

GAI-TRONICS CORPORATION

TERMS & CONDITIONS

1. APPLICABILITY / SCOPE. All goods and/or services provided shall be governed by the terms and conditions set forth herein. Any modifications to these terms or to the scope of any order or project hereunder, shall be mutually agreed upon and set forth in an appropriate writing executed by both parties. Such writing shall clearly set forth the nature and extent of the change, and, if applicable, any adjustment in price associated with such change.

2. PRICING / PAYMENT. The price to be paid by Buyer shall be mutually agreed upon by the parties and set forth in an appropriate writing. Unless otherwise agreed to, such price does not include any state or local sales or use tax, duties or custom fees, freight and handling charges, or export crating costs. Upon credit approval on open account terms, payment shall be made in U.S. Dollars without discount, payable within thirty (30) days of the date of the invoice. Minimum billing amount is \$100. All payments shall be remitted as follows: a) If by check: GAI-Tronics Corporation, P.O. Box 930269, Atlanta, GA 31193-0269; b) If by wire transfer: Wachovia Bank, 301 S. College Street, Charlotte, NC 28288, Bank Routing Number: 021101108, for credit to: GAI-Tronics Corporation, Account Number: 2000015139870. GAI-Tronics reserves the right to specify the method and/or timing of payment (including prior to shipment) if GAI-Tronics, in good faith, believes that the prospect of payment by Buyer has been impaired. GAI-Tronics shall be entitled to a liquidated late charge, calculated at the maximum rate permitted by law, for any payment not made within ten (10) days following the date due.

3. DELIVERY. Once GAI-Tronics has confirmed acceptance of an order from Buyer, unless otherwise mutually agreed upon: (a) all goods to be supplied hereunder and delivered within the United States shall be shipped F.O.B. factory; (b) all goods to be supplied hereunder and delivered outside the United States shall be shipped in accordance with the applicable provisions of the INCO Terms (2000); and (c) title and risk of loss shall pass to Buyer upon GAI-Tronics' delivery of the goods to the carrier. GAI-Tronics shall not be bound by any delivery requirements unless and until mutually agreed upon by the parties in writing.

4. ACCEPTANCE. (a) Buyer shall inspect all shipments of equipment or other goods within fifteen (15) days of receipt, and shall promptly notify GAI-Tronics of any defects or non-conforming goods. The parties acknowledge that acceptance of any goods supplied hereunder shall be deemed to have occurred if Buyer fails to notify GAI-Tronics of any such defects or non-conforming goods within thirty (30) days of the date of receipt. The parties acknowledge that acceptance of any services provided hereunder shall be deemed to have occurred if Buyer fails to notify GAI-Tronics of any defects or non-conformance in such services within thirty (30) days of the date the services were completed; (b) For any order hereunder which requires GAI-Tronics' involvement in the installation, start-up, check-out and/or commissioning of any GAI-Tronics equipment or system, the parties acknowledge that acceptance of such services shall be deemed to have occurred upon completion of the startup and checkout of the system, or upon operational use of the system by Buyer, whichever occurs first.

5. WARRANTY. Equipment. GAI-Tronics warrants for a period of one (1) year from the date of shipment, that any GAI-Tronics' equipment supplied hereunder shall be free of defects in material and workmanship, shall comply with the then-current product specifications and product literature, and if applicable, shall be fit for the purpose specified in the agreed upon quotation or proposal document. If (a) GAI-Tronics' goods prove to be defective in workmanship and/or material under normal and proper usage, or unfit for the purpose specified and agreed upon, and (b) Buyer's claim is made within the warranty period set forth above, Buyer may return such goods to GAI-Tronics' nearest depot repair facility, freight prepaid, at which time they will be repaired or replaced, at GAI-Tronics' option, without charge to Buyer. Repair or replacement shall be Buyer's sole and exclusive remedy. The warranty period on any repaired or replacement equipment shall be the greater of the ninety (90) day repair warranty or one (1) year from the date the original equipment was shipped. In no event shall GAI-Tronics' warranty obligations with respect to equipment exceed 100% of the total cost of the equipment supplied hereunder. Buyer may also be entitled to the manufacturer's warranty on any third-party goods supplied by GAI-Tronics hereunder. The applicability of any such third-party warranty will be determined by GAI-Tronics.

