



Standard Terms and Conditions of Sale of Kavlico GmbH

I. Scope/Conclusion of Contract

1. All contracts for the supply of goods by Kavlico GmbH (hereinafter referred to as "Kavlico") shall be subject to these Standard Terms and Conditions. Except where these Standard Terms and Conditions contain more specific provisions, the Standard Conditions of ZVEI (the German electrical and electronic manufacturers' association) shall also apply. Confirmations issued by clients referring to their own standard terms and conditions shall only apply to the extent that such standard terms and conditions of the Client agree with these Standard Terms and Conditions.

2. Unless otherwise agreed in writing, written quotations issued by Kavlico shall remain valid for acceptance for 30 days. Except as provided for herein, quotations, price lists and other promotional material of Kavlico shall be non-binding and subject to prior sale. A contract between Kavlico and the Client shall be deemed to have been concluded by the acceptance in good time by the Client of a quotation issued by Kavlico or otherwise upon the issue by Kavlico of a confirmation of contract, in which case said confirmation of contract shall determine the obligations of Kavlico under the contract. Agreements reached orally with Kavlico shall not be binding on Kavlico unless confirmed by Kavlico in writing.

II. Prices

1. Prices quoted by Kavlico for goods shall apply ex works or ex Kavlico warehouse and do not include packaging or value added tax, which the Client shall pay at the applicable rate in force on the date of delivery of the goods or performance of the services.

2. Except where a fixed price has been explicitly agreed between Kavlico and the Client, Kavlico shall be entitled to charge the Client the prices laid down in its price list valid on the date of delivery of the goods or performance of the services if a period of more than four months has elapsed between the conclusion of the contract and the delivery of the goods or performance of the services.

3. In the event that an order is placed by the Client at a price stated in a price list of Kavlico, Kavlico shall be entitled to charge the Client said price plus any material surcharges for silver, copper, aluminium and other materials expressly laid down in said price list at the rates applicable as of the receipt of the order concerned.

III. Retention of Title

1. Kavlico shall retain title to all goods supplied to the Client (hereinafter referred to as "Retained-Title Goods") until the Client has paid all amounts payable to Kavlico in connection with its business relations with Kavlico. If the value of security held by Kavlico in this connection exceeds amounts payable to Kavlico by the Client by more than 20 %, Kavlico shall be obligated to release securities in such excess amount.

2. The Client shall be entitled to sell Retained-Title Goods in the normal course of its business but shall not dispose of Retained-Title Goods in any other way. Without limitation of the generality of the foregoing, the Client shall not pledge or transfer Retained-Title Goods by way of security until the Client has paid all amounts payable to Kavlico in connection with its business relations with Kavlico. Retained-Title Goods shall not be used outside Germany.

3. Upon the conclusion of a contract with Kavlico, the Client hereby assigns to Kavlico any and all claims for payment in connection with the resale or processing of Retained-Title Goods and Kavlico hereby accepts such assignment. The same shall apply to any claims by the Client with respect to the loss of or damage to Retained-Title Goods.

4. Kavlico hereby authorizes the Client to collect in its own name debts which have been assigned to Kavlico. Kavlico shall be entitled to revoke this authorization in the event that the Client is in arrears with payments or Kavlico becomes aware of circumstances which seriously call into question the creditworthiness of the Client or insolvency proceedings are instituted against the Client. Upon such revocation, the Client shall be obligated to notify Kavlico of the debts assigned to Kavlico and the debtors concerned so that Kavlico may collect such debts and shall provide Kavlico with all such information and documents as Kavlico may require for the collection of such debts. Upon request by Kavlico, the Client shall notify the debtors concerned of the assignment of their debts to Kavlico.

5. In the event that Kavlico revokes the authorization of the Client to collect debts in accordance with Paragraph 4 hereinabove, Kavlico shall, without prejudice to its other claims against the Client, be entitled to repossess the Retained-Title Goods without having rescinded or thereby rescinding the contract for the supply of such goods. Kavlico shall be entitled to sell such repossessed goods as it sees fit and to set off the proceeds of such sale against amounts owed by the Client to Kavlico.

IV. Terms of Payment

1. Invoices issued by Kavlico shall be due and payable within 30 days of date of issue. In the event that Kavlico, in connection with any contract with a Client, awards to third parties contracts for services with a total value exceeding a quarter of the total value of the contract with the Client, Kavlico shall be entitled to issue invoices for advance payments to the Client.

2. Should the Client be in arrears with any payment owed to Kavlico, Kavlico shall be entitled to require the Purchaser to pay interest at the statutory rate for delay interest. In any such case, Kavlico reserves the right to claim from the Client any loss or damage suffered in addition to such interest.

3. In the event that the Client suspends payments or insolvency proceedings are instituted against the Client, all amounts owed by the Client to Kavlico shall become due and payable immediately, without it being necessary for Kavlico to give notice thereof to the Client.

