

SF&B, INC.

TERMS AND CONDITIONS OF SALE

1. DEFINITIONS

"Disclosing Party" and "SF&B" means SF&B, Inc., a Colorado Corporation, located at 9585 Niwot Road, Longmont, CO 80504. Disclosing Party is not an authorized distributor of Cisco, 3COM, EMULEX, Brooktrout, or QLogic. Disclosing Party is an independent reseller only.

"Receiving Party" means the person, company or other party who orders Goods or provides Goods from/to the Disclosing Party.

"Goods" means the product Disclosing Party sells to Receiving Party or ships on behalf of Receiving Party.

"Price" means the price quoted on the date the order is accepted by Disclosing Party.

2. VALIDITY

When Receiving Party places a purchase order with Disclosing Party and Disclosing Party accepts the Receiving Party's purchase order by either issuing an Order Confirmation and/or by shipping and invoicing the order, Receiving Party and Disclosing Party agree the purchase order, the Order Confirmation or invoice, any manufacturer disclosure/disclaimer, the Credit Application, the personal/individual guarantee, and all the following terms and conditions are the exclusive terms and conditions governing the sale and purchase transaction between Receiving Party and Disclosing Party. All of these documents together or separately may be referred to as the Terms and Conditions of Sale or T&C. There shall be no modification of or change to any of the T&C except by a writing signed by both Receiving Party and Disclosing Party.

3. PRICE

Price shall be the amount set forth in the Order Confirmation and/or by shipping and invoicing the order. Price is exclusive of all duties and taxes and shall be paid in accordance with the Disclosing Party's payment terms. Receiving Party is solely responsible for and shall pay any and all duties and taxes. Disclosing Party is never responsible for payment of and shall never pay duties or taxes. If Disclosing Party mistakenly pays or is charged for any duties or taxes, Receiving Party shall reimburse Disclosing Party. Disclosing Party reserves the right to change or alter the Price as the situation demands. However, a change in Price would allow Receiving Party the option to cancel or change the purchase order. In the event Receiving Party requests Disclosing Party to purchase a manufacturer's service or warranty contract on Goods purchased from Disclosing Party, Receiving Party shall prepay any and all such costs of the manufacturer's warranty before any Goods are shipped.

4. DELIVERY

Disclosing Party shall not be liable for any delay in the delivery of the Goods. When Goods are delivered in installments, failure by Disclosing Party to deliver one or more installments shall not alter the agreement between Receiving Party and Disclosing Party with respect to Goods previously delivered or undelivered.

5. PAYMENT TERMS

Payment from Receiving Party to Disclosing Party shall be received per the terms specified on the Invoice. In the case of conflicting terms between T&C documents, the Invoice terms shall take precedence. Receiving Party shall owe to and pay to Disclosing Party the full amount due for the Goods until such Goods are returned to Disclosing Party pursuant to the terms Agreement in the same condition in which the Goods were shipped. Receiving Party agrees to pay interest on any and all amounts not received within the terms specified which shall be past due at 2 percent per month which is 24 percent per year or at the maximum legal rate, whichever is higher. Receiving Party and Disclosing Party agree to the terms of payment as specified in the T&C.

6. CISCO DISCLOSURE/DISCLAIMER

Disclosing Party is not a Cisco authorized Cisco distributor. Disclosing Party provides a thirty day replacement warranty for defective or damaged product sold by Disclosing Party and purchased by Receiving Party. Service and extended warranty options may be available at an additional charge.

Smartnet warranties are a separate product from Cisco and are not included with the purchase of Cisco hardware. A significant factor in determining the eligibility of a Cisco Smartnet warranty is based upon the procurement process rather than the condition of the product, i.e., if the product was not purchased from a Cisco authorized distributor or reseller. Cisco reserves the right to decline Smartnet coverage. Additionally, Cisco may refuse to honor existing Smartnet contracts if product purchased outside of the Cisco authorized channel is inserted into Smartnet covered products. Disclosing Party is not responsible nor has any liability should Cisco refuse to honor a Smartnet contract for any reason and under no circumstances is Disclosing Party a part of or party to any dispute between Receiving Party and Cisco.

