

SALES ORDER ACKNOWLEDGEMENT

Terms and Conditions of Sale

THE SALES ORDER ACKNOWLEDGEMENT AND THIS TERMS AND CONDITIONS OF SALE BECOME THE AGREEMENT ("AGREEMENT") BETWEEN CROSSBOW TECHNOLOGY INC ("SELLER") AND BUYER FOR THE SALE OF GOODS AND/OR SERVICES DESCRIBED ON THE FACE OF THE SALES ORDER ACKNOWLEDGEMENT (COLLECTIVELY REFERRED TO AS "ITEMS"). ACCEPTANCE OF BUYER'S ORDER IS CONDITIONAL ON BUYER'S ASSENT TO THIS AGREEMENT. IF BUYER OBJECTS TO ANY TERMS HEREIN, SUCH OBJECTION MUST BE IN WRITING AND DELIVERED TO SELLER WITHIN A REASONABLE TIME, NOT TO EXCEED 10 DAYS OF RECEIPT OF THIS DOCUMENT. FAILURE TO MAKE SUCH A TIMELY EXCEPTION. OR ACCEPTANCE BY BUYER OF ANY GOODS DELIVERED BY SELLER HEREUNDER, SHALL BE CONCLUSIVELY DEEMED ASSENT TO THE TERMS AND CONDITIONS HEREIN. SELLER'S FAILURE TO OBJECT TO PROVISIONS CONTAINED IN ANY COMMUNICATION FROM BUYER WILL NOT BE A WAIVER OF THE PROVISIONS HEREOF.

1. **Taxes**

Prices do not include any taxes, now or hereafter enacted, applicable to the Items on this transaction. Taxes will be added by Seller to the sales price where Seller invoices the same to comply with law, and will be paid by Buyer unless Buyer provides Seller with a proper tax exemption certificate.

2. **Prices, Releases and Setoff**

Prices apply only if the quantity ordered hereunder is released for shipment within twelve (12) months (or longer if mutually agreed to in writing) from the date of Seller's receipt of Buyer's order. Otherwise, Seller's standard price in effect at time of release shall apply to quantity shipped and Buyer shall pay the difference in price, if any, and Seller has the right to terminate this contract. In such event, Buyer is liable for termination charges as set forth in Paragraph 15a.

Buyer grants to Seller the right at any time during the course of this contract to revise prices hereunder by Seller's giving to Buyer written notice, such revised prices to apply to all goods thereafter shipped.

If buyer provides written objection within ten (10) days following notice of a price change established by Seller, Seller shall have the option of terminating this contract with no liability to Seller.

Buyer waives any rights of setoff, except with respect to its claims against Seller which arise from transactions with the Seller's division at the address shown on the face hereof.

3. **Title and Delivery**

All shipments of goods shall be delivered F.O.B. Seller's plant, and title and liability for loss or damage thereto shall pass to Buyer upon Seller's delivery of the goods to a carrier for shipment to Buyer, and any loss or damage thereafter shall not relieve Buyer from any obligation hereunder. Buyer shall be liable for costs of insurance and transportation and for all import duties, taxes and any other expenses incurred or licenses or clearance required at port of entry and destination.

Seller may deliver goods in installments. Shipping dates are approximate only. Seller shall not be liable for any loss or expense, whether by way of contract or tort,

(consequential or otherwise) incurred by Buyer if Seller fails to meet the specified estimated delivery schedule because of unavoidable production or other delays.

All provisions of the Paragraph 3 apply to both domestic and international shipments, except that title to goods shipped outside the U.S. shall pass at the point of destination; risk of loss or damage and all expense associated with goods shipped outside the U.S. shall be the responsibility of the Buyer.

4. **Quantities**

Any variation in quantities shipped over or under the quantities ordered (not to exceed 10%) shall constitute compliance with Buyer's order and the stated unit price will continue to apply.

5. **Terms and Method of Payment**

Where Seller has extended credit to Buyer, terms of payment shall be net thirty (30) days from date of invoice. The amount of credit or terms of payment may be changed, or credit withdrawn by Seller at any time. If the goods are delivered in installments, Buyer shall pay separately for each installment. Payment shall be made for the goods without regard to whether Buyer has made or may make any inspection of the goods. If shipments are delayed by Buyer, payments are due from the date when Seller is prepared to make shipments. Goods held for Buyer are at Buyer's risk and expense.

