

Terms and Conditions for Purchases and Orders

Swarovski Optik KG

Version 02.10.2006

1. General:

1.1 These Terms and Conditions for Purchases and Orders apply to all purchase agreements entered into by Swarovski Optik KG (hereinafter called "Swarovski") (purchase agreements, contracts for works and services, contracts for work done and materials supplied, and other contracts for acquisition) unless stated otherwise in the respective order.

1.2 The application of general terms and conditions of the Supplier, in whatever form, shall be excluded in any event, even if they do not contradict these Terms and Conditions for Purchases and Orders, and even if their applicability has not been expressly objected to, except where they have been recognized by Swarovski expressly and in writing.

1.3 Acts of performance or silence on the part of Swarovski shall not mean that any general terms and conditions of the Supplier have been recognized.

1.4 Deviating arrangements, collateral agreements, covenants and amendments of the Terms and Conditions for Purchases and Orders may only be agreed in writing and only for the specific case in question.

1.5 All letters from the Supplier must show the respective order number by Swarovski. Deliveries, notifications, invoices etc. without that data shall be considered not arrived for lack of possibility to process them.

1.6 Should any individual provisions of these Terms and Conditions for Purchases and Orders be invalid for whatever reason, the remaining provisions shall remain fully valid. The Parties agree for that case to enter into an agreement as quickly as possible that comes as close as possible to the ineffective agreement.

1.7. The Contractor agrees to comply with the rules for safety and environmental protection valid at the Principal's location.

2. Offers:

2.1 The specifications of the item to be delivered or performed that have been communicated to / by Swarovski shall be considered warranted characteristics.

2.2 All offers made to Swarovski shall be binding upon the offering party / the Supplier at least for the term of three months from receipt by Swarovski, regardless of what amount of preparatory work was necessary to make the offer to Swarovski. Offers shall confer neither a claim to be awarded a contract nor to receive a remuneration.

3. Awarding of orders:

3.1 Orders are binding for Swarovski if they have been placed on Swarovski's order forms and have been duly signed.

3.2 Orders placed electronically shall be valid even without a signature if they include an order number of our range of order numbers.

3.3 Oral agreements or orders by telephone shall only be valid if they have been placed by the sales staff authorized by us, who you have come to know or who have been made known to you as a result of frequent and recurring orders, with you recognizing these Terms and Conditions for Purchases and Orders without reservations as you have taken notice of them. Oral orders shall require written confirmation to be legally valid.

3.4 By accepting an order from Swarovski - and lacking such acceptance, when the respective goods are delivered or services rendered - the Supplier fully subjects to these Terms and Conditions of Purchase. Any provisions pre-printed in the offer or in the Supplier's order confirmation for carrying out the order for Swarovski shall be invalid and ineffective without any necessity of a separate notice (objection) on the part of Swarovski.

3.5 Should an order placed by Swarovski not be objected to within a term of 8 days from receipt, this shall mean the unlimited acceptance of the order by the Supplier.

3.6 To the extent you correct a prescribed price, the order is made subject to the possible tacit recognition of the price by us.

3.7. Awarding the implementation of purchase agreements as a whole or in part to subcontractors of the Supplier shall only be permitted upon written consent by Swarovski, to be obtained on a case-to-case basis. Changing the sub-suppliers of raw materials for implementing orders shall require the express written consent of Swarovski. In the event of non-compliance with this rule, Swarovski shall not be obliged to accept delivery or performance, and the consequences of non-compliance shall occur.

3.8. The Contractor shall vest its rights and duties from the subject terms and conditions to its successors.

4. Order confirmation:

If orders are placed by mail, the Supplier is asked to confirm the order on the enclosed copy order form. If orders are transferred electronically, confirmation shall be made directly on the corresponding order message and returned to us. If we do not receive such confirmation within due time (no more than 14 days from the date of our order form!), we will assume your tacit and full consent (see 3.5). If you state objections on the returned order form copy or in an accompanying letter against details of our order or against terms and conditions, we reserve the option to cancel the order.

5. Prices:

The agreed prices are fixed prices. Subsequent increases for what reason ever will not be recognized. No disadvantages can be imposed on us as a result of exchange rate fluctuations. If prices and conditions (packing etc.) have not already been laid down in our order but are stated later, they do not become valid until we have accepted them in writing. We assume that general price reductions already apply to current orders.

