

GENERAL TERMS AND CONDITIONS

ARTICLE 1: SCOPE

- 1.1. The following general terms and conditions (hereinafter "Terms") shall apply to all business dealings and agreements between A & R Optical Machinery Inc., a Wisconsin corporation with offices located at 155 South Executive Drive Suite 210 Brookfield, Wisconsin 53005 and its customers relating to the conception, manufacturing and assembling automatic devices, instruments and machinery for the ophthalmic, optical, automotive, cable, chemical industries and all other industries, including the use of robots and developing automatic systems using all technologies related to machinery and instruments.
- 1.2. Any customer, who places an order with A & R Optical Machinery Inc., in any way whatsoever, shall be deemed to have accepted these Terms prior to the order.
- 1.3. Unless otherwise agreed to in writing by A & R Optical Machinery, Inc., no terms other than these Terms contained in any document issued by the customer or in any written or oral communication between the parties shall apply to the agreements A & R Optical Machinery, Inc. and the customer. No interlineations, deletions, modifications or amendments to these Terms shall be binding on unless agreed to and accepted in writing.

ARTICLE 2: FORMATION OF AGREEMENT

- 2.1. An agreement shall be deemed to have been entered into when, upon receipt of an order, A & R Optical Machinery Inc. sends a written acceptance.
- 2.2. Any agreement negotiated by any employee or agent of A & R Optical Machinery, Inc. shall be binding only after a manager of A & R Optical Machinery, Inc. has sent a written acceptance of the order to the customer.

ARTICLE 3: DELIVERY AND DELAYS IN DELIVERY

- 3.1. Unless otherwise agreed in writing, the delivery is made ex-works (Incoterms 2000) at A & R Optical Machinery, Inc.'s place of business. The customer shall bear all risks during delivery, in particular those relating to transport. A & R Optical Machinery Inc. is not responsible for any damage in shipment.
- 3.2. Where a specific shipping date is not designated in a writing signed by A & R Optical Machinery, Inc., A & R Optical Machinery, Inc. shall not be responsible for any delays in filling those orders, nor shall it be liable for any loss or damages resulting from such delays.
- 3.3. If a specific shipping date is specified in the order or later agreed to by A & R Optical Machinery, Inc., then A & R Optical Machinery, Inc. shall not be liable for any delays in filling this order caused by accidents to machinery, differences with employees, strikes, labor shortage, fire, floods, supplier delays in filling this required by an instrumentality of the United States Government or any government, delays in the transportation, restriction imposed by any governmental regulation, whether valid or invalid, or cause beyond the control of A&R Optical Machinery, Inc., or without the sole fault or negligence of A&R Optical Machinery, Inc.
- 3.4. Under no circumstances shall the customer or customer's clients be entitled to any damages for A & R Optical Machinery, Inc.'s failure to ship on time, and customer agrees to indemnify, defend and hold A & R Optical Machinery, Inc. harmless against any costs and expenses related to any claims for lost profits or other consequential damages based on A & R Optical Machinery, Inc.'s failure to deliver timely.
- 3.5. If the customer does not pick up the goods at the date specified in the order or later agreed to by A & R Optical Machinery, Inc., the delivery of the goods shall nevertheless be deemed accepted by the customer who shall therefore pay for the goods delivered. The storage of the goods arranged by A & R Optical Machinery, Inc. will be at the risks and expenses of the customer. A & R Optical Machinery, Inc. shall further be entitled, in addition to any other remedy for the customer's failure to take the products, to recover any expenses properly incurred in performing the contract and not covered by payments received for the goods delivered.

ARTICLE 4: INTELLECTUAL PROPERTY RIGHTS

- 4.1. All intellectual property rights to, ownership of and interest in all goods, trademarks, trade names, logos, distinctive marks, designs, and other materials created and/or made available by A & R Optical Machinery, Inc. hereunder or within the framework of the relationship between the customer and A & R Optical Machinery, Inc. are vested exclusively in A & R Optical Machinery, Inc.
- 4.2. The customer shall not reproduce, transfer, sell, grant, assign, license, lend, use or dispose of, in any way whatsoever, in whole or in part, the goods, distinctive marks, and designs and other materials created and/or made available by A&R Optical Machinery, Inc. and/or otherwise act as maker of and/or party entitled to such rights, except in accordance with these Terms and without the prior written consent of A & R Optical Machinery, Inc.

- 4.3. The customer will not be permitted to remove or alter indications concerning intellectual property rights and concerning the confidential nature of information from goods, services, programs, works, distinctive marks, inventions, designs, models and other materials created and/or made available by A & R Optical Machinery, Inc. and goods delivered.
- 4.4 The customer will indemnify A & R Optical Machinery, Inc. against claims of third parties based on the allegation that by using materials made available by the customer, A & R Optical Machinery, Inc. has infringed the intellectual property rights of third parties.
- 4.5 A & R Optical Machinery, Inc. makes no warranty concerning the appropriateness of the goods, services or programs to the purposes for which the customer or its clients are acquiring same. Moreover, A & R Optical Machinery, Inc. makes no warranty that the good, services, programs or other intellectual property of A & R Optical Machinery, Inc. does not infringe the rights of third parties and A & R Optical Machinery, Inc., and shall be under no obligation to protect the customer any claims made by third parties for any reason.

