

**HL ELECTRONICS, LLC**  
**SALES TERMS and CONDITIONS**

Unless otherwise agreed in writing by an authorized representative of Seller, these Sales Terms and Conditions shall apply to any and all orders placed by Buyer for products or services of Seller without regard to whether Seller has issued a new quote with respect to such order. In these sales terms and conditions, HL Electronics, LLC is referred to as "Seller" and the party to whom Seller's quotation is addressed is referred to as "Buyer".

**1. ACCEPTANCE OF ORDERS.** Seller's acceptance of all orders and all offers and sales by Seller are subject to and expressly conditioned upon Buyer's assent to the terms and conditions of this Agreement, and Buyer's acceptance of any offer by Seller must be made on such terms and conditions exactly as offered by Seller. Any of Buyer's terms and conditions which are different from or in addition to those contained in this Agreement are objected to by Seller and shall be of no effect unless specifically agreed to in writing by Seller. Commencement of performance or shipment shall not be construed as acceptance of any of Purchaser's terms and conditions which are different from or in addition to those contained herein. If a contract is not earlier formed by mutual agreement in writing, acceptance by Buyer of products or services furnished by Seller pursuant hereto shall be deemed assent to all of the terms and conditions of this Agreement.

This Agreement shall be governed by the laws of the State of Texas as if made and to be performed entirely within such state. Buyer agrees that jurisdiction over any dispute that may arise hereunder shall be vested in any court of competent jurisdiction located in Dallas, Texas.

**2. PRICES.** The prices stated in this Agreement do not include transportation, insurance or any sales, use, excise or other taxes, duties, fees or assessments imposed by any jurisdiction. All applicable sales taxes will be paid by Buyer unless Buyer provides Seller with the appropriate tax exemption certificates. Any taxes paid at any time by Seller and which are to be borne by Buyer hereunder shall be invoiced to Buyer and reimbursed to Seller. All prices and other terms are subject to correction for typographical or clerical errors.

**3. TERMS OF PAYMENT.** Buyer shall pay for products in cash upon delivery, unless an earlier or later time for payment is specified in the quotation (in which case payment shall be due at the time so specified). Each shipment shall be considered a separate and independent transaction and payment for each shipment shall be due accordingly. Seller may, at its option, elect to extend credit to Buyer. If Seller extends credit to Buyer, invoices will be issued upon shipment and payment shall be due in full within thirty (30) days from the invoice date or such other date specified in the quotation. Seller reserves the right to change the amount of or withdraw any credit extended to Buyer. Unless otherwise specified in this Agreement or agreed to in writing by Seller,

payment for services will be billed at Seller's then current prices and invoiced monthly or, if sooner, upon completion of the work. Payment of such invoices is due within thirty (30) days from the invoice date.

Amounts not paid when due shall be subject to interest at the rate of one and one-half percent (1½%) per month or, if less, the maximum rate permitted by law.

Payment terms on all international orders are advance wire transfer or irrevocable international letter of credit issued by a U. S. bank acceptable to Seller.

In the event of the bankruptcy or insolvency of Buyer, or the filing of any proceeding by or against Buyer under any bankruptcy, insolvency or receivership law, or in the event Buyer makes an assignment for the benefit of creditors, Seller may, at its election and without prejudice to any other right or remedy, exercise all rights and remedies granted Seller in Section 7 as in the case of a default by Buyer under this Agreement.

**4. DELIVERY, TITLE AND RISK OF LOSS.** Products shall be shipped FOB Seller's manufacturing facilities or warehouse to any location designated by Buyer (subject to the provisions of Section 15 hereof) and shall be deemed delivered to Buyer when tendered to the transportation company at the shipping point. Unless otherwise agreed to in writing by Seller, all transportation charges and expenses shall be paid by Buyer, including the cost of any insurance against loss or damage in transit which Seller may obtain. Seller reserves the right to ship products freight collect. Seller hereby reserves, and Buyer hereby grants to Seller, a purchase money security interest in all products purchased under this Agreement, together with all proceeds thereof, including insurance proceeds. Such security interest secures all of Buyer's obligations arising under this Agreement until all amounts due Seller hereunder have been paid in full. Buyer agrees, upon Seller's request, to sign appropriate financing statements evidencing Seller's security interest.

