

GENERAL TERMS AND CONDITIONS OF PURCHASE
of
BOWA-electronic GmbH & Co. KG
As per: 1 June 2007

1. Scope of Application

- a) Our General Terms and Conditions of Purchase shall apply exclusively; the contractor's diverging or conflicting terms and conditions shall be considered non-binding for us unless specifically acknowledged, i.e. even if we have not explicitly rejected them. Our General Terms and Conditions of Purchase shall apply even if we have agreed to render services or execute delivery without reservations despite being aware of the contractor's conflicting terms and conditions or terms and conditions diverging from our General Terms and Conditions of Purchase.
- b) Agreements between us and the contractor in connection with this contract, if any, must be made in writing.
- c) Our General Terms and Conditions of Purchase shall also apply to future transactions with the contractor.
- d) If the contractor has concluded a separate quality assurance agreement with us, the terms and conditions of such agreement shall prevail over the present General Terms and Conditions within the scope of application of the quality assurance agreement. The present terms and conditions shall be applicable in a complimentary fashion.
- e) Our General Terms and Conditions of Purchase shall only apply to companies within the meaning of Section 310 IV BGB [German Civil Code].
- f) Unless stipulated otherwise in these General Terms and Conditions, the terms and definitions of INCOTERMS 2000 shall be applicable.

2. Quotation and Conclusion of Contract

- a) Our General Terms and Conditions of Purchase shall be applicable for any purchase orders, inquiries and offers (to enter into agreement) made by us, regardless of whether concerning the delivery of products, material, resources, tools or designs, mould/die/device production or modification, work performance, developments or services to be rendered.
- b) Contracts shall be concluded by us placing a purchasing order and the contractor accepting it. We shall be bound to our quotations for a period of two (2) weeks. Purchase orders and acceptance, including changes and amendments, shall only be valid if made in writing. If the contractor executes our purchase order within the period mentioned in paragraph 1 without explicitly accepting it, the contract shall be deemed to have been accepted subject to the terms and conditions notified by us. Call orders within the framework of existing framework agreements shall also exclusively be placed in writing. Call orders may also be given by data transmission.
- c) Purchase orders may be revoked at any time until acceptance without the contractor being entitled to charge us any costs associated therewith. Call orders shall become binding unless the contractor has promptly objected. Delivery under orders explicitly placed "at call" shall only be taken by us if we have actually placed a written call order.

- d) We reserve title to drawings, plans and other documents relating to purchase orders or the offer (to enter into agreement) and all rights, copyrights and industrial property rights in particular. If the contractor fails to accept our purchase order, such documents must be promptly returned to us or destroyed in line with statutory regulations as to data security and protection. Paragraphs 9 and 11 of our General Terms and Conditions of Purchase shall apply in supplement.

3. Delivery, Performance

- a) The deadlines, particularly terms or dates of delivery, indicated by us in the purchase order shall be considered binding.
- b) Partial shipments or performance shall be designated as such. Variances of +/- 5% from the agreed delivery quantity shall be considered acceptable for delivery of components and production material. Variances on top of that shall be subject to approval.
- c) Our registered office in 72810 Gomaringen or the delivery address indicated by us shall be considered the place of performance of any contractor performance. Delivery shall be effected to the delivery address indicated by us. The decisive time for determining whether performance was rendered on time is the time the performance has succeeded or in case of delivery the time of receipt of the goods at the place of performance.
- d) Deliveries are to be effected carriage and expenses paid to the place of performance and, unless otherwise agreed, including packaging costs. We shall not bear the costs of transport insurance. The place of performance shall be the place of passage of risk.
- e) If we are required to pay for transportation in exceptional cases based on a prior written agreement, the contractor shall be required to commission a transport enterprise designated by us with transportation. If another company is commissioned with transportation in derogation from the stipulation above, the contractor shall reimburse additional transportation costs, if any. Shipments shall always be carried with the most expedient and reasonable means of transport. Loading and cartage shall be at the contractor's expense.
- f) We shall not take delivery of cash on delivery shipments.
- g) Goods shall be packed carefully and appropriately and furnished with the necessary shipping documents. The contractor shall be held liable for damage to inadequately packed goods.
- h) Shipping documents, delivery notes detailing the exact contents of the shipment (number of units, our order number and other characteristics) must be sent with every shipment. The delivery note and invoice must clearly designate the quantity actually delivered. Scale tickets must be enclosed i. a. for deliveries charged according to weight. Gross and net weights must be indicated on delivery notes. A discount of 5% on the invoice total shall be granted for "*gross for net (g/n)*" weighing. Otherwise, the weights, number of pieces and respective units of measurement determined by us shall be applicable.
- i) Delivery notes must be endorsed by us.
- j) The contractor shall make sure that it is able to continue supplies of the bought-in items delivered to us for a period of 15 years after last delivery of the respective bought-in item. The contractor shall store the original tools required for production and maintain them in a functional condition.
- k) A separate agreement must be made regarding return of packaging.

