

Trading Conditions for Outline Agreements with

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1. Introduction/ preamble

Metz Aerials is a manufacturer of aerial ladder vehicles and hydraulic platforms for mobile fire-fighting and for rescue and disaster services. Professional and voluntary fire services as well as factory fire services are amongst our most important customers.

Safe operation and maintenance as well as top quality and a high level of availability are the most important requirements for successful deployment of the products under extremely difficult conditions, in foreign countries with widely divergent climates, infrastructures and training.

These requirements are to be taken into account by all our suppliers, especially with respect to engineering and design, the specification and selection of the material and for the production of the contractual goods.

2. Terminology

OP	= Ordering party (Metz Aerials GmbH & Co. KG)
C	= Contractor, the legal entity bound to supply the goods/ deliver the services in accordance with the purchase order
SC	= Subcontractor of the OP
QAA	= Quality assurance agreement

3. Basic provisions

These contractual terms govern the most important points of the relationship between the C and the OP. General terms and conditions - irrespective of the name used for them in individual cases - are not a component part of this agreement.

The goods and services supplied by the C will be part of a complex general order. Problems with individual performance therefore often cause difficulties for the overall project organization with the associated increase in costs e.g. in connection with dates being deferred within the schedule, quality problems, claims from third parties, logistic problems, delays in acceptance by the end customer, dwell times etc. The effects on costs are particularly serious with exports. The C therefore undertakes to fulfill the order with particular care and attention, in line with this situation.

This includes obtaining all the information which must be taken into account for fulfilling the order under the actual conditions which the particular transportation channel and the place where the goods and services will be used are subject to, as well as integrating its goods and services into the overall situation.

4. Contractual goods

The contractual goods will be described and specified in detail in the relevant, separate blanket order. This agreement applies to all future outline agreements unless one of the contractual parties objects to this agreement. All stipulations in the blanket order shall remain valid until they are revoked by the OP in writing. The C shall assure the OP that all information which the C provides in quotations, catalogues and other product descriptions concerning the nature, function and quality of its products are results produced under standardized and recognized laboratory conditions. The C shall accept liability for this but not for specific use by the OP.

5. Pricing

The prices in the blanket order are fixed prices not including VAT and they include all the agreed services. The prices specified in the blanket order are valid until the blanket order has been fulfilled. If changes arise during the period of validity of the blanket order they must be confirmed in writing by the OP. The terms of delivery and payment specified in the blanket order shall apply.

6. Contractual period

The contractual period for this agreement is governed by the duration of the blanket order awarded, with its stipulations concerning this point. If a new blanket order is awarded this document shall apply unless it is revoked by one of the contractual parties.

7. Subcontracting

The C is obliged to inform the OP of planned subcontracting in good time in order to gain written permission for it from the OP. Naturally, this does not apply to standardized and conventional parts which are not covered by the production possibilities of the C. Permission from the OP for subcontracting does not further limit the C's obligations. The C still has full responsibility for the fulfillment of the entire blanket order, even in the case of subcontracting. The C is liable for the actions and omissions of its SC in the same way as for its own actions/ omissions.

8. Meeting agreed deadlines

The date that the relevant obligations are completed by the C in accordance with the specifications in the call-offs from the relevant blanket orders shall apply as the date of performance for goods and services. If the C discovers that he cannot comply with the agreed deadlines and dates he shall undertake to immediately inform the OP in writing, providing information on the reasons and the expected length of the delay.

Deliveries before the due date < 1 calendar week are only permitted if authorized by the OP and do not constitute grounds for early payment.

9. Contractual penalties for default with deliveries

If the C does not adhere to the delivery dates agreed in the call-offs without prior consultation with the OP, or the OP does not deem the reasons given to be plausible, the C must accept the following contractual penalties, in relation to the overall order value of the call-off, until the date of the actual delivery.

- *1 % for each week of delay commenced, to a maximum of 10 % of the overall order value.*

The C's obligation to pay a default penalty begins when the default first occurs. However in the event of a faulty delivery, the time period between receipt and notification of defects on the part of the OP is not subject to a contractual penalty.

10. Completeness/ liability

The C shall undertake to deliver or provide the ordered items, services or documentation in full. The C is unreservedly accountable to the OP for any omissions/ faults on the part of its own suppliers and/ or subcontractors in connection with the OP. The C shall not be exonerated by reference to the fact that due diligence was exercised when selecting its suppliers, subcontractors and employees.

11. Guarantee/ warranty

The C shall guarantee the completeness of its goods and services and their suitability for the particular application, in addition to the characteristics which have been expressly specified, agreed on in any other way or deemed a requirement. Furthermore, the C shall also guarantee that the suitability for the purpose, the production method and the guaranteed characteristics are in line with the recognized level of scientific and technological developments and correspond to the safety and environmental requirements at the time the agreement was signed,

and that new material is used, the quality of which is first rate, appropriate and environmentally friendly.

The guarantee period shall end 24 months after delivery of the individual call-off batches. The guarantee period shall be extended by the time taken by downtimes caused by defects. In the event of replacement or a repair, a new guarantee period of the same length as for the initial delivery shall begin when the replacement is installed or the repair work is completed.

