



October 27, 2022

South San Francisco
Peninsula Library System

Angela Bernal-Silva & the South San Francisco Public Library Team,

Thank you for your interest in Lyngsoe's automated material handling capabilities. After many years of planning, we are so excited to see this project coming closer to fruition!

The following document is your formal proposal that we have crafted over time based upon our many meetings with various groups involved in this project. If you have any questions, please do not hesitate to reach out to your Account Manager. Thank you for your consideration, we look forward to hearing back from you.

This proposal has been updated to show discounted service pricing for bundling multiple years together and sales tax.

Warmest Regards,

Handwritten signature of Kenji Chilcott in black ink.

Kenji Chilcott
Account Manager
805.338.6038

Handwritten signature of Neil Gillott in black ink.

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Sr. Bids and Contracts Manager
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Cory McCoy
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SYSTEM DESCRIPTION

This proposal for Lyngsoe Systems' Automated Material Handling Equipment is designed to automate the sorting of library items and eliminate manual tasks in the circulation room, providing library patrons a higher level of service. Patrons will approach the Library Mate™ and insert items. Items are received one at a time from the Library Mate™ then transported to the Lyngsoe Sort Mate™. These items are automatically inducted onto the sorter. Once inducted, the items will then be sorted and discharged directly to one of the following destinations:

1. Sort Trolley Chutes (all configurable by library staff)
 - a. Return to shelf
 - i. Sort by SIP2 fields (location code, item types, call number, etc.).
 - b. Holds
 - c. Transfer items to branches
2. Overflow destination

The Sort Mate™ is configurable and easily expandable. If you would decide to add additional sort points in the future, a new Sort Mate™ module could be added and running within a few hours—easily completed during off-hours with no impact to patrons and minimal to staff.

Capacity

The throughput for each system is 2,500 items per hour. However, this is regulated by the capacity of the Library Mates™ and Ergo Staff™ Inductions configured on the system. For example, one Library Mate™ has an average throughput of 900 items per hour and the Ergo Staff™ has an average throughput of 1,100 items per hour thus resulting in an average throughput of 2,000 items per hour. This can be increased with the addition of induction points. Lyngsoe Systems has optimized the system controls so that items never stop on the sorter while other items are diverting. This allows for continuous flow from the Library Mates™, higher throughputs, and longer life expectancy from your sorter drive components.

Chutes

Included in this proposal is the pricing for one Sort Trolley per sort point plus one Sort Trolley for the exceptions bin. Unit pricing for the Sort Trolley is also included for future consideration. These trolleys are extremely durable and wheel easily over most surfaces. One auto-level trolley holds 12.4 ft³ with a capacity of 250 mixed library items (or 500 CD's or DVD's). They are a great addition to your work room. The Sort Trolley features an auto-leveling floor, with a cushioned base; it assures gentle handling of library items. The auto-leveling feature is spring activated, so there is NO expensive and time-consuming maintenance required for batteries, chargers, lifting mechanisms, etc.



Chutes are controlled by full tote sensors. If a chute is full, the chute will be blocked and there will be a full chute indicator activated at the location. When the location is cleared, the system will begin sorting to that location automatically.

Finish

Lyngsoe uses a high durability paint finish for all major components. The standard color is black RAL9005 with green RAL6025 highlights (Custom RAL colors can be supplied for an additional cost).

Voltage

Standard voltage is 120VAC, single phase.

Host Interface Software

All Library Mates™ include support for implementation of a SIP2 interface with the host ILS system. This interface allows for custom sort configurations, and can collect statistics for items that are return-to-shelf, holds, transits, and transit holds. Statistics are also available for numbers of sorts per hour.

Emergency Control Devices

One (1) emergency stop buttons are included per system.

Warranty

A one-year parts warranty is included on all equipment. Further Service Agreements can be supplied and quoted upon request. System issues deemed not mechanical or software related (i.e.: vandalism, damage due to neglect, or unauthorized modifications) will be subject to a service charge TBD.



EQUIPMENT

DESCRIPTION OF THE LIBRARY MATE™ 2100 SELF CHECK-IN (EXTERNAL WALK UP UNIT)

The Library Mate™ 2100 self-return-machine was designed specifically for the library market to be the centerpiece of your self-service initiative with a robust façade so it can be installed on an exterior wall of your library. Check-ins using the LM2100 provide secure transactions, assuring that the item presented to the RFID reader or optional barcode reader, is the item that is being returned. The patron simply opens the access door with a button press, or presenting a valid RFID tag to the external reader (optional), and then places the material to be returned on the belt, and the LM2100 completes the transaction. Utilizing sensors along the inside of the LM2100, the item is tracked and scanned on the inside of the tunnel. When the check in is complete, it is transferred to the Sort Mate™2000 module for sorting

With the capacity to handle over 1100 items per hour, library users no longer have to wait in long lines to return items. The feed opening will accommodate up to 99% of all library materials.

Benefits of the Library Mate™ 2100

- Touchscreen for language selection or receipt options
- Sturdy shelf for patron use
- Height of shelf and opening can be configured to different set heights to accommodate all patrons or varying backroom elevations
- Receipt printer
- Drive up or walk up access for patrons
- 24-hour access to check in and return materials
- Weather proof exterior
- Security window for use with library's existing security camera system
- Option for RFID activated door located in Library Mate™ shelf



Figure 1- Library Mate™ 2100



LIBRARY MATE™ FUNCTIONAL DESCRIPTION

The machine function is as follows:

- The default language in the initial screen picture is English, but as a standard three other languages are available and can be retrieved via the screen. If no alternative language is retrieved, the dialogue will continue in English.
- The user inserts the items one by one by pushing them into the machine. When the Library Mate™ detects a new item in the opening, the machine starts the conveyor belt automatically.

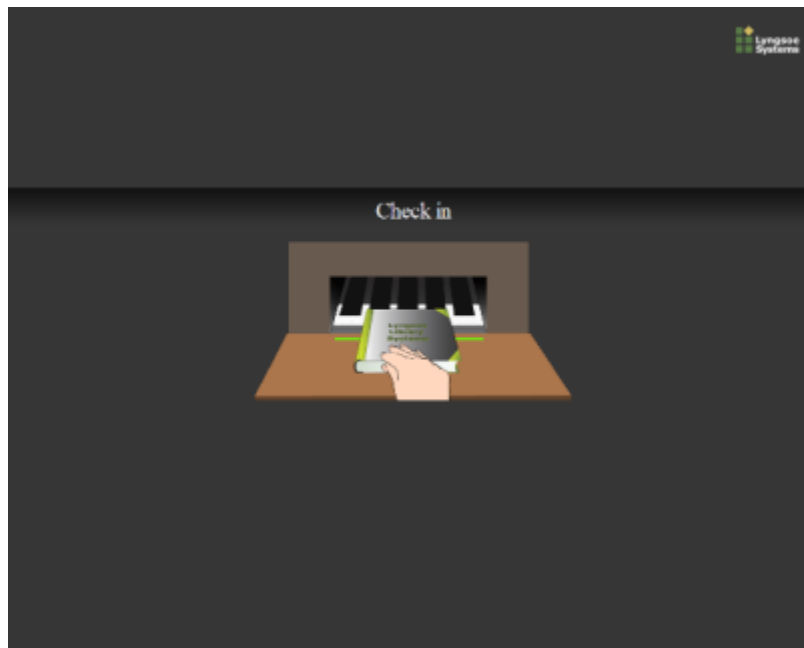


Figure 2- Patron Instruction Screen

- While the item passes through the machine, the item ID is read from the barcode or RFID tag, the item is checked in with the ILS and the material protection (EM optional) is activated before the item is sent to the sorter.
- If a barcode is not detected in the tunnel, the Library Mate™ can be configured to reject the item and return it to the patron.

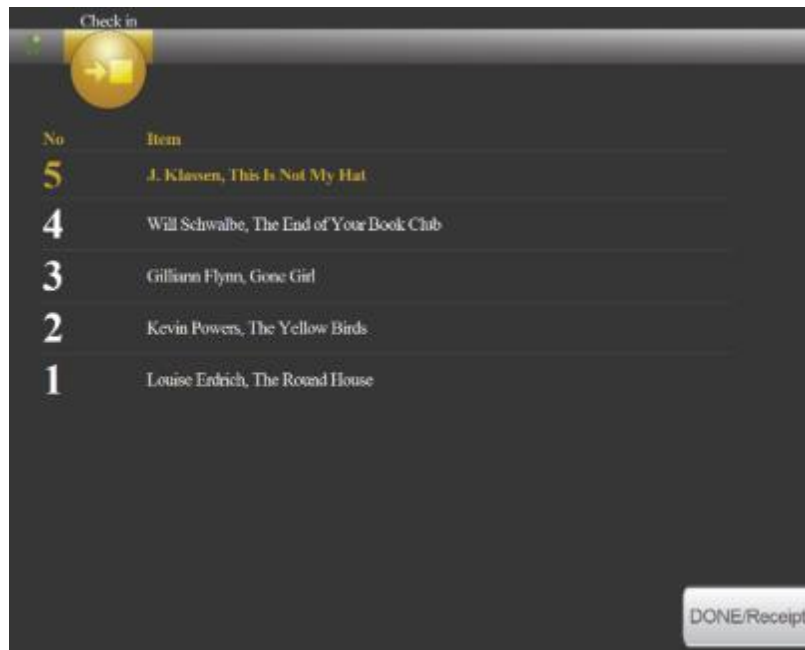


Figure 3- Check-in Confirmation Screen

- Once the machine is ready for the next item, the light in the opening changes from red to green.
- The above procedure must be repeated until all items have been returned.
- When all items have been returned, the user finishes the procedure by pressing “End” on the screen. Subsequently a receipt is printed. The screen displays an animation of the receipt printing. If the user does not press “End” within a defined period, the receipt is printed automatically so that the machine can get ready for the next user.
- Receipts may also be sent to the patron via email or text(optional)



Figure 4- Patron Instruction Screen

Off Line mode

If the connection between machine and library network is down, the machine continues in off line mode and prints an off-line receipt stating the material IDs for the user. Information about the returned materials is stored in the machine control and transmitted to the library database as soon as the connection to the library network has been re-established.