4. Delays

- a) The contractor shall be required to promptly notify us of any signs of delay in writing, stating the reasons and the likely duration of the delay. This shall, in particular, apply to delays in partial shipments or partial performance.
- b) If the contractor is in delay with performance, we are entitled to charge a lump-sum allowance for damage caused by default totalling 1% of the contract value per completed week of delay up to a maximum of 10%. We shall, however, be entitled to substantiate higher damage caused by default and to assert additional legal claims. The contractor is entitled to furnish evidence of the fact that actual damage caused by default is either lower or that no damage was caused by default.

5. Payment

- a) The price indicated by us in the purchase order shall be considered binding. Unless otherwise agreed, delivery shall be effected "*franco domicile*", including packaging costs.
- b) Unless specifically identified, value-added tax shall be deemed to be included in the price.
- c) A separate invoice shall be issued for every order unless we have specifically agreed to accept collective invoices. The invoice must contain information about the type of performance, for shipments, the number of units supplied, the dimensions, the weight, the time of delivery, a designation of us as addressee as well as other information required by law. If necessary, value-added tax shall be identified separately on the invoice.
- d) Unless specifically agreed otherwise in writing, we shall pay the purchase price within fourteen (14) working days calculated as from the date of receipt of invoice minus 3% cash discount or net within twenty-four (24) working days of delivery and receipt of invoice. If delivery is only effected and/or services are only rendered after receipt of invoice, the terms indicated in the sentence above shall start upon completion of delivery or performance. If an acceptance test is required, the periods mentioned in sentence 1 shall only start upon acceptance.
- e) Payment shall not be interpreted as recognition of contractual and flawless performance; payment shall not have an impact on rights regarding defects and complaint.
- f) In case of faulty performance or delivery, we are entitled to retain payment in the respective amount (pro-rated) until due performance.
- g) Without our written consent, the contractor shall not be entitled to assign any claims it may have to us or commission someone with the collection thereof. If justified reasons to do assign claims or call in a collection agency exist, we will not refuse to give our consent, however.
- h) We shall have the full scope of legal set-off and retention rights. We shall be entitled to assign any claims to the contractor without the contractor's consent.

6. Express Warranty

- a) In performance, the contractor shall observe the generally accepted engineering standards, as amended, and shall warrant impeccable quality. Flawless performance also comprises documentary evidence and information that may be required, particularly delivery notes, delivery advices, consignment notes, acceptance certificates, shipping documents or documentary evidence according to paragraph 3 h). If such documentary evidence or data is missing or incomplete, the contractor shall be

required to indemnify us against any loss or damage resulting therefrom – addition rights notwithstanding.

- b) Agreements and specifications in the respective individual purchase orders or contracts shall be decisive for performance. Changes or modifications of the respective performance must be separately agreed in writing. Design, development or other work performance must be expressly accepted by us in writing, if applicable after execution of a function test or test run.
- c) Even if defaults are not the contractor's fault, the contractor shall assume the same warranty for sub-supplier items and performance procured by the contractor as for own shipments and performance. This shall apply, in particular, regarding defects in and punctuality of performance.
- d) We are obligated to inspect the goods delivered to us within a reasonable time frame by taking sample tests as to quality and quantity variances. Notice of defects shall be deemed to have been given in due time if received by the contractor within ten (10) working days of receipt of goods. Notice of hidden defects shall be deemed to have been given in due time if received by the contractor within ten (10) working days of discovery; if applicable, only after start of production and processing. If we forward or pass on the goods in the course of normal business transactions and notify the contractor thereof in due time, the time allowed for inspection and notice of defects shall be extended accordingly.
- e) If the contractor has concluded a separate quality assurance agreement with us, the product quality requirements as well as our duty to inspection and notify of defects shall exclusively be governed by the terms and conditions of the quality assurance agreement.
- f) We shall have the full scope of warranty claims; in any case, we shall be entitled to request that the contractor, at our discretion, either remedy the defect or deliver a substitute or produce a new part. The contractor shall only have one attempt of rectification. The statutory warranty periods shall apply.
- g) If it's a matter of imminent danger or extreme urgency, defects may also be remedied by us at the contractor's expense. This shall also apply if we cannot be expected to tolerate rectification by the contractor itself considering the urgency of the case and if the defect has only become apparent after start of production and processing.