7. RECEIPT OF GOODS

If the Goods are shipped or drop shipped to Receiving Party, Receiving Party shall examine the Goods immediately upon receipt and shall notify the Disclosing Party in writing within five days of any defect (including any discrepancy in the condition of the Goods) or short delivery. If the Receiving Party does not notify the Disclosing Party in writing within five days from the date of delivery, the Goods are accepted by Buyer. If the Goods are shipped or drop shipped to a third party at the request of Receiving Party, Goods are accepted by Receiving Party if Disclosing Party is not notified in writing within five days from the date of delivery. After five days from date of delivery, the Disclosing Party shall not be liable for any short delivery or defect (including any discrepancy in the condition) of the Goods. If such written notice is not received from Receiving Party within the five days, full payment for the Goods is due to Disclosing Party from Buyer. If any third party, including any manufacturer, makes any allegations regarding the condition of the Goods delivered to either the Receiving Party or to a dropped shipped receiver of the Goods, such allegations shall never be grounds to return the purchased Goods unless: 1. Such allegations identify every Good at issue by serial number and are in a writing on the letterhead of the entity making the allegations; and 2. Such allegations are signed by the employee of the entity making the allegations. Then and only then, in Disclosing Party's sole discretion, Disclosing Party may consider such allegations.

RECEIVING PARTY DOES AGREE TO BE LIABLE AND SHALL BE LIABLE FOR PAYMENT FOR ALL GOODS HELD BEYOND THE 5-DAY PERIOD AFTER THE DATE OF DELIVERY AND SHALL PAY ALL INVOICES FOR SUCH GOODS ACCORDING TO THE SPECIFIED PAYMENT TERMS.

8. WARRANTY

DISCLOSING PARTY IS NOT AN AUTHORIZED DISCLOSING PARTY OF CISCO, 3COM, EMULEX, APC, BROOKTROUT, OR QLOGIC. DISCLOSING PARTY IS AN INDEPENDENT SELLER ONLY. IF RECEIVING PARTY IS AN AUTHORIZED DISCLOSING PARTY OR REDISCLOSING PARTY FOR ANY MANUFACTURER AND RECEIVING PARTY CHOOSES TO PURCHASE SUCH MANUFACTURER'S PRODUCT FROM DISCLOSING PARTY, ANY DISPUTE BETWEEN RECEIVING PARTY AND MANUFACTURER OF THE PRODUCT IS SOLELY BETWEEN RECEIVING PARTY AND MANUFACTURER. IF RECEIVING PARTY IS NOT AN AUTHORIZED DISCLOSING PARTY OR RESELLER FOR ANY MANUFACTURER AND RECEIVING PARTY CHOOSES TO PURCHASE ANY MANUFACTURER'S PRODUCT FROM DISCLOSING PARTY, ANY DISPUTE BETWEEN RECEIVING PARTY AND MANUFACTURER OF THE PRODUCT IS SOLELY BETWEEN RECEIVING PARTY AND MANUFACTURER. UNDER NO CIRCUMSTANCES IS DISCLOSING PARTY A PART OF OR PARTY TO ANY DISPUTE BETWEEN RECEIVING PARTY AND ANY MANUFACTURER. PRODUCTS SOLD BY DISCLOSING PARTY ARE NOT MANUFACTURED BY DISCLOSING PARTY. THE PRODUCTS MAY BE COVERED BY A MANUFACTURER'S WARRANTY, SERVICE, OR SUPPORT POLICY (IF PRESENT). IF SUCH WARRANTY IS PRESENT, DISCLOSING PARTY ON DATE OF SHIPPING ASSIGNS AND PASSES TO RECEIVING PARTY ANY SUCH WARRANTY OF THE MANUFACTURER. RECEIVING PARTY AGREES, ACCEPTS, AND ACKNOWLEDGES THAT RECEIVING PARTY SHALL