Lyngsoe Sort Controller (LSC)

The LSC (Lyngsoe Sorter Controller™) is a user-friendly software that allows library staff to monitor and customize their Lyngsoe Automated Materials Handling Sorter. LSC provides granular data in an easily digestible format via graphs and tables that are also easily exported to Excel, CSV or PDF. Optimizing workflows becomes easier with more data. LSC also has several search functions to see every item that has been sorted when it was sorted and the logic behind why it was sorted to a chute.

Web-based, multi-device monitoring and control

The Lyngsoe Sorter Controller™ is a web-based management and operation software for controlling Lyngsoe Sort Mate™ 2000 sorters. The single interface allows for central monitoring, remote sorter control, and instant updates from any linked device.



Figure 5- LSC device availability

Simple to program

Establish sort rules based on standard SIP2 response from the ILS/LMS. The Lyngsoe Sorter Controller™ operates on logical arguments to direct materials to the intended destination – set the priority quickly and easily with up/down arrows.



Figure 6- Sort Rule Configuration

Program each rule according to the type of receptacle, whether an Ergo Cart™, Ergo Trolley™, a library-specific tote, or other custom solution. Set up with Waterfall or Round Robin sort modes to maximize efficiency.

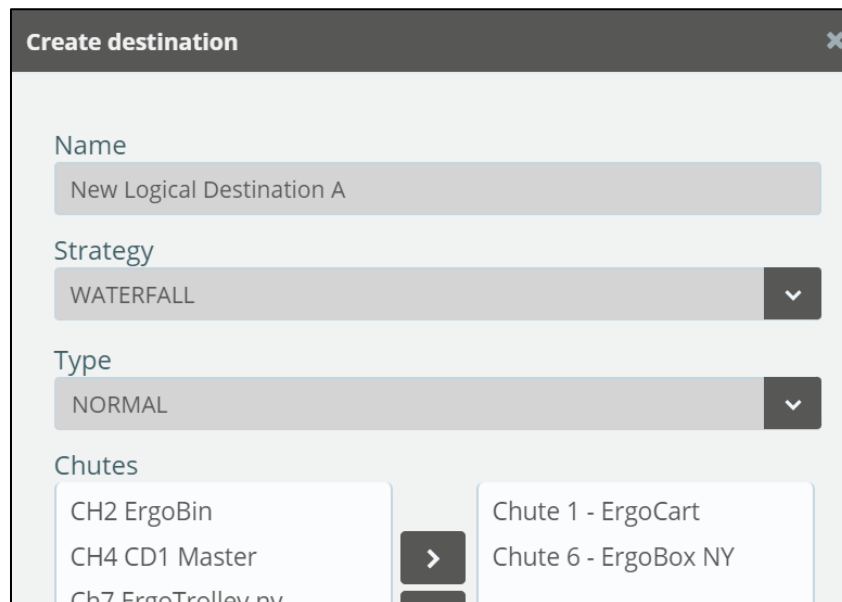


Figure 7- Destination Configuration

Simpler to use

Keep separate sort tables for weekends and holidays – switch the active table with one click of the ⏻ symbol.



	Activate	Export	Edit	Copy	Delete
Daily - Normal sorting					
Weekend - RoundRobin (Excl DUMP)					

Figure 8- Sort Table Configuration

Use the Material Event Search to find an item as soon as it is scanned. Find which destination it was sorted to, locate Patron Holds more quickly, and fine tune the sort table specifications.

Title / Identifier

Figure 9- Item search

Continuous Operation

Set up real time alerts for full bins and unread items – staff can respond immediately and keep books sorting without pause. The Lyngsoe Sorter Controller™ allows staff to set the number of items allowed in a container and the fill level at which alerts are sent out. These alerts can pop up in the Controller User Interface or be sent as emails to the emails of sort room staff.

▼ Nearly full warning

Sort table: Weekend - RoundRobin (Excl DUMP) ▼

Chute	Container	Fill level	Enabled
CH2 ErgoBin All Containers	ErgoTrolley (200) ▼	75% <input style="width: 50px;" type="text"/>	<input checked="" type="checkbox"/>
CH4 CD1 Master All Containers	CD Container (50) ▼	75% <input style="width: 50px;" type="text"/>	<input checked="" type="checkbox"/>

Figure 10- Nearly Full configuration

library-platform-test@lyngsoesystems.com 11:20

Chute 3 - Plastkasse is full

Chute 3 - Plastkasse is full <end>

Figure 11- Email notification



Configuring the system

During the engineering phase of the project, the Lyngsoe Project Manager will work with the Library to configure the machine with languages, sort schemes, receipt text, etc. Once we have the configuration, our engineers will assure that the programming on your machine meets all your expectations.

Statistics

The Sort Mate™ provides a variety of reports and sorting statistics for the library to use including check in time, chute distribution, and a full complement of SIP2 transaction logs and sort logs.

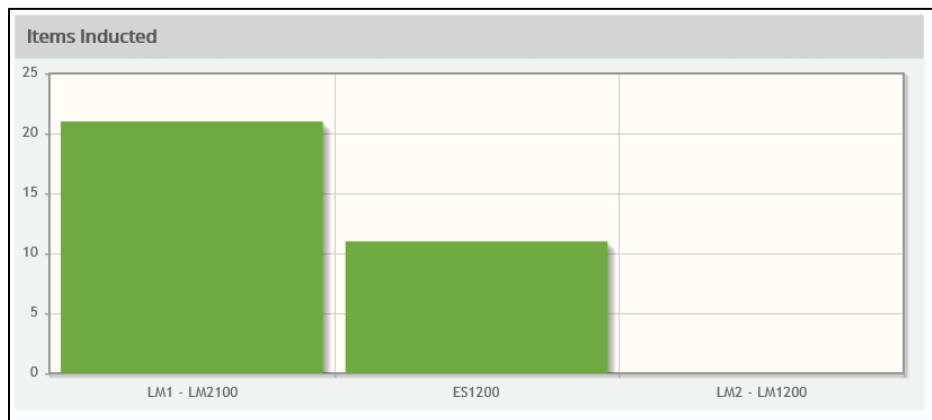


Figure 12- Statistics screen

Reports can be easily drawn for a given range of time, tracking how many items were sorted through each induction and how many went to which sort destination.

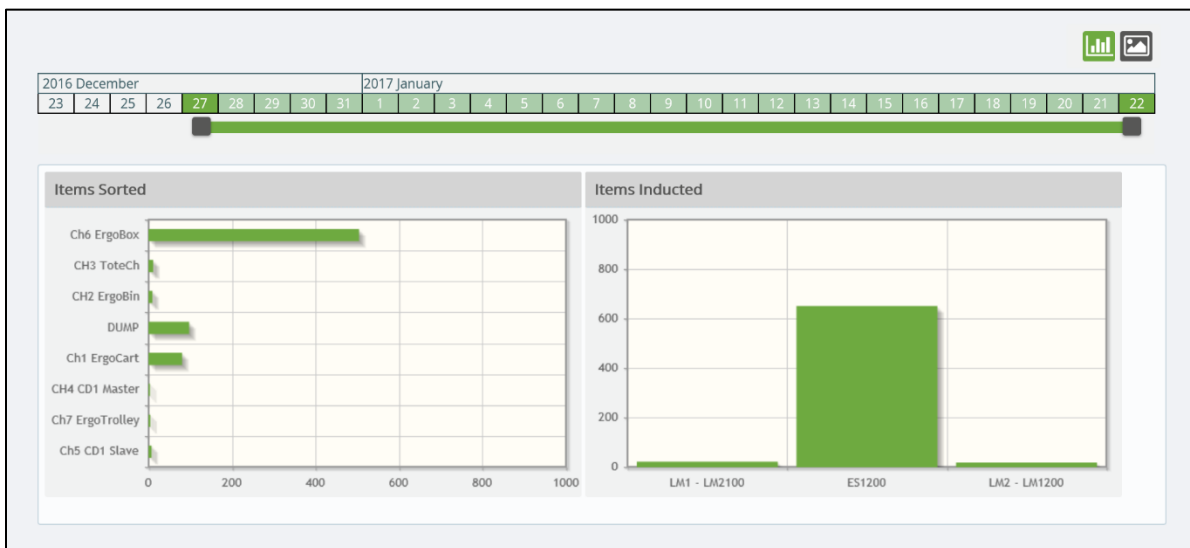


Figure 13- Statistics screen



Interface

The Library Mate™ check-in units and Ergo Staff™ Staff Inductions communicate to the Library's ILS using the SIP2 protocol. Once the item has been checked-in, information about the items to be sorted is transferred through an Ethernet interface to the sorter control system and the item is sent to its proper destination.

For effective remote support, a VPN connection must be established between our Hotline/Service department and the sorting system. This VPN connection will assure that the technicians from the Lyngsoe Systems Hotline can gain direct access to the sorting system controls to quickly and efficiently diagnose any system issues.

The drawing below (See Figure 5) shows the basic communication structure between the sorting system and the library system.

