

I. General – Oral Additional Agreements – Offers

- Any of our deliveries and services are subject to the following General Terms and Conditions exclusively. We do not accept conflicting, differing and/or terms and conditions not contained in our General Terms and Conditions unless expressly agreed upon in writing. This also applies in case we unreservedly perform deliveries of products and services with knowledge of conflicting, differing conditions or conditions not contained in our General Terms and Conditions.
- Our General Terms and Conditions shall only apply to entrepreneurs as defined in § 14 German Civil Code (hereinafter referred to as "BGB").
- Our sales personnel are not authorized to make oral additional agreements.
- Unless otherwise expressly agreed upon, our offers for price and performance are not binding. The order does not become binding for us until we confirm it in writing or tacitly accept it by performance or issuance of an invoice.
- Illustrations, drawings, calculations and other product-, application- or project-related documents which contain valuable know-how or valuable information remain our sole property and are subject to our copyright even if handed over to you; they may not be reproduced or made available to third parties without our prior written consent.

II. Delivery – Date of Delivery – Extension of the Delivery Period – Part Performance

- Unless otherwise expressly agreed upon, the agreed dates for performance are not fixed deadlines (§ 323 Para. 2 No. 2 BGB, § 376 German Commercial Code (hereinafter referred to as "HGB").
- The delivery period respectively the period for service does not commence until all details are clarified and both parties have agreed on all the conditions of business. The prerequisites for adherence to delivery periods respectively to periods for service are:
 - All documents which are to be provided by you have reached us on time;
 - All approvals and releases which are to be provided by you have been issued on time;
 - Your contractual obligations, particularly your payment obligations, have been met in full.
- Unless otherwise expressly agreed upon, the delivery period is considered to have been met if the operational shipment has left our plant within the agreed delivery period.
- The delivery period shall be reasonably extended if
 - the failure to comply with the delivery period is due to force majeure, i.e. an unforeseen event on which we have no influence and which we are not responsible for (e.g. official actions and orders (irrespective if they are valid or invalid), fires, floods, storms, explosions or other natural disasters, disturbances of operation, labour disputes, strikes, lockouts). This shall also apply if force majeure occurs during an undue delay in delivery and if a supplier of us is affected by force majeure;
 - necessary approvals or documentation from third parties which are to be provided by you are not presented in time;
 - subsequent changes to the order are made by you;
 - the necessary specifications are not made known by you in time.
- Deliveries and services may be made in instalments insofar as you can be reasonably expected to accept this. In such a case we are also entitled to invoice such instalments separately.
- In case the delivery is delayed at your request or due to circumstances for which you are responsible, we are upon demonstration of readiness to ship entitled to charge you the costs resulting from storage but not less than 0.5 % of the invoice amount for each week commenced, but in maximum 10 % of the invoice amount. Both parties may prove that greater, lower or no storage costs have resulted. The statutory rights to withdraw from the contract and to claim damages remain unaffected thereby.

III. Force Majeure – Cancellation – Failure of Supplier

- If it is impossible for us to fulfil the performance within an appropriate period of time due to force majeure (cf. Section II.4), both parties are entitled to withdraw in full or in part from the contract. The same applies to subsequent impossibility of performance of contract which we are not responsible for. No damages may be claimed for such a withdrawal. If one party intends to withdraw from the contract due to the aforementioned reasons it must inform the other party without delay.
- We are released from our performance obligation if we ourselves are not supplied in time with the correct goods needed to fulfil the contract without any fault on our part.

IV. Retention of Title

- We reserve title to all the purchased goods until complete payment of all claims to us which result from the business connection. This also applies in case the payment for certain performances indicated by you has been made. If the retention of title is linked to special prerequisites or forms in your country you are required to notify us accordingly and to ensure fulfilment at your expense.
- Linkage, blending or processing of the goods shall take place on behalf of us as the manufacturer, but without any obligation for us. If (joint) title is terminated due to linkage, blending or processing, it is already now agreed that we shall acquire joint title to the new item in proportion to the value of the item supplied by us compared with the other goods at the time of linkage, blending or processing. You have to store the items of which we have (joint) title for us at no charge to ourselves.
- Resellers are permitted resale of the goods in the course of ordinary business unless revoked. We may revoke this right of resale if (a) you stop payment, (b) you are in delay of payment, or (c) if there are indications for deterioration of property or other facts after conclusion of contract are given that corroborate the belief that our claim is endangered due to a lack of performance. For goods in which we have (joint) title, you hereby assign to us by way of security all claims arising from resale of the items delivered to third parties or from any other cause in law in the sum of the invoice value of the corresponding item. On demand you are obliged to provide us with written declarations of assignment. You are revocably authorized to collect the assigned claims against the third party in the course of ordinary business in your name. This collection authorization may be revoked by the same reasons as the right of resale.
- Pledges and transfers by way of security are not permitted. You must inform us without delay of any attachment of property, distraint or any other disposals or interferences by third parties.
- We undertake at our discretion to release the collateral that we hold upon your request insofar as the value thereof exceeds the claim to be secured by more than 20 %.

