

The quote or proposal to which these Terms and Conditions are attached (the "Proposal"), these Terms and Conditions and any Change Orders (as defined herein) shall constitute the entire agreement between the parties and shall collectively be referred to herein as the "Agreement."

1. ACCEPTANCE. Acceptance of this Agreement by Buyer shall create a contract between Novaspect, Inc. ("Seller") and Buyer for the performance of services ("Services") and the sale of hardware, software, firmware and/or other products ("Goods"), each as particularly described in the Proposal. By accepting this Agreement as set forth in the Proposal, Buyer agrees to accept all of the terms and conditions herein. To the extent Buyer's purchase order or any other statement of Buyer contains any terms or conditions in addition to or different from the terms of this Agreement, such terms and conditions are hereby rejected by Seller and hereby waived by Buyer and such terms and conditions shall not affect this Agreement nor be binding upon Seller absent an express written statement by Seller to the contrary. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN THE PARTIES WITH RESPECT TO THE GOODS AND SERVICES AND SUPERSEDES ANY OTHER NEGOTIATIONS, AGREEMENTS AND REPRESENTATIONS BETWEEN THE PARTIES, WRITTEN OR ORAL. NO MODIFICATION OF THIS AGREEMENT SHALL BE OF ANY FORCE OR EFFECT UNLESS IN WRITING AND SIGNED BY SELLER. **IN THE EVENT OF ANY CONFLICT BETWEEN THESE TERMS AND CONDITIONS AND THE PROPOSAL, THE TERMS OF THE PROPOSAL SHALL GOVERN. IN THE EVENT OF ANY CONFLICT BETWEEN ANY CHANGE ORDER AND THESE TERMS AND CONDITIONS OR THE PROPOSAL, THE TERMS OF THE CHANGE ORDER SHALL GOVERN.**

2. TAXES, INVOICES AND PAYMENTS. Buyer shall pay to Seller the fees and purchase prices set forth in the Proposal, as modified by the Change Orders (the "Payments"). Any Goods ordered other than those specifically set forth in the Proposal, including additional copies of data/documentation or non-standard data/documentation, shall be priced at Seller's prices then in effect. If Seller ships items on behalf of Buyer, shipping, handling and insurance charges shall be in addition to the charges set forth in the Proposal and will be charged to Buyer as separate items on the invoices. All taxes and governmental charges payable by Seller due in connection with the sale or delivery of the Goods and Services (other than income taxes payable by Seller), shall be invoiced to and paid by Buyer unless the Buyer provides Seller with a tax exemption certificate acceptable to Seller and the applicable taxing authority. Seller shall issue an invoice to Buyer (an "Invoice") each month for the amounts due under the Proposal and Buyer shall pay such amounts within 30 days of receipt of such Invoice. Any amount which is not paid when due shall bear interest at the rate of 1.5% per month or portion thereof from the date such amount became due through the date on which payment is received by Seller. Payment of Invoices is not subject to unilateral discounting, reductions, deductions or setoffs by Buyer.

3. SECURITY. Seller hereby reserves to itself and Buyer further grants unto Seller a purchase money security interest in and to all Goods to be furnished to the Buyer hereunder, and the proceeds thereof, to secure to Seller the full payment of the amounts due hereunder. Buyer shall, upon Seller's request, execute UCC financing statements reflecting Seller's security interest. No Goods furnished by Seller shall become a fixture by reason of being attached to real estate. Buyer's failure to pay any amounts when due, shall give Seller the right to possession and removal of or to render unusable the equipment.

4. SCHEDULING. Buyer understands that any product design services to be performed by Seller are unique, extremely complex and involve a great degree of interaction. The schedule for completion of the Services and delivery of the Goods set forth in the Proposal is a good faith estimate of Seller. The time actually required to complete the Services and deliver the Goods will be subject to Buyer availability, Buyer's timely delivery of information described in the Proposal or otherwise requested by Seller, the accuracy of such information, unforeseen design issues, design changes and modifications requested by Buyer pursuant to Change Orders, and other matters generally effect product choice or product design services. Seller shall use all commercially reasonable efforts to meet all schedules set forth in the Proposal. Seller shall have no liability to Buyer for any loss arising out of any Service or Good which is provided later than designated in the Proposal.

