

**General Terms and Conditions of Business – Sales
for Contracts for Work and Services
and Service Contracts of
Klaus Union GmbH & Co. KG**

I. Scope of validity

1. Service contracts and contracts for work and services with Klaus Union GmbH & Co. KG as the Contractor in commercial legal relations shall be executed according to the terms and conditions below. By their respective inclusion the following GTC shall constitute an integral part of the service contracts and contracts for work and services with Klaus Union GmbH & Co. KG as Contractor.
2. Any conflicting or deviating General Terms and Conditions shall only constitute an integral part of the contract if the Contractor has expressly agreed in writing in the individual case. The Client agrees that in conflicting or doubtful cases the GTC of the Contractor shall apply.
3. Regulations deviating from the provisions of these GTC shall require written agreement, which must expressly identify the modification to the respective GTC clause.

II. Mutual rendering of performance

1. Quotations submitted by the Contractor are non-binding; a contract shall be concluded by a written or pre-printed order confirmation issued by the Contractor or where the execution of the order has already begun.
2. The written order shall be authoritative for the Contractor and binding for the Client; the Contractor is entitled to take the furnished specifications as a correct and complete basis for the order. Any subsequent deviation is deemed an exception which shall require the explicit written explanation of the Client and the written confirmation by the Contractor.
3. If during the processing of the order it is found that the contractually agreed performance cannot be rendered or can be rendered only with materially changed technical and/or personnel expenditure, the Contractor shall inform the Client without delay. The contracting parties will then decide whether and to what extent and at what cost the order processing is to be continued. If they fail to reach an agreement, each contracting party shall have the right to terminate the contract by written notification. In such a case, the Contractor shall be entitled to reimbursement of all expenses arisen hitherto and to the payment of remuneration corresponding to the performance rendered so far.
4. The prices stated in the Contractor's quotation shall apply subject to the condition that the order data, on which the quotation was prepared and submitted, remain unchanged. In the event of mutually agreed subsequent modifications, the additional costs or savings caused by such modifications shall be recalculated and charged accordingly.
5. Unless expressly agreed otherwise, cost estimates shall be adequately remunerated.

III. Industrial property rights

1. The quotation, as well as all related calculations, designs, drawings, etc. prepared on the part of Klaus Union GmbH & Co. KG. are the intellectual property of the Contractor and must not be copied or disclosed to third parties unless the written approval of Klaus Union has been obtained; in particular they must not be used for the reverse engineering of identical or similar products without having obtained the Contractor's consent.
2. The Client shall be liable for ensuring that his deliveries and the use of things such as schemes, calculations, test pieces etc. do not infringe the industrial property rights of third parties and he shall exonerate the Contractor from any such claims. Licence fees or costs arising from the prevention of infringements of industrial property rights and from the defence against such claims shall be borne by the Client.
3. Where industrial property rights evolve within the framework of an order, the Contractor shall be granted the right to acquire a non-exclusive right of use from the Client under reasonable and customary conditions.

IV. Time limits, delivery dates

1. Time limits for the completion of the order are without obligation, unless the parties have expressly agreed on deadlines. Where such a deadline has been agreed, the Client is to grant a grace period of three weeks in case of delay in performance.
2. Unlimited permanent orders relating to order performances to be rendered repeatedly must be terminated observing a notification period of at least 6 months.

V. Delivery

1. The place of performance is the loading platform of the Contractor.
2. The transportation and the unloading of the goods shall be carried out at the risk of the Client, also when the Contractor involves a carrier (sale by delivery at the request of the purchaser).
3. The Contractor shall be entitled but – unless expressly agreed – not obliged to take out a reasonable transport insurance on behalf and at the expense of the Client, and which covers at least the invoice amount of the goods.
4. Unless otherwise expressly agreed in writing with the Client, the Client shall be responsible for the compliance with statutory and official provisions concerning the import, transportation, storage and use of the goods.
5. If at the time of the delivery and/or rendering of services the exportation of our deliverables/services is subject to statutory or official authorisation and the accordingly requested export licence is not granted, we shall be entitled to withdraw from the contract.
6. In case of Force Majeure the Contractor's obligations regarding delivery and performance shall be suspended. The same applies to a shortage of energy or raw materials, industrial disputes official decrees, traffic or operational disturbances or if the Contractor's sub-suppliers fail to timely and properly supply him for any of the aforementioned reasons.

VI. Terms of payment

1. Unless agreed otherwise, prices are quoted ex works.
2. As a matter of principle, payments shall be effected within 30 days, calculated from the date of the invoice, without deduction. Prepayment shall be effected within 7 days of receipt of the advance invoice.
3. The Contractor is always entitled to submit intermediate invoices corresponding to the expenses incurred from time to time.
4. Bills of exchange and cheques shall be accepted only upon special agreement; unless explicitly agreed to the contrary, they shall be handed over for payment purposes and not only to serve as collateral. If using such payment instruments, the taking of a cash discount shall not be possible. The Contractor shall pay neither discounts nor bill charges. If the bill of exchange is dishonoured, the client shall be responsible for presenting, protesting, giving notification of and returning the bill of exchange in good time, unless the Contractor can be accused of intent or gross negligence.
5. The Client may only offset against uncontested or lawfully established receivables. A payment by offset shall require the explicit consent to this kind of payment on the part of the Contractor.
6. The seller renounces the assertion of rights of retention in this business relationship. The goods completely delivered shall in any case initially be paid in full.
7. The place of performance for payments is the registered office of the Contractor in Bochum/Germany.

