

## GENERAL TERMS AND CONDITIONS OF SALE

Except as otherwise agreed by Ray-Q Ltd. (“Seller”) in writing, the following terms and conditions (“Agreement”) will apply to all quotes and orders received and all sales made by Seller.

1. **GENERAL:** The terms and conditions set forth herein as well as any terms and conditions printed on the face of Seller’s order acknowledgment constitute the sole and entire agreement between Seller and the buyer (“Buyer”) of any goods and/or services from Seller. Any term or condition in any printed form of Buyer, including but not limited to any order, confirmation or other document, which is in any way inconsistent with or in addition to the terms and conditions hereof is hereby expressly rejected, and Seller’s acceptance of any offer or order of Buyer is hereby expressly made in reliance on Buyer’s assent to all terms and conditions hereof. If Buyer objects to any of the terms or conditions hereof, such objection must be made in writing and received by Seller within ten (10) calendar days after placing a purchase order. Failure to so object shall be conclusively deemed to be acceptance of the terms and conditions hereof. Seller’s failure to object to any term or condition in any oral or written communication from Buyer, whether delivered before or after the date hereof, shall not constitute an acceptance thereof or a waiver of any term or condition hereof. Electronic commerce transactions between Buyer and Seller will be solely governed by this Agreement, and any terms and conditions on Buyer’s internet site will be null and void and of no legal effect on Seller. All correspondence pertaining to this order, or to any of the terms and conditions covered by this order, will be in the English language. Goods are provided pursuant to Seller’s part numbers.
2. **TAXES:** Except as otherwise expressly stated herein, the prices do not include sales, use, goods and services, excise or other similar taxes applicable to goods or services involved in this transaction. All such taxes shall be paid by Buyer, unless Buyer provides Seller with evidence satisfactory to Seller of exemption from such taxes and undertakes to indemnify Seller fully should any such taxes arise. When Seller is required by law or regulation to collect such taxes, Seller will add such taxes to the sale price of the goods or services.
3. **PRICES:** The sale price(s) for goods delivered hereunder (“Products”) are accepted as stated on Seller’s order acknowledgment and will include the cost of Seller’s usual factory tests and inspections. The prices set forth herein are not subject to trade or other discounts. All quotations of Seller expire thirty (30) calendar days from the date given. The price to Buyer for any Products shall be the applicable published price or valid quote in effect at the time of order entry. All prices are subject to change without notice and may be subject to any increase which may be in effect on the date of shipment. Except as otherwise expressly stated herein, any service calls or other service work performed by Seller shall be at Buyer’s expense in accordance with Seller’s standard rates for such services. Buyer acknowledges that the pricing of the Products and services and the other terms of this Agreement have been set based on the sections of this Agreement

providing for an agreed allocation of the risk for any defective Products or services between the parties. Buyer further acknowledges that the pricing and terms would have been different if there had been a different allocation of the risk.

4. **DELIVERY, TITLE PASSAGE AND INSURANCE:**

**(a) Delivery.** Delivery or shipping dates are approximate only and merely represent Seller's best estimate of the time required to make delivery or shipment. Time is not of the essence with respect to the transaction(s) covered by this Agreement, except with respect to Buyer's obligation to make all related payments. Seller's obligations hereunder will be on a best effort basis. Seller will not be liable for any loss or expense (incidental, indirect, economic, consequential or otherwise) incurred by Buyer as a result of any delay in delivery for any reason other than arbitrary refusal by Seller to perform. Seller reserves the right to make partial deliveries and ship approximately forty (40) calendar days in advance of shipping date. Lead time on orders and rescheduling are governed at Seller's discretion.

**(b) Title Passage for Sales.** Except as otherwise expressly stated herein, all deliveries hereunder will be EX-Works Seller's warehouse via a carrier selected by Buyer at its option, or otherwise by Seller, freight collect, to Buyer and will be packed in Seller's standard commercial shipping packages. In all such cases title and risk of loss or damage will pass to Buyer upon Seller's delivery of the Products to the carrier for shipment to Buyer and no loss or damage will relieve Buyer of any obligation hereunder, including payment for lost or damaged Products. Charges for shipping may not reflect net transportation costs paid by Seller. Buyer shall reimburse Seller for any and all costs of storage incurred by Seller after the date that Seller is prepared to make shipment.

**(c) Insurance.** Buyer will pay, or reimburse Seller for all insurance on the Products. Any insurance proceeds collected by Buyer for Seller's account will be promptly remitted to Seller in U.S. Dollars. Any insurance policies purchased, whether by Buyer or Seller, will be for the benefit of Seller, whether or not Seller is named as an insured in such policies, until title and risk of loss or damage to the Products pass to Buyer. Where possible, all insurance policies will provide that they are for the benefit of Seller and Buyer "as their interests may appear."

