

PRECISION PHOTONICS' ("PPC") TERMS AND CONDITIONS

1. SCOPE OF AGREEMENT. This Agreement sets forth the general terms and conditions which shall control all purchases from PPC. These Terms and Conditions have priority over all other terms, including Buyer's Purchase Order Terms, and may only be waived or amended by a writing signed by authorized representatives of Seller and Buyer.

2. PURCHASE ORDERS. PPC has no obligation with respect to any Purchase Order until it is accepted by PPC. PPC has the right to accept Purchase Orders in whole or in part. PPC Quotes are based on current availability of materials and manufacturing capacity. If such material availability or manufacturing capacity changes by the time a Purchase Order is placed, PPC has the right to change the lead time when accepting the Purchase Order.

3. TAXES AND EXPORT CHARGES. All Prices are exclusive of all sales, excise, value-added, use, and property (ad valorem) taxes and all customs and export charges, which are the responsibility of Buyer. These will be added to the invoice and paid by Buyer.

4. DELIVERY; FORCE MAJEUR. PPC shall use reasonable commercial efforts to deliver the Products to Buyer on the delivery dates set forth in the attached Quotation. Delivery will be made F.O.B. PPC's plant, Boulder, CO, USA. Title to such products shall pass to Buyer upon delivery of the Products by PPC to carrier; Buyer assumes all risk of loss or damage to the Products after delivery to the carrier and during shipment and shall file any damage claim forms required by the carrier or insurer. Shipping dates for the Products are approximate, and the failure to perform shall not be considered a breach by PPC. Performance by PPC will be excused without liability during any period that performance is prevented or delayed by causes beyond the reasonable control of PPC.

5. SHIPMENT. PPC will provide at its expense standard commercial packaging to identify and protect the Products during shipments. Buyer may request special packaging at its own expense. In the absence of specific shipping instructions, PPC will ship by the method it deems most advantageous. Transportation charges will be collected on delivery or, if prepaid, will be subsequently invoiced to Buyer. If insurance is necessary, Buyer is obligated to obtain insurance against damage to the Products being shipped.

6. TERMS OF PAYMENT; SECURITY INTEREST; BANKRUPTCY. All payments, after credit approval, are due net thirty (30) days after the original Product shipment date. Past due payments will accrue interest at the rate of 1.5% per month until paid. In states where a customer may be assessed service charges at a maximum percentage less than 1.5% per month, then the service charge shall be at the maximum rate allowed by that state's law. If Invoices are not paid within sixty (60) days of invoice date, PPC may suspend shipment of any goods ordered by Buyer. Buyer grants a UCC security interest of PPC in all shipped Products until the contract price is fully paid. If Buyer defaults in any of its obligations to PPC, PPC will have the right to repossess the Products sold hereunder without liability to Buyer. A copy of the invoice may be filed with appropriate authorities at any time as a financing statement and/or chattel mortgage to perfect PPC's security interest. If Buyer (i) becomes bankrupt or insolvent, (ii) makes an assignment for the benefit of its creditors, (iii) commences to be wound up, or (iv) suffers a receiver to be appointed, PPC may cancel this agreement in writing without judicial intervention or declaration of default of Buyer and without prejudice to any other right or remedy.

7. INTELLECTUAL PROPERTY. PPC retains all copyright, patent, ownership of software, and other proprietary rights in the Products.

8. LIMITED WARRANTY, INSPECTION AND ACCEPTANCE; RETURNS. PPC warrants that the Products comply with applicable Product specifications without defects in material and workmanship that prevent specified operation. Customer shall have the right to inspect the Products at the time and place of delivery before paying for or accepting them. The Products shall be deemed accepted by Customer unless notice of defect or shortage is received within sixty (60) days of shipping and defective Product is returned to PPC within ninety (90) days of shipping. Products must be in their original packaging and be in new condition. Defective goods may be returned freight prepaid after obtaining a customer return order number from PPC. If after testing and inspection any such returned product is determined by PPC to be defective, PPC shall promptly repair or replace the product and return it to Buyer freight prepaid, or refund the purchase price at PPC's option. Goods or parts that have been subject to any misuse or accident are not covered by warranty. **BUYER HAS NO OTHER REMEDY FOR BREACH OF WARRANTY OR FAILURE TO MEET PRODUCT SPECIFICATIONS.**

