

Attachment 1 - Official Quotation



BIO-Key International
300 Nickerson Rd
Marlborough, MA 01752
508. 460.4000

Quote#:	39665.73
Date:	8/15/08
Quote Expires:	11/13/08
BIO-key Rep	Brad Thompson

End User
Shawn Newsom Williamson County Sheriff's Department 508 S Rock St 0 Georgetown, TX 78626 512-943-1317

Internal Use Only, Reseller App

no

Qty.	Part #	Description	Unit Price	Extended Price	Unit Maint.	Extended Maint.	Line Item Total
	127 PCM-200	MobileCop 200 to 599		\$664.83	\$84,408.01	\$107.10	\$98,009.71
	10 PCM-200	MobileCop 200 to 599		\$0.00	\$0.00	\$107.10	\$1,071.00
	50 IFSUP-101-200	InfoServer upgrade for 101 to 200 users (per user)		\$330.85	\$16,532.50	\$53.28	\$19,196.50
Total Products and Maintenance				\$100,940.51		\$17,336.70	\$118,277.21
2nd year Support & Maintenance							\$17,336.70
							\$135,613.91

Services

Description of Services	Total Labor Days	Trips	Total Labor & Travel
Mobile			
Project Management			
Technical Consultant	Services to be provided with this quote will be detailed in a separate Statement of Work		
Training Specialist			
Mobile Additional Products			
Project Management			
Technical Consultant			
Training Specialist			
Custom Solutions			
Project Management			
Technical Consultant			
Training Specialist			
Biometrics			
Project Management			
Technical Consultant			
Training Specialist			
Biometrics Other			
Project Management			
Technical Consultant			
Training Specialist			
Total Services			
Project Management			
Technical Consultant			
Training Specialist			
Total Services			
Grand Total			\$135,613.91

Annual Maintenance Agreement

BIO-Key Support and Maintenance Agreement assures that mission-critical software will remain up to date and that expert technical assistance will always be a phone call away. The annual Support and Maintenance Agreement is separate from BIO-key's warranty. Maintenance includes telephone support, interim software updates, and new software releases. The first year maintenance is charged for 12 months beginning after installation is complete. The maintenance fee is part of the invoice at the time of the order.

Installation Requirements

If there is no price listed in the Project Management or Systems Integration line(s) under "Services" above, Customer agrees to be responsible for the project management and/or installation, and product(s) will be invoiced upon shipment.

Condition of Sale Payment Terms and Credit Policy: SEE PAGE 2

Attachment 1 - Official Quotation

BIO-key International, Inc. Condition of Sale Payment Terms and Credit Policy

Pricing Policy: The price of each Product supplied by BIO-key under this Agreement shall be as specified on BIO-key's price sheet, as amended by subsequent Discount Schedules published by BIO-key from time to time provided however that no change in price shall affect a purchase order received by BIO-key prior to the date of publication of any change. The price charged for Products to Purchaser is in United States Dollars and is exclusive of freight, imposts, duties, taxes, installation charges and other related costs. Purchaser shall pay, in addition to all amounts specified in this Agreement, all taxed, freight, imposts and duties and amounts in lieu thereof, and interest thereon, paid, payable or collectible by BIO-key (exclusive of taxes based on BIO-key's net income) levied or based on (a) amounts chargeable to Purchaser pursuant to this Agreement, or (b) the Products or their use. In the event any taxes, imposts, duties or amounts in lieu thereof are paid or payable by BIO-key, there shall be added to the price payable by Purchaser to BIO-key under this Agreement an amount equal thereto, including but not limited to state and local privilege or excise taxes based upon gross revenue or any taxes and in lieu thereof therefore paid or payable to BIO-key in respect of the foregoing, exclusive however, of taxes based upon the income of BIO-key.

Terms: Standard terms will be in accordance with the signed Agreement between the Parties unless BIO-key International has notified the Purchaser otherwise in writing. The total purchase price of the Products ordered shall be paid at the time of purchase either by cashier's check, or by Purchaser's check wire transfer or credit card, unless parties agree otherwise in writing. In the event of default in any payment, Purchaser agrees to reimburse to BIO-key International, BIO-key's costs of collection including but not limited to reasonable attorney's fees and costs.

Delivery: Buyer will give BIO-key notice of requested form of delivery. Upon receipt of the request for delivery, BIO-key will arrange for delivery through a carrier chosen by BIO-key, the costs of which shall be F.O.B. shipping point. Delivery will be made thirty (30) to ninety (90) days after receipt of this order. Custom software delivery quoted separately.

Acceptance: Acceptance will be in accordance with the terms of the signed Agreement between the Parties.

Established Open Accounts: All amounts are due thirty (30) days from date of invoice. Prior to receiving an open account, Purchaser must complete and qualify from the Customer credit application. Delinquent balances are subject to a service charge of 1 1/4 % per month (or the legal minimum allowable per buyers' state). There will be a minimum charge of \$0.50. The interest charges will be invoiced on the last business day of the month.

Past Due Accounts: Any past due account is placed on immediate credit hold for the purposes of acquiring product, service or technical support. Accounts that become thirty (30) days past due are subject to review and collections action. Returned checks are subject to a Twenty-five (25.00) dollar service charge in addition to delinquent invoice charges. Past due accounts will be reviewed and may result in termination of existing and future business relationships.

Seller's Right of Possession: In addition to all other remedies, BIO-key reserves the right to withhold shipment in whole or in part, and/or recall goods in transit at any time, for credit reasons or because buyer's default. BIO-key will notify buyer of said action and give credit for said goods minus 15% fee and any processing charges incurred by BIO-key.

Credit Limit: Customers with open credit terms are each assigned credit limits. No purchases can be made beyond the credit limit without special arrangements in writing.

