

GALIL MEDICAL, INC.

STANDARD TERMS AND CONDITIONS

- 1. Applicability.** The following Galil Medical, Inc. (“Galil”) Standard Terms and Conditions apply to Galil’s Product as sold, leased or serviced pursuant to a Galil Quotation, Purchase Order, Equipment Lease Agreement, Equipment Service Loan Agreement, or other written agreement entered into between Galil and its customers.
- 2. Pricing.** All prices are based upon Product shipped FOB (as defined in INCOTERMS 2000) from the Galil shipping point. All prices are subject to change without notice except prices set out in an unexpired Galil Quotation, or other written agreement between Galil and Buyer. Taxes, duties, shipping, insurance and other charges are specifically not included in the price and Buyer shall be invoiced separately for all such charges. Pricing stated in a Galil Quotation is valid for thirty (30) days. Payment terms are net thirty (30) days, unless otherwise specified in writing in the Galil Quotation. In the case of a Cryoablation System purchase or lease, and on an as needed basis only, Galil Medical will provide each physician 1 - 2 days of initial training by an authorized Galil consultant at no additional cost to the buyer.
- 3. Payment Terms.** The Galil Quotation shall define the payment terms with respect to the Product or services provided by Galil. Overdue accounts will accrue interest at a rate of one and a half percent (1.5%) per month, or the highest interest rate allowable by law, whichever is less. In the event of a breach in the payment of sums due to Galil, Galil shall be entitled to all costs of collection, including reasonable attorneys fees.
- 4. Delivery.** Delivery times for the Products shall be as follows, unless otherwise specified by Galil in a Quotation:

 - a. Cryoablation System: 30 - 45 days after receipt of a signed Galil Quotation and purchase order.
 - b. Disposable Kits: 3 - 5 days after receipt of purchase order. Express or next day delivery is available at an additional cost.
 - c. Supplies and Accessories: 3 - 5 days after receipt and acceptance of purchase order. Express or next day delivery is available at an additional cost.
- 5. Hardware Warranty.** Customer shall be responsible for making sure that the installation site for all Equipment meets the requirements set forth in the applicable Galil Equipment manual. Galil warrants that its hardware Product is free from defects in material and workmanship for a period of 12 months from the date of delivery of the Product without charge for parts and labor save and except any probes and accessories, which are each warranted until use but must be used within their stated shelf life. Disposable probes are designed for single use only and are not designed to be reusable. Disposable probes that fail through no fault of Customer and during or prior to their first use will be replaced without charge for parts and labor. This warranty shall not apply to defects or damage resulting from: fire; misuse; abuse; accident; neglect; improper installation; improper care and/or maintenance; lack of care and/or maintenance; customer supplied software interfacing; modification or repair of which is not authorized by Galil; power fluctuations; operation of the hardware Product outside of environmental specifications; improper site preparation and maintenance; permitting any substance whatsoever to contaminate or otherwise interfere with the Product; and any other cause outside the control of Galil. If any hardware Product should fail through no fault of Customer, Galil will, at its sole option, either repair the defective hardware Product and restore it to normal operation without charge for parts and labor, or provide a replacement in exchange for the defective hardware Product. Repair work shall be warranted on the same terms as stated herein except such warranty shall be for a period of sixty (60) days from the date the repair is completed, or for the remainder of the unexpired warranty period, whichever is longer. Galil shall only honor the warranty stated herein so long as Customer returns the hardware Product to Galil in the same manner and packaging in which the hardware Product was originally shipped from Galil to Customer. The warranty and maintenance for the Precise System may be extended for an additional 12-months upon the customer’s purchase of a Preventative Maintenance Agreement from Galil by contacting Galil at least thirty (30) days prior to the expiration of the standard warranty. Pricing for the warranty extension will be provided upon request from Galil.
- 6. Software Warranty.** The software Product is licensed and warranted to operate as described in Galil’s technical specifications and consistent with the FDA’s approval of said Product. If developed by Galil, and as long as Customer is under an initial standard warranty or additional full support agreement, Galil will provide Customer

with updates to software products at no additional cost, subject to the limitation of the hardware version if purchased by Buyer.