5. DELIVERIES. All shipping dates are approximate and are based upon prompt receipt of all necessary information from Buyer to process the order. Seller shall deliver to Buyer the Goods described in the Proposal. Unless otherwise provided in the Agreement, all deliveries from Seller to Buyer shall be F.O.B. shipping point. Notwithstanding any provisions to the contrary in the Agreement, and regardless of how prices were quoted, legal title and risk of loss with respect to such deliveries shall pass to Buyer upon delivery of the Goods to the freight carrier at the shipping point. Buyer shall be responsible for all storage and transportation costs. Buyer's sole remedy for lost Goods, damage caused during shipment or any delay attributable to shipment shall be an action against the carrier. Seller reserves the right to withhold any and all deliveries in the event Buyer fails to pay any invoice in accordance with this Agreement or Seller has reason to believe Buyer does not have the financial ability to pay any future invoice when due. Seller shall not accept return of the Goods unless otherwise agreed in writing.

6. CHANGE ORDERS. In the event that Buyer requests any modifications to the Services or to the type or number of Goods, Seller shall, if commercially reasonable, prepare and deliver to Buyer a change order proposal describing such modifications and the changes in the Services and/or Goods necessary to effect such modifications (each a "Change Order"). The Change Order will also set forth the additional Payments, if any, and an estimate of the revised schedule for completion of the Services or delivery of the Goods. Seller reserves the right not to continue or complete the Services or deliver Goods until receiving a written authorization to proceed with the work.

7. TERMINATION AND SUSPENSION. Either party may terminate this Agreement by providing notice to the other party (a "Termination Notice"). Notwithstanding the "Notices" provision hereof, a Termination Notice shall not be effective until actually received by the non-terminating party (the "Termination Date"). Seller shall cease performance of the Services and delivery of the Goods as soon as is reasonably possible following receipt of a Termination Notice from Buyer. Should Buyer request modification, return, termination or suspension, Seller is entitled to payment for all costs and expenses incurred for work, materials and Goods

rendered unnecessary or unusable, all expenses and non-cancelable commitments incurred by Seller prior to or in connection with such termination including, without limitation, the cost of all Goods and all processing, handling and fabrication costs incurred in connection with the Goods (collectively, the "Termination Payment"). Additionally, all returns of unmodified stock Goods are subject to a 35% restocking charge and both modified and non-stock Goods are not returnable. Seller may terminate the Agreement without liability to Buyer if Buyer: (a) fails to meet its obligations identified in the Agreement, (b) becomes insolvent or bankrupt, or (c) withdraws such quality, models or types of equipment on which services are performed and, Seller, in its reasonable judgment, determines that it is no longer economically reasonable for Seller to continue to provide service to the remaining equipment based upon the then current pricing and contractual terms.

8. LIMITATION OF LIABILITY; INDEMNIFICATION.

(a) NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, BUYER AGREES THAT SELLER SHALL NOT BE LIABLE TO BUYER FOR ANY DELAY IN PERFORMANCE NOR SHALL SELLER'S LIABILITY INCLUDE INCIDENTAL, SPECIAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES WHETHER OR NOT SELLER HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH CLAIM INCLUDING, WITHOUT LIMITATION, LOSS OF TIME, OR LOSS OF ANTICIPATED PROFITS OR REVENUE. THE SOLE AND EXCLUSIVE REMEDY FOR BREACH OF WARRANTY HEREUNDER SHALL BE LIMITED TO RE-PERFORM THE SERVICES, REPAIR, OR REPLACEMENT OF THE GOODS, AT THE ELECTION OF THE SELLER. IN NO EVENT, REGARDLESS OF THE FORM OF THE CLAIM OR CAUSE OF ACTION (WHETHER BASED IN CONTRACT, INFRINGEMENT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), SHALL SELLER'S LIABILITY TO BUYER AND/OR BUYER'S CUSTOMERS EXCEED THE PRICE OR FEES PAID TO BUYER FOR THE SPECIFIC GOODS OR SERVICES PROVIDED BY SELLER GIVING RISE TO THE CLAIM OR CAUSE OF ACTION.

