



GENERAL TERMS AND CONDITIONS OF SALE AND DELIVERY

These General Terms and Conditions of Sale and Delivery (these "Terms") are applicable to all U.S. customers (the "Customers" and each, individually, a "Customer") of ACD Elektronik GmbH a German corporation (the "Company").

1. Terms and Conditions of Sale:

1.1. Company shall sell and deliver to Customer and Customer shall purchase and accept from Company the products (herein, the "Products") described on or in any confirmed order, agreement or quotation, or any combination thereof (the "Order"), pursuant to the terms and conditions of the Order and those specified below, which taken together shall constitute the entire agreement between Company and Customer regarding the Products (herein, this "Agreement").

1.2. No other terms or conditions shall be of any effect unless otherwise specifically agreed to by Company in a separate written agreement duly signed by an officer of Company. Customer will be deemed to have assented to all Terms if any part of the Products is accepted by Customer. If Customer finds any Term not acceptable, Customer must so notify Company at once and must reject the Products delivered under this Agreement. Any additional or different terms or conditions contained in Customer's order or response hereto shall be deemed objected to by Company and shall be of no effect. No general terms and conditions of a Customer shall at any time form a part of the content of any contract or agreement between the Customer and the Company, even if they are not further expressly rejected by the Company.

1.3. Unless otherwise agreed in writing, all quotations for Products are valid for a period of three (3) months from the date of issue. Subsequent modifications in quantity or quality, if such are requested by Customer, generally will cause a modification of the quoted price. Drawings and samples enclosed with any quotation remain the property of Company. All drawings and samples shall be treated confidentially by Customer and must be returned to Company after usage.

1.4. No Order is binding upon the Company until the earlier of acceptance of the Order in writing or the delivery of the Products to the Customer. Notwithstanding any prior acceptance of an Order by Company, Company shall have no obligation if the Customer is in breach of any of its obligations hereunder, or any other agreement between the Customer and Company, at the time Company's performance was due.

1.5. All verbal agreements concerning the terms of any Order, including agreements made by telephone, shall have no force and effect unless and until acknowledged by the Company in writing.

1.6. Customer shall bear all costs associated with the cancellation or modification of the Order.

2. Prices:

2.1. All price quotations are EX WORKS (per Incoterms 2000) and do not include costs for packaging, postage or other freight charges, insurance or taxes, if any.

2.2. Products prices will be governed by the Company's current prices in effect from time to time or by special price quotes made to customer in writing. A price list available on request.

2.3. Prices quoted in a currency other than United States Dollars are based on the official exchange rate on the date of the quote. Prices will be invoiced on the basis of the currency exchange rate in effect on the date of confirmation of any Order. In the event that the exchange rate varies after the date of confirmation and before delivery more than 2% to the disadvantage of the Company, the Company may adjust the invoice accordingly.



2.4. Company may without notice to Customer increase the price of the Products by the amount of any new or increased tax or duty (excluding franchise, net income and excess profits taxes) which Company may be required to pay on the manufacture, sale, transportation, delivery, export, import or use of the Products or the materials required for their manufacture or which affects the cost of such materials.

3. Terms of Payment:

3.1. Unless otherwise agreed to in writing by the Company, invoices issued by the Company are due and payable by Customer within fourteen (14) days from the invoice date. Customer shall make payments by check or wire transfer to the account indicated on the invoice without a cash discount or offset and the Company shall not be required to incur any expense to receive timely payment in full as required by this Agreement. Payments shall be by check shall be subject to collection and shall be received by Company within said fourteen (14) day period.

3.2. Company may without notice change or withdraw extensions of credit at any time. If Company ceases to extend credit terms before shipment, Customer's sole remedy shall be cancellation of its order. If Customer does not receive notice before shipment, its sole remedy shall be rejection of the Products immediately upon delivery.

3.3. If the Customer fails to make payment on or before the date required, Customer shall pay interest to the Company at the rate of one and one-half (1½%) percent per month or such lesser amount permitted by law. The specification or charging of interest shall not be deemed an agreement to extend credit.

3.4. If Customer fails to observe these Terms or the terms of any other agreements between Company and Customer, or if Customer becomes insolvent, all balances then due and owing to the Company shall become due immediately, notwithstanding any agreed upon payment periods. Any Orders that have been confirmed by the Company but not yet filled shall in such cases become cancelable at the sole discretion of Company.

3.5. Customer does not enjoy a right of set-off under any circumstances.

4. Delivery Terms:

4.1. Except as otherwise specified in this Agreement, the Products shall be sold and delivered EX WORKS (per Incoterms 2000) Company's facility in Achstetten, Germany. Title to and risk of loss for the Products shall pass to Customer upon delivery thereof to any common carrier at such facility.

4.2. Any agreed Delivery Period commences on the day on which any Order and accompanying documents, such as drawings, have been clarified by the Company, but in any event no earlier than the written acceptance of any Order by the Company. Sales which extend over a period of time and where quantities have not been fixed in advance shall be subject to separate agreements concerning the quantity and delivery period regarding each separate sales transaction and/or request for delivery made by a Customer. Delivery Periods determine the date of dispatch ex works. All delivery dates are approximate.

