

SALES AGREEMENT TERMS AND CONDITIONS

Issue: April 2008

ELTEC INSTRUMENTS, INC.

1. Acceptance

This sales agreement constitutes the seller's offer to the buyer. The terms and conditions of this offer must be accepted by the buyer. Upon the failure of the buyer to acknowledge this sales agreement in writing and agree to its terms, the commencement of performance required by this offer shall be conclusive evidence of the buyer's approval of, and consent to, the terms and conditions of sale contained herein.

2. Prices

2.1 Quotations

The prices stated in this agreement, if any are stated, are only binding upon Eltec for shipments to be made within 60 days of the date of this agreement. For shipments occurring thereafter, or if no price is stated in this agreement, Eltec's standard price list in effect on the date of shipment shall apply.

2.2 Orders

Prices are firm and fixed, and apply to minimum quantities ordered for scheduled release over a maximum period of 12 months. If, at the end of the specified 12 month period, actual quantities received by the purchaser are less than the minimum quantities stated in this agreement, the per unit price will be accordingly adjusted to reflect to the price that would have originally applied for that quantity level per the price list (effective at the time of placement of the order). Small orders under US-\$500.00 total value are only accepted after receipt of payment in advance.

3. Entire Agreement

The only terms and conditions are those stated in this agreement, which is the entire agreement between the parties. This agreement supersedes all prior negotiations, correspondence or statements by the parties. All details and figures contained in Eltec's general sales literature (pamphlets, brochures, data sheets, etc.) such as technical data, weights, and other similar information are not binding. Eltec reserves the right to alter any such information until the date of this contract. Eltec will not be bound by any conflicting promises, representations or inducements made by any Eltec agent or employee which may be in conflict with the terms and conditions of this agreement. Any different, conflicting or additional terms which may be contained in or referred to in any purchase order submitted by buyer shall not be applicable to this contract.

4. Contract changes or cancellation

The terms and conditions of this agreement may not be modified or altered except by a written document signed by both parties. It cannot be modified or cancelled, except with Eltec's written consent and upon terms which will indemnify Eltec against any losses it may incur, including but not limited to Eltec's expenditures for completed parts on hand, work in progress, purchased equipment and materials and labor. In the event the purchaser cancels their purchase order or fails to accept the minimum quantity stated in this agreement within the specified 12 month period, the per unit price will be accordingly adjusted to reflect the price applicable to the quantities actually received per the price list.

5. Taxes

All Eltec prices are exclusive of any duties and sales or use taxes. Any and all such taxes which are required to be paid by Eltec will be added to the invoice and purchaser agrees to pay all such taxes.

6. Shipping dates

The shipping dates shown on the front of this agreement are dates which Eltec believes, but does not guarantee, can be met. A prerequisite for meeting delivery dates is the timely arrival of those materials necessary to the completion of the delivery from sub-contractors and suppliers. Strikes, lock-outs, transportation delays, obstructions and other unforeseen causes or acts of God may also delay shipping dates. Failure to meet shipping dates or shipping deadlines does not entitle purchaser to cancel the order or claim a breach of this agreement, provided Eltec proceeds in good faith to meet the shipping dates, or, if shipping dates cannot be met, to ship as soon as reasonably possible thereafter.

7. Packing and carriers for shipment

Unless otherwise agreed to in writing, all shipments are F.O.B. Daytona Beach, Florida on U.P.S. or U.S. Postal System, or such other carrier as may be agreed to between the parties. Any specified packaging or shipping instructions requested by purchaser may involve additional charges to the purchaser, which the purchaser agrees to pay.

8. Risk of loss in shipping

Purchaser assumes all risk of loss in shipping and all liability for loss or damages, whether direct, indirect, consequential or otherwise, due to delays once the goods ordered have been delivered to the carrier. Purchaser agrees to purchase any and all insurance it deems necessary to indemnify it against any loss in shipping. In the event Eltec is requested to purchase insurance for risk of loss in shipping, purchaser agrees to reimburse Eltec for any such insurance costs immediately upon receiving any invoice therefor from Eltec.

9. Inspection and acceptance of goods

Purchaser agrees to inspect the goods within 14 days of receipt and to promptly report any damage to the goods to the carrier responsible for delivery. Purchaser further agrees to inspect the goods within 30 days of receipt to determine whether any defects exist which would justify purchaser not accepting the goods. For any claims for defective goods (where the defect can be reasonably be determined by inspection) purchaser must give Eltec notice of the defect in writing within 30 days completely describing the nature of the defect. Otherwise, purchaser will be deemed to have waived any objections based upon such defects and will be deemed to have accepted the goods. Eltec shall have the right to settle claims as it deems proper, either by replacement of parts, repair or credit.

10. Warranty information and warranty disclaimers

10.1 Warranty

Eltec warrants that the products sold pursuant to this agreement shall be free of defects in materials or workmanship for a period of 12 months from the date of delivery.

