

General Terms and Conditions of Procurement ("GT&C")

Vectronix AG

1 Applicability of the GT&C

These GT&C shall apply to all deliveries and sales of products and/or services of Suppliers (hereinafter "Contract Products") that were initiated by Vectronix AG (hereinafter "Vectronix") through a requests for quotation ("RFQ") and/or a purchase order. Unless expressly accepted by Vectronix in writing, the general terms and conditions of sale and delivery of Suppliers shall not apply to any of its sales or deliveries to Vectronix, even if Vectronix did not expressly exclude their applicability.

2 Purchase Orders

2.1 Only purchase orders that were made out by the procurement department of Vectronix on SAP order forms shall be valid and effective. Vectronix waives any liability for purchase orders executed by Suppliers which were not made out on said SAP order form.

2.2 Purchase Orders shall be deemed accepted by Suppliers if not refused in writing within 10 (ten) working days of receipt. An order confirmation whose content deviates from the purchase order shall be deemed a new offer by Supplier that Vectronix can accept or reject. In no circumstance shall the absence of acceptance of a deviating order confirmation by Vectronix be interpreted by Suppliers as tacit acceptance.

3 Terms of Delivery

3.1 Unless stated otherwise in the purchase order, the Contract Products shall be delivered DDP Vectronix, Heerbrugg, Switzerland (INCOTERMS 2000). The packing of the Contract Products shall be appropriate for the transport and respect environmental aspects.

3.2 The delivery dates shall be firm and legally binding. A delivery shall be deemed on time if delivered to Vectronix within 5 (five) days of the original delivery date.

3.3 Vectronix shall be entitled to modify delivery quantities and/or delivery dates up to 3 (three) weeks before the original delivery date, whereby Vectronix shall not be freed from its obligation to buy the ordered quantities.

4 Late Deliveries

4.1 Suppliers shall promptly inform Vectronix if and when it becomes apparent that the deliveries will be delayed. Such information of a delivery delay shall not free Suppliers from their obligation to deliver the Contract Products.

4.2 Wrong deliveries, partial deliveries and delivery of defective Contract Products shall be construed as late deliveries.

4.3 If the delay of a delivery exceeds 20 (twenty) working days, Vectronix shall be entitled to cancel the purchase order without further notice with immediate effect, without any compensation for Suppliers.

4.4 In the event of a cancellation of a purchase order pursuant to clause 4.3 hereof, Vectronix shall be entitled to claim for loss and damage from Suppliers, including, but without limitation, for all costs generated at Vectronix due to the delayed delivery such as penalties and damages paid to customers of Vectronix, costs for ordering substitute products and lost profits.

5 No Incoming Acceptance Inspections, Visual Inspection

5.1 Suppliers hereby acknowledge and accept that Vectronix will not proceed to an incoming acceptance inspection but will only conduct a summary check (the "Visual Inspection") of the Contract Products upon delivery with respect to identity and quantity as well as any visible damage incurred in transit, and to promptly report any such possible defects to Supplier who shall promptly remedy the defects at its costs and expense.

5.2 Vectronix shall be entitled to return deliveries as a whole or only parts thereof when defects are noted such as, without limitation, the following:

5.2.1 non-conformity with the purchase order;

5.2.2 damage incurred in transit;

5.2.3 deficient or missing delivery documents such as, without limitation delivery notes, inspection records, test certificates, COC's etc.;

5.2.4 Partial deliveries (i.e. deliveries of less than the ordered quantities), early or late deliveries in excess of 5 (five) working days in each case, deliveries in excess of the quantities ordered, wrong deliveries (i.e. deliveries of products that were not ordered).

5.3 The return of deliveries shall not free Suppliers from their obligation to deliver the Contract Products in accordance with the contractual provisions. All costs and risks relating to such returning of deliveries shall be at the sole charge of Suppliers.

6 Technical Clarifications in Case of Non-Conformity

In the event of technical non-conformity pursuant to clause 5.2.1 hereof, Vectronix shall be entitled to proceed with clarifications by itself or by a third party appointed by it to identify the cause of the non-conformity in order thereafter to agree with Suppliers on measures to correct and avoid future non-conformities as well as on a revised delivery schedule. All costs created by such non-conformity at Vectronix as well as at Suppliers shall be borne by the latter. Vectronix shall be entitled to claim for all loss and damage under this clause.