Sales Tax: Sales made to customers in States that BIO-key is registered to do business in are always subject to sales tax unless a tax exemption certificate is provided. Sales tax need not be collected on shipments to

Shipment Cost, Title and Risk of Loss: All shipments of Products shall be F.O.B. BIO-key's office in Marlborough, Massachusetts ("shipment Point"). Unless otherwise agreed by BIO-key, all goods shall be packed for foreign shipment at Purchaser's expense, in accordance with standard commercial practices. All other shipping charges including insurance, handling and special packing and expenses for any export/import licenses shall be paid by Purchaser. Purchaser shall be responsible for and shall obtain and forward to BIO-key International, Inc., destination import certificates and U.S. export licenses as required. BIO-key, as an accommodation to Purchaser will arrange delivery of Products from shipment point to a site designated by Purchaser with the shipping cost to be billed directly to Purchaser in the absence of instructions to the contrary. BIO-key, on behalf of Purchaser, will select the carrier but shall not be deemed thereby to assume any liability in connection with the shipment nor shall the carrier be construed to be the agent of BIO-key. License of the technology shall be in accordance with the signed Agreement between the Parties.

Risk of loss remains with BIO-key International until the Products are delivered to the carrier at the shipment point. Purchaser assumes all risks of loss upon delivery of the Products to the carrier at the shipment point. Insurance will be arranged by Purchaser in its discretion on the Products while in transit.

Assignment: This Condition of Sale in no way assigned any ownership or rights away from BIO-key for its products or technologies.

Warranty: BIO-key warrants that commencing from the date of delivery to Customer (but in case of resale by a BIO-key reseller, commencing not more than ninety (90) days after original shipment by BIO-key) that (a) the media on which the Software is furnished will be free of defects in materials and workmanship under normal use, and (b) the Software substantially conforms to its published specifications. Except for the foregoing, the Software is provided AS IS. This limited warranty extends only to the Customer who is the original licensee. Customer's sole and exclusive remedy and the entire liability of BIO-key and its suppliers under this limited warranty will be replacement, or refund of the Software if reported (or, upon request, returned) to the party supplying the Software to Customer, if different than BIO-key. If such a defect occurs, contact BIO-key's shipping department and request an RMA number, return it to us at the address below and BIO-key will replace it for free.

BIO-key International, Inc. 300 Nickerson Road, Marlboro, MA 01752

In no event does BIO-key warrant that the Software is error free or that Customer will be able to operate the Software without problems or interruptions.

Limitation on Remedies and Liability: BIO-key and its suppliers shall not be liable for any damages, including but not limited to consequential damages, arising from the use of the Software, whether or not such damages are foreseeable, or for claims by a third party. BIO-key and its suppliers shall not be liable for any damages, including but not limited to consequential damages, arising from the use of the Software, whether or not such damages are foreseeable, or for claims by a third party. Our maximum aggregate liability to you, and that of our dealers and suppliers shall not exceed the amount paid by the Purchaser for the product. The limitations in this section shall apply whether or not

Technical Support: The BIO-key offers Technical Support that is designed to meet the unique software support requirement of BIO-key's clients and partners. Support is available 8am to 5pm Eastern Time, Monday through Friday. Support is via phone, e-mail or fax.

Governing Law: This Contract shall be governed by the laws of the Commonwealth of Massachusetts. Any disputes hereunder will be heard in the appropriate federal and state courts located in Middlesex County, Massachusetts.



Williamson County Sheriff Mobile Solution

Williamson County Sheriff's Department ("the County") will purchase 137 MobileCop® and 50 InfoServer™ Licenses ("License") to be added to Georgetown Police Department's Server in Georgetown, TX for the County's use.

BIO-key hereby extends a "Rent-to-Own" option of the License and two-year annual support and maintenance of the License to the County for a period of 24 months @ \$41.245 per month per mobile License. At the end of the 24-months the annual support and maintenance cost will be \$17,336.70 for year three (3).

Billing:

- Monthly fee at $\$41.245 \times 137$ mobile license = \$5,650.58 per month
- Monthly Payment of $\$5,650.58 \times 12$ months = \$67,806.95 per year for two (2) years (i.e. 24 months).

Williamson County's purchase of the License per the terms of the Rent-to-Own Purchase Agreement will be realized after the final Rent-to-Own payment is made to BIO-key.



L.C. "TONY" MARSHALL
Chief Deputy

JAMES R. WILSON
WILLIAMSON COUNTY SHERIFF

508 South Rock Street
Georgetown, Texas 78626
Phone (512) 943-1300 • Fax (512) 943-1393

ROBERT CHAPMAN
Asst Chief Deputy- Law Enforcement

RICHARD ELLIOTT
Asst Chief Deputy - Corrections

To: Williamson County Purchasing Department

The Williamson County Sheriff's Office is wishing to purchase a 127 MobileCop® and 50 InfoServer™ Licenses to be added to the Georgetown Police Department's server in Georgetown TX for the County's use.

This product will allow Williamson County Sheriff's Deputies to access TLETS and NCIC/TCIC records through the mobile solution in their County Patrol Cars. This system will belong to the County after a two year period of time. The Sheriff's Office is anticipating the "go live" date for its new CAD System around this time frame as well. The MobileCop® system will then become a redundant system for the CAD. This is a much needed system and will streamline our processes immensely.

Mike Gleason, Lieutenant



INSTRUCTIONS FOR COMPLETING BIO-KEY INTERNATIONAL, INC. Rent-to-Own Purchase Agreement for Standard Products & Services

This Agreement should be used for public safety Customers purchasing only standard products and services and should be presented to a potential Customer early in the process to afford adequate time for review. The file is partially protected so information can be filled in electronically in the appropriate sections provided and forwarded electronically or by hard copy to Customer.