12. Receiving inspection by the OP

As the products supplied by the C are all products that can only be tested at the OP in the overall system, the C shall waive the claim of delayed notification of defects in accordance with section 377 HGB (German Commercial Code) for a maximum of 6 months.

The OP shall immediately inform the C in writing of defects as soon as they have been determined against the background of the regular course of business.

13. Complaints processing

In principal, the C shall accept the OP's method of complaints processing. Due to the importance that the supplied products have for the OP, the C shall guarantee to process complaint-related orders within a max. of 8 weeks after the faulty parts have been returned. If the C can foresee that the complaint cannot be processed in the proper manner within this period of time the C shall deliver a replacement for the defective products immediately and free of charge.

14. Substitution, damages in the event of non-performance

If the C does not fulfill its contractual obligations, either partially or in their entirety, (e.g. including default in the event of agreed interim deadlines) the OP is entitled to reject fulfillment of the contract and claim damages after allowing a period of grace, without prejudice to the provisions in point 9 (CONTRACTUAL PENALTY). Repeated warnings concerning adherence to the contract shall also constitute a period of grace. The right to reject fulfillment of the contract shall only become invalid when the contract has been fulfilled without flaws. The OP is also entitled to reject fulfillment of the contract and claim damages in the event of non-compliance with interim and final deadlines as well as flawed compliance with the obligations concerning documentation.

In cases such as this, and after prior announcement and appointment of a deadline, the OP is also entitled to perform the supplies and/ or services not provided or unsatisfactorily provided itself or have them performed by third parties, at the cost of the C in each case. The costs thus arising shall be billed to the C and the invoices shall be due for payment immediately. The OP is entitled to offset receivables due to the C. If this results in overpayment, the excess amount is to be paid back by the C, including the pro rata financing costs.

If insolvency proceedings are brought against the C, one of its subcontractors or its suppliers, or in the event of changes to its ownership, the OP is to be informed immediately and is entitled, without prejudice to the procedural consequences and at the OP's own choice, to withdraw from the contract completely – or partially if the performance can be divided up - or to cancel it completely or partially and to take appropriate action to safeguard its rights.

15. Third party rights/ confidentiality

The C shall undertake to ensure that the use of the goods and services to be provided by the C will not be affected in any way by the enforcement of the rights of third parties (e.g. brands, samples, patents, territorial protection etc.). The C is not permitted to publish the contents and/ or the delivery items in the relevant purchase order or any of the information provided by the OP, nor to use these for advertising purposes, without prior written consent from the OP. Persons who gain access to information and documents shall have an appropriate confidentiality obligation imposed upon them. In the event of an infringement of these conditions, the C shall undertake to indemnify the OP and/ or the end customer.

16. Force majeure

The contractual parties shall be fully or partially released from fulfilling the contract in line with the schedules if they are prevented from doing so by cases of force majeure. Cases of force majeure include, in particular, war, insurgency, the forces of nature, fire, strikes or events of equivalent import which are not within the sphere of influence of one of the contractual parties. However, the C, impeded by a case of force majeure, can only invoke the existence of force majeure if the C submits a statement to the OP concerning the start and the expected end of the impediment, as well as the cause, the expected consequences and the length of the delay. This statement must be confirmed by the government authority or chamber of commerce applicable to the place of manufacture and be sent by registered post immediately, however within three calendar days at the latest.

In the event of force majeure, each contractual party shall make every effort to eliminate or reduce the difficulties and damages, and shall keep the other contractual party continually informed. Otherwise the contractual party shall be liable to pay damages to the other contractual party. Dates or deadlines that cannot be adhered to due to the effects of force majeure shall, as a maximum, be extended by the duration of the effects of the force majeure or, in certain cases, by a time period stipulated by mutual consent. If a case of force majeure lasts for longer than four weeks, the OP and the C shall decide how to proceed by means of negotiation. In the event that a solution cannot be found, the OP is entitled to

withdraw from the contract. If the performance can be divided up, withdrawal with regard to the part of the contract not yet fulfilled is also permitted.

17. Written form requirement/ severability clause

If a provision in this agreement is, or becomes, invalid or if the contract is incomplete the rest of the contents shall remain unaffected. The invalid provision shall be replaced by a legally valid provision which comes the closest to the economic intention of the invalid provision. Omissions in the contract are to be dealt with in the same way.

No additional verbal agreements have been made. Changes and enhancements to this contract must be in writing (a fax is also acceptable) and confirmed by both parties to make them legally binding.

This written form requirement can only be dispensed with on written declaration.

Practices deviating from the wording of this contract shall not constitute any rights or obligations.

In the event that a ruling in this contract is not implemented it shall nevertheless remain in force.

18. Applicable law/ place of jurisdiction

The contractual parties shall agree that all differences of opinion and disputes which may arise in connection with this purchase order should be dealt with by negotiation if at all possible.

If an agreement cannot be reached the OP reserves the right to assert claims against the C by recourse to the general courts of law in accordance with the laws of the Federal Republic of Germany.

The place of jurisdiction is Karlsruhe, provided that the C is a registered trader.

Date, signature of OP : _____

Date, signature of C : _____