ARTICLE 5: PRICE

- 5.1. Unless otherwise agreed in writing by the parties, prices are quoted in US\$, tax not included.
- 5.2. Those prices cover only the sale of the machinery and/or instruments and/or the license to use the software as well as the documentation.
- 5.3. The quotations or tenders are noncommittal in nature. A & R Optical Machinery Inc. will be entitled to adjust agreed prices on the basis of the average change in the cost price of the goods or services to be delivered and/or activities to be performed by A & R Optical Machinery Inc. The adjustment of agreed prices and rates will apply as of the beginning of the first month after the customer has been notified in writing of the adjustment. The weights, dimensions, capacities, performance ratings and other data on A & R Optical Machinery Inc.'s catalogs, prospectus, circulars, advertisements, price lists and instructions sheets are mentioned only as general information. They are only approximate and shall not bind A & R Optical Machinery Inc.

ARTICLE 6: PAYMENT

- 6.1. Payment shall be made in US\$ at A & R Optical Machinery, Inc.'s registered office in Brookfield, Wisconsin.
- 6.2. Unless otherwise agreed in writing in the order confirmation, payment shall be made within 30 days of the date of invoice. In the event A & R Optical Machinery Inc. feels insecure concerning payment by the customer, A & R Optical Machinery Inc. reserves the right to require cash or letter of credit payment terms.
- 6.3. In the event of non-payment of an invoice by the due date, A & R Optical Machinery, Inc. shall be entitled to require immediate payment of all unpaid invoices. A & R Optical Machinery, Inc. will be entitled to apply payments made by the customer first to pay those claims it deems appropriate, including interest, late charges, costs of collection, etc. A & R Optical Machinery, Inc. shall also be entitled to immediately suspend all deliveries or summarily terminate all agreements with the customer, without prior notice, judgment or award. Furthermore, A & R Optical Machinery, Inc. shall have the right to retake all goods immediately unless other written arrangements have been made concerning payment if the customer is past due. The customer agrees to make all goods available, shipping ready, for A & R Optical Machinery Inc., within five (5) days of receiving notice from A & R Optical Machinery, Inc., of its intention to retake the goods.
- 6.4. Any invoice unpaid by the due date shall automatically and without prior notice carry interests in the rate of one and one half percent (1.1/2%) on the unpaid portion of the invoice sum for each period of thirty (30) days or part thereof from the due date. The customer shall pay all of A & R Optical Machinery, Inc.'s costs of enforcing these Terms and collection of any amounts past due, including, but not limited to attorneys' fees, court costs, witness fees, travel and lodging, etc.
- 6.5. Customer will not be entitled to suspend its payment obligations to A&R Optical Machinery, Inc. and/or to offset them with any obligations of A&R Optical Machinery, Inc. to customer. Customer will not be entitled to dissolve the contract with A&R Optical Machinery, Inc. if customer is in default.

ARTICLE 7: SECURITY INTEREST

- 7.1. In order to protect and secure payment of all debts due and owing from the customer and until A & R Optical Machinery, Inc. has been paid in full, the customer hereby grants to A & R Optical Machinery Inc. a security interest in the product, and all proceeds and all accounts receivables resulting from the sale of the product. In connection therewith, the customer hereby authorizes A & R Optical Machinery, Inc. to take all necessary steps to file such financing statements and exhibits with the proper authorities, at the sole expense of A&R Optical Machinery, Inc.

7.2. Until the customer has paid for the product in full, the customer shall not pledge, mortgage, encumber, or create or suffer to exist a security interest in the product in favor of any person other than A & R Optical Machinery, Inc. unless written approval of such other security interest is given by A & R Optical Machinery, Inc. Additionally, the customer agrees to keep the products insured to their full value until payment is received by A & R Optical Machinery, Inc. In the event the customer sells the goods to a third party before payment in full is received by A & R Optical Machinery, Inc., the customer agrees to secure its security interest in the goods at the time of sale to its customer in order to protect the customer's interests to the greatest extent possible.

ARTICLE 8: ACCEPTANCE - INSPECTION

8.1. Unless A & R Optical Machinery, Inc. receives a written complaint with full particulars from the customer regarding any defective machinery and instruments or services or other complaints within thirty (30) days, the machinery and instruments shall be deemed to have been delivered in good condition and that the delivery is accepted. Acceptance covers all apparent defects, i.e. those which the customer could disclose at the time of reception or in the following thirty (30) days when carrying out careful and systematic inspection and tests.