5. **BUYER'S FINANCIAL CONDITION:** This Agreement and all shipments made hereunder shall at all times be subject to the approval by Seller of Buyer's financial condition. If the financial condition of Buyer at any time becomes unsatisfactory to Seller, in Seller's sole discretion, or if Buyer fails to make any payment when due, in addition to any other rights Seller may have, Seller may defer or decline to make any shipment or shipments hereunder or may condition any such shipment upon receipt of satisfactory bank guarantee, security or cash payments in advance.

6. **PAYMENT TERMS:** Except as otherwise expressly stated herein, Seller shall invoice Buyer at the time of shipment of each installment on payment terms of

cash in advance, except where open account credit is established and maintained to Seller's satisfaction, in which case payment terms shall be net thirty (30) calendar days from date of shipment. All payments shall be in U.S. Dollars, unless stated otherwise. Buyer shall make all payments as provided herein without regard to whether Buyer has made or may make any inspection or use of any Products. No discounts or setoffs shall be made by Buyer against any invoices unless approved in advance by Seller. Any invoiced amount which is not paid when due may bear interest at the rate of one and one-half percent (1-1/2%) per month or the highest rate then permitted by law, whichever is less, until paid in full. Seller reserves the right to exercise any of its lawful remedies if Buyer does not make payments when due. Buyer shall promptly reimburse Seller for all costs and expenses, including reasonable attorneys' fees, incurred by Seller in collecting sums due it hereunder.

7. **SECURITY INTEREST:** Buyer hereby grants to Seller a security interest in all Products and all proceeds and products thereof until all amounts due or to become due hereunder have been paid. Should Seller wish to register a charge to perfect such security, Buyer hereby undertakes to sign upon Seller's request any and all documents required for the register of such charge at the relevant registrar. Any repossession and removal of Products shall be without prejudice to any of Seller's other remedies at law or in equity. Buyer agrees, at any time and without further consideration, to do or cause to be done, executed and delivered, all such further acts and instruments (including without limitation financing statements appropriate for filing) as Seller may reasonably request in order to perfect Seller's security interest.
8. **FORCE MAJEURE:** Seller shall not be liable for delay in performance or nonperformance of any of its obligations hereunder, in whole or in part, if such performance is rendered impracticable by the occurrence of any contingency or condition beyond the control of either Seller or Seller's suppliers, including without limitation war, sabotage, embargo, riot, terrorism, or other civil commotion, failure or delay in transportation, act of any government or any court or administrative agency thereof (whether or not such action proves to be invalid), labor dispute (whether or not involving Seller's employees), accident, fire, explosion, flood, earthquake or other casualty, shortage of labor, fuel, energy, raw materials or machinery or technical failure. If any such contingency or condition occurs, Seller may allocate production and deliveries in any reasonable manner and may include in such allocation any regular customers, whether or not then under contract, and Seller's own requirements. If, as a result of any such contingency, Seller's performance is delayed by more than six (6) months, the prices set forth herein shall be subject to appropriate adjustment by Seller.
9. **LIMITED WARRANTY; SUITABILITY**
  - (a) Except as otherwise stated herein or in an order acknowledgment delivered to Buyer, Seller warrants to Buyer that the Products (1) shall be free of defects in materials and workmanship for a period of one year from date of shipment to Buyer; and (2) shall be free of liens and encumbrances when shipped to Buyer. If

Seller agrees in writing to provide and does provide system design, drawings, technical advice, or any other services to Buyer in connection with Products, then Seller further warrants to Buyer during the applicable Warranty Period that such services shall be undertaken in accordance with Seller's reasonable technical judgment based on Seller's understanding of pertinent technical data as of the date of performance of such services. Seller's warranties will not apply to any Product with respect to which there has been (i) improper installation or testing, (ii) failure to provide a suitable operating environment, (iii) use of the Product for purposes other than that for which it was designed, (iv) failure to monitor or operate the Product in accordance with applicable Seller specifications and good industry practice, (v) unauthorized attachment or removal or alteration of any part of the Product, (vi) unusual mechanical, physical or electrical stress, (vii) modifications or repairs done by other than Seller, (viii) mishandling during shipment of the Product; or (ix) any other abuse, misuse, neglect or accident. In no circumstance shall Seller have any liability or obligation with respect to expenses, liabilities or losses associated with the installation or removal of any Product or the installation or removal of any components for inspection, testing or redesign occasioned by any defect or by repair or replacement of a Product. Application Equipment, spare parts and hand tools ordered or supplied hereunder may contain used parts and/or be reconditioned.

