

PAYTON GENERAL TERMS AND CONDITIONS OF SALES

1. SCOPE. Any offer, sale, service and/or delivery by PAYTON are governed exclusively by these General Terms and Conditions of Sales. Any additional or different terms or conditions applied by the BUYER in any form shall be deemed invalid. Acceptance by the BUYER of all terms and conditions included herein is a precondition to the entrance of the contract of sale between PAYTON and BUYER. Acceptance of any products by BUYER shall be deemed acceptance by him of all the terms and conditions stated herein.

2. PRICES AND PAYMENT TERMS. (1) Unless otherwise agreed in writing and signed by PAYTON's official all prices quoted by PAYTON are in US Dollars, ex-works PAYTON's plant, and are effective for thirty (30) days from the date of quotation. (2) Transportation shall be at BUYER's responsibility risk and expense and all charges therefore shall be added to the quoted price. (3) Postpone of the delivery date by the BUYER may be subject to price adjustment according to PAYTON's price at the time of shipment. (4) PAYTON reserves the right to adjust its prices for any products scheduled for shipment more than sixty (60) days after PAYTON's acceptance of BUYER's order. (5) All of PAYTON's quoted prices and/or published prices may be changed by PAYTON without notice. Unless otherwise agreed in writing by PAYTON, all payments by BUYER shall be made in advance by wire transfer against PAYTON's invoice in an amount equal to the full purchase price of the products, plus insurance and freight charges and any other costs or fees incurred in the shipment of the products to BUYER's destination, and shall be established at a bank acceptable to PAYTON. Other methods or arrangements of payments may be agreed only by written documents signed by PAYTON's official.

3. TAXES. All taxes of whatever nature and kind, which may be imposed upon the sale or use of products, included but not limited to any sales tax, manufacturer's tax or any excise tax, license or similar fee required under any sale, shall be in addition to the quoted prices and shall be paid by BUYER.

4. TITLE, DELIVERY AND RISK OF LOSS. (1) All delivery schedules provided by PAYTON are estimations only. (2) Delivery period indicated by PAYTON shall commence only after all required documents, permits or releases that must be provided by the BUYER have been actually provided by him and received by PAYTON. (3) Delivery shall be deemed to be completed upon transfer of the products to common carrier, ex-works PAYTON's plant, whereupon title and all risk of loss, to the products shall pass to BUYER. (4) PAYTON has the right to make partial shipments and to submit invoices for such shipments.

5. RETENTION OF TITLE AND SECURITY INTEREST. (1) PAYTON retains title to all products delivered to the BUYER until all PAYTON's claims for payments are satisfied by BUYER in full. In case BUYER is in breach of any of his obligations and/or is in delay of payments, PAYTON shall be entitled to get hold and resume the delivered products and the BUYER shall be obligated to return such products to PAYTON. (2) PAYTON shall be entitled to any security interest which BUYER retains or obtains in any products delivered to it by PAYTON until BUYER has made payment in full thereof in accordance with the terms of any individual order. (3) BUYER must ensure the products to which PAYTON has retained title against all damages including but without limitation theft, breakage, fire, water or other possible risks. (4) Upon BUYER's default, PAYTON shall have all the rights and remedies of a secured creditor as well as those of a seller of products, under any applicable law, including but not limited to, the RIGHT TO TAKE POSSESSION of the products. (5) BUYER agrees to cooperate fully and assist PAYTON in perfecting and/or continuing PAYTON's security interest and to execute such documents and accomplish such filings and/or recordings thereof as PAYTON may deem necessary for the protection of PAYTON's interest in the products. (6) PAYTON may remedy any default and may waive any default without waiving the default remedied or without waiving any prior or subsequent default.

6. TERMINATION AND CANCELLATION. (1) BUYER may not terminate a Purchase Order in whole or in part unless PAYTON at its sole discretion gives its expressed written approval in advance. In any case, if such approval is granted by Payton, BUYER shall be liable for termination charges, which shall include a price adjustment based on the quantity of products actually delivered, and all costs, direct or indirect, incurred or committed for any sales contract together with anticipated profits. (2) PAYTON may, without any liability on its part, cancel any sales contract or require BUYER to immediately pay for all products delivered and /or demand payment in advance for products to be delivered, if in PAYTON's sole and absolute discretion, BUYER's financial condition does not justify the terms of payment specified herein.

7. FORCE MAJEURE AND CONTINGENCIES. PAYTON is not responsible and shall not be liable for nonperformance or any delays in performance and/or deliveries due to force majeure or any

circumstances which impede or prevent performance by PAYTON, including but not limited to, shortage of labor, raw material, machinery, technical or yield failure, strikes or lockouts. In such circumstances PAYTON is entitled to delay its performance or delivery for the duration of the delay caused by such circumstances.

