

GENERAL POLICIES

QUOTATIONS: Written quotations by Optical Filter Source, LLC or authorized representatives are valid for thirty (30) days from the date of quotation, unless otherwise specifically noted. Clerical errors are subject to correction.

MINIMUM ORDER AMOUNT: The minimum order amount for which an order will be accepted is: \$350.00 plus NRE if required.

PAYMENT TERMS: Standard payment terms are net thirty (30) days from date of each invoice, unless otherwise specifically noted. This is subject to Buyer maintaining credit arrangements satisfactory to Optical Filter Source, LLC. Otherwise, terms are cash on delivery. Finance charges of 1.5% / month will accrue on all late invoices.

CUSTOM PRODUCTS: Cancellation or return of custom products will not be accepted.

STANDARD SHIPPING TERMS: F.O.B. Austin, TX.

FACTORY RESTOCKING CHARGE: A 30% restocking charge will be deducted from all credit invoices on standard price book items. Material returned must be in restockable condition or additional refurbishing charges will be made. No returns will be accepted without prior authorization from the factory. **RETURNED GOODS POLICY:** A Returned Material Authorization (RMA) number must accompany all returned goods. This authorization is obtained by calling our Customer Service Department. All transportation costs on authorized returns must be prepaid.

TERMS AND CONDITIONS OF SALE

CONTRACT: Unless otherwise stated, all sales transactions are expressly subject to these terms and conditions. Modification or additions will be recognized only if accepted in writing by an officer of Optical Filter Source, LLC (hereinafter referred to as OFS or the Company), or an officially designated representative. Provisions of Buyer's Purchase Order or other documents that add to or differ from these Terms and Conditions are EXPRESSLY rejected. No waiver of these Terms and Conditions or acceptance of others shall be construed as failure of the Company to raise objections.

PAYMENT TERMS: See General Policies.

FREIGHT: See General Policies.

DELIVERY: Delivery dates are approximate. OFS shall not be liable for any delay due to cause beyond the reasonable control of the Company.

EXPEDITES: Expedite requests will be considered. An expedite fee of up to 100% of the order value will apply.

SECURITY INTEREST: Buyer hereby grants OFS a security interest in the Products and in any proceeds (including accounts receivable) as security for Buyer's obligations hereunder and will execute any document required to perfect this security interest.

TAXES AND FREIGHT: Prices and charges are exclusive of, and Buyer is responsible for freight, and all sales, use and like taxes.

CERTIFICATE OF ORIGIN: A \$50.00 charge will be added to each shipment that requires a certificate of origin.

INSTALLATIONS: Not applicable.

INDEMNITY: The Company agrees to indemnify the Buyer and hold it harmless from and against any loss suffered and any liability to third parties, whenever such loss or liability is directly due to injury (including death) to any person or direct damage to any property occurring in the course of, and caused by, the negligent act or omission of the Company in the performance of any work on the premises of Buyer. This indemnity shall include attorney's fees and settlements of claim or suit reasonable under the circumstances.

WARRANTY: Optical Filter Source, LLC warrants to the original Buyer each component manufactured and/or sold by OFS. to be free from defects in material and workmanship in normal use and service for a period of six (6) months from date of invoice. OFS's obligation under this warranty is limited to repairing or replacing at OFS's option, any component, or assembly, which shall be returned to OFS with shipping costs prepaid (including return shipping costs), and at which OFS's examination shall disclose to have been thus defective. Optical Filter Source, LLC shall not be responsible for damage to any component or assembly resulting from misuse, negligence or accident or resulting from repairs, rework and / or alterations. **THIS WARRANTY IS GIVEN EXPRESSLY AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED. BUYER AGREES THAT THERE IS NO WARRANTY OF MERCHANTABILITY AND THAT THERE ARE NO OTHER WARRANTIES, EXPRESSED OR IMPLIED, WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE OF THIS AGREEMENT.** No agent is authorized to assume for Optical Filter Source, LLC liability except as above set forth.

CANCELLATION

In the event Buyer (1) cancels all or part of any order, or (2) fails to meet any obligation hereunder causing cancellation or rescheduling of any order or portion, or (3) requests a rescheduling of products scheduled for delivery and the request is accepted by Optical Filter Source, LLC Buyer agrees to pay Optical Filter Source, LLC the following cancellation/reschedule charges:

Cancellation / Reschedule Notice Received
90 days to 31 days prior to Scheduled Delivery
30 days or less prior to Scheduled Delivery

Cancellation / Reschedule Charge
50% of the order value
80% of the order value

DISCLAIMER OF DAMAGES: IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY TYPE OF SPECIAL CONSEQUENTIAL, INCIDENTAL OR PENAL DAMAGES, WHETHER SUCH DAMAGES ARISE OUT OF OR ARE A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. Such damages shall include, but not be limited to loss of profits or revenues, loss of use of the equipment or associated equipment, cost of substitute equipment, facilities, down time costs, increased construction costs or claims of Buyer's customers or contractors for such damages. Buyer agrees that in the event of a transfer, assignment, or lease of the equipment, or lease sold hereunder Buyer shall secure for the Company the protection afforded to it in this paragraph.

LIMITATION OF LIABILITY: The Company shall not be liable for any loss, claim, expense or damage caused by, contributed to or arising out of the acts or omissions of Buyer or third parties, whether negligent or otherwise. In no event shall the Company's liability for any cause of action whatsoever exceed the cost of the item-giving rise to the claim, whether based in contract, warranty, indemnity or tort (include negligence). Any suit arising hereunder must be commenced within one (1) year from the date in which the cause of action accrues. Except as provided in the Indemnity paragraph above, the Company shall not indemnify any party.

REGULATORY LAWS AND/OR STANDARDS: The performance of the parties hereto is subject to the laws of the United States. The company takes reasonable steps to keep its products in conformity with various nationally recognized standards and such regulations, which may affect its products. However, the Company recognizes that its products are utilized in many regulated applications and that from time to time standards and regulations are in conflict with each other. The Company makes no promise or representation that its product will conform to any federal, state or local laws, ordinances, regulations, codes or standards except as particularly specified and agreed upon for compliance in writing as a part of the contract between Buyer and the Company. The Company prices do not include the cost of any related inspections or permits or inspection fees.

GENERAL PROVISIONS: A contract will become binding only when a written acceptance of Buyer's order is sent to Buyer by Thin Film Technology, Inc. and will be governed by the law of the State of Texas. This contract will represent the entire agreement between the parties. Neither party may assign unless mutually agreed. All rights and remedies conferred under the contract or by any instrument of the law shall be cumulative and may be exercised singularly or concurrently. Failure by any party to enforce any contract term shall not be deemed a waiver of future enforcement of that or any other terms. The provisions of this contract are declared to be severable.