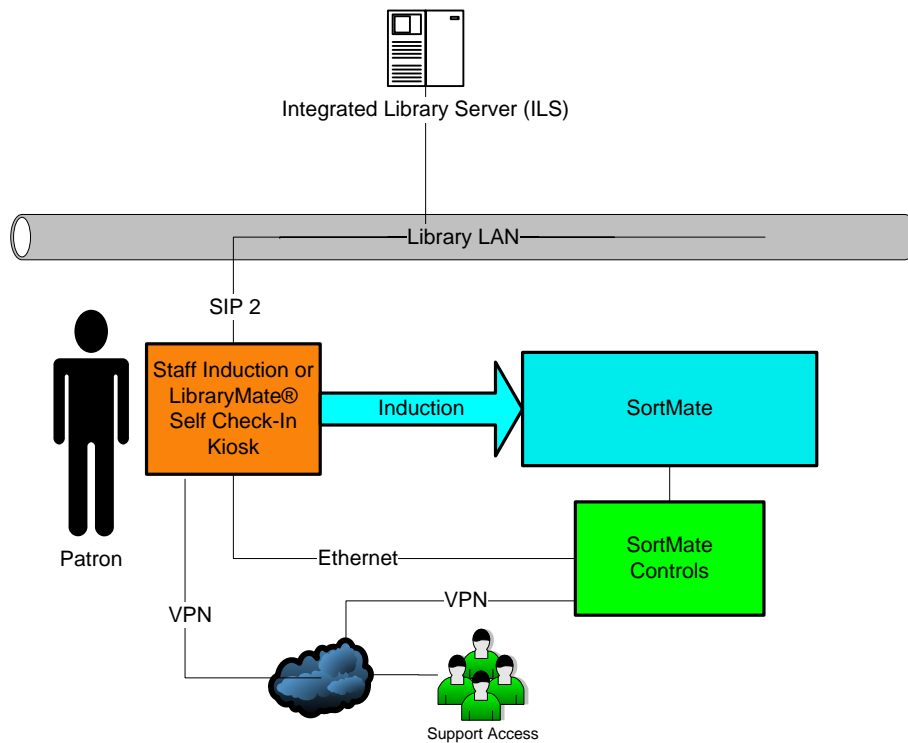


Figure 14- Basic Communication Structure



DESCRIPTION OF THE LYNGSOE SYSTEMS ERGO STAFF™ 1200 STAFF INDUCTION

The Lyngsoe Systems Ergo Staff™ automates and optimizes material processing for library staff. The Ergo Staff™ quickly becomes the workhorse of your circulation room by rapidly and efficiently checking in branch transfers, new material, and any items that need to be sorted and returned to shelf.

With the capacity of up to 2000+ items per hour; library staff will not have to perform time-consuming and repetitive check-in processes; library materials will be on the shelf quicker and back into the hands of your patrons.

Your library staff will interface with the Ergo Staff™ staff induction via a user-friendly touch screen with a graphical interface. RFID tags or optional barcodes are read quickly and communicated with your Integrated Library System, RFID security is enabled, backdating and hold slip printing can all happen automatically, and check-in statistics can be monitored remotely. The Ergo Staff™ work surface is height adjustable between 32" and 38", ensuring an ergonomic work environment standing or sitting.



Figure 15- Ergo Staff™ 1200 Staff Induction



ERGO STAFF™ FUNCTIONAL DESCRIPTION

The machine function is as follows:

- The default language in the staff screen is English, but other languages are available and can be retrieved via the configuration menu.
- The staff member initiates use of the machine by either pressing the start button on the conveyor, or the start button on the touchscreen
- The staff member places an item on the belt. Once the RFID tag is read, or the barcode is read, the belt will automatically induct the item onto the SortMate for sorting.

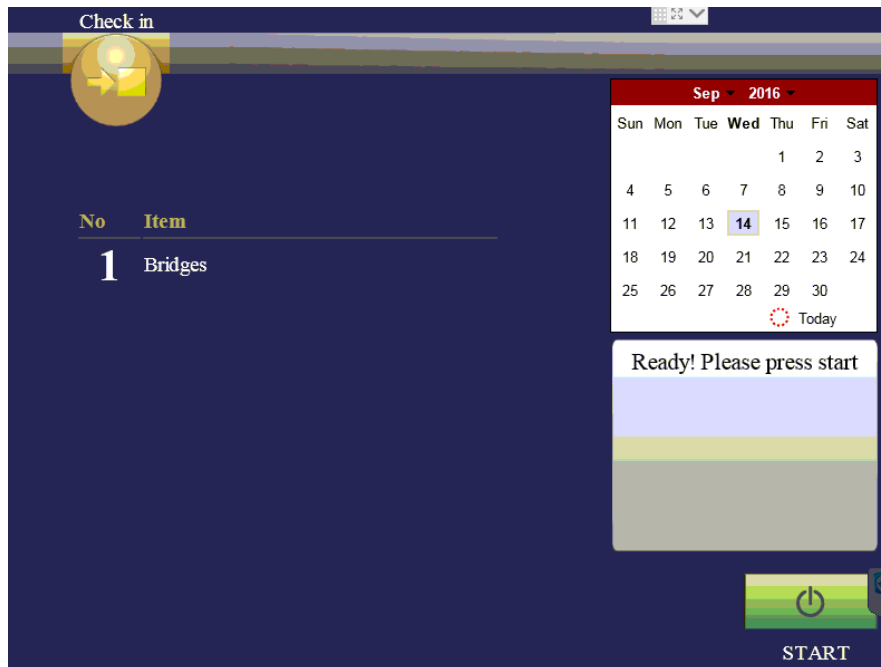


Figure 16- Staff Induction Screen

- The item ID is read from the barcode or RFID tag, the item is checked in with the ILS and the material protection (EM optional) is activated before the item is sent to the sorter.

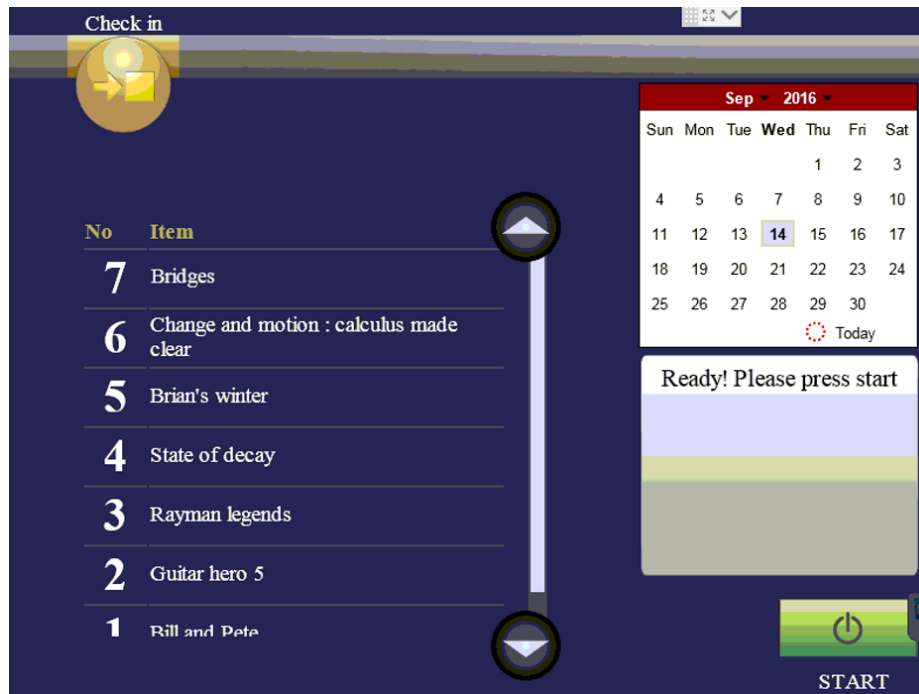


Figure 17- Check in confirmatoins

- Once the machine is ready for the next item, the belt will stop, and the screen will display a “ready next item” message.
- The above procedure must be repeated until all items have been processed.
- When all items have been returned, the user finishes the procedure by pressing “Stop” on the screen.

Backdating

To enable backdating, simply select a date from the on-screen calendar, and all items will be processed utilizing the selected date.

Off Line mode

If the connection between machine and library network is down, the staff induction will be out of order until the library network is reconnected.



DESCRIPTION OF THE SORT MATE™ 2000

Lyngsoe's Sort Mate™ is a high-speed sorting system that is the brawn behind the Lyngsoe Systems Automated Material Handling system. This sorter has been specifically designed for libraries, and is the ideal solution for sorting a vast array of library materials. Items checked in using a Library Mate™ or Ergo Staff™ are electronically tracked throughout the length of the Sort Mate™ and sent to the proper discharge location.

Sensors located throughout the system assure that your library material is accurately sent to the proper destination. Lyngsoe has optimized the system controls so that items never stop on the sorter while other items are diverting. This allows for continuous flow from the Library Mates™, higher throughputs, and longer life expectancy from your sorter drive components.

The Sort Mates™ low profile and whisper-quiet operation will blend into your circulation room, not clutter it. The sorter features transport belts for item stability and unsurpassed durability. Seated in between the transport belts are electrically actuated pop-up rollers that divert items to sort destinations on either side. Optional discharge configurations can accommodate auto-leveling Ergo Trolleys™, Ergo Box™, or inter-library bulk tote containers.



Figure 18-Sort Mate™ internal/external 17-bin configuration



Technical Specifications – Sort Mate™

Sorting capacity:	2,500 material units per hour
Material dimensions:	Max: 400 x 300 x 100 mm (L x W x H) 15.8 x 11.8 x 4 inches (L x W x H) Min: 100 x 100 x 5mm (L x W x H) 2.6 x 2.6 x .1 inches (L x W x H) Max weight: 5 kg Min weight: 30 g
Material types that can be handled in the machine:	Books, CD-ROMs, books with enclosures, talking books, video tapes, cassette tapes. Book-like material units containing cassette tapes / CDs.
Requirements for materials:	The bottom side of the item must be flat.
Floor level:	The floor where the sorting system is installed must not vary more than +/- 5 mm.



Sorter Design

The Sort Mate™ is a linear belt sorter consisting of a straight conveying section, on which each piece of library material is transported. The conveying section consists of 6 parallel belts conveying the material to the correct discharge. The round belts on the sorter provide reliable transport of soft materials such as newspapers, magazines, books without hard cover, etc.

At each sorting system discharge, pop-up transverse rollers (diverters) are mounted which lift electrically when items pass over them. When the item is lifted, the rollers roll right or left, directing the items into the book carts placed on either side of the sorting system.



