

DEALER AGREEMENT
For Resellers of Tadiran Telecom
Products

1. APPOINTMENT, TERRITORY

- (a) Appointment as Dealer. Upon the terms and subject to the conditions of this Agreement, TADIRAN appoints the Dealer and the Dealer accepts appointment as an authorized non-exclusive dealer of the Products, as defined below.
- (b) Territory. The appointment under this Agreement relates to Dealer's promotion, maintenance, sale and use of TADIRAN Products within the territory described in Attachment "B" to this Agreement, subject to such modification or extension as the parties may agree to in writing from time to time (the "Territory").
- (c) Limitation for National Accounts, Etc. TADIRAN reserves the right to sell any Product to national accounts, nationwide dealers, the Federal Government and multi-system users directly, notwithstanding any provision of this Agreement, including the possibility that such sales may be made in or delivered into the Territory by either TADIRAN or any of the above mentioned entities.
- (d) Dealer will not sell the Products to any other dealer but only to end-users unless otherwise approved by TADIRAN in writing prior to such sale.
- (e) Definitions.
 - (i) Products. The term Product as used in this Agreement shall refer to telecommunications systems, products, equipment, Software (as defined below), parts and related equipment and supplies listed in Attachment "A" hereto.
 - (ii) Software. The term Software as used in this Agreement shall include but not necessarily be limited to information consisting of programs or data to be utilized to operate the Products or in order to activate service features thereof which may be provided separately or included in the Products themselves, as well as associated documents and other printed matter.
 - (iii) Purchase and Sale. The terms "purchase" and "sale" as used herein shall be deemed to refer to the purchase and sale of the hardware components of the Products only, to be accompanied by a concomitant transfer of the Software pursuant to a TADIRAN license. The Software shall at all times remain the property of TADIRAN. This shall not, however, be construed to limit Dealer's obligations set forth in this Agreement with regard to the Products, including both hardware and Software. Dealer understands that the transfer of the Software to end-users will be pursuant to and subject to a license granted directly from TADIRAN to the end-user as set forth in Section 10.

2. STANDARD TERMS AND CONDITIONS

The sale of Products to the Dealer shall be subject to the following standard terms and conditions:

- (a) Prices. All prices are stated in United States Dollars, F.O.B. Port Washington, New York, and do not include any sales, use, excise or any other taxes applicable to the sale, use or delivery of such products, or any charges for shipping, insurance or fees or commissions. The payment of all taxes and charges will be the sole responsibility of the Dealer. If taxes or other charges are to be collected by TADIRAN, such costs will be added to the invoices to be sent to the Dealer. Prices are subject to change by TADIRAN without prior notice. However, in the event of a price increase, orders placed within ninety (90) days of such a price increase will be honored at the former price, provided that such orders have been placed pursuant to a proposal which was outstanding prior to such price increase.
- (b) Credit Line.
 - (i) TADIRAN may, at its sole option, based on its assessment of dealers' financial condition accord the Dealer a credit line for purchasing the Products.
 - (ii) TADIRAN may modify the limit of the credit line at its sole option at any time.
 - (iii) Dealer will supply to TADIRAN, at its request, financial statements for the purpose of assessing dealer's financial condition. The Dealer may submit any other information it wishes that it believes will help TADIRAN analyze its condition.
- (c) Security Payment. Dealer may be required to secure in advance the payment of any shipment in excess of its "credit line". Payment in full of all invoices for Products will be due within 30 days after shipment from Port Washington, New York, unless otherwise agreed.
- (d) Title. The Dealer assumes the risk of loss immediately upon delivery of any Products to a reputable common carrier, F.O.B., Port Washington, New York. Notwithstanding the foregoing title to any Products shall not pass to the Dealer until payment in full therefor is received by TADIRAN. Title to all Software shall at all times remain with TADIRAN.
- (e) TADIRAN retains the right to constantly improve and update the Products and notify Dealer within a reasonable time. Any and all Products are also subject to change or discontinuation by TADIRAN, at any time, in which event TADIRAN will give the Dealer 120 days prior written notice.

- (f) Cancellation of Orders. All purchase orders are subject to acceptance by TADIRAN. Once accepted by TADIRAN, purchase orders shall not be subject to cancellation by the Dealer. Notwithstanding the foregoing, TADIRAN, at its option, may grant its written permission to the Dealer to cancel a purchase order. TADIRAN's permission will not be unreasonably withheld. Any such cancellation shall be subject to the following: In the event such permission is granted, and cancellation is requested less than ten (10) days prior to shipment, Dealer will be assessed charges equal to 1% of what the net invoice price of the Products would have been. In the event cancellation is requested after the Products were shipped, TADIRAN reserves the right to assess a charge covering administrative expenses equal to five (5%) percent of the net invoice price of the Products; any such charges shall be paid in addition to any out-of-pocket expenses incurred by TADIRAN in connection therewith, including, but not limited to, shipping costs.

If TADIRAN's agreement to permit the Dealer to return any Products has the effect of reducing the total quantity of Products or dollar value thereof shipped to the Dealer during the course of any Dealer's contract year to a different level of discount as provided on Attachment C, TADIRAN may recalculate the purchase price of any Products previously shipped according to Section 4(b)(ii) herein. Further invoices sent by TADIRAN shall reflect the appropriate discount recalculated subsequent to the acceptance by TADIRAN of any such return.

