

## Standard Terms and Conditions of Sale

**1. SCOPE.** The following terms and conditions apply to the sale of all products ("Product") sold or distributed by TenXsys Inc. ("TenXsys") to a Buyer ("Buyer").

**2. TERMS AND CONDITIONS OF QUOTATION.** Buyer's offer resulting From TenXsys' quotation is expressly conditioned upon Buyer's assent to TenXsys' Standard Terms and Conditions printed below. All orders will be subject to acceptance by TenXsys as indicated by the delivery of the standard Order Confirmation form from TenXsys to Buyer.

**3. TERMS AND CONDITIONS OF SALE.** Acceptance of Buyer's order is conditional on Buyer's assent to the Terms and Conditions printed below. If Buyer objects to any terms below, such objection must be in writing and delivered to TenXsys within 10 days of TenXsys' standard Order Confirmation form. Failure to make such a timely exception, or acceptance by the Buyer of any goods delivered by TenXsys hereunder, shall be conclusively deemed assent to the Terms and Conditions below.

**4. PRICES AND DELIVERY.** Prices set in TenXsys' quotation are valid for thirty (30) days from the date of quotation unless otherwise noted. The quoted prices are exclusive of all taxes, freight, duties, or released for shipment within twelve (12) months from the date of TenXsys receipt of Buyer's order. Otherwise, TenXsys' standard price in effect at the end of the twelve (12) months period shall be applied to the actual quantity shipped and Buyer will be "charged back" to reflect pricing for the quantity actually shipped. Buyer shall remit payment for these "charge-backs" within thirty (30) days of the expiration of the twelve (12) month period.

All prices are subject to adjustment on account of specifications, quantities, shipment arrangements or other terms and conditions which are not a part of the original price quotation. TenXsys reserves the right at any time during the course of this contract to revise prices and upon giving Buyer written notice; such revised prices shall apply to all goods thereafter shipped. If buyer provides written objection within ten (10) days following notice of a price change, TenXsys shall have the option of terminating this contract with no liability to TenXsys.

**5. PAYMENTS.** Unless otherwise stated on the face hereto or as otherwise agreed upon in writing, payments for first orders are due at the time of order. Subject to credit approval, invoices are due and payable net thirty (30) days from date of invoice. TenXsys reserves the right at any time to revoke any credit extended to the Buyer for any risk deemed good and sufficient by TenXsys. Interest will accrue at one and one half percent (1.5%) per month on any invoice balance unpaid after 30 days. Amounts owed by the Buyer with respect to which the Buyer may claim are owed by TenXsys and regardless of any other controversies which may exist.

TenXsys will issue invoices on delivery in the case of all products; and if deliveries are authorized in installments, each shipment shall be invoiced and paid when due without regard to other scheduled deliveries. 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 TenXsys is prepared to make shipments. Goods held for Buyer are at Buyer's risk and expense.

**6. SHIPMENT AND RISK OF LOSS.** All Products shall be shipped F.O.B. TenXsys' facility in Eagle, ID, USA. Unless otherwise agreed to in writing, Buy shall be responsible for all transportation, insurance, duties, and other applicable expenses. Risk of loss or damage shall pass to Buyer upon delivery of the Product to the common carrier for shipment.

TenXsys may deliver goods in installments. Shipping dates are approximate only. TenXsys shall not be liable for any loss or expense, whether by way of contract or tort, (consequential or otherwise) incurred by Buyer if TenXsys fails to meet the specified estimated delivery schedule because of unavoidable production or other delays.

**7. OFFER / ACCEPTANCE.** TenXsys offers to sell and deliver the products and services specified herein in accordance with the terms and conditions hereof. THIS OFFER EXPRESSLY LIMITS ACCEPTANCE TO THE TERMS HEREOF AND ANY ADDITIONAL OR DIFFERENT TERMS PROPOSED BY THE BUYER ARE HEREBY OBJECTED TO AND REJECTED UNLESS EXPRESSLY ASSENTED TO IN WRITING BY TENXSYS.

**8. CONTINGENCIES AND FORCE MAJEURE.** TenXsys shall not be liable for any delay in delivery, non-delivery, failure to perform, or other loss in whole or part, caused by the occurrence of any contingency beyond the control either of TenXsys' 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 TenXsys has exercised ordinary care in the prevention thereof. TenXsys may allocate production and deliveries among TenXsys Buyers.

**9. SUBSTITUTIONS AND MODIFICATIONS OF GOODS.** TenXsys may modify the specifications of goods designed by TenXsys, and substitute goods manufactured to such modified specifications for those specified herein, provided such goods substantially conform to this contract. Where Buyer orders goods subject to military specifications, Buyer agrees that TenXsys may supply goods which conform with the most current version or revision of the applicable military specifications.

**10. CHANGES.** Any notice or instruction from the Buyer received subsequent to TenXsys acknowledgement, 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 TenXsys in writing.

**11. TERMINATION / CHANGE RETURN.** All orders are "Non-Cancelable, Non-Returnable" ("NCNR") without the written consent of TenXsys, and will be subject to the standards set forth in the National Electronic Distributors Association ("NEDA"). By placing a Purchase Order, the Buyer agrees to TenXsys' NCNR Product Agreement and the guidelines set forth in the NEDA Industry and Position Paper (found at <http://www.nedassoc.org/NCNR.htm>).

In the event that TenXsys agrees to terminate any unshipped portion of an order, such agreement is subject to the condition that the Buyer pays TenXsys for all Products previously delivered which remain unpaid as of the termination date, and unless otherwise agreed upon in writing, all Products scheduled to be delivered forty-five (45) days from the date of termination. For orders that TenXsys acknowledges to be cancelable, orders or deliveries cancelled inside the Cancellation Window as stated in TenXsys' quotation, will be subject to a twenty (20) percent restocking fee.

