

General Terms of Business of the firm Mahlo GmbH + Co. KG

- as per 01/99 -

I. General terms

1. All deliveries of goods or services (hereinafter called deliveries) shall be subject first to the written agreement entered into between the parties to the contract and thereafter to the following general terms of business, to the extent that these are neither amended nor excluded by the contract itself. Any earlier versions of the General Terms of Business of the firm Mahlo (hereinafter called the supplier) which differ from this version are hereby rendered null and void.
2. If the buyer's general terms of business differ from those of the supplier, the buyer's terms shall apply only if the supplier explicitly consents to the same in writing. In all other cases, the buyer's terms shall be deemed to have been explicitly rejected by the supplier. By placing orders with the supplier, the buyer acknowledges the supplier's General Terms of Business alone as legally binding.

II. Quotations and orders

1. The supplier's quotations are without engagement and are not binding.
2. Orders shall not be effective unless confirmed in writing by the supplier. This is especially true of any oral agreements entered into with the buyer before or upon the placement of order. If delivery is effected immediately without confirmation, the invoice shall serve as a confirmation of order.
3. The supplier's sales representatives are not entitled to enter into binding purchase contracts, to grant a respite of payment or a discount on the purchase price, to enter into settlements or collect money.
4. If, after a contract has been entered into, the supplier's products are modified as a result of further development work, the supplier shall be entitled to deliver even these technically modified products. The supplier is entitled to deviate from diagrams, drawings, descriptions, colours, dimensions, weights, quality and other specifications to the extent that the buyer can reasonably be expected to accept these, taking into account the interests of both parties to the contract.
5. Partial deliveries are admissible to the extent that the buyer can reasonably be expected to accept the same. The buyer can also be expected to pay for these partial deliveries separately.

III. Prices

1. Deliveries shall be invoiced either in Deutschmarks or in EUROs. Prices are quoted ex works, including packing and are subject to value-added tax at the prevailing rate.
2. The supplier reserves the right to change its prices in line with changes in the costs upon which these are based, such as material or labour costs (e.g. new collective pay agreements).
3. The buyer may set off counterclaims against the supplier's claims only if these are undisputed or legally enforceable.

IV. Delivery and transfer of risks

1. Deliveries are effected ex works at the buyer's risk. In the event of partial deliveries, all risks likewise pass to the buyer upon the dispatch of the goods or when the buyer is notified that the goods are ready for collection.
2. The goods shall be covered by transport insurance only if this is expressly requested and paid for by the buyer.
3. In the event of force majeure, a shortage of raw materials, disruption of operations or industrial disputes at the supplier's works or affecting its subcontractors or forwarders, the supplier shall be exempted from its

undertaking to deliver for as long as it is prevented from manufacturing, procuring or delivering the goods. If the supplier is preventing from delivering for longer than six months or if delivery proves impossible, both the supplier and the buyer can cancel the contract. In such a case, the buyer shall not be entitled to any claims.

V. Reservation of title

1. The supplier shall retain its unrestricted title to the goods delivered (conditional goods) pending the settlement in full of all the buyer's obligations ensuing from its business relations with the supplier (current account reservation).
If the value of the security to which the supplier is entitled exceeds the value of the claims covered by more than 20 per cent, the supplier shall release an appropriate portion of the security held, if so requested by the buyer.
2. For as long as the supplier's title to the goods delivered is reserved, the buyer shall be prohibited from pledging or transferring the title to the same and may resell the goods in question only in its capacity as a trader in the course of its normal business operations and subject to the proviso that it receives payment from its customer or sells the goods subject to a reservation of title pending the customer's payment in full. The reservation of title agreed with the customer must be in line with that of No. V, Paragraphs 1 to 6 (Subsequent reservations of title).
- 3.a) If the goods are resold, the buyer hereby assigns to the supplier all claims ensuing from the sale of the goods, pending its settlement in full of all the supplier's claims, including any incidental rights or current account claims, without any additional declarations on the part of the supplier or the buyer being necessary to this end. If the conditional goods are sold together with other objects without being priced separately, the buyer hereby assigns to the supplier a priority claim, with precedence over all other claims, to that part of the total purchase price which is equivalent to the price of the conditional goods invoiced by the supplier.
b) To substantiate a legitimate interest, the buyer shall provide the supplier with the information required to enforce its claims on the buyer's customer as well as handing over the necessary documents and other evidence.
c) The buyer is authorized, subject to revocation, to collect the assigned claims arising out of the resale of the goods. Assuming there is just cause, meaning default on payment, suspension of payments, initiation of insolvency proceedings (bankruptcy, composition, general levy of execution), contested bills or the like, which give the supplier reason to believe the buyer is unable to pay, the supplier shall be entitled to revoke the buyer's right to collect its claims. Furthermore, the supplier can disclose the assignment of claims as collateral security or realize the said security or require the buyer to disclose the assignment of claims as collateral security to its customer after giving the buyer due warning of its intentions and imposing an appropriate deadline. If so requested by the supplier, the buyer undertakes to inform its customer of the assignment of claims and to provide the supplier with the information, documents and evidence required to enforce its claims on the buyer's customer (extended reservation of title).
- 4.a) The buyer may process, transform or combine the conditional goods with other objects. In such a case, the goods shall be processed, transformed or combined for the supplier by agreement between the supplier and the buyer. The buyer shall preserve the new product for the supplier with the care to be expected of a prudent businessman. The processed, transformed or combined product shall thereafter be regarded as the conditional goods.