3. Reserved for future use.

4. PRICES AND DISCOUNTS

- (a) Prices – The Dealer shall purchase the Products in Attachment “A” at the list price in Tadiran’s published commercial price list, less its authorized Discount per Attachment “C”.
- (b) Discounts.
- (i) Subject to paragraph 4(b)(ii and iii) below, based upon the Dealer's Annual Commitment of purchase, the prices charged to the Dealer, beginning with the Effective date, and for each year respectively, upon the renewal date, will be discounted as per Attachment "C".
- (ii) If actual shipments are greater than the Annual Commitment to the extent that a greater discount applies, such discount shall be granted and, if the Dealer has made payments to TADIRAN in excess of the discounted purchase price for TADIRAN Products, any such excess payments shall be recorded as credits to any outstanding balance or to be discharged by future purchases. TADIRAN shall provide written notification of any such credit to the Dealer.

- (iii) TADIRAN may adjust the Dealer's discount from time to time throughout the year if the actual rate of purchase differs from that set forth in the annual commitment.

5. RELATIONSHIP OF PARTIES

The Dealer is and shall remain an independent contractor responsible for its own accounts and this agreement shall not be construed as creating any partnership, joint venture, agency or employer/employee relationship between TADIRAN and the Dealer or any partner, agent, servant, employee, director or officer of the Dealer.

6. TERM OF AGREEMENT

- (a) Initial Term and Renewals. The initial term of this Agreement shall be for a one-year period beginning with the Effective Date, unless terminated at an earlier date as provided elsewhere in this Agreement. The Agreement shall automatically renew for additional periods of one (1) year unless cancelled by either party by written notice. .
- (b) Performance Review. At the end of the third quarter after the Effective date, and each year thereafter, TADIRAN and Dealer will jointly review the Dealer's performance,, based on the Dealer's annual shipments for the year, including purchase orders ready for delivery for the fourth quarter, and the Annual Commitment for the next year.

7. LICENSE TO USE TRADEMARK AND TRADENAME

- (a) Nonexclusive License.
 - (i) TADIRAN has adopted and is using the trademarks "TADIRAN", "Coral SL", "Coral", "Emerald ICE", "Coral IPX", FlexCT, Coral Flexicom, Coral FlexAir and several other marks in connection with Products and may obtain trademark or other protection in connection with those names or any other names, marks or identifying characteristics or insignia associated with TADIRAN as so used from time to time (collectively referred to as the "Trademarks"). TADIRAN hereby grants to the Dealer a nonexclusive license to use the Trademarks within the Territory in connection with the sale of the Products to the extent and subject to the conditions specified in this Agreement, provided, however, the Dealer shall immediately discontinue the display and use of any such mark or change the manner in which any such mark is displayed or used when requested to do so by TADIRAN.
 - (ii) In order to ensure the protection of the Trademarks, any use by the Dealer of the Trademarks shall be in a form and format approved by TADIRAN in writing in advance of such usage, and the Dealer agrees to comply with any

standards and procedures as may be established by TADIRAN from time to time for the use of the Trademarks.

- (iii) No right, title, or interest is conferred by this Agreement to the Dealer to utilize the Trademarks other than the nonexclusive license described above and any use by the Dealer of any of the Trademarks other than as provided in this Agreement shall not be construed as conferring any right, title or interest therein to the Dealer. The Dealer acknowledges that TADIRAN's right to utilize the name "TADIRAN" and any of the Trademarks is exclusive and absolute, subject to the provisions of this Agreement. The Dealer agrees that both during the term of this Agreement and thereafter the Dealer shall not directly or indirectly contest the validity or ownership of TADIRAN's Trademarks and shall not claim adversely to TADIRAN any right, title or interest in or to such Trademarks or make use of any such Trademarks. If the Dealer becomes aware that any person shall contest the ownership or rights of TADIRAN in the Trademarks, or makes unauthorized use of TADIRAN's Trademarks, the Dealer agrees to notify TADIRAN immediately in writing of such action and further agrees to cooperate in all respects with TADIRAN in order to ensure the protection of the Trademarks in accordance with the terms of this Section 7.
 - (iv) The Dealer shall not apply to register, or cause to be registered, and shall apply proper diligence to prevent its agents or anyone acting by, through or under the Dealer from applying to register, any Trademarks which the Dealer is permitted to use hereunder.
- (b) Business Name. Neither the name "TADIRAN" nor any of the Trademarks shall be used as part of the Dealer's corporate, partnership, affiliated company or sole proprietorship name (or in connection with the business of any of the above).
 - (c) Termination. Except as set forth below, upon the termination or expiration of this Agreement the Dealer agrees immediately to discontinue (1) the use of the Tradename "TADIRAN" and the Trademarks in connection with its business and promptly remove or obliterate all signs bearing any such Names; and (2) the use of all such Trademarks resembling the TADIRAN Trademarks as to be likely to confuse or deceive and refrain from operating under any name or in any manner or fashion which might tend to give the general public the impression that Dealer remains associated with TADIRAN or continues to operate as an authorized TADIRAN dealer. Dealer shall only be permitted limited use of the Trademarks for the sole purpose of servicing the Products as set forth in this Agreement.
 - (d) Reimbursement. If the Dealer shall refuse or neglect to keep and perform the provisions of paragraph 7(a), (b) or (c) above, the Dealer shall reimburse TADIRAN for all costs, attorneys' fees and other expense incurred by TADIRAN in connection with legal action to require the Dealer to comply therewith.