Instructions:

1. Fill in all information requested in the Agreement. All required information may be electronically filled in by selecting the gray shaded areas and typing in the applicable information.
2. Send completed Agreement and required Attachments to Customer via email, cc:ing BKYI's Director of Contracts, requesting they print and sign a minimum of two originals of the Agreement and Attachments and return to BKYI's Director of Contracts for execution by BKYI and distribution as listed in number 3 below.
3. Fully executed Agreement with required Attachments will be distributed as follows:

Original #1 (via fax)	BIO-key International, Inc. 300 Nickerson Road Marlborough, MA 01752 Attn: Karen Hicks, Director, Contracts Tel: 508-460-4012 Fax: 508-460-4098
Original #1 Copy	Receiving Company BIO-key Representative

**PLEASE CONTACT BIO-KEY CONTRACT ADMINISTRATION DEPARTMENT (Karen.hicks@bio-key.com)
WITH ANY QUESTIONS REGARDING THIS PROCEDURE.**



BIO-key INTERNATIONAL, INC. Rent-to-Own Purchase Agreement for Standard Products & Services

Pursuant to this Rent-to-Own Purchase Agreement (the "Agreement"), with an effective date of _____, the WILLIAMSON COUNTY SHERIFF'S OFFICE acting by and through WILLIAMSON COUNTY, TEXAS, a political subdivision of the State of Texas, whose principal place of business is located at 508 South Rock Street, Georgetown, TX 78626, hereinafter called "Customer", and BIO-key International, Inc., hereinafter called "BIO-key", located at 300 Nickerson Road, Marlborough, MA 01752 hereby agree that the following terms and conditions shall govern the rent-to-own purchase and licensing of the BIO-key equipment, software, and services as well as certain third party applications and services (subject to additional terms and conditions) set forth in **Attachment 1** hereto, the Pricing Attachment.

1. **TERM:** This Agreement shall commence on the effective date and shall terminate upon completion of all of the parties' obligations set forth in this Agreement, the Attachments hereto, and all Statements of Work hereunder, as applicable, and the expiration of the first 24-months following the effective date ("Initial Term") unless earlier terminated pursuant to this Agreement. Post the Initial Term, and all Rent/Payment(s) having been paid in full by the Customer, for purposes of Support and Maintenance this Agreement may be renewed on an annual basis one (1) year at a time. Termination of this Agreement post the Initial Term shall not result in a termination of any paid-up software license(s) granted hereunder.
2. **PRICES:** Subject to the terms and conditions of this Agreement, the prices of equipment and software purchased and/or licensed by Customer hereunder shall be as set forth in **Attachment 1**. The Support and Maintenance Agreement for BIO-key products is attached hereto as **Attachment 2**.
3. **DELIVERY:** All products will be delivered F.O.B. Origin. BIO-key shall arrange shipment and insurance unless Customer directs otherwise in writing. The Customer assumes all risk of loss upon delivery of the products to the carrier.
4. **RENT/PAYMENT:** Customer, in consideration of the products and services to be provided to Customer, agrees to pay BIO-key the prices set forth, with regard to products, in **Attachment 1**, and with regard to services, if any, as set forth in either **Attachment 1** or the applicable Statement of Work/Professional Services agreement. Customer shall pay the total amount set forth in **Attachment 1** in twenty four (24) separate equal monthly installments, with the first installment payment being due upon execution of this Agreement. Each monthly installment payment following the first installment shall be billed monthly and be paid by Customer within thirty (30) days from Customer's receipt of an invoice.
 - a. Rent-to-Own products, services, support and maintenance for 24 months shall be calculated at \$41.245 per month per license (\$5,650.58/per month; \$67,806.95/per year) identified on **Attachment 1**. At the end of the 24-months, the Support and Maintenance Fee will be \$17,336.70 for year three (3). Future years of Support and Maintenance Fee will be billed on an annual basis at the then current rate established by BIO-key.
 - b. Customer's purchase of the License per the terms stated herein will be realized after the final Rent-to-Own payment is made to BIO-key.
5. **TAXES:** Prices to Customer do not include taxes. Customer shall pay all taxes, applicable surcharges, communications fees, etc., assessed upon or with respect to any products or services purchased from BIO-key, except for taxes imposed on the net income of BIO-key. Customer shall provide to BIO-key any certificate of exemption or similar document required to exempt any transaction under these terms from sales tax, use tax or other tax liability.
6. **WARRANTY:** Any warranty on standard software provided hereunder shall be as set forth in the applicable software license and if no period is specified the warranty period shall be 90 days. Any warranties for third party hardware and/or software provided are made strictly on a "pass-through" basis by BIO-key from its third party suppliers, and any evidence of such warranties or disclaimers thereof are contained within the documentation provided with such hardware and /or software.
7. **NO OTHER WARRANTIES: EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, ON PRODUCTS OR SERVICES FURNISHED HEREUNDER OR IN CONNECTION HERewith. BIO-KEY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**



8. **LIMITATION OF LIABILITY:** EXCEPT IN CONNECTION CLAIMS ARISING AS A RESULT OF MISAPPROPRIATION OF ANY INTELLECTUAL PROPERTY PROVIDED HEREUNDER, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, THIRD PARTY, INDIRECT OR CONSEQUENTIAL DAMAGES OR FOR THE LOSS OF PROFIT, REVENUE, SOFTWARE OR DATA EVEN IF THAT PARTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE. CUSTOMER IS SOLELY RESPONSIBLE FOR THE PROTECTION AND BACKUP OF ALL DATA AND SOFTWARE USED IN CONJUNCTION WITH THE PRODUCTS. Any action by either party must be commenced within four (4) years after the cause of action accrues, except in the case of non-payment.

