

1. Scope of Application

1.1 These GTP set forth the conditions governing the purchase of products by SO from the Supplier and deliveries made by the Supplier to SO.

1.2 Contrary or inconsistent terms and conditions of the Supplier shall not be deemed accepted by SO, unless SO shall have agreed thereto in writing.

1.3 These GTP shall apply (and not the terms and conditions of the Supplier) even in cases where SO unreservedly accepts deliveries from the Supplier knowing that the Supplier has contrary or inconsistent terms and conditions.

1.4 The scope of delivery, specifications, objectives, delivery dates and the prices for deliveries pursuant hereto shall be set forth in separate orders. Upon Supplier's accepting an order a delivery agreement shall come into effect with respect to the items covered by such order. These GTP constitute an integral part of each order and delivery agreement.

2. Offer

2.1 By the tender invitation the Supplier acting as specialist is asked to submit an offer at no charge. The Supplier shall focus the offer on the specifications and objectives of SO and explicitly point out any deviations; the Supplier, therefore, acknowledges his duty to inform. If the Supplier does not limit the validity of his offer it will be considered to be binding for 90 days.

3. Order

3.1 To be effective, orders must be in writing; basically, this also applies to the acceptance of the order by the Supplier. The order has to be confirmed by the Supplier within 5 working days. After expiry of this period SO is no longer bound to the order.

3.2 If the conclusion of a delivery agreement is made dependent on an order confirmation, SO shall only be bound if this confirmation of order does not deviate from the content of the order.

3.3 The scope of delivery includes, and the Supplier shall not be deemed to have satisfied its delivery obligations unless and until it delivers to SO, everything required for the proper installation, operation and functioning of the product, regardless of whether mentioned or described in the specifications set forth in or related to the order.

3.4 Orders must be processed in compliance with ISO-9001. Further quality agreements will be set out on an order-specific basis. The following documents, records, data and specifications, in particular, are authoritative in determining quality: order, drawings, standard sheets (SO standards and indications and data on drawings), specifications.

3.5 Forwarding of Orders in full or in part to third parties is not permitted without the written consent of SO in advance. In the event of impermissible forwarding, SO may fully or partially rescind the Order and claim compensation for damages. Even in the case of approved forwarding to third parties, the Supplier, as the contracting partner of SO, shall remain liable and under the obligation to perform; its sub-suppliers shall also comply with this GTP.

3.6 Without the approval of SO, the Supplier is not authorised to offset his own claims against claims of SO. Claims against SO may not be pledged or assigned without written consent of SO.

4. Prices and Terms of Delivery

4.1 The prices of the Supplier are considered to be fixed prices in the currency indicated on the order, DAP, delivered, duty-unpaid, Heerbrugg/Switzerland (INCOTERMS 2000). Other terms of delivery shall be as set forth in the order or as otherwise set forth in writing by the parties.

4.2 The Supplier shall be liable for any damages arising during transport due to inadequate packing.

4.3 A delivery note with all order specific indications must be enclosed with each delivery. Part and rest deliveries shall be designated as such on all shipping documents and invoices.

4.4 At its own expense, the Supplier shall add all required EU-conformity ("CE-symbol") or EU manufacturer declaration to each delivery. The Supplier domiciled in a country with customs convention concerning tariff preference with Switzerland shall cite on all invoices the declaration of origin in accordance with the respective free trade agreement.

5. Terms of Payment

5.1 The order number, the exact trade mark/goods' designation as well as the number of the drawing or the part must be indicated on all correspondence, confirmations, delivery notes, invoices etc.

5.2 A separate invoice shall be executed for each order as well as for each delivery.

5.3 Unless otherwise agreed in writing, SO may choose from the following terms of payment: [within 30 days with 3 percent cash discount or within 60 days without any deduction]. Deduction of cash discount is also permissible in the case of offsetting or withholding due to opposing claims; in this case, the offsetting and/or withholding declaration made within the period allowed for the cash discount shall cause the deduction of cash discount.

6. Dates of Delivery and Late Delivery

6.1 The delivery is due at the destination on the date(s) stipulated in the order. If a fixed calendar delivery date has been agreed upon, late delivery puts Supplier automatically in default, unless the Supplier communicates his delivery difficulties in due time and the parties agree on a different solution.

6.2 SO is entitled to claim as compensation for damages resulting from delay for each whole or partial week by which the delivery date is exceeded a flat rate of one percent of the net sales price, up to a maximum amount of 5% of the delivery's net sales price. The requirement of prior notice, insofar as a delivery date is not determined by the calendar, remains unaffected by this provision.

