

Terms of Sale and Delivery of ARMATUREN-WOLFF Friedrich H. Wolff GmbH & Co. KG

I. General

1. Our offers, sales and deliveries including repairs consulting and other contractual services are subject to the following provisions. The purchaser's general conditions of purchase shall not apply.
2. Ancillary agreements, promises or guarantees by our representatives or employees shall apply only if confirmed by us in writing.

II. Scope of delivery

1. Unless agreed otherwise, our offers are not binding. Our written confirmation is relevant for the contents of the contract.
2. All drawings technical specification of the delivery item as well as information concerning weight and measurements in offers brochures and other printed matter are only intended as a general guide and shall be binding only if referred to as binding in our confirmation of order.
3. The right to obtain the goods duly and promptly ourselves shall be reserved.
4. Timely instalment deliveries of the agreed quantity shall be permissible and maybe invoiced separately.

III. Delivery time, passing of risk

1. The delivery time starts when all details of the order are clarified but not earlier than the purchaser has fulfilled all its contractual obligations to be performed up to then, such as prepayment opening of an L/C or delivery of technical details. The delivery time has been met if the delivery item has been dispatched by expiration thereof or, if delivery should be delayed for reasons for which the purchaser is responsible, on notification of readiness for dispatch within the agreed delivery term.
2. If discharge of the obligation to deliver is prevented by force majeure, strike or lock-out or the consequences thereof or any other events beyond our control, the delivery terms shall be reasonably extended, at least for the duration of the obstruction. The purchaser shall be notified immediately of the commencement and termination of such obstructions. If the delivery becomes impossible due to those events or if we or the purchaser cannot reasonably be expected to honour the contract due to the delay in delivery, both parties shall be entitled to withdraw therefrom.
3. The transportation of the goods is on account of and at the risk of the buyer, if not agreed otherwise.
4. In the event of delay or impossibility for which we are responsible the purchaser shall be entitled to cancel the contract subject to the relevant legal provisions. Proven damage due to culpable delay in delivery will be compensated by 0.5 % for each complete week of delay but to an absolute maximum of 5 % of the value of that part of the whole delivery which cannot be used or taken into operation in time or according to the contract due to the delay. Paragraph VII below shall apply for possible further claims due to delay in delivery and impossibility.

IV. Prices, terms of payment

1. Unless agreed otherwise, our prices are to be understood ex warehouse Hamburg excluding value added tax. Packing will be invoiced separately.
2. Payment is to be effected within the time indicated on the invoice without further deductions. Agreed discounts may not be deducted if prior bills payable have not yet been settled in full by the purchaser.
3. For times of delay in payment, the legal interest rate has to be paid. The same applies for time for which we have granted indulgence to the purchaser.
4. If it should transpire after the conclusion of the contract that our claims are endangered because of lack in the financial ability of the purchaser all its debts shall fall due immediately. We shall then be entitled to effect outstanding deliveries only against provision of security or cash in advance. Claims for any greater default damages shall not be affected hereby.
5. Only uncontested counterclaims or counterclaims recognized by non-appealable declaratory judgment may be set off.

V. Reservation of title

1. Goods delivered shall remain our property until all claims and debts arising from the business relationship have been settled and any checks and bills of exchange have been cashed and any debts notes have become irrevocable. That also applies when payments are made on especially indicated bills. Under current account, the reserved property shall be deemed security for our balance claim.
2. If our goods are compounded or confused with other goods that do not belong to us, we shall be entitled to ownership of the new property or confused stock in the proportion of the invoiced value of the reserved goods to the value of the other compounded or confused goods, at the time of the compounding or confusion. If the purchaser acquires sole ownership of the new product, he herewith undertakes to transfer to us co-ownership of the new product in the proportion of our invoiced value of our reserved goods to the value of the other compounded or confused items at the times of compounding or confusion, and shall hold the same in safe custody for us according to the principals of sound stewardship.
3. Resale of the goods supplied, regardless of whether compounded or confused, shall be permitted only to retailers in the ordinary course of business and only if the account receivable from resale passes to us before we are paid for the goods concerned. The purchaser herewith assigns to us in advance and with all accessory rights all its present and future accounts receivable from resale, or claims founded on any other legal base, in respect of the goods supplied by us. In the event of resale of our goods after compounding or confusion, or resale of the new product created by compounding or confusion, the account receivable from the purchaser's

customer shall be assigned to us in the amount of the value of the reserved goods. The value of the reserved goods shall be our amount invoiced plus 10 % safeguarding fees, which, however, shall not be charged if in conflict with third-party rights. If we are joined owners of the goods sold, the assignments of accounts receivable shall only cover the amount corresponding to our share of co-ownership.

