

GENERAL CONDITIONS OF SALE

1. Scope of Delivery Terms

- 1.1 The General Conditions of Sale ("GC SALE") of THALES ELECTRON DEVICES GmbH ("TEDG") shall apply to the contract ("Contract") between TEDG and the contracting party of TEDG ("Customer") related to the sale of any Products and/or Services.
- 1.2 The GC SALE distinguish between deliveries of products ("Products") from TEDG to Customer ("Delivery" or "Deliveries") and the performance of services related to surface treatment of objects provided by Customer, retuning and/or repair of Products ("Services"). Deliveries and Services are collectively referred to as "Supply" or "Supplies". Unless it is stated otherwise expressly in a particular clause, all clauses of these GC SALE shall apply equally to Deliveries of Products and performance of Services.
- 1.3 Terms and conditions of Customer shall only apply insofar as they have been expressly approved in writing by TEDG. Provisions which differ in wording from these GC SALE – to the extent that they are not stipulated in the TEDG's whole offer – shall not apply.

2. Offer, Reservation as to Obtaining Delivery Ourselves

- 2.1 Specifications of the Products are set out exclusively and finally in the "Technical Specifications" set out in the commercial proposal issued by TEDG.
- 2.2 TEDG shall reserve all rights of ownership and copyrights to its cost estimates, drawings and other documents ("Documents"). The Documents may only be made available to third parties upon TEDG's prior approval and, should a contract not be awarded to TEDG, shall be handed over to him without delay. Customer shall have no right of retention.
- 2.3 TEDG shall be committed to the offer for 1 month as of the date of the offer.
- 2.4 If the contractually agreed Supply is not available on grounds that TEDG did not receive delivery from his own suppliers or TEDG's stock necessary for the Supply is run down, TEDG shall be entitled to provide a Supply which is equivalent in quality and price. Should TEDG be unable to provide a Supply equivalent in quality and price, TEDG may rescind the Contract.

3. Prices

- 3.1 All prices are Ex Works TEDG, Ulm, Germany (EXW according to ICC Incoterms@2010). The prices shall include TEDG standard packaging.
- 3.2 All prices are net prices in EUR plus the turnover tax valid at the then applicable rate.
- 3.3 The prices shall be calculated based on the costs in TEDG's offer. In the event of changes in material prices, wages, freight, or other cost factors during the time period between order and delivery date, TEDG shall be entitled to adjust the prices.

4. Terms of Payment

- 4.1 Invoices shall be made free TEDG's paying office and shall be payable within thirty (30) calendar days from the date of invoice and without any deductions to the payment.
- 4.2 Customer may only set off claims which are undisputed or have been finally determined in a legally binding manner.
- 4.3 Failure to pay an invoice within due time shall permit TEDG, without prejudice to any other right and action it may have, to suspend the execution out of any contract with Customer.

5. Processing of Customer's Components at TEDG

- 5.1 Items provided to TEDG by Customer ("Components") for performance of Services shall be stored and treated with TEDG's usual due care. There shall be no duty to separately store, to mark as component or to insure the Components.
- 5.2 The risk of the Components shall pass onto TEDG pursuant to Duty Delivered Paid TEDG, Ulm, Germany (DDP according to Incoterms@2010).
- 5.2 Customer's processing clauses in relation to Components shall not apply.
- 5.3 TEDG shall gain part ownership of the Components in a share that results from the proportion of the component's value after finalisation of the Services.
- 5.4 Notwithstanding further rights, TEDG shall be entitled to interrupt the Services or redelivery of Components to Customer, insofar and for as long as TEDG has claims against Customer from the entire business relationship.