V. Passing of Risk – Incoterms – Transport Insurance

- Unless otherwise expressly agreed upon, the delivery will take place „ex works“ (Incoterms 2000) regarding that place indicated in our offer or in our acceptance or if in our offer or our acceptance no place is indicated „ex works“ Neuhausen, Germany.
- Unless otherwise expressly agreed upon, the risk of accidental destruction or accidental deterioration of the products passes on to you as soon as the products have been handed

over to the person executing the transport, at the latest when the products leave our distribution centre. This also applies if we have to handle with the delivery. If shipment is delayed for reasons you are responsible for, the risk of accidental destruction or accidental deterioration of the products shall pass on to you upon the information that the products are ready for delivery.

- If internationally customary shipping and risk bearing clauses are used in the contract, these are to be interpreted according to the international Rules for Interpretation of Trade Terms (Incoterms 2000).
- We will provide transport insurance only upon agreement and at your expense.

VI. Warranty Claims – Complaint Obligations

- Unless otherwise expressly agreed upon, quality and usability are regulated exclusively and exhaustively in the technical data sheet or in the instruction manual referring to the respective product.
- We are in agreement that in case of a claim for supplementary performance (subsequent improvement or additional delivery) the most cost-effective alternative shall be chosen, provided that this alternative is not to your detriment.
- Complaints due to incomplete or incorrect delivery must be made to us in written form immediately but not later than within one week following delivery (apparent defects) or discovery of the defect. Otherwise the assertion of warranty claims is excluded.
- We do not agree with any restriction of your statutory requirements regarding inspection and complaint of goods receivable (including without limitation according to § 377 HGB).
- Warranty claims pertaining to products which are non-wearing (inductive sensors, industrial RFID-systems, magnetic field sensors, capacitive sensors and magneto-inductive position sensors) are subject to a limitation period of 24 months following transfer of risk. Warranty claims pertaining to products subject to wear (optoelectronic sensors, micropulse transducers, mechanical sensors, remote sensors (inductive coupler), bus systems, magnetic linear encoder systems and accessories) are subject to a limitation period of 12 months following transfer of risk. The aforementioned provisions shall not apply in cases where §§ 438 Para. 1 No. 2, 438 Para. 3, 479 Para. 1 and 634a BGB prescribe longer limitation periods.
- If a certain number of operations or switching cycles is agreed for a product this agreement is only valid until the limitation periods described in Section VI.5 above are expired. If the agreed number of operations or switching cycles of a product is reached prior to the expiration of the limitation periods described in Section VI.5 above all claims resulting from such an agreement cease with immediate effect. The agreement of a certain number of operations or switching cycles is only valid if the product is used under the environmental conditions described in the appropriate technical data sheet or in the appropriate instruction manual.
- Warranty claims are excluded among other things in cases of:
 - failure of inspection and complaint of goods receivable as described in Section VI.3 and VI.4 above;
 - subsequent, unauthorized modification to the product unless there is evidence that the defect was not a result of such a modification.
 - defects which occur due to normal wear, improper usage or improper storage.
- Compensation for damages may only be required in accordance with Section VIII.

VII. Industrial Property Rights and Copyrights – Defects of Title

- Unless otherwise expressly agreed upon, we are obliged to fulfil the performances free of industrial property rights and copyrights (hereinafter referred to as "protective rights") only in the country of the place of performance. Insofar as a third party raises any justified claims against you due to infringement of protective rights through performances supplied by us and used in conformity with the contract, we shall be liable to you within the period defined in Section VI.5 as follows:
- We will at our discretion and at our expense (a) either acquire the rights of use for the performances in question, (b) alter them in such a manner that protective rights are not infringed, or (c) exchange them. Should this not be possible for us at suitable conditions, you are entitled to withdraw from the contract or obtain a reduction in the price as provided for by law. Compensation for damages may only be required in accordance with Section VIII.
- The above-mentioned obligations exist only insofar as you inform us in writing immediately concerning the third party claims asserted, do not recognize any infringement and all defensive measures and settlement proceedings remain reserved to us.
- Your claims are excluded insofar as you are solely responsible for the infringement of the protective rights.
- Your claims are also excluded insofar as the infringement of protective rights is due to your special instructions or due to any use not to be foreseen by us or has been caused by the goods being altered by you without authorization.
- Claims against us or our vicarious agents due to deficiencies in title over and above or other than those governed in this Section VII are excluded.
- In the case that in connection with the fulfilment of the contractual obligations a result will be generated that will be able as protective right all protective rights regarding this result will belong solely to us unless you were significantly involved in the generation of the result. In such a case or in all other cases a result able as protective right will be generated conclusively we agree that we will receive at least a royalty-free, non-exclusive, right to use the result, unrestricted in terms of time, location and content.