Services. Any services GAI-Tronics provides hereunder, whether directly or through subcontractors, shall be performed in accordance with the standard of care with which such services are normally provided in the industry. If the services fail to meet the applicable industry standard, Contractor will re-perform such services at no cost to Buyer to correct said deficiency to Buyer's satisfaction provided any and all issues are identified prior to the demobilization of the Contractor personnel from the work site. Re-performance of services shall be Buyer's sole and exclusive remedy, and in no event shall GAI-Tronics warranty obligations with respect to services exceed 100% of the total cost of the services provided hereunder.

Warranty Periods. Every claim by Buyer alleging a defect in the goods and/or services provided hereunder shall be deemed waived unless such claim is made in writing within the applicable warranty periods as set forth above. Provided, however, that if the defect complained of is latent and not discoverable within the above warranty periods, every claim arising on account of such latent defect shall be deemed waived unless it is made in writing within a reasonable time after such latent defect is or should have been discovered by Buyer.

Limitations / Exclusions. The warranties herein shall not apply to, and GAI-Tronics shall not be responsible for, any damage to the goods or failure of the services supplied hereunder, to the extent caused by Buyer's neglect, failure to follow operational and maintenance procedures provided with the equipment, or the use of technicians not specifically authorized by GAI-Tronics to maintain or service the equipment. THE WARRANTIES AND REMEDIES CONTAINED HEREIN ARE IN LIEU OF AND EXCLUDE ALL OTHER WARRANTIES AND REMEDIES, WHETHER EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

6. OPERATIONAL AND MAINTENANCE PROCEDURES. Buyer acknowledges that any improper use, maintenance, or modification of the equipment provided hereunder, or use of unqualified maintenance or service technicians will severely impair the operational effectiveness of the entire communication system. Buyer hereby agrees to indemnify, defend and hold GAI-Tronics harmless from and against any and all third party claims arising, in any manner, out of: (a) Buyer's neglect of the equipment; (b) Buyer's use of technicians not authorized by GAI-Tronics to service the equipment; or (c) Buyer's improper use or modification of the equipment or failure to follow the operational and maintenance procedures provided with the equipment.

7. LIMITATION OF LIABILITY / DAMAGES. In no event (even should circumstances cause the exclusive warranties and remedies set forth in the Warranty section to fail of their essential purpose) shall either party be liable for any indirect, incidental, special or consequential damages (including, but not limited to, loss of use, loss of anticipated profits, or damages arising from delay) whether such claims are alleged to have arisen out of breach of warranty, breach of contract, strict or absolute liability in tort, or other act, error or omission, or from any other cause whatsoever, or any combination of the foregoing.

8. SERVICE OR MAINTENANCE AGREEMENTS. If Buyer purchases enhanced maintenance, service, or parts coverage under any GAI-Tronics' service or maintenance agreement, the terms and conditions of that agreement shall contain the sole and exclusive warranty remedy of Buyer. In the event of any conflict or inconsistency between these Terms and Conditions and any enhanced GAI-Tronics service or maintenance agreement, the latter shall govern with respect to service or maintenance on the covered equipment.

9. CUSTOM EQUIPMENT OR SYSTEMS. Buyer acknowledges that any approvals and/or listings specified in GAI-Tronics' proposal are limited to the specific scope and application set forth in the proposal, and may not cover or apply to any custom or special equipment or services which are outside the scope of GAI-Tronics' proposal. GAI-Tronics shall retain all proprietary rights in any and all technical data, designs or other information developed by GAI-Tronics (and not provided by Buyer) in the course of designing, developing and/or manufacturing custom equipment or systems.

