

Terms and Conditions of Sale and Delivery

(last amended March 2014 Rev. C)

§ 1 Validity

1. Our Terms and Conditions only apply to businesspeople. The following Terms and Conditions of Trade and Delivery shall only apply to our contracts, deliveries and other services, provided they have not been amended or excluded with our explicit written consent. In particular, they shall also apply if we carry out/render the delivery/service unconditionally and without any objections while being aware of the existence of differing terms and conditions drafted by the contracting party. Any general terms and conditions of trade drafted by the contracting party will only apply if they have been explicitly confirmed by us in writing.
2. Our Terms and Conditions shall also apply to future contracts, deliveries and services even if we make no explicit reference thereto and the text of the Terms and Conditions is not resubmitted together with our proposal or our order confirmation to the contracting party.

§ 2 Proposal and conclusion

1. Our proposals are subject to confirmation. Contracts and other agreements shall only become binding following our written confirmation or our unconditional delivery/service.
2. Any agreements between us and the contracting party must be set down in writing when the contract is concluded. Once the contract has been concluded, any agreements between us and the contracting party must be drafted in writing in order to be valid.

§ 3 Prices, price increases and payment

1. Our prices apply to deliveries ex works including domestic packaging costs but excluding freight charges, customs duties, insurance and the applicable statutory value-added tax, which we will charge additionally at the rate applicable on the day of the delivery or service.
2. If our purchase prices and/or the salary and wage rates applicable to us for orders due to be fulfilled more than six weeks after conclusion increase between the conclusion of the contract and the completion of the order, we are entitled to request a pro rata increase in the price in line with the share in percentage terms represented by the purchase prices and/or salary costs in the agreed price.
3. Our invoices are payable within 14 days of the invoice date without deductions, unless otherwise agreed upon or provided for in our proposal/our order confirmation. If this deadline is not met then the contracting party will be deemed to be in arrears without the need to grant a period of grace.
4. Starting from the due date, we charge statutory interest set at 8% above the prevailing base lending rate. We reserve the right to assert further claims for compensation in case of arrears. Our invoices shall be deemed to have

been accepted if our customer does not object to them in writing within the payment period.

5. Counterclaims disputed by us and which have not been legally established may not be set off. No right of retention may be exercised in respect of claims that are not based on the same contractual relationship if such claims have not been acknowledged by us and have not been legally established. Our customer is only entitled to withhold payments in respect of defect notices if there is no doubt regarding the justification for the defect notice and, moreover, only to the extent that the payments withheld bear a reasonable proportion to the defects that have arisen.

§ 4 Deterioration in the contracting party's financial situation

If the financial situation of the contracting party deteriorates after the contract has been concluded or if we only learn about this after the contract has been concluded, we are entitled to demand the payment in advance by the contracting party of the entire price agreed upon. If the contracting party fails to comply with our justified request for advance payment within a reasonable grace period set by use despite the fact that we have explained to our customer that we will refuse any further services once the grace period has expired, we are entitled to withdraw from the contract or demand compensation for non-performance.

§ 5 Dispatch and transfer of risk, insurance

1. Generally speaking, the transfer of risk will take place when the goods are dispatched irrespective of the location from which they are dispatched. This shall also apply if we have to assemble the items delivered at the ordering party's installation site provided we do not dispatch the goods to the installation site using our own personnel. Otherwise, the transfer of risk will take place upon delivery to the installation site.
2. If the contracting party has not provided any dispatch instructions or if it appears necessary to depart from such instructions, we will dispatch the goods as we see fit without any obligation to use the cheapest or quickest shipping method. We will only insure the scope of delivery against any insurable risk as requested by the contracting party if asked to do so by the contracting party, in particular against theft and transport damage. We must be notified without delay about any transport damage. Furthermore, upon delivery, the recipient must ensure that the corresponding claims and reservations of rights vis-à-vis the forwarding agent are declared.
3. If the dispatch of the goods is delayed as requested by the contracting party or for reasons attributable to the contracting party, then the goods shall be warehoused at the expense and risk of the contracting party.
4. If we are obliged to take back the packaging materials, the contracting party shall bear the costs of returning and disposing of the packaging materials used.

