

Iteris Roadway Sensor Products Standard Terms and Conditions of Sale

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1. **Sole Agreement.** These Standard Terms and Conditions of Sale for the sale and purchase of goods and services between Iteris, Inc. (“**Iteris**”) and the purchaser or buyer (“**Purchaser**”) indicated on the face of the price quotation, proposal, contract, sales order or offer from Iteris constitute the entire agreement between Iteris and Purchaser (the “**Agreement**”) and supersede any prior agreement or understanding, whether oral or written, relating to the subject matter of this Agreement. Iteris shall not be bound by any terms or conditions not set forth in this Agreement, including but not limited to, any purchase order or purchase contract (“**Order**”) from Purchaser that is in any way inconsistent with or in addition to this Agreement. This Agreement may not be expanded or modified except by an instrument in writing executed by an authorized representative of Iteris. Iteris’ acceptance of Purchaser’s Order shall not be deemed an acceptance of any modification to any term or condition contained herein, but rather an acceptance of Purchaser’s agreement to purchase goods and services upon the terms set forth in this Agreement. All Orders, whether or not based on specific quotations, are subject to Iteris’ acceptance by an authorized Iteris representative. Notwithstanding the foregoing, if Purchaser is purchasing the VantageLive! services, such services are subject to a separate agreement that Purchaser will be required to accept and agree, and nothing in the VantageLive! services agreement shall be construed to modify the terms and conditions of this Agreement for other products and services subject to this Agreement.

2. **Shipment.** All prices are in United States Dollars (USD or \$) and quoted FCA (Free Carrier at named point, Incoterms® 2010), or in jurisdictions that have not adopted Incoterms®, FOB at the shipping point of Iteris, Inc. Title to goods sold hereunder (individually, a “**Product**” and collectively, “**Products**”) shall pass to the Purchaser upon delivery of Products to the carrier. Iteris, however, retains a security interest and a vendor’s lien against the Products until payment in full is received. Purchaser agrees to perfect and maintain such security interest for Iteris. In the absence of specific written instructions that Iteris has accepted, Iteris will ship Products by what it deems to be the most appropriate method for shipment. Although Iteris may transact for carriage, all freight charges and insurance premiums will be for the account of Purchaser. Upon delivery to the carrier, Purchaser assumes all risk of loss. Any such loss shall not relieve Purchaser of its obligation to pay Iteris in full for Products, freight and insurance. Purchaser shall have the right to negotiate with the carrier and/or insurer to recoup its loss.

3. **Delivery.** Standard shipments to Purchaser will be approximately 30-45 days after receipt of an Order. In the event that Purchaser requests a guaranteed ship date, Iteris reserves the right, after notice to Purchaser, to include in the final purchase price any expenses which increase the cost of production or delivery, including but not limited to, expediting and overtime expenses, parts procurement premiums, etc. Iteris reserves the right to ship complete orders in advance of the ship dates specified and, with prior approval from Purchaser, partial orders. Iteris shall not be liable for either delays in delivery or the failure to manufacture if such delay or failure is due to causes beyond Iteris’ reasonable control, including but not limited to, acts of God, acts or omissions of either Purchaser or third parties, intervention of any government authority, strikes, lockouts or other labor disturbances, floods, fires, earthquakes, epidemics, quarantines, riots, wars, delays in transportation, or where Iteris is unable to obtain necessary labor, materials or manufacturing facilities. In the event of such delay or failure, the delivery date shall be extended for a period equal to the time lost by reason of the delay or failure.

4. **Payment Terms.** Unless an authorized Iteris representative agrees upon different credit terms in writing at the time of acceptance of Purchaser’s order, the standard terms of payment shall be cash or wire transfer of funds in advance of shipment or, for international shipments, Irrevocable Sight Letter of Credit collectable within thirty (30) days after shipment. Iteris’ obligation to deliver Products is subject to Purchaser’s compliance with the foregoing payment terms, or in the event credit is granted by Iteris, any such credit terms provided. Iteris may at any time, in its reasonable business judgment, if the financial condition of Purchaser warrants, either alter the credit terms or suspend credit and delay delivery until such time as the revised credit terms are met. Iteris shall have the right to cancel any unfilled order, or delay its shipment, for failure of Purchaser to meet its payment schedule or obligations. In the event any payment is not made when due, Iteris shall have the right to accelerate the due date of the entire unpaid balance and to increase the unpaid balance of the sales price at the rate of one percent (1%) per month, or the maximum allowed by law, on the unpaid balance until the account is paid in full, in addition to any reasonable attorneys’ fees or other collection expenses.

