



General Terms and Conditions of Business of Continental Reifen Deutschland GmbH, Hanover, Federal Republic of Germany

A. Delivery

1. Our offers are without engagement. Delivery, performance and invoicing shall be done at the prices, terms and conditions established by us on the date of dispatch. In the event of unforeseen changes in the cost of raw materials, labour, energy and other items, we are entitled to adjust accordingly those prices previously quoted in offers, confirmations of orders or elsewhere. We are obliged to complete an order only after the Customer has been notified in writing that such order has been accepted.
2. Unless otherwise agreed, all goods supplied by us shall be transported at the risk of the Customer, regardless of which party bears the freight charges. All goods supplied by us shall be transported according to the relevant INCOTERM, established by us, as defined by the ICC from time to time, to the extent not in conflict with these Conditions of Business (Export), in which case the provisions hereof shall prevail.

In case the Customer is responsible for contracting the carrier or the shipping company then we shall be entitled to approve such carrier or shipping company.

3. Acts of force majeure or similar events - such as breakdowns, fires, floods, shortages of labour, power or raw materials, strikes, lockouts, or governmental restrictions - affecting the operation of us or our suppliers or carriers, shall exonerate us from our obligation to supply or to provide the performance by the date quoted. In cases where specific intent or gross negligence is imputable to our legal representatives or senior executives, we shall be liable according to law. In no instance shall we be held responsible for any damage or inconvenience resulting, or purporting to result, from ordinary negligence, unless such damage is a foreseeable typical damage resulting from the violation of essential contractual obligations. Any legal right of rescission by the Customer shall remain unaffected, provided that the relevant qualifications are fulfilled.

In the event of orders with performance consisting of more than one delivery, the non-fulfilment, deficient or late fulfilment of one delivery shall have no effect on other deliveries comprising the order.

B. Retention of title and other security rights

1. We shall retain the legal title to and the copyright on estimates, drafts, drawings and other documents; such documents shall be made accessible to third parties only with our prior consent.

In the event of having supplied objects in accordance with drawings, models, samples or other sources provided by the Customer, the latter shall guarantee to us that patent rights held by third parties are not infringed upon. If we are prohibited by third parties, with reference to patent rights, from manufacturing and supplying such objects in particular, we shall be entitled to suspend any further activity to this extent and to demand compensation or to be released from all claims by third parties arising from this.

The Customer shall be held liable under this section B 1 where the infringement of third party patent rights becomes apparent within 3 (three) years as from the date when the Customer was aware, or could not reasonably be unaware of the infringement.

We reserve the right to charge for prototype parts and for tools required for the production of such parts (moulds, mandrels, dies etc.). Tools required for series production shall be charged pro rata by us. All tools shall remain in all events our property.

2. We shall retain the title to goods supplied to the Customer until such time as all claims against the Customer, including conditional claims arising out of business with us, shall have been settled and the sum paid by bills of exchange and cheques accepted for this purpose shall have been credited to us for its free disposal. The foregoing shall apply to future claims as well.

In the event of processing or conversion, combination or incorporation of our products with other products not belonging to us, we shall acquire joint ownership of the new resultant product proportional to the ratio of the value of our product to that of the other products used by the Customer at the time of processing or conversion, combination or incorporation. The new resultant product shall remain in the custody of the Customer, who, limited to this respect, shall act on our behalf.

Claims on the part of the Customer arising out of the resale of such product shall be forthwith assigned to us to the extent of the selling price thereof, to serve as security for our claims referred to in paragraph 1 of this section B 2. If so requested by us, the Customer shall advise its debtors of the assignment and provide us with all relevant information.

During such time as we retain title to the goods supplied, the Customer shall be entitled to resell the goods or the products derived therefrom only in the normal course of business and to collect the assigned claims until this right of the Customer is withdrawn by us. Financial difficulties being encountered or a considerable deterioration in the financial circumstances of the Customer shall entitle us to suspend all deliveries immediately. At the same time our authorisation to resell the property and to collect claims assigned to us shall expire. If the Customer fails to meet its obligations arising from the property reservation or otherwise defaults, we shall be entitled to reclaim our products under property reservation from the Customer. Upon request of the Customer, we undertake to release securities, at its own option, to the extent that the value of existing securities exceeds by a total of 10% (ten percent) that of the claims to be secured.

In the event of the retention of title not being valid in the above-stated form according to the legal provisions of the country to which goods are delivered, then upon request the Customer shall assist us in establishing a comparable security in an amount and in a form acceptable to us.