7 Prices, Terms of Payment

7.1 Unless expressly agreed otherwise, the prices shall be deemed DDP Vectronix Heerbrugg (INCOTERMS 2010), including cost of packaging. The prices shall apply to the total order quantity.

7.2 Upon request of Vectronix, Suppliers agree to state the prices in EURO or US\$.

7.3 Any change of the prices is subject to the prior express agreement of Vectronix.

7.4 Unless expressly agreed otherwise in the purchase order, the terms of payment shall be 60 (sixty) days as of date of invoice net without any deductions, payable to the bank account indicated by Suppliers.

8 Technical Documentation, Change Management

8.1 The technical documentation including without limitation, the technical specifications, drawings and other documents delivered together with the purchase order shall be deemed included by reference to and made integral part of the purchase order.

8.2 In the event that Suppliers wish to modify the technical specifications of a Contract Product, prior express approval and clearance in writing of Vectronix shall be obtained in all circumstances.

9 Jigs and Tools

9.1 Title to the jigs and tools together with manufacturing aids and construction documents (together referred to as "the Jigs and Tools") which may be produced by the Suppliers for the exclusive use in the manufacture of the Contract Products, shall pass automatically to Vectronix as soon as they are entirely paid by Vectronix. To the extent feasible, all Jigs and Tools shall be marked to be the property of Vectronix.

9.2 Unless agreed otherwise, the payment terms for the Jigs and Tools shall be as follows: 30% of the price upon purchase order by Vectronix, 30% upon delivery of the reference samples of the Contract Products, and 40% upon the release for series production of the Contract Products by Vectronix.

9.3 Once payment of the price has been made in full by Vectronix, Vectronix shall be entitled to request the release within a week of the Jigs and Tools at any time. As long as the price is not yet paid in full, Vectronix must first pay the amount still outstanding before exercising its right of release of the Jigs and Tools.

9.4 Once the price of the Jugs and Tools is paid in full, Suppliers shall upon request of Vectronix issue a confirmation in writing in stating that (i) the price of the Jigs and Tools has been paid in full and (ii) the property title to the Jigs and Tools has passed to Vectronix.

9.5 Suppliers shall guarantee the minimum output quantities in accordance with the specifications of the Jigs and Tools. In the event of damage to the Jigs and Tools, Suppliers shall at their cost and expense repair or replace such defective Jigs and Tools and must ensure by means of appropriate measures that any consequential delivery delays of the Contract Products are kept as minimal as possible. Suppliers shall be responsible for the proper and diligent care, storage, maintenance and upkeep of the Jigs and Tools. The Jigs and Tools must be available at all times for the series production of the Contract Products.

9.6 Once the agreed minimum output quantity has been reached, the cost of replacement (if any) of the Jigs and Tools shall be borne by Vectronix. The Parties shall mutually decide on the timing for the replacement of Jigs and Tools. In contractual terms, replacement Jigs

and Tools shall be treated in the same way as new Jigs and Tools. The foregoing applies in particular to the title to the Jigs and Tools and the right of release of Vectronix.

9.7 Suppliers undertake at their own cost and expense to insure the Jigs and Tools against damage and loss (fire, theft, floods, loss or any other form of damage or destruction, etc.), to the extent such insurance cover is available.

10 Material Provided to Suppliers

Any material (hardware or software) that Vectronix provides to Suppliers to be included in the Contract Products shall be subject to an incoming acceptance test within 5 (five) days as of date of delivery, failing which the delivery shall be deemed accepted by Suppliers. Any complaint regarding such material shall be promptly addressed and resolved by Vectronix at its cost and expense. All material provided to Suppliers shall remain the property of Vectronix and shall be stored separately and treated diligently by Suppliers who shall be responsible for insuring it against all risks and loss.

11 Transfer of Property Title

Unless otherwise agreed in the purchase order, property title to the Contract Products shall pass in accordance with DDP INCOTERM 2000.

12 Duty of Notice and Last-Buy Option

In the event that Suppliers decide to discontinue any Contract Product which was regularly ordered by Vectronix, Suppliers shall notify Vectronix at least 6 (six) months ahead of time. For the purpose of this clause, the term "regularly ordered" shall mean at least one purchase order per calendar year for any Contract Product. In such case of discontinuation of a Contract Product, Vectronix shall be entitled to place a last-buy purchase order at current prices.

13 Warranty, Warranty Period

13.1 Suppliers represent and warrant that the Contract Products fully meet the requirements set out in the technical documentation and that they are complete, in working order, and free from any defects. Suppliers shall also warrant any advice given to Vectronix both in relation to the choice of materials and the construction and manufacturing solutions chosen by the Suppliers.

