

MOBOTIX CORP. GENERAL TERMS AND CONDITIONS OF SALE

Valid as of Jun. 30, 2008

1 Controlling Provisions

- 1.1 These terms and conditions ("Agreement") shall apply to all orders submitted to MOBOTIX CORP. ("MOBOTIX") and supersede any and all different or additional terms in any purchase orders submitted by any customer (collectively for the purposes of the Agreement the "Customers" and each, individually, a "Customer"); any such different or additional terms are hereby rejected. In the absence of written acceptance of these terms and conditions by the Customer, any acceptance of any delivery or service covered by an order will constitute acceptance of these terms and conditions. The full understanding of the parties is embraced herein and no waiver, alteration or modification of these terms and conditions or any terms of the order will be valid unless made in writing and signed by an officer or other authorized representative of MOBOTIX. In the event of any discrepancy between any purchase order accepted by MOBOTIX and these provisions, these provisions shall govern.
- 1.2 **No Waiver.** In the event MOBOTIX does not enforce, at any time, any one of provisions contained herein, such event shall not be interpreted as a change of these terms and conditions, or as a waiver to exercise any of its rights under these terms and conditions.

2 General Conditions

MOBOTIX reserves the right to discontinue products (the "Product" or "Products") at any time and to revoke or change prices or terms of service, except when otherwise indicated in these terms and conditions. If, at any time, it becomes necessary to discontinue service to a Customer, to revoke or modify any provisions contained herein or in any order, or to allocate distribution of any Products, MOBOTIX will allocate shipments of available Products in a manner, which, in its sole and absolute judgment, it considers fair and appropriate. Customer may not customize, modify or have customized or modified any leased or purchased Products and may resell or sublease such Products only in their original condition.

3 Acceptance

- 3.1 All orders for Products are subject to acceptance in writing by MOBOTIX and shall not be binding until the earlier of (i) acceptance of the Products by the Customer or (ii) shipment of the Products and, in the case of acceptance by shipment, only as to the portion of the order actually shipped. MOBOTIX shall use reasonable commercial efforts to fill orders promptly, but shall not be liable for any damage to Customer or any third party for failure to fill any orders, or for any delay in delivery or error in filling any orders. Notwithstanding any prior acceptance by MOBOTIX of a purchase order for a Product, MOBOTIX shall not be obligated to ship any Product if Customer is in breach of any of these provisions or other contractual obligations towards MOBOTIX at the time of scheduled shipment.
- 3.2 The ultimate shipment of orders to Customer shall be subject to the right and ability of MOBOTIX to make such sales, and obtain required licenses and permits, pursuant to applicable law, regulation or international treaty.
- 3.3 Customer hereby agrees: (i) to assist MOBOTIX in obtaining any such required licenses or permits by supplying such documentation or information as may be requested by MOBOTIX; (ii) to comply with all applicable laws or regulations; (iii) to maintain the necessary records to comply with such applicable laws or regulations; (iv) not to export any Products except in compliance with

such laws, regulations; (v) to obtain all governmental approvals and licenses necessary to import the Products into any country; (vi) not to sell, transfer or otherwise dispose of Products in violation of the export laws of the United States of America, and (vii) to indemnify and hold harmless MOBOTIX from any and all fines, damages, losses, costs and expenses (including reasonable attorneys' fees) incurred by MOBOTIX as a result of any breach of this subsection 3.3 by Customer or any of Customer's customers.

4 Payment Terms, Interest

- 4.1 MOBOTIX requires pre-payment of orders prior to shipment. Net-30 days payment terms are available to credit-qualified customers of MOBOTIX. In these cases, invoices are due and payable within 30 days from the date of the invoice except as otherwise provided in the order confirmation or any other agreement. MOBOTIX reserves the right to grant different credit terms to selected customers.
- 4.2 Payments due to MOBOTIX under the agreement with the Customer shall, if not paid when due under the terms of such agreement, bear simple interest at the lower of 2% per month or the highest rate permitted by law, calculated on the basis of a 360-day year for the number of days actually elapsed, beginning on the due date and ending on the day prior to the day on which payment is made in full. Interest accruing under this subsection 4.2 shall be due to MOBOTIX on demand. The accrual or receipt by MOBOTIX of interest under this subsection shall not constitute a waiver by MOBOTIX of any right it may otherwise have to declare a default under such agreement or to terminate such agreement.
- 4.3 If the Customer fails to pay any amount due, MOBOTIX may, without notice to the Customer, suspend all service provided in such agreement and Customer shall deliver to MOBOTIX all Products in its possession.