VII. Default on payment

1. If the fulfilment of the pecuniary claims is endangered due to a deterioration of the Client's financial circumstances, which has occurred or become known after the conclusion of the contract, the Contractor may demand the immediate payment of all outstanding receivables as well as payment in advance for all orders being processed. The Contractor shall be entitled to these rights also if the Client does not effect payment in spite of a reminder putting him in default.

2. In case of default of payment, interest on arrears amounting to 8% above the current discount rate of the Deutsche Bundesbank shall be paid. The assertion of claims for more extensive damage is not excluded by this.

VIII. Reservation of title

1. Objects to be delivered shall not pass from the ownership of the Contractor into the ownership of the Client until the latter has discharged all his liabilities arising from the business relationship with the Contractor, including ancillary receivables, claims for compensation and cashing of cheques and bills of exchange.

2. If the Client processes, amalgamates or mixes the delivery items with other items not belonging to us, the Contractor shall acquire the co-ownership of the new mixed items for the duration of the reservation of title at the percentage which corresponds to the proportion, at the time of processing, of the invoice value of the goods delivered in the items thus mixed.

3. Where the retained goods are amalgamated or mixed with the principal item of the Client or third parties, the Client shall herewith already assign his rights in the new item to the Contractor. If the Client amalgamates or mixes against consideration the retained goods with a principal item of a third party, he shall assign herewith already to us all receivables that arise for him vis-à-vis such a third party.

4. The Client is entitled to resell the retained goods. If the Client on his part sells such goods, however, without receiving the full purchase price either in advance or matching payment with delivery of the purchase item, he shall agree with his customer on a retention of title according to these terms and conditions.

5. The Client assigns already now to the Contractor all receivables that will arise to him through this resale as well as the rights from the retention of title agreed by him. He is obligated, upon our request, to disclose the assignment to the purchasers and to furnish to the Contractor any information and documents required for the latter to assert his rights against the purchaser. The Client is entitled to the collection of the receivables from the resale in spite of the assignments on the condition and for so long as he properly fulfils his payment obligations to the Contractor.

6. If the value of the securities furnished to the Contractor exceeds the value of the secured receivable, he shall be obliged upon request of the Client to release securities, the choice of which securities are to be released, however, shall be made by the Contractor. An assertion of the right to retention of title by the Contractor does not represent at the same time a withdrawal from the contract unless he declares this previously and expressly in writing.

IX. Warranty

1. To protect his rights regarding defects subject to warranty and in view of potential transport damage the Client must check and inspect all deliveries upon receipt for possible defects, damage and/or losses or relevant quantitative variances.

2. Any defect, damage or short/excess delivery or deviation from the order must be notified to the Contractor in detail without delay and in writing within the business dealings.

3. For the protection of the Client's rights vis-à-vis the carrier and for traceability of the damage, a declaration stating the damage and losses must be issued upon delivery and preferentially indicated on the consignment note.

4. Hidden defects must be claimed by written notification immediately upon detection of the defect, at the latest, however, within six months after receipt of the performance item; the statutory period of limitation remains unaffected by this provision. The burden of proof for the fact that the defect is hidden shall remain with the Client.

6. The statute of limitation is subject to the respective statutory provisions; specifically warranty claims expire pursuant to § 634a (1) of the German Civil Code BGB (contract for work and services) after two years from the statutory commencement of the period of limitation.

X. Rights of the Client in case of defects

1. When asserting warranty claims the Client's options are initially confined to the right of retroactive performance. If the Contractor, however, waives his right of retroactive performance or if such retroactive performance is not rendered within a reasonable time limit of at least three weeks or if the deliveries provided for the purpose of retroactive performance is again defective after two successive rectifications, the Client shall have the option to withdraw from the contract or to cut the consideration. Claims for compensation owing to intent and gross negligence remain unaffected by this provision. The right to rectify the defect himself and to demand compensation of the required expenses is excluded.

2. The agreement of a guarantee requires the written form. A written guarantee shall be effective on the condition that it describes explicitly enough the contents of the guarantee as well as the term and the territorial scope of validity of the guarantee coverage.

XI. Liability

1. Claims for compensation by the Client against the Contractor, his legal representatives, employees and vicarious agents shall exist only to the extent that the Contractor, his legal representatives, employees of vicarious agents have acted intentionally or with gross negligence or if the violated obligation is of essential importance for serving the purpose of the contract (cardinal obligations).

2. The Contractor shall be liable for indirect damage and for damage not foreseeable at the time of concluding the contract only, if the Contractor can be blamed for gross negligence.

3. In the event of a simple negligent violation of cardinal obligations, the liability of the Contractor is limited to the reasonably foreseeable damage typical for such contracts and shall amount to max. EUR 100,000.00 unless otherwise stipulated by explicit written agreement or double the invoice amount of the goods or performance concerned, if such amount is in excess of EUR 100,000.00.

4. The limitation of liability does not apply inasmuch as the Contractor is imperatively liable in respect of any injuries to life, limb or health according to the product liability law or any other legal grounds.

XII. Secrecy

1. For a duration of 6 years from conclusion of the contract, the parties undertake not to disclose any information and experience which has become known in connection with the present contract and which one party receives from the other one.

2. This obligation shall not apply to such information and experience that the receiving contracting party has provably learned from some other source or that was already known to the contracting party or has become common knowledge.

3. The Client is obliged to consider the Contractor's offer a business secret, too, and to keep it a secret.

XIII. Jurisdiction, applicable law

The place of jurisdiction is Bochum, at Contractor's option, however, also the place of the Client's business. The contract shall be governed by the law applicable in the Federal Republic of Germany, without recourse to the provisions of the Hague Conventions Relating to a Uniform Law on the International Sale of Goods (EKG/EAG) and the Uniform United Nations Convention on Contracts for the International Sale of Goods (CISG).