4. The Client shall not be entitled to exercise any right of setoff or retainer, unless such claim has been accepted by Kavlico or an enforceable judgement has been rendered in respect of such claim or Kavlico has committed a material breach of its obligations.

V. Deadlines for Delivery and Performance

1. The obligations of Kavlico under the contract shall be subject to the condition that Kavlico is able to purchase the goods and services required for the contract. A declaration issued by a supplier of Kavlico shall constitute sufficient proof that Kavlico is prevented from supplying goods by reasons beyond its control.

2. In the event that Kavlico is prevented from performing its obligations under the contract in good time by circumstances of force majeure or other circumstances beyond the control of Kavlico, including material purchasing problems, disturbances to business

operations, strike, lockout, lack of transport capacity, acts by authorities, energy supply problems and similar circumstances, including such circumstances affecting the suppliers of Kavlico, the period agreed for the delivery of the goods concerned shall be extended by the duration of such circumstances and the consequences thereof, always provided that Kavlico shall notify the Client promptly of any such circumstances. If, as a result of such circumstances, it becomes impossible to deliver the goods or perform the services under the contract in the long term, or Kavlico is entitled to refuse to deliver such goods or perform such services under Section 275, Paras 2 and 3, Civil Code, Kavlico shall be entitled to rescind the contract. The Client shall be entitled to rescind the contract in the event that the delay in delivery caused by such circumstances exceeds two months. The Client shall not be entitled to claim damages in the event that delivery is delayed or the contract is rescinded as a result of such circumstances and Kavlico proves that it was not responsible for the breach of obligations concerned, always provided that, for the purposes of this provision, Kavlico shall be deemed to be responsible for breaches of obligations resulting from the willful act or omission or gross negligence of Kavlico.

3. Kavlico shall be entitled to make partial deliveries under the contract to the extent that the Client can reasonably be expected to accept such deliveries. In the event that the Client can reasonably be expected to accept partial deliveries, the Client shall be deemed to have a continued interest in the performance of the contract.

4. In the event that the Client is in arrears with payment for a previous delivery by Kavlico, Kavlico shall be entitled to suspend deliveries to the Client until it has received payment for any such previous delivery. In any such case, the Client shall not be entitled to claim damages of Kavlico. This provision shall be without prejudice to any other rights of Kavlico to refuse performance of the contract, including without limitation the defence of uncertainty under Section 321, Civil Code.

VI. Design Changes

Kavlico reserves the right to make design changes to goods to be supplied to the Client, always provided that such changes do not entail unreasonable disadvantages for the Client. Kavlico shall not be obligated to carry out such changes on any goods already supplied to the Client.

VII. Transfer of Risks

1. In the case of the supply of plant, the risks associated with the plant shall be transferred to the client upon delivery thereof to the Client even in the event that Kavlico or the Client is to assemble the plant and the contract covers commissioning following assembly.

2. The risks associated with all other goods supplied to the Client, including the risk of confiscation by the authorities, shall be transferred to the Client when the goods are handed over to a forwarding agent, but no later than when the goods concerned leave the plant or warehouse of Kavlico.

3. If goods are ready for dispatch and dispatch is delayed for reasons beyond the control of Kavlico, the risks associated with such goods shall be transferred to the Client upon notification of the Client by Kavlico that the goods are ready for dispatch.

VIII. Guarantees, Rights of the Client in the Event of Defects

1. Kavlico makes no guarantees whatsoever as to the properties of the goods supplied to the Client. Any declarations made by Kavlico concerning the properties or specific characteristics of goods supplied by Kavlico shall be deemed to have been made solely for the purpose of defining the agreed characteristics of such goods in accordance with Section 434, Civil Code. Kavlico shall not be deemed to have provided any further guarantee as to the properties of goods supplied by Kavlico except where Kavlico has explicitly undertaken in writing to provide a guarantee giving the Client rights which are independent from the statutory rights of the Client in connection with such goods.

2. Guarantees of Kavlico as to the durability of any goods shall only be effective and binding on Kavlico if they are given in writing and the guarantee declaration defines the content, scope and limits of the guarantee given. Any guarantee as to the durability of goods not meeting the requirements stated herein shall be ineffective.

3. The Client shall notify Kavlico forthwith in writing of any defect in goods supplied by Kavlico and any goods incorrectly supplied by Kavlico; each such notification shall include a precise description of the defect or goods incorrectly delivered. The Client shall not be entitled to delay payment of the invoice for such goods because of any such defects. The Client shall inspect the packaging of goods supplied by Kavlico immediately upon the delivery thereof in order to ensure that such packaging is undamaged and shall report any defects in such packaging to Kavlico promptly. In any such case, the Client shall have a detailed report of the damage concerned drawn up by the forwarder, a loss adjuster or a similar person and notify Kavlico. If the Client fails to follow this procedure, the Client shall not be entitled to submit any claims concerning transportation damage to any goods supplied by Kavlico.

