

## 1. GENERAL PROVISIONS

All clauses of our general purchasing conditions apply of their own force as soon as they are referenced in the purchase order.

## 2. JURISDICTION

The commercial court of Grenoble has the sole competence to make decisions about disputes relating to FNAG purchasing and relating to application or interpretation of these general conditions

## 3. INFORMATION

3.1 The seller has the obligation to advise the buyer and to inform him if the goods are unfit for the use they are intended. He must inquire how the buyer intends to use the goods and what his needs are.

3.2 The supplier agrees to give all necessary information related to the reliability, availability, maintainability and inspectability of his supply and assures the accuracy of the given information.

3.3 If the supplier fails to meet his contracting obligations, FNAG will be allowed to cancel the order by rights.

## 4. PURCHASE ORDERS

4.1 Only purchase orders in writing are binding. They are deemed to have been accepted if the Supplier does not contradict them within 14 days of the date of order. Deviations will only be included in the purchase order terms, if such deviations are accepted in writing by the Buyer.

4.2 The documents referred to in the purchase order, which will be made available to the Supplier on request, constitute an integral part of the order. Only as soon as all terms and conditions stated in such documents have been met, will the delivery be deemed to have been duly and properly performed.

4.3 Details in the order text, in drawings, and other documents are to be checked by the Supplier for material correctness before the order is being processed. The Buyer is to be informed immediately in writing of any errors found and/or changes requested by the Supplier.

4.4 Any changes, amendments, including any consequences thereof, made without the written approval of the Buyer, shall be on Supplier's account. The same applies in the event that errors found are not reported to the Buyer.

4.5 The Supplier is prepared to execute any changes in the scope of delivery requested by the Buyer; any such order change requires an order supplement in writing issued by the Buyer. Such order supplement shall be deemed to be an integral part of the order.

4.6 Buyer's General Terms of Purchase shall apply to all present and future business relations. Any deviating, contradictory, or supplementary general terms and conditions, even if known by the Buyer, shall not become an integral part of the purchase contract, unless the Buyer has expressly agreed to such terms and conditions in writing.

## 5. DELIVERY OF GOODS – PACKAGING

5.1 Goods are delivered in location indicated in purchase order. They are delivered with a delivery note that mentions order number and date, nature of the goods as per order labelling, quantity, length or weight.

5.2 Goods received by the Buyer are accepted subject to quality, property, and quantity. Goods are supplied with documents required in specification. FNAG takes delivery of goods if no imperfection or defect is observed during final user acceptance. The final acceptance by FNAG is made by a writing providing potential comments.

5.3 Complaints due to material defects, to the extent that there are no obvious material defects, can be made within four weeks after delivery of the goods.

5.4 In the case of non-compliance, FNAG reserves the exclusive right to cancel the order, to demand compensation or to replace goods.

5.5 The supplier hereby agrees to deliver the goods in good and operating condition, and to protect them with required packaging.

5.6 If not provided on a loan basis, packaging is to be charged at cost price (proof to be provided) and must be shown separately in the quotation and invoice. Unless otherwise agreed-upon in writing, on Buyer's request, Supplier shall accept returning the packaging at his own cost.

## 6. SHIPMENT, TRANSFER OF RISK, and RETENTION OF OWNERSHIP

6.1 To the extent that the Buyer provides shipping details, shipment is to be effected as specified in such details. If not specified, shipment is to be made carriage free (DDP destination address – Incoterms 2000) to the written address specified by the buyer and without any other additional financial charge.

6.2 The risk of loss shall pass to the Buyer upon Buyer's receipt of the delivered goods. This also applies for sale to destination according to Buyer's instructions. The transfer of ownership will be effective once the goods are unloaded on the delivery point by any mode of transportation. The acceptance of this order shall involve the abandonment of any ownership clause (law dated May 18, 1980).

6.3 Goods are carried at supplier's risks. The transfer of risks on supplied goods is delayed until final acceptance on the place of delivery that is indicated on the invoice.