7. **General Provisions Applicable to Warranties.** This warranty as expressed herein is exclusive, no other warranty, written or oral, is expressed or implied. This warranty is given by Galil to Customer and to no other person or legal entity whatsoever. No Galil dealer, distributor, agent or employee is authorized to make any modification or addition to this warranty.

8. **Limitations of Liability.** If the Products are not free from defects as warranted, Buyer's sole remedy shall be repair or replacement. In no event shall Galil, nor any of its officers, directors or employees, be liable for any special, indirect or consequential damages, miscellaneous damages or any damages whatsoever resulting from Buyer's failure to realize expected profit, savings or goodwill. In no event shall Galil's liability to Buyer exceed the amount paid by Buyer for the Product. The said limitations and exclusions of liability shall apply whether or not any such damages are construed as arising from a breach of a representation, warranty, guarantee, covenant, obligation, condition or fundamental term of the agreement between Buyer and Galil. In no event shall Galil be liable for any claims, losses, damages, judgments, costs, awards, expenses or liabilities of any kind whatsoever arising directly or indirectly from any injury to person or property, arising from the Products or any use thereof.

9. **Product Use.** Galil warrants to the Buyer that the Product conforms to the technical specifications and corresponding FDA clearance and is not adulterated or misbranded and conforms to the Food Drug and Cosmetic Act. Buyer represents that the use of the Product shall be limited to board certified medical practitioners licensed in the jurisdiction where the Product is purchased, who have read and understand the User Manual relating to the System. **THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.**

10. **Inspection and Rejection of Product.** A representative of Galil will be available for two business days following the installation of the Product (if a Cryoablation System or other Product requiring installation) to assist Buyer in training of medical and technical staff with respect to use of the system. Buyer shall notify Galil within 10 days, after receipt of the product, of Buyer's discovery of any defects in the product and its rejection thereof. Otherwise, Buyer shall be deemed to have accepted the Product. Galil shall not accept returned or rejected Product unless first authorized in writing by Galil.

11. **Transportation of Rejected or Warranted Product.** Buyer is responsible for all arrangements and costs associated with the handling and transportation of Product being returned to Galil. In addition, Buyer shall, at its own cost, arrange for a policy of insurance to be placed on the Product insuring their replacement value during shipment from Buyer to Galil. Galil shall pay for return transportation of any repaired or replaced Product so long as it is to the same place as the Product was originally shipped by Galil to Buyer.

12. **Title and Shipment.** Shipment of the Product shall be made within the time agreed upon between Buyer and Galil. Shipping terms are FOB (as defined in INCOTERMS 2000) the Galil Shipping point. In the case of a sale of the Product, Title to the Product, except licensed software Product and Product loaned or rented to customer by Galil, shall pass to Buyer upon delivery FOB (as defined in INCOTERMS 2000) by Galil to Buyer at the shipping point. In the event that Galil is providing Product to Buyer pursuant to a loan, rental or placement, then title to the Product shall remain with Galil at all times during the term of the agreement as well as any extensions of the same. In the event of default of payment by Buyer when due, Galil may, in addition to its other rights and remedies available at law or equity, and without notice, enter on Buyer's premises and retake possession of the product. In the event of default, Buyer agrees to pay all of Galil's costs and expenses, including reasonable attorneys fees incurred by Galil in enforcing these Standard Terms and Conditions or in repossessing the Product. In the event that Galil rents or loans Equipment to Customer, Galil shall at all times retain full title to the Equipment and shall have a purchase money security interest in the Equipment. In order to secure the payments and to put third parties on notice as to Galil's ownership of the Equipment, Galil may in its discretion file a UCC-1 Financing Statement at any time listing Galil as the secured party and the Customer as the debtor with the appropriate Secretary of State and/or in the county in which the Equipment is located, whichever is applicable. The Customer agrees to promptly execute all documents that Galil deems reasonably necessary to protect its title in and to the Equipment, including but not limited to a Security Agreement and UCC-1 Financing Statement. Furthermore, Customer hereby consents to Galil executing such documents on the Customer's behalf. When such information is not available from public sources, the Customer shall, upon Galil Medical's request, furnish a copy of the Customer's latest audited fiscal year-end financial statement.

