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1. Contract Execution / Formalities

1.1 The following terms and conditions (hereafter General Terms) apply to the legal relationship between the Supplier (also referred to as "you") and Sauter Bachmann AG (hereinafter referred to as "SABA" or "us"). The General Terms form an integral part of the Agreement with the Supplier when the General Terms are expressly specified as a part of the Agreement but also when SABA refers to the General Terms whether as an appendix or as copy to requests or Orders or as disclosed as a link on the website of SABA. Deviations to the General Terms or additional delivery conditions of the Supplier are only valid for our purchases to the extent that they are expressly acknowledged in writing by us. Acknowledgement is not deemed to be made by the silence of SABA nor by the acceptance of services nor the payment of them.

1.2 The Agreement as well as any modifications, supplementary agreements, statements as to its termination as well as any other statements and notices are required to be in writing. In the event that the Supplier does not accept an Order within two weeks of its receipt, SABA is authorized at any time to cancel the Order.

2. Offers of the Supplier

Offers of the Supplier shall be free of charge; they must comply with the descriptions and targets of SABA and in the event of deviations these must be expressly referred to. The Supplier shall explain to SABA all circumstances which could be of interest for the offer of Delivery Items or services. When the Supplier does not provide for any specific time period, the offer is binding for 30 days. In the event that an offer is not accepted by SABA, the Supplier shall not be entitled to any compensation.

3. Delivery Items / Changes in the Delivery Items / Spare Parts

3.1 The Supplier shall make sure to obtain in time all information and circumstances required for the fulfillment of its contractual obligations as well as the use of its Delivery Items intended by SABA. The Supplier represents and warrants that the Delivery Items are qualified for a correct, secure and economic use, that they are suitable for the intended use and that they correspond to the standards of science and technology. The Supplier will observe in supplying the Delivery Items all governing standards, laws and regulations, in particular also the governing regulations in regard to environmental protection, hazardous substances and goods, and accident prevention at the destination as well as the compliance with the generally recognized safety technology and occupational health rules. The Supplier must inform SABA of the required official permits and registration obligations for the import and operation of Delivery Items.

3.2 SABA may request from the Supplier necessary modifications of the Delivery Items in construction and realization. The Supplier must implement the modifications within an appropriate time period. The parties shall mutually agree on the increased or decreased costs as well as the Delivery Date, and in case no agreement can be reached SABA shall take an appropriate decision.

3.3 The Supplier represents and warrants that it can deliver to SABA at reasonable conditions (i) Delivery Items or parts thereof as spare parts for a time period of 10 years after the last Order and (ii) for Delivery Items or parts for the aviation or aerospace industry during the time period of the "operational life span of the Delivery Item", however for a minimum of 30 years.

3.4 Notice of an earlier cessation of the manufacturing of the Delivery Items or a part thereof by the Supplier or its sub-contractors must be given to SABA in time so as to enable SABA to place a final Order for sufficient quantities. In the event of a breach of this obligation, SABA is authorized regardless of any patents or other rights to have the Delivery Items manufactured for its own use without compensation to the Supplier and to use samples and drawings of the Supplier for this purpose. The Supplier shall give to SABA the corresponding documentation at least in regard to parts which it itself manufactures.

4. Prices / Payment Conditions

4.1 The agreed prices are fixed prices in the agreed currency (in doubt: CHF) and shall remain unchanged. Unless otherwise agreed, payments shall be made within 30 days net from the receipt of the contractual delivery or service and a correct invoice. In case of early deliveries, the period begins at the earliest on the agreed Delivery Date. The choice of payment methods (e.g. check or note) remains up to SABA. The invoice must include the Order, article and supply number of SABA.

4.2 The Supplier shall not transfer or have collected by third parties claims against SABA.


4.3. Advance payments will be made only against reasonable security (e.g. bank guarantee).

5. Delivery Conditions / Transfer of Ownership and Risk

5.1 Deliveries shall be shipped DDP (Incoterms 2000) to the location designated by SABA, including packing and protection, provided that nothing otherwise is specified. A delivery note in duplicate shall be included in each delivery. The delivery note must include the Order, article and supply number of SABA. For an agreed delivery "ex works", the measurements and weight of the delivery must be given to SABA and the consignee specified by SABA in a timely manner. For deliveries across borders the Supplier shall observe the governing export control regulations and inform SABA without being requested of the export control registration number of the deliveries in written form at the latest upon delivery. Should the requested shipment documents and Documents not be supplied in accordance with the Agreement and/or SABA'S instructions, the Delivery Items shall be stored at the Supplier's charge and risk until arrival of the same.