5 Shipping Charges, Taxes

- 5.1 In cases where MOBOTIX organizes the shipment on behalf of Customer, all shipping and handling charges shall be charged separately and shall be itemized on MOBOTIX' invoice(s). Any discount must be agreed upon in writing signed by both parties.
- 5.2 MOBOTIX will add to all prices and other charges any taxes, however designated or levied or based on the prices or other charges made for the Products or any services rendered or parts supplied pursuant to such agreement and all such taxes shall be paid by the Customer. This section will not apply to organizations that are tax-exempt and provide MOBOTIX with supporting documentation in form and substance satisfactory to MOBOTIX.

6 No Right of Setoff

Customer shall have no right of setoff against any payments due pursuant to these provisions agreement, whether on account of any claims or alleged claims against MOBOTIX under these provisions or otherwise.

7 Delivery

- 7.1 All shipping dates are tentative. If Customer fails to accept the order, Customer shall nonetheless make payment to MOBOTIX. Where Customer wrongfully rejects or revokes acceptance of the Products or fails to make payments as set forth herein or repudiates with respect to all or part of the contract for the Products shipped, MOBOTIX may withhold delivery, or stop delivery of the Products or cancel the contract and/or sue for damages at

MOBOTIX' exclusive option. If Customer causes a delay in the delivery of the Products, or any part thereof, MOBOTIX, at its exclusive option, may extend the period of delivery by a period reasonable in consideration of the circumstances, and, if the delay causes MOBOTIX substantial inconvenience, MOBOTIX has the right to cancel with respect to the Products whose delivery is delayed. Any expenses or damages resulting from such delays shall be the exclusive responsibility of Customer. Unless otherwise agreed to in writing, MOBOTIX reserves the right to make partial shipments and to submit invoices for partial shipments.

- 7.2 Delivery shall be F.O.B. (per Incoterms 2000) MOBOTIX' shipping facility or such other location where the Products are produced or stored by or on behalf of MOBOTIX. MOBOTIX' responsibility ceases upon delivery to a common carrier at the stated shipping point, and risk of loss, damage, injury or destruction to any of the Products shall pass to Customer upon such delivery to the carrier. In no event shall any loss, damage, injury or destruction operate in any manner to release Customer from the obligation to make payments as set forth herein.
- 7.3 Upon demand of the Customer and at Customer's sole cost and expense, MOBOTIX will insure the product for damages during shipment. Customer shall notify MOBOTIX and the shipping agent of any damages during shipment within three (3) business days of delivery or such shorter time period as may be required by carrier.
- 7.4 MOBOTIX agrees to make a good faith effort to deliver the Product by the date set forth in the order confirmation, provided, however, that MOBOTIX shall have no responsibility or liability whatsoever for loss or damage by causes beyond its control including but not limited to, delays by fire, flood, war embargoes, labor disputes, acts of sabotage, riots, accidents, delay of carriers, voluntary or mandatory compliance with any governmental act, regulations or request, shortage of labor, materials or manufacturing facilities, or any other causes beyond MOBOTIX' control.

8 Inspection and Notification

- 8.1 Customer shall inspect the Products within three (3) business days of delivery to verify compliance with the specifications as set forth in Customer's delivery orders accepted by MOBOTIX in writing.
- 8.2 In the event of any non-conformity or defect, Customer shall notify MOBOTIX within three (3) business days thereafter in writing. Customer shall identify and document all issues in a detailed manner.
- 8.3 In the event that Customer does not inspect or notify MOBOTIX of any defect in the manner described above, the Product shall be considered accepted.