8. FURTHER OBLIGATIONS OF THE DEALER

During the effectiveness of this Agreement, the Dealer covenants and agrees as follows:

- (a) Best Efforts. The Dealer shall devote its time, energy and best efforts to actively and aggressively develop and promote the sale of Products in the Territory.
- (b) Financial Resources and Conditions. The Dealer shall upon request supply TADIRAN with such financial statements and information as TADIRAN may reasonably require to adequately assure TADIRAN of the Dealer's continuing ability to perform its financial and other obligations under this Agreement.
- (c) Service and Installation.
 - (i) The Dealer shall be exclusively responsible at its own cost for installation and servicing of all Products and maintenance services in connection therewith (including those during the warranty period) in accordance with standards and procedures applicable to the specific Products as established and modified from time to time by TADIRAN and with generally accepted standards within the Telecommunication industry. Dealer shall continue to maintain the Products after termination or expiration of this Agreement unless terminated by the customer.
 - (ii) The Dealer agrees to maintain an adequate stock of spare parts sufficient to discharge its responsibilities under this Agreement as will be recommended by TADIRAN from time to time.
 - (iii) The Dealer shall maintain such physical facilities, keep on hand such parts and equipment (regardless of whether sold by or through TADIRAN) and employ or have available at all times sufficient experienced personnel, in each case, as is consistent with the amount of the Dealer's annual shipments from time to time in order to enable the Dealer to provide efficient installation and maintenance services on the Products and not to cause any damage to the business reputation or goodwill of TADIRAN.
 - (iv) The Dealer's undertakings under this Section are considered material and shall survive the termination or expiration of the Agreement.
- (d) Malfunctions. The Dealer shall respond to operational complaints and to complaints of malfunctions in any Product sold by or through the Dealer promptly in accordance with procedures approved by TADIRAN from time to time and in accordance with generally accepted standards within the Telecommunication industry. The Dealer shall promptly notify TADIRAN in writing of all major malfunctions of Products, permit and assist TADIRAN in checking any or all installations of Products to ensure compliance with TADIRAN's standard installation practices and procedures, and with generally accepted standards within the Telecommunication industry.

- (e) Training. The Dealer shall be obliged to participate in TADIRAN's training programs and to make Dealer's personnel available for training sessions conducted by TADIRAN. The scheduling of and charges for such training programs shall be established from time to time by TADIRAN.
- (f) Compliance with Laws and Agreements. The Dealer agrees to comply with all applicable statutes, ordinances, rules and regulations, and other laws governing or otherwise affecting the sale, installation and maintenance of the Products, including but not limited to zoning, building codes, licensing, and taxation. The performance by the Dealer of the services contemplated by and its other obligations and responsibilities under this Agreement will not violate any agreement obligation or restriction to which the Dealer is subject or by which the Dealer or its business or assets are bound or by which any of them may be affected and vice versa.
- (g) Fraudulent Use of the Products. It is the Dealer's obligation and responsibility when installing, programming and servicing the Product to be aware of and warn the end-user against the potential for fraudulent access and use of the Products, which may result from certain modifications to the Products which the Dealer may make. The Dealer must document any requests for all such modifications to the Product and its warnings regarding possible consequences to the end-user. The Dealer further agrees to indemnify TADIRAN and hold it harmless from and against any claims and all expenses in connection with alleged or actual fraudulent use of the Products.

9. MAINTENANCE OF CONFIDENTIALITY

- (a) General. All information provided by TADIRAN related to the Products, financial plans, prices paid, new product developments, marketing plans or information of any other nature, including but not necessarily limited to the terms and conditions of this Agreement including but not limited to procedures, techniques, patents, operating manuals, bulletins or any other material provided or marked "Confidential" or "Copyright", and all other things or matters acquired by the Dealer by virtue of the relationship established pursuant to this Agreement shall be treated by Dealer as confidential material and shall not be divulged, except as may be specifically authorized in writing by TADIRAN. All such confidential material provided to the Dealer by TADIRAN shall remain the property of TADIRAN and shall be returned to TADIRAN upon demand or upon the expiration or termination of this Agreement, except such material as TADIRAN determines is necessary in order for Dealer to maintain the Products as provided herein.
- (b) Additional Precautions. The Dealer agrees to institute procedures to safeguard the confidentiality of all such information, including but not limited to reasonable precautions to ensure that its employees and other personnel treat such materials in a confidential manner.

10. LIMITED LICENSE TO UTILIZE SOFTWARE AND OTHER INTELLECTUAL PROPERTY; END USER LICENSE AND RESTRICTIONS AGAINST TRANSFER.