If the Supplier is late with only part of the delivery, the penalty for default shall be calculated on the price of the Supplier's total performance that is affected by the late partial delivery. The foregoing provisions of this paragraph 6.2 are in addition to and not exclusive of any other remedy that may be available to SO in the event the Supplier fails to deliver an item in accordance with the terms of a delivery agreement. Nothing herein shall be deemed to limit any such other remedy that may be available to SO, nor shall SO' enforcement of any other rights it may have be deemed or construed to affect or waive any of its rights hereunder. The Supplier's payment of damages required by this paragraph 6.2 does not release the Supplier from its duty to fulfill the delivery according to the agreement.

6.3 The Supplier may plead omission of essential services to be performed by SO only if he has requested these on time.

6.4 Partial or early deliveries are admissible only if they have been agreed upon. Otherwise SO is not obligated to accept them.

6.5 If the Supplier is in default with his delivery and if in transactions without a fixed calendar delivery date the Supplier remains in default with his delivery after a given reasonable grace period, SO shall thereafter be entitled to refuse acceptance of the complete delivery, to terminate the related delivery agreement and/or to seek damages for non-fulfillment of the delivery obligation. The amount of any penalty for default according to paragraph 6.2 above shall be credited against any damages to which SO may be entitled under this paragraph 6.5.

6.6 If it becomes evident already prior to the delivery date that the Supplier will not be able to meet the agreed delivery date, SO may terminate the delivery agreement and waive delivery. In this case a compensation of damages is entitled to SO.

6.7 The delivery agreement may also be terminated if in the course of manufacture it becomes evident that the object to be delivered will not be suitable for the purpose intended. In this case a compensation of damages is entitled to SO.

7. Warranty, Liability

7.1 The Supplier expressly warrants the guaranteed product features and the specifications specified in the delivery agreements as well as that the products it delivers are free of defects which will reduce their value or fitness for normal use as well as their useful life under known conditions of use.

In addition to the warranty of product features in the delivery agreements and the terms thereof notwithstanding, the Supplier warrants that each product delivered pursuant to the delivery agreements (i) has been tested and controlled and meets all industry standards and all legal requirements under existing laws, regulations and directives relating to design, safety, fire and environmental protection and (ii) has been designed in a manner not to endanger life and health if the product is used as directed.

7.2 SO is not obliged to inspect any product for defects or notify Supplier of defects in order to maintain SO' warranty claims, except for warranty claims in respect of obvious defects.

7.3 Contrary to the legal prescriptions the warranty in respect of each product delivered by the Supplier to SO shall survive for a period of 36 months from the date the product is delivered to SO. The Supplier at its expense and free of charge to SO, shall promptly, upon request by SO, repair all defects (which shall also include the not achieved guaranteed data and the absence of any guaranteed product feature) of which SO gives the Supplier notice during the warranty period. In addition, SO shall be entitled to all legally guaranteed warranty claims. Notwithstanding the foregoing, SO may, at its election and as an alternative to the Supplier's repairing a defective item, require the Supplier to replace the defective item with a non-defective item. In the exercise of this right of discretion, SO shall consider in good faith whether the Supplier is capable of making repairs due to the nature of its business operation. In either case, the Supplier shall bear all expenses arising from the repair or replacement of the defective item.

7.4 For replacement deliveries and repairs the Supplier grants a warranty of 36 months; starting with the delivery or the completion of the repair work at SO.

7.5 Return shipments of faulty deliveries and the shipment of replacement deliveries shall take place at the expense of the Supplier. The lump sum payable by the Supplier for a triggered complaint is CHF 150, unless SO proves higher costs. Should it turn out after appraisal at the Supplier and in agreement with SO, that the defect was caused not by the Supplier but by SO, this compensation obligation shall not apply.

7.6 SO shall be entitled to cancel a sale or to get a sales price reduction on account of a material defect only if (i) the Supplier fails to replace or repair a defective item by such reasonable deadline as may be set by SO in its discretion or if (ii) the Supplier declines to replace or repair a defective item.

7.7 SO shall be entitled to have a defective item repaired by a third party and to charge the costs thereof to the Supplier without giving the Supplier an opportunity to repair the defective item if, due to special urgency or other valid business reasons ("damage reduction"), SO reasonably believes the Supplier is incapable of repairing the item to SO' requirements. In this case, SO shall immediately notify the Supplier of the defect upon SO' discovery thereof and the repair's execution by third party.

7.8 The Supplier shall be liable for all damages, including consequential damages, caused by the breach of any warranty applicable to a product delivered to SO pursuant hereto.