VIII. Liability

- We are only liable for any damage claims and reimbursement of needless expenditures – in accordance with § 284 BGB – (hereinafter referred to as „damages“) made by you caused by deficiencies of delivery or performance or caused by violation of other contractual or non-contractual obligations, in particular caused by tort, due to wilful intent or gross negligence. Excluded from this limitation shall be those damages that are based on injury to life, limb or health, on the assumption of a guarantee (according to § 443 BGB) or of a procurement risk, the violation of material contractual obligations as well as on liability according to the Produkthaftungsgesetz (German Product Liability Law).
- Damages caused by the violation of material contractual obligations are limited to such damage that must have been foreseeable by us at the time of conclusion of contract as typical damage provided that the liability is not due to wilful intent or gross negligence and not based on injury to life, limb or health, on the assumption of a guarantee or of a procurement risk.
- All limitations of liability shall apply to the same extent to vicarious agents.
- A change in the burden of proof to your disadvantage is not associated with the provisions in this Section VIII.
- Material contractual obligations pursuant to Section VIII.1 and VIII.2 are all obligations whose fulfilment the proper performance of the contract makes possible in the first place and on whose compliance the buyer regularly may trust.

IX. Prices – Price Increases

Our prices are net prices. They are “ex works” (Incoterms 2000). Packing, shipping and insurance shall be billed separately unless otherwise expressly agreed.

X. Payment Terms – Set-off – Securities – Assignment

1. Unless otherwise expressly agreed, payment terms are 10 days with 2 % discount or 30 days net as of the invoice date – but not before the goods are received.
2. You may only set off your claims to the extent that your claims are recognized by us, are undisputed or have been legally determined.
3. If your financial situation deteriorates after conclusion of the contract or if through no fault of our own we become aware of an already existing poor financial situation only after the contract is concluded, we may demand corresponding adequate securities for our services and/or revoke any payment terms granted, even for other obligations. If you do not present the adequate securities requested by us within a reasonable time, we may withdraw from the contract. Already existing claims from services provided or due to default remain unaffected.
4. The assignment of claims from this contractual relationship is permitted only with our prior written consent. There exists no claim for granting of such approval. § 354a HGB remains unaffected.

XI. Place of Fulfilment – Place of Jurisdiction – Applicable Law

1. Place of fulfilment for all duties resulting from the contractual relationship is Neuhausen a.d.F., Germany.
2. Place of jurisdiction for all disputes between you and us is Stuttgart, Germany, if you are a businessman, a public law entity or a separate estate under public law or have no general place of jurisdiction in the Federal Republic of Germany.
3. Substantive German law shall apply exclusively without giving effect to its conflict of laws principles.

Additional Conditions regarding Software

When we provide you as a part of or in connection with our deliveries and services with software (hereinafter referred to as “Software”) for usage – against payment or without charge – the following conditions will apply additionally. In the event that the conditions above and the following conditions should contradict themselves regarding Software the following condition shall prevail.

XII. Rights of Use

1. We grant you the non-exclusive right of intended use of the Software. The intended use is described in the technical data sheet or in the instruction manual referring to the respective Software. The right of use is limited to the agreed period of time; in the absence of such an agreement the right of use shall be unlimited in time.
2. You may use the Software solely on the hardware referred to in the technical data sheet or in the instruction manual, in the absence of such reference, the use shall be limited to the respective hardware supplied together with the Software. The use of the Software on any other device requires our prior written consent; in case of a culpable infringement of this obligation we are entitled to claim an appropriate additional remuneration. Further claims remain unaffected hereby.
3. Where the technical data sheet or the instruction manual refers to more devices you may use the Software simultaneously only on one of those devices (Single License), to the extent that we have not agreed exceptionally on a Multiple License (cf. Section XII.12). Where more than one workplace exists for a specific device where the Software can be used independently, the Single License shall apply to only one workplace.
4. The Software will exclusively be provided in machine readable format (object code).
5. You are entitled to make only one copy of the Software solely for back-up purposes (back-up copy). Any other duplication is allowed only subject to a Multiple License agreed exceptionally.
6. Save as provided for in § 69e of the German Copyright Act (decompilation) you are not entitled to modify, decompile, translate or isolate parts of the Software. You may not remove alphanumeric or other identifiers from the data medium and you must transfer such identifiers unchanged to any back-up copy.
7. We grant you the right – which shall be revocable for good cause – to transfer the right to use the Software to a third party. The right to use the Software may only be transferred together with the device you have purchased in combination with the Software from us. If the right to use is transferred to a third party you must ensure that the right to use granted to the third party does not exceed the scope of rights to use the Software granted to you under these General Terms and Conditions and the related technical data sheet or the related instruction manual, and you must ensure that the third party shall be obliged to comply with at least the same obligations as are imposed in these General Terms and Conditions. When transferring the Software you may not retain any copies of the Software.
8. You are not entitled to grant sublicenses.

