

TERMS OF PURCHASE

**CabTec AG, Lettenstrasse 2, CH-6343 Rotkreuz and
CabTec Kft, István király krt. 24, HU-6000 Kecskemét**

Status as of March 2010

1. Agreed Terms and Conditions

With the exclusion of the supplier's any possible terms of sales that we inherently contradict, these terms of purchase shall apply to our orders. With the execution of our order, the supplier accepts our terms of purchase for the current and all subsequent orders, even if any of the supplier's order confirmation, delivery note, invoice, or other document contains a reference to its very terms.

2. Order

Orders shall be binding only in writing or by electronic mail. We must confirm any orders or order supplements made by telephone or orally in writing or by electronic mail.

3. Protection Requirements

Drawings, models, matrices, templates or patterns that are developed for us during the execution of the order shall be our property, and if they have been made available by us, they shall remain our property. The supplier expressly agrees that without our prior written permission, it shall not reproduce, hand over for inspection, make available or accessible to any third party, or use for a purpose other than our orders, any documents or objects made available thereto or developed for us, and shall not deliver the goods made according thereto either in a raw state or as semi-finished or finished products to any third party. The supplier shall consider such documentation and objects as a trade secret and keep the same confidential. The supplier shall take responsibility for all damage arising from a breach of this obligation. All documentation and objects must be returned to us as soon as they are no longer required for the execution of the order.

4. Prices

The prices indicated in the order are fixed prices, which include packaging, delivery, insurance and other ancillary costs, fees and taxes (DDP Incoterms 2010). If there are no fixed prices when the order is made, the supplier must record them on the order copy to be returned thereby. A contract shall only be made if the prices were accepted. A price increase will come into effect if it is agreed with us in writing prior to shipping. If the supplier generally reduces the prices agreed with us after the delivery has taken place, but within the period of payment, it must also use the reduced price with us for the delivery that has already taken place.

5. Delivery, Deadlines, Hindrance, Penalty

In case of normal delivery (DDP), any danger concerning the service shall pass to us. Delivery will be normal if the following terms of delivery are met:

5.1 All standard or agreed commercial packaging requirements must be followed exactly. Any additional costs or losses arising from failure to comply therewith shall be borne by the supplier. The supplier shall remain liable for any damage of the goods arising from the defective packaging thereof even after the passing of danger.

5.2 If no objection is raised against the shipping dates (delivery dates) specified in the order within 5 working days as from the receipt of the order, the dates indicated by us shall be considered binding. Agreed shipping dates shall be binding. If the shipping dates were not determined according to the calendar, then the beginning of the calculation of the deadline shall be the date when our binding order is received. Earlier delivery shall not result in an earlier due date of payment. **Deliveries falling within the time interval -5 days / +0 day shall be considered timely delivery.**

5.3 We must be informed about the delivery date in time.

5.4 If a delivery or an agreed partial delivery fails to be executed wholly or partly until the agreed deadline, we shall be entitled to, after the unsuccessful expiration of a 2-week period, withdraw from the contract and claim damages and compensation instead of execution.

We shall not be obliged to receive partial, surplus or under-deliveries not agreed upon.

5.5 In the event of force majeure, we are entitled to withdraw from the contract in whole or in part, or to defer receipt to a later date in case of temporary obstacles /e.g. strike, lockout, malfunction, etc. / . In such cases, the supplier may not claim for damages.

5.6 Our right to compensation for damage caused by a possible delay shall not be affected by a delayed delivery or the exercise of the right of withdrawal.

5.7 If unavoidable delay in delivery is expected, the supplier shall be obliged to immediately communicate this to us, offering a new delivery date at the same time. If it is more than 2 weeks after the agreed delivery date, we shall have the right to withdraw.

5.8 Each shipment must be accompanied by a delivery note; our order number and other necessary data shall always be indicated thereon, on the invoices and in other correspondence.

5.9 Any difference in delivery, which leads to a complaint on the part of CabTec, shall entitle us to compensation amounting to € 100.

5.10 If the supplier is in default of the agreed delivery date, there is no need for a notice. In such cases, CabTec shall be entitled to penalty. This shall be 0.5%, but not more than 10% of the total price of the shipment for each day of delay. A right to the enforcement of any additional damages is reserved.

6. Invoicing and Terms of Payment

6.1 On the invoices, each item must be accompanied by the order number and our article number. Until these data are lacking, the invoices may not be inspected and shall not be due. Invoices must be sent in duplicate to the current address included in the order; they must not be attached to the shipment.