6. **Contingencies and Force Majeure**

Seller shall not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond the control either of Seller or Seller's suppliers, including, but not limited to, war (whether an actual declaration thereof is made or not), sabotage, insurrection, riot or other act of civil disobedience, act of a public enemy, failure or delay in transportation, act of any government or any agency or subdivision thereof, judicial action, labor dispute, accident, fire, explosion, flood, storm or other act of God, shortage of labor, fuel, raw material or machinery or technical failure where Seller has exercised ordinary care in the prevention thereof. Seller may allocate production and deliveries among seller's customers.

7. **Substitutions and Modifications of Goods**

Seller may modify the specifications of goods designed by Seller, and substitute goods manufactured to such modified specifications for those specified herein, provided such goods substantially conform to this Agreement. Where Buyer orders goods subject to military specifications, Buyer agrees that Seller may supply goods which conform with the most current version or revision of the applicable military specifications.

8. **Legal Compliance**

Buyer, at all times, shall comply with all applicable federal, state and local laws and regulations. Export of the products covered by this quotation or acknowledgment may be subject to export license control by the U.S. government. It is Buyer's responsibility to obtain any licenses which may be required under the applicable laws of the U.S. including the Export Administration Act and regulations promulgated there under.

9. **Changes**

Any notice or instruction from the Buyer received subsequent to Seller's acknowledgment, including supplementary information contained in a confirming purchase order, which has the effect of changing the specifications, scope of work, or other terms, will be effective only upon an appropriate adjustment in the price and/or delivery date, and acceptance of any change by Seller in writing.

10. **Limited Warranty: Customer Returns**

THE FOLLOWING IS IN LIEU OF ALL WARRANTIES EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OBLIGATION ON THE PART OF SELLER.

Seller, except as otherwise hereinafter provided, warrants its hardware products against faulty workmanship or the use of defective materials, and that such goods will conform to Seller's written specifications, drawings, and other descriptions for a period of one (1) year from the date of shipment or one (1) year from the date of resale by Buyer to Buyer's customers, whichever is first to expire. Seller warrants that at the time of delivery Seller has title to the goods free and clear of any and all liens and encumbrances. These warranties are the only warranties made by Seller and can be amended only by a written instrument signed by an officer of Seller.

Software products are licensed to Buyer under the terms of the appropriate Seller's software license. For a period of ninety (90) days from the Delivery Date, Seller's software products (when properly installed on Seller's hardware products) (a) will substantially conform with the descriptions in the accompanying written materials if properly used in accordance with the procedures in such documentation, and (b) the medium on which the software product is recorded will be free from defects in materials and workmanship under normal use and service. Any replacement of a licensed software product will be warranted for the remainder of the original warranty period or thirty (30) days, whichever is longer.

This Limited Warranty is void if failure of the products has resulted from accident, abuse, misapplication, improper calibration by Buyer, Buyer supplied third party software not intended for use with the applicable Seller's software, utilization of an improper hardware or software key, modifications of the product by Buyer or a third party, or unauthorized maintenance or repair.

Continued use or possession of goods after expiration of the applicable warranty period stated above shall be conclusive evidence that the warranty is fulfilled to the full satisfaction of Buyer. Seller makes no warranty as to experimental or developmental goods or goods not manufactured by Seller, provided that as to goods not manufactured by Seller, Seller, to the extent permitted by Seller's contact with its supplier shall assign to Buyer any rights Seller may have under any warranty of the supplier thereof.

Seller's warranties are herein above set forth shall not be enlarged, diminished or affected by, and no obligation or liability shall arise or grow out of Seller's rendering of technical advice or service in connection with Buyer's order of the goods furnished hereunder.

11. **Product Application Indemnity**

Buyer agrees to indemnify and hold harmless Seller for all claims, whether arising in tort or contract, against Buyer and/or Seller, including Attorney's fees, expenses and costs, arising out of the application of Seller's products to Buyer's designs and/or products, or Seller's assistance in the application of Seller's products.