Figure 19- Sort Mate™ components

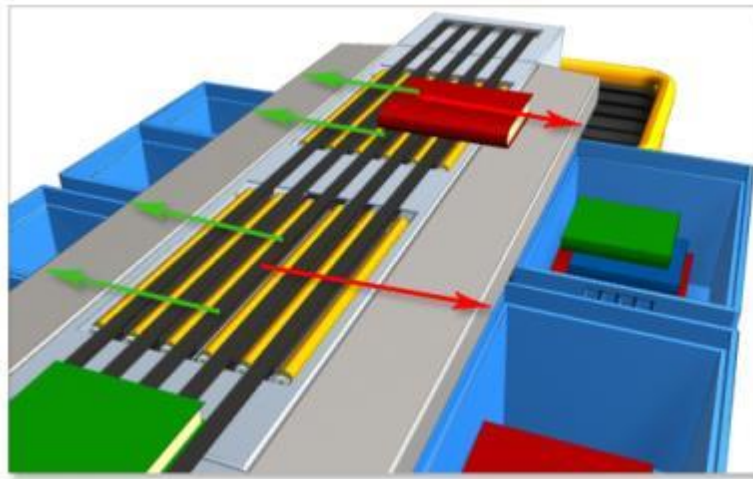


Figure 20- Sorting Principle

Function

The sorting system works as follows:

- The patron inducts one item at a time into the check-in.
- The material ID is read from either the barcode or RFID tag on the item being returned and is checked with the information in the ILS.
- If the material is accepted by the ILS, a “location” or classification for the material is returned to the Library Mate™.
- The material is automatically conveyed into the sorting system towards the correct discharge.
- When the material reaches the correct discharge, it is automatically lifted by the transverse rollers, which then puts it in the correct bin at one of the sorting system sides.
- The patron continues this process until all their items are returned.
- Once complete, a receipt is printed (optional).

Discharge of Reserved Items

Normally the sorting system will include a special destination for reserved or “hold” items. If the library issues all reserved items with reservation tickets, the ticket printing can be linked to the sorting. Once the reserved item has been transferred from the Library Mate™, the sorting system informs the library system and subsequently the reservation ticket is printed. In which case, reservation ticket printing and discharge of the item reserved takes place simultaneously.



Monitoring

Remote supervision of the system via a web-based monitoring service is included. This utility allows the library staff to view the sorting system status from any PC in the library network. The following system information can be accessed via the web-interface:

- Communication failure with the library ILS system
- Library Mate™ is stopped
- Sorting system is stopped
- System sort configuration parameters
- Review error logs
- Change other system parameters

Staff Functions

During the sorting system commissioning, a sorting table is configured determining where items are to be discharged. The sorting system controls can store alternative sorting tables. Training selected staff members during sorting system delivery ensures that afterwards library staff will be able to make the following adjustments on their own:

- Backdating at the Ergo Staff™ Induction
- Edit the sorting table of which locations to be sorted into which discharges
- View returns and sorting statistics from the system
- Choose alternative sorting tables, if an alternative or finer sorting is required
- Set up special chutes
- Change display text on patron screen, or receipts



DISCHARGE TYPE – SORT TROLLEY

If your library sorts a large number of items without emptying the book carts, Lyngsoe offers a trolley with extra capacity and a spring-loaded auto-leveling floor. When items are sorted into the trolley, the bottom will lower incrementally. Chute full monitoring can take place by a photo cell transmitting a signal to the sorting system control when the book cart is full, and a replacement cart required. The trolley can be placed at either side of the sorting system or at the end of the Sort Mate™.



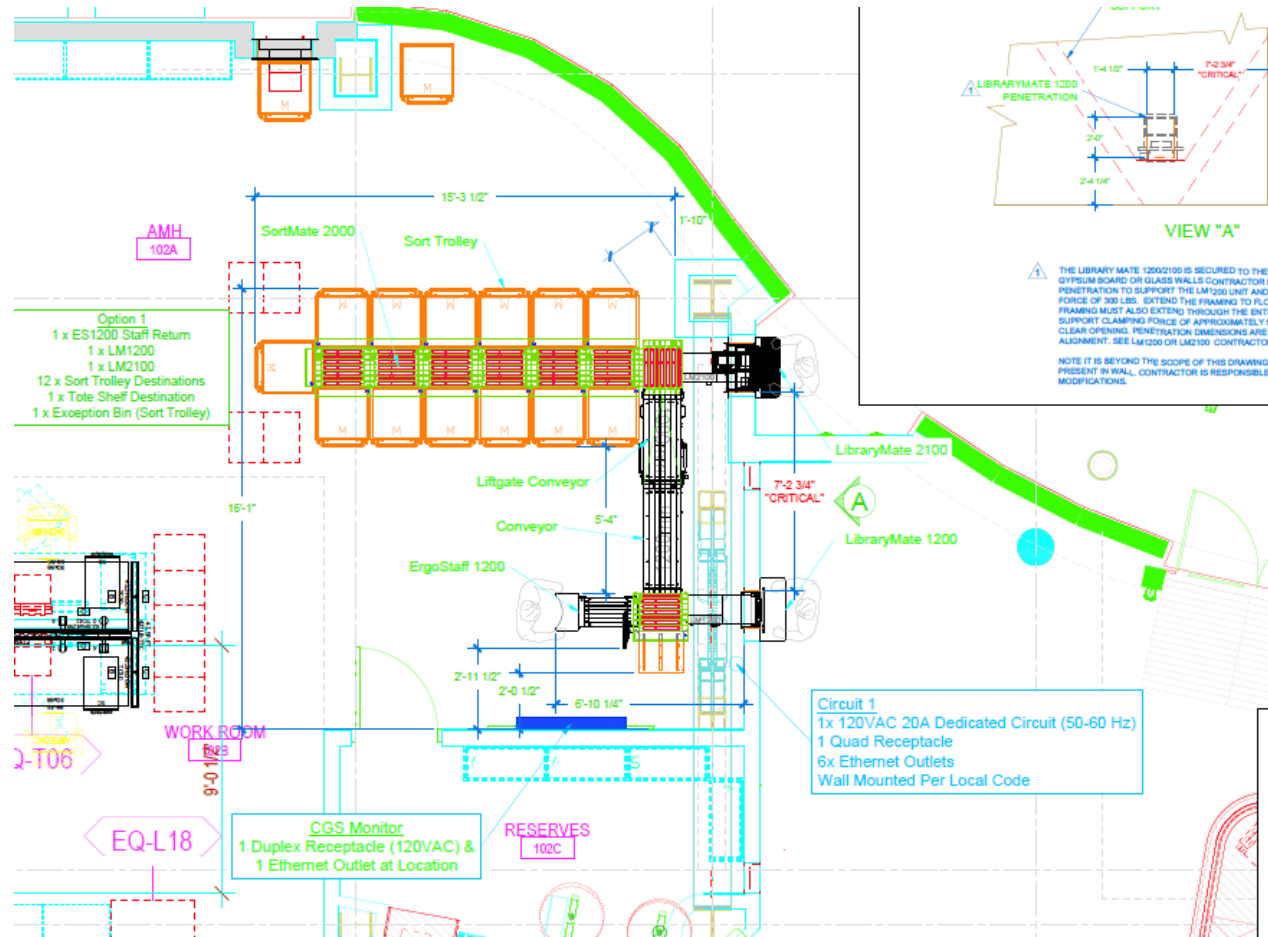
Figure 21-Sort Trolley

Technical Specifications

	Small	Standard	Large
Book cart size:	18 x 24 x 33 inches (L x W x H) 450 x 600 x 830 mm	24 x 24 x 33 inches (L x W x H) 600 x 600 x 830 mm	32 x 24 x 33 inches (L x W x H) 800 x 600 x 830 mm
Book cart weight:	66.1 lbs. (30 kg)	88.2 lbs. (40 kg)	110.2 lbs. (50 kg)
Maximum load:	132 lbs. (60 kg)	265 lbs. (120 kg)	396 lbs. (180 kg)
Sort Trolley™ capacity of assorted books:	75-125	150-250	200-350
Items convenient for Sort Trolley™:	Books, books with enclosures, talking books, video tapes, cassette tapes, CDs, DVDs, newspapers, magazines and other items in “soft” covers. Book-like items, e.g. items containing cassette tapes/CDs		



DRAWINGS

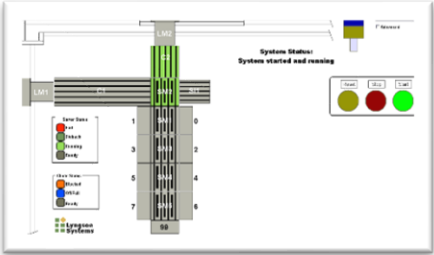




PRICING

South San Francisco Public Library Pricing		Price
<p>Sortation System – <i>Lyngsoe Dwg: B25836-000-1-4</i></p> <p><u>Sortation System</u></p> <ul style="list-style-type: none"> • Qty (1) Library Mate™ LM1200 Interior check in station (RFID Top scan barcode Hybrid) with touchscreen interface, patron shelf, and patron receipt printer • Qty (1) Library Mate™ LM2100 Exterior check in station (RFID Top scan barcode Hybrid) with touchscreen interface, patron shelf, and patron receipt printer • Qty (1) Ergo Staff™ ES1200 Staff induction check in station (RFID Top scan barcode Hybrid) with touchscreen interface, hold slip printing, height adjustable work surface, backdating • Qty (1) Sort Mate™ SM2000 High-Speed Sorter with 14-destinations <ul style="list-style-type: none"> ▪ (12) Sort Trolley™ destinations with chute full capability ▪ (1) Tote Shelf destination with chute full capability ▪ (1) Sort Trolley™ exceptions destination with chute full capability • Conveyor • Lift Gate Conveyor • Auxiliary Locking Book drop • Installation (non-union) • Commissioning • Shipping • Parts Warranty (Standard 12 month) • Hotline (24/7) (Standard 12 month) • Spare Parts (on-site kit) 		
Equipment pricing		\$205,806
<p><u>Sort Bins</u></p> <ul style="list-style-type: none"> • Qty (15) Standard Sort Trolleys 		
Sort Bins		\$18,000



<p>Graphical system display</p> <p><u>System monitor</u></p> <ul style="list-style-type: none"> • Qty (1) 40" flat screen monitor with wall mount (to be positioned within 20 feet of sorter) • Implementation of site specific graphical system display 		
CGS Price		\$7,712
Total USD		\$231,518
Tax (9.875%)		\$22,862
Service Through Year 5		\$53,466
Grand Total		\$307,846

Service Pricing

First year hotline, preventative maintenance visit, and parts warranty Included in project pricing

Second year hotline, preventative maintenance visit and parts warranty under consortium discount pricing will be \$13,891

On going Service pricing will increase at a rate of 3% per year.