9. **SOFTWARE LICENSE:** Customer's right to use any software products provided hereunder during the Initial Term of this Agreement and so long as the Rent/Payments described in Section 4 herein are current, shall be as set forth in the license agreement accompanying such software products. During the Initial Term of this Agreement should Customer fail to maintain current Rent/Payments BIO-key will, after providing fifteen (15) days written notice, uninstall the client and server software products from the Customer and, if applicable, the host agency. Once the Initial Term of this Agreement has passed, and all Rent/Payments due BIO-key have been satisfied as described in Section 4 herein, Customer's right to use any software products provided hereunder shall be as set forth in the license agreement accompanying such software products. In the case of any products customized or otherwise modified under a Professional Services Agreement or Statement of Work, the terms of the license for the underlying software product shall continue to govern unless expressly modified in writing in the Professional Services Agreement or Statement of Work.

10. **DATA AND PROPRIETARY RIGHTS:** Portions of data supplied by BIO-key relating to its products are proprietary and will be so marked. Customer shall abide by such markings. BIO-key retains for itself exclusively all proprietary rights (including manufacturing rights) in and to all designs, engineering details and other data pertaining to products provided to Customer, and to all discoveries, inventions, patent rights, products and all other property rights arising out of work done solely by BIO-key or jointly with Customer. A copyright notice on any data does not by itself constitute or evidence a publication or public disclosure.

11. **TERMINATION:** Either party may terminate this Agreement upon written notice to the other if: (i) a material violation of this Agreement by the other party is not remedied within thirty (30) days after notice of the violation; (ii) the other party admits in writing its inability to pay its debts generally as they become due, or executes an assignment for the benefit of creditors or similar document; or (iii) a receiver, trustee in bankruptcy or similar officer is appointed for the other party's property (each, a "termination for default").

Termination by Customer for BIO-key default – Customer has the right to cancel this Agreement if material deficiencies in equipment and/or service are reported in writing to BIO-key during the acceptance testing period or a warranty period and such deficiencies are not remedied within thirty (30) days of written notice of such deficiencies.

Termination by Customer for Lack of Appropriation: Customer believes it has sufficient funds currently available and authorized for expenditure to finance the costs of this Agreement. BIO-key understands and agrees that the Customer's payment of amounts under this Agreement is contingent on the Customer receiving appropriations or other expenditure authority sufficient to allow the Customer, in the exercise of reasonable administrative discretion, to continue to make payments under this Agreement. If Customer does not receive appropriations or other expenditure authority sufficient to allow the Customer, in the exercise of reasonable administrative discretion, to continue to make payments under this Agreement, Customer may terminate this Agreement, without further liability, upon thirty (30) days notice to BIO-key.

Termination by BIO-key for Customer default– BIO-key may terminate this Agreement upon written notice to Customer if: (i) Customer fails to pay when due any amount payable under this Agreement or any other agreement with BIO-key, which amount is not the subject of a bona fide dispute between the parties; or (ii) a majority interest of the equity or assets of Customer is transferred, or this Agreement is assigned, without the prior written consent of BIO-key.

Except as otherwise provided herein, termination shall not exclude other remedies for failure of a party to perform its obligations.

The failure of either party to exercise in any respect any right provided for herein shall not be deemed a waiver of any right hereunder.

12. **EFFECT OF TERMINATION:** In the event of termination of this Agreement, BIO-key's performance hereunder shall immediately cease, and BIO-key shall prepare a final invoice reflecting the services rendered and any products delivered as of such date. Customer agrees to pay BIO-key in accordance therewith for services actually furnished and any products delivered as of the date of termination. If this Agreement is terminated by BIO-key due to default by Customer, all software licenses shall also automatically terminate upon such termination and Customer shall immediately cease using the software. If such software licenses are not terminated, they will continue unless and until terminated in accordance with their terms.



Except as specifically set forth herein the payment, warranty, limitation of liability and confidential information provisions hereof will survive any termination of this Agreement. In no event shall any monies paid up to and including the effective date of termination be refunded.

13. **CONFIDENTIAL INFORMATION; TEXAS PUBLIC INFORMATION ACT:** Customer agrees to maintain in strict confidence and, except as provided herein, not to disclose, reproduce or copy any Software, or materials, or specifications which are marked confidential or proprietary and are provided to Customer hereunder.

To the extent, if any, that any provision in this Agreement is in conflict with Tex. Gov't Code 552.001 et seq., as amended (the "Public Information Act"), the same shall be of no force or effect. Furthermore, it is expressly understood and agreed that Customer, its officers and employees may request advice, decisions and opinions of the Attorney General of the State of Texas in regard to the application of the Public Information Act to any items or data furnished to Customer as to whether or not the same are available to the public. It is further understood that Customer's officers and employees shall have the right to rely on the advice, decisions and opinions of the Attorney General, and that Customer, its officers and employees shall have no liability or obligation to any party hereto for the disclosure to the public, or to any person or persons, of any items or data furnished to Customer by a party hereto, in reliance of any advice, decision or opinion of the Attorney General of the State of Texas.

14. **STANDARD ORDER PROCEDURE:** Products and services shall be ordered by written purchase orders and shall be governed by this Agreement and, in the case of services any applicable services agreements. Orders shall include the quantity, Product(s), services, applicable price, shipping instructions, and requested delivery date. All orders are deemed finally accepted when BIO-key has issued an Order Acknowledgement to customer, and delivery schedules established in accordance with Product availability and Customer's credit status. BIO-key may ship before the scheduled shipment date, but not to arrive earlier than Customer's requested delivery date. In the event Customer's purchase order contains any additional terms or conflict with any terms and conditions contained herein or in this Agreement, this Agreement shall govern and acceptance of such purchase order is expressly conditioned upon this Agreement.