(b) Buyer hereby agrees to indemnify and hold Seller harmless from and against penalties, claims, demands, losses, causes of action, suits, judgments, costs and expenses, including reasonable attorneys' and paralegals' fees arising from or in connection with: (i) the failure of Buyer to keep, perform and observe its obligations hereunder; (ii) any injury, sickness or death of a person other than any employee, contractor, subcontractor, agent or other person acting on behalf of or otherwise engaged by Seller (a "Seller Representative") or damage to property to the extent not caused by the negligent act or omission of a Seller Representative; (iii) any injury, sickness or death of a Seller Representative not caused by the negligent act or omission of a Seller Representative; (iv) the failure of Buyer to comply with and observe all present and future laws, orders, codes, regulations, ordinances, rules and decrees of each governmental agency or instrumentality which may be applicable to the Goods or Buyer's business; (v) any actual or alleged infringement of any third party's intellectual property rights to the extent arising from designs, design information, specifications, processes or formulas supplied by Buyer; and (vi) specifications, design information, processes or other information or representation supplied or made by Buyer which proves to be inaccurate or which was not supplied by Buyer but should have been under the circumstances.

9. LIMITED WARRANTY. Subject to the limitations contained in Section 8 herein, Seller warrants that the licensed firmware embodied in the Goods will execute the programming instructions provided by Seller, and that the Goods manufactured by Seller will be free from defects in materials or workmanship under normal use and care and Services will be performed by trained personnel using proper equipment and instrumentation for the particular Service provided. Additionally, the foregoing warranties will apply until the expiration of the applicable warranty period. Goods are warranted for the earlier of twelve (12) months from the date of initial installation or eighteen (18) months from the date of shipment by Seller. Services are warranted for a period of ninety (90) days from the date of shipment or completion of the Services. Products purchased by Seller from a third party for resale to Buyer ("Resale Products") shall carry only the warranty extended by the original manufacturer. Buyer agrees that Seller has no liability for Resale Products beyond making a reasonable commercial effort to arrange for procurement and shipping of the Resale Products. If Buyer discovers any warranty defects, Buyer must notify Seller thereof in writing during the applicable warranty period. All replacements or repairs necessitated by inadequate maintenance, normal wear and use, unsuitable power sources or environmental conditions, accident, misuse, improper installation, modification, repair, use of unauthorized replacement parts, storage or handling, or any other cause not the fault of Seller are not covered by this limited warranty, and shall be at Buyer's expense. Seller shall not be obligated to pay any costs or charges incurred by Buyer or any other party except as may be agreed upon in writing in advance by Seller. All costs of dismantling, reinstallation and freight and the time and expenses of Seller's personnel and representatives for site travel and diagnosis under this warranty clause shall be borne by Buyer unless accepted in writing by Seller. Goods repaired and parts replaced by Seller during the warranty period shall be in warranty for the remainder of the original warranty period or ninety (90) days from the replacement date, whichever is longer. This limited warranty is the only warranty made by Seller. Buyer's sole and exclusive remedy and Seller's sole and exclusive obligation for a breach of any warranty shall be for Seller to re-perform the Services, repair or replace the Goods, subject to the limitations set forth in Section 8(a) herein. THE WARRANTIES AND REMEDIES SET FORTH ABOVE ARE EXCLUSIVE. THERE ARE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER MATTER WITH RESPECT TO ANY OF THE GOODS OR SERVICES.

10. DEFAULTS. In the event that Buyer fails to comply with any of the terms or conditions hereof, or, in Seller's reasonable opinion, Buyer's ability to make timely Payments hereunder is impaired, or Buyer becomes insolvent, bankrupt, or makes an assignment for the benefit of creditors, or Borrower is subject to a bankruptcy proceeding, then in any such event Seller

may, (a) require cash payment and/or other assurances before providing further Services and Goods, (b) declare the Termination Payment and all other sums payable to Seller hereunder to be immediately due and payable, (c) if full payment for the Goods has not been received, enter upon Buyer's premises or any other place where the Goods are located and repossess all of the Goods without notice, hearing, court order or further process of law and/or (d) pursue any other remedy available to Seller at law or in equity. Buyer shall reimburse Seller for all costs and expenses (including reasonable attorneys' and paralegals' fees and expenses) incurred by Seller in collecting any amount due to Seller or enforcing any provision of this Agreement