10. RADIO FREQUENCY-BASED EQUIPMENT / SYSTEMS. With respect to any equipment or systems which incorporate radio frequency technology or applications, the parties acknowledge the following: (a) GAI-Tronics shall not be responsible for any communications path degradation caused by undisclosed obstacles or any other undefined RF restrictions; and (b) Communications licenses are issued by the Federal Communications Commission and are granted based on a frequency recommendation determined and submitted by a frequency coordinator by industry class. GAI-Tronics shall not be responsible for any RF interference from co-channel users or other foreign sources; and (c) GAI-Tronics shall not be responsible for any failure or damage attributed to lightning, power surges, or other causes beyond its reasonable control including those events set forth in Section 24 (Force Majeure) below.

11. BREACH. In addition to any failure to comply with any other terms as set forth herein, the occurrence of any of the following events shall constitute a breach on the part of Buyer: (a) If Buyer shall become insolvent or make a general assignment for the benefit of creditors; or (b) If a petition under the Bankruptcy Act is filed by or against Buyer; or (c) If, at any time Buyer fails to fulfill its obligations under the terms and conditions hereof, or acts in such a manner as to endanger performance of such obligations; or (d) If GAI-Tronics shall reasonably believe that Buyer will not timely fulfill its obligations or otherwise perform hereunder, and Buyer is unable to provide reasonable assurances that such timely performance will occur. Upon breach by Buyer, GAI-Tronics may terminate this Agreement by giving notice to the Buyer. Such termination shall be effective immediately.

12. INDEMNIFICATION. GAI-Tronics shall defend, indemnify and hold Buyer, and Buyer's officers, directors and employees, harmless from and against any third party claims, damages or losses, including reasonable attorney's fees and costs (whether based on negligence, contract or any other legal theory), to the extent such claims, damages or losses are attributable to the negligence of GAI-Tronics or GAI-Tronics' failure to perform in accordance with the terms and conditions set forth herein. Buyer shall defend, indemnify and hold GAI-Tronics, and GAI-Tronics' officers, directors and employees, harmless from and against any third party claims, damages or losses, including reasonable attorney's fees and costs (whether based on negligence, contract or any other legal theory), to the extent such claims, damages or losses are attributable to the negligence of Buyer or Buyer's failure to perform in accordance with the terms and conditions set forth herein.

13. CONFIDENTIAL & PROPRIETARY INFORMATION. Buyer acknowledges that the information and processes utilized by GAI-Tronics in the manufacture and supply of its products and systems are confidential and proprietary to GAI-Tronics. Buyer agrees to treat as confidential and proprietary any such information or processes, including, but not limited to, design information or data, proposals, software, schematics, drawings, operational and maintenance manuals, testing procedures or other similar technical information ("Confidential Information") provided by GAI-Tronics in connection with the supply or installation of products or systems hereunder, and will, at a minimum, protect any such Confidential Information in a manner commensurate with the measures taken to protect Buyer's own confidential or proprietary information. GAI-Tronics retains all right, title and interest in all such Confidential Information, and Buyer shall not use or otherwise disclose to any third party any such Confidential Information except to the extent authorized by GAI-Tronics in accordance with the terms and conditions set forth herein. Provided, however, that Confidential Information shall not include information which: (a) is or becomes publicly known through no wrongful act on Buyer's part; or (b) is, at the time of disclosure under this Agreement, already known to Buyer without restriction on disclosure; or (c) is, or subsequently becomes, rightfully and without breach of this Agreement, in Buyer's possession without any obligation restricting disclosure; or (d) is independently developed by Buyer without breach of this Agreement; or (e) is explicitly approved for release by written authorization of GAI-Tronics.