15. **ASSIGNMENT; SUCCESSORS AND ASSIGNS:** Neither party shall assign any right except for the right to receive payment or delegate any obligation under this Agreement without the prior written consent of the other party which consent shall not be unreasonably withheld or denied. This Agreement shall be binding upon and inure to the benefit of parties hereto and their respective successors and assigns.

16. **RESTRICTED RIGHTS LEGEND:** If an Order contains a notation that products or services are intended for use under a federal government contract, such products or services shall be subject to the following that the BIO-key software (including documentation) is provided with Restricted Rights under DFARS 252.227-7013(c) (1)(ii) and related sections, if supplied to DoD Government agencies, or under FARS 52.227-19 and under FARS 52.227-14 if supplied to civilian Government agencies. Use, duplication or disclosure by the Government is subject to restrictions as set forth in the Regulations referenced herein. The Contractor/Manufacturer is BIO-key International, Inc., 300 Nickerson Road, Marlborough, MA 01752.

17. **EXPORT:** Customer will not knowingly transfer to parties that will subsequently re-export Products to embargoed countries or allow export, directly or indirectly, of any product acquired under this Agreement without first obtaining an export license from the US Department of Commerce or any other agency or department of the United States Government, as required.

18. **FORCE MAJEURE:** Neither party shall be liable to the other party for any alleged loss or damages resulting from delays in performance (including for BIO-key, loss or damages resulting from delivery of the Products being delayed) caused by any act of God, fire, casualty, flood, war, failure of public utilities, injunction or any act, exercise, assertion or requirement of governmental authority, earthquake, labor strike, riot, accident, shortage, delay in transportation or any other cause beyond the reasonable control of the party invoking this provision, and if such party shall have used its best efforts to avoid such occurrence and minimize its duration and has given prompt written notice to the other party, then the affected party's performance shall be excused and the time for performance shall be extended for the period of delay or inability to perform due to such occurrence.

19. **NOTICE STATEMENT:** All notices and demands of any kind which either party may be required or desire to serve upon the other under the terms of this Agreement shall be in writing and shall be served by personal service or by registered mail, postage prepaid, at the addresses set forth at the beginning of this Agreement except that any notice to BIO-key shall also be sent to Legal Department at the address set forth at the beginning of this Agreement.

20. **ENFORCEABILITY:** If any provision of these terms shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

21. **VENUE; CHOICE OF LAW:** Each party to this Agreement hereby agrees and acknowledges that venue and jurisdiction of any suit, right, or cause of action arising out of or in connection with this Agreement shall lie exclusively in either Williamson County, Texas or in the Austin Division of the Western Federal District of Texas, and the parties hereto expressly consent and submit to such jurisdiction.



Furthermore, except to the extent that this Agreement is governed by the laws of the United States, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding, however, its choice of law rules.

22. MISCELLANEOUS:

No Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the parties hereto, and nothing in this Agreement, express or implied, is intended to confer or shall be construed as conferring upon any other person or entity any rights, remedies or any other type or types of benefits.

Compliance with Laws. Each party to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any matter affecting the performance of this Agreement, including, without limitation, Worker's Compensation laws, salary and wage statutes and regulations, licensing laws and regulations. When required, BIO-key shall furnish the Customer with certification of compliance with said laws, statutes, ordinances, rules, regulations, orders, and decrees above specified.

Relationship of the Parties. Each party to this Agreement, in the performance of this Agreement, shall act in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever.

No Waiver of Immunities. Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to Customer, its past or present officers, employees, or agents, nor to create any legal rights or claim on behalf of any third party. Customer does not waive, modify, or alter to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas and of the United States.

Customer's Right to Audit. BIO-key agrees that Customer or its duly authorized representatives shall, until the expiration of three (3) years after final payment under this Agreement, have access to and the right to examine and photocopy any and all books, documents, papers and records of BIO-key which are directly pertinent to the services to be performed under this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions. BIO-key agrees that Customer shall have access during normal working hours to all necessary BIO-key facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. Customer shall give BIO-key reasonable advance notice of intended audits.

23. **ENTIRE AGREEMENT:** This Agreement, together with any attached Exhibits, Schedules or Amendments, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all written or oral agreements heretofore existing between the parties hereto are expressly canceled and/or superceded. This Agreement shall prevail notwithstanding any variance with terms and conditions of any purchase order. Any modifications of this Agreement must be in writing and signed by a duly authorized officer of both parties hereto.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE ON THE NEXT PAGE]



IN WITNESS WHEREOF, the parties have caused this Standard Sales Agreement to be executed by their duly authorized representatives on the date(s) shown below.

BIO-KEY INTERNATIONAL, INC.

By: Francis J. Cusick

Name: Francis J. Cusick

Title: Vice President & CFO

Date: 9/10/08

WILLIAMSON COUNTY

By: [Signature]

Name: Dan A. Gattis

Title: Williamson County Judge

Date: 9/16/08



ATTACHMENT 1

Pricing Schedule

The total pricing for the products subject of this Agreement and the first twenty four (24) months of support and maintenance fees is \$135,613.91, as outlined on Official Quote # 39665.73 dated 08/15/2008 attached hereto and made a part hereof.



ATTACHMENT 2

Support and Maintenance Agreement

This Support and Maintenance Agreement ("Agreement") is made by and between BIO-key International, Inc. ("BIO-key") and the customer identified at the end of this Agreement ("Customer") and is dated as of the effective date, as defined herein.

Recitals.

A. Customer has licensed and/or purchased the Product(s) (as defined below) from BIO-key under separate agreement (the "Purchase Agreement") and desires to obtain support and maintenance services for such Products.

