

General Purchase and Supply Conditions

(Translation for convenience reasons only; the German wording of the General Purchase Conditions "Einkaufsbedingungen" is of sole relevance when determining the parties' rights and duties unless it is agreed on English as the language governing the contractual relationship).

All our orders are subject to the following purchase and supply conditions if the contract partner ("Supplier") is an undertaking in the meaning of §§ 310 para. 1, 14 BGB. We explicitly object to the applicability of general contract terms and conditions of the Supplier which deviate from the following provisions. Our purchase and supply conditions shall also apply to all future business with the Supplier.

1. Orders:

Orders are exclusively placed or confirmed by the purchasing department of Karl Deutsch Prüf- und Meßgerätebau GmbH & Co. KG. This also applies with respect to any changes of and amendments to existing contracts.

2. Models, Drawings:

Drawings, drafts, tools, models, swages and all other documents submitted by us with respect to any order remain our property. They shall not be used for any other than the agreed upon purposes, nor be made available to third parties without our explicit prior consent, irrespective of whether they, fully or in parts, were produced on our cost. Any goods produced according to the information contained therein shall not be delivered to any third party without our explicit prior consent, regardless of whether the goods are in a raw condition, or whether they are semi-finished or finished products. This also applies with respect to parts which are developed by supplier according to our instructions or under our assistance – by test etc. -. Third parties in the meaning of this provision include, without exception, also those entities or individuals that are, in whatever way, involved in the distribution of our products. Unless agreed otherwise, the afore mentioned documents and materials are to be returned to us if not used any longer by supplier or upon completion of the order, without us having to request for such return.

3. Retention of Title:

a) If we provide supplier with materials for processing or manufacturing, those materials remain our property, also after processing and/or mingling with other items. We acquire partial property with respect to the new item resulting from such processing in the percentage that equals the percentage resulting from the invoice value of our materials and the market value of the other components at the time processing took place. Supplier has to store the materials, which are in our property, without being entitled to compensation and shall be liable for all damages which result in the course of the processing or the storage.

b) We accept only simple reservation of property clauses as to the goods or services which are the subject matter of the supply.

4. Prices:

Unless agreed otherwise, the prices mentioned in the order letter - notwithstanding the provision under Sec. 11 – are fixed prices. There is no liability in case of obvious mistakes, writing or calculation errors.

5. Delivery Time:

If Supplier does not comply with the agreed upon delivery time or if Supplier does not provide the goods and services when due in the contractual condition, we are entitled to rescind the contract after a reasonable grace period has expired. Such grace period does not have to be granted by us in cases where it is not required under the relevant provisions of statutory law. If the Supplier is responsible for non-compliance with the supply time, we are entitled to claim damages instead of fulfillment of the contract, if a reasonable grace period has expired. Force Majeure does not excuse supplier, unless supplier, without undue delay, has informed us on the circumstances constituting Force Majeure.

6. Remedies for Defects/Insufficiencies

a) We are entitled to notify defects and insufficiencies which are obvious and can be detected upon proper examination within 14 days upon delivery. Defects which are not obvious and which cannot be detected upon proper examination can be notified in writing within 7 days upon detection. If a defect or insufficiency is detected by our client, the afore mentioned notification period does not start before we have been notified thereon by our client, even if the respective good or work has been processed.

b) If the good or the work is defective, we are entitled to claim removal of the defect or delivery of another good free of defects or to have the work carried out again respectively. Supplementary performance shall also include the removal of the defective goods and their re-installation, provided that the goods have been installed in another item or attached to another item due to their type and intended use; our legal claim to reimbursement of corresponding expenses shall remain unaffected. If the pre-conditions set forth by statutory law are met, we are also entitled

- (1) to remove the defect on our own and to claim for reimbursement of incurred expenses,
- (2) to rescind the contract or to reduce the purchase price or the respective remuneration respectively and
- (3) to claim damages or reimbursement of those costs which had been made in vain.