12. **Exclusive Remedies**

If the goods furnished by Seller fail to conform to Seller's exclusive limited warranty, Seller's sole and exclusive liability shall be (at Seller's option) to repair, replace or credit Buyer's account for any such goods which are returned by Buyer during the applicable warranty period set forth above, provided that (i) Seller is promptly notified in writing upon discovery by Buyer that such goods failed to conform to this contract with a detailed explanation of any alleged deficiencies; Buyer must obtain a Return Material Authorization ("RMA") number from Seller before returning any product under warranty to Seller, (ii) such goods are returned to Seller, F.O.B. Seller's plant, and (iii) Seller's examination of such goods shall disclose to Seller's satisfaction that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, unauthorized repair or improper testing. If Seller elects to repair or replace such goods, Seller shall have a reasonable time to make such repairs or replace such goods. If, however, Seller concludes that the goods returned are not defective, Buyer will be notified, the product returned at Buyer's expense, and a charge made for examination and testing.

THIS IS THE SELLER'S ONLY LIABILITY AND BUYER'S EXCLUSIVE REMEDY FOR ANY CLAIM, WHETHER ARISING IN TORT OR CONTRACT, AND IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL, COLLATERAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

13. **Acceptance of Product**

Acceptance shall be presumed conclusively to have occurred thirty (30) days following delivery of product to Buyer, unless Buyer has accepted the product prior to that date.

14. **Patents**

Seller shall defend any suit or proceeding brought against Buyer insofar as such suit or proceeding is based on a claim that any goods manufactured and supplied by Seller to Buyer constitute direct infringement of any duly issued United States patent and Seller shall pay all damages and costs finally awarded therein against Buyer, provided that the Seller is promptly informed and furnished a copy of each communication, notice or other action relating to the alleged infringement and is given authority, information and assistance (at Seller's expense) necessary to defend or settle said suit or proceeding. Seller shall not be obligated to defend or be liable for costs and damages if the infringement arises out of compliance with Buyer's specification (s), or from a combination with, an addition to, or a modification of the goods after delivery by Seller, or from use of the goods, or any part thereof, in the practice of a process. Seller's obligations hereunder shall not apply to any infringement occurring after Buyer has received notice of such suit or proceeding alleging the infringement unless Seller has given written permission for such continuing infringement.

If any goods manufactured and supplied by Seller to Buyer shall be held to infringe any United States patent and Buyer shall be enjoined from using the same, Seller will exert its reasonable efforts, at its option and at its expense, (i) to procure for Buyer the right to use such goods free of any liability for patent infringement or (ii) to replace such goods with a non-infringing substitute otherwise complying substantially with all requirements of this contract or (iii) refund the purchase price and the transportation costs of such goods.

If the infringement by Buyer is alleged prior to completion of delivery of the goods under this contract, Seller may decline to make further shipments without being in breach of this contract, and provided Seller has not been enjoined from selling said goods to Buyer, Seller agrees to supply said goods to Buyer, at Buyer's option, whereupon the patent indemnity obligation herein stated with respect to Seller shall reciprocally apply with respect to Buyer.

If any suit or proceeding is brought against Seller based on a claim that the goods manufactured by Seller in compliance with Buyer's specifications and supplied to Buyer directly infringe any duly issued United States patent, then the patent indemnity obligations herein stated with respect to Seller shall reciprocally apply with respect to Buyer.

The sale of the items ordered hereunder does not grant or convey or confer upon Buyer upon Buyer or Buyer's customers, or upon anyone claiming under Buyer, a license express or implied under any patent rights of Seller covering or relating to any combination, machine or process in which said item might be or are used.

THE FOREGOING STATES THE SOLE AND EXCLUSIVE LIABILITY OF SELLER FOR PATENT INFRINGEMENT AND IS IN LIEU OF ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, IN REGARD THERETO, AND IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL, COLLATERAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

15. Termination and Cancellation

(a.) Buyer may terminate this contract in whole, or from time to time, in part, upon thirty (30) days advance written notice to Seller. In such event, Buyer shall be liable for termination charges which shall include: 1. a price adjustment based on the quantity of goods actually delivered, and 2. if goods ordered are a standard catalog item, Buyer will pay a cancellation and stocking charge for each unit cancelled equal to 20% of the purchase order item price, or if goods are non-standard items built to the Buyer's custom order, Buyer will pay for all cost, direct and indirect, incurred and committed for this contract, together with a reasonable allowance for prorated expenses and anticipated profits. (b.) If, in Seller's judgment, the Buyer's financial condition does not justify the terms of payment specified, Seller may cancel this contract unless Buyer shall immediately pay for all goods which have been delivered and pay in advance for all goods prior to delivery.

