

LOGISTICS AGREEMENT

APPENDIX 4 to General Purchase Agreement (“GPA”)

between

VIDEOTON ELEKTRO-PLAST KFT.

and

[SUPPLIER]

[Date]

THIS AGREEMENT, made and entered into [Insert Date] by and between:

VIDEOTON ELEKTRO-PLAST KFT, a company incorporated in Hungary and having its registered office at 3, Izzó str., H-7400 Kaposvár (hereinafter "BUYER")

AND

[SUPPLIER], a company incorporated in [], and having its registered office at [ADDRESS], (hereinafter "SUPPLIER").

BUYER and SUPPLIER may also be referred to as "Party" or jointly as "Parties".

WHEREAS

- (A) BUYER is engaged in the business of contract manufacturing, development and/or sale of products for electronics industries;
- (B) SUPPLIER is a provider/manufacturer of components and/or material(s) used or intended to be used by BUYER when providing contract manufacturing services to its BUYERS.
- (C) SUPPLIER acknowledges and agrees that components must be manufactured in highest quality and in accordance with the agreed specifications, and that components must be delivered to BUYER at the agreed delivery times and in the agreed volumes in order to ensure uninterrupted production at BUYER's plants.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS

1. DEFINITIONS

"**APPENDIX 1.**" shall mean a list of items, which may be attached to the GPA as Appendix 1.

"**Component**" shall mean any and all components and/or materials purchased by BUYER from SUPPLIER.

"**CUSTOMER**" shall mean BUYER's Customer.

"**Obsolete Inventory**" shall mean the inventory of non-returnable/non usable materials, parts, components, semi finished products. The total quantity of Obsolete Inventory shall include all available stock on hand.

"**Supplier Schedule**" shall mean the document issued by BUYER electronically or in any other mutually accepted manner on a rolling basis advising SUPPLIER of the types and quantities of Components to be delivered to BUYER and defined in APPENDIX 1, unless otherwise defined in the Logistics Agreement(s).

“**Fixed Period**” shall mean a mutually agreed time period in weeks within what SUPPLIER shall deliver the quantity of Components indicated in Supplier Schedule and BUYER is liable for such quantity. The fix period for each Component or Component Group shall be defined in APPENDIX 1.

“**Planned period**” shall mean the number of week(s) with demand in BUYER’s Supplier Schedule(s), which shows the forecasted quantity of Components.

2. SCOPE

2.1 This Logistics Agreement shall form an integral part of the GPA and shall be attached to the GPA as APPENDIX 4. The purpose of this Logistics Agreement is to agree on the terms and conditions applicable to the purchase and delivery of Components, including the logistical model(s). Unless otherwise stated herein, the terms and conditions of this Agreement shall be equally applicable to all logistic models.

2.2 Nothing in this Logistics Agreement shall limit or exclude SUPPLIER’s obligations under the terms and conditions of the GPA. In case of conflict or inconsistency with the terms and conditions of the GPA and this Agreement, the GPA shall prevail.

2.3 Notwithstanding this Logistics Agreement or GPA, upon BUYER’s and SUPPLIER’s mutual contracting party’s request, BUYER shall have the right to purchase Components from SUPPLIER subject to the terms and conditions of the agreement between SUPPLIER and such mutual contracting party.

3. ORDERING MODEL

3.1 BUYER operates MRP system when ordering the Components and giving forecast to SUPPLIER. BUYER issues and sends weekly Supplier’s Schedules that is based on the firm orders and long term orientation received from the CUSTOMER. The schedules are sent via e-mail. Deliveries indicated by “F” (“**Fixed Period**”) are considered to be fixed orders from BUYER. Forecasted deliveries and quantities are marked with “P” (“**Planned Period**”). Fixed deliveries cover the production lead time of the ordered Component and the delivery term (INCOTERMS, defined in APPENDIX 1.), specified in Appendix 1. SUPPLIER is entitled to give an objection to each Supplier’s Schedule in 2 working days; otherwise BUYER considers all deliveries marked with “F” confirmed.

3.2 Dates stated in the Supplier’s Schedule are meant to be the time of execution of the “F” shipments according to the agreed term of delivery (INCOTERMS, defined in APPENDIX 1.).

3.3 In order to secure production and ensure deliveries on time and in requested quality and quantity, SUPPLIER has the opportunity to ask for authorization from BUYER to purchase raw material and/or to manufacture Components on top of the “F” deliveries. This agreement has to be concluded separately by and between the Parties in written form before any action is made by SUPPLIER. Having come to an agreement, this authorization is presented on the weekly Supplier’s Schedule.

3.4 Forecasted deliveries and quantities (“**Planned Period**”) can be cancelled by BUYER unless otherwise agreed with the SUPPLIER as an exception for the authorized raw material and/or manufacture of Components mentioned in point 3.4.