14. INTELLECTUAL PROPERTY RIGHTS. GAI-Tronics retains any and all intellectual property rights in and to the equipment, services and/or information supplied hereunder (including, but not limited to, patents, copyrights, trademarks

and trade secrets) (“Intellectual Property”). Buyer is not granted any interest, right or license with respect to any such Intellectual Property, except to use the equipment, services and/or information for the purposes for which it is specifically provided to Buyer in accordance with the terms and conditions hereof. GAI-Tronics shall indemnify and hold Buyer harmless from and against all third party claims of infringement or alleged infringement arising out of Buyer’s use of any equipment, services or information supplied by GAI-Tronics hereunder. Provided, however, that GAI-Tronics’ indemnity obligation hereunder shall not apply to, and GAI-Tronics shall not be responsible for, any claims to the extent arising out of Buyer’s modification of GAI-Tronics’ equipment, services or information, or use of such equipment, services or information: (a) in combination with equipment, services or information not supplied by GAI-Tronics, or (b) in the operation of any process or in any other manner inconsistent with the purpose for which GAI-Tronics’ equipment, services or information were intended.

15. COMPUTER SOFTWARE. Subject to the terms and conditions set forth herein, Buyer is granted a non-exclusive limited license to use any software contained in the equipment supplied by GAI-Tronics hereunder (“Software”). Buyer acknowledges that any such Software is protected by U.S. copyright laws and international treaty provisions and is proprietary in nature, and agrees not to duplicate such Software. Buyer agrees that it will not reverse engineer, decompile, disassemble or otherwise manipulate any portion of the Software, for any purpose whatsoever. Buyer further acknowledges and agrees that GAI-Tronics retains all right, title and interest in and to the Software and Buyer agrees not to copy the Software or disclose such Software to any third party, not to allow the Software to be used on any equipment other than that of GAI-Tronics and not to use such Software for any purpose other than that for which it was provided hereunder, without the express written consent of GAI-Tronics.

16. INSURANCE. Each party shall provide and maintain at its own expense, such policies of insurance in such amounts as are appropriate and commercially reasonable for parties engaging in the type of activities contemplated by the projects entered into hereunder. Upon request, each party shall furnish the other with certificates evidencing the required insurance coverage.

17. LIENS. GAI-Tronics shall promptly pay for all materials, supplies and labor employed by it in providing the goods and/or services hereunder, such that any equipment or system supplied to Buyer remains free of materialmen's, warehousemen's, mechanics' and any other similar liens. GAI-Tronics shall promptly discharge any such liens arising out of its performance hereunder.

18. COMPLIANCE WITH LAWS. In providing the goods and/or services hereunder, GAI-Tronics shall comply with all applicable federal, state, and local laws and all rules and regulations issued thereunder. Any provisions required to be included by any such law, rule or regulation shall be deemed to be included by reference herein.

19. ASSIGNMENT. The rights and responsibilities of Buyer as set forth herein, are personal to Buyer and may not be assigned or delegated without the prior written consent of GAI-Tronics.

20. NON-WAIVER. The parties’ failure to demand strict performance or to otherwise enforce any rights hereunder shall not constitute a waiver of any rights hereunder. No claim arising out of a breach hereof may be discharged in whole or in part by a waiver of the claim unless supported by consideration and set forth in a writing signed by the waiving party. Any such waiver shall apply to the specifically identified claim only, and shall in no way constitute a waiver or discharge of any other prior or subsequent claim.

21. SUSPENSION BY BUYER. If any project or order for which GAI-Tronics is to supply goods and/or services hereunder, is suspended by Buyer, for any reason other than a breach by GAI-Tronics, GAI-Tronics shall take all reasonable measures to cooperate with Buyer in rescheduling any planned or ongoing work, and in otherwise complying

with the suspension instructions. Provided, however, that in the event of any such suspension which continues for a period of ninety (90) days, GAI-Tronics shall be entitled to terminate that order, without any further liability or obligation thereunder. Provided, further, that GAI-Tronics shall be entitled to prompt reimbursement from Buyer in accordance with Provision 22 below.

