

Vadar Associates, Incorporated

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Terms and Conditions

These terms and conditions ("The Contract") shall govern the sale of all products ("Vadar associates Products") and services relating thereto by Vadar Associates, Incorporated, to the buyer ("buyer").

1. Offer and Acceptance

Buyer's acceptance of this contract is limited to acceptance of the express terms of the offer contained herein. Any document supplied by buyer containing additional or different terms or conditions is considered a proposal to Vadar Associates, Incorporated, and is hereby objected to and rejected. If buyer uses its purchase order form in connection with the ordering of Vadar Associates, Incorporated products or services, such purchase order(s) will be governed by the terms of this contract and any provision of such purchase order which in any manner differs from or is in addition to the provisions of this contract shall be of no force effect.

2. Pricing

Vadar Associates, Incorporated's prices do not include transportation, insurance, duty, customs clearance fees, unless specified, nor do they include sales, use, excise, value added, personal property or any other taxes. In addition to the prices specified herein, the amount of any transportation charges or any present or future sales, use, excise, value added, personal property tax or other similar taxes applicable to the sale or use of the Vadar Associates, Incorporated Product sold there under shall be paid by Buyer, or in lieu of an applicable tax, Buyer shall provide Vadar Associates, Incorporated with a tax-exemption certificate acceptable to the applicable taxing authority, prior to shipment.

3. Credit Approval

All orders are contingent upon and subject to approval by the Vadar Associates, Incorporated Credit Department. Vadar Associates, Incorporated's Credit Department may at any time in its sole discretion require different payment terms. Vadar Associates, Incorporated's Credit Department may periodically request financial information from buyer in connection with reassessment of credit terms.

4. Packaging

4.1 Handling

Vadar Associates, Incorporated will provide commercial packaging sufficient under normal conditions, to protect the Vadar Associates, Incorporated products during shipment. Vadar Associates, Incorporated products will be packed for shipment in a manner selected by Vadar Associates, Incorporated in the absence of instructions. Any packaging costs that falls onto Vadar Associates, Incorporated due to shipment, shall fall burden onto Buyer.

4.2 Special Packaging

Buyer may request special packaging, however, such special packaging must be mutually agreed upon by the parties at least 60 days in advance of the scheduled shipment date and the cost of such special packaging shall be borne solely by Buyer.

5. Payment

Payment terms under this contract shall be as follows:

5.1 Vadar Associates, Incorporated Products

Unless otherwise stated, 90% of the contract price of each Vadar Associates, Incorporated is due within 30 running days after shipment and the remaining 10% of the contract price is due 15 running days of satisfactory completion of an acceptable testing of Vadar Associates, Incorporated product, if any, of the Vadar Associates, Incorporated product at Buyer's facility and in no event shall the remaining balance be paid later than 90 running days after shipment.

If said acceptable test of Vadar Associates, Incorporated product had not been completed due to Buyer-caused delays of 15 running days or more in completing installation, the remaining balance will be due within 30 running days of delivery of the Vadar Associates, Incorporated product to Buyer's facility.

For spare parts, 100% of the contract price is due within 30 running days after invoice date.

If a Letter of Credit is required for payment, Buyer shall open a fully irrevocable Letter of Credit to Vadar Associates, Incorporated at least 30 running days prior to the scheduled shipping date. The Letter of Credit shall be opened in accordance with the terms of Vadar Associates, Incorporated's instructions and subject to the international Chamber of Commerce's Uniform Customs Practices for Documentary Credits, Publication 500.

5.2 Tooling Costs

Tooling Costs are due within 30 days after invoice date.

5.3

For overdue payments we charge 1.5% interest per month.

6. Personal Injury

Buyer shall take such steps as may be reasonably necessary to prevent personal injury or property damage during any activity that may be performed by any employees, agents, or subcontractors of the Buyer during Buyer's receipt or inspection of any Vadar Associates, Incorporated product, Buyer shall indemnify and hold harmless Vadar Associates, Incorporated from and against all loss, liability, and damages arising from or caused directly or indirectly by any negligent act or omission of such agents, employees, or subcontractors of the Buyer. Vadar Associates, Incorporated agrees to indemnify against any claims against Buyer in respect of personal injury or loss of or damage to tangible property, but not otherwise up to then limits of Vadar Associates, Incorporated's applicable insurance per occurrence, as a result of any negligent act or omission of Vadar Associates, Incorporated's employees during any work at Buyer's Facility. Vadar Associates, Incorporated's indemnification obligations under this clause shall apply only if Buyer has provided notice to Vadar Associates, Incorporated, in writing, of any such claims within the scope of this indemnification within 10 running days after the date on which Buyer first receives any notice, written or oral, that such claims may be asserted against Buyer. Upon receipt of any

such written notice from Buyer, Vadar Associates, Incorporated or its representative shall have the right to defend any such claims, and/or to participate in any discussions or agreements entered into by Buyer to settle same. Vadar Associates, Incorporated shall have the right to refuse to settle or compromise any such claims, or in its sole judgment, to defend Buyer against and lawsuit at Vadar Associates, Incorporated's expense. Vadar Associates, Incorporated shall not be bound by and judgments or settlement agreements to which it has not been a party or to which it has not consented in writing. The above constitutes the full extent of Vadar Associates, Incorporated's indemnification obligation, express or implied to Buyer.