6. Reservation of Title for TEDG's Products to Customer after Delivery

- The parties agree to the following simple and extended reservation of title:
- 6.1 TEDG shall retain ownership of the delivered Products ("Reserved Goods") until Customer has fulfilled all his obligations from the business relation. Should the total value of TEDG's legitimate securities exceed the total value of all claims to be secured by more than 20 percent, TEDG shall, at Customer's request release a corresponding part of the securities.
 - 6.2 For the duration of the reservation of title, Customer shall not be entitled to pledging or transfer of security.
 - 6.3 Customer may only re-sell the Reserved Goods within the scope of normal business operations and under the condition that Customer receives payment from his customer ("Client") or provides for the reservation that the transfer of ownership onto the Client does not take place until the Client meets his payment commitments.
 - 6.4 For the processing of Reserved Goods by Customer the following shall apply:
 - 6.4.1 Customer shall be permitted to process or transform the Reserved Goods, or to mix or combine such with other movable objects (summarised in the following summarized as "Processing"); the Processing shall be performed for TEDG. Customer shall keep safe the new object, which resulted from the Processing ("Final Product"), for TEDG with the care of a prudent businessman. The Final Product shall be considered as Reserved Good.
 - 6.4.2 TEDG's ownership of the Reserved Goods shall also remain valid during the manufacturing and after the completion of the Final Product. TEDG's ownership of the Reserved Goods shall continue as towards the Final Product; TEDG shall obtain common ownership of the Final Product in proportion of the value of the Reserved Goods to the total value of the Final Product at the time of processing.
 - 6.5 Customer shall, upon the conclusion of the Contract, assign to TEDG as security a part of his claims against his Customer arising from the resale or manufacturing of the Reserved Goods corresponding to the TEDG's claims against Customer arising from the Delivery. This shall not affect TEDG's obligation to release set out in Clause 6.1.
 - 6.5.1 In the event that (1) Customer disposes of the Reserved Goods together with other objects, without an individual price having been agreed upon, or, in the event that (2) Customer combines the Reserved Goods with real estate, then Customer assigns with priority above other third party claims to

TEDG the part of the complete price claim towards the Customer, which corresponds to the Reserved Goods that were invoiced by TEDG; this shall also apply for combination.

- 6.5.2 When substantiating a legitimate interest, Customer shall provide to TEDG such information and supply such documentation that is necessary for enforcing TEDG's rights against the Customer.
- 6.5.3 Until revocation, Customer shall be entitled to collect the assigned claims in relation to the disposal of the Reserved Goods. If just reason is given, in particular, delay in payment, cessation of payment, commencement of insolvency proceedings, bill protest, or founded grounds for an over indebtedness or imminent insolvency of the Customer, TEDG shall be entitled to revoke Customer's right to collect. Furthermore, TEDG can, upon prior threat notice while keeping to an appropriate deadline, disclose the security assignment, make use of the assigned claims, as well as demand the disclosure of the security assignment by Customer towards the Customer.
- 6.6 In the event of a levy of execution, seizure or any orders of third parties Customer shall inform TEDG without delay.
- 6.7 In the event of breach of duty, in particular a default of payment, on the part of the Customer, the following provisions shall apply:
- 6.7.1 After unsuccessful expiry of an appropriate deadline set by TEDG for the rectification of the default, TEDG shall be entitled to rescind the Contract and to take back the Reserved Goods; Customer shall be obliged to hand over the Reserved Goods. This shall not affect the statutory regulations concerning the dispensability of fixing a time-limit.
- 6.7.2 The enforcement of the reservation of title and the taking back of the Reserved Goods is not subject to a prior rescission of the Contract on the part of TEDG; such action or a levy of execution of the Reserved Goods by TEDG shall not be considered as a rescission of the Contract, unless expressly stated otherwise.

7. Time for Delivery of Supplies

- 7.1 Times set for Supplies can only be observed if all documents and items to be provided by Customer, necessary permits and releases, especially concerning plans, are received in time and if agreed terms of payment and other obligations of Customer are fulfilled. Unless these conditions are fulfilled in time, times set shall be extended appropriately; this shall not apply where TEDG is responsible for the delay.
- 7.2 a) If non-observance of the times set is due to force majeure such as acts of God, governmental restrictions covering the import or export, restrictions imposed by the Government of Germany or any other Government, any refusal, cancellation or non-renewal of any export license or permit from government or other authority required for the sale of all or part of the Products or the purchase of the components /parts/ materials required for their manufacture, fire, flood, strikes of any nature or lock-outs, machine breaking, major accident TEDG's plant, insurrection, riot or civil commotion, war whether declared or not, mobilization, modification of or new legislation, order or regulation, such time shall be extended accordingly.
- b) If non-observance of the times set is due to force majeure such as any act, failure to act, non issuance, cancellation or non renewal of any export license or any other authorization by any government, such time shall be extended accordingly.
- 7.3 If TEDG is responsible for the delay ("Delay") and Customer demonstrably suffered a loss therefrom, Customer may claim a compensation as liquidated damages of 0.5 % for every completed week of Delay, but in no case more than a total of 5 % of the price of that part of the Supplies which because of the Delay could not be put to the intended use.
- 7.4 Customer's claims for damages due to delayed Supplies as well as claims for damages *in lieu of* performance exceeding the limits specified in Clause 7.3 above shall be excluded in all cases of delayed Supplies even upon expiry of a time set to TEDG to effect the Supplies. This shall not apply in case of mandatory liability based on intent, gross negligence, or due to injury of life, body or health. Rescission of the Contract by Customer based on statute shall be limited to cases where TEDG is responsible for the delay. The above provisions do not imply a change in the burden of proof to the detriment of Customer.
- 7.5 Customer shall only have a right of rescission if he has granted TEDG an appropriate time deadline for performance and declares that he shall refuse to accept the performance upon the expiry of the deadline, and after the deadline has unsuccessfully expired.
- 7.6 At TEDG's request, Customer shall declare within an appropriate time limit whether he shall rescind the Contract due to the delay or whether he insists on Supply.
- 7.7 If dispatch or shipment is delayed at Customer's request by more than one month after notice of the readiness for dispatch was given, Customer may be charged, for every month commenced, storage costs of 0.5 % of the total net price of the Supply, but in no case more than a total of 5 %. TEDG and Customer (the "Parties") shall remain at liberty to prove that storage costs were higher or lower.

