

General Conditions of Sale

Woodward L'Orange GmbH, Stuttgart

Valid with effect from September 1st, 2009

THIS DOCUMENT IS A TRANSLATION OF THE GERMAN TEXT, BEING PROVIDED FOR THE SAKE OF CONVENIENCE ONLY AND HAVING NO EFFECT ON THE CONSTRUCTION OR INTERPRETATION OF ANY TERM(S) OR CONDITIONS OF THE CONTRACT WHICH SHALL BE CONSTRUED EXCLUSIVELY BY REFERENCE OF THE GERMAN TEXT, WHICH CONTAINS THE ONLY RELEVANT WORDING EITHER FOR THE DETERMINATION OF ANY DISPUTES OR OTHERWISE.

Applies solely to companies that are acting in pursuance of their commercial or independent professional activity when the purchase contract is concluded.

I Scope, Divergent Agreements, Partial Invalidity

- 1 These General Conditions shall apply to all Woodward L'Orange sales and associated services, including but not limited to installation and fitting work and any other activities undertaken by Woodward L'Orange pursuant to the specific terms of sales / delivery of the goods (hereinafter referred to as the "Goods") contracted for hereunder. General terms and conditions of business of the Buyer shall not apply, even if they have not been expressly opposed in each individual case.
- 2 Verbal declarations, Agreements, subsequent Amendments to the contract and guaranteed quality details of the delivery item shall only become valid following written confirmation from Woodward L'Orange. Divergent conditions of the Buyer shall not become elements of the contract, even in the event of order acceptance.
- 3 The invalidity of a clause or part thereof shall not affect the validity of other clause(s) or parts thereof. In such cases, the Buyer and Woodward L'Orange shall be obliged to replace the invalid provision by a valid provision that comes as close as possible to the intent of the invalid provision.

II Quotation and Conclusion of Contract

- 1 All quotations made by Woodward L'Orange shall be subject to confirmation, and cost estimates shall be non-binding. Costs associated with the preparation of special cost estimates shall be borne by the Buyer.
- 2 Documents, such as illustrations, dimensional sketches and drawings, and details of weight, services, operating costs, etc. are for information only, unless they have been expressly guaranteed as quality details by Woodward L'Orange. Performance and consumption figures and other technical details of the Goods shall be deemed to have been proven by the test results of the original manufacturer of such Goods or respective parts thereof.
- 3 Woodward L'Orange may change the design, form and material of the Goods provided the Goods are thereby not essentially modified and the result of such change is reasonably acceptable to the Buyer.
- 4 Woodward L'Orange retains the right of ownership and copyright of quotations, drawings, reports and other documents; such documents, as well as items manufactured for that purpose, shall not be made accessible to third parties and shall be returned immediately upon request.
- 5 A Buyer's Purchase Order shall not constitute a binding contract, which will be concluded by Woodward L'Orange's written Confirmation of Order. Such Confirmation, if any, to be given within six weeks of Woodward L'Orange's receipt of the Purchase Order. Such Confirmation of Order shall be binding on the Buyer unless the Buyer replies in writing to the contrary immediately after Woodward L'Orange's dispatch of said Confirmation of Order.
- 6 The Buyer shall bear the risk of faulty transmission of orders or instructions given by telegram, telex, telefax or telephone.
- 7 If the Buyer cancels the contract before its performance, Woodward L'Orange will be entitled to claim damage on a flat-rate-basis in an amount of 15 % of the contractual value. The Buyer will be permitted to produce evidence that no damage is incurred or is lower than the claimed flat-rate.

III Delivery

- 1 Unless otherwise agreed, delivery shall be effected "ex works" Woodward L'Orange (as defined by the current edition of the ICC Incoterms 2000). Woodward L'Orange has the right to deliver the Goods in instalments within the agreed delivery period.