4.3. Customer will be billed for and shall pay all freight, transportation, shipping, insurance and handling charges, duties, and taxes, including any applicable VAT, sales, personal property, *ad valorem*, and other taxes, duties, levies or charges imposed by any governmental authority, irrespective of whether applicable law makes such items the responsibility of the buyer or seller, but excluding any taxes payable by Company with respect to its net income.

4.4. Customer, shall, subject to Company's available facilities at the shipping point, determine the type of transportation and shall notify Company thereof at the time Customer places each Order. If Customer shall fail to so notify Company, Company or its agent may select any commercial air, ship, motor or rail carrier or any combination thereof for the transportation of the Products. Company will make deliveries of the Products in the quantities ordered as near as reasonably possible to Customer's requested delivery dates.



4.5. Company shall use its reasonable efforts to deliver the Products to Customer by the agreed upon date. However, except in cases of Company's willful misconduct or gross negligence, Company shall not be liable to Customer for delays in delivery or damage to Products while in transit, irrespective of whether Company or Customer determined the mode of transportation.

4.6. In cases of deliveries of Products manufactured to Customer's specification ("Special Orders"), Company reserves the right to deliver 15% more or less of the quantity ordered.

4.7. Unless otherwise agreed to in writing, all tools, models, plans, blueprints or other devices and/or documents used and/or developed by Company (the "Tools") in order to fulfill any Order or Special Order are the property of the Company, even if the cost of development and/or manufacturing of such tools, models, plans, blueprints or other devices and/or documents was wholly or partially borne by the Customer.

5. Security Interest:

5.1. As security for the timely payment and performance of all Customer's indebtedness to Company, Customer hereby grants to Lender a first priority security interest in the Products following delivery thereof to Customer ("Collateral"). Such Interest shall remain in force until payment in full of the entire purchase price for the Products and any other amounts due to the Company by Customer.

5.2. If so requested by Company, the Customer shall deliver to Company, in form and substance satisfactory to Company, and duly executed as required by Company, financing statements and other security interest perfection documentation in form and substance satisfactory to Company, duly filed under the UCC in all jurisdictions as may be necessary, or in Company's opinion, desirable, to perfect Company's security interest and lien in the Collateral, in order to establish, perfect, preserve and protect Company's security interest as a legal, valid and enforceable security interest and lien, and all property or documents of title, in cases in which possession is required for the perfection of Company's security interest.

6. Warranty and Limitations:

6.1. Company warrants solely to the original purchaser of the Products that for the Warranty Period (as defined below), the Products will be free from material defects in materials and workmanship under normal use, and will conform to Company's published specifications of the Products. The foregoing warranty is subject to the proper storage, transportation and use of the Products. All warranty claims must be made by Customer to Company in writing within 8 days of the commencement of use of the Products and prior to the end of the Warranty Period. Company's sole obligation under the foregoing warranty is, at Company's option, to repair, replace or correct any such covered defect or non-conformity. Upon repair or replacement of the defective or non-conforming Products, Company shall have no further obligation to Customer with respect to such defect or non-conformity. Unless expressly warranted in the Company's order confirmation, the Company makes no warranty that the Products comply with applicable law, regulations or specifications in any jurisdiction in which the Products may be sold or marketed in any jurisdiction. Any governmental or other approvals necessary in connection with the resale, marketing, distribution or use of the Products shall be the sole responsibility of the Customer.

6.2. With respect to Special Orders, Company makes no warranty that the Products manufactured under a Special Order do not infringe the intellectual property or other proprietary rights of any third party and Customer is solely responsible for assuring that Special Order Products do not so infringe.

6.3. The "Warranty Period" begins on the date the Products are delivered as provided for in Section 6 and continues for six months. Excluded from the foregoing warranty set forth in Section 8.1 are problems due to accidents, negligence, misuse, misapplication, storage damage or modification to, the Products.

6.4. Company does not authorize any person or party to assume or create for it any other obligation or liability in connection with the Products except as set forth herein.



6.5. THE WARRANTY SET FORTH IN SECTION 6.1 IS MADE IN LIEU OF ALL OTHER WARRANTIES (WHETHER EXPRESS OR IMPLIED), RIGHTS OR CONDITIONS, AND CUSTOMER ACKNOWLEDGES THAT EXCEPT FOR SUCH LIMITED WARRANTY, THE PRODUCTS ARE PROVIDED "AS IS." COMPANY SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND THOSE WARRANTIES ARISING FROM A COURSE OF PERFORMANCE, A COURSE OF DEALING OR TRADE USAGE.

7. Limitation of Liability:

7.1. IN NO EVENT SHALL COMPANY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, REVENUE, GOODWILL OR USE, INCURRED BY CUSTOMER OR ANY THIRD PARTY, WHETHER IN AN ACTION IN CONTRACT, TORT, STRICT LIABILITY, OR IMPOSED BY STATUTE, OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. COMPANY'S LIABILITY FOR DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE PRODUCTS. IT IS AGREED AND ACKNOWLEDGED THAT THE PROVISIONS OF THIS AGREEMENT ALLOCATE THE RISKS BETWEEN COMPANY AND CUSTOMER, THAT COMPANY'S PRICING REFLECTS THIS ALLOCATION OF RISK, AND BUT FOR THIS ALLOCATION AND LIMITATION OF LIABILITY, COMPANY WOULD NOT HAVE ENTERED INTO THIS AGREEMENT.