8. Terms of Delivery; Passing of Risk

- 8.1 All Deliveries of Products shall be made Ex Works TEDG, Ulm, Germany (EXW according to Incoterms@2010) ("Place of Performance").
- 8.2 Subject to Clause 8.3 the passing of risk of Deliveries of Products onto Customer shall take place pursuant to Ex Works of the Place of Performance (EXW according to Incoterms@2010).
- 8.3 The passing of the risk of Deliveries of Products onto Customer shall take place at the moment the dispatch is delayed due to reasons caused by Customer or the occurrence of any other events causing a default in acceptance by Customer.

9. Acceptance

Customer shall accept the Supplies even if it shows insignificant defects. Partial Supplies are possible, unless such is not acceptable for Customer.

10. Defects as to Quality

10.A Defects of Products

TEDG shall be liable for defects as to quality as described in the Technical Specifications ("Defects") of newly manufactured Products according to Clause 10.A. Should the item delivered not be a newly manufactured Product (e.g. second-hand goods, samples, exhibits), TEDG's liability for Defects shall not apply.

- 10A.1 All Products where a Defect becomes apparent within the term of limitation (Clause 10A.3) shall, at the discretion of TEDG, be repaired, replaced or provided again ("Subsequent Performance") free of charge irrespective of the hours of operation elapsed, provided that the reason for the Defect had already existed at the time when the risk passed.
- 10A.2 The Subsequent Performance shall not initiate a new term of limitation (10.3).
- 10A.3 The term of limitation for Defects is 12 months, commencing on the date of delivery pursuant to Clause 8.1. This shall not apply where paragraphs 438, section 1, No. 2, 479, section 1 and 634a, section 1, No. 2 of the BGB [German Civil Code] provide for longer terms, and in the event of

injury to life, body or health, in the event of intentional or gross breach of duty by TEDG or fraudulent concealment of a Defect. This shall not affect the statutory regulations concerning the suspension of the running, the suspension or the new beginning of the periods of limitation.

- 10A.4 Customer shall notify Defects to TEDG in writing and without undue delay. The notification must include information on the data of the concerned Delivery – product number, delivery note, delivery date, number of TEDG's confirmation of order, date of manufacture, description of the fault or defect.
- 10A.5 In the case of notification of a Defect, Customer may withhold payments to a reasonable extent taking into account the Defect occurred. Customer, however, may withhold payments only if the subject-matter of the notification of the Defect occurred is justified beyond doubt. Unjustified notifications of Defect shall entitle TEDG to have its expenses reimbursed by Customer.
- 10A.6 TEDG shall first be given the opportunity of Subsequent Performance within a reasonable period of time. In the event that this is refused, TEDG shall be held free from the liability of Defects.
- 10A.7 If Subsequent Performance is unsuccessful, Customer shall be entitled to rescind the Contract or to reduce the payment, irrespective of any claims for damages it may have according to Clause 13.
- 10A.8 There shall be no claims based on Defect in cases of insignificant deviations from the agreed quality, of only minor impairment of usefulness, of natural wear and tear or damage arising after the transfer of risk from faulty or negligent handling, non-compliance of Customer to provisions set out in TEDG's Technical Specification, excessive strain, unsuitable equipment, defective workmanship, inappropriate foundation, soil or from particular external influences not assumed under the Contract, or from non-reproducible software errors. Claims based on Defects attributable to improper modifications or repair work carried out by Customer or third parties and the consequences thereof shall be likewise excluded.
- 10A.9 Defects in part of the Products shall not entitle Customer to object to the complete Delivery, unless the partial Delivery is of no interest to Customer.
- 10A.10 Increased or short Deliveries of up to 5% of the ordered goods cannot be objected to.
- 10A.11 Customer shall have no claim with respect to expenses incurred in the course of Subsequent Performance, including costs of travel and transport, labor, and material, to the extent that expenses are increased because the subject-matter of the Delivery was subsequently brought to another location than Customer's branch office, unless doing so complies with the intended use of the Products.
- 10A.12 Claims under a right of recourse of the Customer against TEDG shall only be admissible insofar as Customer has not agreed with its customer any arrangements beyond the scope of the statutory warranty claims. For the scope of the claims under a right of recourse according to paragraph 478, section 2 of the BGB [German Civil Code], Clause 10A.8 shall apply respectively.
- 10A.13 Furthermore, the provisions of Clause 13 (Other Claims for Compensation) shall apply in respect of claims of damages. Any other claims of Customer against TEDG or its agents or any such claims exceeding the claims provided for in this Clause 10.A, based on a Defect, shall be excluded.