5.2 The Delivery Items are to be packed in an appropriate and standard commercial manner corresponding to the security regulations at the destination. SABA is authorized to stipulate the type and manner of packing. In the event that SABA sends back the reusable packing freight paid to the Supplier, SABA has a right to a refund in the amount of the value of the packing material.

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5.3 Unless otherwise agreed in writing, transfer of ownership shall take place at the time when the Delivery Items or parts thereof have been accomplished. Between transfer of ownership and delivery, the Supplier will store the Delivery Items without costs to SABA and mark them as owned by SABA. Furthermore, the Supplier undertakes to store and insure the Delivery Items as if the ownership had not been transferred to SABA. Risk shall pass to SABA in accordance with the clauses of Incoterms.

6. Delivery Dates / Delays

6.1 Agreed upon Delivery Dates and periods are binding. The Delivery Date is met by the timely receipt of the Delivery Items and Documents at the location or the consignee designated by SABA. In the event the agreed Delivery Date is exceeded, the Supplier is automatically in default. The presumption in Art. 190 par. 1 of the Swiss Code of Obligations (CO) does not apply. The Supplier must immediately give notice of an apparent delay of its performance in writing to SABA with information as to the reasons and probable duration of the delay. Should it emerge even before the delivery is due that the Supplier will exceed the Delivery Date, SABA can set a period for the Supplier to cure the problem, after which it can cancel the Order and waive the delivery and instead claim compensation. Partial deliveries and early deliveries are only allowed with express agreement of SABA.

6.2 In the event of delay SABA is entitled to liquidated damages from the Supplier of 0.5% for every commenced week of delay, which shall, however, not exceed 5 % of the total value of the Order. The entitlement to liquidated damages does not affect the further claims due to delay provided for by law (Art. 102 et seq. CO in particular) to which SABA is entitled in addition. Any paid liquidated damages are not to be credited against claims for damages.

7. Confidentiality / Information / Intellectual Property

7.1 Any information incorporated in the specifications, drawings, instructions and other materials and documents, including the Documents and Specifications (written or oral, on paper or electronically-stored or transmitted) and all intellectual property rights connected to the mentioned information and any Delivery Items are the exclusive property of SABA and constitute Confidential Information of SABA. The Supplier may not make Confidential Information accessible to third parties without SABA's express agreement. Confidential Information shall be used exclusively for the manufacture, deliveries and / or services based on SABA's Order. SABA grants the Supplier a non-exclusive, royalty-free right to use intellectual property rights referred to above for the sole purpose of performing the Supplier's obligations under the Agreement and any Order.

7.2 The Supplier may not without written approval in advance from SABA advertise its business relationship to SABA. The Supplier must safely store, maintain and insure the Confidential Information made available to it as well as respective copies at its own costs and at any time upon request of SABA give the Confidential Information (together with other documentation supplied by SABA) back or destroy them, however at the latest when the Supplier terminates its activities for SABA. The Supplier is not entitled for whatever reasons to a right of retention. The complete return, resp. destruction, is to be confirmed in writing by the Supplier.

7.3 All drawings and further documents (on paper, electronically-stored or transmitted) produced by the Supplier in performing its obligations under the Agreement and any Order, and the copyright and other intellectual property rights in all such drawings and documents, shall be the exclusive property of SABA. The Supplier undertakes to supply copies of all such drawings and further documents to SABA, and also at any time on the request of SABA to sign any further documents or perform any other act reasonably necessary to perfect SABA's ownership of such intellectual property rights including in particular copyrights. If, under applicable law, it is not possible to transfer ownership of copyright or any other relevant intellectual property right, the Supplier hereby grants, and agrees to grant formally if necessary, the exclusive right and license to copy and/or exploit such intellectual property rights. The Supplier warrants that the Delivery Items and any component part thereof shall not infringe any intellectual property rights of third parties.


7.4 If the Supplier (or any employee or subcontractor of the Supplier) makes any invention or improvement to the Delivery Items, it grants to SABA, and agrees to grant formally to SABA at any time on the request of SABA, a royalty-free, paid-up right and license to exploit such invention or improvement, including the right to sub-license.

7.5 In the event of a breach against any confidentiality or obligations with respect to intellectual property rights liquidated damages in the amount of CHF 25'000.00 are due immediately for each case of infringement. In addition, SABA shall be entitled to specific performance, further damages and injunctive or equivalent relief and further claims provided for by the law.

