

STANDARD CONDITIONS OF SALE



UnderSea Sensor Systems Inc

Scope and Order of Precedence: Purchase Orders accepted by UnderSea Sensor Systems Inc. are deemed to incorporate and to be subject to these Standard Conditions of Sale. Standard Conditions of Sale shall not be deemed to have been waived by USSI's subsequent failure to object to contrary or conflicting terms that appear on, are incorporated by reference, or are attached to the Buyer's Purchase Order or any other communications relating to this Order. In the absence of a written acceptance of these Standard Conditions of Sale by the Buyer, an acceptance of any of the goods covered by this Order shall constitute acceptance.

In the event of a conflict among documents executed and/or accepted by and between USSI and Buyer, the following order of precedence shall apply:

1. Supplier Agreement, Teaming Agreement, Memorandum of Understanding, Product Development Agreement, Letter of Intent, or other Co-Signed contractual instrument
2. Attachments or addendums to such instruments.
3. USSI's Quotation or Proposal
4. USSI's Standard Condition of Sale (which are expressly accepted by Buyer).

Warranty: UnderSea Sensor Systems Inc (USSI) warrants that for a period of twelve (12) months after delivery of its products under this Order, such products will be free of defects in material and workmanship. Only products which are unused in their original packaging and found to be defective in material or workmanship within 15 days of delivery may be returned for purchase credit. In order for a credit to be issued, Buyer must request the issuance of a credit at the time the Return Material Authorization (RMA) is requested. Buyer must contact USSI for a RMA and shipping instructions prior to returning the product. Products within the warranty period found to be defective in material or workmanship which are greater than 15 days beyond their delivery date, or have been used, or are no longer in their original packaging will be repaired or replaced at the option of USSI. For all validated Warranty claims standard, non-expedited shipping and transportation costs and charges shall be paid by USSI. Shipping and transportation costs and charges for all non-warranty product returns will be the responsibility of the Buyer.

This provision does not extend to any USSI products that have been subjected to misuse, accident, or improper installation, maintenance, or application; nor, does it extend to products that have been repaired or altered outside of USSI facilities unless authorized in writing by USSI or unless such installation, repair, or alteration is performed by USSI employees or authorized agents. The coverage of this provision does not extend to any labor charges for the removal and/or replacement of any defective product or part thereof.

This provision is expressly accepted by the buyer in lieu of any and all other agreements, statements, or representations, expressed or implied warranties of merchantability and fitness for a particular purpose; and, in lieu of all duties or liabilities of USSI to the buyer arising out of the use of the good. No agreement or understanding varying or extending the coverage of this provision will be binding upon USSI unless accepted in writing and signed by a duly authorized office of USSI.

Specification: It is the Buyer's responsibility to provide product specifications and/or correct revision level. Performance of products to applicable specifications shall be conclusive evidence that the products meet the Buyer's requirements, and the Buyer shall have no further claim against USSI. USSI's responsibility is limited to meeting the performance specifications and, if the products do not, then the Buyer's sole remedy shall be to return the products to USSI without cost. In an effort to continually improve our products, USSI reserves the right to design changes without changing any of its catalogues or other published material. USSI also has the right to substitute equipment of similar characteristics provided that such equipment meets the performance specifications of this Order. All prices acknowledged are for the supply of products in accordance with USSI's specifications, which are current at the time of order.

Shipping: Unless otherwise stated in the Order and accepted by USSI, products delivered by USSI hereunder shall be FCA: Free Carrier at location of manufacture. Location of manufacture will either be Columbia City, Indiana or Ann Arbor, Michigan depending upon product. Title to the good(s) shall pass to Buyer at USSI's dock. Buyer assumes the risk and liability for loss or damage after delivery to the carrier or, if Buyer's shipping instructions are not received as required or shipment is held at

the Buyer's request, upon packaging and placement by USSI in the Buyer's designated storage area or on USSI's premises pending receipt of Buyer's shipping instructions.

Delivery: USSI will make delivery to the Buyer's designated storage area pending receipt of shipping instructions from the Buyer. If the Buyer's shipping instructions are not received as required, delivery shall be upon packaging and placement of the goods in a storage area on USSI's premises or elsewhere for the benefit of the Buyer and payment shall be due.

Force Majeure: USSI shall not be liable for delays in performance of any Order arising out of causes beyond the control and without the fault or negligence of USSI. Such causes include, but are not restricted to, acts of God, the Buyer, the public enemy, or the Government; fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or unusually severe weather; or, defaults of suppliers due to any such causes where the supplies or services to be furnished by the supplier were not obtainable from other sources at no additional cost in sufficient time to permit USSI to meet the agreed upon schedule. If USSI is unable to deliver the whole or any part of this Order due to any of the reasons set forth in this paragraph, USSI shall have the right to cancel or suspend the Order in whole or in part by giving written notice thereof to the Buyer.