HAVE RECOURSE ONLY AGAINST THE MANUFACTURER OF SUCH PRODUCTS UNDER SUCH WARRANTIES AND ONLY AGAINST THE MANUFACTURER. IF REQUESTED BY THE RECEIVING PARTY IN WRITING, THE DISCLOSING PARTY MAY BE ABLE TO PURCHASE A MANUFACTURER'S WARRANTY, SERVICE, AND SUPPORT POLICY. IN THE EVENT RECEIVING PARTY MAKES SUCH A REQUEST AND DISCLOSING PARTY IS ABLE TO PURCHASE A MANUFACTURER'S WARRANTY, SERVICE, AND SUPPORT POLICY, THEN RECEIVING PARTY HEREBY AGREES TO PREPAY DISCLOSING PARTY THE FULL COST OF SUCH PURCHASE. DISCLOSING PARTY MAKES NO REPRESENTATION OR EXPRESS WARRANTY REGARDING ANY PRODUCT PURCHASED BY RECEIVING PARTY FROM DISCLOSING PARTY EXCEPT THOSE STATED HEREIN. DISCLOSING PARTY SPECIFICALLY DISCLAIMS ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY PRODUCT PURCHASED BY RECEIVING PARTY FROM DISCLOSING PARTY, INCLUDING AND WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY IMPLIED WARRANTIES ARISING FROM STATUTE, TRADE USAGE, COURSE OF DEALING, OR COURSE OF PERFORMANCE. DISCLOSING PARTY OFFERS A THIRTY DAY ADVANCED REPLACEMENT WARRANTY FROM THE DATE OF SHIPPING ON PRODUCTS PURCHASED FROM DISCLOSING PARTY. SHOULD A PRODUCT FAIL TO OPERATE UNDER THE MANUFACTURER'S SPECIFIED OPERATING ENVIRONMENT WITHIN THIRTY DAYS FROM THE DATE OF SHIPMENT, DISCLOSING PARTY WILL PROVIDE A REPLACEMENT IN EXCHANGE FOR THE DEFECTIVE PRODUCT.

9. RMA POLICY

Defective product may be replaced within thirty (30) days of receipt of product. Disclosing Party offers advanced replacements on DOA product. Non-defective product returned will be handled on a case by case basis. Product returned within thirty (30) days of receipt of product in the same condition in which the product was shipped will receive credit, minus a 25 per cent restock fee. Disclosing Party in Disclosing Party's sole discretion may waive any restock fee. All returns must have an authorized RMA number, issued by Disclosing Party, which RMA number is valid for fourteen (14) days after the RMA has been approved. Receiving Party shall owe to Disclosing Party the full price of any and all product returned to Disclosing Party without an authorized RMA number.

10. PRODUCT RETURN PROCEDURE

To return a product within thirty days of the shipping date, Receiving Party shall request in writing and must receive from Disclosing Party a Return Merchandise Authorization Number, ("RMA"). In such written request, the Receiving Party shall provide the specific reason for the return of each product requested to be returned. The Disclosing Party shall not accept returns without prior written authorization from the Disclosing Party and an RMA. Products shall be received by Disclosing Party from Receiving Party within fifteen days of the date the RMA is issued by Disclosing Party. All and any RMA shall be prominently displayed on the shipping label on boxes containing any returned product. Receiving Party shall owe to and pay to Disclosing Party the full amount due for the product until such product is returned to Disclosing Party in the same condition in which the product was shipped. In the sole discretion of the Disclosing Party, a 25% restock fee may apply. Authorized returns may exclude special order items and are subject to Disclosing Party's approval.

If a product return is requested after the initial thirty days from the shipping date, it is the sole discretion of the Disclosing Party whether the return will be accepted. A 25% restock fees may apply if product return is approved.