7.9 The Supplier shall indemnify and hold SO harmless against any loss or claim, including the cost of defending against any such claim, against SO arising from any act or omission of the Supplier or any breach of warranty by the Supplier that causes or is alleged to have caused personal injury or damages to the property of any third party.

7.10 The Supplier is liable for his subcontractors to the same degree as for his own performance.

8. Product Liability, Indemnification, Insurance Coverage

8.1 The Supplier shall indemnify and hold SO harmless against any third party claim for damages against SO insofar as a product delivered by the Supplier to SO was the cause of the damage or the cause of the damage was within the Supplier's control.

8.2 The Supplier shall also reimburse SO for all expenses arising in connection with any recall measure taken by SO to repair or replace any defective product if either (i) the defect was caused by a defective item delivered by the Supplier to SO or (ii) prevention of the defect was otherwise within the Supplier's control. To the extent it may reasonably be expected to do so, SO will notify the Supplier in advance of recall measures to be taken.

8.3 The Supplier shall obtain and maintain in full force and effect during the term of the related delivery agreement and for at least five years following the termination thereof, a commercial general liability and product liability insurance to cover all claims hereunder or otherwise related to any product delivered or required to be delivered under any delivery agreement; such insurance shall provide coverage of at least CHF 5'000'000.-- per damage event. This shall be confirmed by the insurer to SO at least once per year.

9. Third Parties' Intellectual Property Rights

9.1 The Supplier represents and warrants to SO that the delivery to, and use by, SO of the Supplier's products in accordance with the terms of these GTP and any delivery agreement concluded hereunder will not infringe any patent, trademark, trade secret or other intellectual property rights of any third party.

In case any such third party claim of infringement is made against SO, the Supplier shall indemnify and hold SO harmless against such claim.

10. Technical Documents and Operating Manuals

10.1 To the extent necessary, SO will provide Supplier with all technical documents that it requires for performance of the contracted work.

10.2 Before work on the product is started the Supplier shall submit to SO, on request, a set of engineering drawings for approval. Approval by SO does not relieve the Supplier from ensuring that the product can be built and that it will function according to specifications.

10.3 SO retains all property rights and copyrights to models, samples, tools, drawings, figures, calculations, manufacturing instructions, programs and other documents that SO makes available to the Supplier in the course of the contract initiation and performance; these shall not be made accessible to any third parties without the express written approval of SO. These shall be used exclusively for the production according to the SO purchase order. Upon termination of the Order that they were used for, they shall be returned without further request. They shall not be disclosed to third parties.

11. Secrecy and Product-related Exclusivity Agreement

11.1 The Supplier shall not use for any purpose not authorized by the delivery agreements concluded hereunder or disclose to any third party any trade or manufacturing secret or customer data of SO. In particular, the Supplier shall not use any manufacturing know-how made available to the Supplier by SO in any form to manufacture or have manufactured for other customers products similar to or comparable with any product subject to a delivery agreement entered into hereunder. The Supplier shall cause each of its employees and subcontractors to agree by appropriate contractual measures to be bound by the foregoing provisions of this paragraph 11.1.

11.2 Paragraph 11.1 shall survive the termination of the delivery agreement concluded hereunder. Paragraph 11.1 shall not apply to manufacturing know-how of SO that is embodied in figures, drawings, calculations or other documents that are publicly disclosed by SO.

12. Applicable Law, Place of Performance

12.1 This GTP and the individual delivery agreements concluded hereunder are exclusively subject to material Swiss law, under exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG) of 11 April 1980.

12.2 Unless otherwise provided for in writing, place of performance shall be the production site of SO at Heerbrugg, Switzerland.

12.3 Place for jurisdiction for all disputes is Heerbrugg, Switzerland, provided that no mandatory place of jurisdiction proceeds.

13. Miscellaneous

13.1 All modifications and supplements to these GTP (including, without limitation, this paragraph 13.1), all delivery agreements concluded hereunder and all modifications and supplements to such delivery agreements shall only be effective if embodied in a written instrument signed by each of the parties hereto.

13.2 Neither party may assign or transfer any of its rights and duties under these GTP or any delivery agreement concluded hereunder without the prior written consent of the other party.

13.3 In the event any term or provision of these GTP shall for any reason be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof. Such illegal, invalid or unenforceable provision shall be replaced by another valid, legal and enforceable provision in form and substance suitable to ensure the overall business intent of the parties hereto.

13.4 The German version of the GTP are binding in case of objections, lack of clarity or incompleteness between the German and the English versions.