SERVICE PREPAYMENT DISCOUNTS

5% discount for prepayment through 3rd year \$26,789


8% discount for prepayment through 5th year \$53,466


*sales tax not applied to service



Standard System Options

<p>System accessories</p> <p><u>Sort Trolley Std</u></p> <ul style="list-style-type: none"> Qty (1) Sort Trolley Auto Level Trolley 24" L x 24" W x 33" H 600 x 600 x 830mm 		
<p style="text-align: right;">Option price</p>		<p>\$1,200 USD</p>

<p>System accessories</p> <p><u>Tote Shelf</u></p> <ul style="list-style-type: none"> Qty (1) Tote shelf 		
<p style="text-align: right;">Option price</p>		<p>\$778 USD</p>

<p>System accessories</p> <p><u>Interlocked Locking Book drop</u></p> <ul style="list-style-type: none"> Qty (1) locking book drop Integration to Library Mate <p>*Includes wall penetration</p>		
<p style="text-align: right;">Option price</p>		<p>\$8,200 USD</p>

NOTE: Price excludes any and all required building modifications which are the responsibility of the Building Owner.

Price excludes any tax or local duties unless otherwise specified

Options pricing is only valid if purchased with the main system.



PAYMENT TERMS

20% on receipt of order
35% on shipment
45% at beneficial use
net 30 days

Late payments subject to 1-½% interest charges per month.

This proposal is based on Lyngsoe Systems' standard terms and conditions.

Sales tax, or other state and local taxes have not been included unless specifically stated.

PRELIMINARY PROJECT SCHEDULE

This project schedule represents a framework schedule for each site.

Contract Signature/Letter of Authorization	: Receipt of PO
Drawings Approved	: 1 weeks At Receipt of Order (ARO)
Shipment	: 16 weeks ARO
Start Installation	: 24 weeks ARO
Installation Completed	: 26 weeks ARO
Final Acceptance (Start of Warranty)	: 26 weeks ARO

This Proposal Is Valid For 3 Months



CONTRACT APPROVAL

Proposal Number: 185.384.007

Proposal Date: October 27, 2022

This Proposal Remains Valid Through: January 27, 2023

This Sales Agreement, hereinafter called "Agreement", made by and between the South San Francisco Library, hereinafter called "Buyer", and Lyngsoe Systems Inc. with its principal place of business located at 1664 Bowmans Farm Road, Suite 109, Frederick MD 21701 called "Seller", constitutes agreement of the parties as follows:

CONTRACT DOCUMENTS

In addition to the attached Terms and Conditions of Sale, the following documents (collectively "Contract Documents") are also part of the Agreement and are hereby incorporated into the Agreement. Should the additional Contract Documents or different or additional terms and conditions contain any term or condition inconsistent with the Terms and Conditions of Sale, the Terms and Conditions of Sale shall govern. The additional Contract Documents, copies of which are appended hereto, are as follows:

Seller's Proposal 185.384.007 dated October 27, 2022 including Seller's Drawings as listed in Seller's Proposal 185.384.007 dated October 27, 2022 ("Proposal").

Summary of Scope to be purchased

Sorter Option# _____	Price _____
Option _____	Price _____
Option _____	Price _____
	TOTAL _____

AUTHORIZED FOR BUYER BY:

Buyer _____
 Signature _____
 Name _____
 Title _____
 Date _____

AUTHORIZED FOR SELLER BY:

Seller Lyngsoe Systems Inc.
 Signature _____
 Name Cory McCoy
 Title President
 Date _____



OWNER'S RESPONSIBILITIES

- a) Provide any necessary permits and/or licenses.
- b) Provide power to a location near the sorter and coordinated points near the conveyor route (within 10 feet) 120V single phase.
- c) Provide 2 network drops per Library Mate™ or Ergo Staff™ and one for each sorter for communication and support.
- d) Provide one SIP license for each check-in station.
- e) Allow for site to site VPN (IPSEC) for commissioning and ongoing hotline support. Additional details contained in LS Remote Customer Support document
- f) Provide a clear path for access to and from the installation site for personnel and equipment.
- g) Provide secure, dry, convenient storage for equipment, tools and materials used on site.
- h) Provide adequate working space for the installation crew.
- i) Provide lighting for installation at the location where the work is to be performed.
- j) Provide parking and restroom facilities.
- k) If special lift equipment is required, Lyngsoe Systems must have access to a ramp door.
- l) On site security.
- m) Areas of installation to be broom swept by other contractors prior to the start of Lyngsoe Systems installation.
- n) Provide no later than the scheduled start of installation date, the installation site free and clear and ready for Lyngsoe Systems to begin installation. Lyngsoe Systems acknowledges that some degree of facility construction may be underway during installation. The Purchaser acknowledges its responsibility to minimize possible resulting disruptions to Lyngsoe Systems' installation process.
- o) Provide no later than start of installation date, all civil work and necessary removal or modifications of existing equipment or buildings. For instance, the building modifications required for the installation of the Library Mates™ in exterior or interior walls, and penetration points through walls required by the conveyor run. Architectural finishing of penetration points after installation of Library Mates™ if required.



WARRANTY

Seller warrants that (a) the Equipment shall be free from all liens, charges or encumbrances, except any lien of the Seller in respect of any unpaid portion of the Purchase Price; (b) the Equipment shall be free from defects in material and workmanship and shall conform to the provisions and specifications of the Agreement; and (c) the Equipment shall be new and of a quality consistent with the Seller's usual and normal production. Seller shall, at its option, repair or replace (replacement parts to be shipped F.O.B. Seller's factory) any defective Equipment or component thereof, provided, however, that Seller is given written notice of any defect during the warranty period. Unless otherwise stated in the Proposal, the warranty period shall commence on the date on which Seller tenders the Equipment to Buyer for commercial use, and shall terminate one year thereafter. Buyer shall give Seller prompt written notice of any claim under the foregoing Warranty and permit Seller to inspect the Equipment to verify the defect or nonconformity. Failure of Buyer to give Seller such notice and opportunity to inspect shall relieve Seller of all obligations with respect to such claims. Buyer's remedies and Seller's obligations in connection with any claim made under this warranty shall be limited to repair or, at Seller's option, replacement of the Equipment or part thereof which is found to be defective. Labor performed at the Worksite regarding warranty claims is not included in this warranty. Buyer shall be responsible for the normal maintenance and repair of the Equipment and shall perform the same in accordance with generally accepted maintenance procedures or such other procedures as are set forth in maintenance and repair manuals provided by Seller to Buyer. Seller shall not be responsible for and shall not be obligated to pay or to reimburse Buyer for (a) any Equipment or repairs performed on the Equipment by third parties except for mutually agreed subcontractors; (b) any materials furnished by third parties for use in connection with the Equipment if the same was undertaken or furnished without mutual prior written consent; or (c) any loss or damage arising from improper operation, maintenance of the Equipment or ordinary wear and tear. This warranty does not apply to any Equipment components or software not manufactured by Seller, and Buyer's sole warranty with respect to such items shall be that of the manufacturer.

The foregoing warranties shall be Buyer's sole and exclusive remedy.

THIS WARRANTY COMPRISES THE SOLE AND ENTIRE WARRANTY PERTAINING TO THE WORK SOLD BY SELLER, AND SELLER MAKES NO OTHER WARRANTY, GUARANTEE, OR REPRESENTATION OF ANY KIND WHATSOEVER PERTAINING TO THE SYSTEM. ALL OTHER WARRANTIES, INCLUDING BUT NOT LIMITED TO MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE, WHETHER EXPRESS, IMPLIED, OR ARISING BY OPERATION OF LAW, TRADE USAGE OR COURSE OF DEALING, ARE HEREBY EXPRESSLY DISCLAIMED BY SELLER.

Further Service Agreements can be supplied and quoted upon request. System issues deemed not mechanical or software related (i.e.: vandalism, damage due to neglect, or unauthorized modifications) will be subject to a service charge TBD.



TERMS AND CONDITIONS OF SALE

APPLICATION

1. These General Terms and Conditions of Sale ("GTCS") apply to all contracts of sale of LYNGSOE products and/or LYNGSOE software - collectively referred to as "Goods" hereafter, between Lyngsoe Systems A/S (*together with its affiliates, successors and assigns "LYNGSOE"*) and the customer ("Customer"). LYNGSOE and Customer are sometimes referred to herein individually as a "Party" and together the "Parties".
2. If the Goods also solely or as a combination include the sale of LYNGSOE Software, the terms of the LYNGSOE End User License set forth in Appendix 1 hereto shall equally apply in addition to the terms of the GTCS. In the event of any discrepancies between the LYNGSOE End User License and the GTCS, the terms of the LYNGSOE End User License shall prevail for the purpose of the LYNGSOE Software only. If the Goods are "made to order" or similarly engineered and manufactured specifically for the Customer "Engineered Goods", the terms of the LYNGSOE Terms For Engineered Goods set forth in Appendix 2 hereto shall equally apply in addition to the terms of the GTCS. In the event of any discrepancies between the LYNGSOE Terms For Engineered Goods and the GTCS, the terms of the LYNGSOE Terms For Engineered Goods shall prevail for the purpose of the Engineered Goods only.
3. No departure from these GTCS shall be binding unless agreed in writing between LYNGSOE and the Customer.
4. LYNGSOE shall be entitled to alter these GTCS upon 14 calendar days' written notice effective for all orders that LYNGSOE receives after the expiration of the notice period. However, LYNGSOE may alter agreed payment terms and credit limits at any time and for any reason without notice.
5. Any terms and conditions contained in or delivered with the Customer's order or other document shall not be binding, and the Customer waives any right, which it otherwise might have to rely on such terms and conditions.