- (a) Limited License. TADIRAN grants the Dealer a nonexclusive, non transferable limited license to utilize any Software provided by TADIRAN, in object code form only, but only in conjunction with the specific Product or Products with which or for which the Software was provided or for the sole use of the Dealer in connection with the sale and marketing of such Products, as contemplated in this Agreement; unless specific written permission to utilize such Software in some other fashion is granted by TADIRAN. This nonexclusive, limited license is granted solely to assist the Dealer in its efforts to sell the Products to ultimate end users, who will be bound by the Software License Agreement shipped with the Products and incorporated herein by reference, and is not to be for the use or benefit of any person other than a retail purchaser of Products. This limited license does not permit and the Dealer agrees not to:
- (i) duplicate or permit any customer or third person to duplicate any Software provided to the Dealer by TADIRAN; or
 - (ii) disclose such Software or any part of it to any other party without the express written permission of TADIRAN; or
 - (iii) modify the Software without the prior written consent of TADIRAN, or take steps, including, but not limited to, reverse engineering, reverse assembly or reverse compilation, to derive the source or object code equivalent of the Software.
 - (iv) Transfer or permit the transfer of Software to, or permit the use of the Software by, anyone other than the original purchaser of the Product, unless prior written consent has been obtained by TADIRAN, and all of TADIRAN's requirements for such transfer that it may require from time to time have been met.

This limited license shall terminate upon termination of the Agreement, or the earlier of the end of the useful life of the Software or Product with which it is used, or upon the occurrence of any unauthorized use or non-compliance with the terms hereof.

- (b) End User License. The dealer is required to and is responsible for making sure that the end user license which is packed in all TADIRAN Software shipments is delivered unopened to the end user (customer), and that the end user is aware of it. Should, during the installation of the Product, the Dealer discover the license is missing or that it has been damaged and has become illegible it will notify TADIRAN immediately for a replacement. The Dealer shall notify TADIRAN immediately if it learns of any unauthorized use or possession of the Software subject to the Software License Agreement.

- (c) Confidentiality of Software. The Dealer acknowledges that any Software is proprietary and confidential to TADIRAN, constitutes trade secrets of TADIRAN, and shall remain proprietary and confidential. For purposes of Section 9 of this Agreement, all software provided to or for the use of the Dealer or its customers shall be considered to be "confidential" materials. All applicable rights to patents, copyrights, trademarks and trade secrets are and shall remain in TADIRAN. Dealer shall exercise diligence in protecting TADIRAN's proprietary rights and trade secrets in the Software, and shall require compliance with the terms hereof by employees and others with access to the Software.

11. ASSIGNMENT

- (a) Non Assignment. The Dealer shall not assign, delegate or otherwise transfer any rights or duties of the Dealer under this Agreement without the prior written consent of TADIRAN. Any transfer or assignment made in violation of this Section 11(a) shall be void and without any force or affect and shall constitute grounds for immediate termination of this Agreement by TADIRAN.
- (b) Dealer's Continuing Liability. Should assignment, delegation, or transfer be allowed, nothing in this Section 11 shall be deemed to limit the Dealer's liability to TADIRAN for all sums which are or may become due to TADIRAN from the Dealer pursuant to this Agreement or otherwise, and the Dealer shall remain liable to TADIRAN under this Agreement until all sums due hereunder have been paid in full.

12. DEFAULT AND TERMINATION

- (a) Obligations of the Dealer. The Dealer acknowledges that performance of all of the terms and conditions of this Agreement is necessary for the protection of TADIRAN and agrees that performance by the Dealer of each covenant and promise contained in this Agreement is a condition precedent to the continuation of any rights of the Dealer under this Agreement.
- (b) Defaults.
- (i) Financial Defaults. TADIRAN may terminate this Agreement at any time the Dealer is in default of any payment due to TADIRAN pursuant to this Agreement or other financial agreement or obligation, unless such default is cured within fifteen (15) days after written notice of the default from TADIRAN. All payments pursuant to a notice of default from TADIRAN shall be in cash or by cashier's check. Acceptance by TADIRAN of any partial payment of 25% or more of any amount then in default shall extend by fifteen (15) days the period during which Dealer is required to completely cure such default, but no additional written notice of default shall be required

to be delivered by TADIRAN. Accordingly, at the conclusion of such fifteen (15) day extension, if no payment is received, TADIRAN may then immediately terminate this Agreement or refuse to renew it. No more than two fifteen (15) day extensions may be obtained by partial payments within any twelve (12) month period.

- (ii) Non Financial Defaults Under This Agreement. If the Dealer shall be in default of any provision of this Agreement not requiring payment to TADIRAN other than any matter specified in Section 12(c), TADIRAN may terminate this Agreement, unless any such default is cured within thirty (30) days after written notice of such default. If the default thus determined by TADIRAN is of a nature such that more than thirty (30) days may reasonably be required to cure the said default, however, and so long as the Dealer has commenced reasonable efforts to cure such default within the required thirty (30) day period, and the Dealer proceeds with due diligence to cure the said default and continues with such diligence as is satisfactory to TADIRAN until such default is cured, the Dealer shall have such additional time as in the reasonable judgment of TADIRAN shall be necessary to cure such default. Dealer will bear responsibility for all expenses and damages caused to TADIRAN as a result of such actions.
 - (iii) TADIRAN's Right to Cure Defaults. Without prejudice to the provisions of Section 13(b) hereunder, upon the default in any term or condition of this Agreement, TADIRAN may take such action as is reasonably necessary to cure the default or perform the obligation by and on behalf of the Dealer. TADIRAN shall not be responsible to the Dealer for any losses or damages resulting from any actions TADIRAN may reasonably take to cure such a default or perform the obligation.
- (c) Other Grounds for Termination. Notwithstanding the foregoing, TADIRAN may also terminate this Agreement immediately upon written notice to the Dealer upon the following events:
- (i) Default in any term of this Agreement if TADIRAN has provided one written notice of default on the same or substantially the same ground within the preceding twelve (12) month period;
 - (ii) Any default by the Dealer with respect to a third party lien, mortgage, deed of trust, lease or sublease, covering the location at which the Dealer does business or affecting Products, or other products or equipment contained therein, which results in the commencement of legal proceedings to foreclose such lien, mortgage or deed of trust or terminate such lease or sublease, which legal proceedings are not dismissed within thirty (30) days;