B. BIO-key desires to provide such support and maintenance services for such Product(s) upon the terms and conditions set forth in this agreement.

Therefore, for good and valuable consideration BIO-key and Customer agree as follows:

Section 1. Definitions.

1.1 "Error" means any failure of a Product(s) to conform in any material respects to its published and/or provided documentation.

1.2 "Product(s)" means the BIO-key Product(s) listed on Exhibit A. The Product(s) includes any and all Enhancement Releases, Maintenance Releases or Patches delivered to Customer under this Agreement or the Purchase Agreement. Items not supplied by BIO-key do not qualify as Products hereunder.

1.3 "Enhancement Release" means a new release of a Product with new features and/or functionality or improved performance for which a separate new version upgrade fee is not charged.

1.5 "Maintenance Release" means a new release of a Product that incorporates Patches and/or other maintenance changes.

1.6 "Patch" means an interim piece of code released to supplement a Product that typically fixes High Priority Errors between Maintenance Releases.

1.7 "Workaround" typically means a set of procedures that a Customer follows to circumvent or mitigate the impact of an Error. The Error still exists. A Workaround may be provided at BIO-key's discretion in lieu of a Patch for a specific Error.

1.8 Other Defined Terms. Except as expressly defined in this Agreement, capitalized terms shall have the meaning ascribed to them in the Purchase Agreement.

Section 2. Scope of Support And Maintenance Services.

2.1 Services Provided. During the term of this Agreement, for so long as Customer subscribes to the applicable BIO-key Product maintenance program and timely pays therefore, and for so long as BIO-key makes support and maintenance services for the Product(s) generally available to its customers, BIO-key shall support the Product(s) by providing the services described in the following paragraphs of this Section 2. Support and maintenance services are subject to change at BIO-key's option provided that support and maintenance terms are so modified for all similarly situated Product maintenance subscribers. BIO-key has no obligation to correct or support Errors arising from Customer's misuse, improper use, alteration (other than by a BIO-key representative), or damage to the Product(s) including, without limitation, by electrical power failures or surges, or Customer's combining or merging the Product(s) with any hardware or software not identified as compatible by BIO-key, or any other Errors not resulting from normal wear and tear.

2.2 Technical Support. BIO-key will provide telephone technical support regarding use of the Product(s) and response to Errors to BIO-key International, Inc.

Purchase Agmt for Std Prod & Svcs with Support Svcs v5.0 (2006-04-16)

Customer's Support Contacts designated under Section 2.7.2. BIO-key technical support representatives will be available by telephone Monday through Friday from 8:00 a.m. to 6:00 p.m. ET. During off-hours, in connection with High Priority situations as described in Section 2.3 below, a BIO-key technical support representative will endeavor to return Customer's call within four (4) hours.

2.3 Response Priorities. BIO-key will assign all Customer requests for Error support one of two response priorities that will dictate the timing of the response as follows:

High Priority. A major feature/function of the Product(s) is not working or the system integrity is at risk. BIO-key will attempt to provide a Workaround or Patch within one (1) business day of Customer's report of the problem. If the Workaround or Patch cannot be provided within the one (1) business day, BIO-key will dedicate resources to the problem resolution and will inform Customer on a periodic basis of the resolution status.

Low Priority. The Customer has a problem that is not seriously impacting the Customer's workflow, i.e., any problem that does not meet the above standard for "High Priority". BIO-key will assess, in good faith, the timing for the provision of a Workaround or Patch for such problem, whether in a future Maintenance Release, Enhancement Release or earlier. When such determination is made, BIO-key will notify Customer of the results of the status evaluation, which could include delaying repair of the error until a future planned release.

2.4 Subsequent Release(s). During the term of this Agreement, BIO-key will send Enhancement Releases and Maintenance Releases to Customer when made generally commercially available by BIO-key to its customers. Each Enhancement Release, Maintenance Release and Patch delivered by BIO-key under this Agreement is subject to the provisions of the Purchase Agreement and shall be automatically deemed to be covered by all applicable Product license terms.

2.5 Preventative Maintenance. BIO-key may, at its sole option, schedule technical service telephone calls or visits for the purpose of Product inspection or preventative maintenance.

2.6 Customer Notification. BIO-key's obligations to provide the assistance specified in this Section 2 are conditioned on Customer's prompt notification to BIO-key of the problem that provides BIO-key with information sufficient to identify the problem. Such information may include, but not be limited to, error diagnostic messages, diagnostic memory dumps, operator console logs, data file dumps, application program listings, and a written explanation of the problem.

2.7 Customer Cooperation and Support Contacts.

2.7.1 Customer Cooperation. Customer acknowledges that BIO-key may not be able to resolve an Error if Customer does not cooperate with and assist BIO-key in resolving the Error.

2.7.2 Support Contacts. BIO-key shall only be required to receive communication from a Customer designated Support contact. Customer will designate three (3) authorized Support Contacts and agrees that each Support Contact will be knowledgeable in all aspects of the Customer's operating environment in which the Product(s) are being used. Customer will provide all requested information about each of its Support Contacts by completing an Authorized Support Contacts form, but may change designation of the contacts in writing.



Section 3. Support And Maintenance Fees.

3.1 Required Coverage. All Product(s) to be covered by this Agreement on the effective date of this Agreement must be the then current Product(s) furnished by BIO-key. Thereafter, Customer must remain within at least one new Release of the Product.