6. Delivery time:

6.1 The prescribed delivery times must be strictly adhered to. Part deliveries or premature delivery shall require our consent.

6.2 With premature delivery, terms of payment shall not start until the date originally agreed upon.

6.3 As soon as the Supplier realizes that delivery on time is not possible or only partly possible, we shall be informed forthwith, grounds for the delay and the probable duration of the delay being stated, and our consent shall be obtained.

6.4 If there is a delay and/or incomplete delivery, we may cancel the contract without setting an additional time-limit (regardless of whether or not delivery has already been made), or insist on delivery and damages. If there is default in performance, we may at our discretion claim damages or carry out substitute performance, the selection of the supplier of substitute performance being reserved to us exclusively. In any event, this shall be subject to other claims by Swarovski, such as in particular claims for damages.

7. Packaging, shipping:

7.1 Prices are understood "including packaging" as a matter of principle. In the case of other agreements, packaging shall be calculated at cost and be shown separately. All damage caused by improper packing shall borne by the Supplier.

7.2 If there are no express rules for shipping and as long as Swarovski pays part of or the full shipping costs, consignments shall be sent by the Contractor by rail, mail or forwarding agent in accordance with those tariff provisions that offer the lowest shipping costs. Swarovski reserves the right to obtain compensation from the Supplier for all disadvantages suffered by Swarovski in comparison with the cheapest possible shipping method.

7.3 If there are express shipment rules by Swarovski, the Supplier shall comply with these unconditionally. If the Supplier carries out shipment in violation of a rule by Swarovski, Swarovski reserves the right to obtain compensation from the Supplier for all disadvantages suffered as a result of this.

8. Delivery and acceptance:

8.1 Deliveries shall not be considered accepted in a legally valid way until they have been received, inspected and found good by our Incoming Goods Inspection department.

8.2 However, with goods that are processed or further processed by Swarovski, the warranty period shall not begin until the goods have started to be used in processing. Any earlier confirmation of receipt of the goods or payment of an invoice shall not constitute an act of acceptance by Swarovski, so that a refusal of the goods on the grounds of defects also remains reserved in those cases. Swarovski shall neither be obliged to inspect goods / services immediately upon receipt nor to make a subsequent Commercial Code notice of defects.

8.3 Cash-on-delivery consignments are only accepted if we have given our consent beforehand, no exceptions made.

9. Invoice:

9.1 Invoices shall be sent to us in at least two copies immediately after the goods have been sent or the services have been fully rendered, stating all details of the order.

9.2 Invoices for work done or installations carried out shall be accompanied by proof of time spent confirmed by us. Invoices that do not meet these requirements, in particular with regard to the order references, will be considered not sent.

9.3 With consignments that cross the EU outside border, two invoices shall be either included with the freight documents as customs papers and movement certificates / certificates of origin, or sent express and marked "For Customs" to the receiving works in time so that they are already there when the goods arrive. The full order number and the listed place of unloading shall be shown clearly visible in the consignment notes, in the consignment documents for the recipient, and on the packages themselves (signature, adhesive label).

9.4 At the first delivery - and if there have been changes as to preferential origin as compared to the first delivery, also with subsequent deliveries - the Contractor undertakes to issue a supplier's declaration pursuant to Council Regulation (EC) no. 1207/2001 for the goods supplied by him. If this is not possible, the order confirmation and the invoice shall be marked "No preferential origin".

10. Payment:

10.1 If there is no specific agreement, payment shall be within 14 days minus 5 % cash discount or 30 days without deductions.

10.2 The time-limit for the payment of invoices shall start with the day the invoice is received, provided that the goods have been duly received by or that the service has been duly rendered to Swarovski. Payment shall be considered performed when the order for transfer is given to the bank, be it in writing or by electronic data transmission.

10.3. We are authorized to retain the whole amount invoiced until all complaints about defects have been dealt with, in particular in the case of replacement delivery (also in the context of substitute performance). Set-off against counterclaims shall be permitted. In both cases, our claim for a cash discount shall remain.

10.4 Payment shall not signify an acknowledgement that the delivery was duly made or the service duly rendered, and therefore shall not mean a waiver of any claim we might have for defects of performance in terms of warranty or damages.

