

General Terms and Conditions of Sale
Zollern Getriebetechnik Dorsten GmbH (as amended in November 2013)

1. Scope of application

1.1 We conclude contracts with enterprises, legal persons under public law and special funds under public law exclusively on the basis of these General Terms and Conditions of Sale (GTC Sale) in the respective version valid at the time.

1.2 Our GTC Sale also apply to all future contracts in the context of the ongoing business relationship with the customer. The customer can at any time retrieve and download our GTC Sale on the Internet at www.zollern.de. However, we are also pleased to send our GTC Sale to the customer without charge at any time upon request.

1.3 Any terms and conditions of business of the customer which conflict with our GTC Sale or deviate from them as well as any unilateral business conditions do not apply even if we have not expressly rejected them or provide or accept services without reservation, unless we have expressly agreed to such conditions in writing in the specific individual case in question.

2. Contract conclusion, contract documents

2.1 If the order of the customer has been preceded by our offer, the contract is concluded upon the order being placed. If the order deviates from our offer, the contract is concluded only upon our acknowledgement of the order. If our offer is made "without engagement and subject to change", we may freely revoke our offer until the order has been delivered to the customer in the way that the latter can be deemed to have had the opportunity to take notice of the order in the ordinary course of business ("Zugang" – hereinafter "delivery").

2.2 If the customer submits an offer to us, the contract is only deemed consummated upon delivery of our order acknowledgement or invoice or upon delivery of the goods to the customer. Our order acknowledgement resp. invoice is decisive for the scope and the content of the contract.

2.3 The information contained in our prospectuses and catalogues such as illustrations, drawings, weights and dimensions are non-binding unless we have expressly referred to them as binding.

2.4 We reserve all property rights and copyrights to any and all models, production facilities and equipment, illustrations, prospectuses, calculations and other documents. The customer is not allowed to disclose them to third parties without our express written consent. This applies in particular to such documents as are marked "confidential".

3. Prices, price adjustment, payment

3.1 Our prices are ex works or warehouse and do not include packaging, freight, postage, indexation and transport insurance unless agreed otherwise. The value added tax has to be paid on top. In the case of any agreed delivery abroad, the customer bears the cost of customs clearance. Discount, rebates and bonuses are only granted if specifically agreed in writing.

3.2 In the event that in the time between contract conclusion and delivery there is an increase in costs which is not attributable to us, including but not limited to the costs for wages (e.g. as a result of collective bargaining), primary material, energy, freight or public charges, the agreed price can be reasonably increased in conformity with the influence of these cost aspects but without a mark-up unless the customer sells the goods to a consumer.

3.3 Our prices are calculated on the basis of the agreed order quantities. If no binding order quantities have been agreed, our calculation is based on the agreed target quantities. If the target quantity is not reached, we are entitled to reasonably increase the price per unit.

3.4 Our claims are due on the earliest collection date stated in our notice of readiness for delivery resp. if delivery to the customer has been agreed upon delivery to the customer unless a later payment date has been agreed in writing.

3.5 Payment has to be made in euros by remittance to the bank designated by us, without deduction and without charge of costs and expenses. If, due to a special written arrangement, payment is made in another currency, the decisive exchange rate is the EURO reference rate of the European Central Bank valid at the time of maturity.

3.6 Any periods for payment or discount periods granted by us run from the invoice date. Any agreed discount deductions are only admissible if our customer is not in default of payment of other claims arising from our business relationship. Payment is deemed timeous if the appropriate credit entry on our business account is made on time.

3.7 We reserve the right to use any incoming payments to satisfy the oldest invoice items due including any accrued interest and costs, and that in the following order: costs, interest, principal claim.

3.8 If the customer fails to make payment within two days after delivery of our notice of readiness for delivery at the latest resp., if delivery to the customer has been agreed, within two days after delivery, the customer is deemed to be in default unless our invoice has been delivered to the customer before or any agreed time limit for payment has lapsed before. In these cases, the customer is already deemed to be in default if the customer fails to make payment within one day after delivery of the invoice resp. by the agreed time limit at the latest. In commercial business relationships we first charge interest from the due date (according to sec. 3.4) in the amount of 5 percentage points p.a. and from the time of the occurrence of default in the amount of 8 percentage points p.a. above the base interest rate valid at the time.

3.9 Any payment deadlines granted are deemed cancelled if we become aware of a substantial worsening of the financial situation of the customer or if, despite appropriate request, our customer provides no information or incorrect or incomplete information about his creditworthiness. In these cases, any outstanding claims fall due immediately to the extent that the customer is not entitled to any rights to refuse payment. Furthermore, we can

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exercise our rights arising from any lien or security interest created in our favour and we can make any outstanding deliveries dependent on the provision of adequate security or prepayment. If the customer refuses to provide this, we are entitled to withdraw from the contract to the extent that we have not yet fulfilled our obligations to perform, without the customer being entitled to deduce any rights from such withdrawal.