9 Limited Warranty/Service

- 9.1 MOBOTIX warrants its network hardware products are free of defects in materials or workmanship under normal use for a period of TWO YEARS from the date of receipt by the end user customer.
- 9.2 Notwithstanding the foregoing warranty in section 9.1, flash memory media (e.g. Cf or SD cards, USB memory) embedded in or delivered with cameras are excluded from any liability of MOBOTIX.
- 9.3 MOBOTIX warrants its software products for 90 days from the date of receipt by the end user customer and warrants that the software will execute its programming instructions when properly installed on the hardware for which it is intended, and that the media upon which the software is recorded will be free from defects in materials and workmanship under normal use.
- 9.4 During the warranty period, MOBOTIX will, at its option, either

repair or replace hardware products that prove to be defective at no charge to the Customer. The remedy for the software products shall be to either install an improved software version provided by MOBOTIX or to return the media to MOBOTIX for replacement.

- 9.5 If an item is returned for service or repair that is outside of the warranty period, MOBOTIX will provide an estimate of the repair or replacement cost before proceeding.
- 9.6 Service during the warranty period: In the unlikely event that service is required during the warranty period the following procedure must be followed:
 - (a) Before returning any product to MOBOTIX the Customer must satisfy itself that the product is in need of service or repair by performing some basic diagnostic tests as specified by MOBOTIX to determine the cause of the problem. (Many problems can be diagnosed and corrected without the need for the product to be returned to MOBOTIX for service or repair.)
 - (b) If the Customer determines that the product requires service or repair, MOBOTIX must be contacted to obtain a Return Material Authorization number ("RMA").
 - (c) The product must be shipped pre-paid and insured with adequate packing to protect it from damage with the RMA clearly visible on the outside of the shipping carton.
 - (d) MOBOTIX, upon receipt of the product, will either repair or replace the product at its discretion and ship it pre-paid and insured back to the Customer.
 - (e) If the item is being returned for repair or replacement under warranty, evidence of date of purchase must be included with the item. The repaired or replaced item will be returned by MOBOTIX at no charge to the Customer.
- 9.7 Service after the warranty period: If service is required after the warranty period the following procedure must be followed:
 - (a) Steps 9.6 (a) through 9.6 (c) of the "Service during the warranty period" procedures described above must be followed.
 - (b) MOBOTIX, upon receipt of the product, will provide the Customer with an estimate of the costs for repairing or replacing the product.
 - (c) MOBOTIX will not ship the repaired or replaced product back to the Customer until it receives confirmation in writing (by e-mail or fax) that the costs are acceptable.
 - (d) On receipt of notification from the Customer that the costs are acceptable MOBOTIX will repair or replace the product, at its discretion, and ship the product freight collect and insured back to the Customer.
 - (e) If the Customer notifies MOBOTIX that the estimated cost of repairing or replacing the product is not acceptable, the Customer must advise MOBOTIX whether the product should be returned to the Customer at its cost or otherwise disposed of.

10 Limitation of Warranty

ALL WARRANTIES SET FORTH HEREIN ARE MADE IN LIEU OF ALL OTHER WARRANTIES (WHETHER EXPRESS OR IMPLIED), RIGHTS OR CONDITIONS, AND CUSTOMER ACKNOWLEDGES THAT EXCEPT FOR SUCH LIMITED WARRANTY, THE PRODUCTS ARE PROVIDED "AS IS." MOBOTIX SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND TO CUSTOMER, CUSTOMER'S PERSONNEL AND CUSTOMERS AND USERS, AND ANY OTHER THIRD PARTIES, INCLUDING, WITHOUT

LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND THOSE WARRANTIES ARISING FROM A COURSE OF PERFORMANCE, A COURSE OF DEALING OR TRADE USAGE. MOBOTIX MAKES NO REPRESENTATION OR WARRANTY THAT THE PRODUCTS WILL MEET CUSTOMER'S REQUIREMENTS OR BE UNINTERRUPTED, OR FREE FROM ERROR OR DEFECT.