QUOTATIONS, ORDERS AND ORDER ACKNOWLEDGEMENTS

6. Only a quotation in writing by email from LYNGSOE ("Quotation") is binding on LYNGSOE. Quotations are open for acceptance in writing by email to LYNGSOE by the Customer for 15 business days from the date of the Quotation unless otherwise stated in the Quotation.
7. Any order(s) placed by the Customer and any acceptance(s) of Quotation(s) by the Customer shall bind LYNGSOE, provided the order(s) or acceptance(s) of Quotation(s) was/were placed in writing by email to LYNGSOE or, in case of acceptance(s) of Quotation(s), by return-mail, and provided the order(s) or acceptance(s) of Quotation(s) was/were confirmed in writing by LYNGSOE within 15 business days from the date of receipt by LYNGSOE of the order(s) or acceptance(s) of Quotation(s) ("Order Acknowledgement").
8. If the terms and conditions related to delivery time, quantity, price, payment terms, delivery clause, delivery by instalments or other matters stated in LYNGSOE's Order Acknowledgement vary from the Customer's order(s) or acceptance(s) of Quotation(s) and the Customer wants to reject these variations, the Customer must notify LYNGSOE to that effect within 5 business days of the date of receipt of the Order Acknowledgement, failing which the Customer shall be deemed to have accepted the terms and conditions set out in the Order Acknowledgement, which shall constitute a binding commitment between the Parties.

DELIVERY. TRANSFER OF RISKS

9. LYNGSOE retains title to the Goods until the purchase price has been paid in full.
10. Absent any delivery clause in the Order Acknowledgement to the contrary, delivery shall be deemed to have occurred ex works LYNGSOE, Frederick MD. The Customer shall be ready for and accept delivery at the delivery date stated in the Order Acknowledgement or other communication from LYNGSOE, failing which delivery is deemed to have occurred at the delivery date, stated in the Order Acknowledgement or other communication. Notwithstanding any agreed delivery clause, LYNGSOE shall be free to select the carrier and mode of transportation.
11. If the Goods are transported from LYNGSOE's warehouse by or on behalf of LYNGSOE, the Customer must, when the Goods arrive at the destination, in order to get the Goods released by the carrier sign the accompanying delivery note. If any Goods are visibly damaged, the Customer must give details thereof on the delivery note and must file a claim with the carrier and with LYNGSOE in writing via email to LYNGSOE within 24 hours, failing which the Customer shall be deemed to have waived any rights which the Customer might have in respect of the damaged Goods.
12. The Customer must thoroughly examine all Goods immediately upon delivery for the purpose of ascertaining whether the Goods are defect or inconsistent with the data in the Order Acknowledgement (the "Examination"). The Customer shall be deemed to have accepted the Goods in respect of inconsistency with the data in the Order Acknowledgement, which the Customer discovered or ought to have discovered during the Examination, if the Customer has not notified LYNGSOE to the contrary in writing via email within 5 business days after the delivery time as stated in the Order Acknowledgement.
13. Except where otherwise specified, Quotations and/or Order Confirmations do not include delivery of installation materials or mechanical and electrical assembly or commissioning of the Goods ("Installation Services"). In the event that the Customer requests Installation Services to be carried out by the LYNGSOE Service Department, such Installation Services will be invoiced at the then-current rates for same. In the performance of the Installation Services, LYNGSOE shall only be liable for damages that occur as a result of gross negligence or wilful misconduct on the part of LYNGSOE.

DELIVERY DELAY

14. Should LYNGSOE not be able to deliver by the delivery time as stated in the Order Acknowledgement or other communication from LYNGSOE, LYNGSOE shall as soon as possible notify the Customer to that effect and at the same time state when delivery is expected to take place. If delivery is expected to take place more than, or has not taken place within, 14 business days after the delivery time as stated in the Order Acknowledgement, and the delay is caused by circumstances for which LYNGSOE is responsible, the Customer shall be entitled to reject the Goods by notifying LYNGSOE to that effect within 3 business days after receipt of LYNGSOE's notification or the expiration of the 14 business days, whichever comes first, failing which notification by the Customer, the Customer shall be deemed to have waived the right to reject the Goods. *Except as stated in this*



Clause 14, the Customer is not entitled to raise any other claims in the event of delayed delivery, whether claims for damages based on negligent acts/omissions or otherwise.

WARRANTY. PRODUCT LIABILITY

15. Subject to the conditions of Clauses 16-21, LYNGSOE warrants that finished Goods will be free from defects in materials and workmanship under normal use of the Goods in the industry for a period of 12 months from the delivery time as stated in the Order Acknowledgement and that spare parts will be free from defects in materials and workmanship under normal use of the spare parts in the industry for a period of three months from the delivery time as stated in the Order Acknowledgement.
16. Any warranty claim by Customer based on any defect in finished Goods or spare parts, which defect the Customer discovered or ought to have discovered during the Examination, shall be notified in writing via email to within 10 business days after the delivery time as stated in the Order Acknowledgement or, where the defect could not reasonably have been discovered during the Examination, within 7 business days after manifestation of the defect, failing which Customer shall be deemed to have accepted the finished Goods or spare parts as non-defective. Warranty claims notified by Customer to LYNGSOE after the expiration of the warranty term stated in Clause 15 are not accepted.
17. Where any valid warranty claim is notified to LYNGSOE in accordance with the terms of Clause 16 and approved by LYNGSOE in writing (which approval shall not be unreasonably withheld), LYNGSOE shall fulfil its warranty obligations as follows: (i) If Customer can be reasonably expected to be able to repair the defect, if necessary with support from the technical support of LYNGSOE's Service Department, LYNGSOE may fulfil its warranty obligations by sending the necessary replacement parts to Customer free of charge; (ii) If Customer cannot be reasonably expected to be able to repair the defect, LYNGSOE shall repair or replace the defective finished Goods or spare parts, subject to the Customer assigning to LYNGSOE all property rights to such defective finished Goods or spare parts; replacement Goods or spare parts will be new, equivalent to new or re-conditioned; or (iii) If none of the foregoing remedies are commercially viable in LYNGSOE's sole judgment, LYNGSOE may opt instead to refund to Customer the net purchase price paid by Customer for the defective finished Goods or spare parts less reasonable depreciation of the value due to use or age, subject to the Customer assigning to LYNGSOE all property rights to such defective finished Goods or spare parts. The Customer shall, within 10 business days of the defective finished Goods or spare part being replaced, enquire at LYNGSOE's Technical Support and Service department, if the Customer shall return to LYNGSOE replaced defective finished Goods or spare parts or destroy same and may not return such finished Goods or spare parts to LYNGSOE, unless LYNGSOE's Technical Support and Service department has authorized the return in writing. LYNGSOE shall assume all responsibility and expense for freight and freight insurance, unless the warranty claim is not valid in LYNGSOE's reasonable judgment and Customer shall assume all responsibility and expense for dismantling, removal, re-installation and duties in connection with the foregoing.
18. The warranties contained herein shall not extend to any finished Goods or spare parts from which any serial number has been removed or which have been damaged or rendered defective (a) as a result of wilful or accidental damage, negligence, misuse or abuse; (b) due to water or moisture, lightning, windstorm, abnormal voltage, harmonic distortion, dust, dirt, corrosion or other external causes; (c) by operation outside the specifications contained in the user documentation; (d) by the use of spare parts not manufactured or sold by LYNGSOE or by the connection or integration of other equipment or software not approved by LYNGSOE; (e) by modification, repair or service by anyone other than LYNGSOE, who has not applied for and been approved by LYNGSOE to do such modification, repair or service; (f) due to procedures, deviating from procedures specified by LYNGSOE; or (g) due to failure to store, install, test, commission, maintain, operate or use finished Goods and spare parts in a safe and reasonable manner and in accordance with LYNGSOE's instructions.
19. None of the warranties contained herein shall apply, unless the total purchase price for the defective finished Goods or spare parts has been paid by the due date for payment.
20. Customer shall have no other remedies in connection with defective finished Goods or spare parts than the rights granted pursuant to Clauses 16-19. Except as set forth in the express warranties contained herein, LYNGSOE makes no conditions, warranties, representations, express or implied, in fact or in law, including, but not limited to, any warranties of satisfactory quality, merchantability or fitness for a particular purpose or any warranties arising out of usage or trade, all of which are expressly excluded to the fullest extent permissible by applicable law.
21. The warranties contained herein apply only to the original purchaser and are not assignable or transferable to any subsequent purchaser or end-user.
22. *To the extent not contrary to applicable mandatory legislation, LYNGSOE shall only be liable for damage to property and for personal injuries caused as a consequence of defects in the finished Goods or spare parts delivered (product liability) to the extent that it is documented that such defect arose due to LYNGSOE's default or negligent errors or omissions.*

RETURN OF GOODS. CANCELLATION OF ORDERS

23. Goods may not be returned to LYNGSOE, unless LYNGSOE has authorized the return in writing. Where LYNGSOE has authorized the return of Goods, the Customer shall follow the guidelines for returns issued by LYNGSOE from time to time.
24. Any order(s) placed by the Customer and any acceptance(s) of Quotation(s) by the Customer are binding on the Customer and cannot be cancelled by the Customer unless LYNGSOE agrees. LYNGSOE therefore retains the right to charge the Customer in full for any and all order(s) placed and for any and all acceptance(s) of Quotation(s).

PRICE

25. Unless otherwise stated in LYNGSOE's Order Acknowledgement, all purchase prices exclude any sales, use, excise, value added or other taxes or duties imposed by any governmental authority. The rate of any taxes or duties will be that applying at the time of invoicing.



