

General Terms and Conditions of Sale

of Müller Hydraulik GmbH, Albring 29, D-78658 Zimmern o. R. (INKOM)

1. General Information, Scope

(1) These Standard Terms and Conditions of Sale (Sales T&C) apply to all our business relations with our customers ("Buyer" or "Buyers"). The Sales T&C only apply if the Buyer is an entrepreneur (Section 14 BGB – German Civil Code), a legal entity under public law or a special fund under public law.

(2) The Sales T&C apply to all quotations, deliveries and services by Müller Hydraulik GmbH (MHG). Unless otherwise agreed, the Sales T&C in the version valid at the time of the Buyer's order or in any case in the version last communicated to him in text form shall also apply as a framework agreement for similar future contracts without the need for us to refer to them again in each individual case.

(3) Our Sales T&C shall apply exclusively. Deviating, conflicting or supplementary standard terms and conditions of sale of the Buyer shall only become part of the contract if and to the extent that we have expressly agreed to their validity. This requirement of consent shall apply in all cases, for example even if we carry out the delivery to the Buyer without reservation in full knowledge of the Buyer's standard terms and conditions.

(4) Individual agreements made in individual cases with the Buyer (including subsidiary agreements, supplements and amendments) shall in all cases take precedence over these Sales T&C. Subject to proof to the contrary, the content of such agreements shall be governed by a written contract or our written confirmation.

(5) Material declarations and notifications to be made to us by the Buyer after the contract is entered into (e.g., setting of deadlines, notifications of defects, declaration of withdrawal or reduction) must be made in writing in order to be effective.

(6) References to the validity of statutory provisions are for clarification only. Even without such clarification, the statutory provisions therefore apply where they are not directly amended or expressly excluded in these Sales T&C.

2. Entering into a Contract

(1) Our quotations are subject to confirmation and are non-binding. This also applies if we have provided the Buyer with catalogues, technical documentation (e.g., drawings, plans, calculations, costings, references to DIN standards), other product descriptions or documents – also in electronic form – for which we reserve ownership rights and copyrights.

(2) The placing of an order/purchase order by the customer shall be deemed a binding contract offer.

(3) Acceptance can be expressed either in text form (e.g., by order confirmation), by performance of the service or by delivery of the goods to the customer.

3. Delivery period and delay in delivery

(1) The delivery period shall be agreed individually or specified by us upon acceptance of the order.

(2) If we are unable to meet binding delivery deadlines for reasons for which we are not responsible (non-availability of service), we shall inform the customer thereof without delay and at the same time inform the customer of the expected new delivery deadline. If the delivery cannot be made within the new delivery period, we shall be entitled to withdraw from the whole or part of the contract; we shall reimburse any payments already made by the customer without delay. In particular, the non-availability of the service in this sense shall be deemed to be the non-timely delivery by our supplier to us if we have entered into a congruent covering transaction, neither we nor our supplier are at fault or we are not obliged to procure in individual cases.

(3) The occurrence of our delay in delivery shall be determined in accordance with the statutory provisions. In any case, a reminder from the customer is required. If we fall into default of delivery, the customer may demand lump-sum compensation for the damage caused by the delay. For each completed calendar week of delay, the lump-sum compensation shall amount to 0.5% of the net price (delivery value), but not more than a total of 5% of the delivery value of the goods delivered late. We reserve the right to prove that the customer has suffered no damage at all or only significantly lower damage than the aforementioned lump sum.

(4) The rights of the customer under Section 8 of these Sales T&C and our statutory rights, in particular in case of exclusion of the obligation to perform (e.g., due to impossibility or unreasonableness of performance and/or supplementary performance), shall remain unaffected.

4. Delivery, transfer of risk, acceptance, default of acceptance

(1) Delivery shall be ex warehouse, where the place of performance for the delivery and any supplementary performance shall also be. At the customer's request and expense, the goods will be dispatched to another destination (sale involving carriage of goods). Unless otherwise agreed, we shall be entitled to determine the type of dispatch (in particular transport company, dispatch route, packaging) ourselves.