## 7. INSURANCE

The Buyer takes out transportation insurance for all deliveries and services. In the event that transportation is to be arranged by the Supplier, the following instruction must be included in the transportation order to the relevant service provider: "Our Buyer declares that he waives the conclusion of a damage insurance policy (Schadensversicherung (SLVS)) within the meaning of the amendment of the ADSp in 1998."

## 8. DELIVERY TIME AND LATE DELIVERY PENALTY

8.1 Delivery dates stated in a purchase order shall be legally binding and are to be understood as the date of receipt of the goods to be delivered to the delivery address stated by FNAG. Early deliveries and partial deliveries are only permissible after Buyer's prior consent in writing.

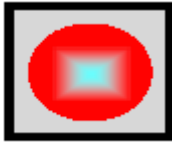
8.2 If the Supplier has reason to assume that a delivery cannot be made in full or in part at the delivery date agreed, he must immediately inform the Buyer thereof, stating the duration of the delay and the reasons for the same.

8.3 If due to reasons imputable to the Supplier, the agreed delivery time is exceeded, Buyer shall be entitled – in addition to his claim for contractual fulfilment - to claim a penalty of 0.25% per commenced working day of delay, up to a maximum of 10% of the total order amount.

8.4 If no penalty claim was made by Buyer at the time of receipt or take-over of the Goods or services, such claim can still be lodged until the final payment has been made by the Buyer.

## 9. COMPLIANCE

The supplier hereby agrees to make the necessary arrangements to secure goods compliance at its own costs and risks at the earliest possible time. Failing that, FNAG will be allowed to make these arrangements or to have them performed at supplier's costs and



risks. These provisions would not prevent FNAG from taking sanctions against the supplier if delays occur.

## 10. CANCELLATION

10.1 Once the supplier is given notice with acknowledgement of receipt to remedy the fault and if the fault has not been remedied within 15 days after the notice had been sent, FNAG will be allowed to cancel the order. The order will be cancelled on the fault of the supplier without prejudice to any claim for damage recoverable by the buyer for recovery of the amount of loss due to supplier's fault.

10.2 Each party can cancel the order without prior notice or compensation under circumstances of force majeure.

10.3 FNAG reserves the right to terminate the Subcontract, or any part hereof, for the convenience of FNAG. Termination of this Subcontract will not terminate any other current Subcontracts unless so specified. In the event of termination of all or any part of this Subcontract, the Subcontractor shall immediately stop all terminated work hereunder and shall immediately cause any and all of its lower-tier suppliers and subcontractors to cease terminated work. Subject to the terms of this Subcontract, the Subcontractor shall be paid a percentage of the Subcontract price reflecting the percentage of the Work performed prior to the notice of termination, plus reasonable charges the Subcontractor can demonstrate to the satisfaction of FNAG, using its standard record keeping system, have resulted from the termination. The Subcontractor shall, within two (2) months of the effective date of termination, submit a final settlement proposal to FNAG. The Subcontractor shall not be paid for any work performed or costs incurred, which reasonably could have been avoided.

10.4 FNAG may cancel or suspend all or any part of this Subcontract by written notice. Upon receipt, the Subcontractor shall stop all Work, except for Work specifically required for complying with the instructions in the cancellation notice. The Subcontractor shall also discontinue placing additional lower-tier subcontracts and cancel Work, both in the Subcontractor's and in any lower-tier subcontractor's possession. Payment shall be mutually agreed upon based on the percentage of Work satisfactorily performed, including costs required to preserve materials, Services and Work in process, and may include an adjustment for reasonable overhead and profit. The Subcontractor shall not recover any prospective profits or damages due to cancellation. The amount paid to the Subcontractor shall not exceed the amount stated in the face of this Subcontract.

10.5 The rights and remedies of FNAG in this clause are in addition to any other rights and remedies provided by law or under this Subcontract. If it is determined that FNAG improperly terminated this Subcontract for default, such termination shall be deemed a termination for convenience.