Receiving Party is solely responsible for shipping and payment of any shipping costs including insurance for all product returned to Disclosing Party. Receiving Party shall use carriers that provide proof of delivery and insurance for the entire value of the shipment. Receiving Party is responsible for all risk of loss for the return product during shipment. All returned products shall be 100 per cent complete, in resalable condition (manufacturer's seals intact), and will include the original packaging material, manuals, blank warranty cards, and other accessories provided by the manufacturer. If any product does not meet all of the terms in the previous sentence, Disclosing Party may in its sole and absolute discretion reject any portion of or all the returned production or choose to impose additional charges against the Buyer.

11. CREDIT APPLICATION AND INDIVIDUAL GUARANTEE

If payment for Goods ordered by Receiving Party from Disclosing Party is not paid in full before shipping, Disclosing Party must receive from Receiving Party a completed and signed Credit Application and a signed Individual Guarantee and approve

such application before any product will be shipped. The Credit Application includes an Individual Guarantee by an officer of Receiving Party for the total amount of credit extended to Receiving Party by Disclosing Party. The signed Credit Application, signed Individual Guarantee, the Receiving Party's purchase order, the Disclosing Party's Order Confirmation or invoice, any manufacturer disclosure/disclaimer, and the Terms and Conditions are the exclusive terms and conditions governing the sale and purchase transaction between Receiving Party and Disclosing Party.

12. LIMITATION OF LIABILITY

IN ANY AND ALL CIRCUMSTANCES DISCLOSING PARTY'S MAXIMUM LIABILITY IS LIMITED TO THE AMOUNT ACTUALLY PAID TO THE DISCLOSING PARTY BY THE RECEIVING PARTY FOR THE PRODUCT OR THE PURCHASE PRICE OF THE PRODUCT SOLD, WHICHEVER IS LOWER. DISCLOSING PARTY SHALL NOT, UNDER ANY CIRCUMSTANCES, BE LIABLE UPON A CLAIM OR ACTION IN CONTRACT, TORT, INDEMNITY OR CONTRIBUTION, OR OTHER CLAIMS RELATING TO THE PRODUCTS SOLD TO RECEIVING PARTY WHICH EXCEEDS THIS LIABILITY LIMIT. DISCLOSING PARTY SHALL NOT BE LIABLE TO RECEIVING PARTY OR ANY THIRD PARTY FOR CLAIMS FOR ANY CONSEQUENTIAL DAMAGES AGAINST THE BUYER, OR FOR MALFUNCTION, DELAYS, INTERRUPTION OF SERVICE, LOSS OF BUSINESS, LOSS OR DAMAGE TO EXEMPLARY DAMAGES, WHETHER OR NOT DISCLOSING PARTY HAS BEEN MADE AWARE OF THE POSSIBILITY OF SUCH CLAIMS OR DAMAGES.

13. SHIPPING CHARGES

Any delivery charge amount given by Disclosing Party to Receiving Party shall be an estimate only. Any shipping estimate will be determined by Disclosing Party and the Receiving Party prior to shipment and stated on Disclosing Party's quote.

14. TITLE: RISK OF LOSS

Disclosing Party will use information received from the Receiving Party to arrange for shipment of ordered product to Receiving Party or Receiving Party's customer, (end-user), Free on Board (F.O.B.) shipping point, meaning title to the product and risk of loss passes to the Receiving Party upon delivery to the carrier. Disclosing Party will advise Receiving Party of estimated shipping dates, but Disclosing Party will, under no circumstances, be responsible for delays in delivery, and associated damages, due to events beyond Disclosing Party's reasonable control, including without limitation, acts of God or public enemy, acts of federal, state or local government, fire, floods, civil disobedience, strikes, lockouts, and freight embargoes.

15. CONFIDENTIAL INFORMATION

Definition: For purposes of this Agreement, "Confidential Information" shall be defined as: Technical and business information relating to proprietary ideas, patentable ideas and/or trade secrets, existing and/or contemplated products and services, research and development, production, costs, profit and margin information, finances and financial projections, customers, Personally Identifiable Information (PII), clients, marketing, and current or future business plans and models, regardless of whether such information is designated as "Confidential Information" at the time of its disclosure.