(2) The risk of accidental loss and accidental deterioration of the goods shall pass to the Buyer no later than when the goods are handed over. In the case of sale involving carriage of goods, however, the risk of accidental loss and accidental deterioration of the goods as well as the risk of delay shall pass immediately upon delivery of the goods to the freight forwarder, carrier or other person or institution designated to carry out the shipment. If acceptance has been agreed, this shall be decisive for the transfer of risk. Apart from that, the statutory provisions of the law governing contracts for work and services shall also apply mutatis mutandis to an agreed acceptance. The handover or acceptance shall be deemed to have taken place if the Buyer is in default of acceptance.

(3) If the buyer is in default of acceptance, fails to cooperate or delays our delivery for other reasons for which the buyer is responsible, we shall be entitled to demand compensation for the resulting damage including additional expenses (e.g., storage costs).

5. Prices and payment terms

(1) Unless otherwise agreed in individual cases, our prices valid at the time the contract was entered into shall apply, ex warehouse, plus statutory value-added tax.

(2) In the case of sale involving carriage of goods (Section 4 Clause 1), the Buyer shall bear the transport costs ex warehouse and the costs of any transport insurance requested by the Buyer. If we do not invoice the transport costs actually incurred in the individual case, a flat-rate transport charge (excluding transport insurance) in the amount of EUR ... shall be deemed agreed. Any customs duties, fees, taxes and other public charges shall be borne by the Buyer.

(3) The purchase price is due and payable within 14 days of invoicing and delivery or acceptance of the goods. However, even within an ongoing business relationship, we are entitled at any time to make a delivery in whole or in part only against advance payment. We shall give notice of a corresponding reservation no later than with the order confirmation.

(4) The buyer will be in default upon expiry of the aforementioned payment period. The purchase price shall bear interest during the period of default at the statutory default interest rate applicable at the time. We reserve the right to assert further claims for damages caused by default. Our entitlement to commercial due date interest from merchants (Section 353 HGB – German Commercial Code) remains unaffected.

(5) The Buyer shall only be entitled to offsetting or retention rights to the extent that its claim is legally established or undisputed. In the event of defects in the delivery, the Buyer's counter-rights shall remain unaffected, in particular under Section 7 Clause 6 Sentence 2 of these Sales T&C.

(6) If it becomes apparent after conclusion of the contract (e.g., by an application for the opening of insolvency proceedings) that our claim to the purchase price is at risk due to the Buyer's inability to pay, we shall be entitled under the statutory provisions to refuse performance and – if applicable after setting a deadline – to withdraw from the contract (Section 321 BGB). In the case of contracts for the manufacture of custom-made items (made to specification), we can declare our withdrawal immediately; the statutory provisions stating that setting a deadline is not necessary remain unaffected.

6. Retention of title

(1) We shall retain title to the goods sold until full payment of all our current and future claims from the purchase contract and an ongoing business relationship (secured claims).

(2) The goods subject to retention of title may be neither pledged to third parties nor transferred by way of security prior to full payment of the secured claims. The Buyer must notify us immediately in writing if an application is made to open insolvency proceedings or if the goods belonging to us are accessed by third parties (e.g., seizures).

(3) In the event of breach of contract by the Buyer, in particular non-payment of the purchase price due, we shall be entitled to withdraw from the contract in accordance with the statutory provisions and/or demand the return of the goods on the basis of retention of title. The

demand for surrender does not at the same time include the declaration of withdrawal from the contract; we are rather entitled to merely demand surrender of the goods and to reserve the right to withdraw from the contract. If the Buyer does not pay the due purchase price, we may only assert these rights if we have previously unsuccessfully set the Buyer a reasonable deadline for payment or if setting such a deadline is not necessary under the statutory provisions.

(4) Until revoked in accordance with (c) below, the Buyer is entitled to resell and/or process the goods subject to retention of title in the ordinary course of business. In this case, the following provisions apply in addition.

(a) The retention of title shall cover the full value of the products resulting from the processing, mixing or combining of our goods, whereby we shall be deemed the manufacturer. If the ownership rights of third parties remain in force in the event of processing, mixing or combination with goods of third parties, we shall acquire co-ownership in proportion to the invoice values of the processed, mixed or combined goods. For the rest, the same shall apply to the resulting product as to the goods supplied under retention of title.

(b) The Buyer hereby assigns to us by way of security any claims against third parties arising from the resale of the goods or the product as a whole or in the amount of our possible co-ownership share under the preceding clause. We accept the assignment. The obligations of the Buyer stated in clause 2 shall also apply with regard to the assigned claims.