- (iii) The filing of a voluntary or involuntary petition for relief under any applicable bankruptcy statute or related state or federal statute by, against or affecting the Dealer;
- (iv) The Dealer's making or attempting to make a general assignment of this Agreement for the benefit of creditors, or the Dealer's becoming insolvent, or having a receiver appointed by any court for any of the Dealer's property;
- (v) Any purported assignment or transfer of this Agreement or any right granted, pursuant hereto in violation of Section 11 of this Agreement or an assignment of this Agreement by operation of law or by reason of judicial process;
- (vi) Any purported assignment, transfer or conveyance of the right to use any of the Trademarks or other intangible or goodwill belonging or licensed to TADIRAN or if the Dealer uses or permits the use of the said Trademarks in a manner not authorized by this Agreement; or
- (vii) Any substantial change in the ownership (except resulting from a public offering) and/or current management of the Dealer which, in TADIRAN's judgment, would adversely affect the promotion and sale of the Products and other TADIRAN interests.

13. TRANSACTIONS OR CONTINUING OBLIGATIONS AFTER TERMINATION OR EXPIRATION

- (a) Purchases Made Before Termination. Subsequent to termination of this Agreement for whatever reason, including default as specified in Section 12, and pursuant to such additional assurances of financial performance by the Dealer as TADIRAN may in its sole discretion then demand, TADIRAN shall honor purchase orders accepted prior to the Effective date of any termination of this Agreement and may, notwithstanding the terms of such purchase orders and this Agreement, accelerate the payment period required or require advance payment for shipments post-termination.
- (b) Purchases Made After Termination. TADIRAN may in its discretion accept and honor purchase orders received after the termination of the Agreement under terms identical or different from those set forth in the Agreement, provided that under no circumstances shall such acceptance be considered a renewal or extension of the Agreement, unless otherwise provided by TADIRAN in writing.
- (c) Post Termination Support.
 - (i) Subject to such additional credit and other requirements as TADIRAN in its sole discretion may impose, and for a period not to exceed three (3) years from the date of the last delivery of Products to Dealer under this Agreement, TADIRAN will continue to supply, at then-current list price, components of Products or spare parts needed to maintain such products so as to allow the

Dealer to continue to maintain Products sold or maintained by the Dealer and otherwise maintain the goodwill of TADIRAN.

- (ii) If for any reason the Dealer is unable to maintain TADIRAN Products previously sold or maintained by the Dealer, the Dealer shall promptly notify TADIRAN in writing of such inability and of the name of the customer and its address and the identity of TADIRAN Products so as to permit TADIRAN to make appropriate arrangements to maintain its goodwill and otherwise properly service any such customer.
- (d) No Compensation to Dealer. TADIRAN shall not be liable to the Dealer by reason of termination, expiration or non renewal of this Agreement, for compensation, reimbursement or damages arising out of or connected with the loss of prospective profits on anticipated sales or commissions or on account of expenditures, leases or commitments in connection with the business or goodwill of the Dealer, or any other reason.
- (e) No Obligations After Termination. Notwithstanding Section 13(c) above, no business transactions or course of dealing between TADIRAN and the Dealer after the termination or expiration of this Agreement shall be deemed to create any obligation in TADIRAN to continue any such business transactions or enter into any other business transactions with Dealer, beyond the obligation to supply parts as and to the extent set forth in Section 13(c) above, nor shall any such business transaction or course of dealing be deemed to constitute a renewal or extension of this Agreement.
- (f) No Release of Existing Obligations. Irrespective of any business transactions between TADIRAN and Dealer which may occur subsequent to the termination or expiration of this Agreement or any renewal hereof, the termination or expiration of this Agreement shall not release either TADIRAN or the Dealer from any obligation due and owing to the other as of the effective date of such termination or expiration, including but not limited to, any obligation to pay the other party any sum which may then be or may thereafter become due and owing. This Section 13(f) shall not create any independent right to the Dealer to receive any payment or compensation from TADIRAN.
- (g) Survival of Certain Obligations of the Dealer. The Dealer's obligations under Sections 7, 8(c), 8(d), 9, 10, 13, 14, 15, 16 and any other obligations under the Agreement of a continuing nature and/or still non fulfilled shall survive the termination of this Agreement.

14. LIMITED WARRANTY

- (a) Limited General Warranty.