10.B Defects of Services

In the event of defects of Services, in addition to the provisions set out in Clause 10.A, which shall apply accordingly and supplementary, the following provisions shall apply:

- 10B.1 There shall be no claims based on defect of Services if the particular Component where the defect occurred
- is not free from scale, moulding sand, cinder, oil-carbon, burnt-in grease, welding cinder, plumbago, paint, silicon oil and oxides;
 - shows any interstices, shrink holes, cracks or doublings.
- 10B.2 Any liability of TEDG for bonding strength shall be excluded if
- the Component was deformed after the Processing; or
 - trial electroplated parts of the Components were deformable without chipping of the galvanic layer.
- 10B.3 Any liability of TEDG for corrosion damage shall be excluded if the Components or a suitable sample are not left with TEDG for at least six weeks for testing purposes.
- 10B.4 The exclusion of liabilities set out in Clause 10B shall not apply if the respective damage is either caused by wilful misconduct or by gross negligence

11. Industrial Property Rights and Copyright; Defects In Title

- 11.1 Unless otherwise agreed, TEDG shall provide the Supplies free from third parties' industrial property rights and copyrights ("IPR") with respect to the country of the place of destination. If a third party asserts a justified claim against Customer based on an infringement of an IPR with respect to the Supplies made by TEDG and then used in conformity with the Contract, TEDG shall be liable to Customer within the time period stipulated in Clause 10A.3 as follows:
- 11.1.1 TEDG shall choose whether to acquire, at its own expense, the right to use the IPR with respect to the Supplies concerned or whether to modify the Supplies such that they no longer infringe the IPR or replace them. If this would be unreasonable to demand from the Supplier, the Purchaser may rescind from the Contract or reduce the remuneration pursuant to the applicable statutory provisions.
- 11.1.2 TEDG's liability to pay damages shall be governed by Clause 13.
- 11.1.3 The above obligations of TEDG shall only apply if Customer (i) immediately notifies TEDG of any such claim asserted by the third party in writing, (ii) does not concede the existence of an infringement and (iii) leaves any protective measures and settlement negotiations to the discretion of TEDG. If Customer stops using the Supplies in order to reduce the damage or for other good reason, it shall be obliged to point out to the third party that no acknowledgement of the alleged infringement may be inferred from the fact that the use has been discontinued.
- 11.2 Claims of Customer shall be excluded if it is itself responsible for the infringement of an IPR.
- 11.3 Claims of Customer shall also be excluded if the infringement of the IPR is caused by specifications made by Customer, to a type of use not foreseeable by TEDG or to the Supplies being modified by Customer or being used together with items not provided by TEDG.
- 11.4 In addition, with respect to claims by Customer pursuant to Clause 11.1.1 above, Clauses 10A.5, 6 and 12 shall apply accordingly in the event of an infringement of an IPR.
- 11.5 Where other defects in title occur, Clause 13. shall apply accordingly.
- 11.6 Any other claims of Customer against TEDG or its agents or any such claims exceeding the claims provided for in Clause 11, based on a defect in title, shall be excluded.