- 2 Woodward L'Orange will endeavor to meet the stipulated delivery periods and dates provided it receives all documents required for processing the Purchase Order in good time and the Buyer complies with all his contractual obligations (e.g. making initial payments, opening letters of credit, etc.).
- 3 The period for delivery shall commence on the date of dispatch of the Confirmation of Order or on the date on which the parties sign a contractual document; however, not before receipt and clarification of the documents, information, approvals and materials to be procured by the Buyer.
- 4 Deliveries of Goods or services to countries other than Germany may require governmental or other approval. If Woodward L'Orange has agreed to apply for such approval(s), the Buyer undertakes to place all documents required for applying for such approval at Woodward L'Orange's disposal in good time and free of charge.
- 5 In the event of the Buyer failing to fulfil his contractual obligations on time, or interrupting the progress of the contractual work, or in the event of force majeure, the periods and deadlines – including delivery – shall change accordingly. Force majeure shall be any occurrence which Woodward L'Orange may be unable to prevent in the given circumstances despite the utmost care, including but not limited to acts of God, war, hostile acts, industrial disputes, disturbances of the normal operations of Woodward L'Orange's business or its suppliers and non-receipt of deliveries. Woodward L'Orange is obliged to notify the Buyer of such circumstances without delay. If delivery is delayed for longer than 6 months by such incidents, either the Buyer or Woodward L'Orange shall be entitled to cancel the Contract.
- 6 If a binding delivery date is not met, Woodward L'Orange shall be deemed to be in delay of delivery as soon as the delivery date has passed. If a non-binding delivery date or a non-binding delivery period is agreed, the Buyer may request delivery by Woodward L'Orange 6 weeks after this date or period. Once this request has been received, Woodward L'Orange shall be deemed to be in delay of delivery. If the Buyer is entitled to claim for damages caused by delay of delivery, these damages shall be limited to 0.5 % of the price of the delayed delivery per completed week of delay in the event of negligence; however, to a maximum of 5 % of this price. If the Buyer wishes to withdraw from the contract and/or claim damages in lieu of performance, the Buyer must set Woodward L'Orange a reasonable final deadline for delivery. If the buyer is entitled to damages in lieu of performance, these damages shall be limited to a maximum of 25% of the agreed purchase price for the delayed delivery in the event of gross negligence. In the event of delays caused by ordinary negligence, claims for damages in lieu of performance shall be excluded. If, during a delay, delivery becomes impossible due to a random event, Woodward L'Orange shall be liable up to the aforementioned liability limits in the event of gross negligence, unless the damages would have occurred anyway, even if the delivery had been on time.

IV Prices and Terms of Payment

- 1 Unless otherwise agreed, prices are quoted net cash without discount or other reductions, "ex works" Woodward L'Orange. Usual preservation, and packing costs are included. Insurance costs, customs charges and other charges shall be for the account of the buyer.
- 2 If the delivery item is delivered in the Federal Republic of Germany, the Buyer shall also pay the sales tax (VAT) at the currently applicable rate.
- 3 Payments shall be in cash without any deduction whatsoever, to be credited to Woodward L'Orange's bank account in accordance with the agreed conditions. Debts shall only be liquidated if payment is made to Woodward L'Orange or to persons having written authorization from Woodward L'Orange for collection. Banker's charges and expenses for letters of credit shall be borne by the Buyer. Advances received shall not be subject to any payment of interest. Money orders, checks and bills of exchange are accepted only as an undertaking to pay, subject to special agreement. Any collection fees or discount charges shall be borne by the Buyer.
- 4 In the event of any late payment by the Buyer, Woodward L'Orange shall, without prejudice to any other legal rights or claims, be entitled to charge interest at the rate of 8% above the current base rate set by the Deutsche Bundesbank, in any event not less than 10%.
- 5 The offset of any amount payable against counterclaims of the Buyer, which are not admitted by Woodward L'Orange, is not permitted, unless the Buyer has obtained an enforceable court order.

V Retention of Title

- 1 The goods shall remain the property of Woodward L'Orange until disputes arising out of the contract or in connection with the business relationship have been fully settled.

2 In circumstances where the Goods remain Woodward L'Orange's property, all machining and processing (as well as its connection with other equipment) by the Buyer or a third party shall ensure for the benefit of Woodward L'Orange. Where the Goods are no longer readily identifiable, Woodward L'Orange shall have co-ownership in the new processed items up to the value of the Goods delivered by Woodward L'Orange.

3 Woodward L'Orange agrees to the re-sale of its property by the Buyer within the regular course of Buyer's business, revocable and subject to the provisions of clause V 8. below. Any property of Woodward L'Orange under this Clause shall not become subject to any lien or encumbrance.

Buyer hereby assigns to Woodward L'Orange as security all claims he may have against any third party arising out of or in connection with any re-sale of the goods supplied by Woodward L'Orange.

Subject to revocation by Woodward L'Orange, the Buyer is entitled and obliged to collect payment for any re-sale. If the Buyer in any re-sale contract discontinues payment, said power of collection terminates for the Buyer automatically.

4 At the request of the buyer, Woodward L'Orange will release the securities to which it is entitled according to the aforementioned clauses at its choice, insofar as their realizable value exceeds any claims arisen out of or in connection with the business relationship by more than 20%.

5 The Buyer is obliged to carefully store Woodward L'Orange's property, to keep it in good technical condition and to ensure that any necessary repairs will be carried out promptly. Except in cases of emergency, any property for which the title is retained shall be repaired by Woodward L'Orange.

