

General sales, service contract and delivery conditions of FEIG ELECTRONIC GmbH

November 2006 Edition

I. Validity of the conditions

1. Our deliveries, services and offers are made exclusively based on these terms and conditions. These also therefore apply to all future business relationships even if they are not expressly agreed again.
2. Contrary conditions are only valid if these have been expressly confirmed by us.
3. Deviations from these terms and conditions are only effective if we confirm them in writing.

II. Offers and conclusion of contract

1. Our offers are subject to confirmation and are not binding.
2. A contract is not concluded until our written order confirmation.
3. Verbal agreements, brochures and advertising statements, in particular drawings, illustrations, dimensions, weights and other performance data do not contain any acceptance of the risk for workmanship and quality for specified product characteristics or warranty statements. They are only binding if this is expressly agreed in writing.
4. Supplementary agreements are not binding until they are confirmed in writing.

III. Prices

1. Unless otherwise stated, the prices in our offers are valid for 30 days from the date on which the offer is communicated. The prices mentioned in our order confirmation plus the respective statutory VAT are decisive.
2. All our prices are subject to confirmation and are ex-works Weilburg-Waldhausen.
3. Shipping costs will be invoiced at 1% of the respective goods value, minimum € 8.00, or at actual cost.
4. Insurance and packaging costs are charged at a further 1% of the respective goods value.

IV. Payment conditions

1. Unless otherwise agreed in writing, our invoices are payable net cash within 30 days after the invoice date.
2. A payment is not considered as made until we have received the amount.
3. In the case of payment arrears owed by the customer, we are entitled to make the complete residual debt immediately payable even if we have accepted cheques. In the case of significant deterioration in the financial situation of the customer, we are entitled to request payments in advance or securities.
4. The customer is only entitled to offset, retain or reduce payment even if defects or counterclaims are claimed if the counterclaims have been legally established or are undisputed. However, the customer is only entitled to retain payment on account of counterclaims from the same contractual relationship. Each individual order in the case of a continuing business relationship must also be considered as a separate contractual relationship.

V. Delivery time and time of performance

1. Delivery dates which have been agreed as binding or non-binding must be in writing. The delivery dates mentioned in our order confirmation are our shipping dates.
2. If the customer requests changes to the order after issue of the order confirmation, in particular the technical specifications, the delivery time does not commence until confirmation of the change.
3. Agreed delivery dates are extended by a reasonable period in the case of the occurrence of obstacles not attributable to ourselves which are beyond our control such as strikes, lockouts, operational faults, delays for the delivery of essential raw materials whether these hindrances occur for ourselves or for our suppliers. We are entitled to postpone the delivery and/or the service for the duration of the hindrance plus a reasonable start-up time.
4. We are entitled to make reasonable partial deliveries.
5. The customer can withdraw from the contract if we are late with the delivery after written warning and expiry of subsequent period. Other claims for lateness, in particular for damages, are excluded. This exclusion does not apply if and insofar as the delay has been caused by ourselves, one of our legal representatives or by one of our vicarious agents with intent or gross negligence.
6. If the shipment is delayed at the request of the customer, we are entitled to charge the customer for costs incurred by the storage starting one month after notification of the readiness for shipment for storage in our factory of at least ½% of the invoice amount for each commenced month. We are also entitled after setting and expiry of a reasonable notice period to otherwise dispose of the delivery item and to supply the customer with a reasonable extended notice period. If the customer does not accept the goods, we are entitled to request compensation for the additional costs incurred by us and to withdraw from the contract after a grace period of 14 days. Further claims for damages by us on account of culpable breach of duty of the customer are not excluded by this.

