

GENERAL TERMS AND CONDITIONS OF PROMOTION FOR NAGRAID SECURITY PRODUCTS

1. PREAMBLE

Unless otherwise stated in a written agreement signed by **NagraID Security S.A.** (hereafter called "Vendor" **or "NIDS"**), the terms and conditions herein shall apply to sales made by the Vendor. Notwithstanding anything to the contrary stated in Buyer's conditions of purchase, Buyer agrees that Vendor's acceptance in writing of Buyer's order, constitutes Buyer's acceptance (1) of the conditions set out herein and (2) that none of the Buyer's conditions of purchase shall apply. Where Software is supplied by Vendor to Buyer, whether or not in combination with products, Buyer acknowledges that use of that Software is governed by Vendor or third party separate software license terms and conditions applicable to that software. All the conditions herein included shall also apply to the supply of software so long as they are not inconsistent with the applicable software license terms and conditions.

2. OFFERS AND ORDER CONFIRMATION

2.1. Prices of standard products are listed on NIDS's official pricelist; these prices are based on current economic and financial conditions at the date when the list is published; they are liable at any time to be adjusted to take account of any fluctuation in such conditions. The prices are Ex-Works INCOTERMS 2000 and exclude any applicable tax (incl. VAT), customs duty and/or levy imposed by any public authority, all of which Buyer shall additionally be liable to pay to Vendor. The cost of packaging is not included.

2.2. For standard products which are not mentioned in the official pricelist or which are specific to one client, Vendor shall issue, upon demand, a written offer with binding effect limited to 30 days from the date of issuance.

2.3. Vendor shall have no liability for information or proposals provided orally, personally or by phone, as long as they have not been confirmed in writing.

2.4. Buyer shall be exclusively responsible of the content and of the wording of his order and is requested to check, upon receipt, the content of the written order confirmation, and in particular the description of the goods, the quantities and the delivery schedule. In absence of claim immediately upon receipt of the order confirmation, its content will be deemed to correspond to the final and mutual agreement of the Parties.

3. DELIVERIES

3.1. Unless otherwise agreed in writing by Vendor, delivery shall be made and transfer of risk shall take place Ex-Works La Chaux-de-Fonds, Switzerland ("Vendor's warehouse") according to INCOTERMS 2000. Carriage of products shall be at Buyer's own risk.

3.2. Title to the Product (excluding software) shall vest in the Buyer upon full payment. Liability for loss or damage shall pass to Buyer upon NIDS's delivery to Buyer. Any subsequent loss or damage shall not relieve Buyer from its obligations.

3.3. Buyer agrees to accept the delivery date for the products as determined by Vendor, in Vendor's order confirmation or equivalent document. Vendor shall make his best efforts to meet the delivery schedule of the products.

3.4. Failure to deliver by the due date shall not give Buyer any right to compensation nor impose any responsibility or liability on Vendor. In particular, vendor shall not be in default in case the delivery is delayed for reason of Force Majeure, or for other reasons such as late

receipt of raw material, problems of transportation or machine failure.

3.5. Unless otherwise agreed in writing between the Parties, delivered quantities may vary up to plus or minus 10% (ten percent) of the ordered quantities.

3.6. In the event of any default by Buyer, Vendor may decline to make further shipments or may elect to continue to make shipments notwithstanding such default.

3.7. Orders accepted by the Vendor are firm and non cancelable by the Buyer except upon Vendor's default which shall not have been corrected within 30 days from Buyer's notice to such effect.

3.8 Any claim regarding non-conformity of products with specifications will be accepted by Vendor only if each of the following two conditions have been met: **(a)** the Buyer's claim must be submitted in writing to Vendor within ten days after the delivery date; after such period has expired, all products shall be deemed accepted; after agreement with Vendor, Buyer shall return the whole batch of non-accepted products; each allegedly non-conforming batch of products must be accompanied by the precise reason for rejection and the corresponding test report and proof of purchase and **(b)** products must not have been modified or damaged or manipulated for any reason whatsoever.

PRODUCTS SPECIFICATIONS

4.1. Specifications for products shall be Vendor's specifications as existing in the published data sheet at the time of the order acknowledgment except if particular specifications are given by Buyer and accepted by Vendor.