PAYMENT. PAYMENT DELAY

26. The purchase price as specified in LYNGSOE's Order Acknowledgement is payable according to the payment terms specified in the Order Acknowledgement. In the absence of payment terms in the Order Acknowledgement, delivery will only take place against simultaneous cash payment of the purchase price.
27. In the event that the Customer should remain in arrears with payments to LYNGSOE for any reason for 10 business days or more, LYNGSOE shall be entitled to:
- Terminate the Order Acknowledgement and/or any other contracts of sale and demand immediate return of all unpaid Goods, delivered to the Customer, at the Customer's expense;
 - Suspend delivery of the Order Acknowledgement and/or any other contracts of sale for future delivery;
 - Keep any Customer property in LYNGSOE's possession as a lien;
 - Claim interest at the rate of 2 % per month or any part thereof, as from the due date and until payment is made;
 - Sell the Goods to a third party and claim from the Customer damages for any loss suffered.
- At the request of Customer, LYNGSOE shall in writing inform the Customer of its decision to assert any of the above rights, but shall not be required to give any notice.
28. LYNGSOE may use all monies received from the Customer towards payment of any part of any debt owing by the Customer at LYNGSOE's sole discretion irrespective of any instructions to the contrary by the Customer.

INTELLECTUAL PROPERTY RIGHTS INFRINGEMENTS

29. To the best of LYNGSOE's knowledge, Goods delivered by LYNGSOE to the Customer do not infringe any third party intellectual property rights. However, LYNGSOE does not make any warranty to that effect. Moreover, LYNGSOE shall have no liability for any claim of infringement which is based on the use of the Goods other than as authorised by LYNGSOE and in a manner for which they were designed. In the event that Goods or any part(s) thereof are held by a court of competent jurisdiction, not subject to appeal, to infringe a third party's intellectual property right, proprietary right or contractual right, LYNGSOE shall in its sole discretion (a) procure for the Customer and the Customers' customers the right to continue to use the Goods; (b) replace the Goods with non-infringing Goods, subject to the Customer assigning all property rights to such Goods to LYNGSOE; (c) modify the Goods, or, where modification does not require any special knowledge, provide the Customer with parts enabling him to modify the Goods at his own expense, to avoid infringement; or (d) recall the Goods. If LYNGSOE decides to recall the Goods, LYNGSOE shall, if the Goods were delivered to the Customer within the immediately preceding two year period, refund the purchase price for the Goods to the Customer less a reasonable depreciation due to age, use, and condition, subject to the Customer assigning all property rights to such Goods to LYNGSOE. If the Goods were delivered to the Customer before the immediately preceding two year period, LYNGSOE shall not be obligated to make any refund.
30. The above constitutes LYNGSOE's maximum liability in respect of Clause 29 herein, and the Customer shall limit his liability towards his customers accordingly.

LIMITATION OF LIABILITY

31. In no event shall LYNGSOE be liable in tort, contract or otherwise (including negligence) to compensate the Customer for any business interruption, loss of (anticipated) profits, revenue, business, contracts or (anticipated) savings, costs of procurement of substitute Goods or services or any other special, indirect or consequential loss or any punitive damages.
32. LYNGSOE's total liability under any cause of action shall not exceed the amounts received by LYNGSOE from the Customer pursuant to the Order Acknowledgement giving rise to the liability. However, in regard specifically to LYNGSOE's total liability for damages caused by defects in the Goods delivered (Product Liability), such liability shall in no event - regardless of whether such damages are arising in contract, tort, negligence or otherwise - exceed DKK 2 million per damage/DKK 20 million per year.
33. *In the event that LYNGSOE incurs liability towards a third party with respect to Goods delivered or services provided to the Customer, including in respect of product liability and intellectual property rights infringement, the Customer is obliged to indemnify LYNGSOE to the extent that LYNGSOE's liability is limited under the provisions stipulated above.*

GENERAL

34. *The GTCS and all contracts of sale of Goods, including but not limited to, any and all Order Acknowledgement, between LYNGSOE and the Customer shall be exclusively governed by and construed in accordance with the laws of the Maryland. The Parties submit to the exclusive jurisdiction of Maryland courts. If a third party files a claim against one of the Parties for damages on product liability or intellectual property rights infringements, this Party shall immediately inform the other Party thereof. The Parties are mutually obliged to let themselves be summoned to appear before a court of justice / arbitration that hears such claim for damages. The mutual relationship between LYNGSOE and the Customer shall however be resolved in accordance with the provisions of this Clause.*
35. The invalidity, unenforceability or illegality of any term, condition or stipulation in the GTCS shall not affect the validity, enforceability or legality of the remaining terms, conditions and stipulations of the GTCS.
36. Except as provided herein, any required or permitted notices hereunder must be given in writing at the registered address of each Party, or to such other address as either Party may notify to the other Party by written notice in the manner contemplated herein, by one of the following methods: electronic mail, hand delivery, registered mail, or facsimile.
37. Non-performance of either Party shall be excused to the extent that performance is rendered impossible by strike, lock-out, fire, severe weather, flood, earthquake, terrorism, war, acts of God, governmental acts, failure of suppliers or carriers for any reason or any other reasons beyond the reasonable control of the non-performing party.



WEEE

38. With reference to Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) and any applicable amendments thereto or substitutions thereof, all Customers who purchase electrical and electronic equipment from LYNGSOE for distribution within the European Union are responsible for providing means of waste disposal and scrapping of such equipment in accordance with applicable national law.

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APPENDIX 1

LYNGSOE END USER LICENSE AGREEMENT

This End User License Agreement ("Agreement") constitutes a valid and binding agreement between Lyngsoe Systems A/S, (together with its affiliates, successors and assigns "LYNGSOE") and you ("you," or "your") for the use of the LYNGSOE Software, as the term is defined below. You must enter into this agreement in order to install and use LYNGSOE Software.

BY INSTALLING AND USING THE LYNGSOE SOFTWARE, YOU AGREE TO BE BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, DO NOT INSTALL OR USE THE LYNGSOE SOFTWARE

1. LICENSE GRANT

Subject to the terms of this Agreement, LYNGSOE hereby grants you a limited, non-exclusive, non-sublicensable, non-assignable license to download, install and use a single copy of the LYNGSOE Software, including any online or enclosed documentation, data distributed to your computer for processing and any future programming fixes, updates and upgrades provided to you (collectively, the "LYNGSOE Software"), onto a network server or computer workstation for your sole use to install, interact with and utilize the LYNGSOE Software, including the content and features contained therein. This license may not be shared, transferred to or used concurrently on different servers or workstations. You may make a single back-up copy of the software for archival purposes.

2. LICENSE RESTRICTIONS

(a) Notwithstanding anything to the contrary, you may not: (i) remove any proprietary notices from the LYNGSOE Software or any copy thereof; (ii) cause, permit or authorize the modification, creation of derivative works, translation, reverse engineering, decompiling or disassembling or hacking of the LYNGSOE Software; (iii) sell, assign, rent, lease, act as a service bureau, or grant rights in the LYNGSOE Software, including, without limitation, through sublicense, to any other entity without the prior written consent of LYNGSOE; (iv) use the LYNGSOE Software in any way that would violate any applicable law, regulation or ordinance; Furthermore, you may not use the LYNGSOE Software to develop, generate, transmit or store information that: (A) infringes any third party's intellectual property or other proprietary right; (B) is defamatory, harmful, abusive, obscene or hateful; (C) in any way obstructs or otherwise interferes with the normal performance of another person's use of the LYNGSOE Software, (D) performs any unsolicited commercial communication not permitted by applicable law; (E) is harassment or a violation of privacy or threatens other people or groups of people; and (F) impersonates any other person, or steals or assumes any person's identity (whether a real identity or online nickname or alias).

(b) The LYNGSOE Software contains confidential and trade secret information owned or licensed by LYNGSOE, and you agree to take reasonable steps at all times to protect and maintain the confidentiality of such information.

(c) The LYNGSOE Software may be incorporated into, and may incorporate, technology, software and services owned and controlled by third parties. Use of such third-party software or services is subject to the terms and conditions of the applicable third party license agreements, and you agree to look solely to the applicable third party and not to LYNGSOE to enforce any of your rights. All modifications or enhancements to the LYNGSOE Software remain the sole property of LYNGSOE. LYNGSOE reserves the right to add additional features or functions to the LYNGSOE Software. When installed on your computer, the LYNGSOE Software periodically communicates with LYNGSOE servers. You acknowledge and agree that LYNGSOE has no obligation to make available to you any subsequent versions of its software applications.

3. PERMISSIONS TO UTILIZE

In order to receive the benefits provided by the LYNGSOE Software, you hereby grant permission for the LYNGSOE Software to utilize the processor and bandwidth of your computer Goods. You understand that the LYNGSOE Software will protect the privacy and integrity of your computer resources and communication and ensure the unobtrusive utilization of your computer resources to the greatest extent possible.

4. PROPRIETARY RIGHTS

The LYNGSOE Software contains proprietary and confidential information of LYNGSOE, including copyrights, trade secrets and trademarks contained therein, which are protected by international copyright laws. Title to and ownership of the LYNGSOE Software, including without limitation all intellectual property rights therein and thereto, are and shall remain the exclusive property of LYNGSOE and its suppliers, and except for the limited license granted to you, LYNGSOE reserves all right, title and interest in and to the LYNGSOE Software. You shall not take any action to jeopardize, limit or interfere with LYNGSOE's ownership of and rights with respect to the LYNGSOE Software. You acknowledge that any unauthorized copying or unauthorized use of the LYNGSOE Software is a violation of this Agreement and copyright laws and is strictly prohibited.



5. TERMS AND TERMINATION

(a) This Agreement will be effective as of the date you accept this Agreement, thereby expressly agreeing to the terms and conditions set forth herein, and will remain effective until terminated by either party as set forth below.

(b) You may terminate this Agreement at any time provided you cease all use of the LYNGSOE Software AND destroy or remove from all hard drives, networks, and other storage media all copies of the LYNGSOE Software in your possession. LYNGSOE may terminate this Agreement if you do not comply with the terms and conditions of this agreement by providing notice to you and/or preventing your access to the LYNGSOE Software.

