

# The Rale System: Software License Information

## Why do we have a “Software License Contract?”

The basic purpose of the Software License Contract is to protect the developer of the software and to grant a license to the User to use the Rale System for transformer designing purposes.

Please note that in the section entitled “a. Termination” that the “*Licensee has the right to terminate within the first 30 days without cost.*” This provides for the 30-day free trial we are offering to you so that you can fully and completely evaluate the Rale System.

## What should you do with this contract?

If you are interested in the 30-day free trail we suggest that you print out the Software License Contract, fill in your company name and address in the upper left-hand corner of the first page, fill in your name and title in the lower left-hand corner of the third page and sign the agreement where indicated in lower left-hand corner of the third page.

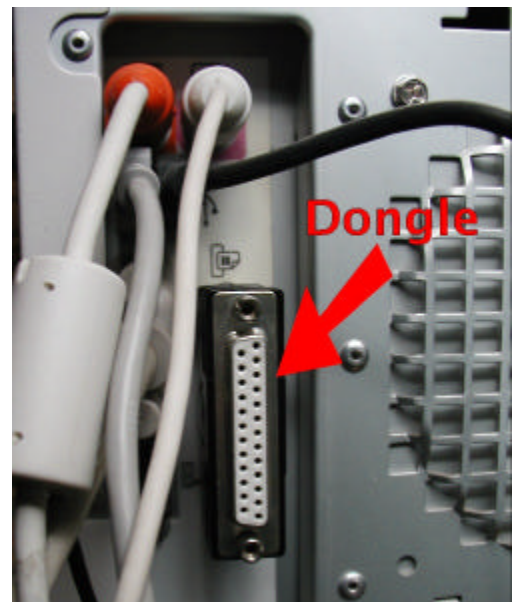
Then fax the document to our office at 630-584-2599 and mail the original signed copy to us as well.

Immediately upon receipt of your faxed Software License Contract, we will ask Rale to call you on the phone to arrange to send you the dongle and software. When you receive the dongle and software we will date the agreement so that your 30-day free trail will commence at that time.

## What is a “Dongle?”

A “Dongle” is also sometimes referred to as a “Hardlock”. It is a small device that connects to the parallel port on the back of your PC. The dongle must be connected to the PC for the Rale System software to run. If the dongle is not present, the software will refuse to function.

Both the Single User and Network version of The Rale System use a dongle. For the Single User version, the dongle must be connected to the PC that is using the software. For the Network version, the dongle must be connected to one PC on the network and it allows up to four PC's to run the software.



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**The following three pages contain the Software License Contract**

# Software License Contract

## I. The parties

The parties to this license contract are

(as licensee)

**Ratibor Hadzimanovic**  
**RALE Engineer's Office**  
**Hardstrasse 47c**  
**CH-5430 Wettingen**  
**Switzerland**  
(as licensor)

## II. Definitions

- Software refers to the computer programs listed in the chapter **Object of the Contract**, both in the present form and in all other machine-readable forms; this also includes all updates and security copies made by the licensee.
- The following are not valid as third parties: employees of the licensee and other persons spending time on the premises of the parties to the contract for use of the software in accordance with the contract.

## III. Object of the contract

The following are the object of the contract

- Software
  - Program for computation of small transformers
  - Program for computation of toroidal transformers
  - Program for computation of small chokes
  - Program for computation of large dry transformers
  - Program for computation of constant voltage transformers
  - Computation examples contained in machine-readable form on a CD.
- 1 dongle with the number\_\_\_\_; a replacement dongle will only be returned following return of the defective dongle by registered post; the costs, amounting to SFr. 1,000, are to be borne by the licensee.

## IV. Copyright protection

The software is protected by copyright.

## V. Content of the contract

The object of this contract is the remunerable use of the software by the licensee.

Use in accordance with the spirit of this contract is any complete or partial copying or transfer of the software to EDP equipment (PC IBM-compatible with Windows 95/98/NT) for the execution of the mechanical commands and instructions contained therein.

The licensee is not authorized to pass the license on to third parties or to distribute sub-licenses.

## VI. Commencement of the contract

The contractual relationship commences on \_\_\_\_\_ and runs for an indeterminate period.

## VII. End of contract

### a. Termination

- Ordinary termination through adherence to a period of notice of 30 days to the end of a year's rental; notice must be given by means of a registered letter. Licensee has the right to terminate within the first 30 days without cost.
- The execution of an extraordinary termination is permitted; this can take place for important reasons; important reasons obtain namely: in the event of violation on the part of the other party to the contract of one of the contractual obligations of this contract and following fruitless expiry of a period of notice of 10 days following a caution by the other party (the latter only in the event of violation of obligations to take action; in the event of violation of obligations to refrain from actions an immediate dissolution of the contract can be requested); in the event of an application for an initiation of bankruptcy relating to the assets of the other party or cessation of payments; in the event of a significant change to the control over the other party to the contract, especially takeover or significant exertion of influence on the part of a third business; for the licensor in the event of disputing the ability to maintain copyright protection or the secret nature of the software delivered on the part of the licensee.