13. Order Cancellation and/or Changes. Buyer's order shall not be cancelled, nor shall Buyer cause the shipment of the Product to be delayed, except with the written consent of Galil. Unless otherwise agreed to, Galil will provide Product in accordance with its standard Product specifications in effect at the time a purchase order, Quotation or other written agreement is entered into with Buyer.

14. Prohibition Against Resale of Products. Because Galil provides training and support to distributor and end users, which is an important quality control measure for Galil, purchasers or distributors shall not themselves sell, or permit the resale of the Products to unauthorized sub-distributors or resellers. Any sale of the Products to such unauthorized sub-distributors or resellers shall constitute a material breach of this Agreement and shall result in the voiding of all Galil warranties on the Products.

15. Proprietary Rights. Galil is the exclusive owner of, and has all rights to, the patents, trademarks, copyrights, names, artwork and all other intellectual property used in the design and manufacture of Galil's Product. All drawings, specifications, samples, prototypes and technical materials submitted by Galil describing any inventions, processes or discoveries are the exclusive property of Galil and shall be returned to Galil on demand. All documents marked "Confidential" shall not be disclosed or discussed with any other person whatsoever. Nothing in these Standard Terms and Conditions or in a purchase order, Quotation or other agreement between Galil and Buyer shall be construed to transfer any of Galil's intellectual property rights in and to the Product to Buyer, unless specifically provided for therein.

16. Dispute Resolution. In the event of a breach by Customer of Galil's Standard Galil shall be entitled to recover all costs from Customer, including reasonable attorneys fees, to enforce these Standard Terms and Conditions. Any claim or dispute arising from, or relating to, a Service, Deliverable or the Agreement will be: (a) governed by the laws of the State of Minnesota, United States of America, without regard to its conflicts of law provisions; and (b) resolved only by the sequential methods outlined in this Dispute Resolution Section, except that a Party may, at any time, seek equitable relief from the designated court(s) to prevent immediate or irreparable harm to it. The 1980 United Nations Convention on Contracts for the International Sales of Goods will not govern the Agreement. All negotiations will be conducted in, and all documents, including the Agreement, will be written in English. First, the Parties will meet at mutually agreed time(s) and location(s) to resolve in good faith any claim or dispute, after a Party's written negotiation request. If the matter is not resolved within sixty days after that request, then, on a Party's written request, they will enter into non-binding mediation to be conducted at mutually agreed time(s) and location(s), using a neutral mediator having experience with the applicable industry. Finally, as a last resort, either Party may commence litigation, but only in a federal or state court of competent jurisdiction in Ramsey County, Minnesota. Each Party consents to the Minnesota courts' personal jurisdiction and will bear its own costs in dispute resolution. All negotiations are confidential and will be treated as settlement negotiations.

17. **Entire Agreement.** In the event of a conflict between these Standard Terms and Conditions and a Galil Quotation, the Quotation shall control. These Standard Terms and Conditions, together with any Quotation or Galil approved Purchase Order and exhibits thereto, shall constitute the entire agreement between Galil and the Customer with respect to the subject matter hereof and shall supersede all previous agreements whether written or oral.

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• Customers that submit claims to Medicare or other Federal health care programs have certain disclosure obligations to the Government, and Galil Medical provides you with all of the information necessary to satisfy those obligations. If you submit claims to Federal health care programs, you should always remember: (1) to retain this documentation in your files, and provide it to Federal or State agencies at their request; and (2) to disclose the net prices for Galil Medical's products fully and accurately in any cost reports you submit to the Government. Maintaining good compliance practices that keep up to date with the latest Government guidance is essential to everyone in the health care field, and we know our customers share Galil Medical's compliance commitment.

ACKNOWLEDGED AND AGREED BY THE PARTIES:

GALIL MEDICAL INC.

By: _____

Print name and title of person authorized to sign

Date: _____

CUSTOMER: _____

By: _____

Print name and title of person authorized to sign

Date: _____