VECTOR >

Terms and Conditions for the Development of Hardware

1. Scope of Contract

1.1 Vector shall perform the services specified in writing, on the basis of Vector's rules for development and documentation, following the current state of the art. Those requirements finally defined pursuant to Section 2 (final specification) and Section 4 shall be binding.

1.2 Vector shall name a project manager, the customer a representative. Both shall promptly make all decisions on their authority or provide all authorizations required without delay. The project manager shall record all decisions in writing. The representative shall provide all required information. Vector shall contact the representative as necessary to ensure the proper performance of the mutual obligations.

2. Performances

2.1 Vector shall covenant a time and work schedule for the performances together with the customer and adjust it from time to time with the customer.

2.2 The customer shall examine all planned interim results and make comments in writing within two (2) weeks. In addition, the customer shall take part in interim results and planned reviews. Vector shall provide required material for planned reviews in advance. The customer shall comment in writing within one (1) week after the interim result. Approved results shall be binding requirements for further performances.

3. Rights of Use

3.1 Vector grants to the customer the right to use the performances (hardware with integrated software) with no restrictions for the customer's own purposes.

3.2 All other rights in the performances remain with Vector. Vector may use the performances and the gained know-how for performances outside of the contract, provided Vector complies with Section 10.

4. Change Requests

4.1 If the customer requests Vector to undertake any modification of the agreed on requirements including any addition to it, and if the requested modification is reasonable and acceptable, Vector shall agree. If the realization of such a request results in any burden on Vector's side, Vector is entitled to an appropriate adaptation of the terms of the contract, in particular to the extension of time for the completion and/or to additional compensation.

4.2 Agreements on modifications and the resulting adaptations of the terms of the contract shall be made in writing. If the customer requests a modification orally, Vector may request the customer to deliver it in writing, or Vector may confirm it in writing itself. If Vector confirms the customer's request for modification, the wording of Vector's confirmation shall be deemed to express the customer's requirements correctly, unless the customer objects without delay.

4.3 Vector shall submit requests for adaptations of the contract without delay. The customer shall notify Vector without delay, if the customer disagrees with the requested adaptation.

5. Delivery and Acceptance

5.1 The customer shall confirm the receipt of Vector's performances in writing.

5.2 The customer agrees to examine the performances and to confirm their acceptance in writing if the performances meet the finally agreed specification. Unless otherwise agreed, the acceptance test period shall be three (3) weeks.

5.3 The customer is deemed to have accepted the performances if their use is not substantially restricted by a reported defect for two (2) weeks after the end of the agreed acceptance test period.

6. Charges and Payments

6.1 If it is agreed to remunerate Vector on the basis of time consumed, working time, traveling expenses and incidental expenses shall be paid in accordance with Vector's price list valid at the time. Vector may submit invoices on a monthly basis.

6.2 In case the value of an order exceeds € 25,000.00 a fixed price shall be paid as follows:

- 30 % at the conclusion of the contract,

- 50 % with delivery,

- 20 % with acceptance.

Travel expenses and travel time shall be reimbursed separately even if a fixed price is agreed on.

All support services (in particular installation, brief or extended training, consultancy services) shall be reimbursed separately, unless they are expressly included in the fixed price in the contract.

6.3 Payments shall be due without deductions 30 days after invoicing.

6.4 Duties, taxes and levies, including V.A.T. – if applicable –, shall be paid by the customer on all prices.

7. Disruptions in the Performance, Delay

7.1 In the event of any circumstances for which Vector is not responsible, and which adversely affect the performance of the contractual obligations, including strike and lock-out, Vector may request an appropriate adaptation of the terms of the contract, in particular an appropriate extension of the delivery date. If the cause is attributable to the customer and results in additional efforts to Vector, Vector is also entitled to additional compensation.

7.2 If Vector's delay exceeds 30 days, the customer is entitled, for every subsequent week, to a penalty of 0.5 % of the value of the performances that cannot be used according to the contract, but the penalty shall be limited to 5 % of the total contract value.

8. Remedy of Defects

8.1 If the customer finds, in the course of correct use of the products, what the customer believes to be a defect in a product, the customer shall provide Vector with reasonably specific information as to the nature of the defect and the conditions under which it occurs, in writing, if so requested by Vector.

8.2 The customer may only raise claims if the customer can reproduce the defect or demonstrate it by using computer output.

8.3 Upon request, the customer shall provide all necessary support to Vector, in particular provide the product to Vector and/or testing time on the customer's IT system and install corrections delivered by Vector.

8.4 Vector shall, within a reasonable period of time and at no cost to the customer, remove the defect, at Vector's choice, either by replacing the defective product or by correcting the defect. If a defect

substantially restricts the use of Vector's deliveries, Vector shall provide a workaround solution prior to the final remedy of the defect so that the defect is not substantial any longer.

8.5   All claims against Vector shall expire, if the customer modifies or intervenes with the products, unless the customer proves when reporting a defect that the defect did not result from the modification or intervention.

8.6   Vector is entitled to reimbursement of its expenses if the customer reports what the customer believes to be a defect without being able to prove it to be one.

9.   Vector's Liability

9.1   In the event Vector defaults on its performances, the customer may set a reasonable period for performance or supplementary performance. If the period expires without result, or if the performance or supplementary performance ultimately fails in any other manner, the customer may assert its statutory claims, damage claims within the framework of Section 9.3. Vector may request a period for the customer to declare whether the customer still requests primary or supplementary performance. If the customer does not request primary or supplementary performance within this period, the customer shall no longer be entitled to claim it.

9.2   The limitation period for claims based on defects shall be 24 months.

9.3   Vector – including any person engaged in performing any obligation under this contract – shall be liable for damages under any claim based on normal negligence only if Vector breaches a basic obligation of the contract which jeopardizes the contract goal (cardinal obligation). In this event, Vector's liability shall be restricted to € 100,000.00 or the contract value, whichever amount is higher. The customer may claim a higher maximum, but Vector may then require a surcharge for the aggravated risk.

9.4   The restrictions shall not apply to the extent the damages are covered under Vector's business liability insurance and the insurance company has paid Vector. Vector agrees to maintain the insurance coverage in effect at the time of the execution of the contract.

9.5   Claims for bodily injuries and claims based on the German Product Liability Act shall remain unaffected.

10.   Confidentiality

10.1   Vector shall keep the customer's trade and business secrets confidential as well as all other information designated in writing as confidential. Vector shall have no obligation with respect to information that is already in its possession, is independently developed or becomes publicly known through no wrongful act of Vector.

10.2   Vector is not obliged to keep confidential any ideas, concepts, know-how or techniques related to hard- and/or software services.

10.3   Vector shall oblige its employees to adhere to the confidentiality obligations.

10.4   Vector may enter the customer's name into Vector's list of customers, together with a short description of Vector's performances. All other references that the customer is Vector's customer are subject to the customer's prior approval.

11.   Miscellaneous

11.1   The contract shall constitute the entire agreement between the parties and shall not be altered, amended or cancelled, except in writing and with the consent and signature of all parties concerned.

11.2 The contract shall conform with and be governed by the laws of the Federal Republic of Germany without regard to its choice of law rules and excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods. Exclusive venue shall be Vector's main place of business.