**(b)** Buyer shall notify Seller in writing promptly (and in no case later than thirty (30) calendar days after discovery) of the failure of any Product to conform to the warranty set forth above, shall describe in commercially reasonable detail in such notice the symptoms associated with such failure, and shall provide to Seller the opportunity to inspect such Products as installed, if possible. The notice must be received by Seller during the Warranty Period for such Product. Unless otherwise directed in writing by Seller, within thirty (30) calendar days after submitting such notice, Buyer shall package the allegedly defective Product in its original shipping carton(s) or a functional equivalent and shall ship it to Seller.

**(c)** Within a reasonable time after receipt of the allegedly defective Products and verification by Seller that the Products fail to meet the warranty set forth above, Seller shall correct such failure by, at Seller's option, either (i) modifying or repairing the Products or (ii) replacing the Products. Such modification, repair or replacement and the return shipment of the Products with minimum insurance to Buyer shall be at Seller's expense. Buyer shall bear the risk of loss or damage in transit, and may insure the Products. Buyer shall reimburse Seller for transportation costs incurred for Products returned but found by Seller not to be defective. Modification or repair of Products may, at Seller's option, take place either at Seller's facilities or at Buyer's premises. If Seller is unable to modify, repair or replace Products to conform to the warranty set forth above, then Seller shall, at Seller's option, either refund to Buyer or credit to Buyer's account the purchase price of the Products less depreciation calculated on a straight-line basis over Seller's stated Warranty Period. THESE REMEDIES SHALL BE BUYER'S EXCLUSIVE REMEDIES FOR BREACH OF WARRANTY.

(d) EXCEPT FOR THE EXPRESS WARRANTY SET FORTH ABOVE, SELLER MAKES NO OTHER REPRESENTATIONS, WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, REGARDING THE PRODUCTS, THEIR FITNESS FOR ANY PURPOSE, THEIR QUALITY, THEIR MERCHANTABILITY, THEIR NONINFRINGEMENT, OR OTHERWISE. NO EMPLOYEE OF SELLER OR ANY OTHER PARTY IS AUTHORIZED TO MAKE ANY OTHER REPRESENTATIONS, WARRANTIES, OR CONDITIONS FOR THE GOODS OTHER THAN THE WARRANTY SET FORTH HEREIN. SELLER'S LIABILITY UNDER THE WARRANTY SHALL BE LIMITED TO A REFUND OF THE PURCHASE PRICE OF THE PRODUCT. IN NO EVENT SHALL SELLER BE LIABLE FOR THE COST OF PROCUREMENT OR INSTALLATION OF SUBSTITUTE GOODS BY BUYER OR FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES.

(e) Buyer assumes the risk and agrees to indemnify Seller against and hold Seller harmless from all liability relating to (i) assessing the suitability for Buyer's intended use of the Products and of any system design or drawing and (ii) determining the compliance of Buyer's use of the Products with applicable laws, regulations, codes and standards. Buyer retains and accepts full responsibility for all warranty and other claims relating to, or arising from, Buyer's products which include or incorporate Products or components manufactured or supplied by Seller. Buyer is solely responsible for any and all representations and warranties regarding the products made or authorized by Buyer. Buyer will indemnify Seller and hold Seller harmless from any liability, claims, loss, cost or expenses (including reasonable legal fees) attributable to Buyer's products or representations or warranties concerning same.

10. **LIMITATION OF LIABILITY AND INDEMNITY:**

Notwithstanding any other provision herein or in any other document or communication, (a) Seller's liability and obligations with respect to any claim(s) resulting or arising from or relating to this Agreement, whether in contract, strict liability, tort or otherwise, and even if Buyer's exclusive remedy fails of its essential purpose, shall in no event exceed in the aggregate the total purchase price received by Seller for the Products (or, in the case of obligations arising from or relating to particular Products or services rendered in connection herewith, the purchase price of such Products or amount received by Seller for such services, respectively), and (b) Seller shall in no event be liable to Buyer or any other person or entity, whether in contract, strict liability, tort or otherwise, for special, indirect or consequential damages of any kind whatsoever, or claims of any third parties. By accepting delivery of the Products ordered, Buyer agrees that it indemnifies and holds harmless Seller from and against all claims, loss, damage and liability, including without limitation for personal injury, property damage or commercial loss of whatever kind, directly or indirectly arising from or relating to the hazards inherent in Buyer's facilities or activities.