7. Limitation of Liability

The remedies provided here in are Buyer's sole and exclusive remedies. Vadar Associates, Incorporated shall not be liable for incidental, consequential or punitive damages arising out of the sale, installation, service or use of the Vadar Associates, Incorporated product(s) sold hereunder. In no event shall Vadar Associates, Incorporated's liability on any claim of any kind exceed the price allocable to the Vadar Associates, Incorporated product or service or part which gives rise to the claim and such maximum liability shall be reduced each year after the delivery date of the Vadar Associates, Incorporated product by 20% of the price allocable to the Vadar Associates, Incorporated product(s) or service or part which gives rise to the claim. In the event of patent infringement, Vadar Associates, Incorporated's entire liability shall in no event exceed the purchase price for any Vadar Associates, Incorporated product(s) purchased under this contract. Vadar Associates, Incorporated shall have no liability for any claim of indemnification concerning an alleged infringement where the damages alleged or awarded are based directly or indirectly upon the quantity or value of goods manufactured by means of the product, or upon the amount of use of the product. If the remedies provided herein shall be found to have failed of their essential purpose by a court of competent jurisdiction, the limitation of incidental and consequential damages shall nevertheless apply, such limitation on damages being independent of Buyer's exclusive remedies.

8. Cancellation; Rescheduling

Buyer may unilaterally cancel this Contract upon written notice to Vadar Associates, Incorporated and upon payment of cancellation charges as follows:

8A.

If notice is within 30 days of the scheduled shipment date, 80% of the purchase price of the order.

8B.

If notice is more than 30 days but within 60 days of the scheduled shipment date, 50% of the purchase price of the order.

8C.

80% of the purchase price of the order is payable for any conversion kit cancellation.

8D.

100% of the purchase price is payable for tooling costs, custom made items, spare parts and contact sockets.

8E.

All incurred costs by Vadar Associates Incorporated up until the time of written cancellation are due, for aforementioned cancellation.

Buyer may unilaterally reschedule this Contract upon written notice to Vadar Associates, Incorporated and upon payment of rescheduling charges as follows:

8F.

If notice is within 30 days of the scheduled shipment date, 80% of the purchase price of the order.

8G.

If notice is more than 30 days, but within 60 days of the scheduled shipment date, 50% of the purchase price of the order.

8H.

80% of the purchase price of the order is payable for any conversion kit rescheduling.

8I.

100% of the purchase price is payable for tooling costs, custom made items, spare parts and contact sockets.

8J.

All incurred costs by Vadar Associates Incorporated up until the time of written cancellation are due, for aforementioned cancellation.

9. Force Majeure

Vadar Associates, Incorporated shall not be liable for delays or failures in performance of any obligation hereunder by reason acts of, god, fires, floods, wars, embargos, labor disputes, acts of sabotage, acts of terrorism, riots, accidents, delays of carriers, subcontractors or suppliers, voluntary or mandatory compliance with any governmental act, regulation or request, shortage of labor, materials or manufacturing facilities, delays or unavailability of transport or any other cause beyond Vadar Associates, Incorporated's reasonable control. If by reason of any of these things, Vadar Associates, Incorporated's supplies of the Vadar Associates, Incorporated product(s) covered hereby are limited, Vadar Associates Incorporated shall have the right to prorrate the available supply in such a manner as it, in its sole discretion, determines. Deliveries suspended or not made by reason of this section shall be cancelled without liability; provided however, those payment obligations for Vadar Associates, Incorporated product(s) already delivered or for services rendered pursuant to this contract shall otherwise remain unaffected.

10. Governing Law; Jurisdiction

The validity, interpretation and performance of this contract and any dispute connected herewith shall be governed by and construed in accordance with the laws of New York State, excluding choice of law rules. Any patent disputes that arise under this contract shall be heard and decided by a New York State court, and the parties hereby submit to the jurisdiction of, and waive any venue objection against such court. Any dispute, other than relating to patents, arising from or in connection with this contract and which is not resolved by the parties within 90 days after original written notices of dispute shall thereafter be submitted to the exclusive jurisdiction of the competent court. The parties expressly exclude the application of the United Nations convention on Contracts for the international Sale of Goods in its entirety to the contract. No action by Buyer may be brought at any time more than 12 months after the facts occurred upon which the cause of action arose.

11. Miscellaneous

All communications required or permitted under this contract must be in writing and will be deemed given when (a) delivered personally, (b) sent by confirmed telex or facsimile, (c) sent by commercial overnight courier with written verification of receipt, or (d) sent by registered mail, return receipt requested, postage prepaid. All communication must be sent to the receiving party's initial address or to such other address that the receiving party may have provided for

purpose of notification as provided herein. This contract may not be amended except by a written instrument signed by appropriate officers of each party. Any attempted assignment of this contract or of any rights arising hereunder by the Buyer without prior written consent of Vadar Associates, Incorporated shall be void and of no effect. No term or provision hereof shall be waived or deemed waived by either party, and no breach excused by either party, unless such waiver or consent is in writing signed on behalf of the party against it is asserted. No consent by either party to, or waiver of, a breach by either party, whether express or implied, will constitute a consent to, waiver of, or excuse of any other, different, or subsequent breach by either party. If any provision of this contract is held to be ineffective, unenforceable or illegal for any reason, such decision shall not affect the validity or enforcement of any or all of the remaining portions thereof. Except as otherwise specifically stated herein, this contract represents the entire agreement between the parties relating to its subject matter and supersedes all prior representations, discussions, negotiations and agreements, whether written or oral. Each party shall be responsible for all its legal, accountancy or other costs and expenses incurred in the performance of its obligation hereunder.

12. Severability

If any of the provisions contained herein shall be held to be void or unenforceable for any reason, such unenforceability shall not affect any provision here, but these terms shall be construed as if such unenforceable provision had never been contained herein.

13. Subject to Change

These terms and conditions are valid starting June 1st, 2007. Vadar Associates, Incorporated reserves the right to change these Terms and Conditions at any time. All previous Terms and Conditions lose their validity.