7.2. IN JURISDICTIONS THAT LIMIT THE SCOPE OF OR PRECLUDE LIMITATIONS OR EXCLUSION OF REMEDIES OR DAMAGES, OR OF LIABILITY, SUCH AS LIABILITY FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OR DO NOT ALLOW IMPLIED WARRANTIES TO BE EXCLUDED. THE LIMITATION OR EXCLUSION OF WARRANTIES, REMEDIES, DAMAGES OR LIABILITY SET FORTH ABOVE ARE INTENDED TO APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. CUSTOMER MAY ALSO HAVE OTHER RIGHTS THAT VARY BY STATE, COUNTRY OR OTHER JURISDICTION.

8. Force Majeure:

8.1. Company shall not be liable to Customer or any other person for any failure or delay in the performance of any obligation under this Agreement due to events beyond its reasonable control, including, but not limited to, fire, storm, flood, earthquake, explosion, accident, acts of the public enemy, wars, riots and public disorder, sabotage, strikes, lockouts, labor disputes, labor shortages, work slowdown, stoppages or delays, shortages or failures or delays of energy, materials, supplies or equipment, transportation embargoes or delays, acts of God, breakdown in machinery or equipment, and, except as otherwise set forth in this Agreement, acts or regulations or priorities of the federal, state or local governments.

8.2. Customer shall not be liable to Company or any other person for any failure or delay in the performance of any obligation under this Agreement due to events beyond its reasonable control, including, but not limited to, fire, storm, flood, earthquake, explosion, accident, acts of the public enemy, wars, riots and public disorder, sabotage, strikes, lockouts, labor disputes, labor shortages, work slowdown, stoppages or delays, shortages or failures or delays of energy, materials, supplies or equipment, transportation embargoes or delays, acts of God, breakdown in machinery or equipment, and, except as otherwise set forth in this Agreement, acts or regulations or priorities of the federal, state or local governments.

8.3. When the event operating to excuse performance by either party shall cease, this Agreement shall continue in full force until all deliveries have been completed.



9. Miscellaneous Terms:

9.1. Any controversy or claim arising out of or relating to this Agreement, or the negotiation or breach thereof, shall be exclusively settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association (“AAA”). The award shall be final and binding. Judgment upon the award rendered by the arbitrator or the arbitrators may be entered in any court having jurisdiction thereof. The arbitration shall be held in New York, New York, shall be conducted in the English language, and shall be conducted (i) if the amount in dispute is less than \$250,000, before a single arbitrator mutually agreeable to Company and Distributor, or if no agreement can be reached, then selected by the AAA, or (ii) if the amount in dispute is \$250,000 or more, before three (3) arbitrators. The arbitrator(s) shall make detailed findings of fact and law in writing in support of his, her or their decision, and shall award reimbursement of attorney’s fees and other costs of arbitration to the prevailing party, in such manner as the arbitrator shall deem appropriate. In addition the losing party shall reimburse the prevailing party for reasonable attorneys’ fees and disbursements, the costs of the arbitration (including but not limited to the fees and expenses of the arbitrator and expert witnesses) and the costs incurred by the prevailing party in successfully seeking any preliminary equitable relief or judicially enforcing any arbitration award.

9.2. This Agreement shall be governed by and construed in accordance with the law of the State of New York, without giving effect to principles of conflict of laws.

9.3. If any provision contained in this Agreement is held to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable provision shall be severed from the remainder of this Agreement, and the remainder of this Agreement shall be enforced. In addition, the invalid, illegal or unenforceable provision shall be deemed to be automatically modified, and, as so modified, to be included in this Agreement, such modification being made to the minimum extent necessary to render the provision valid, legal and enforceable. Notwithstanding the foregoing, however, if the severed or modified provision concerns all or a portion of the essential consideration to be delivered under this Agreement by one party to the other, the remaining provisions of this Agreement shall also be modified to the extent necessary to equitably adjust the parties’ respective rights and obligations hereunder.

9.4. In the event of a violation or threatened violation of Company’s proprietary rights, Company shall have the right, in addition to such other remedies as may be available pursuant to law or this Agreement, to temporary or permanent injunctive relief enjoining such act or threatened act. The parties acknowledge and agree that legal remedies for such violations or threatened violations are inadequate and that Company would suffer irreparable harm.

9.5. The parties hereto are independent contractors and nothing in this Agreement will be construed as creating a joint venture, employment or agency relationship between the parties.

9.6. This Agreement, including any Schedules attached hereto, contains the entire agreement of the parties with respect to the subject matter of this Agreement, and supersedes all prior agreements between them, whether oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement is binding upon the parties hereto, their successors and permitted assigns.