3.2 Annual Support and Maintenance Fee. Customer shall pay an annual support and maintenance Fee at BIO-key's rate in effect at the beginning of this Agreement. The annual support and maintenance Fee in effect as of the effective date of this Agreement is set forth in Exhibit A hereto. Except as otherwise set forth herein or any attachment or exhibit hereof, payment shall be due within thirty (30) days of receipt of invoice by Customer. If Customer fails to pay such invoice within thirty (30) days, or the support and maintenance agreement lapses for any other reason, a reinstatement fee may be charged in addition to the annual support and maintenance fee. If this Agreement terminates or Customer discontinues maintenance for any reason, and then subsequently desires (with BIO-key's permission) to purchase or reactivate maintenance in the future, such repurchase or reactivation will be at the prevailing charges at the time of repurchase or reactivation. However, in the event that the Product has been updated or replaced by BIO-key in the interim period, BIO-key will have to install the new/updated Product for which the Customer could incur an installation charge and a license charge.

3.3 Additional Support and Maintenance Fees. If after the effective date of this Agreement, Customer either purchases additional Products or Product licenses from BIO-key, Customer shall pay the applicable additional support and maintenance fee, pro-rated in order to reflect how much is then remaining in the current one year term.

Section 4. Disclaimer Of Warranties. THIS IS A SERVICES AGREEMENT. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR IMPLIED WARRANTY ARISING OUT OF COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

Section 5. Term and Termination.

5.1 Term. The effective date of this Agreement shall be the date it is executed by Customer which must occur no later than the date of expiration of the applicable warranty period, if any, for the Product(s). If Customer does not execute the Agreement before such date, BIO-key shall have the right to inspect the Product(s) at Customer's expense to insure it is in good operating order, or impose other reasonable conditions, before re-offering this Agreement. The term of this Agreement shall be one year. No Agreement will become effective until countersigned by BIO-key.

5.2 Renewal. This Agreement shall automatically renew for successive one-year terms commencing on the anniversary date of the effective date, unless either party provides the other with thirty (30) days prior written notice of its decision to not renew this Agreement. All annual support and maintenance fees are subject to change at BIO-key's option.

5.3 Termination. This Agreement will terminate: 1) upon the expiration of the then current term of this Agreement and timely receipt by one party of the other's decision to not renew this Agreement; 2) at BIO-key's election, upon failure of Customer to pay support and maintenance fees when due; 3) upon thirty (30) days prior written notice if either party has materially breached the provisions of this Agreement and has not cured such breach within such notice period; or (4) upon thirty (30) day's written notice if Customer does not receive appropriations or other expenditure authority sufficient to allow the Customer, in the exercise of reasonable administrative discretion, to continue to make payments under this Agreement. Except for Customer's lack of appropriation or other expenditure authority, termination of this Agreement for any reason shall not relieve either party from any remaining obligations under this Agreement, including but not limited to, the payment of any amounts due as of the date of Termination, nor shall it affect any additional remedies that either party may have at law or in equity. If Customer has materially breached the provisions of this Agreement and has not cured such breach within the above stated notice period, BIO-key may, in addition to terminating this Agreement and at its option, declare the entire amount of the unpaid balance due under this Agreement, if any, to be immediately due and payable.

Section 6. Miscellaneous.

6.1 Miscellaneous Provisions. Dispute resolution and other provisions are contained in Schedule 1 to this Agreement.

6.2 Schedules And Exhibits. Each of the exhibits and schedules listed below shall be incorporated into and shall for all purposes be deemed a part of this Agreement:

Exhibit A - Support and Maintenance Fee Schedule
Schedule 1 - Dispute Resolution and Other Provisions

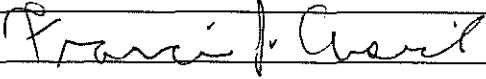
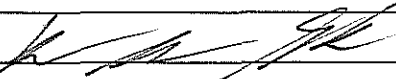
Section 7. Entire Agreement; Amendments. This Agreement, along with its Exhibits and Schedules, constitutes and embodies the entire Agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous written, electronic or oral communications, agreements or understandings between the parties with respect thereto. This Agreement may not be modified or amended except by a written instrument executed by the parties.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE ON THE NEXT PAGE]



IN WITNESS WHEREOF, the parties hereto each acting with proper authority have executed this Agreement as indicated below.

BIO-KEY INTERNATIONAL, INC.	CUSTOMER: WILLIAMSON COUNTY, c/o: WILLIAMSON COUNTY SHERIFF'S OFFICE
300 Nickerson Road	508 South Rock Street
Marlborough, MA 01752	Georgetown, TX 78626

By: 	By: 
Name: (Print) Francis J. Cusick	Name: (Print) Dan A. Gattis
Title: Vice President & CFO	Title: Williamson County Judge
Date: 9/10/08	Date: 9/16/08



Support and Maintenance Agreement

EXHIBIT A SUPPORT AND MAINTENANCE FEE SCHEDULE

The Support and Maintenance Fees for the first twenty four (24) months shall be as outlined on Official Quote #39665.73 dated 08/15/2008 attached hereto and made a part hereof. At the end of the first twenty four (24) months, the total annual Support and Maintenance Fee will be \$17,336.70 for year three (3). Future years of Support and Maintenance Fees will be billed on an annual basis at the then current rate established by BIO-key.

Customer shall pay the Support and Maintenance Fees for the first twenty four (24) months in accordance with the terms of the Rent-to-Own Purchase Agreement for Standard Products and Services. Following the first twenty four (24) months, Customer shall pay the annual Support and Maintenance Fees to BIO-key in twelve (12) equal monthly installments with each monthly installment payment being due within thirty (30) days of receipt of invoice by Customer.

Except for the first three (3) years, Support and Maintenance Fees are subject to change annually.

The above fees do not include any applicable taxes levied or imposed now or hereafter by any governmental authority on the services to be provided hereunder or any component thereof (such as the Releases), which taxes shall be paid by Customer.