5. **Taxes.** All prices are exclusive of any and all taxes, duties, tariffs, fees, or assessments, including but not limited to sales, use, excise, VAT, or similar

taxes and export or import duties or fees applied to the sale or to the Products sold, by any United States or foreign federal, state, provincial, or local governmental body. Any such taxes that must be paid by Iteris shall be separately itemized on Iteris’ invoice and paid by Purchaser, or in lieu thereof, Purchaser shall furnish Iteris a properly executed tax exemption certificate prior to shipment.

6. **Limited Warranty.** For the purposes of this Agreement the “**End User**” shall be the Purchaser or, if Purchaser is a contractor, distributor or other authorized reseller to whom Iteris delivered Products intended for use by a third party, shall be the intended third party.

Iteris Hardware Products: Iteris hardware Products marked as manufactured by or for Iteris or marked with an Iteris brand or trademark are warranted, at the time of delivery to End User, to conform to Iteris’ published specifications and to be free from defects in material and workmanship. The occurrence of any of the following terminates Iteris’ Limited Warranty: (i) a Product fails as the result, in whole or in part, of modification or repair of the Product not conducted in conformity with Iteris’ approved procedures; (ii) a Product fails as the result, in whole or in part, of improper or insufficient maintenance; (iii) a Product is damaged due to, in whole or in part, electrical power surge, lightning strike, accident, negligence, improper storage, incorrect installation, incorrect operation, unusual deterioration due to physical environments in excess of limits set forth in Product manuals, or any other type of abuse or misuse; or (iv) the removal of serial numbers, or the removal, mutilation or defacement of any part of a Product. As a condition to making any claim under this Limited Warranty, End User must request a Return Material Authorization (“**RMA**”) before the Limited Warranty terminates or expires. Provided that the Limited Warranty has not terminated or expired, Iteris shall issue the RMA and End User shall have the right to return the non-conforming Product, transportation prepaid, to Iteris for repair or, solely at Iteris’ option, replacement with new or reconditioned materials. Except for repair or replacement, Iteris shall be under no other liability to Purchaser. *This is a Limited Warranty only and, unless otherwise specified in writing by Iteris, shall expire thirty-six (36) months after the date of delivery of each unit of Product to Purchaser.* Repaired or replaced Products have a Limited Warranty for the greater of ninety (90) days from the time of shipment or the remainder of the original warranty period.

Iteris Software Products: Software Products marked as manufactured by or for Iteris or marked with an Iteris brand or trademark are warranted to the licensed End User in accordance with the software license and warranty packaged with the software.

Non-Iteris Products: Hardware or software Products marked as manufactured or produced by others or marked with a brand or trademark of a party other than Iteris are warranted, if at all, by the manufacturer or producer to the End User in accordance with the warranty documentation provided by the manufacturer or producer.

NO OTHER WARRANTIES OR GUARANTEES, EXPRESSED OR IMPLIED INCLUDING WITHOUT LIMITATION MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING BY LAW, CUSTOM OR CONDUCT, SHALL BE APPLICABLE. NO REPRESENTATION OR WARRANTY BY PURCHASER SHALL EXTEND THE LIABILITY OR RESPONSIBILITY OF ITERIS BEYOND THE TERMS OF THIS PROVISION. THE RIGHTS AND REMEDIES PROVIDED HEREIN ARE EXCLUSIVE AND IN LIEU OF ANY OTHER RIGHTS OR REMEDIES. IN NO EVENT SHALL ITERIS HAVE ANY LIABILITY UNDER ANY LEGAL OR EQUITABLE THEORY (RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT) FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, OR FOR LOSS, DAMAGE OR EXPENSE DIRECTLY OR INDIRECTLY ARISING FROM USE OF THE PRODUCTS, OR AN INABILITY TO USE PRODUCTS EITHER SEPARATELY OR IN COMBINATION WITH OTHER SOFTWARE, EQUIPMENT OR MATERIALS, OR FROM ANY OTHER CAUSE.