3.10 Bills of exchange and cheques will only be accepted if specifically agreed and will only be accepted on account of performance ("erfüllungshalber") which means that the debt will only be deemed extinguished if the bill of exchange or cheque has actually been paid. Bills of exchange need to be discountable. Bill and discount expenses are borne by the customer; they are charged from the date when the invoice amount was due and are due immediately. The maturity date of the bill must not be later than 90 days from the invoice date.

3.11 The customer is only allowed to set off his own counter-claims against our claims if such counter-claim is undisputed or has been established by a final non-appealable court decision (*res judicata*) or if the facts which are essential for the decision of the case have been sufficiently clarified ("Entscheidungsreife"). The same applies in the case of the assertion of a right to refuse performance or payment or a right of retention. Moreover, for a right of retention, the customer can only refer to claims arising from the same contractual relationship from which the customer's obligation arises and can only assert such a right if we have failed to provide adequate security despite an appropriate written request by the customer.

4. Delivery, passing of risk, delivery times

4.1 The applicable term of delivery is delivery ex works (Incoterms 2010). The price risk and the performance risk are transferred to the customer with effect from the end of our usual business hours at the earliest collection date stated in our notice of readiness for delivery but in the case of an obligation to deliver a non-specific object which is characterized by general features only ("Gattungsschuld") the said risks will only be transferred if we have actually separated the goods to be collected or delivered. The goods will only be dispatched if so agreed in writing, at the customer's risk.

4.2 Fix deadlines require our written confirmation. Partial deliveries in reasonable quantities are admissible.

4.3 In the case of a delay in delivery resulting from industrial action or unforeseeable extraordinary events such as governmental measures, traffic disturbances etc. we are released from our obligation to deliver either for the duration of such event or if the event renders delivery impossible we are fully released from our obligation to deliver unless the disturbance is attributable to us.

4.4 If and to the extent that we are unable to perform delivery because we do not receive delivery from our own suppliers even though we have concluded congruent covering transactions, we will be released from our obligation to deliver and we will

be entitled to withdraw from the respective contract in question. We will notify the customer to that effect. Furthermore, we will return or repay to the customer any consideration already provided or paid. In such a case, the customer is not entitled to any further claims going beyond that.

5. Third-party industrial property rights

5.1 It is the sole responsibility of the customer to ensure that no third-party industrial property rights or other third-party rights will be infringed as a result of the quality specifications for the goods provided by the customer or as a result of any further processing of the goods.

5.2 If claims for infringement of industrial property rights are asserted against us by a third party as a result of a quality agreement concluded with the customer, the customer will at his choice either procure a right of use regarding the respective quality specifications or modify them in the way that the industrial property right is no longer infringed. In this context, the customer will, upon first written request, fully indemnify us from any and all third-party claims including the costs of legal defense and/or legal action.

5.3 Our claims for infringement of industrial property rights or other legal defects become time-barred after 10 years following the passing of risk.

6. Goods not in conformity with the contract

6.1 We are only obliged to supply goods of average kind and quality, allowing for standard tolerances usual in trade as regards the kind, quantity, quality and packaging.

6.2 In the case of custom-made or purpose-built items, any excess delivery or short delivery of up to 10% will not be deemed to constitute a defect.

6.3 In particular with regard to the intended use of our goods, the customer is responsible for the appropriate construction in compliance with any applicable safety regulations and the necessary test procedures and for the accuracy and completeness of the customer's technical instructions for delivery and of the technical documents and drawings provided to us. This also applies if we propose changes which are approved by the customer.

6.4 If the delivered goods show a defect, the customer is only entitled to request subsequent remedy ("Nachbesserung") of the goods. Substitute delivery is excluded because it is usually associated with unreasonable costs and the exclusion of substitute delivery does not cause any substantial detriment to the customer. However, we may also choose to subsequently deliver non-defective goods.

6.5 If the subsequent remedy fails or if it is not executed within a reasonable period fixed by the customer, the customer is entitled to withdraw from the contract or reduce the purchase price. Damages can only be claimed on the conditions set out in sec. 7.

6.6 The statutory duties to inspect the goods and to give notice of defect as stipulated in § 377 HGB (German Commercial Code) apply whereby the

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customer is obliged to give notice of any obvious defect without undue delay (“unverzüglich”) but no later than within one week from the delivery of the goods; timeous dispatch of the written notice of defect is deemed to be sufficient to comply with the aforesaid time limit. Approval of initial samples by our customer does not release him from his duty to inspect and give notice of defect and does not entail any limitation of such duties either.