13.2 Suppliers shall remedy at their cost and expense any defect in the Contract Products for which they are responsible and which is due to an unsuitable choice of materials, deficiencies in construction or manufacturing procedures, poor workmanship, or unsuitability for the intended use of the Contract Product, by promptly repairing such defect or replacing the Contract Product.

13.3 This warranty shall cover free of charge (a) the replacement of the Contract Product or (b) the replacement of the defective parts.

13.4 This warranty shall not apply in respect of defects and malfunctions of the Contract Products that are due to normal wear and tear, misuse, excessive stress, inappropriate handling or installation, deficient maintenance, failure to follow operating instructions, unauthorized attempts to open, repair or modify the Contract Product, other causes beyond the intended purpose of the Contract Product, accident, fire or other hazards, or other causes not attributable to Supplier.

13.5 The foregoing provision shall also apply in the event that Vectronix makes use of spare parts which have not been specified by the Suppliers.

13.6 The standard warranty period for visible and hidden defects of the Contract Products shall amount to 24 (twenty-four) months calculated as of the later of the proven date of delivery of or the date of invoice for the Contract Products to Vectronix, unless a different warranty period is agreed upon for a specific Contract Product in the technical documentation. The warranty periods stated in the technical documentation shall take precedence over the standard warranty period set out in this clause.

13.7 Suppliers hereby expressly grant Vectronix the right (i) to waive the requirement of an incoming acceptance inspection of the Contract Products upon their delivery, and (ii) to give notice of any defects in the Contract Products during the warranty period promptly as such defects are discovered. Vectronix shall, however, be obliged to conduct a Visual Inspection of the Contract Products upon delivery with respect to identity and quantity as well as any visible damage incurred in transit, and to promptly report any such possible defects to the Suppliers.

14 Insurance Cover for Employer's and Product Liability

Suppliers shall be obliged to obtain and maintain appropriate insurance cover for cases of employer's and product liability. Vectronix shall have the right at any time to inspect the relevant insurance policies.

15 Intellectual Property

If Contract Products are developed by Suppliers at the request and cost of and for the exclusive use by Vectronix, all intellectual property relating to such development including, but not limited to, production processes and documentation shall transfer to Vectronix upon payment of such development. Any such exclusive development shall be used only for the Contract Products under the exclusion of any third party products.

16 Software

16.1 If software is developed by Suppliers at the request and cost of and for the exclusive use by Vectronix, the delivery of such software shall include the source code and all other codes and the documentation thereof. Upon payment of the software, title to the software shall transfer to the exclusive property of Vectronix and shall be delivered only to Vectronix under the exclusion of deliveries to any third parties.

16.2 In the event that pursuant to a mutual contractual agreement between the parties the title of the software shall not transfer to Vectronix, Suppliers shall grant free of charge to Vectronix and its end customers a worldwide, irrevocable, and non-exclusive license to use the software.

17 Intellectual Property Rights

17.1 Suppliers shall be liable for any claim relating to the Contract Products that is based on infringement of any third party intellectual property rights ("IP Rights") whose registration is definitive or pending. Suppliers shall keep Vectronix and its end customers harmless from any and all such claims.

17.2 Suppliers shall not be liable pursuant to the foregoing provision if they have manufactured the Contract Products in accordance with drawings, models and other similar instructions or documents of Vectronix and could not realize that by doing so third party IP Rights would be infringed. Further, Suppliers shall not be liable if the infringement of third party IP Rights is due to the use of Contract Products in combination with other Vectronix products and the use of the Contract Product by itself would not infringe any third party IP Rights.

17.3 In the event that a third party IP Rights infringement claim is directed against Vectronix, it shall promptly inform the Suppliers.

17.4 All legal and other costs that may arise in relation with such third party IP Rights infringement claim shall be borne by the Suppliers except for clause 17.2 hereof.

18 Export Regulations

Supplier shall keep itself at all times informed about any national and/or supranational export regulations and the restrictions resulting thereof ("Export Regulations") that may apply to the Contract Products and shall forthwith notify to Vectronix any modifications of such Export Regulations which were made to the detriment of Vectronix. Such Export Regulations shall include without limitation the regulations of the European Union, the regulations of the United Nations, the US International Traffic in Arms Regulations (ITAR for military products), the US Export Administration Regulations (EAR for dual-use and civilian products), as well as any other relevant regulations. Supplier shall be liable to Vectronix in the event it omits prompt notification to Vectronix of any modification of the Export Regulations to the detriment of Vectronix. If Vectronix suffered a loss and/or damage as a consequence of such omission of the notification, Supplier shall indemnify Vectronix to the full extent of the loss and/or damage suffered.