7. **Return Material Authorizations.** Upon request by the End User for an RMA whether for repair, replacement, or credit, Iteris agrees that it will either issue such RMA or provide End User with a written explanation for its refusal to issue the RMA within thirty (30) days of the request by End User. If Iteris provides a Field Replaceable Unit (“**FRU**”) or replacement Product in advance of receipt of an authorized return and does not receive the returned unit within 30 days of shipment, End User will be invoiced for the FRU or replacement. End User shall pay all shipping costs for items returned to Iteris. For items repaired or replaced under a valid warranty claim, Iteris shall pay shipping costs for return of repaired or replaced item to End User.

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8. Indemnification.

a. *Purchaser Indemnification.* Iteris shall indemnify, defend and hold Purchaser, and its affiliates, directors, officers, shareholders, and employees harmless from and against any claims, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) (collectively, the "**Liabilities**") to the extent arising out of third party claims based on a product liability or strict liability in tort relating to the Product or Iteris' negligence, or willful misconduct causing bodily injury (including death) or physical damage to tangible personal property.

b. *Iteris Indemnification.* Purchaser shall indemnify, defend and hold Iteris, and its affiliates, directors, officers, shareholders, and employees harmless from and against any Liabilities to the extent arising out of third party claims based on products other than Iteris Products supplied by Purchaser or Purchaser's negligence, or willful misconduct causing bodily injury (including death) or physical damage to tangible personal property. In the event that Purchaser is a governmental agency or body, the foregoing Iteris Indemnification shall not apply to the extent prohibited by law.

c. *Indemnification Procedures.* The Parties will follow the following indemnification procedures. Promptly after receipt by any entity entitled to indemnification of notice of a third party claim, the Party seeking indemnity ("**Indemnitee**") shall notify the other Party ("**Indemnitor**") of such claim in writing. No failure to provide obligations under this Agreement except to the extent that it can demonstrate prejudice attributable to the failure. Within fifteen (15) calendar days following receipt of written notice from Indemnitee, but in no event later than ten (10) calendar days before the date a response to such claim is due ("**Election Notice Period**"), Indemnitor shall notify Indemnitee in writing if the Indemnitor elects to assume control of the defense and settlement of that third party claim ("**Election Notice**"). If Indemnitor delivers an Election Notice relating to any third party claim within the required Election Notice Period, the Indemnitor shall be entitled to have sole control over the defense and settlement of such claim; provided that (a) the Indemnitee may participate in the defense and employ counsel at its own expense to assist with such third party claim, and (b) Indemnitor shall obtain the prior written approval of the Indemnitee before entering into any settlement of such third party claim that purports to bind the Indemnitee. After the Indemnitor has delivered an Election Notice, Indemnitor shall not be liable to the Indemnitee for any legal expenses incurred by the Indemnitee in connection with the defense of that third party claim. In addition, the Indemnitor shall not be required to indemnify the Indemnitee for any amount paid or payable by the Indemnitee in the settlement of any third party claim for which the Indemnitor has delivered a timely Election Notice, if such amount was agreed to without the written consent of the Indemnitor. If the Indemnitor does not deliver an Election Notice relating to any third party claim within the required Election Notice Period, the Indemnitee shall have the right to defend the third party claim in such manner as it may deem appropriate, at the sole cost and expense of the Indemnitor. The Indemnitor shall promptly reimburse the Indemnitee for all such costs and expenses (i.e. Liabilities).

9. **Intellectual Property Indemnification.** Iteris shall indemnify and hold harmless Purchaser from loss, damage or liability for infringement of a United States (U.S.) patent or U.S. copyright ("**Intellectual Property**") to the extent arising out of the distribution or use of Iteris Products as delivered to Purchaser by Iteris hereunder (the "**IP Indemnity**"); provided that Purchaser notifies Iteris in writing within ten (10) days of Purchaser's first notice of an infringement claim, threat or suit ("**Infringement Claim**") and fully cooperates with Iteris in the defense of such Infringement Claim and the avoidance of infringement by, including but not limited to, providing Iteris any requested authority, information, and assistance necessary. Iteris shall be entitled, at its election, to assume the defense of any Infringement Claim. The foregoing Indemnity shall not apply when normally non-infringing Iteris Products are rendered infringing by (i) alteration of Iteris Products or the operation thereof, not by Iteris or duly authorized by Iteris in writing, (ii) use of Iteris Products in combination with other products, software, or services, (iii) Iteris' modification of its Products in compliance with the Purchaser's specifications or instructions, or (iv) Purchaser's failure to use and implement instructions provided by Iteris in a writing that would have rendered the Iteris Product non-infringing after reasonable time after receipt by Purchaser and before actual infringement. Iteris shall have the right to resolve any Infringement Claim in the manner it deems appropriate, including, but not limited to, (i) obtaining a license from the owner of the alleged infringed Intellectual Property or (ii) modifying or replacing the alleged infringing Product with non-infringing Product. In the event that neither (i) or (ii) are commercially possible, then Iteris shall have the right to rescind the purchase of the affected portions of the Products and to refund the Purchaser