### b. Efficacy

- All rights of the licensee relating to usage of the software and the dongle end upon termination of the contract.
- The licensee undertakes to return the software and the dongle to the licensor within a week of termination of the contract; he is to carry this out using registered mail; dispatch to the licensor is at the expense and risk of the renter. The value of the software and the dongle is Sfr **50,000.-**
- The termination of the contract does not entail relief from adherence to the obligations to refrain from actions and payment of the liquidated damages by the licensee; in the event of a violation of this contractual stipulation a violation of the licensor's copyright protection furthermore obtains. See also the stipulations under arrears.
- Extraordinary notice prior to initial payment takes retrospective effect (ex tunc); calculations already made have in such an event been made unjustly, and commit one to payment of the profit which has been unjustly achieved through use of the programs (violator's profit); the licensee is obliged to provide information with regard to the amount of profit. If no profit has been achieved, then an amount 1.5 times the ordinary fees is due. These fees are calculated through division of the contractually fixed (one year's) fee by the number of days in the year multiplied by 1.5 (this also applies to the further stipulations of similar content in this contract).

- In an advanced stage of the contractual relationship, extraordinary notice only applies to the future (ex nunc), and reimbursement of license fees already paid cannot be claimed; calculations already executed and paid for in accordance with the contract have not in such an instance taken place unjustly; calculations following issue of notice render the user liable to payment; the fees correspond to the profit unjustly attained through use of the programs by the licensee (violator's profit); the licensee is obliged to provide information with regard to the amount of profit. If no profit has been achieved, then an amount 1.5 times the ordinary fees is due.

## **VIII. Disruptions of the contract**

### **a. Arrears**

- In the event of arrears on the part of the licensor with regard to delivery of the software or the dongle, the licensee can where appropriate claim damages. He can withdraw from the contract.
- If the licensee falls into arrears with the payment of the license fee, then the licensor has the right to charge interest at 5%, provided that the normal Swiss discount rate is not in excess of this; if it is in excess, then this higher arrears interest is due to the licensor.
- The licensor reserves the right to present proof of higher damage caused by the licensee.
- The licensor must issue the licensee with a warning and allow him a deadline of 10 days during which to fulfil his obligations.
- The licensor is authorized to annul the contract in the event of the licensee falling into arrears (see End of contract).
- Should the licensee fall into arrears with the return of the software or the dongle in the event of ordinary termination of the contract through issuing of notice, then the offer of a continuation of the contract obtains; if the licensor does not react within a month of receiving the notice, then he accepts the contract. The conclusion of this continued contract is in accordance with the stipulations of this document. The fees may be increased. The continued contract appends itself seamlessly to the original contract. If the licensor does not accept the contract, then the effects with regard to payment of violation profit and fees will be in accordance with those relating to arrears in the event of extraordinary termination of the contract.
- Arrears on the part of the licensee with regard to return of the software or the dongle in the event of extraordinary termination of the contract result in an obligation to pay the profit attained with the aid of the programs (violation profit); the licensee is obliged to provide information with regard to the size of the profit; if no profit was attained, then a debt is due amounting to 1.5 times the amount of the ordinary fees.

### **b. Other violations of obligations during the period of the contract following termination, discontinuance or ascertainment of non-existence of this contract.**

- In the event of violations of these contractual stipulations on the part of the licensee or persons for whom he is responsible leading to damage to the licensor, then the licensee owes damages independently of his responsibility.
- Damages may be claimed in addition to any liquidated damages, any violation profit and any fees.
- Violation profit is owed as soon as the contract has terminated or been discontinued and in the event of ascertaining its non-existence and use of the software and the dongle by the licensee in spite of this – independently of any responsibility. The licensee is obliged to provide information regarding the amount of the violation profit.

### **c. Liquidated damages**

- In the event of violations of obligations on the part of the licensee leading to avoidance of the protective stipulations regarding the licensor's software, liquidated damages amounting to **SFr. 50,000** per instance of infringement will be owed by the licensee.
- The payment of the liquidated damages does not constitute release from adherence to the stipulations of this contract.
- Liquidated damages may be claimed in addition to any compensation, any violation profit and the fees.
- Liquidated damages are owing in every instance in the event of violations of obligations of the above mentioned type, i.e. even if the contract for any reason should not (or no longer) exist.

