

TERMS AND CONDITIONS OF SALE

The following Terms of Sale shall be the only terms of sale applicable to the agreement between Velicon Limited and Purchaser (the "Sales Contract") resulting from Velicon (the Company) acceptance of Purchaser's order, and shall apply to the order regardless of anything which may appear on Purchaser's purchase order. Purchaser's assent to the Terms and Conditions of Sale set forth below shall be conclusively presumed from Purchaser's failure seasonably to object in writing and from Purchaser's acceptance of all or any part of the products ordered. This sales contract contains the total agreement of the parties; all proposals, negotiations, representations, recommendations, statements, or agreements made or entered into prior or contemporaneously with this sales contract, whether oral or in writing are excluded.

1. Terms: Standard terms are 50% due upon receipt of order and balance due prior to shipment, unless otherwise stated on invoice or sales quotation; terms for export sales shall be set forth on proforma invoice, formal offer or formal acknowledgement. No order shall be placed into production until Velicon has received any applicable deposits. All products are sold F.O.B. Milwaukee, WI, USA unless otherwise stated. Prices are stated in United States Dollars and payment shall be in United States currency. Unless otherwise stated, offers are subject to acceptance by Velicon within thirty days from date specified therein, and, in the interim, are subject to changes in price or other particulars upon notice. This sales contract is subject to final acceptance by the Company at its home office at Milwaukee, WI, USA.

2. Sales and Similar Taxes: Sales, use, occupational, excise, export / import or other similar taxes are not included in the prices offered and if, in connection with this transaction, the Company is subjected to any such tax by any taxing authority whatsoever, the same will be added to the purchase price to be paid by the Purchaser. In the event Velicon does not collect sales, use, occupational, excise, export / import or other similar taxes the Purchaser will be responsible to make prompt payment to the proper party and/or taxing authority. In no case shall Velicon be held liable for payment of any form of tax either at time of invoice or any point thereafter point of sale. In the event that the Purchaser feels exempt from any such taxes, a Tax Exempt Certificate is required at time of purchase. However, if any taxing authority determines either at point of sale or thereafter the Purchaser's exemption is invalid, purchaser will be liable for any monies due. Additionally, Purchaser shall indemnify Velicon for any costs incurred in collection of taxes at point of sale or thereafter.

3. Deliveries: The Company shall not be liable for any failure to perform its obligations hereunder resulting directly or indirectly from or contributed to by any acts of God, acts of Purchaser, acts of civil or military authority, priorities, fire, strikes or other labor disputes, accidents, floods, epidemics, war, riot, delays in transportation, lack of or inability to obtain raw materials, components, labor, fuel or supplies or other circumstances beyond the Company's reasonable control, similar or dissimilar to the foregoing.

4. Estimated Shipping Weights: The Company will not be responsible for the accuracy of shipping weights submitted in Offers, as these weights are estimated weights, for use in computing probable freight charges. For foreign shipments, the estimated shipping should be increased by 20%.

5. Warranty: Limit of Liability: Velicon warrants that the product(s) that is subject of this sale is free from defects in material. The duration of this warranty is one year from the date of shipment on all Velicon-related components. Components not manufactured by Velicon will carry the original manufacturer's warranty, typically 90 days for all electronic-related components. All warranty claims must be processed through Velicon. If a problem arises within the applicable warranty period, it is the responsibility of the Purchaser to (a) promptly notify Velicon in writing, (b) obtain a RMA number from Velicon, (c) return to Velicon Limited the component(s) that are claimed to be defective (transportation expenses must be prepaid by the Purchaser). The RMA number must be clearly marked on the outside of package(s). Within a reasonable time after such notification, Velicon Limited will correct any defect(s) in component(s). If Velicon Limited is unable to repair the component after a reasonable number of attempts, or if Velicon Limited determines at any time that the repair is impracticable, Velicon Limited will provide a replacement with like or similar component(s). The Purchaser is responsible for all transportation expenses to and from Velicon Limited and for all labor expenses associated with the removal and replacement of the component(s) as well as for labor involved to repair component(s). Velicon Limited will bear the expense of parts only. These remedies are the Purchaser's sole remedies for breach of warranty. The expiration of the warranty period, use of the product for purposes other than those for which it is designed, other abuse or misuse, unauthorized attachments, modifications, or disassembly, or mishandling of the product during shipping shall end all liability of Velicon Limited. In no case shall Velicon be liable for any special, incidental, or consequential damages based upon breach of warranty, breach of contract, negligence, strict tort, or any other legal theory. Such damages include but are not limited to: loss of profits, loss of savings or revenue, loss of use of the product or any associated equipment, cost of capital, cost of any substitute equipment, facilities or services, downtime, the claims of third parties including customers, and injury to property. Unless modified in writing and signed by officers of both parties, this agreement is understood to be the complete and exclusive agreement between the parties, superseding all prior agreements, oral or written and all other communications between the parties relating to the subject matter of the agreement.