11 Limitation of Liability

- 11.1 IN NO EVENT SHALL MOBOTIX BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, REVENUE, GOODWILL OR USE, INCURRED BY CUSTOMER OR ANY THIRD PARTY, OR DAMAGE TO ASSOCIATED EQUIPMENT, COST OF SUBSTITUTE PRODUCTS, FACILITIES, SERVICE OR REPLACEMENTS, DOWNTIME COSTS, OR CLAIMS OF CUSTOMER'S CUSTOMERS, VISITORS, PERSONNEL OR OTHERS, WHETHER IN AN ACTION IN CONTRACT, TORT, STRICT LIABILITY, OR IMPOSED BY STATUTE, OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. MOBOTIX' LIABILITY FOR DAMAGES ARISING OUT OF OR IN CONNECTION WITH THESE TERMS SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE PRODUCTS OR, IF APPLICABLE, THE AGGREGATE FEES PAID TO MOBOTIX UNDER ANY SERVICE CONTRACT. IT IS AGREED AND ACKNOWLEDGED THAT THE PROVISIONS OF THESE TERMS ALLOCATE THE RISKS BETWEEN MOBOTIX AND CUSTOMER, THAT MOBOTIX' PRICING REFLECTS THIS ALLOCATION OF RISK, AND BUT FOR THIS ALLOCATION AND LIMITATION OF LIABILITY, MOBOTIX WOULD NOT HAVE ENTERED INTO THESE TERMS.
- 11.2 SOME JURISDICTIONS LIMIT THE SCOPE OF OR PRECLUDE LIMITATIONS OR EXCLUSION OF REMEDIES OR DAMAGES, OR OF LIABILITY, SUCH AS LIABILITY FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AS OR TO THE EXTENT SET FORTH ABOVE, OR DO NOT ALLOW IMPLIED WARRANTIES TO BE EXCLUDED. IN SUCH JURISDICTIONS, THE LIMITATION OR EXCLUSION OF WARRANTIES, REMEDIES, DAMAGES OR LIABILITY SET FORTH ABOVE MAY NOT APPLY TO CUSTOMER IN ALL RESPECTS, BUT THEY ARE INTENDED TO APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. CUSTOMER MAY ALSO HAVE OTHER RIGHTS THAT VARY BY STATE, COUNTRY OR OTHER JURISDICTION.
- 11.3 **Security Interest.** As security for the payment of any and all obligations and liabilities of Customer to MOBOTIX hereunder including, without limitation, the payment of the purchase price or lease, license or maintenance fees, Customer hereby gives, grants and assigns to MOBOTIX a first-order continuing security interest in and against all of the Products delivered to and accepted by Customer and against all of Customer's right, title and interest (whether now existing or hereafter arising in, to and under all of the contracts (the "Customer Contracts") with its customers, distributors and subdistributors, together with all right to receive payment and/or performance thereunder and all other rights and interests now existing or hereafter arising in connection with the Customer Contracts, and all proceeds of any thereof. Notwithstanding the grant of security interest hereunder, Customer shall at all times remain liable under any Customer Contracts to perform all of its duties and obligations thereunder to the same extent as if this security interest had not been granted. MOBOTIX shall not have any obligation or liability under the Customer Contracts by reason of, or arising out of the agreement between the parties or be obligated to perform any of the obligations or duties of Customer thereunder or to make any payment or to make any inquiry of the sufficiency of any payment received by MOBOTIX or to present or file any claim or to take any other action to collect or enforce any

payment assigned hereunder. Until such time as MOBOTIX shall notify Customer of the revocation of such power and authority, Distributor will, at its own expense, endeavor to collect, as and when due, all amounts due under the Customer Contracts, and otherwise enforce its rights and remedies under the Customer Contracts, including the taking of such action with respect to such collection or enforcement as MOBOTIX may reasonably request or, in the absence of such request, as Customer may deem advisable. However, upon a failure by Customer to fulfill all of its obligations under the agreement between the parties including, without limitation, a failure to pay any monies due to MOBOTIX, MOBOTIX may, in addition to its other rights contained in the agreement between the parties or as a secured party under the Uniform Commercial Code or under any other applicable law, (i) notify the customers, distributors or subdistributors, as applicable, to make direct payment to MOBOTIX of any amounts due, or to become due to Customer under the Customer Contracts, (ii) enforce collection of any of such amounts and otherwise enforce Customer's rights under the Customer Contracts by suit or otherwise, and/or (iii) sell the Customer Contracts at public or private sale, in whole or in part, and have the right to bid and purchase at said sale, applying proceeds therefrom to the Customer's obligations hereunder.