## 11. SPARE PARTS

11.1 The supplier hereby agrees to deliver spare parts that are either standard commercial parts or specific parts. In the second case, the supplier must provide required plans free of charge.

11.2 The supplier commits for **10 years** starting from the date of delivery to:

- Supplying his own parts,
- Meeting customer's needs related to sub-contracted parts or parts bought out of catalogue.
- Defining, free of charge, equivalent spare parts if original parts are not available.
- Provide spare parts equivalent in size, technical specifications and price to replace parts no longer manufactured.

If the supplier fails to meet his contracting obligations, FNAG will be allowed to cancel the order by rights.

## 12. DUTY TO TECHNICAL SUPPORT

The supplier must provide labor and material resources free of charge for technical support in case of compliance defect or hidden defect, and subject to payment on FNAG request.

## 13. WARRANTY

13.1 The supplier hereby agrees to manufacture parts in compliance with contractual documents and to deliver new goods in compliance with best practices and current standards. He must produce legal compliance documents (CEE/CEM).

13.2 The supplier is totally responsible for damages that compromise the strength of the structure or affect the efficiency of one or several basic elements or of the whole fitting (law dated January 4, 1978). Any clause stating otherwise is of no force or effect. The supplier therefore agrees to place all parts and labor resources, free of charge, at FNAG disposal as soon as the material will work, and thus during 24 months.

13.3 If a design or manufacturing defect causes malfunctions, FNAG will be allowed to ask the supplier for eliminating the defect and replacing or repairing parts on the whole equipment.

13.4 The supplier has to meet the legal warranty against hidden defect (article 1641, civil code). He is not allowed to exclude the warranty with a special limitation or exclusive clause.

13.5 Costs and expenses, of any nature whatsoever, connected to foregoing warranty obligations shall be at the supplier's sole expense. In the event of the default of the supplier, FNAG will be allowed to arrange repairs at supplier's costs.

13.6 The period of non-availability of the goods shall be added to the duration of the warranty period.

13.7 The warranty shall also cover deliveries and services of Supplier's subcontractors.

13.8 Warranty claims can also be made after expiry of the statutory period of limitation, if a material defect could not be found any earlier due to the property or type of the Goods supplied. However, the limitation period ends 36 months after Buyer's receipt of the Goods supplied, unless the statutory period is longer. A defect claim by the Buyer shall block the limitation period until such claims are rejected in writing by the Supplier.

13.9 In the case of material defects, the Buyer may demand at his own discretion the removal of the defect or the delivery of replacement goods free from any defects. Any removal, re-assembly, or rework costs shall be borne by the Supplier. In urgent cases, or if the Supplier is in default, the Buyer shall be entitled to remove the defects, or have them removed, at the cost of the Supplier.

13.10 If defective parts are replaced or repaired, the warranty period shall be extended by the duration of the failure period and restarts from scratch for any repaired parts or any replacement parts. Parts to be replaced remain available to the Buyer until they are replaced by a part free from defects, and shall become the property of the Supplier only after the defect has been remedied.

13.11 The Buyer's rescission and reduction rights shall remain unaffected.

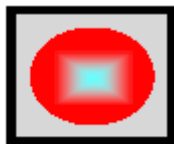
## 14. PAYMENT / INVOICING

14.1 Except otherwise stated, prices shown on the order are net, free of carriage and packing charges, firm and no subject to alteration.

14.2 At the request of FNAG, the supplier shall provide a bank guarantee for good performance of the contract, equivalent to 10% of the amount exclusive of tax, releasable at the end of the warranty period.

14.3 The invoice shall show all instructions indicated on the order to identify and check goods (purchase order number, the supplier's bank account number, payment conditions,...).

14.4 Invoices are to be sent separately to the Buyer; duplicates are to be specially marked.



14.5 Invoices must not be attached to the deliveries and must correspond to the order in terms of designation and sequence.