C. Payment

1. All goods supplied are to be paid for in the currency established by us. Payments shall discharge debts only when made to a bank or other institution stipulated by us.

If a date or period for payment is fixed, the Customer shall be liable for the delay from the day following this date or period of payment. In all other cases the Customer shall be liable for the delay in payment 30 (thirty) days following the legal date of payment and receipt of our invoice. If the date of the receipt of the invoice is uncertain, the Customer shall be liable for the delay 30 (thirty) days after the due date of delivery and receipt of our goods. We shall be entitled to charge interest for the period of delay for which the Customer is liable for 8% (eight percent) per annum above the level of the prime lending rate of the "Deutsche Bundesbank" (the "Basiszinssatz") prevailing from time to time. Our right to assert a further claim for damages arising from default shall not be limited by this regulation. The Customer shall only be entitled to set off or withhold payments only if agreed to by us or if such counterclaim is undisputed or declared final and binding by a court without possibility for appeal. The Customer is entitled to other counterclaims, especially the defence of non-performance of the contract. Deductions that have not been expressly agreed upon shall not be recognised.

2. Payment shall be made by cheque or by electronic wire transfer to our account on the invoice. Cash discounts, bonuses or other allowances shall be granted only when all financial obligations arising out of previous deliveries have been met and/or the invoiced sum has been paid in cash to us or has been credited to our account by the due dates. The presentation of bills of exchange shall thus not entitle the Customer to a cash discount. In the case of cashless payment, in particular by cheque, the date on which the sum is credited to us shall be decisive in all cases. The Customer shall bear the risk arising out of the form of payment.

Bills of exchange and cheques, whose acceptance can be agreed upon, shall be credited only upon due receipt of the full amount. Our claim expires only when the full due amount has been irrevocably received for our free disposal. Costs and discount fees shall be debited to the Customer. We give no guarantee for the correct presentation and for the protesting of bills. Any protests entered against promissory notes issued by the Customer or any delay in the repayment of such disputed bills of exchange issued by third parties shall entitle us to return all bills receivable; all our claims shall then fall due immediately.

3. We reserve the right to revoke at any time any credit granted, even in the form of time granted for payment. We shall also be entitled to demand at any time adequate security to be determined by us. If such security is not provided at our request, our claims shall fall due immediately.
4. We shall not pay interest on advance payments, payments on account or other credit balances.
5. Payments shall discharge debts only when made to our head office, the payment counters of our branches, warehouses authorized to collect, or our employees who are authorized to collect.
6. The Customer shall be entitled to the payout or offsetting of the bonus only if such Customer has paid to us all debts due.



D. Liability

1. We shall be liable to the Customer for any lack of conformity with the particular contract regarding our goods and services with the following provisions:

As far as we are liable for any such lack of conformity, the Customer shall be entitled to have the products brought into conformity free of charge by repair or replacement, as we deem fit. In place of a tyre not conforming with the particular contract (i.e. cover and/or tube) the replacement shall be provided at the price valid on the day of delivery of the replacement for the Customer. On the price we may grant a percentage allowance, to be determined by us alone, in conformity with the percentage under value resulting from the non-conformity giving rise to the complaint (remaining tread depth on the tyre will be taken into consideration). We shall be entitled, at our own option, to provide such compensation in cash or as a credit item on the current account. When, in our opinion, non-conformity can be duly eliminated by means of repair, we shall bear the costs of such repair in whole or in part, depending on the case in question. In the event of repairs or replacements proving a failure, the Customer shall be entitled to make a proportionate deduction from the payment due or to rescind the contract; claims for damages instead of performance shall not be affected thereby. For any further claims we shall be liable according to the law, in the event that specific intent or gross negligence is imputable to our legal representatives or senior executives. In no instance shall we be held responsible for any damage or inconvenience resulting from ordinary negligence, unless such damage is a foreseeable typical damage from the violation of essential contractual obligations. Any legal right of rescission by the Customer shall remain unaffected, provided that the relevant qualifications are fulfilled.

2. We shall not be liable in the event that

- the tyres have been repaired or retreaded by anyone other than ourselves;
- discoloration, weather or fatigue cracking arise on the white sidewalls coverings of white-wall tyres;
- the serial number or the fabrication designation is no longer available.

a) Furthermore, we shall not be liable for a defect that arises in the event that, for instance

b) the appropriate required inflation pressure or the inflation pressure specified by us in the current edition of the Tyre Service Data Book was not maintained;

c) the tyre was subjected to excessive stress not conforming to specifications, such as exceeding of the specified load for each individual tyre size and the corresponding specified speed;

d) the tyre was damaged by improper positioning of the wheel or was impaired in its performance by other deficiencies in the wheel-house (e.g. dynamic imbalance);

e) the tyre was mounted on an improper, not true to gauge size, rusty or otherwise defective rim;

f) the tyre became defective as a result of external factors or mechanical damage, or was subjected to an external heat source;

g) natural wear of our products or damage which we have not caused and which has been caused by improper handling, especially improper storage, or if the defect is determined on a certain application of the goods for which we have not issued written approval in the individual case.

