

1. Exclusive Validity of these Conditions; Acknowledgement of Ordinary Retention of-Title Clauses

1.1 All and any orders placed by Diehl with the Supplier shall exclusively be governed by these General Terms and Conditions of Purchase. Any conditions of the Supplier are herewith explicitly rejected to the extent they are in conflict with these conditions.

1.2 However, Diehl does accept ordinary clauses of retention of title provided the transfer of ownership of any one item sold is made contingent on the full payment of the invoice for that particular item only.

2. Parol Evidence

Both orders and their subsequent amendments, in order to become effective, must be made in writing.

3. Documents

By providing the Supplier with any data or data media, Diehl shall not be deemed in any way, neither to have disposed of any intellectual property rights it may have therein, nor to have parted with its title in such media. Such data (media) may not be copied or made available to third parties in any way nor must they be used for any purpose other than the execution of the pertinent contract.

4. Payment

Payment shall be effected within 14 days at a 2 % cash discount or within 30 days net without deduction.

5. Assignment of Claims

Except as set out in Sec. 1, subsec. 2, above, claims against Diehl must not be assigned to a third party without Diehl's prior written consent.

6. Deviations Between the Quantity/Quality Ordered and That Delivered

Diehl shall be free to reject any delivery not in full conformity with the respective order in terms of either quantity or quality.

7. Reduced Incoming Inspection; Notification

Diehl's duty to inspect incoming goods is reduced to checking them for obvious transportation and/or packaging defects and for the Identity of both the quantity and the type of the products delivered as compared to those ordered.

8. The Supplier's Unlimited Liability For His Sub-Suppliers

The Supplier shall be liable for all and any acts and/or omissions committed by any of its sub-suppliers like he had committed them himself, and irrespective of the nature of the relationship he has with Diehl (mere sale or comprising the Supplier's obligation to manufacture or have manufactured the object of the sale).

9. Determination of the Agreed Upon Characteristics

Any specifications agreed upon shall be deemed to have been guaranteed as durable within the meaning of § 443 German Commercial Code (BGB).

10. Warranty

10.1. Treatment of Parts specifically found to be Defective

If a certain product ("part") is defective, Diehl shall be entitled to set the Supplier an appropriate period during which he must, at Diehl's option, either replace or repair such part. To the extent necessary his duty shall include both the pertinent part's removal from any product into or onto which it has been assembled as a component and its subsequent reinstallation. If the Supplier fails to remove the defect with two attempts at most – and only one if the defect is of a safety-critical nature – or within the time frame set him by Diehl for doing so, Diehl shall be entitled, at its option, either to carry out the repair of such part itself or to have it carried out by a third person, either at the Supplier's cost. A defect shall be considered safety-critical in the aforementioned sense if the danger of either non-trivial personal injuries or like damage to items not part of the part in question emanates from it.

Alternatively Diehl shall be entitled either to reduce the price for such defective parts appropriately or to return them to the Supplier (by holding them at the ready for pick up by the Supplier) and to either retain payment or demand repayment (as the case may be) in full of the purchase price, or, finally, if the Supplier so wishes and assumes the pertinent costs, properly to dispose of them.

The same rights shall inure to Diehl if either the Supplier declines to remedy the defect or if he is obviously unable to do so or if the defect is negligible or if Diehl cannot reasonably be expected to wait for such removal due to the imminence of unusually high damage. The liability of the Supplier comprises the costs of identifying defective products, the costs of their removal and subsequent reinstallation, lost profit, call-back costs and/or costs of a line standstill (both at Diehl itself and at Diehl's customers).

10.2. Treatment of a Delivery that is Quality-Checked Only Partially.

10.2.1. Voluntary Character of Taking Samples; Definition of the Terms of "Sample" and "Basis Quantity"; Treatment of those Parts that are Actually Checked

Save as set out in section 7 above, Diehl shall be entirely free as to whether and to what extent and on what occasion (incoming inspection, during manufacturing or exit tests), if any, it conducts any quality controls at all. However, if Diehl does subject a certain

randomly selected part ("sample") of any delivery ("basis quantity") to such an inspection, parts within such a sample that turn out to be actually defective shall be treated as lined out under section 10.1, above. In contrast, with regard to nondefective parts Diehl shall only have the right to either return or dispose of them if the quantity of such parts is too small to be of interest to Diehl.

10.2.2. Treatment of the Remaining Parts NOT-Actually Tested; Inference from the Amount of Defective Products within a Sample to the Defectiveness of the Pertinent Basis Quantity as a Whole.

In case even one part within such a sample shows a safety-critical defect or if the sample as a whole fails to reach an AQL of 0.4 for defects of a non-safety-critical nature, the entire basis quantity shall be deemed to be defective regardless of whether or not any particular part out of such basis quantity actually is defective.

In such case, Diehl may – in freely eligible combination - assert all rights provided for by section 10.1 above for all parts actually found defective with regard to all parts belonging to such basis quantity. The amount by which the purchase price may be reduced shall depend on the probable frequency within the pertinent basis quantity of defective products and the probable gravity of their defects. In addition, in such cases Diehl shall be entitled to demand reimbursement of all selection, search and testing costs incurred.

10.3. Non-Exclusive Character of the Above Provisions

10.3.1. The above provisions shall in no way abridge any statutory rights, in particular claims for damages, Diehl may otherwise have.

10.3.2. These provisions do not purport to set up any rules for either party's obligation regarding the durability (reliability) of the products delivered. This question is deliberately left for a separate Quality Assurance Agreement (QAA) to regulate.

10.4. Prescription of Warranty Claims

The statutory term of prescription for all warranty claims hereunder shall be modified as follows:

For replaced parts the original period of warranty shall begin to run anew when the replacement part is delivered, respectively reinstalled.

For repaired parts, in contrast, the following shall apply: on principle, the original period shall remain unchanged save that it shall run for at least 6 months from the date of delivery/re-installation of the repaired part. However, the full period shall begin to run anew from this date with regard to defects of the kind that gave rise to the repair in question.

11. Reduced Duty of Diehl Vis-à-Vis the Supplier to Assert Certain Defences Towards its Customers as Part of Diehl's Obligation Of Damage Minimisation

If claims are made against Diehl by one or several of its customers which are based on real or alleged facts for which, if true, the Supplier would be liable, Diehl shall not be required, as part of its general duty to minimize the damage suffered from the Supplier, to defend itself against such claims by relying either on the prescription of such claims or on the Failure of such customer properly to have notified Diehl of such defect, provided such prescription occurred not longer than one year before such claim was first raised against Diehl in a manner that stopped or interrupted such prescription to run, respectively if such notification was made not later than two months after the date of discovery.

12. Offset

The Supplier acknowledges that the above-mentioned order is placed by Diehl in fulfilment of existing or future offset obligations or of such obligations of other companies belonging to the Diehl Group in terms of §§ 15 et seqq. AktG (*German Public Companies Act*). The Supplier declares its willingness to confirm this vis-à-vis the competent offset authorities if necessary, and to make and receive any declarations and to perform any acts within the bounds of what is reasonable that may be necessary for this business transaction to be acknowledged as an offset transaction (e.g. fill in any forms and/or make any oral / telephonic confirmations).

13. Final Provisions

13.1. The place of performance for all obligations governed by these Conditions shall be the place of delivery specified by Diehl.

13.2. The entire business relationship between the parties shall exclusively be governed by German Law with the exception of the United Nations Convention on the International Sale of Goods (CISG). Any disputes arising out of or in connection with these Conditions shall exclusively be decided by the competent court in, at the option of the plaintiff, either Stuttgart or Nurnberg (both Germany).