under reservation of title are carried out for us as manufacturers within the meaning of § 950 BGB (German Civil Code) without committing us. Where the goods are processed, combined or mixed by the Customer with other goods we shall be considered as co-owners of the new item for the invoice value of the goods supplied as a proportion of the invoice value of the other goods used. Should our ownership of such goods supplied lapse as a result of the goods being combined, mixed or processed, the Customer shall transfer to us with immediate effect the proprietary rights he holds with respect to the new item to the extent of the invoice value of the goods supplied and shall store them in our behalf without charge. The co-ownership rights resulting from this shall be deemed to be reserved goods within the meaning of Section 5.1.

5.3 The Customer may sell the goods in the ordinary course of business and as long as he is not in default and only provided that the claims arising from the resale in accordance with Sections 5.4 and 5.5 are assigned to us. He is not entitled to any other rights of disposal with regard to the goods.

5.4 Claims of the Customer arising from resale of the goods are hereby assigned to us. They provide security for us to the same extent as the goods.

5.5 Should the Customer sell the goods together with other goods not supplied by us, the claim shall only be assigned to the extent that it is equivalent to the invoice value of the goods that have been sold by us. Where goods are sold for which we have co-ownership rights pursuant to Section 5.1, the equivalent to the shares co-owned by us shall be assigned.

5.6 The Customer shall be entitled to collect payments from sales in accordance with Sections 5.3 and 5.4 until revocation by us. We only have the right to revocation if the Customer has not complied with the terms of payment or facts have become known which give rise to justified doubts regarding the credit-

worthiness of the Customer. The Customer is not authorized to assign any such claims to third parties under any circumstances. He shall, if we request him to do so, immediately notify his customers of the assignment to us and provide us with the information and documents necessary for collection of payment.

5.7 Should the total value of the existing securities exceed the secured claims by more than 10% we shall then be obliged to release the respective securities as we may choose at our discretion.

5.8 In case the applicable law does not acknowledge the rights as stipulated in 5.1 – 5.7 corresponding rights shall be deemed to be agreed which confer the same standard of security to us. The customer shall fully cooperate to ensure that corresponding security rights become effective.

**6. Warranty Claim**

6.1 The rules as stipulated in the German Law with the changes as set out in these conditions and any other express agreement of the parties shall apply. If the contract conditions are met shall be judged according to the time of risk transfer. In case of production according to drawings submitted by the Customer we shall only be liable for the parts to be made in accordance with the drawings and have no responsibility for their function. A guarantee is only granted if expressly given by our legal representative, handed over in writing and identified as such. The warranty period shall expire 12 months after the risk has been transferred.

6.2 The Customer shall inspect the goods in accordance with § 377 HGB (German Commercial Code) and without delay give notification of any defects that are discovered

6.3 We must be given the opportunity to examine the notified defects. If defects are discovered and notified in time, at our discretion, the parts will either be reworked or replaced by us. If we fail to comply with our warranty commitments or fail to meet them in accordance with the contract, the Customer shall be entitled to rescission or to claim a reduction in price. Further claims are excluded, except for the claims set out in Section 9. Customer claims for expenditures, especially for transport, traveling, labour, and material costs are excluded, if the costs increased because they were brought to another place as stipulated in the contract.

6.4 As long as the parts supplied by us are directly or indirectly delivered to consumers, instead of sections 6.1 to 6.3, the German Civil Code will apply. We shall, however, be liable for damages only as set out in section 9.

**7. Order-Related Production Facilities**

7.1 Order-related production facilities such as patterns, templates, tools, devices etc. provided by the Customer must be dispatched to us free of charge. We shall only investigate whether production facilities, drawings or samples provided by the Customer conform to contractual specifications if there has been an express agreement for us to do so. We shall be permitted to alter production facilities provided by the Customer if this seems necessary for technical reasons and the relevant work piece is not changed thereby.

7.2 The Customer shall bear the cost of changing, maintaining and replacing his production facilities.

7.3 We shall handle and look after production facilities with the same standard of care that we apply in our own affairs. We are not obliged to take out an insurance policy for order related production facilities. We shall return the Customer's production facilities that we do not require any longer at his expense and risk or destroy them if the Customer fails to meet our request to collect them within an reasonable period of time.

7.4 Order-related production facilities that we have produced or acquired on behalf of the Customer shall remain our property even if the costs have fully or partially been assumed by the Customer. We shall retain them for a period of 3 years after serial production has come to an end.

7.5 If a production facility that can be used only once produces scrap, the Customer shall either provide a new production facility or bear the cost of the replacement facility.

7.6 Parts provided by the Customer which are to be installed by us shall be provided in perfect and dimensionally accurate condition. The Customer shall replace any defective parts.

**8. Copyright**

The Customer may use documents and drawings supplied to him and any design work and proposals provided by us only for the use of the parts as agreed with us, and shall neither make them available to third parties nor the subject of publications without our consent.

**9. Compensation, Liability**

9.1 The Customer shall bear the responsibility for the proper design including compliance with any safety regulations. He shall be responsible for the selection of the material and necessary testing procedures, accuracy and completeness, supply regulations and for the documents and drawings that have been handed over and any facilities and parts provided to carry out the work even if changes are suggested by us. The Customer shall also be responsible for ensuring that information that he has provided does not infringe industrial property rights or other third-party rights.

9.2 The Customer shall indemnify us against any claims for compensation asserted against us by a third party which originate within the Customer's spheres of responsibility.

9.3 We shall only be liable to pay compensation for infringement of contractual, non-contractual or other obligations

- in case of intent,
- in case of gross negligence,
- when and if a guarantee declaration has been explicitly confirmed by our legal representative in writing,
- in case of a liability pursuant to the German Product Liability Act.
- in the case of negligent infringement or breach of essential contractual duties, but restricted to typical losses which were foreseeable at the time the contract was signed.
- causing personal injury through intent or negligence.

**10. Place of Performance and Court of Jurisdiction**

Place of performance shall be the location of our supply plant. Place of Jurisdiction shall be the Court at our legal domicile. We are also entitled to sue the Customer at his general Court of jurisdiction.

**11. Applicable Law**

The law of the Federal Republic of Germany shall apply exclusively to all legal relationships between the Customer and us excluding the law with regard to the United Nations Treaty of 11th April 1980 on contracts relating to the International Sale of Goods.