9. Where you provide the Software to a third party, you must ensure that any existing export requirements are observed; in case of a culpable infringement you must hold us harmless from any duties and claims in this respect.
10. To the extent that Software is provided to you for which we have only derived rights to use (third party software), the provisions of this Section XII. are amended and superseded by the conditions of use agreed between us and our licensor. To the extent that we have provided you with open source software, the provisions of this Section XII. are amended and superseded by the conditions of use underlying the open source software. We will point out in the technical data sheet or in the instruction manual if third party software or open source software and pertaining conditions of use exist and make the conditions of use available if so requested by you. Any breach of these conditions of use on the part of you shall entitle not only us, but also our licensor, to assert claims and rights arising therefrom in its own name.
11. We will provide you with the source code upon request if this is exceptionally agreed between us.
12. The use of the Software on more than one device or simultaneously at more than one workplace by you requires a separate agreement on the right to use. The same shall apply if the Software is used in networks even if the Software is not copied for this purpose. With regard to the situations named above (hereinafter referred to as „Multiple License“) the following provisions (a) and (b) shall apply in addition to and with priority over the provisions of Section XII.1 to XII.11:
(a) A Multiple License requires that we expressly confirm in writing the number of admissible copies that you may make of the Software and the number of devices respectively workplaces where the Software may be used. Section XII.7 shall be applicable to Multiple Licenses provided that they may be transferred by you to third parties only if transferred in their totality and together with all devices on which the use of the Software is allowed.
(b) You must observe the duplication rules provided by us together with the Multiple License. You must keep records on the whereabouts of all copies made and submit us them upon request.

XIII. Passing of Risk

If the Software is provided via electronic communication media (e. g. via internet) the risk of accidental destruction or accidental deterioration shall pass when the Software leaves our sphere of influence (e. g. when making a download).

XIV. Additional Obligations to Cooperate and Liability

1. You have to take all required and reasonable measures to prevent or limit damage attributable to the Software. In particular, you have to make regular back-up copies of the programs and data.
2. To the extent you culpably breach this obligation, we are not be liable for any consequences arising therefrom; this shall apply in particular to the replacement of lost or damaged data or programs. A change in the burden of proof to your disadvantage is not associated with the provision above.

XV. Warranty Claims

1. Warranty claims regarding Software are subject to a limitation period of 12 months following transfer of risk. The aforementioned provisions shall not apply in cases where §§ 438 Para. 1 No. 2, 438 Para. 3, 479 Para. 1 and 634a BGB prescribe longer limitation periods.
2. Software is considered to be defective only if you can prove that there are reproducible deviations from the specifications regulated exclusively and exhaustively in the technical data sheet or in the instruction manual. A defect shall not be deemed to exist if it does not manifest itself in the latest version of the Software supplied to you, and the use thereof by you can reasonably be required.
3. Warranty claims do not exist in any of the following cases:
 - damages resulting from faulty or negligent handling of the Software,
 - damages resulting from particular external influences not assumed under the contract,
 - modifications made by you or third parties, and any consequences resulting therefrom,
 - software extensions made by you or a third party through the use of an interface provided by us,
 - incompatibility of the Software with the data processing environment of you.
4. A claim of supplementary performance will be settled regarding Software by us as follows: We will provide you with a replacement by way of an update or an upgrade of the Software if available to us or obtainable with reasonable efforts by us.

XVI. Industrial Property Rights and Copyrights – Defects of Title

If a third party claims legitimately due to an infringement of protective rights regarding Software we are liable according to Section VII. within the limitation period according to Section XV.

Balluff GmbH
Schurwaldstrasse 9
73765 Neuhausen a.d.F.
Germany
Phone +49 7158 173-0
Fax +49 7158 5010
balluff@balluff.de
www.balluff.com