12. Impossibility, Adjustment of Contract

- 12.1 To the extent that Supplies are impossible to be carried out, Customer shall be entitled to claim damages, unless TEDG is not responsible for the impossibility. Customer's Purchaser's claim for damages shall, however, be limited to an amount of 10 % of the value of the part of the Supplies which, owing to the impossibility, cannot be put to the intended use as more particularly described in the Technical Specifications. This limitation shall not apply in the case of mandatory liability based on intent, gross negligence or injury of life, body or health; this does not imply a change in the burden of proof to the detriment of Customer. The right of Customer to rescind from the Contract shall remain unaffected.
- 12.2 Where unforeseeable events within the meaning of Clause 7.2 substantially change the economic importance or the contents of the Supplies or considerably affect TEDG's business, the Contract shall be adapted taking into account the principles of reasonableness and good faith. Where doing so is economically unreasonable, TEDG shall have the right to rescind from the Contract. If TEDG intends to exercise its right to rescind from the Contract, it shall notify Customer thereof without undue delay after having realised the repercussions of the event; this shall also apply even where an extension of the period for Supplies had previously been agreed with Customer.
- 13. Other Claims for Compensation**
- 13.1.1 Claims for compensation of Customer, irrespective of their cause in law, but in particular claims arising from the breach of duties resulting from obligation or tort, shall be excluded.
- 13.1.2 This shall not apply where there is mandatory liability, e.g. according to the law on product liability or in the event of wilful misconduct, gross negligence, injury to life, body or health or the infringement of substantial contractual obligations.
- 13.1.3 However, compensation for damages for the infringement of substantial contractual obligations shall be limited to foreseeable damages typical for the Contract, unless there is liability for of wilful misconduct or gross negligence, injury to life, body or health.
- 13.2 The exclusion or limitation of TEDG's liability as set out in Clause 13. shall also apply to the personal liability of his workers, employees, co-workers and other persons employed, but not to the personal liability of legal representatives and executives.
- 13.3 The claims for compensation Customer is entitled to according to Clause 13, shall expire upon the expiry of the term of limitation applying to Defects according to Clause 10A.3 In the event of wilful misconduct and claims for damages in connection with the law on product liability the statutory terms of limitation shall apply.
- 13.4 No shift in the burden of proof to the detriment of Customer is connected with the provisions of Clause 13.
- 14. Confidentiality**
- 14.1 The Parties shall undertake not to make available to third parties any documents, knowledge and information, tools, moulds, samples, models, profiles, drawings, standard sheets and other technical documentation ("Information") received within the scope of the Contract and irrespective of the carrier medium without written approval of the respective other party, or use them for other than contractual purposes. Such Information must be secured against unauthorized inspection or use. With reservation of further rights, each party may request the return of such Information, should the other party breach such duty.
- 14.2 The obligation according to Clause 14.1 shall commence upon the first receipt of Information and expire 36 months after the termination of the Contract.
- 14.3 The obligation according to Clause 14.1 shall not apply to Information which is generally known or which was known to the respective party at the moment of receipt without the party being obliged to confidentiality or to Information which was passed on by a third party authorised to submit such Information or which was developed by the receiving party without utilisation of confidential Information of the other party.
- 15. Final destination**
- In the event of all or some of the Products being subject to the granting of any type of government authorization, any deliveries pursuant to a future order or contract will only be made in accordance with and subject to any authorization required under the applicable export regulations of Germany and other relevant governments.
- In particular the Customer hereby undertakes not to sell, lend or in any way transfer, including free of charge, the Products covered by any Contract (including equipment and spares delivered as part of the after-sales service, the documentation, the rules for use and every type of information related to the Contract or the Products covered by the present Contract) temporarily or definitively, to any third party without the prior agreement of the appropriate government authorities.
- The above obligations may include the requirement for declarations of final use and/or ultimate destination or any other document required by the appropriate government authorities, signed and certified by the Customer, the end user and/or the relevant government (as the case may be), to be signed and submitted at the time as prescribed by the applicable regulations or authorization (as the case may be).
- 16. Jurisdiction**
- The exclusive place of jurisdiction – also for cheques and notes receivable – shall be Stuttgart, Germany.
- 17. Applicable Law**
- The substantive law of the Federal Republic of Germany shall apply. The UN Convention on Contracts for the International Sale of Goods of 11 April 1980 shall not apply.
- 18. Personal data**
- TEDG is authorized according § 28, Section 1, BDSG (FDPL) to save personal data of the Customer in the frame of business transaction, to transfer them at home and abroad, to use, to change and to delete them. The data are saved at TEDG. This is herewith brought to the Customer's attention according to § 33, Section 1, BDSG (FDPL). The Customer may contradict according § 28, Section 4, BDSG (FDPL) to the purpose of advertising, market or opinion research authorized according to § 28, Section 3 BDSG (FDPL).
- 19. Severability Clause**
- The legal invalidity of one or more provisions of this GC SALE shall in no way affect the validity of the remaining provisions. This shall not apply if it would be unreasonable for one of the parties to continue the Contract.