

**General Purchase- and Supply Conditions of the Pumpenfabrik Wangen GmbH, 88239 Wangen, ("Supplier")
for Supply Agreements with Trade Customers in terms of § 310 (1) BGB (German Civil Code) (version 1. April 2010)**

§ 1 General – Scope of Application

- (1) Our conditions apply exclusively. Contrary conditions or conditions of the customer differing from our conditions are only recognised if we have explicitly agreed to their validity in writing.
- (2) Our conditions also apply if we unreservedly confirm the order and unreservedly process the delivery to the customer, knowing about the contrary conditions or the customer's conditions differing from our conditions.
- (3) All agreements, made between us and the customer for the purpose of fulfilment of this agreement, are specified in this agreement in writing.

§ 2 Offer – Offer Documentation

- (1) Our offers are subject to change. Unless specially agreed, a contract is only executed upon our written order confirmation.
- (2) We retain proprietary- and copyrights to illustrations, drawings, calculations and other documentation- also in electronic form. This applies also for such documentation, which is deemed confidential. The customer requires our explicit written consent prior to their transmission to third parties.

§ 3 Prices – Payment Conditions

- (1) Unless stated differently in the order confirmation, our prices apply ex works excluding packaging and respectively plus VAT in the appropriate valid amount. Packaging costs are invoiced separately.
- (2) The deduction of a discount requires special written agreement.
- (3) Unless otherwise agreed, the purchase price is due and payable within 14 days from issuing of invoice. Default interest will be calculated in the amount of 8% above the respective base interest rate p.a. The assertion of a higher default damage remains reserved.
- (4) Unless a fixed price was agreed upon, appropriate price changes due to changed wage-, material- and distribution costs for deliveries, which occur 3 months or more after the execution of the agreement, remain reserved. The altered costs will be demonstrated to the customer upon request.

§ 4 Rights to Offset and Retention

The customer is only entitled to offset-rights, if his counterclaims were legally determined or are uncontested. The customer is only entitled to a right of retention if his counterclaim is based on the same contractual relationship.

§ 5 Delivery Period

- (1) The compliance with the delivery period set by us implies the clarification of all commercial and technical issues as well as the timely and proper fulfilment of obligations by the customer. Otherwise, the delivery period will be extended accordingly. The plea of unfulfilled contract remains reserved.
- (2) If the customer is in default of acceptance or if he culpably violates other cooperation duties, we are entitled to demand compensation for damages incurred to us including any additional expenses. Further claims remain reserved. If the mentioned conditions apply, the risk of accidental perishing or accidental deterioration of the object of sale is transferred to the customer at that point in time, at which he entered into default of acceptance or default of payment.
- (3) We are liable according to the legal regulations, if the underlying purchase agreement is a firm deal in terms of § 286 II Nr. 4 BGB (German Civil Code) or § 376 HGB (German Commercial Code). We are also liable according to the legal regulations if the customer, as a consequence due to a supply default attributable to us, is entitled to assert that his interest in a further fulfilment of contract has ended. Our liability for compensation is hereby limited to the respective foreseeable, typical damage.
- (4) We are also liable according to the legal regulations if the default of delivery is based on an intentional or gross negligent contractual violation attributable to us; we are liable for a violation by our representatives or vicarious agents. If the default of delivery is based on gross negligent violation of contract attributable to us, our liability for compensation is limited to the foreseeable, typical damage.
- (5) We are also liable according to the legal regulations if the supply default attributable to us is based on the culpable violation of an essential contractual obligation; however, in this case the liability for compensation is limited to the foreseeable, typical damage.
- (6) For the remainder, in case of a non-intentionally or non-gross-negligently caused supply default we are liable to pay a flat rate default compensation of 0.5% of the value of the delivery for each completed week of delay, however at a maximum of 5% of the value of the delivery.
- (7) Further legal claims and rights of the customer remain reserved.

§ 6 Transfer of Risk at Dispatch

- (1) Unless stated differently in the order confirmation, the delivery is agreed upon "ex works".
- (2) If the goods are dispatched to the customer at his request, the risk of accidental perishing or accidental deterioration of the goods is transferred to the customer at the time of dispatch to the customer, however at the latest when the goods are leaving the factory/warehouse. This applies regardless whether the dispatch of the goods occurs from the place of performance or who bears the costs of freight.
- (3) If requested by the customer, the delivery will be insured with a transport insurance at the expense of the customer.

§ 7 Liability for Defects

- (1) Claims of the customer arising from a defect implies that the customer complied with his statutory obligations to examine the goods and to give notice of defect according to § 377 HGB (German Commercial Code).
- (2) Claims arising from a defect are excluded in case of mere insignificant deviations from the agreed quality, in case of mere insignificant impairment of usability, in case of normal wear and tear (i.e. rotating parts, stators, sealing units) such as damages caused after the transfer of risk due to faulty assembly by the customer or a third party, faulty or negligent treatment, excessive load, unsuitable or inappropriate usage, unsuitable operating material or extraordinary external influences, which were not subject to the agreement. If the customer or a third party performs improper maintenance works or alterations, the liability for defects is excluded for those and for consequences arising here from.
- (3) If the object of sale possesses a defect, we are entitled to remedy the defect in form of correction or delivery of a new default-free product at our choice subject to timely written notice of defect. If one or both remedies are not possible or unfeasible, we are entitled to refuse the remedy. We may also refuse the remedy as long as the customer has not complied with his payment obligations toward us to an extent corresponding to the default-free part of the service. In case of rectification of defect we are obligated to bear all expenditures

necessary for the purpose of rectification of defect, however only if they did not occur due to the object of sale being placed at a location different from the place of performance.