Subject to the security interest reserved to Seller, title and risk of loss and/or damage to products shall pass to Buyer upon delivery of the products to the transportation company at the shipping point. Confiscation or destruction of or damage to products shall not release, reduce or in any way affect the liability of Buyer. In the event Buyer rejects or revokes acceptance of any products for any reason, all risk of loss and/or damage to such products shall nonetheless remain with Buyer unless and until the same are returned at Buyer's expense to such place as Seller may designate in writing. All products must be inspected upon receipt and claims filed by Buyer with the transportation company when there is evidence of shipping damage, either concealed or external.

**5. PERFORMANCE.** Seller will use its reasonable best efforts to observe the dates specified herein or such later dates as may be agreed to by Buyer for delivery or other performance, but Seller shall not be liable for any delay in delivery or failure to perform due to strike, lockout, riot, war, fire, act of God, accident, delays caused by any subcontractor or supplier or by Buyer, technical difficulties, failure to obtain materials, or required compliance with any law, regulation, order or direction, whether valid or invalid, of any governmental authority or instrumentality thereof, or due to any unforeseen circumstances or any causes beyond its control.

Buyer agrees that such delay in delivery or failure to deliver or perform any part of this Agreement shall not be grounds for Buyer to terminate or refuse to comply with any provisions hereof and no penalty of any kind shall be effective against Seller for delay or failure; provided, however, that if the delay or failure extends beyond sixty (60) days from the originally scheduled date either party may, with written notice to the other, terminate this Agreement without further liability for the unperformed part of this Agreement.

**6. ACCEPTANCE.** All products delivered hereunder shall be deemed accepted by Buyer as conforming to this Agreement, and Buyer shall have no right to revoke any acceptance, unless written notice of the claimed nonconformity is received by Seller within thirty (30) days of delivery thereof. Notwithstanding the foregoing, any use of a product by Buyer, its agents, employees, contractors or licensees, for any purpose, after delivery thereof, shall constitute acceptance of that product by Buyer.

**7. DEFAULT AND TERMINATION.** Buyer may terminate this Agreement if Seller materially defaults in the performance of its obligations hereunder and fails to cure such default within thirty (30) days after written notice thereof from Buyer. Such termination shall be Buyer's sole remedy in the event of a default by Seller. Buyer shall be deemed in material default under this Agreement if Buyer fails to pay any amounts when due hereunder, cancels or attempts to cancel this Agreement prior to delivery, or refuses delivery or otherwise fails to perform any of its obligations hereunder. In the event of a material default by Buyer, Seller may, upon written notice to Buyer, (1) suspend its performance and withhold shipments, in whole or in part, (2) terminate this Agreement, (3) declare all sums owing to Seller immediately due and payable and/or (4) recall products in transit, retake same and repossess any products held by Seller for Buyer's account, without the necessity of any other proceedings, and Buyer agrees that all products so recalled, taken or repossessed shall be the property of Seller, provided that

Buyer is given credit therefore. Exercise of any of the foregoing remedies by Seller shall not preclude exercise of any of the others, and neither the existence nor exercise of such remedies shall be construed as limiting, in any manner, any of the rights or remedies available to Seller under the Uniform Commercial Code or other laws.

**8. PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS.** The sale of products or the furnishing of services

hereunder does not convey any express or implied license under any patent, copyright, trademark or other proprietary rights owned or controlled by Seller, whether relating to the products sold or any manufacturing process or other matter. All rights under any such patent, copyright, trademark or other proprietary rights are expressly reserved by Seller. Furthermore, Buyer agrees not to infringe, directly or indirectly, any patents owned by or licensed to Seller with any combination or system incorporating a product sold hereunder. This Agreement supersedes and replaces any Restricted Use Agreement previously executed by Buyer.

Seller will, at its expense, defend any suit brought against the Reseller based upon a claim that the Product as delivered by Seller directly infringes a valid United States patent or copyright. Seller will pay costs and damages finally awarded against Buyer directly attributable to any such claim, but only on condition that; (a) Seller is notified in writing of such claim within ten (10) days following its receipt by Buyer; (b) Seller has sole control of the defense and any settlement negotiations; (c) the party receiving the claim provides Seller with all information and communications received by them regarding such claim; and (d) the party receiving the claim provides reasonable assistance to Seller, when requested, in addressing the claim. In the event it is determined by a court of competent jurisdiction that Seller's product, as delivered, does directly infringe upon one or more valid United States patent or copyright, Seller will have the right, at its option and expense, to: (i) obtain for Buyer the right to use the product, as delivered; (ii) so that it becomes non-infringing; (ii) to replace or modify the product, if possible, so it becomes non-infringing; or (iii) accept return of the product in exchange for a refund or credit not to exceed the purchase price paid by Buyer for such products, less depreciation on a straight-line three year basis. The foregoing states Seller's sole liability for any claim based upon or related to any alleged infringement of any patent or other intellectual property rights. Seller shall have no liability for any claim of infringement that is based on a combination of products furnished under this Agreement with products, equipment or materials not furnished hereunder, or based upon any items made with the products furnished under this Agreement.