10.5 All claims due to the Supplier from us must not be assigned to any third party without our written consent.

11. Warranty and guarantee:

11.1 The Supplier warrants the use of the best material expedient, expert implementation in accordance with the drawings, functional design and faultless assembly.

11.2 The Supplier shall in the same way be liable for the completeness and correctness of the information and statements made in brochures and offers and in particular in certificates, inspection certificates or customs documents.

11.3 The warranty period shall be 24 months and shall start when the delivered item is put into operation / used..

11.4 Any damage shall be mended at the Supplier's expense free place of use. Defects that can only be noticed during processing or working entitle us to demand the refunding of fruitless expenditures. If part of a consignment is not in accordance with our regulations or fails to meet the characteristics usual in the business, the whole consignment may be sent back.

The Supplier shall be liable in the same way for the goods and components and services supplied but not manufactured or rendered by him.

11.5 We shall have a term of 24 months to lodge a complaint about defects. Hidden defects entitle us to lodge a complaint about defects at any time. If no forwarding instructions arrive for the complained consignment from the Supplier within 14 days from sending the complaint, we are entitled to send back the goods

complained about to the Supplier's address at the latter's expense and risk. Acceptance at the Supplier's works does not release him from his warranty obligations.

11.6 In the event of liability, Swarovski is entitled to demand - notwithstanding the other options provided by the law - free replacement, rescission, mending of the defect free of charge, or an adequate price reduction, or may have the defect mended at the expense of the Supplier, all of which shall apply even if the defect is minor or can be mended. As soon as the defect has been fully mended, the warranty and guarantee period shall start anew. The Supplier shall be liable for the consequential damage resulting from a defect even if he is not at fault or in the event of slight negligence.

11.7 Should the granting of an additional period of time be necessary as a result of compulsory provisions of the law, a term of three weeks shall be deemed reasonable in all events.

11.8 The Supplier shall provide us with any storage and operating instructions in German and on his own initiative together with the consignment, lacking which he shall be liable for all damage resulting from not knowing those instructions.

11.9 The Supplier warrants that the delivered goods are free from reservation of property and any rights of third parties. Any reservation of property shall be invalid even without any objection on our part.

12. Machines and equipment:

12.1 Machines and equipment must be equipped with the prescribed protective devices and meet the applicable safety requirements, all of which the Supplier expressly warrants. If electrical plants or electrotechnical products are delivered, the Supplier undertakes to adhere to the specifications issued by Swarovski as to measurements, quality and features as well as to comply with all electrotechnical safety provisions.

12.2 In particular, the *Elektrotechnikgesetz* [Electrical Equipment Act] as amended with the respective *Elektrotechnikverordnung* [Electrical Equipment Ordinance] as amended and all rules and provisions based on these as well as the applicable ÖVE and VDE rules, as well as the Ö-Norm standards and the general rules engineering.

12.3 Should EU Directives, laws, regulations or rules require CE marking, having completed the proceedings prescribed in the rules for affixing the CE mark is an indispensable prerequisite for implementing the agreement.

13. Rules, safety regulations:

The Supplier assures that the items to be delivered / the services to be rendered are in accordance with the applicable national and EU directives, laws, rules and regulations, and in the event of non-compliance with these provisions he undertakes to carry out any duties imposed by authorities or other public institutions at his expense and to bear any fines awarded.

14. Liability:

14.1 The Supplier shall himself be liable for the implementation of the order and for the offer, and if performance is rendered by a subcontractor, the Supplier shall remain the sole contract partner and contact of Swarovski.

14.2 In the event of disputes concerning patent or trademark law arising from the consignment, the Supplier shall indemnify us and hold us harmless and warrant

the unlimited use of the delivered goods, regardless of whether or not he is at fault. If necessary, Swarovski may itself engage in lawsuits preliminarily, the Supplier having to compensate Swarovski for all expenses incurred in that context.

14.3 The Supplier shall indemnify Swarovski from all claims of third parties under the *Produkthaftungsgesetz* (Product Liability Act) and to refund to Swarovski any damage suffered in that context, such as in particular costs for recall, interest loss, attorney's fees and others, unless a defect under the Product Liability Act was caused by Swarovski. The Contractor undertakes to ensure adequate insurance coverage for cases of professional and product liability.