VI. Retention of title

1. The goods supplied by us remain our property until all current claims against the client and future claims insofar as they are related to the supplied goods are fulfilled.
2. The customer is entitled to resell the goods which are our property (reserved goods) in the ordinary course of business. The customer assigns all claims from this resale to us and irrespective of whether the reserved goods are sold without or after processing or whether they are combined with real estate or with other movable items. If the reserved goods are resold after processing or together with other goods not belonging to us or they are combined with real estate or other movable items, the claim of the customer against his customers is assigned for the amount of the agreed delivery price between the customer and us.
3. The customer is also entitled to collect this claim after the assignment. Our entitlement to collect the claim ourselves is not affected by this; however we are obligated not to do this while the customer performs his payment obligations properly. If the customer exercises his collection entitlement, we are entitled to the collected revenue for the amount of the delivery price agreed between the customer and ourselves for the reserved goods.
4. Processing or conversion of the reserved goods is performed for us as manufacturer in accordance with § 950 BGB (German Civil Code) without committing ourselves. If the goods belonging to us are processed with other items, we acquire the joint title in the new product in proportion to the market value of our goods to the value of the other processed items at the time of the processing. The customer will keep the new product for us with due diligence at no cost.

5. We will release the securities we are entitled to insofar as their value exceeds the claims to be secured by more than 20% if these claims have not yet been settled.

VII. Warranty

1. The warranty period is 12 months from the date of the delivery. This does not apply in the case of liability on our part due to intent; the legally specified warranty period then applies.
2. The goods supplied by us must be immediately examined after receipt at the destination with the care of a prudent businessman. There is also an inspection obligation if type or pattern samples are shipped.
3. The quality of the goods is deemed approved if notification of defects is not received within 14 days after arrival of the goods at the destination. Defects which also cannot be discovered during careful inspection within this period must be notified immediately after their discovery.
4. If operating, maintenance or installation instructions are not observed by the customer, changes are made to the products or parts are replaced, any warranty is void if the customer does not prove that one of these circumstances has not caused the defect. The same applies if the unit is not used in accordance with the stated loading and design features. We also accept no liability for the consequences of repair work which has been carried out by the customer or third parties.
5. Normal wear and tear is excluded from the warranty. The warranty also does not cover damage after the passing of the risk which is caused by the customer or third parties as the result of defective or negligent handling, overloading, unsuitable operating equipment, chemical, electrochemical or electrical influences. The product specifications must be observed.
6. We reserve the right, at our discretion, to repair or replace the defective unit for the performance of the warranty.
7. In the case of notification by the customer that the products do not comply with the warranty, we request at our discretion that:
 - (a) the defective part or unit is sent to us carriage paid for repair.
 - or
 - (b) the customer keeps the defective part or unit and one of our service technicians will be sent to the customer to carry out the repair.
 Working time and travel costs must be paid for warranty work not performed on our premises and not in usual working hours.
8. If parts of a delivery item are replaced in the course of warranty work, the new start of the warranty period only relates to the replaced parts.
9. It must be possible for us to examine the unit before carrying out the warranty work. If the defect cannot be established during an examination, the costs of the examination are borne by the customer.
10. In the case of PC software or so-called firmware integrated in devices, the warranty is executed mainly by sending updated software or firmware which must be installed by the customer. If this type of warranty is not possible or does not promise any success, the customer must send the device carriage paid to us. The warranty obligation will then be fulfilled on our premises. The warranty obligation for software and firmware is limited to reproducible errors.
11. The customer must give us reasonable time for rectification of defects.
12. If the rectification is unsuccessful after a reasonable period for reasons attributable to us, the customer can at his discretion withdraw from the contract or request reduction of the remuneration.
13. Warranty claims against us can only be made by the direct customer and are not transferrable. We only make the warranty for the products supplied by ourselves.

14. The previous provisions only contain the warranty regulations for our products and exclude any other type of warranty claims. We reserve the right to make technical changes to the specification of the products, their usage, options and performance data.

VIII. Repairs

1. The customer is obligated to make a written repair order with error description. Final assembly of received units which are incomplete will only be performed on explicit written instruction of the customer in the repair order and will be billed. Defective parts which are required for the operational safety of the equipment are always, even without instruction of the customer, replaced and billed.
2. The repair order is not deemed as granted until it has been confirmed by us in writing. The costs of the repair will be invoiced by us either in accordance with the estimated repair fixed price or according to the actual cost.