Buyer shall defend and hold Seller harmless against any expense, loss, costs or damages resulting from any claimed infringement of patents, trademarks or other intellectual property rights arising out of compliance by Seller with Buyer's designs, specifications or instructions.

**9. LIMITED WARRANTY.** Seller warrants that its products furnished under this Agreement will be free from defects in materials and workmanship and will conform to and perform in accordance with Seller's published specifications for such products as in effect on the date of shipment (within the deviations specified therein) for a period of one (1) year from such date. Seller's liability and Buyer's sole remedy under this warranty is limited to repair or replacement of items determined by Seller to be defective or, at Seller's sole option, refund of the purchase price paid Seller for such items. Seller shall have no liability under this warranty unless Seller is notified in writing promptly upon Buyer's discovery of the defect and the defective items are returned to Seller, freight prepaid, and

received by Seller not later than ten (10) days after expiration of the warranty period.

This warranty shall not apply to any defect or failure to perform resulting from misapplication, improper installation, improper operation, abuse or contamination, whether internal or external, and Seller shall have no liability of any kind for failure of any equipment or other items in which the products are incorporated. This warranty shall not apply to products manufactured by Seller to Buyer's designs or specifications, and no warranty is given as to such products.

Seller warrants to Buyer that services provided hereunder will be performed in a reasonable, workmanlike manner. Seller will have no liability under this warranty unless Seller is given written notice of the claimed breach and a description thereof within ninety (90) days after the service is rendered. Seller's entire liability and Buyer's sole remedy under this warranty shall be limited to the provision of such remedial or replacement services as Seller reasonably determines necessary to correct the breach.

THE COMPANY MAKES NO EXPRESS WARRANTIES WITH RESPECT TO THE PRODUCTS OTHER THAN AS CONTAINED IN THIS WARRANTY. ALL IMPLIED WARRANTIES ARE HEREBY EXCLUDED, INCLUDING, BUT NOT LIMITED TO, WARRANTY OF TITLE, WARRANTY OF MERCHANTABILITY, WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND WARRANTY OF NON-INFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY. IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, INDIRECT, PUNITIVE OR EXEMPLARY DAMAGES OR LOST PROFITS FROM ANY BREACH OF THIS WARRANTY OR OTHERWISE. THE FOREGOING WARRANTY PROVISIONS ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY AND ALL OTHER WARRANTIES,

Remedies of Buyer for any breach of warranty are limited to those provided herein to the exclusion of all other remedies, including, without limitation, incidental or consequential damages. No warranty or agreement varying or extending the foregoing warranty and limitation of remedy provisions is authorized by Seller and may not be relied upon unless in writing and signed by the President or a Vice President of Seller. No representation or affirmation of Seller, whether by words or action, shall be construed as a warranty. If any model or sample was shown to Buyer, such model or sample was used merely to illustrate the general type and quality of the products and not to represent that the products would necessarily conform to the model or sample.

**10. RETURNS and RESTOCKING.** All returns must be accompanied by a Seller approved return authorization (RA). Unauthorized returns shall not be accepted. Buyer's requests concerning return merchandise should be directed to its Seller account representative. Non-warranty related return requests may be submitted for approval within 30 days of shipment. However, Seller reserves the right to accept or reject any return request for non-warranty reasons. Specially ordered Goods returns are conditional and require written approval by

Seller. If a return is approved by Seller, a 25% restocking fee may apply. Non-warranty returns must be in the original, unopened packaging. All returns are subject to and conditioned upon inspection by Seller. All shipping charges remain the responsibility of the Buyer unless otherwise agreed to by Seller in writing.

Credit for Goods returned due to a Seller shipping error shall be issued against the original invoice for the Goods, freight and return freight. All shipments from the Buyer shall be made prepaid to Seller's shipping warehouse. RAs are valid for 45 days from the date of issuance. Any credits for returned Goods shall be issued only after the Goods have been received and inspected by Seller.