Support and Maintenance Agreement

SCHEDULE 1 DISPUTE RESOLUTION AND OTHER PROVISIONS

1. Dispute Resolution.

1.1 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of Texas, without regard to conflicts of laws principles.

1.2 Mediation. In the event of any controversy or claim arising out of or relating to this Agreement or the breach or interpretation thereof, the parties shall, upon five days notice from either one to the other, submit themselves and the subject-matter of the dispute to mediation before an independent mediator to be appointed by the American Arbitration Association. Costs of mediation shall be borne equally between the parties.

1.3 Conduct. Each party shall ensure that any mediation is conducted as speedily as is reasonably possible, and that all and any information disclosed during or in connection with the mediation is treated by each party with the strictest confidence.

1.4 Interim and Permanent Relief. Upon the application of either party to this Agreement, and whether or not a mediation provision has yet been initiated, all courts having jurisdiction over one or more of the parties are authorized to: (i) issue and enforce in any lawful manner such temporary restraining orders, preliminary injunctions and other interim measures of relief as may be necessary to prevent harm to a party's interests or as otherwise may be appropriate pending the conclusion of mediation proceedings pursuant to this Agreement; and (ii) enter and enforce in any lawful manner such judgments for permanent equitable relief as may be necessary to prevent harm to a party's interests or as otherwise may be appropriate.

1.5 Venue. Any mediation conducted under or in connection with this Agreement shall take place in Williamson County, Texas at a time and location to be determined by the mediator.

1.6 Legal Expenses. If any proceeding is brought by either party to enforce or interpret any term or provision of this Agreement, the substantially prevailing party in such proceeding shall be entitled to recover, in addition to all other relief arising out of this Agreement, such party's reasonable attorneys' and other experts' (including without limitation accountants) fees and expenses.

2. Excused Performance; Force Majeure. If the performance of this Agreement is adversely restricted by reason of any circumstances beyond the reasonable control and without the fault or negligence of the party affected, then the party affected, upon giving prompt written notice to the other party, shall be excused from such performance on a day-to-day basis to the extent of such restriction; provided, however, that the party so affected shall use all commercially reasonable efforts to avoid or remove such causes of non-performance and both parties shall proceed whenever such causes are removed or cease.

3. Exclusion of Certain Claims. IN NO EVENT SHALL EITHER PARTY BE LIABLE (WHETHER IN TORT OR CONTRACT, UNDER STATUTE OR OTHERWISE) FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF PROFITS, BUSINESS INTERRUPTION, LOSS OF INFORMATION AND THE LIKE, ARISING OUT OF ITS PERFORMANCE OR NONPERFORMANCE OF THIS AGREEMENT OR THE USE, INABILITY TO USE OR RESULTS OF USE OF THE PRODUCTS, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

4. Equitable Relief. Each of Customer and BIO-key acknowledges that damages will be an inadequate remedy if the other violates the terms of this Agreement, or otherwise fails to perform its obligations hereunder. Accordingly, subject to Section 1 of this Schedule, each of them shall have the right, in addition to any other

rights each of them may have, to obtain in any court of competent jurisdiction, temporary, preliminary and permanent injunctive relief to restrain any breach, threatened breach, or otherwise to specifically enforce any of the obligations in this Agreement.

5. Waiver. No waiver of or with respect to any provision of this Agreement, nor consent by a party to the breach of or departure from any provision of this Agreement, shall in any event be binding on or effective against such party unless it be in writing and signed by such party, and then such waiver shall be effective only in the specific instance and for the purpose for which given.

6. Captions and Headings. The captions and headings are inserted in this Agreement for convenience only, and shall not be deemed to limit or describe the scope or intent of any provision of this Agreement.

7. Severability; Invalidity. If any provision of this Agreement is held to be invalid, such invalidity shall not render invalid the remainder of this Agreement or the remainder of which such invalid provision is a part. If any provision of this Agreement is so broad as to be held unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

8. Assignment. Customer shall not assign any of its rights under this Agreement without the prior written consent of BIO-key. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

9. Notices. Any notice or other communication under this Agreement given by either party to the other party shall be deemed to be properly given if given in writing and delivered (i) by facsimile transmission (receipt confirmed) or (ii) mailed (return receipt requested), properly addressed and stamped with the required postage, or (iii) sent by an overnight express courier, to the recipient at the address identified in its signature block to this Agreement or, if no such address is provided, as specified in writing by one party to the other. Either party may from time to time change its address by giving the other party notice of the change in accordance with this Section.

10. No Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the parties hereto, and nothing in this Agreement, express or implied, is intended to confer or shall be construed as conferring upon any other person or entity any rights, remedies or any other type or types of benefits.

11. Compliance with Laws. Each party to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any matter affecting the performance of this Agreement, including, without limitation, Worker's Compensation laws, salary and wage statutes and regulations, licensing laws and regulations. When required, BIO-key shall furnish the Customer with certification of compliance with said laws, statutes, ordinances, rules, regulations, orders, and decrees above specified.

12. Relationship of the Parties. Each party to this Agreement, in the performance of this Agreement, shall act in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever.

13. No Waiver of Immunities. Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to Customer, its past or present officers, employees, or agents,



nor to create any legal rights or claim on behalf of any third party. Customer does not waive, modify, or alter to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas and of the United States.

14. Customer's Right to Audit. BIO-key agrees that Customer or its duly authorized representatives shall, until the expiration of three (3) years after final payment under this Agreement, have access to and the right to examine and photocopy any and all books, documents, papers and records of BIO-key which are directly pertinent to the services to be performed under this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions. BIO-key agrees that Customer shall have access during normal working hours to all necessary BIO-key facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. Customer shall give BIO-key reasonable advance notice of intended audits.