**11. MEDICAL APPLICATIONS:** In connection with any anticipated use of Products by Buyer in medical applications, except for Seller's Precision Interconnect Products, Buyer acknowledges and agrees that:

(a) Seller's Products are manufactured under normal industrial conditions, which may not satisfy the requirements applicable to products manufactured for certain medical applications. It is the sole responsibility of persons contemplating medical uses of Seller's Products to comply with all applicable laws, regulations, codes and standards, including but not limited to the U.S. Federal Food, Drug and Cosmetic Act and regulations of the Food and Drug Administration. Seller's Products have not been designed, manufactured, tested or qualified for use in certain medical applications (including life support systems) and Seller has not sought or received any rulings from the FDA or any other federal, state, or local government agency as to the safety, effectiveness or appropriateness of its Products for such applications. Persons intending to evaluate or to use Seller's Products for medical purposes must rely on their own medical and legal judgment without any representation on Seller's part.

(b) Buyer will indemnify, defend, and hold harmless Seller and its officers, directors, employees, agents, and contractors from and against any and all losses, claims, damages, liabilities, and expenses (including reasonable attorneys' fees) arising out of or based upon any bodily injury or property damage arising from Buyer's incorporation of Products as part of any product made by Buyer for medical applications, including without limitation cardiac pacemakers, defibrillators, electrodes, leads, and programmers, and components therefore. Seller shall give Buyer written notice of any such claim and shall cooperate in the defense of such claim at Buyer's expense.

**12. ACCEPTANCE; RETURNS:** Buyer shall inspect Products promptly upon their receipt. Unless Buyer notifies Seller in writing within thirty (30) calendar days after the receipt of Products or the rendering of services that the Products or services are nonconforming, describing the nonconformity in commercially reasonable detail, Buyer shall be deemed to have accepted the Products or services. Acceptance as aforesaid shall constitute acknowledgment of full performance by Seller of all its obligations hereunder. No Products delivered and accepted under this Agreement are subject to returns except upon (a) written approval of Seller and (b) payment of a fair and equitable restocking charge as determined by Seller's restocking charge policy at the time of return.

**13. PROPERTY FURNISHED BY BUYER:** If Buyer furnishes any components, tools, dies, jigs or other property, equipment, material, or facilities to Seller in connection with the performance of this Agreement, Buyer shall bear all risk of loss or damage with respect to such property, equipment, material, or facilities and shall indemnify and hold Seller harmless from and against all loss, cost, expense or liability arising in connection with its use of any such property, equipment, material, or facilities. Seller shall not be responsible for any delay in performance or nonperformance hereunder or the failure of any Product to conform to applicable specifications resulting, in whole or in part, from Seller's use of property, equipment, material, or facilities furnished by Buyer.

14. **PROPRIETARY INFORMATION:** As used herein, the term “Proprietary Information” includes any information, material or apparatus, of a confidential or proprietary nature obtained from Seller and any information obtained from Seller which is not readily available to Seller’s competitors and which, if known by a competitor of Seller, might lessen any competitive advantage of Seller or give such competitor a competitive advantage. Seller retains ownership of all Proprietary Information, whether written, oral, electronic, visual, graphic, photographic, observational or otherwise, and all documentation which contains Proprietary Information. Buyer shall not disclose, duplicate or reproduce any Proprietary Information, in whole or in part, nor shall Buyer use any Proprietary Information other than in the course of performing its obligations hereunder. Buyer shall take all reasonable steps to prevent the disclosure, duplication or reproduction of any Proprietary Information. Buyer shall limit access to the Proprietary Information to those employees of Buyer with a valid need to know who in turn shall be obligated by Buyer's undertakings hereunder. Notwithstanding the foregoing, Buyer shall not be required to refrain from disclosing or using any Proprietary Information which has become known to Buyer if the original source of such Proprietary Information was not Seller or any person or party affiliated with Seller or having a relationship of confidentiality with or an obligation of confidentiality to Seller. Upon request of Seller or termination of this Agreement, Buyer shall immediately return any Proprietary Information provided, including all copies made by Buyer.

15. **CANCELLATION:** Neither this Agreement nor any release hereunder is subject to cancellation by Buyer except upon

(a) written request of Buyer and (b) written approval of Seller. Because Seller’s expenses related to cancelling firm orders are dependent upon (i) Seller’s inventory carrying costs, (ii) the likelihood of Seller quickly selling the subject Products to other buyers, (iii) Seller’s other related out-of-pocket costs, and (iv) administrative costs, Seller may charge Buyer a cancellation fee.