§ 6 Delivery periods, call-off purchase orders, delays, inability to complete delivery

1. Delivery periods and delivery deadlines shall only be binding if they have been explicitly confirmed by us in writing.
2. A performance period defined in terms of its duration commences on the day on which agreement is reached regarding all the details of the content of the order, not before acceptance of the order by us, however, not before the contracting party has submitted all the documents, authorizations and approvals due to be obtained by it and not before receipt of any down payment due to be made by the contracting party.
3. A delivery period or deadline shall be deemed to have been observed if the goods – or in the event that the goods cannot or are not due to be sent, the notification sent by us regarding our readiness to deliver – have/has been sent by us within the period.
4. Delivery periods will be extended by a reasonable amount – even during a delay in delivery – in case of force majeure and unforeseen hindrances that arise after the contract has been concluded and which are not attributable to us, provided such hindrances are shown to have a significant impact on the delivery of the item sold. Measures related to labour disputes shall also be deemed to be actions not attributable to us within the meaning of this paragraph in all cases. The foregoing provisions shall also apply if the circumstances related to the delay affect our supplier or its sub-suppliers. If delays in delivery that arise in this way last for more than six weeks, the contracting party, to the exclusion of any further claims, is entitled to withdraw from the contract.
5. Delivery periods shall be extended by the period during which the customer delays in complying with its obligations or fails to fulfil the preconditions for commencing or continuing the work, in particular if it fails to submit the documentation, plans or other specifications that are required. The burden of proof regarding whether it has fulfilled the necessary preconditions and submitted the necessary documentation, plans or specifications lies with the contracting party.
6. Call-off orders will only be accepted if reasonable run-up periods and acceptance plans have been submitted. If the acceptance period within which the total quantity has to be accepted is not specified precisely or has not been agreed upon separately, then it shall end 12 months after the contract has been concluded. In this respect, the goods must be accepted in monthly quantities that are approximately equal. If no acceptance takes place within the agreed period then we are entitled to either deliver the orders ready for dispatch without setting any further grace period or to warehouse them at the customer's expense. In addition, we are entitled to grant the contracting party a grace period for acceptance and in the event that the grace period expires to no avail, we are entitled to withdraw

completely or partially from the contract and to demand compensation.

7. If the contracting party fails to call off a batch of goods within one month of acceptance of the order, we are entitled to call off a batch of goods as we see fit and to deliver it. In addition, we are entitled to grant the contracting party a grace period and if the period expires to no avail, we are entitled to completely or partially withdraw from the contract and to demand compensation.
8. We are entitled to make partial deliveries and issue separate invoices for them.
9. If we are behind schedule with our delivery, then any claims for compensation asserted by the contracting party shall be limited to a lump sum amounting to 1% of the delivery value for each complete week during which the delay continues, however, not exceeding 8% of the delivery value and we reserve the right to demonstrate that no damage or only minor damage has been incurred as a result of the delayed delivery. This limitation of liability does not apply in case of intent or gross negligence.
10. If we are behind schedule with a delivery, the contracting party is entitled to grant us a reasonable grace period lasting at least four week with a threat of refusal of performance. Once this period has expired the contracting party is entitled to withdraw from the contract. In such cases, the contracting party is entitled to assert claims for compensation based on non-performance only in the event of intent or gross negligence. In case of slight negligence, claims for compensation asserted by our customer in case of withdrawal, impossibility or inability shall be limited to 15% of the portion of the purchase price corresponding to the portion of the subject matter of the delivery in respect of which the contracting party has withdrawn from the contract.
11. Claims for compensation based on delays, impossibility or inability expire within six months of the transfer of risk. Otherwise, the liability provisions described above shall apply.

§ 7 Delays in acceptance by the contracting party

1. If the contracting party is in partial or complete default of acceptance of our services then after a grace period set by us has expired together with a threat that should the period expire to no avail we will refuse to accept the services rendered by the contracting party, we are entitled to either withdraw from the contract or demand compensation based on non-performance. Our statutory rights will not be affected in case of delays in acceptance.
2. The contracting party is obliged to reimburse our warehousing costs, warehouse rent and insurance costs for any goods due for acceptance but which have not been accepted. However, we are not obliged to insure any warehoused goods.
3. If delivery of the goods is delayed as requested by the contracting party or if the contracting party is in default of acceptance, then one week after submitting notice of our readiness to dispatch we are entitled to levy warehousing

charges amounting to 0.5% of the invoice amount for each month or part thereof during which the delay continues and we reserve the right to assert claims for any damage incurred that is actually greater.

§ 8 Cancellation of orders, return of goods, compensation based on non-performance

If we accept a request by the contracting party, as a gesture of good will, to cancel an order already placed or if we accept the return of goods delivered by us for reasons not attributable to us while releasing the contracting party from its obligation to accept the goods and pay for them or if we are entitled to assert claims for compensation based on non-performance, we are entitled to demand 20% of the portion of the contractual price corresponding to the portion in question of the items delivered by way of compensation without the need to furnish any proof unless the contracting party is able to demonstrate that no damage or only a small amount in damage has been incurred. Our right to seek compensation for damage incurred that is actually greater remains unaffected.