(c) Upon termination of this Agreement for any reason (i) all licenses and rights to use the LYNGSOE Software shall terminate and you must remove the LYNGSOE Software from your computer equipment and dispose of all originals and copies of the LYNGSOE Software in your possession, and (ii) Sections 2, 4, 5(b), and 6 through 11 shall survive such termination.

6. YOUR REPRESENTATIONS AND WARRANTIES

(a) You represent and warrant that (i) you possess the legal right and ability to enter into this Agreement and to comply with its terms, (ii) you will use the LYNGSOE Software for lawful purposes only and in accordance with this Agreement and all applicable laws, regulations and policies, (iii) you will not attempt to decompile, reverse engineer or hack the LYNGSOE Software to defeat or overcome any encryption and/or other technical protection methods implemented by LYNGSOE with respect to the LYNGSOE Software and/or data transmitted, processed or stored by LYNGSOE or other users of the LYNGSOE Software, (iv) you will not take any steps to interfere with or in any manner compromise any of LYNGSOE security measures, any other individual's or entity's computer on the Network and/or otherwise sharing Services, (v) you will always provide and maintain true, accurate, current and complete information as requested by LYNGSOE, and (vi) you will only use the LYNGSOE Software on computer equipment on which such use is authorized by the computer's owner.

(b) You agree that you will not use any automatic or manual device or process to interfere or attempt to interfere with the proper working of the LYNGSOE Software, except to remove the LYNGSOE Software from computer equipment of which you are an owner or authorized user in a manner permitted by this Agreement. You may not violate or attempt to violate the security of the LYNGSOE Software. LYNGSOE reserves the right to investigate occurrences which may involve such violations, and may involve, and cooperate with, law enforcement authorities in prosecuting users who have participated in such violations.

(c) If LYNGSOE has reasonable grounds to suspect that your representations, warranties or promises are inaccurate or breached, LYNGSOE may terminate this license, deny any or all use of the LYNGSOE Software, and pursue any appropriate legal remedies.

7. INDEMNITY

You agree to indemnify, hold harmless and defend LYNGSOE and its affiliates, parent companies, subsidiaries, officers, directors, employees, agents and network service providers at your expense, against any and all third-party claims, actions, proceedings, and suits and all related liabilities, damages, settlements, penalties, fines, costs and expenses (including, without limitation, reasonable attorneys' fees and other dispute resolution expenses) incurred by LYNGSOE arising out of or relating to your (a) violation or breach of any term of this Agreement or any policy or guidelines referenced herein, or (b) use or misuse of the LYNGSOE Software.

8. DISCLAIMER OF WARRANTIES

(a) THE LYNGSOE SOFTWARE IS PROVIDED "AS IS" AND THERE ARE NO WARRANTIES, CLAIMS OR REPRESENTATIONS MADE BY LYNGSOE, EITHER EXPRESS, IMPLIED, OR STATUTORY, WITH RESPECT TO THE LYNGSOE SOFTWARE, INCLUDING WARRANTIES OF QUALITY, PERFORMANCE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, NOR ARE THERE ANY WARRANTIES CREATED BY COURSE OF DEALING, COURSE OF PERFORMANCE, OR TRADE USAGE. LYNGSOE FURTHER DOES NOT REPRESENT OR WARRANT THAT THE LYNGSOE SOFTWARE WILL ALWAYS BE AVAILABLE, ACCESSIBLE, UNINTERRUPTED, TIMELY, SECURE, ACCURATE, COMPLETE, ERROR-FREE, OR WILL OPERATE WITHOUT PACKET LOSS, NOR DOES LYNGSOE WARRANT ANY CONNECTION TO OR TRANSMISSION FROM THE INTERNET.

(b) YOU ACKNOWLEDGE THAT THE ENTIRE RISK ARISING OUT OF THE USE OR PERFORMANCE OF THE LYNGSOE SOFTWARE REMAINS WITH YOU TO THE MAXIMUM EXTENT PERMITTED BY LAW.

(c) As some jurisdictions do not allow some of the exclusions set forth in this Section 8, some of these exclusions may not apply to you.

9. LIMITATION OF LIABILITY

(a) IN NO EVENT SHALL LYNGSOE, ITS AFFILIATES, PARENT COMPANIES, SUBSIDIARIES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR NETWORK SERVICE PROVIDERS BE LIABLE WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE (WHETHER ACTIVE, PASSIVE OR IMPUTED), PRODUCT LIABILITY OR STRICT LIABILITY OR OTHER THEORY), FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION ANY LOSS OF DATA, SERVICE INTERRUPTION, COMPUTER FAILURE OR PECUNIARY LOSS) ARISING OUT OF THE USE OR INABILITY TO USE THE LYNGSOE SOFTWARE, EVEN IF LYNGSOE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(b) Support for the LYNGSOE Software is not always provided directly by LYNGSOE. Please refer to Manufacturer's or Reseller's documentation to understand your rights, if any, to technical or product support to the LYNGSOE Software.

(c) As some jurisdictions do not allow some of the exclusions set forth in this Section 9, some of these exclusions may not apply to you.



10. ELECTRONIC SIGNATURES AND AGREEMENTS

You acknowledge and agree that by clicking on the button labelled "SUBMIT", "DOWNLOAD", "I ACCEPT" or such similar links or methods as may be designated by LYNGSOE to download the LYNGSOE Software to accept the terms and conditions of this Agreement, you are submitting a legally binding electronic signature and are entering into a legally binding contract. You acknowledge that your electronic submissions constitute your agreement and intent to be bound by this Agreement. Pursuant to any applicable statutes, regulations, rules, ordinances or other laws, YOU HEREBY AGREE TO THE USE OF ELECTRONIC SIGNATURES, CONTRACTS, ORDERS AND OTHER RECORDS AND TO ELECTRONIC DELIVERY OF NOTICES, POLICIES AND RECORDS OF TRANSACTIONS INITIATED OR COMPLETED THROUGH THE LYNGSOE SOFTWARE. Further, you hereby waive any rights or requirements under any statutes, regulations, rules, ordinances or other laws in any jurisdiction which require an original signature or delivery or retention of non-electronic records.

11. General Provisions

LYNGSOE reserves all rights not expressly granted herein. LYNGSOE may modify this Agreement at any time by providing such revised Agreement to you or posting the revised Agreement on its website located at www.LYNGSOE.com. Your continued use of the LYNGSOE Software shall constitute your acceptance of such revised Agreement. You may not assign this Agreement or any rights hereunder. Nothing in this Agreement shall constitute a partnership or joint venture between you and LYNGSOE. Should any term or provision hereof be deemed invalid, void or unenforceable either in its entirety or in a particular application, the remainder of this Agreement shall nonetheless remain in full force and effect. The failure of LYNGSOE at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same unless the same is waived in writing. This Agreement shall be governed by and construed in accordance with the Maryland laws without regard to its conflict of law rules. Any legal proceeding arising out or relating to this Agreement will be subject to the exclusive jurisdiction of any court of Maryland and you irrevocably consent to the jurisdiction of such courts. The terms set forth in this Agreement and any related service agreements constitute the final, complete and exclusive agreement with respect to the LYNGSOE Software and may not be contradicted, explained or supplemented by evidence of any prior agreement, any contemporaneous oral agreement or any consistent additional terms. LYNGSOE may at its sole discretion assign this Agreement to a subsidiary or sister company, without giving prior notice. YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT AND UNDERSTAND THE RIGHTS, OBLIGATIONS, TERMS AND CONDITIONS SET FORTH HEREIN. BY CONTINUING TO INSTALL THE LYNGSOE SOFTWARE, YOU EXPRESSLY CONSENT TO BE BOUND BY ITS TERMS AND CONDITIONS AND GRANT TO LYNGSOE THE RIGHTS SET FORTH HEREIN.

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APPENDIX 2

LYNGSOE TERMS FOR ENGINEERED GOODS

In the event that the Goods referred to in the GTCS are "made to order" ("Engineered Goods"), the following conditions shall apply in addition to the applicable terms of the GTCS and any written agreement between the parties regarding such Engineered Goods.

1. Tools

1. Any auxiliary models, tools, moulds etc. (hereinafter referred to as "Tools") produced or manufactures by LYNGSOE whilst completing the contractually agreed work do not constitute an integral part of the work performance of developing and/or manufacturing the Engineered Goods, and will remain the property of LYNGSOE. LYNGSOE will store the Tools for a period of 6 months following acceptance of the Engineered Goods by the Principal, without acknowledging any legal obligation in this respect.

2. Acceptance and Tests

Insofar as the Engineered Goods calls for an approval test, this test must be carried out without undue delay on the part of the Customer. Should the Customer fail to approve the Engineered Goods within 14 days of notice of completion and/or delivery, the Engineered Goods will be considered to have been duly approved and accepted, provided that during this period there has been no complaint of any defect which would impede acceptance. A partial approval test may, in accordance with the above-mentioned provisions, be requested for independent partial performances.

3. Inventions

In the event of any inventions which might lead to industrial property rights arising as a result of the contractually agreed work for the Engineered Products, then the only party entitled to register such intellectual property rights will be the party whose employees or agents have made the invention. If, in the context of the contractually agreed work for the Engineered Products, inventions are made in which the employees or agents of more than one party are involved (hereinafter referred to as "Joint Inventions"), then separate arrangements will be made in each individual case to decide who is to register any intellectual property rights and where.

Registration may also be made jointly, in which case each party will bear the proportion of the costs commensurate with its share in the invention. In the event of Joint Inventions or joint property rights and/or copyrights, each party is entitled, at any time, to waive its share in favour of the other party. The party waiving such rights will, in a timely manner, make any provisions and arrangements necessary to enable the other party to protect its interests.

CONFIDENTIALITY

Information, data and drawings embodied in this proposal are strictly confidential and are supplied on the understanding that they will be held confidentially and not disclosed to third parties without the prior written consent of Lyngsoe Systems.