6 During the period of retention of title Buyer shall keep the Goods insured at his cost against all relevant risks on the understanding that Woodward L'Orange will be entitled to all rights under such insurance. The insurance policy and the premium receipts shall be submitted to Woodward L'Orange upon request.

7 In case of attachment or other instances of impairment of Woodward L'Orange's rights hereunder, Buyer shall notify Woodward L'Orange immediately.

8 If the Buyer fails to comply with his payment and insurance obligations or other obligations resulting from the retention of title, including the assignment of claims, if Woodward L'Orange receives notification from the underwriter about Buyer's default as provided for in the policy, if the Buyer discontinues payments or files for insolvency, any outstanding payment shall become due immediately. Any power of re-sale the buyer has according to clause V 3. above shall be deemed terminated. If the outstanding payment cannot be paid immediately, the buyer forfeits his right to use Woodward L'Orange property. In such case, and if the Buyer stops payments or files for insolvency, Woodward L'Orange shall be entitled after giving reminder with a 14-day period of grace, to take back the goods delivered and the Buyer shall have the obligations to surrender them upon request. In taking so possession of any of its property in which third parties may also have co-ownership rights, Woodward L'Orange will act also in the name of the co-owners. All costs incurred arising out of or in connection with this paragraph shall borne by the Buyer. Woodward L'Orange shall – if applicable with the consent of co-owners – be entitled, regardless of the payment obligations of the Buyer, to dispose of the collect Goods or processed items by private sale or public auction. The proceeds of such sale or auction shall, after deduction of costs and claims by Woodward L'Orange and third parties, be paid to the Buyer.

9 If retention of title is not permissible in the country in which the Goods are kept, but a seller may reserve other rights in the Goods, Woodward L'Orange will be entitled to exercise all such rights. The Buyer shall, at Buyer's expense, undertake all such action as is necessary to render effective and maintain the retention of title or in lieu thereof, any other rights to the Goods.

VI Delivery and Shipment

After notice of readiness, the Buyer is obliged to make the agreed payment and thereupon accept the delivery item immediately. If the Buyer disregards these obligations, Woodward L'Orange may exercise its legal rights.

If damages are claimed, Woodward L'Orange shall be entitled to claim either 15% of the sales price to the exclusion of further damages or compensation for the damages actually incurred. If Woodward L'Orange does not exercise this right, Woodward L'Orange has the authority to claim free disposal of the delivery item – notwithstanding its other rights – and at this point to provide a delivery item of the same type within a reasonable period, subject to the contractual conditions.

If shipment is delayed for reasons beyond the control of Woodward L'Orange, risk shall pass to the Buyer upon receipt of the notice of

readiness for shipment. This provision shall also apply to part-shipments. Beginning one month following the giving of such notice of readiness, the Buyer will be charged for storage at Woodward L'Orange's facility.

VII Warranty

1 Buyer's claims due to defects shall be deemed stale 12 months following delivery ex works Woodward L'Orange, however 16 months after notice of readiness for shipment at the latest.

However, after expiry of the first 12 months, claims due to defects shall be restricted to the rectification of the defect in accordance with the technical requirements by replacing or repairing defective parts. Further claims are excluded. In the event of malicious silence with regard to defects or the assuming of a guarantee for quality, further claims shall remain unaffected.

For replacement parts, the period of limitation is 12 months after delivery ex works Woodward L'Orange, at the latest 16 months after notice of readiness for shipment.

2 The Buyer may not make claims due to defects if the defect or damage is due to one or more of the following:

- a) normal wear and tear or outside influences such as improper handling, storage or installation, inadequate protection against corrosion, physical damage, faulty assembly, chemical, electrical or other harmful effects;
- b) if the delivery item is changed by another party or due to the incorporation or attachment of parts originating from another source;
- c) non-compliance with the operating, maintenance and inspection instructions provided by Woodward L'Orange;
- d) abuse of the delivered Goods or use for purposes other than those agreed;
- e) excessive stress including but not limited to operation under unusual circumstances which were not made known to Woodward L'Orange in writing at the time the Purchase Order was placed.

3 Woodward L'Orange's obligations according to this Article VII. are conditioned on the Buyer observing his contractual obligations and raising a written claim against Woodward L'Orange in respect of a defect immediately, indicating the factory number of the delivery item at Woodward L'Orange.