Assignment: This Order shall not be assigned in whole or in part by either party without obtaining the written consent of the other party.

Taxes: Taxes that are applicable and which arise from the sale, repair, delivery, or use of USSI's products are not included in the product price. Buyer is responsible to provide USSI with a tax exemption form or payment of these taxes in accordance with Federal and State regulations.

Compliance with Laws: This Order shall be interpreted and construed in accordance with the laws of the State of Indiana. If any provision(s) of these terms are found invalid, illegal or unenforceable by law, the remainder of the terms will remain valid, enforceable and in full force and effect, and the parties will negotiate in good faith to substitute a provision of like economic intent and effect.

Indemnification (Non-Fuel Cell Products):

USSI's responsibility for any claim arising out of this Order shall not exceed the price of the product that gives rise to the claim; nor shall any claim of the Buyer be valid unless the Buyer adheres to the payment provisions of this Order. After delivery to the carrier by USSI, the Buyer assumes all risk and liability for loss or damage to the delivered product including liability for any loss, damage, or injury to the persons or property arising out of, connected with, or resulting from the use of USSI's products, either alone or in combination with other products. In no event shall USSI be liable for general, special, or consequential damages. Where USSI undertakes the installation of equipment or materials supplied to the Buyer's vessel or premises, USSI shall not be responsible for any consequential loss or damage occurring as a result thereof; additionally,

Buyer agrees to indemnify, defend, and save harmless USSI, including USSI's agents and employees, from and against all damages, losses, or expenses (including costs and attorneys fees) by reason of liability imposed upon USSI for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons, or on account of damage to property, including loss thereof, arising out of or in consequence of the items or services provided herein, whether such injuries to person or damage to property is due or claimed to be due to the negligence of USSI or the Buyer, unless such injury or damage was caused by the sole negligence of USSI.

Indemnification (Fuel Cell Products): *USSI's responsibility for any claim arising out of this Order shall not exceed the price of the product that gives rise to the claim; nor shall any claim of the Buyer be valid unless the Buyer adheres to the payment provisions of this Order. After delivery to the carrier by USSI, the Buyer assumes all risk and liability for loss or damage to the delivered product including liability for any loss, damage, or injury to the persons or property arising out of, connected with, or resulting from the use of USSI's products, either alone or in combination with other products. In no event shall USSI be liable for general, special, or consequential damages. Where USSI undertakes the installation of equipment or materials supplied to the Buyer's vessel or premises, USSI shall not be responsible for any consequential loss or damage occurring as a result thereof; additionally,*

Fuel Cell systems provided by USSI are intended for the sole purpose of charging batteries provided by USSI. Buyer acknowledges and agrees that it is Buyer's responsibility to ensure that all fuel cells, parts, or other equipment provided by USSI is appropriate, compatible, functional, and without defect. Buyer acknowledges and agrees that it is Buyer's responsibility to monitor, maintain, and ensure on an ongoing basis the functionality without defect of fuel cells and equipment purchased from USSI, including the ongoing functionality without defect of communication equipment designed or intended to provide information about the operational status of such systems of their constituent fuel cells, equipment, or parts. Buyer acknowledges and agrees that the communications equipment sold by USSI is provided solely for the purpose of assisting the buyer in providing information on the health and status of the fuel cell and an estimate of fuel usage in order to assist in the scheduling of refueling and preventive maintenance services, and shall not be relied upon as a primary means for confirming state of battery charge and readiness. Buyer agrees to indemnify, defend, and save harmless USSI, including USSI's agents and employees, from and against all damages, losses, or expenses (including costs and attorney's fees) by reason of liability imposed upon USSI for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons, or on account of damage to property, including loss thereof, arising out of or in consequence of any failure or defect in systems incorporating fuel cells, equipment, or parts provided by USSI, unless such injury or damage was caused by the sole negligence of USSI.

Cancellation: Buyer may submit written request, within 7 calendar days of Purchase Order submission, to USSI for cancellation in whole or in part. If Order is cancelled after 7 calendar days of receipt, a cancellation charge may apply at the discretion of USSI. Cancellation fee shall be payable, by the Buyer, within 30 days from date of cancellation. Customer specific, private label products may not be cancelled if USSI has taken a stock position or procured materials against the Purchase Order. If expedite services were requested by Buyer at placement of order and USSI is unable to cancel procurement of material, these additional expenses associated with the transaction will be transferred to Buyer in addition to any and all other cancellation fees

to be billed within 30 days from date of cancellation.

Inspection and Acceptance: shall be performed at source by USSI's issuance of a Certificate of Conformance.

Export Control: Buyer shall immediately notify USSI if Buyer is listed in any Denied Parties List or if Buyer's export privileges are otherwise denied, suspended, or revoked. Exportation of information and/or products, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITARs), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.