Buyer may return Product for credit within 30 days of receipt. Only complete, undamaged returned Product in unopened, original packaging with all materials, discs, and other accessories in place will be acceptable for credit.

**12. LIMITED WARRANTY.** 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 TENXSYS.

TenXsys, except as otherwise hereinafter provided, warrants the goods against faulty workmanship or the use of defective materials, and that such goods will conform to TenXsys' written specifications, drawings, and other descriptions for a period of one (1) year. TenXsys warrants

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that at the time of delivery TenXsys has title to the goods free and clear of any and all liens and encumbrances. These warranties are the only warranties made by TenXsys and can be amended only by a written instrument signed by an officer of TenXsys.

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. TenXsys makes no warranty as to experimental or developmental goods or goods not manufactured by TenXsys.

TenXsys' 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 TenXsys rendering of technical advice or service in connection with Buyer's order of the goods furnished hereunder.

**13. PRODUCT APPLICATION INDEMNITY.** Buyer agrees to indemnify and hold harmless TenXsys for all claims, whether arising in tort or contract, against Buyer and/or TenXsys, including attorney's fees, expenses and costs, arising out of the application of TenXsys' products to Buyer's designs and/or products, or TenXsys' assistance in the application of TenXsys' products.

**14. USE IN LIFE SUPPORT APPLICATIONS.** Products sold by TenXsys are not designed for use in life support and /or safety equipment where malfunction of the product can reasonably be expected to result in personal injury or death. Buyer uses or sells such products for use in life support and/or safety applications at Buyer's own risk and agrees to defend, indemnify, and hold harmless TenXsys, Inc. from any and all damages, claims, suits or expenses resulting from such use.

**15. EXCLUSIVE REMEDIES.** If the goods furnished by TenXsys fail to conform to TenXsys' standard Limited Warranty, TenXsys' sole and exclusive liability shall be (at TenXsys' 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) TenXsys 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, (ii) such goods are returned to TenXsys, F.O.B. TenXsys' plant, and (iii) TenXsys' examination of such goods shall disclose to TenXsys' satisfaction that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, unauthorized repair or improper testing. If TenXsys elects to repair or replace such goods, TenXsys shall have a reasonable time to make such repairs or replace such goods. Any goods returned to TenXsys must be in accordance with TenXsys' Return Materials Authorization (RMA) Policy which will be provided at Buyer's request.

TenXsys' maximum total liability in connection with the sale of its Product for damages or expenses arising from any default or breach of warranty, or failure to deliver Product in conformance with the Buyer's order shall not exceed the price actually paid to TenXsys for the particular products involved in the occurrence giving rise to such liability. The period of such liability shall not extend beyond the warranty period.

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

**16. ACCEPTANCE OF PRODUCT.** Acceptance shall be presumed conclusively to have occurred thirty (30) days following delivery of product to Buyer, unless Buyer has notified TenXsys in writing of Buyer's acceptance of the product prior to that date.

**17. RIGHTS OF USE.** Nothing in this document shall prohibit TenXsys from marketing or selling Product, whether or not the product is "off the shelf" or built or modified to suit the Buyer's requirements. Unless otherwise agreed to in writing, payment of non-recurring engineering (NRE) fees to

TenXsys shall not afford the Buyer exclusive rights to purchase, market, or sell any product built in the course of such engineering development.

**18. CONFORMANCE WITH LAW.** Buyer assumes all responsibility for conformance of Product with laws, rules, regulations, and ordinances of any governmental agency or other authority applicable to the use or operation of Product.

**19. CONFIDENTIALITY.** The Buyer shall keep confidential all proprietary information furnished or disclosed by TenXsys. The Buyer shall not, directly or indirectly, disclose copy or otherwise transfer such information and trade secrets to any third party at any time. Buyer shall not modify or reverse engineer any Product or parts thereof.

**20. PROPERTY RIGHTS.** TenXsys shall have exclusive rights to all patents, trademarks, service marks, copyrights, trade secrets, and all other intellectual property rights regarding the Products. Title to all software Products shall remain with TenXsys and Buyer's use thereof shall be restricted under a non-exclusive license agreement granted by TenXsys pursuant to the terms of a Software/Technology License Agreement between TenXsys and Buyer.

**21. ASSIGNMENT.** This Contract is not assignable by Buyer and any attempt to assign any rights, duties or obligations arising hereunder shall be void.

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

**23. ARBITRATION.** Any controversy or claim arising out of this Agreement or a breach thereof shall, on written request of either Party served on the other, shall be resolved by arbitration in the state of Idaho and shall be conducted in accordance with the Rules and Regulations of the American Arbitration Association (Commercial Division). If the Parties are unable to agree on an arbitrator within thirty (30) days after a Party has served notice of a request to arbitrate, then an arbitrator shall be selected by the American Arbitration Association pursuant to its then current rules, within fifteen (15) days after the Parties are unable to agree on the arbitrator. The award shall be specifically enforceable in a court of law with jurisdiction over the Parties and subject matter. The prevailing party in any legal proceeding shall be entitled to recover its reasonable attorneys' fees incurred in connection therewith.

**24. ENTIRE AGREEMENT AND AMENDMENTS.** Buyer agrees to these Standard Terms and Conditions by placing an order for the Product. The terms and conditions herein, constitute the entire Contract between the parties and supersede all previous communications, whether oral or written and shall supersede and have control over any conflicting or contrary terms in any purchase order or any other terms relating to prices, quantities, delivery schedules, terms of payment, and other written provisions mutually agreed upon. TenXsys' failure to object to provisions contained in any communication from Buyer will not be a waiver of the provisions hereof. This Agreement cannot be modified except in writing signed by TenXsys and Buyer.