- (i) TADIRAN WARRANTS THAT ANY PRODUCTS SOLD BY IT TO THE DEALER (NOT INCLUDING FUSES, LAMPS OR PRODUCTS THAT ARE NOT AN INTEGRAL PART OF A TADIRAN PRODUCT) WILL BE FREE FROM DEFECTS IN MATERIAL AND WORKMANSHIP FOR A PERIOD OF TWENTY FOUR (24) MONTHS FROM THE DATE OF SHIPMENT OF SUCH PRODUCTS TO THE DEALER AND NO OTHER REPRESENTATION OR WARRANTY, INCLUDING MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, WARRANTY AGAINST PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT OR THAT THE OPERATION OF THE PRODUCTS WILL BE UNINTERRUPTED OR ERROR FREE SHALL BE IMPLIED.
 - (ii) TADIRAN (AT ITS OPTION) WILL REPAIR OR REPLACE ANY PARTS OF THE PRODUCTS SUPPLIED BY IT SHOWING INHERENT DEFECTS (OTHER THAN FUSES, LAMPS OR PRODUCTS THAT ARE NOT AN INTEGRAL PART OF A TADIRAN PRODUCT) WHICH ARE RETURNED BY THE DEALER TO TADIRAN FOR INSPECTION (TRANSPORTATION CHARGES PREPAID) DURING THE WARRANTY TERM SET FORTH IN SECTION 14(a)(i) PROVIDED SUCH INSPECTION DISCLOSES TO TADIRAN'S SATISFACTION THAT ANY SUCH DEFECTS ARE IN FACT DEFECTS INHERENT IN THE PRODUCT ISSUE.
 - (iii) ITEMS REPAIRED OR REPLACED AS PROVIDED IN SECTION 14(a)(ii) WILL BE SUBJECT TO THE LIMITED WARRANTIES OF SECTION 14(a)(i) FOR THE REMAINDER OF THE INITIAL WARRANTY TERM OR SIX MONTHS AFTER DATE OF SHIPMENT FOLLOWING REPAIR OR REPLACEMENT, WHICHEVER SHALL LAST EXPIRE.
 - (iv) ITEMS FURNISHED OR MANUFACTURED BY OTHER VENDORS AND NOT INCORPORATED AS AN INTEGRAL PART OF TADIRAN PRODUCTS SHALL HAVE ONLY THE VENDOR'S WARRANTY WHICH SHALL BE PASSED ON TO THE DEALER AND ITS CUSTOMERS TO THE EXTENT PERMITTED THEREBY, BUT SUCH PRODUCTS WILL NOT BE SUBJECT TO THE WARRANTIES PROVIDED BY TADIRAN PURSUANT TO THE LIMITED WARRANTY SET FORTH IN THIS SECTION 14.
 - (v) NO WARRANTY OF ANY KIND IS MADE WITH RESPECT TO FUSES OR LAMPS.
- (b) Limitation of Warranties and Liabilities. THE LIMITED WARRANTIES STATED IN THIS SECTION 14 ARE IN LIEU OF ALL OTHER OBLIGATIONS, WARRANTIES AND LIABILITIES ON THE PART OF TADIRAN AND TADIRAN NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITIES. THE DEALER EXPRESSLY

WAIVES ANY RIGHT, CLAIM OR CAUSE OF ACTION THAT MIGHT OTHERWISE ARISE OUT OF THE PURCHASE AND USE OF PRODUCTS. IN NO EVENT SHALL TADIRAN BE LIABLE FOR ANY SPECIFIC, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE (INCLUDING BUT NOT LIMITED TO ANY LOSS OR DAMAGE TO THE DEALER OR DEALER'S CUSTOMERS OR OTHER THIRD PARTY USERS RESULTING FROM INTERRUPTION OR FAILURE IN THE OPERATION OF ANY PRODUCT OR RELATED EQUIPMENT, WITH RESPECT TO ANY PRODUCT OR EQUIPMENT SOLD OR DELIVERED BY TADIRAN TO THE DEALER, OR ANY OTHER SERVICES RENDERED BY TADIRAN, OR ANY FAILURE BY TADIRAN TO MEET ANY SCHEDULES FOR THE DELIVERY, INSTALLATION, SERVICING OR OTHER PROVISION OF PRODUCTS OR SERVICES BY TADIRAN TO THE DEALER). TADIRAN's total liability, whether based on an action or claim in contract, tort or otherwise, arising out of or relating to this Agreement shall not exceed the per unit fee actually paid by Dealer to TADIRAN for any unit of Product, if any, involved in such action or claim.

- (c) Unauthorized Statements Not Effective. No written or oral statement made about any TADIRAN Product by any employee or agent of TADIRAN will be effective to expand the warranty provisions of this Section 14, unless such statements appear in a written instrument signed by two duly authorized officers of TADIRAN and specifically directed at the provisions of this Section 14.
- (d) No Warranty for Abuse, Etc.
- (i) The limited warranty set forth in this Section 14 shall be voided and of no force or effect if:
- (1) The Product has not been installed, transferred, stored, maintained or utilized in accordance with TADIRAN's Product instructions and in accordance with generally accepted procedures for use and installation within the Telecommunication industry (including but not limited to requirements that such Products be utilized in conjunction with approved lightning and surge protection devices and other protective devices or equipment);
 - (2) The failure to perform as specified is the result of negligence, misuse or abuse of the Product; or
 - (3) The failure to perform as specified is the result of any alteration, modification, repair or attempted repair other than in accordance with authorized TADIRAN procedures and/or, other than and/or in accordance with generally accepted procedures in the Telecommunication industry or has been carried out by a person or entity other than an appropriately trained TADIRAN Dealer, personnel or employee.