8. Quality Guarantee / Control of Delivery Items upon Receipt

8.1 The Supplier represents and warrants that the Delivery Items shall be free from defects affecting their value or usability, that they have the agreed upon characteristics, they conform to the specifications and documentation (including Documents and Specifications) provided to the Supplier and that material, design and construction are unobjectionable. The Supplier shall immediately give written notice to SABA in the event that the characteristics demanded by SABA or the given specifications for the agreed use of the Delivery Items are inappropriate. It is the Supplier's responsibility to detect such events. The Supplier is liable for its sub-suppliers in the same manner as its own deliveries and services. The Supplier warrants that the delivery and use of the Delivery Items do not infringe any property rights or intellectual property rights. For the case in which during a current ORDER there are modifications / changes in the relevant processes / manufacturing conditions (production procedures, manufacturing methods, qualifying permits, other technical modifications in the manufacturing processes, changes to the service processes), the SUPPLIER is obligated to examine the DELIVERY ITEM for all deviations and changes and to inform SABA in writing regarding the results before any conversion.

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8.2 The Supplier must constantly monitor the quality of the Delivery Items and services and shall observe any quality assurance agreements of SABA in their respective valid version. Modifications to the Delivery Items require agreement in advance by SABA. The Supplier shall protect and safeguard electronically and / or in paper form in a readable format all development and / or manufacturing documentation and drawings for 10 years (in case of items of the aviation and aerospace industry during the "operational life span of the Delivery Item, however for at least 30 years). Should the working relationship between SABA and the Supplier be terminated, the Supplier shall give to SABA all development and / or manufacturing documents and drawings (including Documents and Specifications).

8.3 SABA shall not be obliged to inspect the Delivery Items or parts thereof immediately. Defects will be notified after detection. The SUPPLIER hereby waives the defence of tardy notification. SABA is entitled to send back the entire shipment in the event defects are determined.

9. Access, Inspection and Participation Rights

Upon acceptance of the Order, the Supplier guarantees to SABA, their customers, or the aviation authorities European Aviation Safety Agency (EASA) and the Bundesamt für Zivilluftfahrt (BAZL) as well if necessary additional authorities access to its premises and inspection of all documentation (electronic and/or paper) relevant in connection with the Agreement. The Supplier ensures by means of corresponding agreements with its partners and sub-contractors that access to them, inspection and participation rights are likewise guaranteed.

10. Liability for Defects / Reimbursement for Expenses / Guarantee Period / Insurance

10.1 Should the Delivery Items be defective, the claims of SABA shall depend on the statutory provisions provided nothing otherwise is contained in this Agreement resp. the General Terms. Should Delivery Items be defective SABA can demand from the Supplier in particular the subsequent delivery of unobjectionable Delivery Items. In the event of risks with regard to the operational security, danger of damages or if necessary for SABA to perform its obligations towards customers, it can itself or have third parties undertake to remedy the defect. The costs which arise hereby are to be carried by the Supplier. The Supplier shall be liable for all direct or indirect damages and expenses incurred by SABA due to the defects. The Supplier shall also compensate the expenses for the control of Delivery Items upon receipt which exceed the usual extent provided that at least a part of the delivery is perceived as defective. This also applies to a partial or complete examination of Delivery Items in the further course of business at SABA or their customers.

10.2 The Supplier shall also refund expenses of SABA or of its customers which arise in connection with early prevention, resistance or reduction of damages (e.g. recalls).

10.3 The Supplier shall refund expenses which SABA is obligated to pay by law to its customers and which are caused by defective Delivery Items.

10.4 The warranty and guarantee period for the Delivery Items shall be 36 months from the date of acceptance of the Delivery Items by SABA. For repaired or replaced goods, the warranty and guarantee period shall start anew from the date at which they are put into operation. Delivery Items produced by other materials than those specified and/or by defective materials shall be replaced by the Supplier free of charge within 5 years from delivery.

10.5 In the event of disputes on quality parameters, an expert opinion will be obtained. Unless otherwise agreed upon in writing, the opinion of the Swiss Federal Laboratories for Materials Testing & Research (EMPA) will be requested. The parties undertake to accept the findings of the agreed expert or the EMPA as the case may be. The costs of the expert opinion will be borne by the party at fault.

10.6 The Supplier is obligated for the duration of the supply relationship to maintain adequate insurance coverage in which all possible risks are taken into consideration. Upon request of SABA, proof must be provided.