7. Product Liability

- a) If third parties assert claims for damages against us on the basis of a product defect for which the contractor is responsible, the contractor shall on first demand indemnify us against any third-party claims including necessary expenses to defend ourselves against these claims to the extent the claim has its origins in the contractor's area of control and organisation.
- b) If we are forced to implement a call-back campaign due to a defect according to paragraph 1, the contractor undertakes to reimburse any expenses that may be incurred by us from or in connection with the call-back campaign implemented by us. To the extent possible and tolerable from a time point of view, we shall inform the contractor about the contents and the scope of the call-back campaign and give the contractor an opportunity to state the contractor's position. Other legal claims we may have shall not be affected by this.
- c) The contractor shall be obligated to take out and maintain a product liability insurance with a reasonable coverage sum. Other legal claims we may have shall not be affected by this.

8. Force Majeure

In case of force majeure, industrial strife, interruption of service as well as any other unforeseeable events, we shall be entitled to reasonably change agreed delivery schedules and, if applicable, cancel the contract. In this case, the contractor may not assert any claims for damages.

9. Retention of Title

- a) We reserve title to any material provided by us. Our materials shall therefore be stored separately and may only be used for our purchase orders.
- b) The contract shall process or refashion materials on our behalf. If our materials are connected to or mixed with objects not owned by us, we shall acquire proportional co-ownership rights in the new object; the proportion of co-ownership rights shall be the value of our object relative to the other objects at that time. If the contractor's object is to be considered the main object, the contractor undertakes to grant us pro-rated co-ownership rights.
- c) We retain title to tools provided or financed by us. The contractor undertakes to exclusively use the tools for producing or processing the goods ordered by us. The contractor also undertakes to take out insurance for and maintain the tools owned by us at its expense.

10. Property Rights, Third Party Rights

- a) To the extent this is permitted by law, we exclusively claim results and rights, including copyrights and industrial property rights, from work performance, development, contract manufacturing or other orders executed for us.
- b) If the contractor does not execute performance exclusively on the basis of documents, samples, mock-ups or similar specifications provided by us, the contractor warrants that no third-party property rights are violated by the contractor's performance. The contractor shall be held liable for any consequences of infringement of property rights, if applicable, and indemnify us against any third-party claims from and in connection with property right infringements. These claims shall become statute-barred after ten (10) years, starting with completion of the respective order.

11. Secrecy, Documents

- a) The contractor undertakes to keep circumstances and findings from and relating to the contract relationship strictly confidential, to prevent access by third parties and to refrain from utilising confidential data in an unauthorised way or manner. This duty of confidentiality shall also survive termination of the contract.
- b) We reserve title to documents received by the contractor from us for the purpose of execution of the purchase order. The contractor may only subject to our written consent utilise them beyond the scope of this contract or pass them on to third parties or make them accessible to third parties. . After performance of the respective contract as well as on our written demand, the contractor shall promptly return such documents at its expense. Otherwise, the contractor undertakes to keep the circumstances and findings from and relating to the contract relationship secret and refrain from disclosing them to third parties.

- c) Products created on the basis of documents, drawings, mock-ups and or other specifications designed by us or on the basis of confidential information from us or with tools owned or financed by us may not be utilised by the contractor for its own purposes or offered or delivered to third parties.
- d) The contractor shall not have any retaining lien concerning documents, objects, materials and/or tools etc. provided by us.
- e) It shall not be permitted for the contractor to advertise with us or our name or to list or mention us on customer or reference lists or allow third parties to list or mention us on customer or reference lists.

12. Final Provisions

- a) The contractor may only offset from our claims counterclaims which are undisputed or the subject of a final and absolute judgement.
- b) If the contractor is a businessman in terms of the Commercial Code (HGB), our registered office in 72810 Gomaringen is the exclusive place of jurisdiction for any legal disputes from or relating to the contracts concluded hereunder.
- c) German law shall be the exclusive, governing law and the provisions of United Nations Convention on Contracts for the International Sale of Goods (CISG) as well as international conflict or choice of law principles shall be excluded.
- d) As per: **1 June 2007**. Previous terms and conditions of purchase shall herewith be substituted.