22. TERMINATION. If any project or order for which GAI-Tronics is to supply goods and/or services hereunder, is terminated in accordance with the provisions of these terms and conditions, GAI-Tronics shall be entitled to charge 25% of selling price to the customer who placed the order for standard equipment. As it relates to any specially-designed, non-standard equipment ordered, a 25% charge will be levied if canceled prior to incurring related engineering, drafting, and production time. If engineering, drafting and production time has been incurred, 100% of the selling price plus additional costs incurred will be charged to the customer who placed the order. Additional costs incurred as a direct result of termination may include, but are not limited to, freight and storage charges, costs of labor, transportation, and accommodations for any required on-site technicians.

23. APPLICABLE LAW / DISPUTES. It is the expectation of the parties that any disputes arising hereunder will be amicably resolved by mutual agreement of the parties. Any dispute, involving the supply of goods or services within the United States, which cannot be amicably resolved by the parties, shall be submitted to binding arbitration in accordance with the applicable rules and regulations of the American Arbitration Association. The substantive law of Pennsylvania shall apply to any such arbitration, which shall be conducted in Philadelphia, Pennsylvania. Any dispute, involving the supply of goods or services outside the United States, which cannot be amicably resolved by the parties, shall be submitted to binding arbitration in accordance with the applicable rules and regulations of the International Chamber of Commerce. Unless otherwise agreed upon by the parties, the applicable substantive law, language and the location for any such arbitration shall be determined by the arbitrator(s) in accordance with the applicable rules.

24. FORCE MAJEURE. Neither party shall be liable for any failure or delay in its performance resulting from any cause beyond its reasonable control including, but not limited to, acts of God; acts or omissions of civil or military authority; fires; floods; unusually severe weather; strikes or other labor disputes; embargoes; wars; political strife; riots; delays in transportation; sabotage; or fuel, power, material or labor shortages.

25. INTEGRATION / MODIFICATION. Except as otherwise specifically set forth herein, these terms and conditions are intended by both Buyer and GAI-Tronics as the final integrated expression of their agreement with respect to any projects or orders subject hereto. No additions to or modifications of any of the terms or conditions herein shall be effective unless set forth in a writing duly executed by both parties.

26. CONSTRUCTION. If these terms and conditions have been provided in response to an invitation to bid or other solicitation from Buyer, and the provisions set forth herein differ in any way from the provisions (if any) of Buyer's invitation or solicitation, these terms and conditions shall constitute GAI-Tronics' counteroffer and shall not be effective as an acceptance unless Buyer assents to the provisions herein. If these terms and conditions constitute a counteroffer, acceptance hereof must be on the exact terms contained herein. Any additional, conflicting or different terms proposed by Buyer shall constitute a counteroffer by Buyer, and shall not be effective unless set forth in a mutually agreed upon writing executed by both parties.

27. RETURN TO STOCK GAI-Tronics will accept for credit, within six (6) months of the date of shipment, all new, unused, standard product in its original cartons. Returns due to unwanted products or customer error will be assessed a 25% restocking charge, based on the original invoice amount (shipping charges will be borne by the customer). The customer will be credited the full invoice amount, including return shipping charges, if the original shipment was

GAI-Tronics' error. Customers desiring to return product should contact our Customer Service Department at 1-800-492-1212 to obtain a Return Authorization (RA) number. Each carton must be visibly marked with the RA number and shipped via ground transport to: **GAI-Tronics Corporation 400 East Wyomissing Avenue Mohnton, PA 19540**

Notes

1. Cartons that are not marked with the RA number will be returned to the sender, unopened.
2. The appropriate credit will be issued upon verification of the age and condition of the product returned.
3. Customized products cannot be returned for credit unless it is identified that GAI-Tronics shipped the order in error.
4. Return of products not manufactured by GAI-Tronics will be subject to the original manufacturer's return to stock policy.
5. GAI-Tronics will not accept C.O.D. return shipments.
6. A return authorization will become null and void if equipment is not received by GAI-Tronics within 30 days of the date of issue.