4.2. Except as otherwise specifically agreed in writing by Vendor, Vendor reserves the right to change at any time the specifications of any product manufactured by Vendor (including all statements and data appearing in Vendors' catalogues, data sheets and advertisements) without notice.

FORCE MAJEURE

Neither party shall be responsible or liable for any delay or failure in performance arising as a result of any occurrence or contingency beyond its reasonable control, including but not limited to, capacity constraints, accident, act of God, acts of the public enemy, earthquake, fire, flood, labour disputes, strikes, riots, civil commotion, war (declared or not), unanticipated manufacturing problems, novelty of products, requirements or acts of any government or agency thereof, judicial action, inability to secure materials on a timely basis (except if such inability results from negligence of Vendor) and failure or delays in transportation. The delayed party shall send written notice of the delay and the reason therefore to the other party as soon as possible after the party delayed knew of the cause of delay in question.

WASSENAAR ARRANGEMENTS

The Parties acknowledge that the subject matter to this Agreement may fall within the scope of the provisions set forth by the Wassenaar Arrangements or any successor, substitute or additional body regulating sensitive technologies. Should performance of this Agreement legally be prevented by the regulators of the Wassenaar Arrangements or any such other body such prevention shall be considered as a case of Force Majeure. Neither Party shall be liable to the other for any damages resulting from the non-performance of this Agreement as the result of the application of any such regulations, save to the extent caused

by the other party's negligence.

WARRANTY

8.1. Subject to the terms hereof, Vendor warrants that its products shall conform to the applicable specifications referred to in Clause 4 for a period of one year from delivery. This warranty shall not apply: (i) if products have been damaged; or (ii) if products have been submitted to abnormal conditions (mechanical, electrical or thermal) during storage installation or use; or (iii) if products are used in a non-standard environment. A non standard environment is an environment requiring a robustness not documented in the applicable specification such as without limitation, space, military and or nuclear environments; or (iv) to products supplied at request of Buyer which Vendor has indicated may not conform (risk products) to applicable technical specifications or constitute experimental, developmental or non-qualified products; or (v) if the non-conformance of products results from excess usage of the maximum values (temperature limit, maximum voltage...) defined by Vendor, or from an incorrect choice of application by Buyer, or from use other than in accordance with the relevant specification or (vi) to those products referred to in clause 8.2; (vii) if products are used for another use than specified in the offer or in any document agreed on the Parties; or (viii) to any other default not attributable to Vendor.

The Buyer shall have notified Vendor of the defects in writing within fourteen (14) days after the defects are discovered, and the notice shall thoroughly describe the conditions under which the defect has arisen in order to facilitate the diagnostic of the defect.

If Vendor determines the products are non-conforming, Vendor will, at Vendor's option, repair or replace the non-conforming products, or issue a credit or rebate of the purchase price.

8.2. Vendor's products are not designed nor are they authorized for use in life supporting devices or systems. Vendor expressly disclaims any responsibility for such usage which shall be made at Buyer's sole risk, even if Vendor has been informed in writing of such usage. Buyer shall indemnify Vendor, its officers, employees and affiliates against all claims arising directly or indirectly from Buyer's incorporation of the products in any application or system where failure of the product could lead to death or personal injury.

8.3. If the Buyer requires from Vendor to embed or reproduce its own or third party intellectual property in the products, Buyer warrants that it owns all intellectual property rights and/or it has sufficient right and power to grant license necessary to the Vendor to fulfill such obligation including but not limited to the manufacture of the products. Buyer shall be exclusively responsible of the content and of the wording appearing on products.