11. BUYER'S OBLIGATIONS AND SUPPLIED DATA. Buyer shall provide Seller ready access to the site where Services are to be performed and adequate workspace and facilities to perform the same. Buyer agrees to allow Seller to stop and start equipment as necessary to fulfill the terms of the Agreement. Buyer shall not require Seller or its employees, as a condition to site access or otherwise, to further agree or enter into any agreement which waives, releases, indemnifies or otherwise limits or expands any rights or obligations whatsoever. Any such agreements shall be null and void. Buyer shall inform Seller, in writing, at the time of order placement, of any known hazardous substance or condition at the site, including, but not limited to, the presence of asbestos or asbestos containing materials, and shall provide Seller with any applicable Material Data Safety Sheets regarding same. Any losses, costs, damages, claims and expenses incurred by Seller as a result of Buyer's failure to so advise Seller shall be borne by Buyer. Buyer personnel shall cooperate with and provide all necessary assistance to Seller. Seller shall not be liable or responsible for any work performed by Buyer. Buyer accepts and assumes all liability and responsibility for all safety warnings in connection with the Goods and for compliance of the Goods with all applicable laws. Buyer shall be responsible for receiving, storing, installing, starting up and maintaining the Goods. To the extent Seller has relied upon any data or information supplied by Buyer to Seller ("Data") in the selection or design of the Goods and/or provision of the Services and the preparation of the Seller's quotation, and the Data is inaccurate or incomplete, any warranties or other provisions contained herein which are affected by such conditions shall be null and void. UNLESS OTHERWISE SPECIFICALLY PROVIDED IN SELLER'S PROPOSAL, GOODS AND SERVICES HEREUNDER ARE NOT INTENDED FOR USE IN ANY NUCLEAR OR NUCLEAR RELATED APPLICATIONS. Buyer (a) accepts Goods and Services in accordance with the restriction set forth in the immediately preceding sentence, (b) agrees to communicate such restriction in writing to any and all subsequent purchasers or users and (c) agrees to defend, indemnify and hold harmless Seller from any and all claims, losses, liabilities, suits, judgments and damages, including incidental and consequential damages, arising from use of Goods and Services in any nuclear or nuclear related applications, whether the cause of action be based in tort, contract or otherwise, including allegations that the Seller's liability is based on negligence or strict liability.

12. EMERGENCY CALLS. All maintenance tasks and non-emergency repair or replacement will be performed during Seller's regular working hours. Any travel or work outside of Seller's regular working hours shall be billed at the overtime or premium time rate set forth in the Proposal or the current services rate schedule. Seller may charge the Buyer for emergency calls made at the Buyer's request where no defect is found.

13. SOFTWARE AND FIRMWARE. Buyer acknowledges and agrees that all title to the software or firmware, including copyrights relating to such software and firmware and all copies of such firmware and software constituting part of the Goods shall remain vested in Seller or the applicable third party and shall be furnished to and used by Buyer subject to a separate license agreement. Buyer's sole and exclusive remedy with respect to any software or firmware provided hereunder shall be limited to the warranties, if any, of the manufacturer or licensor of such software or firmware. Buyer shall have no right to alter, modify, copy or prepare derivative works of any software or firmware except in accordance with such license agreement.

14. CONFIDENTIALITY. Buyer shall not use or disclose, or authorize anyone else to use or disclose, any of the terms of this Agreement, including but not limited to, prices, supplies, parts, assemblies, equipment, methods, blueprints, assembly procedures and techniques, production plans and layouts, correspondence, files, forms, reports, proposals, systems, marketing plans or strategies, financial, sales or commission information or reports, know-how, Intellectual Property (as defined below), policies, computer stored information, software, databases and programs, or any other secret or confidential information or matter relating to any aspect of the business of Seller (collectively, "Confidential Information") without the prior written consent of Seller. Confidential Information shall not include information which: (a) is or becomes publicly known through no wrongful act on Buyer's part, (b) is known to Buyer prior to receiving such information from Seller, (c) is independently developed by Buyer without reference to or use of the Confidential Information or (d) is disclosed pursuant to an order of a governmental or judicial authority, after prior notice to Seller and affording Seller reasonable opportunity and cooperation to object to the disclosure or obtain a protective order, at Seller's expense. "Intellectual Property" includes all trade secrets, copyrights, moral rights, author rights, Internet domain names, patents, trademarks (including without limitation registrations and applications, renewals and extensions thereof), continuations, continuations-in-part, trade names, rights in trade dress and packaging, continuations, reissues, renewals, and extensions thereof, regardless of whether any such rights arise under the laws of the United States or any other state, county or jurisdiction and applicable international laws, treaties and conventions. Upon Seller's request, Buyer shall immediately deliver to Seller all papers, books, manuals, lists, correspondence, documents and other materials relating to Confidential Information, together with all copies and embodiments of all of the foregoing, including, but not limited to, electronically stored records, databases, programs, computer disks and computer software, irrespective of whether the parties created the same or were involved with the same, and shall neither copy, use nor take any such material. This term does not supersede any previous confidentiality agreements of Buyer to Seller, but instead supplements any such prior agreements with the intent of providing Seller with the maximum protection possible. If any of the terms, conditions or other provisions of any such prior agreements are inconsistent with or contrary to this term, then this term shall control.