9. NO ADDITIONAL WARRANTIES. This warranty is the only warranty made by PPC with respect to the Products delivered hereunder. No warranty is made with respect to custom equipment or goods produced to Buyer's specifications except as specifically stated in writing by PPC in the contract for such custom goods. PPC disclaims all other express or implied warranties, including any warranty for non-infringement, merchantability or fitness for a particular purpose. To the extent an implied warranty cannot be excluded, it is limited in duration to the warranty period.

10. LIMITATION OF LIABILITY. PPC shall not be liable for injury to any property other than the products, including third-party claims, and shall be limited to the refund of the purchase price. **IN NO EVENT SHALL PPC BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.** Buyer shall defend and indemnify PPC against any claims that are based upon any subsequent resale of the Products by Customer or upon any sale by Customer of any of its goods that contain PPC's Products.

11. LIMITATION OF LIABILITY FOR CUSTOMER-OWNED PARTS. PPC shall not be liable for injury to any customer-owned property delivered to PPC unless specifically agreed in writing, and shall be limited to the refund of the purchase price. Customer must carry business insurance on all customer-owned material sent to PPC. **IN NO EVENT SHALL PPC BE LIABLE FOR ANY**

CONSEQUENTIAL OR INCIDENTAL DAMAGES. Buyer shall defend and indemnify PPC against any claims that are based upon any subsequent resale of the Products by Customer or upon any sale by Customer of any of its goods that contain PPC's Products.

12. EXPORT CONTROL, ITAR, U.S. EXPORT ADMINISTRATION REGULATIONS. These products may be controlled by the U.S. Government for export purposes. The products, technical data, and any related services may not be exported, re-exported, or transferred directly or indirectly without first consulting relevant U.S. Export Administration Regulations or International Traffic in Arms Regulations and obtaining the proper authorization. Contact the U.S. Departments of Commerce, State and Treasury for guidance and additional information.

13. CANCELLATION. This Agreement may be canceled by Buyer only upon the payment of reasonable cancellation charges, which will include expenses already incurred for labor and material costs, overhead, commitments made by PPC, and a reasonable profit.

14. INTELLECTUAL PROPERTY INFRINGEMENT DEFENSE AND INDEMNITIES. PPC shall defend and indemnify Buyer, with Buyer's cooperation, against any claims that the manufacture or sale of the PPC's product or that ordinary use of PPC's product constitutes an infringement of a US patent (except Process Patents) or Trademark. Buyer shall defend and indemnify PPC against any claims that manufacture or sale of Products manufactured to Buyer's specifications constitutes an infringement of any US or foreign patents or trademarks. THIS AGREEMENT STATES PPC'S ENTIRE LIABILITY AND OBLIGATION WITH RESPECT TO INTELLECTUAL PROPERTY CLAIMS.

15. ENTIRE AGREEMENT. The terms and conditions set forth herein constitute the entire agreement between PPC and Buyer and supersede any other agreements or offers including any purchase order of Buyer. PPC' ACCEPTANCE OF ANY BUYER PURCHASE ORDER IS EXPRESSLY CONDITIONED ON BUYER'S ASSENT TO THIS AGREEMENT. This Agreement may not be modified or interpreted by any trade usage or prior course of dealing not expressly made part of this agreement. Buyer hereby acknowledges that it has not entered into this Agreement in reliance upon any warranty or representation unless specifically set forth herein.

16. APPLICABLE LAW. This Agreement, and any disagreement arising thereof, will be governed by the laws of the State of Colorado without regard to that State's choice of laws, with exclusive jurisdiction and venue in the Colorado state courts of Boulder County, Colorado (or, if there is exclusive federal jurisdiction, the United States District Court for the State of Colorado). Buyer shall bring action relating to any dispute Buyer may have hereunder within one (1) year of the accrual of such dispute.