4 Woodward L'Orange is liable for defects as follows, excluding further claims of the Buyer:

- a) Woodward L'Orange shall choose whether to remedy the defect (rectification) or supply a delivery item that is free from defects.
- b) In the event of rectification, the following shall apply:
 - ba) The defective parts and the damage to other parts of the delivery item caused by these defective parts shall be repaired at a location chosen by Woodward L'Orange – its own facility, an appointed workshop or the place of operation – or replaced, in each case at no cost to the Buyer.
 - bb) If rectification by Woodward L'Orange or by its authorized workshops are not reasonable for the Buyer, proper rectification can be carried out by the buyer or a third party, subject to the agreement of Woodward L'Orange. In this case, Woodward L'Orange shall reimburse the costs up to the amount which would have been incurred had Woodward L'Orange carried out the rectification work itself.
 - bc) If a defect is to be rectified at Woodward L'Orange's facility or a workshop appointed by Woodward L'Orange, the buyer shall send the defective parts – or the entire delivery item if necessary – to the facility or the workshop at its own costs. If this sending takes place within the first 12 months following delivery, Woodward L'Orange shall reimburse the cost of the cheapest form of shipment. This also applies if parts are replaced and Woodward L'Orange demands the return of the parts that are to be replaced.
 - bd) If the defect is to be rectified at the place of operation, the Woodward L'Orange personnel shall be provided with the personnel and equipment required, based on the specific characteristics at the place of operation, free of charge.
 - be) Woodward L'Orange shall pay the freight costs for the cheapest form of shipment for the rectified or replacement parts.

In addition, Woodward L'Orange shall reimburse the buyer all reasonable costs for removal and installation of parts of the delivery item up to the amount which would have been incurred had the parts been removed and installed at Woodward L'Orange's facility. Woodward L'Orange shall not reimburse the costs for removing and installing the complete delivery item or any other cost.

- bf) Replaced parts shall become the property of Woodward L'Orange.
- bg) For the parts installed during rectification, the Buyer can submit defect claims based on the purchase contract until the limitation period for the delivery item has expired.
- c) If it transpires that a claim made by the Buyer is not covered by the warranty, the Buyer is obliged to take back the sent parts or delivery item without delay and pay the costs for outward and inward shipment as well as all other costs including the costs required for inspecting parts alleged to be defective.
- d) If the rectification of any defects involves disproportionate expenses, Woodward L'Orange may instead grant the Buyer a corresponding price reduction, provided, however, that the repaired item can still be used by the Buyer for the intended purpose without the defect having been remedied.
- e) The right to demand a price reduction based on legal regulations or withdraw from the contract shall accrue to the Buyer if Woodward L'Orange proves incapable of remedying the defect.

VIII Liability

- 1 If Woodward L'Orange has to make good damages caused by ordinary or gross negligence due to legal requirements according to these conditions, Woodward L'Orange's liability shall be limited:

Woodward L'Orange shall only be liable if basic contractual obligations are disregarded. This liability is limited to the foreseeable typical damage at the time the contract was concluded. In the event of ordinary negligence, Woodward L'Orange shall only be liable for any disadvantages incurred by the buyer as a result, e.g. higher insurance premiums or interest rates until adjustment of claims by the insurer, provided that the damage is covered by an insurance policy taken out by the buyer for the damages concerned (with the exception of fixed-sum insurance).

The same applies to damages caused by a defective object sold.

The aforementioned limitations of liability do not apply in the event of injury to life, body and health. Furthermore they do not apply to gross negligence on the part of legal representatives or executive employees.

- 2 Irrespective of a fault on Woodward L'Orange part, any liability in the event of malicious silence with regard to a defect or resulting from the assumption of a guarantee or a procurement risk and in accordance with the product liability law of the Federal Republic of Germany remains unaffected.

Indirect and consequential damages, such as but not limited to loss of use and loss of profit shall not be recovered.

- 3 Liability for delivery delay is dealt with in section III.
- 4 Excluded is the personal liability of our legal representatives, persons employed in performing an obligation and personnel for damages caused by them as a result of ordinary negligence. Otherwise the liability stipulations applicable to Woodward L'Orange shall apply accordingly.
- 5 The buyer is obliged to notify Woodward L'Orange of any damage or loss without delay and to allow Woodward L'Orange to assess the damage or loss.

IX Place of Performance

In respect of any obligation of either parts to this Agreement, the place of Performance shall be Stuttgart.

X Place of Jurisdiction and Applicable Law

- 1 The place of jurisdiction for all current or future claims arising out of or in connection with the business relationship between the parties shall be Stuttgart.
- 2 The laws of the Federal Republic of Germany shall apply to this Contract to the exclusion of the United Nations Agreement on contracts for the international sale of goods of April 11, 1980.

XI General Provision

- 1 The invalidation of a contractual provision does not affect the validity of the remaining contract. The parties shall make every effort to replace an

invalid provision by one which shall come as close as possible to the previous, invalid provision in its meaning and purpose.

- 2 The assignment of Buyer's titles or obligations from this contract to third parties is prohibited without prior written consent by Woodward L'Orange.