IX. Guarantee for copyright, trademark, patent rights or other industrial property rights infringements

1. Unless otherwise agreed, we accept the liability that the goods sold as such in Germany are free of the above mentioned property rights of third parties.
2. If third parties make claims justified by industrial property rights, we indemnify our customer or his customer against claims arising from industrial property rights infringements unless the design of the delivery item comes from the customer. The indemnification obligation from us is limited to the foreseeable damage for us unless intent or gross negligence is present on our side.
3. An additional requirement for the indemnification is that the customer notifies us immediately in writing about the claims, the customer does not acknowledge the infringement, all defensive actions and settlement negotiations are reserved for us and the claimed legal infringement excluding the design of our delivery items has no connection or use with other products.
4. We optionally have the right to release ourselves from the obligations mentioned in Point 3 by either
 - (a) we acquire the licences relating to the alleged infringed property rights or
 - (b) we provide the customer with a modified delivery item or modify the delivery item so that the infringement allegation is rectified.
5. We make the customer aware that there can be a plurality of industrial property rights which protect the use of the supplied items in specified areas and applications. We accept no liability that the use or application of the supplied items does not encroach on the industrial property rights of third parties. On the contrary, it is the customer's obligation before using the supplied items to inform himself whether the customer's required use or application which is also not known to us encroaches on the industrial property rights of third parties.

X. Confidentiality

Unless expressly agreed otherwise in writing, the information disclosed to us in connection with orders is not considered as confidential.

XI. Technical Changes

We reserve the right to make technical changes at any time provided that the suitability of the device for the contractually provided purposes is not adversely affected by these.

However, we are not obligated to also carry out such types of changes on already delivered products.

XII. Packaging

We are only liable for packaging defects attributable to us and verifiable resulting damage from these within the context of the coverage of our liability insurance which has been concluded in the normal scope for property damage and personal injury. Any liability exceeding this is expressly excluded unless there is intentional or grossly negligent action on our part or by one of our vicarious agents.

XIII. Liability Disclaimer

Claims for damages against us and our vicarious agents whatever the legal basis are excluded unless there is intentional or grossly negligent action on our part or one of our vicarious agents. This does not apply if we have made a warranty for the quality of the delivery item. The above mentioned exclusion of liability and limitation of liability do not apply in the case of culpably caused damage to life, the body or health.

XIV. Additional conditions for deliverables

1. The scope of supply and services of the deliverable is specified in writing in agreement with the respective customer by us in the functional specification. The functional specification must be confirmed in writing by the customer. Different or additional requirements require our confirmation in writing.
2. After completion of the development work, a written communication requesting approval of the product is transmitted to the customer. The notice period and the legal consequences in Point 3 due to failure to comply with the deadline are pointed out to the customer in this communication.
3. If no express, written product approval or detailed written indication of still existing defects is made by the customer within 2 weeks of sending this communication, we are entitled to invoice the customer for our documented development costs.
4. After supply of the deliverable, the customer has the option to expressly declare or decline acceptance of the deliverable within 14 days of receipt. If such an express declaration is not made within 14 days of the date of delivery, the deliverable is deemed as accepted. We are obligated to particularly point out the consequences of failure to comply with the notice period to the customer in an accompanying letter.

XV. Return of goods

If we declare our agreement to take back the goods, this is only possible with a RMA number to be obtained from the respective account manager.

XV. Purchase Conditions

These terms and conditions are not part of the contract for all contracts where we are on the purchasing or ordering side. Our purchasing conditions apply exclusively.

XVI. Applicable law, jurisdiction, severability

1. The law of the Federal Republic of Germany applies to these terms and conditions of business and to the complete legal relationships between the customer and ourselves.

2. If the customer is a merchant for the purpose of the German Civil Code, a legal person under public law or any special public law funds, Weilburg is the exclusive jurisdiction for any disputes arising directly or indirectly from the contractual relationship.
3. If a provision in these terms and conditions or a provision in the context of other agreements is or becomes ineffective, this does not affect the effectiveness of all other provisions or agreements.

Weilburg, 01 November 2006