

Terms of Sale and Delivery for the Delivery of Axles, Gears and Drive Components

I Offer

All documents provided with the offer, such as pictures, drawings, information about weights and measures, technical data and instructions are approximate standards and therefore not binding. Such documents, drawings and plans must not be disclosed to a third party.

II Scope of Delivery

The written confirmation by the Supplier is authoritative for the scope of delivery. Collateral agreements and amendments require confirmation in writing by the Supplier.

III Prices

- 1) In the absence of specific provisions, the sales prices valid on the day of delivery shall apply as agreed. The value added tax in the legal amount will be added to the prices.
- 2) The prices shall be ex works, packing not included.

IV Terms of Payment

- 1) Unless otherwise agreed, payments shall be made cash to the place of payment of the Supplier either 10 days from date of invoice with 2 % discount or within 30 days net.
- 2) Only bills and cheques are accepted on account of payment. Costs for discounting and collection shall be paid by the Buyer.
- 3) If payments are deferred or delayed, interest at the rate of 2 % above the current discount rate of the Deutsche Bundesbank (German Federal Bank) shall be credited without giving notice to default.

V

The Buyer is not entitled to withhold or set-off payment for reason of any counterclaims which might arise and be disputed by the Supplier.

VI

Delivery Period

- 1) The delivery period commences with the dispatch of the order confirmation.
- 2) Its observation only refers to completion in the Supplier's factory. Its observation, however, is subject to the Buyer's fulfilment of his obligations under this agreement. In the case of unforeseeable events beyond the Supplier's control, such as breakdown, strike, lockout, rejects – including those of sub-suppliers – the time of delivery will be prolonged accordingly. This also applies if amendments, documents or information required for the execution of the delivery to be supplied by the Buyer are not received in time. The same applies in the case of subsequent amendments to the order.

VII

Passage of Risk and Acceptance

- 1) The risk will pass to the Buyer upon dispatch of the supply parts at the latest. At the request of the Buyer, the Supplier will insure the shipment against theft, breakage, transport-, fire- and water damage, as well as other insurable risks at the Buyer's expense.
- 2) If the shipment is delayed due to the Buyer, the risk shall pass to the Buyer on the date the goods are ready for dispatch.
- 3) Delivered goods must be accepted by the Buyer, even if they display minor defects. Partial shipments are permitted.

VIII

Retention of Title

- 1) The Supplier retains title to the delivery item until payment has been made in full and in accordance with the supply contract.
- 2) The Buyer may not pledge or pass the title of the delivery item as security. In the event of pledging, seizure, or other decrees by a third party, the Buyer shall notify the Supplier immediately.
- 3) If the Buyer is in breach of the agreement, particularly if the Buyer is in default of payment, the Supplier is entitled to claim back the goods after a payment reminder, and the Buyer is committed to their return.
- 4) NAF, the Seller, retains the title to the goods, which may only be sold in ordinary course of business, after all claims arising from the business relationship, including finance – and acceptor's bills, have been paid in full.
- 5) In the event of the integration with other goods, NAF, the Seller, will acquire co-ownership of the new goods. The extent of this coownership derives from the invoice value of the goods delivered by the Seller in relation to the invoice value of the other goods.
- 6) The Buyer assigns the claim from a sale of the reserved goods to the Seller, even in the event that the goods have been processed.
- 7) The Buyer is entitled to collect accounts receivable for himself until revocation and as long as he performs his obligation to make the payments to NAF, the Seller. In the event of suspension of payments, objection or adjudication of bankruptcy, judicial or extra-judicial composition proceedings, cheque- or bill protest, or seizure, the Buyer's right to resell or process the goods to collect accounts receivable terminates. Any accounts receivable assigned and paid thereafter shall be accumulated on a special account.
- 8) A claim for returning the goods will only be raised for reasons of security and does not imply repudiation of the contract, even if partial payments have been accepted subsequently.

IX

Liability for Defects of the Delivery

The Seller is liable for defects relating to the delivery including the lack of promised features, and not including other claims.

- 1) All those parts which prove to be unusable due to defect or defective design shall be repaired or replaced by the Seller at his equitable discretion and choice free of charge, within 1 year (6 months in the case of multiple shift operation) after going into operation. The Seller is only liable to the extent that he should have been able to recognise the defects by due and expert care.
- 2) If going into operation is delayed without the fault of the Supplier, the liability ceases 18 months after passage of risk at the latest.
- 3) Warranty does not include damages due to natural wear and tear, unsuitable operating media, faulty and negligent treatment and parts, which are subject to premature wear due to their material properties or their purpose of application. As for essential third-party products, the liability is restricted to the assignment of liability claims against the supplier of the third-party products, to which he is entitled.
- 4) The Seller must, in agreement with the Supplier, allow the Supplier the required time and opportunity to perform at his discretion the repair works and substitute deliveries, which seem necessary. Otherwise, the Seller shall be relieved of his liability for defects. Only in the event of danger to the operating safety – in which case the Supplier is to be informed immediately – or, if the Supplier is in default of remedying the defect, the Buyer will have the right to remedy the defect himself or by means of a third party and to demand that the Supplier justly and equitably refunds the costs for the necessary measures.
- 5) The Supplier is not obligated to remedy defects as long as the Buyer fails to fulfil his obligation to pay. The Supplier is not liable for damages if the Buyer has executed repair works or replacement without prior authorisation and on his own account. The warranty period for the replaced part and repair works shall be 3 months and at least until termination of the warranty period of the delivery item. In the absence of specific provision to the contrary, the Buyer shall bear all incidental expenses.

X

The Buyer's Right to Rescind

The Buyer has the right to rescind from contract if the Supplier has allowed the reasonable period of grace given by the Buyer to pass fruitlessly, if the repair or sourcing of a suitable spare part is impossible, or if the Supplier refuses to remedy a defect, which has been duly notified. All other claims by the Buyer are excluded, in particular claims for damages.

XI

The Seller's Right to Rescind

In the case of unforeseeable events pursuant to paragraph VI of the terms of delivery, and if they considerably change the economic significance or content of the performance or have significant effect on the Seller's operations, and if the execution of the delivery proves to be impossible, the contract shall be reasonably modified accordingly. As far as this proves to be economically unacceptable, the Seller has the right to terminate the contract in part or in whole. The Seller is not responsible for any indemnities resulting from his right to rescind. If the Seller wants to make use of his right he has to inform the Buyer immediately after knowledge of the significance of the event. The Seller's decision to terminate supersedes any preciously agreed delivery time extensions.

XII

Place of Performance and Place of Jurisdiction shall be main domicile of the Supplier.

XIII

Binding Nature of the Contract

The contract remains binding, even if some provisions of it should become ineffective. For its interpretation the Law of the Federal Republic of Germany is exclusively authoritative.

XIV

Data Security

The buyers are obligated not to transmit data and documents resulting from our business to unauthorized third parties and to protect said data and documents from unauthorized access and abuse by others.