4. The purchaser shall be entitled to collect the accounts receivable. The right to resale, process the goods and to collect payment shall cease in the event the purchaser does not orderly fulfil its payment commitments to us. The purchaser shall be bound to resell the reserved goods only under retention of ownership, unless they are paid for immediately by its customer. The purchaser shall be forbidden to pledge or mortgage the reserved goods or agree to any prohibition of assignment. If third parties cease goods being subject to this reservation of title, especially by pawning, the purchaser shall be obliged to inform us immediately.
5. If it should transpire after conclusion of the contract that our claims are endangered because of lack in the financial ability of the purchaser, the purchaser shall be under obligation to surrender the reserved goods to us, if we so request. The costs involved shall be born by the purchaser. The purchaser shall be fully liable to pay damages for any manner of depreciation of the reserved goods. Request for surrender shall be deemed rescission only if we expressly state the same.
6. Should the value or the securities given to us exceed our total rights of claim by more than 10 %, we undertake, at the request of the purchaser, to relinquish securities of our choice. Upon settlement of all our outstanding debts and claims arising from the business relationship, ownership of the retained goods as well as title to the assigned claims shall pass to the purchaser.

VI. Warranty

1. Our products are made of proper material in a technically proper performance. Due to the different requirements and individual preconditions for the use of the product, we cannot guarantee for the fitness of the products for the specific purposes of the purchaser unless we have expressly guaranteed the suitability of the products for a special purpose.

Our consulting were which is in general not binding, does not release the purchaser from its own obligation to test our products for its suitability for the purposes of the purchaser.

2. The purchaser shall be obligated to immediately inspect all goods received from us. Defects, wrong deliveries or false volumes are, insofar as they are apparent or can be as- certain by reasonable checks has to be notified immediately in writing, at the latest, however, 8 days after receipt of the goods. If a defect becomes apparent later which was not recognizable upon the first check, then it - with the immediate cessation of any treatment or processing - is to be notified in writing without undue delay at the latest, however, 8 days after discovery.
3. Provided the purchaser can prove that the products suffered from defects at the time of delivery we remedy the defects or replace the goods at our choice without charge. The purchaser has to send back the defect pieces. Replaced parts become our property. Remedy work will be done in our premises after the return of the defect pieces unless expressly agreed otherwise. If through our fault we fail to meet a reasonable extended deadline set for replacement or rework, if we refuse replacement or rework, if replacement or rework should prove finally abortive or if replacement or rework is impossible or unacceptable for the purchaser, the purchaser shall be entitled to rescind the contract or reduce the purchase price. If we replace a defective product or if the purchaser rescind the contract he has to pay a compensation for the use of the product. This compensation is based on the real time of use in comparison to the normal complete time of use.
4. Paragraph VII. below applies for the liability to compensate damages out of warranty.
5. Wear and tear is generally excluded from warranty, provided the deterioration is not the consequence of a defect existing at the moment of the passing of risk.

VII. General Liability

1. Limitation period for claims out of warranty according to § 437 German Code Civil (BGB) is 12 month after delivery.
2. Notwithstanding the provisions under Paragraph III 4. any loss or damage claims against us, particularly for damages not inflicted on the delivery item itself, e.g. as due to non-performance because of default or impossibility, other breach of contractual obligations, miscounselling, culpa in contrahendo, or for other reasons whatsoever, e.g. loss of profit or stillstand of the production, shall be excluded. The liability only applies in case of wilful misconduct or gross negligence of our general management or our vicarious agents where such agents are managerial staff, by violation of health or other personal injury, in case of defects which we have maliciously concealed or in case of defects of the goods, as far as the product liability law for damage to property privately used and for personal injury applies.
3. In case of culpable violation of material contractual obligations, we are liable also for gross negligence with regard to vicarious agents who are not managerial staff and in cases of normal negligence; in the latter case the liability shall be limited to compensation for the typical speculative damage. Essential obligations consist of those that are indispensable for the orderly fulfillment of the contact of a kind that the purchaser regularly trust, and may trust, that they will be observed.

VIII. Place of performance, jurisdiction, applicable law

1. The place of performance shall be Hamburg, Germany.

Our principal place of business shall also be the place of jurisdiction for disputes with businessmen or persons, which do not have a place of general jurisdiction in Germany, even for actions on a bill of exchange or check. We may also sue the purchaser at the court having jurisdiction over his residence, if we so choose.

2. German law shall apply. The provisions of the UN-Sales Convention (CISG) shall be excluded. The Incoterms 2000 shall apply as most recently amended.