(4) If the remedy fails or if we refuse both methods of remedy in terms of § 439 III BGB (German Civil Code), the customer may – irrespective of any compensation claims – withdraw from the contract or reduce the remuneration.

(5) We are liable according to the legal regulations if the customer asserts compensation claims based on intent or gross negligence, including intent or gross negligence of our representatives or vicarious agents. Except in the event of intentional violation of contract, the liability for compensation is limited to the foreseeable, typical damage.

(6) We are liable according to the legal regulations if we have culpably violated a significant contractual obligation; a significant contractual obligation exists if the violation of duty relates to an obligation, the fulfilment of which the customer trusted and was entitled to trust. In this case the liability for compensation is also limited to the foreseeable, typical damage.

(7) The liability due to culpable violation of life, body or health remains unaffected; this also applies to claims from risk situations, especially to the mandatory liability in accordance with the product liability act.

(8) Unless regulated differently above, liability is excluded.

(9) The statutory period of limitation for warranty claims is 12 months, calculated from transfer of risk.

(10) Warranty claims as such are excluded in the purchase of used products.

(11) The statutory period of limitation in case of delivery recourse according to §§ 478,479 BGB (German Civil Code) remains unaffected; it is five years, calculated from the delivery of the faulty object.

§ 8 Joint Liability

(1) Any liability for damages beyond that provided for in § 7 is excluded, regardless of the legal nature of the asserted claim. This especially applies for compensation claims from culpability at the execution of contract, due to other violations of duty or in case of tortious claims of compensation for property damage according to § 823 BGB (German Civil Code).

(2) This limitation according to subparagraph (1) also applies if the customer demands the supplementation of useless applications instead of service as a claim for compensation.

(3) If the liability for compensation toward us is excluded or limited, this also applies regarding the personal liability for compensation of our employees, labourers, personnel, representatives and vicarious agents.

§ 9 EU-Conformity

Only objects delivered by us are subject to our conformity declaration. The customer is responsible for the amendment or alteration of these objects. He will then himself become a manufacturer and has to guarantee the conformity with the EU-Directives.

§ 10 Reservation of Title

(1) We reserve the title to the supplied object up to the receipt of all payments from the business relationship with the customer. In case of conduct contrary to the agreement by the customer, especially in case of default of payment, we are entitled to take back the object of sale. The taking back of the object of sale constitutes a withdrawal from the contract. Following the taking back of the object of sale we are entitled to their utilisation; the proceeds from such utilisation are to be offset against the customer's obligations less appropriate utilisation costs.

(2) The customer is obligated to treat the purchase goods with care; he is especially obligated to sufficiently insure the object of sale against theft-, fire- and water damage at new value at this own expense. The customer has to perform any required maintenance- and inspection works in a timely manner at his expense.

(3) In the event of levy of execution or other intervention by third parties the customer has to notify us in writing immediately so we can assert claim in accordance with § 771 ZPO (Code of Civil Procedure). If the third party is not able to reimburse us with the court and out-of-court costs of a claim in accordance with § 771 ZPO (Code of Civil Procedure), the customer is liable for the loss incurred by us.

(4) The customer is entitled to sell the object of sale on in the course of normal business. The customer now assigns the claims against his customers or third parties from the reselling of the goods to us in the amount of the total invoice amount (including VAT) of our claim. This assignment applies regardless of whether the object of sale was on-sold with or without processing. The customer remains entitled to the collection of the claim also after the assignment. Our entitlement to collect the claim ourselves remains unaffected here from. However, we will not collect the claim as long as the customer complies with his payment obligations from the collected proceeds, is not in default of payment and in particular has not applied for the opening of insolvency proceedings or has ceased payment.

However, if this is the case we can demand that the customer declares to us the assigned claims and its debtors and provides all information necessary for the collection, hands over the respective documentation and informs the debtors (third parties) of the assignment.

(5) The treatment and processing or alteration of the object of sale occurs always on behalf and by order of us. In this case the contingent right of the customer to the object of sale continues to apply to the altered product. If the object of sale was processed with other objects not belonging to us, we acquire the co-ownership to the new object in the ratio of the value of our object of sale (total invoice amount including VAT) of the other processed objects at the time of processing. The same applies for the object created by the processing as for the object of sale supplied under reservation.

The same applies in case of amalgamation. If the amalgamation occurs in a manner, whereby the object of the customer is to be considered as the main part, it is agreed that the customer assigns to us proportional co-ownership and holds for us the thus created sole- or common ownership.

To guarantee our claims against the customer, the customer will also assign such claims to us in respect to any third party, if the reserved goods are incorporated in real estate property; we now accept this assignment.

(6) We are obligated to release the securities owed to us at the request of the customer to the extent that the realisable value of our security does not just temporarily exceed the claims to be secured by more than 10%. The choice of the securities to be released is ours.

§ 11 Jurisdiction – Place of Performance

(1) The entire legal relationship of the parties is subject to the law of the Federal Republic of Germany under exclusion of the UN Convention on Contracts for the International Sale (CISG).

(2) Place of performance and exclusive place of jurisdiction for all disputes arising from this contract is our registered place of business, unless stated differently in the order confirmation. However, we are entitled to sue the customer also in a court at his place of residence.