14.6 Invoices that do not state the order number will not be accepted.

14.7 Except otherwise stated in the order, our purchases are payable to 30 days at the end of the month, by the 10<sup>th</sup> day of the following month from receipt of goods.

14.8 The cession of Supplier's claims out of this contract to third parties requires the Buyer's prior written agreement.

## 15. INSURANCE- ILLEGAL LABOUR

15.1 The supplier shall be able to produce a proof of insurance covering his professional and general public liability for a determined amount and to produce insurance certificates at the request of FNAG.

15.2 The supplier shall make sure that his employees and the employees of his subcontractors work in accordance with the rules of labour law and current legislation.

## 16. PREVENTION OF ACCIDENTS

16.1 The Supplier is responsible for compliance with any applicable statutory regulations, all applicable accident prevention and safety regulations, and the generally recognized technical safety rules and health and safety at work regulations.

16.2 If there is reason to assume that a delivery of Goods or services does not comply with applicable safety requirements, or - even if such delivery of Goods or services is used within the specifications -, that there is considerable risk coming from the same, the Buyer shall be entitled to demand individual proof that the technical safety regulations for such devices are complied with. If the Supplier cannot provide such proof at all, or within a reasonable period, the Buyer shall be entitled to withdraw from the contract.

## 17. PATENT INFRINGEMENTS

17.1 The Supplier warrants that the use of the goods supplied and/or their sale does not infringe on any third party patent rights, licenses, process or other protected rights. This also applies to a subsequent sale abroad and/or use of the goods to be delivered in another country.

17.2 If the Buyer is subjected to a claim due to the infringement of a protected right according to Sect. 12.1, the Supplier will join the dispute, and bear all costs arising thereof.

17.3 In the event that third party rights are infringed, the Buyer – regardless of the Supplier's fault or liability – shall be entitled to be reimbursed for the damages and losses caused. The Buyer shall be entitled to obtain a license for the use of the goods from third parties entitled to do so, and all costs arising thereof shall be borne by the Supplier.

## 18. RESERVATION OF TITLE

18.1 Documents passed to the Supplier or prepared by the same as a result of an order by the Buyer, or with his approval, remain or shall become the property of the Buyer.

18.2 Materials provided by the Buyer must be stored separately by the Supplier and marked as the property of the Buyer. This also applies when order-specific materials are provided. Processing of materials provided by the Buyer shall be effected on behalf of the Buyer. Goods manufactured due to down payments or provisions made by the Buyer shall become the property of the Buyer, or pass into his ownership.

18.3 Tools, devices, and models manufactured for contractual purposes and charged for separately by the Supplier, are the property of the

Buyer. The Supplier must mark the same as the property of the Buyer, store them with care, protect them against damage of any kind, and use them for Buyer's purposes only. Natural wear is to be made known in time to the Buyer in writing. If requested, the Supplier has to hand them over in a due and proper condition. If a tool hire agreement is concluded, such agreement shall apply on a supplementary basis.

## 19. CONFIDENTIALITY

19.1 The supplier hereby agrees to maintain confidentiality of any technical, scientific, economic, commercial information regarding FNAG and shall not provide them to a third party without prior written consent. In particular, the Supplier shall not duplicate documents and will return the same to the Buyer immediately and without special request when enquiries have been settled, or after orders have been processed.

19.2 Without prior approval in writing by the Buyer, the Supplier is neither entitled to publish the business relationship in his advertising material etc., nor to exhibit Goods made for the Buyer.

19.3 The Supplier will make sure to obtain corresponding secrecy obligations from his subcontractors.

## 20. INDUSTRIAL PROPERTY

The supplier guarantees that goods do not infringe any industrial or intellectual property of a third party and agrees to give FNAG financial compensation of damages, which may occur in case of infringement.

## 21. APPLICABLE LAW

21.1 Supplementary to all contractual provisions, all contracts shall be governed by the laws of FRANCE.

21.2 The uniform UN Law of Sales (CISG) is not applicable. For contracts with Suppliers outside FRANCE, the International and FRENCH Conflict Rules shall not apply either.