§ 9 Quality of goods, excess deliveries and shortfalls

1. Our samples and specimens are meant to provide an approximate idea in terms of quality, dimensions and other properties. Our information on the dimensions, properties and intended use of our products is provided merely by way of a description and does not contain any promise of warranted properties or other guarantee declaration.
2. For technical reasons, we reserve the right to supply the goods ordered with deviations in terms of quality, dimensions and other properties. In this respect, the contracting party will not be entitled to assert any claims for compensation.
3. We reserve the right to deliveries that are up to 10% below or above the quantity ordered and to deviations in terms of dimensions, weights and illustrations provided the items supplied are not affected as regards their ability to be used.

§ 10 Special services

Preparation of a PPAP (Production Part Approval Process) or EMPB (Initial Sample Inspection Report) – Upon request, we will prepare a PPAP on behalf of the contracting party. For standard articles, referred to as catalogue parts, the costs are as follows: PPAP Level 1 = 50.00 Euro (cover sheet only); PPAP Level 2 = 100.00 Euro and PPAP Level 3 = 200.00 Euro and EMPB = 200.00 Euro. The costs of preparing a PPAP and/or EMPB for development projects with project numbers issued / classified as such by us is not associated with any costs for the contracting party. Orders sent by the contracting party to us before written approval of the PPAP will be automatically regarded by us as special approval for the manufacture of the quantities indicated in the order. Such orders also entitle us to fully charge for any tools ordered.

§ 11 Warranty and compensation

Any warranty claims asserted by the contracting party are subject to fulfilment of its obligations to examine the goods and issue notices of defects as set out in section 377 of the German Commercial Code [HGB]. Notices of defects must be set down in writing. If the contracting party fails to give notice of defects properly and on time then it is no longer entitled to assert claims based on the circumstances due to be notified unless we have acted fraudulently. If we are obliged to comply with our warranty obligations, the contracting party is initially only entitled to demand that we meet our warranty obligations by repairing or replacing the goods as we see fit. If the repair or replacement is unsuccessful, the contracting party is entitled to demand a reduction in the consideration payable or to withdraw from the contract as it sees fit. Beforehand, the contracting party must grant us a reasonable period of at least four weeks for the replacement delivery or the repair, which may not commence under any circumstances before the point in time when the contracting party returned the defective goods to us. The costs of returning the goods shall be borne by us. Claims for compensation by the contracting party based on culpa in contrahendo, violation of ancillary contractual obligations, tort or other legal grounds – to the extent that this is legally permissible – are excluded. If our liability is excluded or limited, then this shall also apply to the personal liability of our employees, workers, collaborators and vicarious agents.

§ 12 Manufacturer's liability

The contracting party shall hold us free and harmless from any claims for compensation asserted by third parties and based on the rules on tort or product liability due to errors or defects in the goods manufactured or delivered by us, provided such claims were also justified vis-à-vis the contracting party or are merely no longer justified because of the expiry in the meantime of a period of limitation. Provided these prerequisites are fulfilled, the contracting party shall also indemnify us for the costs of any legal actions taken against us based on such claims. The foregoing provisions shall not apply if intent or gross negligence is attributable to us in relation to the errors or defects.

§ 13 Limitations on use

We accept no liability for the use of our products in the applications listed below without our prior written approval. In particular, this applies wherever the application in question is a safety-relevant application capable of endangering the lives of other persons or causing bodily injury or damage to property. Aircraft equipment, space travel equipment, underwater equipment, power station monitoring and control systems, medical technology, transportation equipment (vehicles, trains, ships etc.), traffic signal equipment, disaster control equipment; equipment for preventing crimes, data processing equipment, any equipment with a similar degree

of complexity and/or with operational safety requirements similar to those applicable to the aforementioned applications.

§ 14 Reservation of title

1. Until all the claims we are entitled to assert against our customer, either now or in the future, have been satisfied, the contracting party shall furnish the following collateral, which we will release upon request at our discretion if its nominal value exceeds 20% of our claims on an ongoing basis.

2. Any goods delivered shall remain our property until full payment. Processing or transformation shall always take place on our behalf as manufacturer, however, without binding us. If the goods delivered by us are processed together with other object not belonging to us, we shall be granted co-ownership rights to the new object in the proportion that the invoice value of the goods delivered by us represents with respect to the invoice value of the other goods used when the processing takes place. If our goods are combined with other movable property to create a uniform object and the other object is regarded as the principal object, then the contracting party shall transfer the co-ownership rights to us on a pro rata basis provided it is the owner of said principal object. Any transfer that is required to enable us to acquire the ownership or co-ownership rights shall be replaced by the agreement reached here inasmuch as the contracting party shall safeguard the object on our behalf as if it were a borrower or, if it does not own the object, shall replace the transfer by assigning the right to recover possession of the object exercised vis-à-vis the owner to us. Objects in respect of which we have (co-)ownership rights as set out in the foregoing provisions shall be marked as goods subject to reservation of title.

