

## BH ELECTRONICS INC. STANDARD TERMS AND CONDITIONS

I. Unless otherwise stated, all prices shown are EXW origin, and do not include cartage, insurance charges, taxes or similar charges.

II. All BH Electronics, Inc. orders are considered NON-Cancelable and NON-Returnable unless negotiated otherwise at the time of order placement, or unless cancelled for delay in accord with the below listed terms.

DELIVERIES – BH Electronics, Inc. will attempt to meet the requirements of the purchaser's delivery schedule but shall be committed only to the delivery schedule shown on the order acknowledgment. However, BH Electronics, Inc. shall not be held in default of performance due to any delay in delivery of reasonable duration resulting from any cause whatsoever. BH Electronics, Inc. shall not be liable for any delay in production, delivery, supervision or installation of equipment if such delay shall be due to one or more of the following causes:

Fire, strike, lockout, dispute with workers, flood, accident, delay in transportation, shortage of fuel, inability to obtain material, war, embargo, demand or requirement of the United States or any government or war activity, or any cause whatsoever beyond the reasonable control of BH Electronics, Inc.

In the event Purchaser finds it necessary to cancel this order, or a portion thereof, because of any delay or delays from one or more of the above enumerated causes, Purchaser has the right to so cancel: provided, however, the Purchaser shall be liable for such cancellation charges as are applicable to the transaction. These charges may include finished goods, work-in-process and/or raw material acquired to complete the order.

III. BH Electronics does not guarantee parts shipped will be less than 2 years old or the same date code/lot. All product is inspected and/or tested before shipping. If the same date code is required for any shipment, a separate quote will be done to include revised costs and lead time.

IV. WARRANTY – BH Electronics, Inc. will rework or replace free of charge and return shipment at lowest cost transportation prepaid, any product manufactured by it, bearing its identification and purchased through BH Electronics, which is not free from defects in workmanship or materials under normal use and service. Such product must be returned transportation collect to BH Electronics, Inc. within sixty (60) days after the date of shipment and must be found by BH Electronics, Inc. inspection to be defective in workmanship or material under normal use and service; provided further, any attempt by Purchaser or Purchaser's customer to repair products furnished by BH Electronics, Inc. shall void any and all warranties. Purchaser will notify BH Electronics, Inc. Sales Department prior to return of any such defective product to obtain a Return Authorization number which is to be referenced on return shipping documents. If inspection by BH Electronics, Inc. does not disclose any defects within the above warranties, the BH Electronics, Inc. regular charges will apply.

ALL STATUTORY AND IMPLIED WARRANTIES (INCLUDING IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED USE AND PURPOSE) ARE EXCLUDED EXCEPT WARRANTY OF TITLE. THE FOREGOING PROVISIONS ARE IN LIEU OF ALL OTHER WARRANTIES, GUARANTEES, OBLIGATIONS OR LIABILITIES. IN NO EVENT SHALL BH ELECTRONICS, INC. BE LIABLE FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES.

V. TERMS OF PAYMENT – Open Credit (Net 30 Days from the date of shipment) may be granted with pre-approval by BH Electronics' credit department (requires 3 to 4 US trade references demonstrating acceptable compliance with Net 30 Day terms.) BH Electronics does not accept credit references from distributors. BH Electronics may accept Visa, Master Card and American Express for small orders. Pre-payment by International funds transfer may be required for international customer orders. Advance payment of some or the entire order amount may be required when ordering custom products or special order standard products. Invoices past due may be subjected to a late payment service charge of a rate permitted by law to reflect the cost of carrying past due receivables.

BH Electronics, Inc. assumes no responsibility for delay, breakage or damage after delivery in good condition to the carrier unless otherwise agreed at the time of order placement. All payments shall be in legal currency of the United States.

VI. PATENTS – BH Electronics, Inc. agrees that it will, at its own expense, defend any suits instituted by any party against the Purchaser or its customers for alleged infringement of United States patents relating to the standard commercial products manufactured by or for BH Electronics, Inc. and furnished or sold to the Purchaser, or relating to the use of such products in combination with other products if used in the manner recommended and with such other products of its manufacture as is recommended by BH Electronics, Inc., except where such products are manufactured by BH Electronics, Inc. pursuant to design requested by Purchaser; provided the Purchaser gives BH Electronics, Inc. immediate notice in writing of any charge of such alleged infringement and to defend such suit; and provided that the Purchaser gives all needed information, assistance and authority to enable BH Electronics, Inc. to do so; and in case of a final award of damage in any suit, BH Electronics, Inc. will pay such award, but shall not be responsible for any compromise without its written consent.

VII. LAW – The validity, performance and construction of these terms and conditions and any sale made hereunder shall be governed by the laws of the State of Minnesota.

VIII. REPRODUCTION RIGHTS – Purchaser agrees that all information disclosed, obtained or discovered by Purchaser or its representatives from, but not limited to, drawings, prints, publications, specifications processes, manufacturing techniques, verbal explanations, schedules and the like, as a result of this order are received in confidence and are the proprietary property of BH Electronics, Inc. and that such information shall not be reproduced or used by Purchaser or transmitted or disclosed to any person or organization by Purchaser without the prior written consent of BH Electronics, Inc.

IX. FEDERAL STATUTES – BH Electronics, Inc. will comply with all provisions required to be inserted in the Purchaser's purchase order in accordance with the terms of any applicable Federal Statute.

X. TAXES – The amount of any and all present or future taxes or other Government charges upon this production, shipment, installation or sale of equipment covered hereby, including use or occupation taxes, shall be added to the price paid by the Purchaser, or in lieu thereof the Purchaser shall furnish BH Electronics, Inc. with tax-exemption certificates acceptable to the taxing authorities.

XI. CLAIMS FOR SHORTAGE, ETC – Each shipment shall be examined by the Purchaser promptly upon its receipt thereof, and any claim for shortage of any other cause must be reported to BH Electronics, Inc. within 5 days after such request.

XII. RETURN GOODS – No goods shall be returned without prior written authorization. All goods returned without authorization may be returned to sender freight collect.

XIII. QUANTITY ASSURANCE – Unless otherwise agreed in writing, certifications will be provided only on BH Electronics, Inc.'s standard certification form. In the event of source inspection by Purchaser or the Government, BH Electronics, Inc. reserves the right to designate the place within the plant where inspection may be performed and to deny access to areas and processes considered proprietary to BH Electronics, Inc.

XIV. QUANTITY TOLERANCE - Unless otherwise agreed, a variation in quantity not to exceed plus or minus ten percent (10%) of the amount stated in the order will be considered to be in compliance with the terms of the order.

XV. SPECIAL TOOLING AND EQUIPMENT – Special tools and equipment (i.e. dies, patterns, jigs, molds, etc.) used in manufacture of articles herein shall be furnished by BH Electronics, Inc. at the expense of Purchaser and shall be kept in good condition, normal wear and tear being accepted, for follow-on orders and shall be replaced, when necessary, at the expense of the Purchaser. All special tools and equipment paid for by the Purchaser are the property of Purchaser and will be delivered on demand at Purchasers expense. Special tools and equipment paid for by the Purchaser and not used for more than two (2) years from the last production will be available to be sent to the Purchaser if Purchaser agrees to pay all shipping expense and otherwise may be scrapped without further liability to Purchaser.