The liability of the Supplier or manufacturer is not limited. We do not have to set a grace period if full compliance is refused or is unacceptable to us or if it has been tried to be achieved for two consecutive times.

c) The delivered good must comply with the purpose for which it will be used, with the latest state of technology as well as with the applicable rules and provisions of the relevant associations and authorities. Supplier guarantees, by way of independent guarantee declaration, that the delivered materials are not subject to third party rights and do not infringe any intellectual property or other rights of third parties.

d) Statutory law will apply with respect to all other questions relating to our remedies not explicitly dealt with in the afore provisions. This applies in particular with respect to the statute of limitation.

7. Damages, Liability Insurance:

To the extent the Supplier is responsible for damages, supplier is obliged to hold us harmless on first request against damage claims of third parties and to reimburse any expenditures which result or may result out of a recall of faulty products carried out by us. The contents as well as the extent of any such recall will be communicated to supplier in advance in order to allow him to comment thereon.

Supplier undertakes to take out a product liability insurance with a risk coverage of at least 5 million EUR per individual damage to persons/property. Any of our damage claims going beyond the insured risk shall thereby not be affected.

8. Contractual Penalty:

If supplier does not supply or render the work when due, we are entitled to a contractual penalty in the amount of 0.5% for each commenced calendar week, however, not more than in total 5% of the invoiced amount relating to the goods/services affected by the delay. The contractual penalty is forfeited if we are in default. The contractual penalty becomes immediately due. Besides the contractual penalty we are entitled to claim fulfillment of the contract and damages. Acceptance of the delivery without reservation shall not imply a waiver of the contractual penalty. We are entitled to make any reservation with respect to the delivery within one week upon receipt of the delivered good or of the final invoice respectively.

9. Assignment:

Any claims against us cannot be assigned to third parties without our prior written consent.

10. Freight and Packaging:

If delivery shall be made "unfree", we will pay only the most favorable freight costs after delivery to the carrier. Delivery shall be made "free", if not agreed otherwise in writing. Irrespective of the agreement on the prices, the risk of deterioration of the goods to be delivered passes at the place of receipt/delivery.

11. Payment Terms:

Unless agreed otherwise, payments will be made as bank transfers within 14 days upon receipt of invoice and goods and upon deduction of a 3% cash discount, or within 30 days net.

12. Force Majeure:

Strikes, the shut down or cutting down of business operations as well as similar situations resulting in a reduced consumption of the supplied goods qualify as Force Majeure and, for the duration of the incidents, will release us from our obligation to accept the ordered goods.

13. Third Party Services:

Any undertaking having received an order undertakes, if works are carried out on our business premises, liability for compliance with all legal and other relevant provisions. Insurances providing for sufficient coverage have to be proven (liability, theft, burglary, fire).

14. Confidentiality:

Publications for advertising purposes and/or photographs must be approved by us. All materials and documents, regardless of its nature and origin, as well as all other information on business methods, figures, drawings, sketches and pictures have to be kept confidential by supplier and the persons supplier entrusts with fulfilling the obligations under the agreements with us. Without our approval those documents, materials and information shall not be published, nor shall they be reproduced to make them available to third parties, nor shall they be used for any other purpose than the one foreseen by the parties. By handing over of our documents, materials and information, we do not renounce on any invention rights contained or incorporated therein. We remain fully entitled to all such rights. Supplier shall bind its employees respectively; supplier is liable for all damages which result from non-compliance therewith.

We also undertake to observe a respective confidentiality obligation towards our suppliers.

15. Place of Performance, Venue, Applicable law:

a) Place of performance for deliveries is the address indicated by us to which the goods are to be delivered. In case where no such particular address has been indicated, place of performance is our principal place of business. Place of performance as regards our payments is also our principal place of business.

b) Venue for all disputes relating to the contractual relation is our principal place of business excluding any other venue. However, we reserve the right to file a law-suit against the supplier at supplier's general place of jurisdiction.

German law applies excluding the provisions of the UN Convention on the International Sale of Goods.

c) German law with the exclusion of the UN Sales Law shall apply.