

GENERAL CONDITIONS OF PURCHASE

Zahnradwerk Pritzwalk GmbH

1. PREFACE

The following “General Conditions of Purchase” shall form an integral part of any legal transaction that we conclude with any contracting entity. Deviating general terms and conditions of a customer shall only apply if their applicability has been expressly agreed in writing.

These conditions of purchase shall also underlie any future delivery and service provided to us by the supplier, and they shall not be replaced until we issue new conditions of purchase.

2. CONCLUSION OF CONTRACT AND FURTHER AGREEMENTS

a) Orders, conclusions of contract and delivery schedules as well as their modifications and amendments must be made in writing; the same applies to an agreement concerning waiver of the written form requirement. To comply with the written form requirement, data telecommunication or fax transmission shall be sufficient.

b) We shall not recognise any verbal agreement made before, upon or after conclusion of the contract unless such agreement has been confirmed by us in writing.

3. DELIVERY

a) For compliance with the bindingly agreed date or term of delivery, receipt of the goods by us shall be decisive. Unless “free delivery ex works” pursuant to DDU/DDP Incoterms 2000 is agreed, the supplier shall prepare the goods in consultation with the forwarding agent in such a way that the forwarding agent can deliver them on the agreed delivery date.

b) The supplier’s obligation to set up or assemble the goods shall also include, in principle, the obligation to bear any associated costs.

c) Unless otherwise agreed, partial deliveries shall not be admissible in

general. We are not obligated to accept any not agreed partial delivery unless such partial delivery is reasonable in consideration of the delivery item’s nature and purpose and we have been notified of the intention to make partial delivery in writing no later than twenty-four hours before partial delivery takes place.

d) In the software associated with a product’s scope of delivery, we shall acquire the right of use pursuant to §§69a et seqq. UrhG (German Copyright Act) as well as the right of use required for application of the product as specified in the agreement. This shall include, in particular, the creation of a backup copy.

e) The place of performance shall be the place in which receipt of the delivery by us is scheduled in accordance with the method of production or retrieval concerned.

4. FORCE MAJEURE

Natural hazard, industrial action, unrest, official measures and other unforeseeable, inevitable and grave occurrences shall exempt the contracting parties from their obligation to perform in respect of the duration and extent of such disruption. This also applies if these occurrences take place at a time when the contractual partner concerned is in default of delivery. Both parties undertake to obtain and mutually provide without delay any reasonably obtainable information required to resume the business relationship.

5. INVOICING AND PAYMENT

a) The invoice shall be issued no earlier than upon delivery and acceptance of the goods. The invoice amount is payable net cash within 60 days after receipt of the invoice.

b) We shall be notified of dispatch in line with the respective order or the respective delivery schedule. Invoices shall be sent to the address indicated in the respective

order or delivery schedule, with the supplier adding the information required for allocation, in particular the order number and the designation of the delivery. The invoice shall not be enclosed with the delivery.

c) Prices are net prices subject to free delivery ex works, duties paid and including packaging.

6. RISK ASSUMPTION AND OBLIGATION TO GIVE NOTICE OF NON-CONFORMITY

a) Until receipt of the goods at the agreed place of delivery, the supplier shall bear the risk of accidental loss or accidental deterioration of the delivery item.

b) The purchaser shall externally examine the goods following receipt of the delivery. Unless the supplier receives written notice indicating the objected deviations within seven days after delivery, the goods shall be considered as an adequate and orderly delivery in kind, quantity and visible quality.

c) The parties agree that in respect of any deviation that cannot be identified by simple perception, in particular as far as the quality of materials is concerned, notice of non-conformity shall still be considered timely if it is given in writing immediately after the defect becomes apparent and can be specified.

7. BAD DELIVERY AND COMPENSATION FOR DAMAGES

a) The supplier undertakes to remedy any reported defect at his expense. This expressly includes the provision of a defect-free compensation delivery at the supplier's expense. The supplier also undertakes to remedy the defects within a period indicated by us in writing.

b) If the supplier is unable to make compensation delivery or remedy defects within a reasonable period of time, he shall notify us without delay. In this event, we shall be entitled to initiate rectification, special examination and/or replacement delivery on our own initiative and at the supplier's expense in order to avoid more

far-reaching disruption of our own production, breakdown costs or similar costs or those on the part of our customers. The supplier shall bear the costs for this.

c) In the event of non-compliance with agreed periods or deadlines, the supplier shall be liable for any damage caused by delay – irrespective of whether this delay is attributable to his own fault – provided that the supplier was aware of the circumstances endangering compliance with the delivery dates and did not promptly notify us of these circumstances in writing.

d) In addition, the supplier shall be liable for any damage incurred by us because of delayed delivery, but not for the loss of profits. In case of minor negligence on the part of the supplier, damages shall be limited to additional freight charges, refitting costs and – following an unsuccessful period of grace or cessation of our interest in the delivery – to the additional expenditure for covering purchases.

e) In addition, the supplier shall bear any cost incurred by us as a result of bad or wrong delivery.

f) Any liability on our part shall be ruled out unless based on wilful misconduct or gross negligence.

8. RECOURSE REGULATIONS AND LIMITATION

a) In the event of deficiency in title, the supplier shall also exempt us from any possible third-party claim.

b) Irrespective of the supplier's knowledge, the right of recourse against the supplier shall come under the statute of limitation no earlier than two months after the point in time when the claim was made against us in writing by our customer, but no later than two years after delivery by the supplier.

c) If a material defect becomes apparent within six months after the transfer of risk, it shall be assumed that the defect was already in place upon transfer of the risk unless this assumption would be

incompatible with the kind of object or with the nature of the defect.

d) The supplier is obligated to exempt us from any third-party claim based on the quality of delivery items. In this context, circumstances in the supplier's sphere of responsibility shall be attributed to the supplier unless he proves that they are beyond his control. As far as the supplier is under an obligation to exempt us from claims, this shall also cover all costs and expenses associated with such claims including the cost of possible legal action or product recall.

9. SERVICE PROVISION AGREEMENTS

a) Documents and materials made available by us shall remain our property and may only be used for us and for the intended purpose. The supplier shall be liable for any damage, including consequential damage, of unintended use.

b) The supplier shall not disclose any commercial or technical details, which come to its knowledge on the occasion of negotiation, conclusion and performance of the contract. Even inside the supplier's premises, such information shall be made available only to such people and to such an extent as is required to complete the delivery. All rights in technical and commercial information remain exclusively with us.

c) The supplier shall be liable for any damage suffered by us because of its breach of the non-disclosure agreement. This includes in particular our lost profits.

d) As far as supplier personnel or third parties carry out work on our premises or our equipment in order to perform an activity undertaken by the supplier, the supplier shall be responsible for their compliance with our plant regulations. Any damage suffered by us as a result of their misconduct shall be borne by the supplier.

10. CHOICE OF LAW AND JURISDICTION

a) Any contract concluded with us is subject to German law.

b) The place of jurisdiction for any dispute arising out of this agreement shall be Neuruppin.

11. SUPPLEMENTARY PROVISIONS

Should one or several provisions of this agreement be ineffective in part or in full, all other provisions of the agreement shall remain applicable without restriction. Both parties undertake to promptly replace the partially or entirely ineffective provision with a new one that comes as close as possible to the inapplicable provision in commercial and legal terms. The same applies if it turns out in the course of a contractual relationship that this framework agreement contains a loophole that needs to be closed.