

# General terms and conditions

## 1. Contract award

- a. Our offers are always subject to change. Offers always have to be done in writing. All drawings and technical information are only binding if explicitly marked as such. Subject to alterations.

## 2. Prices

- a. Our offer prices are ex works plus VAT, packaging and shipping costs.

## 3. Payment

- a. Payment is bound to the conditions written in the confirmation or in the invoice. Unless otherwise agreed upon, our invoices are payable within 14 days after invoice date without discounts. If the purchaser is in delay with payment we are entitled to charge interest of 8 % over the current prime rate according to paragraph 1 of the German law: "Diskontüberleitungsgesetz". Payment instructions, checks and bills of exchange will only be accepted after previous agreement and only on account of performance. All discounting and collection charges shall be borne by the buyer. If we acquire knowledge of any condition which questions the credit-worthiness of the purchaser, we reserve the right to revoke the period allowed for payment and to claim prepayment or cash on delivery. If the purchaser does not fulfill his obligation to pay, the remaining balance becomes due immediately. The purchaser can only offset if the counterclaims are undisputed or legally determined. If agreed upon payment by installments, the remainder of a debt - irrespective of any note due date - becomes due immediately if

1. the purchaser, who is not registered as a merchant in the Commercial Registry, is in arrears at least two consecutive rates in full or partial and the amount, with which he is in arrears, equates one tenth of the agreed price.

2. the purchaser, who is registered as a merchant in the Commercial Registry, is in arrears for 14 days, he stops payment or a bankruptcy and composition proceeding has been filed over his assets.

## 4. Delivery

- a. Terms of delivery are basically non binding. Fixed dates of delivery have to be specifically expressed and confirmed by us in writing and only apply under the condition of a smooth operating procedure. Force majeure, disruption in operation, labour dispute etc. or other conditions outside our control extend the terms of delivery for the length of time of the default. Claims of damages on behalf of the purchaser in the case of delayed delivery are constricted to 5% at the most of the agreed purchase price in case of light negligence. Claims of damages on behalf of the purchaser due to failure of performance are constricted to 10% at the most of the agreed purchase price in case of light negligence. Is the purchaser a legal entity of the public law, a public separate estate or a merchant to whom the contract is part of his commerce, he is only entitled to damages if case of heavy negligence or intention.

## 5. Reservation of proprietary rights

- a. All our performances are carried out exclusively under reservation of proprietary rights. Our reservation of proprietary rights persists for all claims which we hold against the purchaser in connection with this order e.g. due to repairs or delivery of spare parts as well as other performances we acquire subsequently. Is the purchaser a legal entity of the public law, a public separate estate or a merchant to whom the contract is part of his commerce, the reservation of proprietary rights apply also for the claims we have against the purchaser within the running business connection. The purchaser is liable to insure the conditional goods against fire and theft. He is also liable to produce proof of such an insurance on demand. If the purchaser does not meet his obligation despite reminder, we reserve the right to take out a policy against fire and theft at the purchaser's costs, advance the insurance premium and collect it as part of the claim from the existing contract. All performances resulting from the existing insurance are - if not otherwise agreed upon - to be used in full for reconditioning of the destroyed, damaged or stolen good. If heavy damage occurs and we do without reconditioning, the insurance benefit will be used for paying off the principal claim, fringe benefit as well as our advanced costs. The purchaser is liable to keep the conditional goods in proper condition during the period of the reservation of the proprietary rights, to let all intended maintenance work and repairs be done immediately - apart from emergencies - by us or in one of the garages which we recognized to take care of the subject of the contract. The purchaser has the right to sell and process goods during general business. He is not allowed to bond, transfer the title for the purpose of securing a debt or debit the goods in any other way. The purchaser already transfers his trade accounts receivable to us. With this we accept the transfer. On demand, the purchaser is liable to name his buyers. The purchaser has the right to collect assigned book account until cancelled.

The treatment and processing of our conditional goods are carried out by us as manufacturer. If the conditional good, which we deliver, are processed, combined or mixed with alien property, we are entitled to co-ownership of the new object or asset proportional to the value of our conditional good to the value of the other goods at the moment of processing, combining or mixing. If the purchaser acquires the sole proprietorship of an object by act of law, we hereby agree, that the purchaser allows co-ownership of the new object proportional to its value of the processed, combined or mixed new object and that he stores them for us. In case of impairment of our proprietary or making assignments to us, the purchaser has to contact us immediately. If the purchaser is in default, we reserve the right to demand immediate delivery of the conditional good. We will free the securities we are entitled to, of our own choice, on demand of the purchaser, if the securities exceed the claim by 20%. During the time of reservation of proprietary rights, the purchaser has got the right of property and usage of the conditional good, as long as he fulfills his obligations according to the delivery and payment terms and conditions of this reservation of proprietary right and is not in default. If the purchaser is in default or cannot fulfill his obligations according to the reservation of proprietary rights, we are entitled to exert proprietary rights over our products, specifically the taking back of delivered products covered under proprietary law. We can, after a written warning containing an adequate period of time, and considering the proceeds of sale from the agreed price considering direct sale make best use of the goods. This taking back in an installment business is regarded as cancellation of a contract of a merchant who is not registered at the Commercial Registry. In this case the conditions of the repayment law apply. If we demand the delivery of the conditional good, the purchaser is liable to the exclusion of any rights of retention - unless it is specified in the contract in hand - to do so immediately. If the purchaser wishes, and he can only say so immediately after redemption of the conditional good, a publicly appointed and sworn expert of the purchaser's choice may determine the estimated price. We are liable to offset the conditional good against the estimated price. All costs of the redemption and the application of the conditional good bears the purchaser. The cost of application without proof amount to 10% of the sales revenue of the application including purchase tax. They are to be estimated higher or lower if we can prove higher or the purchaser can prove lower costs. The sales revenue is credited in favour of the purchaser after

deduction of the costs and other claims in connection with the contract. In case of access of a third party, especially when the conditional good is seized or while applying the right of lien, the purchaser is liable to inform us immediately in writing and to inform the third party of the reservation of proprietary rights of the user. In this case the purchaser bears all costs, which occur due to the annulment of the access and the replacement of the conditional good, as long as they cannot be collected by a third party.

## 6. Guarantee

- b.** For construction work, guarantee is given according to the contracting rules for award of public works part B.
- c.** For the delivery of goods the following applies:
  - 1. Obvious defects on the delivered goods have to be indicated immediately in writing, but 14 days after receipt of the goods at the latest, in the non commercial trade. If the purchaser fails to do so, the goods are considered as accepted. For merchants, special rules of the commercial law apply.
  - 2. If defects have been reported correctly, we guarantee that for a period of 6 months, and in such a way, that we choose, we mend, exchange or make a new delivery of the parts in question. Amendments are only done in German seaports. If the elimination of the defect is not possible, we are liable to redhibitory actions or abatement. All further claims, especially for damages are excluded.
  - 3. Reported goods are only allowed to be sent back to the address we choose if we agree upon this.
  - 4. Complaints do not free the purchaser of his liability to pay the agreed purchase price on time.
  - 5. We do not give any guarantee for the maintenance of windings of electric machines and apparatus. A caveat emptor is considered as agreed upon. For the new winding of electric machines and apparatus, we give a guarantee for a period of 6 months, calculated from the day of delivery.

## 7. Final provisions

- a.** The invalidity of individual clauses does not effect the validity of the other clauses. Court of jurisdiction is -as far as it is acceptable by law - Rendsburg.
- b.** Only German law is applicable.
- c.** This translation is for the convenience of our English speaking customers, however the German version of the Text applies in case of disputes.