19 Confidentiality

All documents made available to Suppliers for the performance under the purchase order, including, but not limited to, all calculations, specifications, drawings, blue prints, models and other documents, shall remain the property of Vectronix. They shall be used solely for the contractually agreed purposes and shall be deemed confidential. They shall not be made available to third parties without the prior express agreement in writing of Vectronix. Such documents shall be returned to Vectronix promptly upon first demand and all copies thereof and notes taken in relation thereto shall then be destroyed. Documents needed by Suppliers for ordering material and supplies from their sub-suppliers shall be excluded from the foregoing. If the parties have entered a confidentiality agreement, the terms and conditions thereof shall take precedence over this clause.

20 Term and Termination

20.1 Subject to clause 2.2 hereof, purchase orders shall become legally effective for both parties upon order confirmation by the Suppliers.

20.2 Termination for cause: Each party shall be entitled to terminate any purchase order partially or in its entirety with immediate effect and without compensation in the cases, without limitation, set out hereinafter:

20.2.1 In the event of the commencement of judicial composition or bankruptcy proceedings, the cessation of business, the sale or handing over of business, in particular to a competitor of Vectronix, or any other material change in the circumstances of the terminated party that causes justifiable apprehension of financial loss or damage on the part of the terminating party, the terminating party shall have the right, in the absence of appropriate assurances from the terminated party, to terminate the purchase order with immediate effect.

20.2.2 In the event of breach of contract, repeated failure to comply with delivery deadlines, persistent quality problems, or persistent default in payment, provided that the terminating Party has granted the terminated party a 30 (thirty) day period within which to remedy the contractual position (the "Remedy Period") and the terminated party has been unable to remedy the contractual position within such Remedy Period. The granting of such Remedy Period by the terminating party shall not prevent that party from claiming damages from the terminated party for any loss and damage that can be evidenced to have been incurred during such Remedy Period. In the event that the termination of a purchase order becomes legally effective upon the expiry of the 30 (thirty) day Remedy Period without the remedy having been achieved, the terminating party may claim damages for any loss and damage incurred from the terminated party.

20.3 In case of termination, Vectronix shall be entitled, without limitation, to the following:

20.3.1 Edition of all the documents;

20.3.2 Edition of all Contract Products in the manufacturing progress against payment of an appropriate consideration;

20.3.3 Edition of the source codes and other codes of a software against payment of an appropriate consideration, provided Vectronix does not yet hold title to such software;

20.3.4 Edition of drawings and of the development results achieved under the purchase order against payment of an appropriate consideration, provided Vectronix does not have title to such drawings and results.

20.3.5 Edition of the Jigs and Tools pursuant to clause 9 hereof, provided they are fully paid by Vectronix.

21 Severability

In the event any provision of these GT&C is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these GT&C shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. In case of reform, the illegal, invalid or unenforceable provision shall be replaced by such legal, valid and enforceable provision which best serves the interest of the parties as originally intended by the illegal, invalid or unenforceable provision.

22 Assignment

A purchase order, together with the obligations that relate personally to the parties thereto, may not be assigned to a third party by either party without the prior written consent of the other party. The purchase of material and supplies by the Suppliers shall be exempted from the foregoing.

23 Right of Visit

Vectronix shall be granted free of cost a right of visit during normal business hours of the premises of Suppliers and their sub-suppliers used for the manufacture, test or stocking of the Contract Products, provided notification of the visit is made in time.

24 Right of Set-Off

Vectronix shall have a right of set-off with respect to claims it has against Suppliers.

25 Order of Precedence

The following order of precedence shall apply for contract documents: Individual supply agreements, purchase orders, these GT&C.

26 Governing Law and Place of Jurisdiction

26.1 The laws of Switzerland shall apply under the exclusion of its conflict of law principles and the UN Convention on the International Sale of Goods dated April 11, 1980.

26.2 The ordinary courts at the registered offices of Vectronix shall be competent. Vectronix shall, however, be entitled to take legal action in the courts competent at Suppliers' registered offices.

Vectronix AG, CH-9435 Heerbrugg, Switzerland
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