14.4. If the delivered goods are defective, that is, if they are in particular not in accordance with the sample, the quality regulations, packing and shipment instructions, and the material identification rules, the Supplier shall refund to Swarovski the expenses incurred by the latter for inspecting the goods, finding the defects, sorting out, conversion and the like, after such costs have been proven. All of this shall not affect the claims that might arise under the laws.

15. Industrial property rights and confidentiality:

15.1 All rights in drawings, patterns and designs put at the Supplier's disposal shall remain with Swarovski.

15.2 With regard to information disclosed by Swarovski and/or its associated companies in particular with regard to development, inventions, production, purchase, accounting, mechanical engineering, marketing and sales policy, sales, plans and objectives for new products, strategies, records, designs, patterns, samples, drawings, sketches, systems, processes, production facilities, contents and existence of the business relation, key contracts, values etc. (hereinafter collectively referred to as the "Confidential Information"), the Supplier (including the Supplier's employees personally) shall be obliged to keep such Confidential Information secret and not - for whatever reason or to whatever purpose, and subject to our written consent - use it commercially, utilise or exploit it, nor to disclose it to any third party or use it at the Supplier's own advantage or that of a third party neither now nor at any time in the future. Any absolutely necessary disclosure of Confidential Information to subcontractors shall require a written covenant for secrecy with the same contents on the part of the supplier.

15.3 At our request, the Supplier shall immediately return all documents and any documentation containing Confidential Information, including copies of such documents or documentation in possession of the Supplier, and regardless of whether these have been made by the Supplier, by us, or by a third party.

15.4. The limitations and obligations of this Agreements shall remain in force even after the business connection has expired, has been terminated or has been cancelled, and the Supplier and his successors shall remain bound by it.

16. Drawings, tools, moulds; means for measuring and testing

16.1 Drawings, devices, tools, moulds, means for measuring and testing and the like that have been provided by Swarovski for implementing the order shall remain the property of Swarovski, must not be made accessible to third parties, and must not be used for advertising. They shall be returned to Swarovski at our call in usable condition.

16.2 Tools, moulds and the like that are produced fully or partly at the expense of Swarovski shall become the property of Swarovski when produced. These as well as those provided by us shall be carefully kept, maintained, and renewed by the Supplier.

16.3 Following the completion of each order for which the tools, moulds etc. had to be used, Swarovski may demand the delivery of all tools, moulds and the like free of charge.

16.4 The Supplier shall grant access to Swarovski or the persons authorized by Swarovski to inspect or remove the tools, and the Supplier shall ensure that they are not hindered in any way in removing the tools. The tools shall be handed over undamaged, ready to use and secured.

16.5 The obligations arising from 16.1, 16.2, 16.3 and 16.4 shall not lapse on expiry of this contract.

16.6 Swarovski shall be notified immediately in the event of access by third parties for whatever reason.

17. Material provided:

17.1 Material provided by Swarovski shall remain our property, must be marked as such, and be stored and managed separately. The Supplier shall compensate Swarovski for any reduction in value or loss.

17.2 Material provided by Swarovski may only be used for orders by Swarovski. As soon as such material is processed or worked, we shall become the direct owners of the new or reworked items. Account on the material provided shall be rendered in the form notified by us.

18. Place of performance and legal venue:

18.1 The place of performance for deliveries and services shall be the recipient's premises given in the order.

18.2 Any disputes concerning the order, the awarding of a contract or the existence of the agreement in question shall be subject to Austrian law, but not the UN Sales Convention. The legal venue agreed upon shall be the court in Innsbruck with subject matter jurisdiction.

19. Other provisions:

Only with the consent of Swarovski may seller use the name of Swarovski, Swarovski Optik or any of the picture brands for advertising purposes or point out the existing relationship with Swarovski on whatever occasion.

20. Delivery address:

If no other instructions have been given, goods shall be generally sent to Swarovski Optik KG to the applicable address.

RAIL to	SHIPMENT by MAIL to	TRUCK to	Times during which delivery will be accepted
Railway station Hall in Tirol	Swarovski Optik KG P.O. Box 108 A-6060 Hall in Tirol /	Swarovski Optik KG Swarovski Strasse 70 A-6067 Absam / Austria Tel. +43 (0)5223 511-0	Mon-Thu 7.30 – 12.00 and 13.00 – 16.00 Fridays 7.30 – 11.30

Austria

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