12 Indemnification

- 12.1 **Indemnification by MOBOTIX.** MOBOTIX shall defend any claim, suit or proceeding brought against Customer so far as it is based on a claim that (i) use of any MOBOTIX Product supplied hereunder infringes a United States copyright, an existing United States patent (issued as of the effective date), or other intellectual proprietary right and (ii) MOBOTIX Products do not meet the warranty provided for such Product. As a condition to such defense, Customer will provide MOBOTIX with prompt written notice of the claim and permit MOBOTIX to control the defense, settlement, adjustment or compromise of any such claim. Customer may employ counsel at its own expense to assist it with respect to any such claim. Customer shall have no authority to settle any claim on behalf of MOBOTIX. MOBOTIX shall have no obligation hereunder to the extent any claim of infringement or misappropriation results from: (i) use of a MOBOTIX Product in combination with any other product, end item, or subassembly if the infringement would not have occurred but for such combination; (ii) use or incorporation in the Product of any design, technique or specification furnished by Customer or an end user, if the infringement would not have occurred but for such incorporation or use; (iii) any claim based on the use by the Customer or end user of the MOBOTIX Product as shipped after MOBOTIX has informed the Customer of modifications or changes in the MOBOTIX Product required to avoid such claims and offered to implement those modifications or changes, if such claim would have been avoided by implementation of MOBOTIX suggestions. MOBOTIX shall not be liable hereunder for enhanced or punitive damages that could have been avoided or reduced by actions within the control of Customer or end user. In the event that as a result of any such suit Customer's use of the Product is enjoined, MOBOTIX agrees, at its own expense but at MOBOTIX' option: (i) to modify the Product suitably, which modified Product is not subject to such injunction and which is of equal quality, or (ii) to secure for the Customer the right to continue the use of the Product by procuring a license or other right of use thereof for the Customer. The foregoing states the entire liability of MOBOTIX for patent infringement or infringements of any other proprietary right. MOBOTIX' liability in respect of this section shall not exceed three million dollars (3,000,000).