with a pro rata amount of monies paid for such affected Products. The foregoing IP Indemnity shall not extend to claims based on infringement of Intellectual Property outside the United States of America. Iteris' sole obligation and liability to Purchaser with respect to indemnification of claims shall be as set forth in this paragraph and specifically excludes indemnification for consequential damages, incidental damages, punitive damages, and attorneys' fees.

10. **Arbitration.** It is the intent of the parties that any controversy will be elevated to the highest management levels within the respective organizations in an attempt to resolve the matter most efficiently. If the parties are unable, after good faith negotiations, which each hereby covenants to undertake, to resolve any dispute, claim or controversy arising between them, the parties hereby expressly agree that the exclusive means of resolving any such dispute, claim or controversy arising out of or relating to this agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration. If the Purchaser has an office located in the United States, arbitration shall be conducted under the Streamlined Arbitration Rules and Procedures of JAMS, a national alternative dispute resolution service (www.jamsadr.com) and shall be conducted in the English language, in Los Angeles, CA USA, by one (1) arbitrator appointed in accordance with said rules. If the Purchaser does not have an office in the United States, arbitration shall be conducted under the Rules of Arbitration of the International Chamber of Commerce and be conducted in the English language, in New York, NY, USA, by one (1) arbitrator appointed in accordance with said Rules of Arbitration. Judgment on the arbitration award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction nor shall it preclude Iteris from any pursuit allowed by the full extent of the law for collection of amounts owed by Purchaser under any credit arrangement. The arbitrator may, in the award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party.

11. **Product Modifications.** Iteris reserves the right, at any time and without notice to Purchaser, to modify Products, in whole or in part, to include therein changes deemed appropriate by Iteris which do not adversely affect the form, fit or function of the Products, and without incurring any liability, to change or modify any Product previously delivered, or to supply new Products in replacement thereof.

12. **Export Responsibility.** All sales hereunder shall at all times be subject to the export control laws and regulations of the U.S. government. Purchaser agrees that it shall not make any disposition, by way of transshipment, re-export, diversion or otherwise, except as said laws and regulations may expressly permit, of U.S. origin goods purchased from Iteris, other than as to the ultimate country of destination specified on Purchaser's order and/or declared as the country of ultimate destination on Iteris' invoices.

13. General.

a. No modification of a quotation or a resulting order shall be binding unless in writing signed by an authorized representative of Iteris.

b. No waiver by either party of any default shall be deemed a waiver of any subsequent default.

c. Purchaser shall not assign its Order or any interest therein or any rights hereunder without the written consent of Iteris, and any such purported assignment shall be null and void and of no effect whatsoever.

d. Purchaser agrees that it will not modify, reproduce, reverse engineer, reverse compile, disassemble, translate, de-compile, deconstruct or decrypt, the whole or any part of the Products, including any software embedded therein.

e. All quotations and any resulting order shall be construed, interpreted and governed by the laws of the State of California, USA, but specifically excluding any International Convention regarding the International Sales of Goods. Should any court of competent jurisdiction determine any portion hereof illegal or against public policy, such determination shall not affect that portion herein that is not illegal or against public policy. In the event that the federal, state, provincial, city or local government or any bureau or agency thereof, should promulgate any law, rule or regulation affecting prices, deliveries or any other term of a contract resulting from a quotation, then, at the option of Iteris communicated to the Purchaser in writing within a reasonable time, the contract between Iteris and the Purchaser may be either terminated by Iteris and be of no force and effect and the parties shall be restored to the position they occupied before the contract was executed, or Iteris may make such changes in the price, delivery schedule and terms as Iteris in its reasonable business judgment may deem necessary to comply with such law, rule or regulation.