LIMITATION OF LIABILITIES

VENDOR SHALL HAVE NO LIABILITY UNDER THESE GENERAL TERMS AND CONDITIONS OF SALE FOR LOSS ARISING FROM ANY CLAIM MADE AGAINST BUYER, OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF PROFITS OR LOSS OF USE, BASED ON ANY BREACH OR DEFAULT OF VENDOR, INCLUDING ANY BREACH OR DEFAULT ARISING FROM INFRINGEMENT OR ALLEGED INFRINGEMENT OF ANY PATENT, TRADEMARK, COPYRIGHT, MASK WORK RIGHT, OR OTHER INTELLECTUAL PROPERTY RIGHT. BUYER'S SOLE REMEDY AND VENDOR'S SOLE AND TOTAL LIABILITY FOR ANY CAUSE OF ACTION, WHETHER IN CONTRACT (INCLUDING BREACH OF WARRANTY) OR TORT (INCLUDING NEGLIGENCE OR MISREPRESENTATION) OR UNDER STATUTE OR OTHERWISE SHALL BE LIMITED TO AND SHALL NOT EXCEED THE PRICE ALLOCABLE TO THE PRODUCTS AND OR SOFTWARE WHICH GIVES RISE TO THE CLAIMS. BUYER SHALL ALWAYS INFORM VENDOR OF ANY BREACH AND AFFORD IT REASONABLE OPPORTUNITY TO CORRECT THE BREACH.

INTELLECTUAL PROPERTY RIGHTS

Because of the complexity of manufacturing techniques for electronic components and of the intellectual property rights pertaining thereto, Vendor is not able to declare that its products do not infringe the intellectual property rights of third parties. In the event that a third party makes a claim alleging that products delivered to Buyer infringe such third party's intellectual property rights, Vendor undertakes at its option and charge to defend the claim or seek a compromise; if an unfavorable and final judgment is rendered against Vendor, it shall at its option take out a license from the above mentioned third party or shall modify the products in such a way as to avoid infringement. If such a solution shall be impracticable for economic and/or technical reasons, Vendor shall accept the return of the product supplied and shall reimburse the Buyer up to a maximum equal to the amount paid by the Buyer for the products deemed to infringe. The preceding indemnification shall only be due by the Vendor provided that Buyer (1) promptly notifies Vendor in writing of the claim of infringement (2) allows Vendor to control and co-operates with Vendor in the defense and any related settlement action. Furthermore, such indemnification does not apply to any claims of infringement involving products made, provided or modified by Vendor in compliance with the requirements or specifications of Buyer, from the combination or use of a product supplied with any other product, even if such product has no substantial use other than as part of such combination or use, or from any modification to the programming of products made other than by Vendor. Buyer agrees to indemnify Vendor against all damages and costs resulting from any such claims of infringement made against Vendor. The above provisions constitute the entire undertaking of Vendor towards Buyer in the event of any intellectual property right claim of a third party with regard to products supplied by Vendor.

JURISDICTION - APPLICABLE LAW

Any dispute concerning this Agreement, in particular as to its existence, validity, interpretation, performance or non-performance, whether arising before or after the expiration, shall be settled by arbitration. The seat of the arbitration shall be in Lausanne, Switzerland. The arbitration shall take place in accordance with the Swiss Rules of International Arbitration, Swiss law being exclusively applied to the merits. The number of arbitrators will be three; the language of arbitration will be English, unless agreed differently by the Parties in writing. The applicable laws shall be the laws of Switzerland, without consideration for the conflict of laws provisions and/or of international treaties. The application of the United Nations Convention for the International Sale of Goods shall be expressly excluded.

GENERAL

12.1. Severance . In the event any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and these General Terms and Conditions of Sale shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

12.2. Export Control Laws. Buyer undertakes to comply with all applicable laws, regulations, decrees and ordinances, related to the Buyer's use, sale or transfer of the products supplied hereunder.

12.3. Waiver. A waiver of a breach or default under these General Terms and Conditions of Sale shall not be a waiver of any subsequent default. Failure of Vendor to enforce

compliance with any term or condition hereof shall not constitute a waiver of such term or condition.

12.4. Software. 1. Title to Software including without limitation copyright, is owned by Vendor or Vendor licensors and no title is transferred to Buyer. 2. Buyer shall not copy, modify, translate, disassemble or decompile the Software. Buyer shall use the Software in connection with the product and not otherwise. The Software may only be transferred when the product to which it relates is transferred. The rights granted in this Clause 12.4 may be terminated in the event of a breach by Buyer of any of the terms of these General Terms and Conditions of Sale.

12.5. No licenses. No license under any intellectual property right of Vendor is granted herein except the right to use or resell any product patented by Vendor and sold by Vendor to Buyer.

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