- 12.2 Indemnification by Customer.** Customer shall defend, indemnify and hold harmless MOBOTIX and its officers, directors, employees, shareholders, customers, agents, successors and assigns from and against any and all loss, damage, settlement, costs or expense (including legal expenses and expenses of other professionals), as incurred, resulting from, or arising out of (i) any breach of this Agreement; (ii) any third party claim which alleges that the Customer product, if any, incorporating a MOBOTIX Product infringes upon, misappropriates or violates any patents, copyrights, or registered trademarks of persons, firms or entities who are not parties to this Agreement where such unlawful activity is completely independent of the MOBOTIX Product; and (iii) any claim relating to negligence, misrepresentation, error or omission by Customer, its representatives, distributors, OEMs, VARs or other Customers, or failure to pay required taxes due under this Agreement; (iv) Customer shall be responsible for any warranties it makes to end users beyond the scope of this Agreement; and (v) for any levy made pursuant to any transaction under this Agreement in the nature of customs duties, value added tax (VAT), national sales tax, or any similar tariffs and fees. As a condition to such defense and indemnification, MOBOTIX will provide Customer with prompt written notice of the claim and permit Customer to control the defense, settlement, adjustment or compromise of any such claim. MOBOTIX may employ counsel at its own expense to assist it with respect to any such claim. MOBOTIX shall have no authority to settle any claim on behalf of Customer.
- 12.3 Proprietary Rights and Trademarks.** Customer hereby recognizes MOBOTIX' absolute right, title and interest in all patents, trademarks, trade names, logos, copyrights and all other proprietary interest incorporated into or associated with the Products or any other material received from MOBOTIX. Customer shall have no right to register any of MOBOTIX' trade names or trademarks in its own name or right, whether as owner, user or otherwise. Customer shall release any rights it may have acquired in the trade names and trademarks of MOBOTIX and shall execute any and all instruments MOBOTIX may deem necessary or advisable from time to time to accomplish such release. Any goodwill resulting from any use Customer may make of MOBOTIX' trade names or trademarks shall inure to the sole benefit of MOBOTIX and Customer shall not be entitled to any compensation for such goodwill or otherwise. Customer shall promptly advise MOBOTIX of any known or threatened infringement of any MOBOTIX patents, trademarks, copyrights or other intellectual property with respect to the Products. At MOBOTIX' request and expense, Customer shall assist MOBOTIX in any enforcement action MOBOTIX in its sole discretion determines to take in respect of any such infringement. MOBOTIX shall have the right to use the trade names, logos and trademarks of Customer in advertising and promotional literature and MOBOTIX' Web site upon Customer's prior consent.
- ### 13 Miscellaneous
- 13.1 Export Regulations.** Customer acknowledges that the Products may be subject to United States export laws, statutes and regulations, and that Customer will at all times comply with the provisions of such laws, statutes and regulations including obtaining any necessary or required licenses. Customer shall not export or re-export or otherwise transmit, directly or indirectly, the licensed products or any direct products thereof into, or use the licensed products or any direct products thereof in, any country prohibited or restricted under United States export laws, statutes or regulations or any other applicable laws.
- 13.2 Governing Law.** The agreements between the parties shall be governed and construed in accordance with the laws of the State of New York. Furthermore, the parties agree that the terms of the "United Nations Convention on Contracts for the International Sale of Goods" and the "United Nations Convention on the Assignment of Receivables in International Trade" do not apply to this Agreement.
- 13.3 Arbitration.** In the case of any dispute regarding this Agreement, all parties to this Agreement agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association then pertaining in the New York, New York area and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof. The arbitration shall be heard before an arbitrator mutually agreeable to the parties; provided, that if the parties cannot agree on the choice of an arbitrator within 10 days after the first party to seek arbitration has given written notice, then the arbitration shall be heard by three arbitrators, one to be chosen by each party and the third to be chosen by the two arbitrators chosen by the parties. A hearing on the merits of all claims for which arbitration is sought by any party shall be commenced not later than 60 days from the date demand for arbitration is made by the first party seeking arbitration. The arbitrator(s) must render a decision within 10 days after the conclusion of such hearing. Any award in such arbitration shall be final and binding upon the parties and non-appealable, and any judgment thereon may be entered in any court of competent jurisdiction. The arbitrator(s) shall be deemed to possess the powers to issue mandatory orders and restraining orders in connection with such arbitration; provided, however, that nothing in this clause shall be construed so as to deny the parties hereto the right and power to seek and obtain injunctive relief in a court of equity for any breach or threatened breach by the other party of any obligation contained in this Agreement. The prevailing party in any such arbitration proceeding shall be entitled to recover from the other party cost, expenses and reasonable attorney's fees incurred by the proceeding. The place of arbitration shall be in New York, New York, USA.
- 13.4 Notice.** All written notices given by either party under the agreements between the parties shall be given to the other party at the address shown on the face hereof (or at such address as may be communicated to the other party from time to time) by mail, overnight mail delivery, or telefax.
- 13.5 Severability.** The invalidity or unenforceability of any term or provision of the agreements between the parties or these provisions shall not affect the validity or enforceability of the remaining terms or provisions of the agreement between the parties or these provisions which shall remain in full force and effect and any such invalid or unenforceable term or provision shall be given full effect to the maximum extent permissible so as to effect the intent of the parties. Failure by either party to enforce any provision of the agreement between the parties or these provisions will not be deemed a waiver of future enforcement of that or any other provision.