10.2 Limitation of Liability

Eltec's obligation and liability under this warranty shall be limited to replacement or repair of the defective product, or if that is not possible, to return the purchase price. For repair, purchaser must pay all cost of shipping the defective part to Eltec's offices at Daytona Beach, Florida, or such other place designated by Eltec, and purchaser must pay all cost of return shipping. For replacement, Eltec shall have satisfied its obligation to replace the defective part when it ships the replacement part or parts F.O.B. Daytona Beach, Florida, or any other shipping point. Eltec shall have no obligation to send a replacement part until receiving the defective part from purchaser at Eltec's offices at Daytona Beach, Florida. *In no event shall Eltec be liable for lost profits, consequential damages, losses or expenses, whether direct or indirect, incurred by purchaser as a result of any defect in this product sold pursuant to this agreement, regardless of whether purchaser's claim is in warranty, breach of contract, tort or otherwise. This warranty is void after goods have entered the purchaser's production cycle.*

10.3 Misuse of products

Eltec's warranty does not extend to any item or part thereof which has been subject to misuse, neglect, or accident. Nor does it extend to any item or part thereof which has been repaired or altered by any person other than Eltec or persons approved by Eltec.

10.4 Warranty disclaimers

The warranty provided by this paragraph No. 10 is expressly made in lieu of any and all other warranties, expressed or implied, including implied warranties of merchantability and fitness for a particular purpose which warranties are hereby specifically disclaimed.

10.5 Limitation on warranty of parts supplied by other manufacturers

For optical filters and other components that are incorporated into products designed by Eltec to customer specifications, only the warranty of the component part manufacturer applies. *If component parts are delivered to Eltec for incorporation into products, a minimum of 20% additional component parts must be sent to account for possible losses. Eltec shall be liable as to component parts only for those parts damaged as a result of the negligence or misuse by Eltec. Eltec specifically disclaims any and all warranties as to soft and water soluble materials, whether such warranties are expressed or implied, including any implied warranties of merchantability*

or fitness for a particular purpose. All duties, taxes, fees, etc. arising from importing parts supplied by buyer will be charged to buyer at Eltec's cost.

11. Confidential Information

Any technical data and illustrations not contained in Eltec's normal sales literature, including price information, shall not be disclosed to any third party. Purchaser acknowledges that such technical data, illustrations and pricing information constitute trade secrets the disclosure of which may cause substantial damage to Eltec. Any breach of confidentiality by purchaser shall render purchaser liable for all damages incurred by Eltec as a result thereof.

12. Patent Infringement

Eltec's liability to purchaser for infringement of a valid patent, for items designated and sold by Eltec to purchaser under this agreement is limited to a reasonable royalty based upon the price of the item sold only and shall not extend to any article or manufacture incorporating Eltec's devices as a component part nor to any use of the items by purchaser. If any infringement litigation is threatened or instituted against purchaser by virtue of purchaser's sale or use of any items sold by Eltec, purchaser shall immediately notify Eltec who shall have the option of replying to or defending threatened litigation to the extent of Eltec's liability.

13. Default

The occurrence of any of the following events shall constitute an event of default under this agreement.

- Non-payment by purchaser of any payment when due.
- The failure of either party to perform any other term or condition of this agreement which is not cured within a reasonable time after written notice to the other party as provided below.
- Either party ceases doing business as a going concern, is insolvent, makes an assignment for benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition seeking any reorganization, arrangement or composition, under any present or future laws or regulations, or is adjudged a bankrupt.

14. Eltec's remedies

If purchaser defaults under this agreement, Eltec may, at its option, exercise any or all of the following remedies, in addition to or in lieu of any other remedies provided by law.

- Declare all monies owed at that time under this agreement immediately due and payable.
- Cease performance under this agreement, including but not limited to the shipment of any additional goods which Eltec is otherwise obligated to ship under this agreement.
- Cease the design or manufacture of any goods which Eltec is to manufacture or design under this agreement.
- Without demand or legal process, enter into the premises where any goods sold by Eltec to purchaser (for which the purchase price has not been paid) may be found and take possession of and remove the goods without liability therefor. Upon Eltec's regaining possession of all purchaser's rights in such goods shall terminate absolutely.
- For any payment due under this agreement which is not paid when due, interest shall accrue from the due date at the rate of 1.50 percent per month, or the maximum amount permitted by law, whichever is less.

Eltec's failure to take immediate action of default provisions is not a waiver of these provisions.

15. Costs of attorney's fees

In the event purchaser defaults under this agreement and Eltec seeks any remedies described in this agreement or any remedies provided by law, Eltec shall be entitled to recover all of its costs and reasonable attorney's fees, whether or not any legal action or proceeding is brought by Eltec.

16. Indemnification

Purchaser agrees to indemnify Eltec against and hold Eltec harmless from, any and all liability and from any and all claims, actions or causes of action, including all costs of attorney's fees arising out of, connected with, or resulting from the maintenance, operation or use of the goods sold pursuant to this agreement unless such liability claims, actions or causes of action are a result of the negligence of Eltec or its representatives.

17. Ongoing applicability of these terms and conditions

The parties agree that for any and all subsequent purchases from Eltec not specifically described in this agreement the terms and conditions described in this agreement shall apply unless the parties sign a separate sales agreement at that time in which event the terms and conditions of that agreement shall apply.

18. Applicable law

This agreement shall be deemed to be entered into in the State of Florida, and the laws of Florida shall govern the validity, interpretation and enforcement of this agreement.

19. Severability of terms and conditions

Eltec and purchaser intend this agreement to be a valid and binding legal instrument and agree that any provision of this agreement which may be judicially determined to be unenforceable shall in no way invalidate any other provisions of this agreement which shall all remain in full force and effect.