16. Non-Waiver of Default and Collection Rights

In the event of any default by Buyer, Seller may invoke any remedy provided by law or by the terms herein stated, and may decline to make further shipments. If Seller elects to continue to make shipments, Seller's actions shall not constitute a waiver of any default by Buyer or in any way affect Seller's legal remedies for any such default.

In the event Seller resorts to a third party or to litigation in order to collect amounts due Seller, Buyer agrees to pay costs of collection for amount owed to Seller, including, but not limited to, attorney's fees, court costs, and interest in the amount of 1% per month (12% per annum), from the date the amount is due.

17. Applicable Law and Forum

The validity, performance and construction of this contract shall be governed by the laws of the state in which Seller resides, as shown on the face hereof and such state shall be the only jurisdiction in which any suit may be brought against Seller regarding any dispute arising of this transaction.

18. **U.S. Government Contracts; International Orders**

If the goods to be furnished under this contract are to be used in the performance of a U.S. Government contract or subcontract, and a U.S. Government contract number shall appear on Buyer's purchase order, those clauses of the applicable U.S. Government procurement regulations which are required by Federal Statute to be included in U.S. Government subcontracts are incorporated herein by reference.

International orders are subject to applicable U.S. export laws and restrictions applicable at the time of order shipment.

19. **Assignment**

This contract is binding upon and inures to the benefit of the parties and the successors and assigns of the entire business and good will of Buyer, or of that part of the business used in the performance of this contract, but shall not be otherwise assignable, without the prior consent of Seller.

20. **Affidavits and Certificates**

No certificates of compliance, conformance, or chemical analysis shall be provided unless Buyer's detailed requirements are stated on the face of the Buyer's order. Seller reserves the right to charge an additional fee for any such certificate.

21. **Sizes, and Samples**

Quotations are preferably made on the basis of Buyer's prints. When quotations are made on the basis of samples or otherwise, the dimensions on which the quotation is based will be stated. USE OF, OR REFERENCE TO SAMPLES, SHALL NOT ENLARGE, AFFECT OR ALTER THE LIMITED AND EXCLUSIVE WARRANTY (PARAGRAPH 10) OR REMEDY (PARAGRAPH 12).

Where Buyer requires samples from Seller to verify completion of fitting-up, Buyer will pay for such fitting-up within (30) days after receipt of the samples, unless Buyer within such period gives Seller a detailed written description of any allowable variance from specifications, in which case Buyer will promptly pay upon correction of such variances.

22. **Tools and Dies**

Unless otherwise provided herein, even though fitting-up charges may be specified, all tools and dies, including, without limitation, fixtures, gauges and assembly equipment manufactured for this contract, will be Seller's property, but will be retained by Seller for Buyer's non-exclusive use; provided, however, that Seller may dispose of such tools and dies if Buyer does not order from Seller goods for manufacture therefrom within any one (1) year period.

If any tools and dies manufactured by Seller are to become Buyer's property, it must be specifically so provided on the face hereof. Any such tools and dies, or any materials, tools, dies and other equipment furnished by Buyer to Seller, shall be at Buyer's sole risk and expense, and Seller shall not be liable for loss, damage, maintenance, repair or renewal, regardless of cause. If Buyer desires to withdraw such tools and dies from Seller's plant, and if Seller consents to permit Buyer to withdraw them, for any reason, Buyer will first compensate Seller for any cost incurred with respect to them, including, without limitation, design and development costs.

23. **Severability of Terms**

If any phrase, clause or provision shall be declared void, the validity of any other provisions shall not be affected thereby.

24. **Modification**

THIS CONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES RELATING TO THE SALE OF THE GOODS DESCRIBED ON THE FACE HEREOF, AND NO ADDITION TO OR MODIFICATION OF ANY PROVISION OF THIS CONTRACT SHALL BE BINDING UPON SELLER UNLESS MADE IN WRITING AND SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF SELLER LOCATED AT SELLER'S APPROPRIATE ORDER ENTRY LOCATION.