Flexibility and Liability for Phase Out

- Phase Out Notification shall be released 4-5 months prior to the actual date of Phase Out. SUPPLIER shall immediately perform an inventory check to ensure that all materials on stock will be utilized during the phase out period. A brief estimation shall be provided by SUPPLIER within 5 days from receiving the Phase out Notification.
- Firm fixed production plans shall be released 3 months prior the phase out date. At this time SUPPLIER shall provide a valid and final list of obsolete materials on hand ("**Obsolete inventory**") along with a proposal including an action plan to minimize the overall obsolete value. No further amendments to increase the obsolete material quantity and value will be accepted beyond this date. The Obsolete Inventory will be liquidated within six (6) months.
- SUPPLIER shall again provide updated obsolete material lists, 2 and 1 months prior the phase out date.
- On the phase out date SUPPLIER shall provide a finalized obsolete material list ("**Obsolete Inventory**") which shall be the basis for material scrapping. The obsolete material list shall be reviewed and mutually agreed on by both SUPPLIER and BUYER.

4. THE OUTPUT OF THE SUPPLIER

The SUPPLIER has to organize its output in the way that monthly variations by BUYER delivery schedule are covered. Expected peak capacity to cover increased orders should be 30% on top to average quantity by the forecasted yearly quarter.

5. SECURITY OF SUPPLY

The SUPPLIER has to organize a minimum stock for each items defined in APPENDIX 1, to warrant 100% security of supply. Base is the average quantity for the next two months. Should the SUPPLIER have any other possibility to fulfill the requirements it must be documented in a detailed and measurable way.

6. COMPANY HOLIDAY AT SUPPLIER

SUPPLIER needs to inform BUYER regarding vacation close-down 8 weeks in advance to the start of the close-down.

7. LOSS OF PRODUCTION, AMENDMENT OF PRODUCTION PLANNING OR PRODUCTION SHUTDOWN

If, despite an emergency plan, late or incorrect delivery or poor quality of supplied goods for which the SUPPLIER is responsible, causes production plans to be amended or brings production at BUYER to a halt, the SUPPLIER shall bear the costs of such loss of production. This shall also encompass quality deficiencies occurring as a result of transport. Here too, the SUPPLIER shall bear the cost in case of CIP/CIF and DDU term of delivery and shall make his own claims against third parties. Furthermore, the SUPPLIER shall be obliged to ensure delivery of the goods as quickly as possible in a perfect condition suitable for production.

8. DELIVERY TIMES / DELIVERY TIME FRAME

SUPPLIER with regular deliveries can agree delivery time frames with BUYER and must ensure these are met. If the above mentioned agreed, then described in APPENDIX 1.

9. DELIVERY FREQUENCY

The SUPPLIER may agree delivery frequencies or fixed delivery days with BUYER's Strategic purchaser. The SUPPLIER must guarantee the delivery of goods to BUYER throughout the year in accordance with the agreed delivery frequencies or delivery days.

No deliveries take place on closed delivery days of BUYER. The BUYER provides information about these closed delivery days in advance.

10. ACCEPTANCE

Excess, short or partial deliveries are only permitted where previously expressly requested by BUYER in writing.

Early material deliveries will be rejected by BUYER and sent back or stored on third-party premises or at BUYER, unless it was agreed by both Parties before. Goods will be sent back or stored at the SUPPLIER's cost and risk. Taking over the delivered items from the forwarder by BUYER, does not mean quality and quantity acceptance yet.

FOR AND ON BEHALF OF **VIDEOTON ELECTRO-PLAST KFT.**

Date:

Name:

Title:

Name:

Title:

FOR AND ON BEHALF OF **SUPPLIER**

Date:

Name:

Title:

Name:

Title:

LIST OF EXHIBITS:

Exhibit 1: Contact Information

EXHIBIT1 CONTACT INFORMATION

BUYER's Plant:

Date:

SUPPLIER details

Name of SUPPLIER	
Street address	
PO BOX	
Postal code	
City	
Country	
VAT number (EU)	
Currency (invoicing)	
Term of payment	

Contact person	Function	Telephone	Fax	e-mail

BUYER's plant

	Invoice address	Delivery address
Street address	Izzó u. 3.	
Postal code	7400	
City	Kaposvár	
Country	Hungary	

Contact person	Function	Telephone	Fax	e-mail
XX	Operative Buyer	XX	+36 82 502 196	XX
XX	Quality	XX	-----	XX
Szabolcs Molnár	Financing	+36 82 502 318	+36 82 502 383	Molnar.Szabolcs@vtep.videoton.hu
XX	Strategic Buyer	XX	-----	XX