ARTICLE 9: LIMITED WARRANTY

- 9.1 A & R Optical Machinery, Inc. warrants, for twelve (12) months after delivery, unless indicated to the contrary, that the goods, services and programs covered by these Terms are produced according to usual practices, customs, standards, specifications and tolerances of trade prevailing in the country of origin at the time of production and shall be free from defects in design, material, workmanship and shall be conform to the A & R Optical Machinery, Inc.'s specifications. **THIS WARRANTY IS GIVEN IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. ALL OTHER WARRANTIES, AND SPECIFICALLY THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY EXCLUDED.** Goods showing only minor defects, not affecting the function of the goods or program shall be accepted by the customer and shall not give rise to any claim against A & R Optical Machinery, Inc. All claims of damages of any kind during delivery are barred unless reported in writing by the customer to A & R Optical Machinery, Inc., with full disclosure of particulars within seven (7) days after delivery as defined herein.
- 9.2. Where a defect is discovered within twelve (12) months of delivery from A & R Optical Machinery, Inc., the customer shall be entitled, at A & R Optical Machinery, Inc.'s option, to either credit or replacement of the defective product. **A & R OPTICAL MACHINERY, INC. SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL, DIRECT OR INDIRECT COSTS OR LOSSES UNDER ANY CIRCUMSTANCES.** A & R Optical Machinery, Inc. will not replace where the defect is the result of use or handling in a manner, circumstances, or for purposes other than those that have been approved or instructed by A & R Optical Machinery, Inc. The warranty covers spare parts and A & R Optical Machinery, Inc.'s labor costs during this period. However, travel and accommodation costs are at the customer's expense.
- 9.3. In the event the customer has licensed software programs from A & R Optical Machinery, Inc., any and all warranties related to such shall be null and void thirty (30) days after A & R Optical Machinery, Inc. publicizes generally the existence of a new release of such software program.
- 9.4. The maximum liability of A & R Optical Machinery, Inc. under any circumstances shall be the price actually paid by the customer to A & R Optical Machinery, Inc. for the good, service or program that is proven to be defective.

ARTICLE 10: RELIEF

- 10.1. A & R Optical Machinery, Inc. is not liable for the failure to perform any of its obligations insofar as it proves:
- that the failure was due to Force Majeure or any other impediment beyond its control; and
 - that it could not reasonably be expected to have taken the impediment and its effects upon its ability to perform into account of the time of the conclusion of the agreement; and
 - it could not reasonably have avoided or overcome it or at least its effects.

ARTICLE 11: CONFIDENTIALITY

- 11.1. All technical information or data relating to the machinery and instruments, including but not limited to the technical documentation, shall be regarded as strictly confidential.
- 11.2. The customer shall take all necessary steps to avoid the disclosure of those information and data and use the same care and discretion as in protecting its own confidential information in order to hold them in confidence. The customer shall limit the access to this information and data to its directors, employees, sub-contractors,

agents, distributors or customers as far as strictly necessary for the use or marketing of the machinery and instruments and shall impose them a duty of confidentiality in respect with the said information and data.

11.3. Those commitments shall remain in force as long as the said information and data do not come into public domain.

ARTICLE 12: CANCELLATION PRIVILEGES

12.1. A & R Optical Machinery, Inc. may cancel any contract if the customer is in default of the payment of any obligations pursuant to or any contract between the parties or if in the sole judgment of A & R Optical Machinery, Inc., the customer's financial condition and responsibility has become materially impaired. In addition, A & R Optical Machinery, Inc. shall have the right to recover damages for nonperformance, and any unpaid installments due on account of this or any other contract between the parties shall become immediately due and payable.

12.2. A & R Optical Machinery, Inc. will be entitled to terminate the contract unilaterally with immediate effect, fully or in part and/or to suspend performance of its obligations under the contract with immediate effect if:

- a. the customer has failed to fulfill one or more of its obligations under this or any other contract or sales terms;
- b. the customer has suspended payments or has sought the protection of the Bankruptcy Courts;
- c. a petition for the involuntary bankruptcy of the customer has been filed;
- d. the customer's property on A & R Optical Machinery, Inc.'s premises has been attached in execution;
- e. a resolution for the dissolution and/or winding up of the customer has been adopted;
- f. the enterprise operated by the customer has been fully or partly transferred to a third party.

12.3. A & R Optical Machinery, Inc. will never be liable with respect to the customer for any damages arising from termination of the contract or from the suspension of obligations under the contract for the aforementioned reasons.

12.4. If the contract is terminated, performance of the contract already received by the customer and the payment obligations of the customer in connection with it will remain. The amounts invoiced by A & R Optical Machinery, Inc. for performance prior to or upon termination of the contract will be immediately due and payable after termination. The customer agrees to pay any of A & R Optical Machinery, Inc.'s costs, damages, attorneys' fees and other expenses associated with A & R Optical Machinery, Inc.'s termination of any contract with the customer pursuant to the terms of this section.

ARTICLE 13: SEVERABILITY

13.1. Should any provision of these Terms be judicially declared unenforceable, that provision shall be deemed stricken and the remainder shall continue in full force and effect insofar as it remains a workable instrument for effectuating the intents and purposes of the parties. The Parties further agree to re-negotiate any so severed provision to bring the same within applicable legal requirements to the greatest extent possible.

ARTICLE 14: GOVERNING LAW

14.1. These Terms shall be governed by and interpreted in accordance with Wisconsin laws. The sole and exclusive venue for any dispute arising out of or in connection with the business dealings and agreements between A&R Optical Machinery, Inc. and the customers shall be the state circuit court located in Waukesha County, Wisconsin.