**CANCELLATION OF STANDARD PRODUCT:** If Seller determines the Product being cancelled to be Standard Product, the Seller may charge a cancellation charge according to the (a) quantity being canceled, (b) time frame between Buyer’s request to Seller to cancel and the order’s scheduled ship date, and (c) dollar amount of order being cancelled. The calculation of the exact cancellation charge will be at Seller’s discretion. Any orders that constitute twenty-five percent (25%) of the previous six (6) month usage of a particular Product will be deemed “custom” and will follow the cancellation condition of Custom Product, set forth below.

**CANCELLATION OF CUSTOM PRODUCT:** If Seller determines the Product being cancelled to be Custom Product, as defined above, Seller may deny Buyer’s cancellation request. If Seller permits the cancellation of Custom Product, Buyer agrees to pay Seller for all of Seller’s out-of-pocket costs associated with the cancellation of the order including, but not limited to: (i) raw materials, (ii) work in process, (iii) inventory carrying costs, (iv) scrapping and disposal fees, and (v) a reasonable and equitable profit for Seller, which shall not be less than twenty percent (20%) of such costs. In no case will the cancellation charge be less than Seller’s actual costs (including overhead and other indirect costs). The amount of

cancellation charge to be charged to Buyer shall be determined at the sole discretion of Seller and may equal 100% of the amount of the order at the time of Seller's receipt of Buyer's request for cancellation. Buyer is entitled to receive a written notice from Seller setting forth how the cancellation charge was calculated. Upon payment of the cancellation charge, Buyer shall be entitled to receive all raw materials and work in process, and Seller agrees to ship such goods to Buyer at Buyer's expense.

Seller reserves the right, by written notice of default, to cancel any order, without liability to Buyer, in the event of the happening of any of the following: insolvency of Buyer, the filing of a voluntary petition in bankruptcy by Buyer, the filing of an involuntary petition to have Buyer declared bankrupt, the appointment of a receiver or trustee for Buyer, the execution by Buyer of an assignment for the benefit of creditors, the discontinuance of business by Buyer, or the sale by Buyer of the bulk of its assets other than in the usual course of business.

16. **RESCHEDULES:** Buyer may only reschedule an order with Seller's written consent. A reschedule should not extend further than an additional thirty (30) calendar days from original ship date requested. Reschedules may be subject to a ten percent (10%) penalty based on total amount of the order or portion of the order rescheduled.

17. **RESALE OF PRODUCTS:** Buyer agrees that it shall not resell any Products purchased from Seller unless Buyer is an authorized distributor of Seller's Products. Seller shall not be obligated to provide any warranty service or other technical support for any Products not purchased directly from Seller or an authorized distributor of Seller.

18. **SPECIAL PACKAGING:** Application equipment, applicators, hand tools and any associated replacement parts are excluded from general customer specifications for packaging and labeling. Other customer requests for special packaging will be considered on a case-by-case basis.

19. **NO LICENSE:** Neither this Agreement nor purchase of any Products hereunder shall be construed to confer upon Buyer or its customers any license under any patent or other proprietary rights of Seller, except the right to use such goods for the purposes for which they are sold. Tooling, set-up, fitting-up, drawings, design information, non-recurring engineering, and partial preparation charges when invoiced cover only part of the cost thereof to Seller. Buyer does not acquire any right, title or interest in any tooling, set-up, fitting-up, drawings, design information, or invention or other intellectual property resulting therefrom, which remain the sole property of Seller.

20. **NON-WAIVER OF DEFAULT:** No failure by Seller to insist on strict performance of any term or condition hereof shall constitute a waiver of such term or condition or any breach thereof, nor shall such failure in any way affect Seller's legal remedies with respect to any default by Buyer hereunder.

21. **APPLICABLE LAW:** This Agreement and the sale of goods and services hereunder shall be governed by and construed in accordance with the laws of the State of Israel.



22. **ASSIGNMENT:** Buyer may not transfer or assign this Agreement or any interest herein, by operation of law or otherwise, without the prior express written consent of Seller. Any attempted transfer or assignment without such consent shall be void. Seller may assign its rights and delegate its duties hereunder.

23. **ENTIRE AGREEMENT; MODIFICATION:** This Agreement supersedes all prior written and oral agreements and understandings between Seller and Buyer with respect to the Products and services specified herein. No representation or statement not contained herein shall be binding upon Seller as a representation, warranty or condition or otherwise. No addition to or waiver, modification or cancellation of any provision hereof shall be binding upon Seller unless in writing and signed by a duly authorized representative of Seller.

24. **NOTICES:** All notices and other communications hereunder shall be in writing and shall be mailed by first-class, registered, express or certified mail, postage prepaid, to the parties hereto at their respective designated addresses, subject to the right of either party to change such address upon ten (10) calendar days prior written notice.