3. The contracting party is entitled to sell the goods subject to reservation of title in the course of ordinary business and to combine them with other objects. The contracting party shall assign any claims arising from the sale, combination or on the basis of any other legal grounds in relation to the goods subject to reservation of title as of now completely or partially to us in the same proportion we are entitled to exercise co-ownership rights to the goods that have been sold or processed. If such claims are included in ongoing invoices, this assignment shall also include any balance claims. The assignment of claims shall take place with priority before the remaining claims. We authorize the contracting party, subject to the withdrawal of the authorization, to collect the assigned claims. The contracting party shall pass on the amounts collected to us forthwith, to the extent that and as soon as our claims become due. If our claims are not due, the amounts collected shall be recorded separately by the contracting party. Our authorization to the contracting party to collect the claims independently remains unaffected. However, we undertake not to collect the claims as long as the contracting party meets its payment obligations by drawing

on the proceeds collected, does not fall behind with payments and, in particular, does not apply for the initiation of bankruptcy or composition proceedings or payments have not been suspended. However, if this is the case, the contracting party is obliged to provide us with information about the assigned claims and the corresponding obligors and to acquire the assigned claims from the garnishees, in respect of which we are entitled to acquire the assigned claims from the obligors. In case of suspension of payments, an application to open insolvency proceedings or judicial or out-of-court composition proceedings, the rights of the contracting party to resell, mix or install the goods subject to reservation of title and the authorization to collect the assigned claim will lapse even without any revocation on our part.

4. The contracting party shall notify us immediately about any encroachment by third parties upon the goods subject to reservation of title and upon the assigned claims. The costs of any interventions or defence against them shall be borne by the contracting party.

5. The contracting party is obliged to handle goods subject to reservation of title carefully and to protect said goods against damage of any sort and, in addition, to insure them at its own expense and sufficiently at their replacement value against damage arising from fire, water damage and theft.

6. In case of actions by the contracting party in violation of the contract – in particular delays in payment – we are entitled to recover the goods subject to reservation of title at the contracting party's expense or to request the assignment of recovery claims asserted by the contracting party against third parties. The recovery or seizure of the goods subject to reservation of title by us does not constitute a withdrawal from the contract unless we issue an explicit declaration in this respect in writing.

7. If our reservation of title is lost in the case of deliveries abroad or for any other reasons or if we lose our property rights for any other reasons whatsoever to the goods subject to reservation of title, the contracting party is obliged to immediately furnish other collateral for the goods subject to reservation of title or to furnish other guarantees for our claims that are valid under the law applicable to the contracting party's registered office and which come closest to the reservation of title under German law.

§ 15 Ownership of documents, confidentiality

1. Illustrations, drawings, calculations, samples and models remain our property. The contracting party undertakes not to allow third parties to obtain access to such items in any form whatsoever without our explicit consent. For each culpable violation of the foregoing obligations the contracting party undertakes to pay a contractual penalty amounting to EUR 10,000.00 for each individual violation. The right to assert further claims for compensation remains unaffected.

2. The contracting party undertakes to handle any commercial and technical details that it learns of and which were not previously in the public domain as if they were its own business secrets and to observe strict confidentiality vis-à-vis third parties about such details. For each culpable violation thereof the contracting party undertakes to pay a contractual penalty amounting to EUR 10,000.00. The right to assert further claims for compensation remains unaffected.

§ 16 Property rights

If the goods are due to be manufactured on the basis of drawings, samples or other information provided by the contracting party, then the contracting party warrants that in so doing, no third-party rights, in particular patents, utility patents, other property rights and copyright will be violated. The contracting party shall hold us free and harmless from any third-party claims arising from any violations of such rights. In addition, the contracting party shall bear all the costs incurred by us if third parties assert claims in respect of the violation of such rights and we are obliged to defend ourselves against them.

§ 17 Place of performance, place of jurisdiction, applicable law

1. The place of performance and the exclusive place of jurisdiction for deliveries, services and payments including disputes concerning actions on cheques and bills of exchange and any disputes arising between the parties is Dresden. However, we are also entitled to bring actions against our customer at another place of jurisdiction applicable to it as set out in section 12 et seq. of the Code of Civil Procedure [ZPO].

2. The relationship between the contracting parties is governed exclusively by the laws applicable in the Federal Republic of Germany to the exclusion of international sales conventions, in particular the UN Sales Convention and other international treaties on the standardization of sales laws.

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