**11. LIMITATION OF LIABILITY AND CLAIMS.** SELLER'S AGGREGATE LIABILITY FOR DAMAGES SHALL IN NO EVENT EXCEED THE AMOUNT, IF ANY, RECEIVED BY SELLER HEREUNDER. IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR SPECIAL LOSS OR DAMAGES OF ANY KIND, HOWEVER CAUSED, OR ANY PUNITIVE, EXEMPLARY OR OTHER DAMAGES. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE PRODUCTS OR SERVICES FURNISHED BY SELLER MAY BE BROUGHT BY BUYER MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION ACCRUED.

**12. PRODUCT INSTALLATION.** Unless Seller furnishes installation services as part of Buyer's order hereunder, Buyer assumes total responsibility for the proper selection, installation, operation and maintenance of any products purchased by Buyer. Buyer agrees to indemnify and hold Seller harmless from and against any claims, liabilities, damages, losses and expenses incurred as a result of improper installation.

**13. ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations, proposals, agreements and understandings, whether oral or written, relating to the products to be purchased hereunder or otherwise relating to the subject matter of this Agreement. Any representation, warranty, course of dealing or trade usage not expressly contained or referenced herein shall not be binding on Seller.

**14. ATTORNEY'S FEES.** In the event of default in payment of the purchase price or any part thereof, Buyer agrees to pay Seller's expenses, including reasonable attorney's fees and expenses, incurred by Seller in enforcing payment thereof, including all expenses incurred in connection with any arbitration or judicial proceeding.

**15. ASSIGNMENT.** Buyer shall not assign or transfer any rights or claim under this Agreement without the prior written consent of Seller, which consent shall not be unreasonably withheld, and any purported assignment made without such consent shall be void. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.

**16. EXPORT CONTROL.** Seller's export of the products, and any technical information related thereto, may be subject to United States and/or other national or international laws and regulations controlling the export and re-export of technical data and products, or limiting the export of certain products to specified countries (e.g., embargo regulations). Seller shall not be obligated under these Sales Terms and Conditions to export, transfer or deliver any products or related technical information to Buyer if prohibited by applicable law or until all necessary governmental authorizations have been obtained by Buyer or Buyer's agent. Seller shall not be liable under these Sales Terms and Conditions for any expenses or damages resulting from Buyer or Buyer's agent failure to obtain, or delays in obtaining, any required government authorizations. Buyer shall comply fully with all export administration and control laws and regulations of the U.S. government and/or other national or international (e.g. UN) laws and regulations as may be applicable to the export, re-export, resale or other disposition of any products purchased from Seller.

**17. SOFTWARE LICENSE USE.** The Products provided hereunder include embedded software ("Firmware") and may include software options ("Software") owned by Company or its licensors and provided separately by Company either as a download from Company's web site or otherwise. BY DOWNLOADING OR INSTALLING THE FIRMWARE OR SOFTWARE OR USING THE PRODUCT THAT CONTAINS THE FIRMWARE OR SOFTWARE, THE USER IS

CONSENTING TO BE BOUND BY THE TERMS OF THE HL ELECTRONICS SOFTWARE LICENSE. THE CURRENT SOFTWARE LICENSE THEN IN EFFECT WILL BE AVAILABLE TO THE USER ON COMPANY'S WEB SITE.

**18. USE AND SAFETY.** Seller makes no representations or warranties that the products sold hereunder comply with the requirements of federal, state and local laws and industrial codes. Buyer acknowledges that it is Buyer's responsibility to provide or employ proper safety devices, equipment and procedures for the particular application or use intended by Buyer.

**19. GENERAL.** If the products purchased from Seller are to be used in the performance of a government contract or subcontract, no government requirements or regulations shall be binding upon Seller unless specifically agreed to by Seller in writing. No modification, amendment, rescission, waiver or other change in this Agreement shall be binding on Seller unless agreed to in writing by Seller's authorized representative. The invalidity or unenforceability, in whole or in part, of any provision herein shall not affect the validity or enforceability of any other provision herein. Failure or delay on the part of either party to exercise any right, power, privilege or remedy herein shall not constitute a waiver thereof. The section headings contained herein are for convenience of reference only and are not to be used in the construction or interpretation of this Agreement.