

GENERAL TERMS AND CONDITIONS OF TRACO ELECTRONIC AG

1. General

1.1 Unless explicitly agreed otherwise between TRACO and our Client in writing, these General Terms and Conditions of Sale and Services ("Deliverables") apply for all our deliveries.

1.2 In any event, acceptance of the Deliverables shall be deemed to be the unconditioned recognition of the present General Terms and Conditions of Sale and Services. Any purchasing conditions of the Client are non-binding for the delivery of our goods and services even when we have not expressly protested against such conditions.

2. Offer, Order and Conclusion of the Contract

2.1 All our offers are non-binding for us until we have accepted the order. We are entitled to sell offered stock ware anytime until Client's acceptance of the offer.

2.2 Nature and scope of goods and services owed are exclusively defined by TRACO's written offer accepted by the Client, or by the Client's order confirmed in writing by TRACO. Changes and amendments in scope or performance shall be binding only in written form. Order confirmations of TRACO which are not protested within 5 working days shall be deemed to be accepted within 5 days after reception.

2.3 Our order confirmations shall be immediately checked by our Client after their reception and shall be binding for the execution of the orders unless protested by the Client without delay.

2.4 Minor deviations of our products or deviations due to technical improvements and improvements in terms of construction, execution and performance from our catalogues and data sheet shall be reserved.

2.5 Each partial delivery or performance entitles TRACO to invoice separately.

2.6 Client shall be responsible for the compliance with all applying national and international export provisions.

3. Prices

3.1 Unless otherwise noted, our prices are ex VAT and ex works respectively, including packaging but without any deduction.

3.2 The packaging shall not be returnable. In no event, packaging shall be credited to the Client.

4. Payment Terms

4.1 All our invoices are payable within 30 days net without deduction.

4.2 The Client shall bear any kind of transport costs, taxes, charges, fees and duties which are levied in connection with the Contract, or shall, if TRACO was liable to pay such taxes, charges, fees and duties, reimburse TRACO on proof of payment.

4.3 The Deliveries shall be deemed to be accepted by the Client at the latest as soon as the respective invoice has been settled.

4.4 The Client is not entitled to hold back payments or set off claims of TRACO with counterclaims.

4.5 In case of late payment by the Client and without any further notice by TRACO, an interest of 6% p.a. shall apply. The payment of interest shall have no impact on Client's obligation to honor its contractual payment obligation.

4.6 If the shipment of the ordered goods is postponed by the Client, TRACO shall store it on Client's costs and risk. Such storage shall have no impact on the payment obligation of Client, in particular on the payment date.

5. Delivery

5.1 Unless otherwise agreed in writing, the delivery periods indicated in our order confirmation shall only be deemed to be an approximation.

5.2 TRACO shall not be in default and not liable for any late performance if it proves that the failure was due to a Force Majeure-Event.

5.3 Shall be Force Majeure-Events mobilization, war, sabotage, strikes, lockouts, insurrections or civil disturbances, manifestations, revolutions, acts of government, shortages in raw materials, floods, storms, fire and unusual severe weather conditions or any other events that make TRACO's performance temporarily or permanently impossible or commercially impracticable.

5.4 In case of a Force Majeure-Event the delivery period of TRACO shall be extended for the duration of such Event.

5.5 The Client shall timely accept and physically take goods which have been ordered on a fixed date basis. After expiry of this period the remaining part of the goods shall be deemed due for payment and invoiced to Client and, on Client's choice, shipped or stored on Client's costs and risk.

6. Payment Delays

6.1 If the Client fails on payments on account or pre-payments agreed between the parties, TRACO shall be entitled to suspend or rescind the contract with immediate effect. All compensation claims shall be reserved.

6.2 In case the Client defaults on the payment for goods or services for whatever reason or becomes insolvent, all payments shall be, regardless any payment terms to the contrary, due for immediate payment and may be cashed in by TRACO without delay. In addition, without any obligation to prior notification of the Client, TRACO shall be entitled to suspend its performance or to rescind the contract with immediate effect.

6.3 TRACO is entitled to claim full compensation for damages incurred. Also, TRACO shall be entitled to immediately rescind all orders which have been confirmed to the Client.

7. Risk of Loss, Transport and Acceptance

7.1 The risk of loss passes to the Client with the goods leaving TRACO's warehouse or works at the latest.

7.2 The Client is solely responsible that there is adequate insurance coverage against transportation damages of the delivered goods.

7.3 Client shall address complaints relating to transportation to the last shipping agent immediately after reception of the goods and the shipping documents.

7.4 Our Deliverables must be examined by Client upon delivery and any defects shall be notified to TRACO in writing no later than within eight (8) days after delivery. Failure to comply with this provision shall constitute acceptance. In any event, the use of the Deliverables or the payment of the invoice (whichever comes first) shall constitute acceptance of the respective Deliverables

7.5 If the Client fails to perform such examination, TRACO shall be excused of any liability to the extent admissible by law. The proof of such examination shall be for the Client. In case the Deliverables prove to be defective, TRACO shall be entitled to remedy such defect without delay.

7.6 Return goods shall only be accepted by TRACO upon prior agreement between the parties and when shipped free of charge for TRACO, brand-new conditions and with its original packaging or container.

8. Warranty

8.1 All defects of Deliverables shall be immediately notified to TRACO after their detection.

8.2 In case of defects, TRACO's liability shall be limited to the repair or – at TRACO's free choice – substitution of goods which prove to be defective (e.g., defect materiel, faulty construction or production) or the remedy of the owed services.

8.3 In any event, there shall be no further remedies or claims against TRACO. In particular, the Client has no right to rescind the contract, ask for reduction of price or any compensation, such as compensation for any special, actual, consequential, incidental or indirect damages, or any loss of profit, revenue or data based upon TRACO's non-performance or breach of any of its obligations, whether based in contract, tort, or otherwise.

8.4 The warranty period shall be defined for each of TRACO's goods separately. In any event, the warranty period shall be limited to a maximum of 36 months after shipment of the goods from TRACO's warehouse or from TRACO's works.

For services, the warranty period shall be 24 months after acceptance of the services.

8.5 Further, TRACO shall not be liable for damages resulting from: improper use or incorrect implementation of the Deliverables by Client or third parties, in particular the violation of operating instructions or requirements set forth by TRACO (such as operation or service manuals, technical data sheet, definition of environment for operation and production purposes, etc.); negligent maintenance or normal abrasion; inappropriate equipment of the client or third parties; electrical, electro-magnetic, chemical or electrolytic effects. The mandatory regulations of the Swiss Product Liability Law and other acts are reserved.

8.6 The warranty shall early and fully terminate if the Client or third parties change or try to repair or repair the goods without the prior written consent of TRACO.

8.7 The Client agrees to be fully liable for damages resulting from its own instructions in connection with the performance of the contract.

8.8 The Client shall indemnify and hold harmless TRACO from any and all loss, liability, damage, cost or expense to the extent arising out of any claims or suits brought or made against TRACO by reason of any breach of Client of covenants or obligations contained in these General Terms of Contract or any other agreement between the parties.

9. Venue and Applicable Law

Exclusive place of performance and exclusive jurisdiction for all proceedings between the parties shall be *Zurich/Switzerland*. All legal relationships between the Client and TRACO shall be subject to the *substantive laws of Switzerland* to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods of 11 April, 1980 (CISG).

Zurich, January 1, 2006