(c) The Buyer remains authorised to collect the claim alongside us. We undertake not to collect the claim as long as the Buyer meets his payment obligations to us, there is no defect in his performance and we do not assert the retention of title by exercising a right under clause 3. If this is the case, however, we may demand that the Buyer informs us of the assigned claims and their debtors, provides all information necessary for collection, hands over the relevant documents and informs the debtors (third parties) of the assignment. In this case we shall also be entitled to revoke the Buyer's authority to resell and process the goods under retention of title.

(d) If the realisable value of the securities exceeds our claims by more than 10%, we shall release securities of our choice at the Buyer's request.

7. Warranty claims by the Buyer

(1) In the event of material defects and defects of title (including incorrect and short delivery as well as improper assembly or defective assembly instructions), the statutory provisions shall apply to the Buyer's rights unless otherwise specified below. In all cases, the statutory special provisions shall remain unaffected upon final delivery of the goods to a consumer (supplier recourse under Sections 478, 479 BGB).

(2) The basis of our liability for defects is primarily the agreement reached on the quality of the goods. All product descriptions which are the subject matter of the individual contract shall be deemed to be an agreement on the quality of the goods; it makes no difference whether the product description originates from the Buyer, from the manufacturer or from us.

(3) Insofar as the quality has not been agreed, it shall be assessed under the statutory provisions whether a defect exists or not (Section 434 Clause 1 Sentences 2 and 3 BGB). However, we accept no liability for public statements made by the manufacturer or other third parties (e.g., advertising statements).

(4) The Buyer's claims for defects are conditional on it having met its statutory obligations to inspect and give notice of defects (Sections 377, 381 HGB). If a defect becomes apparent during the inspection or later, we must be notified of this immediately in writing. The notification shall be deemed immediate if it is made within two weeks, the timely dispatch of the notification sufficing to comply with the deadline. Irrespective of this obligation to examine and give notice of defects, the Buyer must notify us in writing of obvious defects (including incorrect and short delivery) within two weeks of delivery, here too the timely dispatch of the notification sufficing to meet the deadline. If the Buyer fails to properly inspect the goods and/or to notify us of any defects, our liability for the defect not notified will be excluded.

(5) If the delivered item is defective, we may initially choose whether we provide supplementary performance by remedying the defect (reworking) or by supplying a defect-free item (replacement delivery). Our right to refuse supplementary performance under the statutory conditions remains unaffected.

(6) We are entitled to make the supplementary performance owed dependent on the Buyer paying the purchase price due. However, the Buyer is entitled to retain a reasonable part of the purchase price in proportion to the defect.

(7) The Buyer must give us the time and opportunity required for the supplementary performance owed, in particular to hand over the rejected goods for inspection purposes. In the event of a replacement delivery, the Buyer must return the defective item to us in

accordance with the statutory provisions. Supplementary performance does not include either the removal of the defective item or its re-installation if we were not originally required to install it.

(8) We shall bear the expenses necessary for the purpose of inspection and supplementary performance, in particular transport, travel, labour and material costs (not: dismantling and installation costs), if a defect actually exists. Otherwise, we shall be entitled to demand reimbursement from the Buyer for the costs incurred as a result of the unjustified demand to remedy the defect (in particular testing and transport costs), unless the lack of defectiveness was not apparent to the Buyer.

(9) If the supplementary performance has failed or a reasonable period to be set by the Buyer for the supplementary performance has expired without success or is dispensable under the statutory provisions, the Buyer may withdraw from the purchase contract or reduce the purchase price. In the case of a minor defect, however, there is no right of withdrawal.

(10) Claims by the Buyer for damages or reimbursement of futile expenses shall only exist in line with Section 8 even in the case of defects and are otherwise excluded.

8. Other liability

(1) Unless specified to the contrary in these Sales T&C including the following provisions, we shall be liable in the event of a breach of contractual and non-contractual obligations in accordance with the statutory provisions.