Obligations of Buyer. Receiving Party shall hold and maintain the Confidential Information in strictest confidence for the sole and exclusive benefit of the Disclosing Party. Receiving Party is responsible for ensuring the confidentiality and integrity of the data. Receiving Party shall carefully restrict access to Confidential Information to employees, contractors and third parties as is reasonably required and shall require those persons to sign nondisclosure restrictions at least as protective as those in this Agreement. Receiving Party shall not, without prior written approval of Disclosing Party, use for Receiving Party's own benefit, publish, copy, or otherwise disclose to others, or permit the use by others for their benefit or to the detriment of Disclosing Party, any Confidential Information. Receiving Party shall return to Disclosing Party any and all records, notes, and other written, printed, or tangible materials in its possession pertaining to Confidential Information immediately when Disclosing Party requests it in writing.

Exclusions from Confidential Information. Receiving Party's obligations under this Agreement do not extend to information that is: (a) publicly known at the time of disclosure or subsequently becomes publicly known through no fault of the Receiving Party; (b) discovered or created by the Disclosing Party before disclosure by Disclosing Party; (c) learned by the Receiving Party through legitimate means other than from the Disclosing Party or Disclosing Party's representatives; or (d) is disclosed by Receiving Party with Disclosing Party's prior written approval.

16. Time Periods. The nondisclosure provisions of this Agreement shall survive the termination of this Agreement and Buyer's duty to hold Confidential Information in confidence shall remain in effect until the Confidential Information no longer qualifies as a trade secret or until Disclosing Party sends Receiving Party written notice releasing Receiving Party from this Agreement, whichever occurs first.

17. Relationships. Nothing contained in this Agreement shall be deemed to constitute either party a partner, joint venture or employee of the other party for any purpose.

18. GOVERNING LAW AND JURISDICTION

Any dispute arising out of or related to these Terms and Conditions or the sales transaction between Disclosing Party and Receiving Party shall be governed by the laws of the State of Colorado, without regard to its conflicts of law rules. Specifically, the validity, interpretation, and performance of this agreement shall not be governed by the United Nations Convention on the International Sale of Goods. Receiving Party consents to the exclusive jurisdiction and the exclusive venue of the State Courts of the State of Colorado, Denver County District Court, to resolve any dispute between them related to this agreement or any product purchased or sold pursuant to this agreement, and Receiving Party waives any and all rights to contest this exclusive jurisdiction and venue of such Courts. Receiving Party also agrees not to bring any legal action, based upon any legal theory including contract, tort, equity or otherwise, against Disclosing Party that is more than one year after the date of the shipping of the product.

19. SEVERABILITY

If any provision contained in this agreement is or becomes invalid, illegal, or unenforceable in whole or in part, such invalidity, illegality, or unenforceability shall not affect the remaining provisions and portions of this agreement, and the invalid, illegal, or unenforceable provision shall be deemed modified so as to have the most similar result that is valid and enforceable under applicable Colorado law.

20. WAIVER

The failure of either party to require performance by the other party of any provision of this agreement shall not affect in any way the first party's right to require such performance at any time thereafter. Any waiver by either party of a breach of any provision in this agreement shall not be taken or held by the other party to be a continuing waiver of that provision unless such waiver is made in writing.

21. ENTIRE AGREEMENT

These Terms and Conditions, the Buyer's purchase order, Disclosing Party's Order Confirmation or invoice, manufacturer disclosure/disclaimer, the Credit Application, and the individual guarantee are the exclusive terms and conditions governing the sale and purchase transaction between Receiving Party and Disclosing Party and shall not be modified in any way except by a writing signed by both the Disclosing Party and the Buyer. These terms and conditions supersede all prior or contemporaneous proposals, oral or written, understandings, representations, conditions, warranties, and all other communications between Disclosing Party and Receiving Party relating to the subject products. This agreement may not be explained or supplemented by any prior course of dealings or trade by custom or usage or conditions of purchase proposed by Receiving Party.