8. WARRANTY. The warranties set forth in this paragraph are given in lieu of and expressly disclaim any and all other warranties, express, implied or statutory, including but not limited to, any implied warranties of merchantability or fitness for a particular purpose and of any other warranty obligation on the part of PAYTON, except as expressly set forth immediately below. PAYTON warrants the products against faulty workmanship or the use of defective materials; that such products will conform to PAYTON's published specifications or other mutually agreed upon written specifications for a period set forth herein below; and that at the time of delivery, PAYTON has title to the products free and clear of any and all liens and encumbrances. These warranties are the only warranties made by PAYTON and can be amended only by a written instrument signed by PAYTON. PAYTON's warranties shall irrevocably expire immediately after one (1) year from date of delivery. Continued use or possession of the products after expiration of the applicable warranty period stated above shall be conclusive evidence that the warranty is fulfilled to the full satisfaction of BUYER. Any alteration of the products or/including any additional testing or screening shall void any warranty obligation, implied or statutory.

9. DISCLAIMER OF LIABILITY. In no event shall PAYTON, its officers, directors, employees, parents, affiliates, representatives, be liable for any damage, including but not limited to, indirect, direct, special, punitive, incidental or consequential damages (including but not limited to damages for loss of use, revenue, profit, or for any kind of damage) or any other damages arising out of, connected with, or resulting from the sale and/or use of products, even if PAYTON shall have been advised of the possibility of such damages, and regardless of the form of action whether in contract, tort, equity or otherwise

10. REMEDIES. PAYTON's sole and exclusive maximum liability for any breach of its undertakings shall be (at its option) to repair, replace, or credit BUYER's account for any products which are returned by BUYER during the applicable warranty period set forth above, provided that (1) PAYTON is promptly notified in writing upon discovery by BUYER that such products failed to conform to the contract of sale with a detailed explanation of any alleged deficiencies, (2) such products are returned to PAYTON, at PAYTON's plant from which products were shipped, and (3) PAYTON's examination of such products shall disclose that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, improper testing or unauthorized repair. If such products fail to conform to the applicable warranty, PAYTON shall reimburse BUYER for transportation charges paid by BUYER for such products. If PAYTON elects to repair or replace such products, PAYTON shall have a reasonable time to make such repairs or replace such products, and such repair, replacement or credit shall constitute fulfillment of all liability of PAYTON to BUYER whether based in contract, tort, indemnity, statutory provision or otherwise. If an unauthorized return is initiated by the BUYER, PAYTON will not be liable for any freight or handling charges incurred.

11. DESIGNS AND TRADE SECRETS. Any drawings, data, designs, software programs or other technical information supplied by PAYTON to BUYER in connection with the sale of products shall remain PAYTON's property and be held in confidence by BUYER. Such information shall not be reproduced or disclosed to others without PAYTON's prior written consent in each particular instance.

12. ASSIGNMENT. BUYER shall not assign this Agreement, any contract of sale, any purchase order, any interest therein or any rights there under without the prior written consent of PAYTON.

13. NON-WAIVER OF DEFAULT. In the event of any default by BUYER, PAYTON may decline to make further shipments. If PAYTON elects to continue to make shipments, PAYTON's action shall not constitute a waiver of any default by BUYER or in any way affect PAYTON's legal remedies for any such default

14. MODIFICATION. This Agreement may not be changed, modified or amended, except in writing signed by authorized representatives of the parties.

15. APPLICABLE LAW AND VENUE. This Agreement and all orders and other contractual relations between PAYTON and BUYER shall be governed exclusively by the Israeli law without giving effect to the principles thereof relating to conflicts of laws and shall be subject to the exclusive jurisdiction of the competent courts in Tel-Aviv, Israel. Notwithstanding the above, PAYTON shall be entitled to seek injunctive relief to protect its rights in any court and jurisdiction it deems appropriate.

16. DISPUTE RESOLUTION. (1) Any dispute between the Parties arising from or related to the subject matter of this Agreement will first be discussed by representatives of the parties, each of whom shall be fully authorized to settle the dispute. If such dispute cannot be resolved by such representatives, the parties shall nominate an impartial, neutral Mediator within twenty (20) days following failure to resolve the dispute. (2) The mediation shall be held and governed under the applicable law in Israel and the Mediation fees shall be borne equally between the Parties.

17. RIGHT TO SEEK INJUNCTIVE RELIEF. Nothing in this Agreement will be deemed to prevent PAYTON from seeking injunctive relief or any other provisional remedy in an appropriate case in any court of competent jurisdiction of the subject matter in dispute as necessary to protect PAYTON's trade name, proprietary information, trade secrets, trademarks, know-how, or any other intellectual property rights.;