- (ii) If TADIRAN's inspection of any Product discloses to TADIRAN's satisfaction that a warranty is not available for any of the reasons specified in this Section 14(d), the Dealer shall be obligated to reimburse TADIRAN for all expenses incurred in connection with such inspection.
- (e) Availability of Limited Warranty to End-Users. The Dealer may extend the limited warranties of this Section 14 to the customers of the Dealer or other third party end users on the same terms and conditions as in the applicable warranties as running from TADIRAN to the Dealer. The Dealer shall not purport to obligate TADIRAN to any further or additional or extended warranties beyond those reflected in this Agreement and the Dealer shall indemnify TADIRAN and hold it harmless against any claims by any third party and any costs or expenses of TADIRAN in connection therewith arising from any modification, extension or supplementation of such warranties made or purported to have been made by the Dealer.
- (f) Representations by TADIRAN. The Dealer acknowledges that TADIRAN has made no representations concerning any minimum, guaranteed or certain income or revenue relating to the operation by the Dealer of an authorized TADIRAN dealership, that TADIRAN has not warranted or guaranteed any measure of success in the operation of a TADIRAN dealership and that the Dealer is relying on no information, representations or covenants of TADIRAN other than such information, representations or covenants as may be contained in this Agreement.

15. REMEDIES OF TADIRAN

- (a) Recovery of Products. Upon termination for financial default of this Agreement or upon undue delay in payments, in addition to all other remedies provided by law or equity or elsewhere in this Agreement, TADIRAN shall also be entitled and the Dealer shall be obligated to pay to TADIRAN the costs of recovering possession of any Products or related equipment then in the possession of the Dealer as to which title has not yet passed to the Dealer and for which payment in full is not received within the time period required under this Agreement upon such termination.
- (b) Specific Enforcement. In the event of a breach of any material provision of this Agreement, the parties agree that damages at law will be an insufficient remedy to TADIRAN if the Dealer violates any of its covenants or agreements under this Agreement and that, in addition to any remedies or rights that may be available to TADIRAN in that case, TADIRAN shall also be entitled, upon application to a court of competent jurisdiction, to obtain a temporary and permanent injunction to enforce the terms of this Agreement.
- (c) Indemnity. The Dealer agrees to indemnify TADIRAN and hold it harmless in respect of all claims, amounts paid in settlement, attorneys' fees, discovery and

litigation costs, losses, damages, costs and expenses, however caused, arising out of or resulting from any actual or purported violation by the Dealer of its obligations under this Agreement or from any actions taken by any third party inconsistent with the Dealer's obligations, agreement, covenants or representations and warranties under this Agreement.

16. MISCELLANEOUS

- (a) TADIRAN's Right of Offset. TADIRAN shall have the right to set off against any amounts which may otherwise become payable by TADIRAN to the Dealer under this Agreement or on any other basis any amounts which the Dealer then owes to TADIRAN, whether arising pursuant to this Agreement or otherwise. The Dealer shall not, on any basis or for any reason, withhold payment to TADIRAN due under this Agreement or otherwise as an offset against any sums which it may then claim to be due to the Dealer from TADIRAN.
- (b) Waiver and Delay. No waiver or delay in enforcing the terms of this Agreement or any other obligation by either party shall be construed as a waiver of any subsequent breach or default of the same or similar nature or of any other nature, nor shall either party's failure to enforce a similar term of any agreement with any other Dealer constitute a waiver of TADIRAN's right to insist upon compliance with any term of this Agreement or any other agreement between the parties. The acceptance of any payment by TADIRAN shall not be construed as a waiver of any breach of this Agreement or of any other agreement between the parties hereto. Terms in any document submitted by the Dealer at variance with the terms and conditions of this Agreement or standard TADIRAN practices shall not be effective to vary the terms of this Agreement or any such practice, unless TADIRAN specifically agrees in writing.
- (c) Notices.
- (i) Any notice or communication required or permitted by this Agreement shall be sufficient if personally delivered to the party to be provided such notice or sent by registered mail, postage prepaid, at the addresses set forth on the Dealer Application . In addition, all notices to TADIRAN shall also be sent in the same manner to:

Tadiran Telecom, Inc.
4 Tri Harbor Court
Port Washington, NY 11050

Attention: CFO

Either party may designate another address to receive notices required or permitted by this Agreement upon appropriate written notice to the other party of such designation.