6.7 The warranty period is 12 months. In the case of delivery ex works, it starts to run from collection, otherwise from delivery of the goods.

7. Liability

7.1 Customer’s claims for damages, regardless of the legal cause, as well as claims for reimbursement of futile expenses are excluded unless the cause of damage is based on a wilful or grossly negligent breach of duty or an at least negligent breach of a contractual duty the fulfillment of which is of key relevance for the contract and on which the customer may reasonably rely (fundamental contractual duty - “wesentliche Vertragspflicht”); in the latter case, the amount of the liability is limited to the damage which is foreseeable upon contract conclusion and which typically occurs with contracts of the kind in question.

7.2 The limitation of liability as described in the preceding sec. 7.1 also applies to the personal liability of our employees, representatives and executive bodies/ officers (“Organe”) and to our vicarious agents and other persons engaged by us in the performance of the contract (“Erfüllungsgehilfen”).

7.3 The limitation of liability under the preceding sections 7.1 and 7.2 do not apply to damage resulting from an injury of the life or limb, health or freedom nor in the case of liability under the “Produkthaftungsgesetz” (German Product Liability Act) nor in any case where we have, by way of exception, given a guarantee.

8. Limitation

8.1 Notwithstanding § 195 BGB (German Civil Code) the regular limitation period for claims of the customer which starts to run from the time of (hypothetical) awareness of the conditions justifying the claim and of the identity of the obligor is 18 months. The commencement of the limitation period is fixed in § 199 subs. 1 BGB (German Civil Code). Notwithstanding § 199 subs. 3 no. 1 BGB (German Civil Code), the limitation period for the customer’s claims for damages which starts to run regardless of the (hypothetical) awareness of the conditions justifying the claim and of the identity of the obligor is five years, starting with the claim coming into existence.

8.2 Notwithstanding sec. 8.1, the customer’s contractual claims for damages and claims for reimbursement of futile expenses which are based on a defect of the goods as well as the right to subsequent performance (“Nacherfüllung”) under sec. 6.4 become time barred after 12 months. Recourse claims under § 478 et seq. BGB (German Civil Code) remain unimpaired.

8.3 Sections 8.1 and 8.2 clause 1 do not apply in the case a wilful or grossly negligent breach of duty or a breach of a fundamental contractual duty (“wesentliche Vertragspflicht”) nor do they apply in the cases described in section 7.3. For these cases, the statutory limitation periods apply.

8.4 Our claims for payment and interest become time-barred after five years unless a longer period is provided for by law.

9. Extended and prolonged retention of title (“erweiterter/ verlängerter Eigentumsvorbehalt“)

9.1 We retain title to the delivered goods (“goods subject to retention of title”) until our claims against the customer have been satisfied in full (“secured claims”) and all cheques and bills of exchange have been paid. Secured claims comprise any and all current and future claims from the business relationship with the customer, including any claims for payment of the balance in the context of a current account.

9.2 The customer is obliged to carefully keep the goods subject to retention of title, to maintain and repair them at the customer’s expense and to take out at the customer’s expense a new value insurance policy to the extent usually applicable in the case of a diligent businessman to insure the goods against loss and damage, and to provide us upon request with evidence demonstrating such insurance cover without undue delay (“unverzüglich”) by submission of a written confirmation by the insurer. The customer hereby assigns to us any future claims to insurance benefits and we accept this assignment.

9.3 The customer processes the goods subject to retention of title on our behalf. We become the owner of the new items. The processing, mixing and combination of the goods subject to retention of title with other goods is also deemed to be executed for us on our behalf. We become co-owners of, and share title to the new item so created, in the proportion of the invoice value of the goods subject to retention of title to the invoice value of the other goods. In case our goods are combined or mixed with a principal item which does not belong to us, the customer hereby assigns to us any future rights to the principal item and we hereby accept this assignment. New items and principal items in terms of this sec. 9.3 are also deemed to be subject to retention of title.

9.4 The customer is entitled to dispose of the goods subject to retention of title in the regular course of business for as long as the customer is not in default of payment. This does not apply if and to the extent that the customer and his purchasers have agreed on a prohibition of assignment as regards the customer’s claims for purchase price or work remuneration. The customer is not entitled to pledge the goods which are subject to retention of title, to transfer title to them by way of security or otherwise encumber or put a lien on them. The customer is not allowed either to assign his claims from the resale of the goods subject to retention of title in order to have them collected by way of factoring unless the customer irrevocably agrees with the factor that the

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consideration has to be provided or paid directly to us to the extent that there are secured claims.