## **IX. Rights of the parties**

- The licensee has the right to use the software in accordance with the contract during the period of the contract.
- He may reproduce the software inasmuch as this is necessary for the use of the software; this is the case in connection with the installation of the program into the memory of the hardware employed and in connection with loading the program into the working memories.
- Furthermore, the licensee may undertake a reproduction for purposes of security; however, only a single security copy may be made and kept; the security copy is to be clearly marked as such; it is to be kept in a place which is secure and inaccessible for third parties;
- further reproductions on the part of the licensee are not permitted.

## **X. Obligations and liability of the parties before termination of the contract**

### **a. The licensor's obligations**

- Delivery of the software and 1 dongle with number at the expense of the licensor upon commencement of the contract.
- Guarantee of free technical support so far as normal parameters are not transgressed.
- Guarantee of periodical, free updating; this includes interim improvements to and updating of the program.

### **b. The licensor's liability**

- Guarantee of freedom from legal shortcomings.
- **With regard to the use of software, during the entire period to date of almost twenty years of business activity on the part of the licensor damage to customers has never arisen; however, the possibility exists of the software displaying faults; the licensor undertakes to remedy such faults as quickly and as well as he can; the licensor assumes no further liability - nor in tort nor on the grounds of contract, nor for purely economic loss nor for personal injury nor**

**for suffering - beyond that represented by the annual price paid by the licensee for the use of the software, neither towards the licensee nor towards third parties.**

- Shortcomings of the software delivered (at issue are namely faults in the CD such as scratches, cracks or an incompletely written CD etc.) and of the dongle have to be communicated by the licensee within 10 days of delivery; the shortcomings have to be remedied by the form of improvements or replacement delivery at the discretion of the licensor; the licensor will bear transport costs; improvements or replacement delivery will take place within 14 days of acknowledgement of the point of criticism on the part of the licensor; in the event of holidays and business trips on the part of the licensor, corresponding delays may ensue.
- The licensor is not liable for the payment of duty, installation, use, results attained, selection and use of software, machinery and performance; the licensee bears the responsibility for these.

**c. The licensee's obligations to take and refrain from actions**

- Payment of the license fee; this is to be paid annually in the amount of US\$ 2,600.00. A price increase is permitted after 3 years.
- The licensee must refrain from any action which through application of the software (incl. or excl. the dongle) may lead to an advantage in commercial competition accruing to others or the licensee himself for which the licensor is not reimbursed through payment of a corresponding price and through integration into a contract;
- namely, he is to be responsible for the absolute exclusion of third parties from the contractual objects during the period of the contract, following termination of the contract or following discontinuation or ascertainment of the non-existence of a contractual commitment;
- namely, the licensee must refrain from dissemination of the software on the Internet or Intranet, or by means of other networking;
- namely, refrainment from multiple use is at issue; the licensee may use the software on any hardware employed by him; if he changes the latter, he must delete the software again on the hardware used hitherto. It is not permissible to simultaneously read in, keep available or use the software on more than a single item of hardware; should the licensee wish to employ the software on several hardware configurations simultaneously, then he must acquire the corresponding number of software packages;
- namely, at issue is the ban on publications or reproductions of the results; the results of the software may only be employed by the licensee for his own use; they may only be given to third parties indirectly – qua product.
- Prior to any alienation, passing on or other disposal of hardware or other data carriers, the licensee must delete the software thereon.
- Refrainment from program alterations; any program alteration will lead to a stoppage.
- Decompilations (back-compilations of the surrendered program code into other code forms) and reverse engineering (other back-construction of the various stages of production of the software) are not permitted.
- Records of authorship, serial numbers and other features serving as identification of the software or the dongle may under no circumstances be removed or altered.
- The licensee must guarantee fulfillment of his contractual obligations through appropriate precautions and instruction of all persons having access to the software.

**XI. Choice of law**

This contract is subject to **Illinois USA** substantive law.

**XII. Court of jurisdiction**

By choice of the licensor, the **State Courts of Illinois** or the **Illinois District of the Federal courts**

**XIII. Saving clauses**

Should a stipulation of this contract be or become ineffective or should the contract contain a loophole, then the legal efficacy of the other stipulations will remain unaffected hereby. Instead of the ineffective stipulation, an effective stipulation coming economically closest to what is wished for by the parties and corresponding to the hypothetical will of the parties will be deemed to be agreed upon; the same applies in the event of a loophole.

**XIV. Exclusion of verbal agreements**

- No verbal arrangements are valid in addition to this contract.
- Any alteration to the contract must be made in writing.

**XV. Individual negotiation of the contractual clauses**

The licensee confirms with his signature that he had the opportunity of influencing the content of the contract.

**XVI. Individual Responsibility**

In the event that licensee ceases business operations for any reason, the individual signer of this Agreement agrees to insure compliance with all terms and conditions of this Agreement and to assume the privileges and responsibility this Agreement assigns to said licensee.

Date: Place:	Date: Place:
Licensee's Signature	Licensor's visa and stamp