- (ii) TADIRAN reserves the right to designate additional means or methods of providing such notices and communication as may be permitted or required by this Agreement, upon appropriate written notice to the Dealer.
- (d) Construction and Interpretation.
 - (i) Each term and provision of this Agreement shall be construed as a separate and independent covenant and condition and any violation thereof shall constitute a breach of this Agreement.
 - (ii) CHOICE OF LAW: This Agreement shall be construed pursuant to and governed by the laws of the State of New York notwithstanding any choice of law made to the contrary.
 - (iii) The headings of the various sections of this Agreement are inserted for the convenience of the parties and shall not be deemed to affect meaning, construction or interpretation of any of the terms, provisions, covenants or conditions contained herein.
- (e) Force Majeure. TADIRAN will exercise all reasonable efforts to meet delivery schedules established by it. However, TADIRAN shall not be liable to the Dealer or any of its customers for any loss, expense or damage due to delays in delivery of Products caused by or resulting from any act of God, riot, fire, explosion, accident, flood, sabotage, war, inability to obtain fuel, power, raw materials or parts, embargo, receipt by TADIRAN of orders from all sources exceeding TADIRAN's then-scheduled delivery or production capacity, or governmental laws, regulations or orders, lockouts, strike or labor trouble, actions or inaction's of the Dealer or any customer thereof, or any cause or occurrence which is beyond the reasonable control of TADIRAN. If there is any delay in TADIRAN's ability to deliver Products pursuant to any agreed upon schedule, from any cause listed in this Section, the scheduled delivery dates shall be extended for a period equal to the period during which such cause occurs.
- (f) Entire Agreement; Amendment. This Agreement (including the attachments hereto and any amendments hereof executed by the parties to this Agreement) constitutes the entire Agreement between the parties and supersedes all prior negotiations, understandings and other agreements, written or oral. This Agreement shall not be modified or extended except by an agreement in writing executed by the parties hereto and specifically amending this agreement. The terms of this Agreement shall prevail over any terms contained in any purchase order or purchase order acceptance.
- (g) Reserved for future use.
- (h) Further Assurances. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents or other instruments as may reasonably be requested for the purpose of carrying out this

Agreement, or necessary for the implementation of security agreements to cover the Products.

- (i) Venue; Choice of Forum. TADIRAN and the Dealer agree that jurisdiction and venue of any action brought pursuant to this Agreement, to enforce the terms hereof or otherwise with respect to the relationship between TADIRAN and the Dealer created or extended pursuant hereto shall properly lie in:
- (i) The United States District Court for the Southern District of New York, or the United States District Court for the Eastern District of New York;
 - (ii) The Supreme Court of the State of New York, County of New York, or the Supreme Court of the State of New York, County of Nassau.

The parties agree that such venues are permissible and that they will not object that any action commenced in any of the foregoing jurisdictions has been commenced in a forum nonconvenience.

- (j) No Third Parties Rights. All rights, privileges, duties and obligations provided in this Agreement apply to TADIRAN and the Dealer. No provision or term of this Agreement shall be construed or interpreted to create or vest any rights or privileges in any third party.

ATTACHMENT "A" – PRODUCTS AND RELATED EQUIPMENT

Part Number	Description
Systems & Packages	
72447010182	ICE Key Service Unit w/ Software (6 x 10 x 2) Caller ID Module (6) Deluxe 28 Button Digital LCD Speakerphones - (charcoal)
72447010183	ICE Key Service Unit w/ Software (6 x 10 x 2) Caller ID Module (6) Deluxe 28 Button Digital LCD Speakerphones - (charcoal) 8 Port Flash Based Voicemail
72447010184	ICE Key Service Unit w/ Software (6 x 10 x 2) Caller ID Module (6) Deluxe 28 Button Digital LCD Speakerphones - (charcoal) 8 Port Hard Drive Voicemail
72447010185	ICE Key Service Unit w/ Software (6 x 10 x 2) (1) Deluxe 28 Button Digital LCD Speakerphone - (charcoal) (5) Standard 14 Button Digital Speakerphones - (charcoal)
72447010186	ICE Key Service Unit w/ Software (6 x 10 x 2) (1) Deluxe 28 Button Digital LCD Speakerphone - (charcoal) (5) Standard 14 Button Digital Speakerphones - (charcoal) 8 Port Flash Based Voicemail
72447010187	ICE Key Service Unit w/ Software (6 x 10 x 2) (1) Deluxe 28 Button Digital LCD Speakerphone - (charcoal) (5) Standard 14 Button Digital Speakerphones - (charcoal) 8 Port Hard Drive Voicemail
72420913000	ICE Key Service Unit w/ Software (6 x 10 x 2)
Expansion Components	
72420913100	Expansion Cabinet (empty) - w/ Power Supply
72429315100	6 Port CO Line Expansion Card
72429210100	12 Port Digital Station Expansion Card
72429211100	4 Port Analog Expansion Card
Telephones	

72420945400	Deluxe 28 Button Digital LCD Speakerphone (charcoal)
72420945800	Standard 14 Button Digital Speakerphone (charcoal)
72420945600	40 Button DSS/BLF Console (charcoal)
72447010194	(12) Deluxe 28 Button Digital LCD Speakerphones - (charcoal)
72447010195	(12) Standard 14 Button Digital Speakerphones (charcoal)

Voice Messaging

77440990020	Flash Voicemail (8 ports 3 hours)
72449851100	Flash Voicemail Expansion card (6 additional hours)
77440990019	Hard Drive Voicemail (8 ports)

Auto Attendant & Peripheral Items

72429111100	Caller ID Module
72429406100	Modem Card
72420945900	Door Phone Box
72429623100	Auto Attendant (4 ports)

ATTACHMENT "B" – TERRITORY

The Territory consists of a 60 mile radius from the dealers corporate office. Territorial rights for branch offices are granted only at Tadiran's sole discretion.

ATTACHMENT "C" – DISCOUNT POLICY

Purchase commitment for cumulative net purchase of products and related equipment annualized will have a discount off list price as follows:

<u>ANNUAL PURCHASE COMMITMENT (U.S.\$)</u>	<u>DISCOUNT OFF LIST PRICE</u>
0K – 100K	40.0%
101K – above	45.0%