4. In the event of defects in the goods supplied by Kavlico to the Client, the Client shall be entitled to require Kavlico to undertake subsequent performance of the contract concerned. At the option of Kavlico, such subsequent performance shall take the form of remedial action with respect to the defect concerned or the supply of replacement goods free from defects. The rights of the Client to subsequent performance of the contract shall not extend to any defects or malfunctions caused by external impact in connection with the use of goods other than in accordance with the contract, operator errors by the Client and similar causes. In the event that subsequent performance of the contract fails or Kavlico fails to remedy any defect within a reasonable period of time granted by the Client, the Client shall be entitled to rescind the contract for the goods concerned or to claim a reasonable abatement (reduction) of the purchase price agreed for the goods concerned. Subject to the provisos stated in Section IX hereinbelow, this provision shall be without prejudice to any rights of the Client to claim damages or compensation for expenditure incurred to no avail.

5. Any claims of the Client for the subsequent performance of the contract, damages or compensation for expenditure incurred to no avail shall be forfeited unless made within twelve months of the delivery of the goods concerned to the Client. Any rescission of any contract by the Client by reason of the supply of goods or the performance of services not in accordance with said contract shall be ineffective if it is made more than 12 months following the delivery of the goods or the performance of the services concerned and Kavlico

states the defence that such claims made by the Client have not been made in good time.

6. Repair work and carriage expenses not covered by the warranty obligations of Kavlico shall be for the account of the Client. The risks associated with goods returned to Kavlico shall not be transferred to Kavlico until such goods are received into the warehouse of Kavlico.

IX. Limitations of Liability

1. Kavlico shall be liable to the Client in the event of the breach by Kavlico of material obligations under the contract, always provided that Kavlico does not prove that it was not responsible for such breach. For the purposes of this provision, Kavlico shall be deemed to be responsible for breaches caused by the willful act or omission or negligence of Kavlico. Provided however that the liability of Kavlico shall be limited to such typical loss or damage as could reasonably have been foreseen as of the date when the contract was concluded. In the event of the breach by Kavlico of obligations other than material obligations under the Contract, including without limitation the obligation to have due regard to the rights, legal entitlements and interests of the Client, Kavlico shall be under no liability for any loss or damage, including without limitation consequential loss or damage, if Kavlico proves that it was not responsible for the breach concerned. For the purposes of this provision, Kavlico shall only be considered to be responsible for breaches caused by the willful act or omission or gross negligence of Kavlico.

2. The limitations of liability provided for in Paragraph 1 of this Section IX shall not apply in the event of rights held by the Client under guarantees provided by Kavlico as to the properties of the goods supplied or death, personal injury or damage to health caused by the willful act or omission or negligence of Kavlico.

X. Return of Goods

1. Except in connection with the obligations of Kavlico to remedy defects in goods, no goods shall be returned to Kavlico without the prior written permission of Kavlico. All goods returned to Kavlico shall be shipped carriage-paid.

2. The fee for the return of goods which are irreparable or are free from defects and in their original packaging shall be 25 % of the value of the goods concerned, subject to a minimum charge of EUR 100 in each case.

XI. Instructions and Product Liability

1. The Client shall be obligated to comply strictly with the product instructions issued by Kavlico and to forward such instructions to its customers with a special note. This shall also apply in the case of the processing, combination and mixing of goods supplied by Kavlico with other goods.

2. The Client shall be obligated to impose on its customers an obligation corresponding to that stated in Paragraph 1 of this Section XI.

3. In the event that product liability claims are made against Kavlico as a result of a failure by the Client to comply with its obligations under this Section XI, the Client shall, as towards Kavlico, indemnify and save harmless Kavlico from any such claims. In the event that any circumstances for which Kavlico is responsible are contributory causes of any such claims, said obligation to indemnify and save harmless shall be in proportion to the responsibility of the Client for such claims.

XII. Export Controls

Kavlico products shall not be exported other than in accordance with the applicable export control legislation. The Client shall obtain any licences required in good time and submit them to Kavlico. In the event of the failure of the Client to obtain and submit such licences in good time, Kavlico shall be entitled to rescind the contract and shall not be obligated to pay damages to the Client in respect of such rescission. The Client shall be solely responsible for determining whether any product is subject to export licensing or special controls. In the event of any infringement of such provisions by the Client, the Client shall indemnify Kavlico from any claims of whatsoever nature made by third parties in connection therewith and shall reimburse to Kavlico any costs incurred by Kavlico in representing its interests in this respect. The document "Statement of Assurance" provided by Kavlico shall be confirmed in writing by each Client.

XIII. General Provisions

1. Any legal relationships between Kavlico and the Client shall be governed by and construed and interpreted in accordance with the law of Germany.

2. The place of performance of the contract and the venue for any disputes arising between the Parties out of or in connection with the contract shall be Minden, provided however that Kavlico shall also be entitled to bring proceedings against the Client at the client's statutory venue for disputes.

3. If any of the provisions of these Standard Terms and Conditions is or becomes ineffective or void, the other provisions and these Standard Terms and Conditions as a whole shall remain in full force and effect.

October 2010