15. INTELLECTUAL PROPERTY. Seller makes no representations or warranties regarding: (a) the intellectual property rights of Buyer in any invention, discovery, design or product provided hereunder (collectively, the "Products"), (ii) any actual or potential infringement of the Products on any intellectual property or other rights of any person or entity or (iii) the prior development or current existence of any invention, discovery, design or product similar to the Products. Seller expressly disclaims all liability and responsibility regarding safety testing or warnings necessary or desirable in connection with any of the Products. Seller shall have no liability or responsibility to conduct any investigation or inquiry with respect to the foregoing. Notwithstanding the foregoing, Buyer shall receive any manufacturer's warranty regarding intellectual property that Seller receives from the applicable manufacturer to the extent such warranty may be assigned by Seller to Buyer.

16. SOLICITATION OF EMPLOYEES. Neither party shall hire or solicit to hire any employee of the other party (other than general solicitations) during the term of this Agreement and for a period of twelve months thereafter without prior written consent from the other party.

17. FORCE MAJEURE. Seller shall not be liable for delays in performance or non-performance due to failure or interruption of computer or telecommunication systems, acts of God, war, riot, fire, terrorism, labor trouble, unavailability of materials or components, explosion, accident, flood, sabotage, the shortage of or inability to obtain from anticipated sources adequate materials, parts or Goods, or transportation facilities, compliance with governmental requests, law, regulations, orders or actions, the breakage or failure of machinery or apparatus, national defense requirements or any other event beyond the reasonable control of Seller; or in the event of labor trouble, strike, lockout or injunction affecting Seller or its supplies, Sellers or transporters which event makes impractical the provision of the Services or the manufacture, procurement, transportation, delivery, acceptance or use of the Goods. In the event of such delay, the time for performance or delivery shall be extended by a period of time reasonably necessary to overcome the effect of the delay.

18. RELATIONSHIP OF THE PARTIES. The relationship of the parties shall be that of independent contractors and not as partners or joint venturers. Each party is, and is intended to be, engaged in its own and entirely separate business.

19. NOTICES. All notices and other communications given hereunder shall be in writing and deemed to have been given when (a) personally delivered, (b) one business day after delivery to a nationally recognized overnight courier service, (c) upon the written confirmation of receipt following the transmission of a telecopy or (iv) three days after being mailed by certified mail, postage prepaid, to the addresses of Seller or Buyer as set forth in the Proposal or to such other addresses as either party may request by notice given in accordance with this paragraph.

20. GOVERNING LAW; JURISDICTION AND VENUE/LIMITATION PERIOD. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. THE PARTIES AGREE THAT ALL ACTIONS ARISING OUT OF OR FROM THIS AGREEMENT OR ANY DOCUMENT OR TRANSACTION IN CONNECTION HEREWITH SHALL BE LITIGATED EXCLUSIVELY IN COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS. THE PARTIES CONSENT TO THE JURISDICTION OF ANY COURT LOCATED WITHIN COOK COUNTY, IL AND IRREVOCABLY WAIVE ANY RIGHT TO CHANGE VENUE OF ANY SUCH ACTION OR OBJECT TO SAID JURISDICTION. NO ACTION OTHER THAN AN ACTION FOR UNPAID PAYMENTS UNDER THIS AGREEMENT MAY BE BROUGHT BY EITHER PARTY MORE THAN TWO YEARS AFTER THE CAUSE OF ACTION HAS ACCRUED.

21. GENERAL PROVISIONS. Buyer shall not assign its rights or obligations under the Agreement without Seller's prior consent. There are no understandings, agreements or representations, express or implied, not specified in the Agreement. Any modification of these terms and conditions must be set forth in a written instrument signed by a duly authorized representative of Seller. If any provision of the Agreement is invalid under any statute or rule of law, such provision, to that extent only, shall be deemed omitted without affecting the validity of the remainder of the Agreement. Any failure by either party to enforce any provision of this agreement or of any order shall not constitute a waiver of the provisions or prejudice the right of either party to enforce the provision at any subsequent time.

Acknowledged and Accepted by:

Buyer: _____
Signature: _____
Name: _____
Title: _____
Date: _____
Seller: Novaspect, Inc.
Signature: _____
Name: _____
Title: _____
Date: _____