11. Product Liability

11.1 Should an action be brought against SABA by a third party based on product liability law because the Delivery Items are defective, the Supplier shall indemnify SABA to the full extent. SABA shall inform the Supplier as soon as it receives notice of such claims in order to be able to defend such claims. SABA may allow the Supplier to handle the litigation in case SABA concludes that the Delivery Items delivered by the Supplier are the cause of the damage.


11.2 Should a product recall be required according to the assessment of SABA due to a defective Delivery Item, SABA shall inform the Supplier beforehand provided there is no imminent danger. The Supplier shall carry the costs of the recall inasmuch as the recall was necessary due to the defects of the Delivery Items.

11.3 The claims of SABA against the Supplier in connection with product liability are subject to the same statute of limitations as the claims of injured third parties against SABA, pursuant to the rules of the applicable product liability law.

12. Supplies

Material, parts, containers, special packing material, tools, measuring tools or similar (supplies) provided by SABA remain the property of SABA. They are to be used exclusively for the manufacture and/or servicing based on SABA's Order. Copies of supplies may only be made with the advance written consent of SABA. The copies are transferred upon their production to the ownership of SABA. The Supplier is not entitled to a right of retention for any reason. Supplies as well as copies of them may not be made accessible to third parties (also sub-suppliers) and may not be used for any other purpose than that agreed upon unless SABA gives its written approval.

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13. Tools

13.1 SABA shall receive full or partial ownership to tools used to manufacture the Delivery Items to the extent that SABA participates in the substantiated costs for these tools. The tools transfer into the (co-) ownership of SABA upon payment. The tools must be marked by the Supplier as (co-) owned by SABA. As long as the tools are in the possession of the Supplier they remain borrowed by the Supplier. The Supplier shall dispose of the tools, transfer them or make them unable to function only with the written approval of SABA. The Supplier shall carry the costs of the maintenance, repair and replacement of the tools.

13.2 Replacement tools are the property of SABA to the same proportion which SABA has in the original tools. For co-owned tools, SABA is entitled to a preemptive right to the co-owned portion of the Supplier. The Supplier must use the tools which are in the (co-) ownership of SABA exclusively for the manufacture of the Delivery Items.

13.3 After fulfillment of the respective Order, the Supplier must upon request return the tools immediately to SABA. For tools which are co-owned, SABA must refund to the Supplier after receipt of the tools the present value of the co-owned portion of the Supplier. The Supplier does not have a right of retention in any case. The return obligation applies to the Supplier also in the event of an insolvency claim against it or of a longer term interruption of the deliveries. The Supplier must insure the tools as agreed and in the event no agreement has been reached, for the customary amount.

14. Software

Provided non-standardized software forms part of the Delivery Item, the Supplier shall be prepared for a period of 5 years from the delivery to make modifications/improvements in the software pursuant to the instructions of SABA for reasonable compensation. Inasmuch as the software originates from the prior supplier, the Supplier will correspondingly obligate the prior supplier.

15. Force Majeure / Longer Term Delivery Obstacles

15.1 Industrial disputes, riots, governmental measures and other unforeseeable and unavoidable occurrences release the Supplier and SABA from performance obligations for the duration of the disturbance and to the extent of its effect. The party affected must immediately inform the other contractual partner in detail and do everything reasonable in order to limit the effect of such an occurrence. The party affected must immediately inform the other contractual party of the end of the disturbance.

15.2 In the event of a longer term prevention of the delivery, suspension of payments or the initiation of insolvency proceedings, the rejection of the initiation of such a proceeding due to lack of assets or the initiation of a comparable proceeding against one of the parties, the other party is entitled to withdraw from the Agreement in regard to the yet unfulfilled portion. Should the Supplier be affected by one of the above-mentioned occurrences, it will to the best of its ability support the shift of the production of the Delivery Items to SABA or a third party including a licensing of the necessary commercial industrial property rights for the production at customary conditions.

16. Place of Performance, Applicable Law, Place of Jurisdiction, Arbitration

16.1 Place of performance for deliveries and services is the destination specified by SABA.

16.2 Swiss law shall exclusively be applicable to this Agreement and the present General Terms and Conditions of Purchase with the exclusion of the Treaty of the United Nations regarding agreements for the international sale of goods (Vienna Convention on the Sale of Goods).

16.3 Any dispute, controversy or claim arising out of or in relation to the Agreement, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be one. The seat of the arbitration shall be in Zurich, Switzerland. The arbitral proceedings shall be conducted in English.

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