6.2 **If there is no specific agreement on the date for payment**, we will pay within 20 working days with the deduction of 2%, or within 90 working days without deduction. The date of receipt of the invoice shall be authoritative. If the delivery is made later, the date of the day on which the delivery is made or, if known, the date on which the shipment is received, shall be considered.

7. Warranty and Guarantee

7.1 The supplier warrants that the goods have the quality specified and specifically or implicitly expected in the contract, comply with recognized engineering standards and have no defects which limit use, consumption or processing.

7.2 Agreed material or quality certificates must be provided with each delivery.

7.3 The supplier warrants that it has established and maintain an effective quality assurance system for the quality testing of its products. If there is no other special agreement, the quality assurance system must, at least, comply with the requirements of the current latest version of DIN EN ISO 9001, in addition to which efforts should be made for further development according to TS 16949 (or VDA 6.1 and QS 9000).

7.4 Based on the supplier's final inspections, we shall not be obliged to inspect the goods delivered. We shall communicate, as a compliant, any obvious defects or any damage arising during transportation in the course of a proper administration process, within 14 working days after delivery at the latest in case of foreign delivery. Obligation for further inspection and objection shall terminate, the supplier waives its right to delayed notification of objection.

7.5 Without prejudice to the rights of recourse, the supplier shall accept guarantee for the goods not delivered as agreed or being defective, as follows:

We shall have the right to choose between replacement and repair even if deficiencies are discovered only during processing or machining. In the cases determined by law and to prevent consequential damage, we shall be entitled, instead of repair, to eliminate the deficiencies ourselves or to have them eliminated by a third party, at the expense of the supplier, without prejudice to our other rights. If the supplier fails to take action within a reasonable period after the objection, we shall be entitled to rescind the contract and claim damages or reimbursement of expenses instead of performance. After the expiration of the deadline, we shall not be obliged to accept subsequent performance.

7.6 The supplier warrants that the goods supplied are free from any third party rights. Any references to the rights or reservations for the benefit of third parties or the like are insignificant in respect of this warranty obligation even if they arise from invoices, delivery notes or confirmations, and even in the case when we do not explicitly express our objection.

7.7 Unless otherwise agreed, the warranty period shall begin on the date of delivery, last 24 months for all warranty and guarantee claims and shall be terminated upon receipt of our written objection. For repaired or replaced goods, the warranty period shall recommence after receipt of the repaired goods or delivery of the replacement goods.

8. Liability

8.1 The supplier warrants that the products supplied thereby are free from defects. If, in the context of product liability, we are called to account for defects that are attributable to causes generated by the supplier, the supplier shall exempt us within the internal relationship.

8.2 The supplier shall maintain service and product liability insurance, which it shall make available on request and which shall comply with the requirements of the intended use of the goods, recognizable to the supplier. The supplier shall have the right to receive from us the information necessary for the risk assessment.

8.3 Liability for any claims for damages arising due to a delay in delivery or other breach of contract shall be aligned with statutory requirements. Based on the guarantees given and the quality assurance system introduced, if any damage occurs, the supplier's fault can be suspected. Exculpatory evidence is admissible.

9. Offsetting

We shall have a right to offsetting against the supplier's claims even if the maturity of conflicting demands is different or if different payment methods are concerned.

10. Assignment of Claims

The transfer of the supplier's claims without our prior written permission is prohibited.

11. Right of Withdrawal in Special cases

We shall be entitled to withdraw from the contract if bankruptcy proceedings against the property of the supplier are applied for or initiated, or payment of checks or bills is refused, payments are suspended, payment difficulties occur or in case where extrajudicial conciliation procedure (moratorium) is pursued.

12. Place of Performance, Court of Competent Jurisdiction, Applicable Law

12.1 With regard to any orders from CabTec AG as well as the contractual relationship, the Swiss law shall exclusively apply, whilst with regard to orders from CabTec Kft., the Hungarian law shall apply, under exclusion of the UN purchase law.

If the supplier is not an entrepreneur, then the statutory requirements shall apply instead of our terms of purchase.

12.2 The place of payment for the orders of CabTec AG: CH-6343 Rotkreuz, for the orders of CabTec Kft.: H-6000 Kecskemét.

12.3 In case of proceedings related to bills, cheques and documents, the competent court shall also be the court of Zug/Schweiz or the court where the supplier is established - according to our choice.