6. Changes: In the event the Purchaser finds it necessary to make changes in the product ordered under this sales contract, he may do so only in writing. If such changes cause an increase or decrease in the cost of producing the product sold hereunder, or in the time required for completion of the order, the Company shall determine an equitable adjustment in the price and/or delivery schedule and this sales contract shall be modified accordingly.

7. Substitution Disclaimer for Quoted Equipment: Due to the custom nature of the Quoted Equipment, availability of supplied equipment and Velicon Limited striving for product improvement, Velicon Limited reserves the right to make hardware, systems, sub-systems and component substitutions, inclusive of their associated attributes and specifications, depending on usefulness, availability and performance at the time of design and manufacturing of the Quoted Equipment. The item(s) being substituted along with their associated attributes may change due to the substitution, it is the intent of Velicon Limited that these substitutions be with like or similar system, sub-systems and/or components having similar or better functionality and performance as pertaining to Velicon's understanding of the critical aspects of the Quoted Equipment. In some instances one substitution may replace multiple components, sub-systems and/or systems listed in the Quoted Equipment.

8. Termination/Cancellation:

The Purchaser shall pay Velicon Limited a fee equal to 25% of the total purchase price as stated on the invoice, or sales quotation. Additionally, Purchaser shall indemnify Velicon for any costs incurred in collection of any monies due to the Company as stated above.

In the event, Purchaser, due to change in design or other good and sufficient cause, desires to effect cancellation of the product to be manufactured and delivered hereunder, notice shall be given in writing to the Company. The Company shall thereupon cease work and deliver to the Purchaser all completed and partially completed products and work in progress. The Purchaser shall pay the Company for the following: (a) The price provided in the order for all products which have been completed prior to termination plus any adjustments for reduction in quantity, to be determined by Velicon Limited. (b) Actual expenditures made by the Company in connection with uncompleted portion of the order, including all reasonable cancellation charges paid by the Company for which it may be liable on account of commitments made in connection with the order. (c) Reasonable profits as estimated by the Company on the uncompleted portion of the order. Additionally, Purchaser shall indemnify Velicon for any costs incurred in collection of any monies due to the Company as stated above.

9. Deferred Deliveries: Deferral of deliveries is subject to the Company's approval. Should the Purchaser for good and sufficient cause desire that the Company hold up or defer deliveries of the product until some later date, same shall be acceptable on the following conditions only:

(a) Deferment period is not to exceed thirty days, at the end of which time, if no release is given, the Company reserves the right to render an invoice and to make shipment of the completed portion of the order to the destination specified in the Purchaser's order, or to warehouse the product at the Purchaser's expense. Also, the Company reserves the right to cancel the order and to make a cancellation charge in the same conditions and terms of payment as outlined above under Section 8.

(b) On the uncompleted portion of the order, if release is not given by the Purchaser at the expiration of thirty days, the Company reserves the right to cancel the order and to make a cancellation charge on the same conditions and terms of payment as outlined above under Section 8.

10. Patents: The Company certifies that to its knowledge the product to be manufactured and delivered hereunder does not infringe upon any Letters Patent granted to others by the United States of America. The company does not assume any responsibility or liability for any claim or infringement brought against the Purchaser, its successors, assigns, customers or users of Purchaser's products.

11. Payments: If, in the judgment of the Company, the financial condition of the Purchaser at any time does not justify continuance of production or shipment on the terms of payment specified, the Company may require full or partial payment in advance. Pro rata payments shall become due as shipments are made. If shipments are delayed by the Purchaser, payments shall become due from date when the Company is prepared to make shipment. If manufacture is delayed by the Purchaser, payment shall be made based on the contract price and the percentage of completion. Products held for the Purchaser shall be at the risk and expense of the Purchaser.

12. Federal and State Laws: The Company, to the best of its knowledge, is complying with the Fair Labor Standards Act, Public Contracts Act and all other applicable State and Federal Laws, and the orders and regulations issued thereunder. The Company hereby certifies that these products were produced in compliance with all applicable requirements of sections 6, 7 and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor, issued under section 14 thereof. This sales contract shall be governed by the Uniform Commercial Code as adopted in the State of Wisconsin, as effective and in force on the date hereof. Wherever a term defined by said Uniform Commercial Code is used herein the definition contained in the Uniform Commercial Code is to control. No action for breach of sale, this sales contract or any covenant or warranty arising therefrom, shall be brought more than six months after the cause of action has accrued. If disputes arise pertaining to the terms of sale of this agreement, the Purchaser agrees to pay Velicon Limited any and all costs, expenses and reasonable attorneys' fees paid or incurred by Velicon Limited in enforcing/defending the terms of sale. Furthermore, Purchaser agrees that all disputes shall be resolved in Milwaukee County Courts in the State of Wisconsin, regardless of principal place of business or where business has been / is being conducted.