3. Statements made by us relating to the delivery and performance of the goods and on the applications of the goods themselves etc. (e.g. dimensions, weight, hardness, service values) represent only descriptions or designations and not guaranteed properties; they are to be regarded as only approximate and are subject to the variations customary in the industry, unless otherwise agreed. Deviations from samples or from previous deliveries shall be avoided as far as technically feasible. We reserve the right to make modifications that the Customer can reasonably be expected to accept, in particular if such modifications assist technical progress and insofar as the object in question is not substantially changed.

4. We shall be held liable to the Customer for any lack of conformity of tyres regarding the particular contract where the lack of conformity becomes apparent within 2 (two) years as from delivery of the tyres to the end customer, at the latest within 5 (five) years as from the delivery of the tyres to the Customer. In any other case our deliveries and performances shall be subject to the Customer's statutory obligations relating to inspections and complaints and to the statutory limitation periods on liability claims. The Customer shall return rejected goods to us carriage paid at our request; if the complaint proves in such case to be justified, the costs of the cheapest means of reshipment may be charged to us.

5. Our direct purchaser (orderer) and the companies with which we have ongoing business connections are authorized to raise warranty claims. Tyres on which warranty claims are asserted must be sent to our Stöcken, Hanover plant, Hanover Station, Hauptgüterbahnhof (main goods station) with a completed claim form. The claim form must be signed by the consumer personally and by the sender. Documents indicating the sales date of the tyre to the consumer are to be included (copies of invoice, delivery note or vehicle registration papers with date of the initial registration of the vehicle). The tyres are returned at the risk of the sender. Tyres for which lack of conformity has been redressed or damages have been granted instead of performance, become our property. In the event of warranty claims that are obviously unjustified, we reserve the right to charge for the costs we incur for the inspection and processing of the claim.

6. We shall not be liable for any lack of conformity with the particular contract with regard to goods supplied to the Customer that are agreed as being not new.

7. In accordance with long-standing custom in this branch of industry, no claims on the part of the Customer for damages of any kind whatsoever and under any title whatever, including claims arising out of a lack of conformity with the particular contract or tort, may be brought against us, our legal representatives, servants and employees, unless specific intent or gross negligence are imputable to our legal representatives or senior executives, in which case we shall be liable according to the law. In no instance shall we be held responsible for any damages or loss resulting from ordinary negligence on our part, our legal representatives, servants and employees, unless such damage is a foreseeable typical damage resulting from the infringement of essential contractual obligations. This liability provision shall also apply to advice given orally or in writing by us; the Customer shall in particular not be released from its obligation to check the suitability of products for the intended application itself. The foregoing limitation of liability shall not apply to claims under the German Product Liability Act as well as to claims for loss of life, physical injury and personal injury.

E. Place of Execution, Place of Jurisdiction, Miscellaneous

1. The place of execution hereof and place of jurisdiction in respect of all claims arising out of commercial relations with us as well as the origin and effectiveness of contracts, agreements etc, shall be Hanover, Germany. However, we reserve the right to have recourse to litigation at the domicile of the Customer. These Conditions of Business shall be governed by and construed in accordance with the laws of the Federal Republic of Germany, to the exclusion of the uniform law on contracts of sale (the United Nations' Convention on Contracts for the International Sale of Goods dated April 11, 1980).

2. The foregoing conditions of business, on which all offers and agreements are based, shall be regarded as having been accepted by the Customer through the placing of an order with us or by taking delivery of goods supplied. Conditions other than the foregoing shall not be applicable even if we do not expressly lodge an objection to them. No such conditions will be applicable unless we give our prior consent in writing in each instance.

3. The orderer has been explicitly informed that personal data may be stored or processed by us or the Kautschuk-Wirtschaftsförderungs-Gesellschaft mbH as per the regulations of the German Federal Data Protection Law (BDSG).

4. Agreements made by telephone or verbally require written confirmation to be effective.

5. The invalidity of any provision herein contained shall not affect the validity of the remaining provisions.