9.5 In the case of the resale of the goods subject to retention of title, the customer is obliged to safeguard our rights to an extent which is equivalent to the amount of the secured claims if and to the extent that this is appropriate in the regular course of business. This can be ensured by the customer making the transfer of title to the goods sold by the customer to his purchaser dependent on the full payment of such goods.

9.6 If the customer sells the goods which are subject to retention of title, the customer is deemed to thereby assign to us in the amount of the secured claims any future claims against the customer's purchasers or third parties arising from the resale (including any claims for payment of a balance in the context of a current account) including any and all security interest, liens and ancillary rights including any claims arising from bills of exchange and cheques. We hereby accept this assignment. If the goods subject to retention of title are sold together with other items at an overall price, the assignment is limited to the proportionate partial amount of the customer's invoice for the goods subject to retention of title. If goods are sold of which we have become co-owners according to sec. 9.3, the assignment is limited to such part of the claim which corresponds to our co-ownership share.

9.7 The customer is entitled to collect for us on the customer own behalf, in his own name and for his own account the claims assigned to us in accordance with sec. 9.2 and 9.6 if and to the extent that we do not revoke this authorization. This is without prejudice to our right to collect the assigned claims ourselves. However, we will not collect the assigned claims ourselves nor will we revoke the customer's authorization to collect the claims if and for as long as the customer is not in default of payment and the customer's financial situation has not substantially changed for the worse. In such a case, the customer is obliged to provide us with all information and documents which are necessary to assert the assigned claims.

9.8 In the case of default or a substantial worsening of the customer's financial situation or any other breach of duty by the customer other than a minor one, the customer agrees, subject to the provisions of § 107 subs. 2 InsO (German Insolvency Act) to surrender the goods subject to retention of title. This obligation exists regardless of a withdrawal or the granting of a grace period. The customer already now permits us to enter the customer's premises for the purpose of collecting the goods. We are entitled to resell any surrendered goods in the regular course of business and to deduct the costs of realization as well as our other claims against the customer from the obtained proceeds. The goods subject to retention of title are taken back by way of security only; this may only be deemed to constitute a withdrawal from the contract if this is explicitly declared in writing. When determining the remuneration for the use of, or fruits obtained from the goods in the case of a withdrawal, it is also

necessary to take into account the reduction in value which has meanwhile occurred.

9.9 The customer is obliged to inform us without undue delay ("unverzüglich") about any execution initiated by third parties which is levied upon the goods subject to retention of title or upon the claims assigned to us or on any other security, disclosing at the same time all information required for an intervention; this also applies to any other impediments of any kind whatsoever. If and to the extent that the third party is unable to reimburse us for the judicial or extra-judicial costs incurred by us in this connection, the customer will be liable for such costs.

9.10 We undertake to release the security to which we are entitled according to the preceding provisions at the customer's request to the extent that the value which can be realized from the security exceeds 110%, or the estimated value of the goods subject to retention of title exceeds 150% of the claims to be secured. It is our responsibility to choose the goods which have to be released. The realizable value is the value which can be obtained from the realization of the goods subject to retention of title at the time of our decision on the request for release in the case of a (hypothetical) insolvency of the customer. The estimated value is the market price of the goods subject to retention of title at the aforesaid point in time.

9.11 If and to the extent that the retention of title should be ineffective according to the foreign law of the country where the goods subject to retention of title are located, the customer will be obliged to provide equivalent security upon our request. If the customer fails to comply with such request, we may claim immediate payment of all outstanding invoices.

10. Place of performance ("Erfüllungsort"), place of jurisdiction, applicable law

10.1 The place of performance ("Erfüllungsort") is our business domicile in Sigmaringendorf-Laucherthal.

10.2 For both parties, the place of jurisdiction for any and all disputes arising from commercial transactions concluded with merchants who have been entered in the commercial register ("Vollkaufleute") and legal persons under public law is Dortmund (§ 38 ZPO – German Code of Civil Procedure). This also applies to any special litigation for the decision on claims arising from a bill of exchange or a cheque ("Wechsel-/Scheckprozess"). However, we are also entitled to sue our customer at the place of general jurisdiction ("allgemeiner Gerichtsstand") applicable to the customer.

10.3 German law applies. The application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (CISG- "Vienna Sales Law") is excluded.

11. Severability

If any individual provisions of these GTC Sale or of the delivery transactions are invalid in whole or in part, this will be without prejudice to the validity of the remaining provisions or the remaining parts of such clauses.

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