(2) We shall be liable for damages – for any legal reason whatsoever – within the scope of fault-based liability in cases of intent and gross negligence. In the event of ordinary negligence, we shall be liable, subject to a milder standard of liability in accordance with statutory provisions (e.g., for care and diligence in our own affairs), only

a) for damage resulting from injury to life, limb or health,

b) for damage arising from the not insignificant breach of a material contractual obligation (obligation the proper fulfilment of which constitutes a condition sine qua non for the proper execution of the contract and compliance with which the contractual partner regularly relies on and may rely on); in this case, however, our liability is limited to compensation for foreseeable, typically occurring damage.

(3) The limitations of liability resulting from clause 2 shall also apply to breaches of duty by or for the benefit of persons whose fault we are responsible for under statutory provisions. They do not apply where we have fraudulently concealed a defect or assumed a guarantee for the quality of the goods. The same shall apply for claims by the Buyer under the German Product Liability Act.

(4) The Buyer may only withdraw or terminate the contract based on a breach of duty which does not consist in a defect, if we are responsible for the breach of duty. A free right of termination by the Buyer (especially under Sections 651, 649 BGB) is excluded. Otherwise, the statutory requirements and legal consequences shall apply.

9. Statute of Limitations

(1) Notwithstanding Section 438 Clause 1 No. 3 BGB, the general limitation period for claims arising from material defects and defects of title is one year from delivery. Where acceptance has been agreed, the limitation period commences upon acceptance.

(2) If, however, the item is a building or an object which has been used for a building in accordance with its usual use and which has caused its defectiveness (building material), the period of limitation under the statutory regulation is 5 years from delivery (Section 438 Clause 1 No. 2 BGB). Other special statutory regulations regarding the statute of limitations (in particular Section 438 Clause 1 No. 1 and 3, Sections 444, 479 BGB) shall also remain unaffected.

(3) The aforementioned limitation periods of sales law also apply to contractual and non-contractual claims for damages by the Buyer which are based on a defect of the goods, unless the application of the regular statutory limitation period (Sections 195, 199 BGB) would lead to a shorter limitation period in individual cases.

Claims for damages by the Buyer under Section 8 Clause 2 Sentence 1 and 2 (a) of these Sales T&C as well as under the German Product Liability Act only become time-barred however after the legal limitation periods.

10. Product monitoring and product warning obligation

The customer is required to continuously monitor our products with regard to safety. If dangers of the product become apparent, the customer is required to inform us immediately in writing. The customer is required to compensate us for any damage caused by a breach of its product monitoring and product warning obligations for which the customer is responsible.

11. Trade secrets

(1) Product descriptions, drawings, plans and other technical documents, including those handed over to the customer, shall remain the property of MHG. They may not be used, reproduced or handed over, made accessible or made known to third parties without our consent.

(2) The customer is required to put its employees, consultants, shareholders as well as all other persons who acquired knowledge of the business secrets referred to in clause (1) under an obligation to maintain secrecy. This obligation continues after termination of the contractual relationship.

12. Instructions for use/commissioning and installation

(1) The machines or machine parts supplied may in some cases be independent functional units. Whether these form a functional unit with the customer's existing machinery and equipment is the responsibility of the customer. The latter must check on its own responsibility whether smooth operation is ensured when using the machinery and parts supplied. Installation, modifications and repairs of machines and machine parts supplied may only be carried out by qualified personnel. The state of the art and the relevant standards must be taken into account. Verbal information on the usability with certain machine types is not binding and does not release the customer from a detailed examination.

(2) Where commissioning and installation of the items supplied are part of the contract, this assumes that a smooth assembly process is ensured. Additional expenses resulting from circumstances for which the customer is responsible may be invoiced to the customer at the valid assembly rates.

13. Choice of law and place of jurisdiction

(1) These Sales T&C and the contractual relationship between us and the Buyer shall be governed by the law of the Federal Republic of Germany to the exclusion of international uniform law, in particular the UN Convention on Contracts for the International Sale of Goods.

(2) If the Buyer is a merchant as defined by the German Commercial Code (HGB), a legal entity under public law or a special fund under public law, the exclusive – including international – place of jurisdiction for all disputes arising directly or indirectly from the contractual relationship will be our place of business. The same applies if the buyer is an entrepreneur within the meaning of Section 14 BGB. In all cases, however, we shall also be entitled to sue at the place of performance of the delivery obligation in accordance with these Sales T&C or a prior-ranking individual agreement or at the general place of jurisdiction of the Buyer. Overriding statutory provisions, in particular regarding exclusive competences, shall remain unaffected.