

Terms and Conditions of Sale

The Terms and Conditions of Sale ("Agreement") contained herein constitute the entire agreement between Wasatch Photonics, Inc. ("WP") and you ("Customer"). WP will not be bound by any terms of Customer's order. No form of acceptance except WP's written acknowledgment sent to Customer, or WP's commencement of performance shall constitute valid acceptance of Customer's order. Any such acceptance is expressly conditioned on assent to the terms hereof and the exclusion of all other terms. Customer shall be deemed to have assented to the terms hereof, whether or not previously received, upon accepting delivery of any Product (as defined herein) shipped by WP. If tender of these terms is deemed an offer, acceptance is expressly limited to the terms hereof.

1. PRODUCTS: 1.1 "Products" shall mean any products identified on (a) any of WP's proposals or quotations, (b) current applicable price lists, or (c) any of WP's invoices.

1.2 Alterations to any Product which WP deems necessary to comply with specifications, changed standards or governmental regulations, to make a Product non-infringing with respect to any intellectual property or other proprietary interest, or to otherwise improve a Product may be made at any time by WP without prior notice to, or consent of, Customer and such altered Product shall be deemed fully conforming.

2. ORDERS: Customer shall purchase Products by issuing a written purchase order signed by an authorized representative, indicating specific Products, quantity, price, total purchase price, shipping instructions, requested delivery dates, bill-to and ship-to addresses, tax exempt certifications if applicable, and any other special instructions. Any contingencies contained on such order are not binding upon WP. All orders are subject to acceptance by WP, who will accept or reject orders according to WP's then current processes.

3. PRICES: All prices are (a) firm for thirty (30) days from the date of quotation, (b) Ex Works WP Office, Logan, UT (shipping costs and risk of loss from the point of shipment are the responsibility of Customer) and (c) exclusive of Taxes (as defined herein) and all handling or other charges including without limitation insurance, brokerage fees, transportation or special packaging ("Charges"). All sales are final. Title to Products shall pass from WP to Customer upon delivery to the shipping carrier at the Ex Works point. Any tax or other charge which WP is liable to collect on behalf of any governmental authority ("Taxes") as a result of the sale, use or delivery of Products, including without limitation, duties, value added and withholding taxes, is the responsibility of the Customer, and if paid by WP shall be charged to Customer as a separate item on the invoice, to the extent possible.

4. TERMS OF PAYMENT: Upon credit approval by WP, payment terms shall be net thirty (30) days from the date of the shipment. WP reserves the right to require alternative payment terms including, without limitation, letter of credit or payment in advance. If at any time Customer is delinquent in the payment of any invoice or is otherwise in breach of this Agreement, WP may, at its discretion, withhold shipment (including partial shipments) of any order or may, at its option, require Customer to pre-pay for further shipments. All payments not received when due shall be subject to an additional charge of one and one half percent (1.5%) per month (annual rate 19.56%) of the unpaid amount or the maximum rate permitted by law, whichever is less, until the date of payment. Customer grants WP a security interest in Products purchased under this Agreement to secure payment for those Products purchased. If requested by WP, Customer agrees to execute financing statements to perfect this security interest. There is no set-off right for the Customer.

5. PERFORMANCE AND SHIPPING: Performance and shipping dates specified or communicated by WP to the Customer are approximate dates only and the failure to perform or ship on such dates shall not be considered a breach by WP. Delivery shall be deemed made upon transfer of possession to the carrier at the Ex Works point. All claims for shortage of Products ordered or for incorrect charges must be presented to WP within ten (10) days after receipt by Customer of the particular shipment of Products. Customer shall be responsible for all shipping Charges. Unless given written instruction, WP shall select the carrier. WP shall not be liable for damages or penalty for delay in delivery or for failure to give notice of any delay, and carrier shall not be deemed to be an agent of WP.

6. CANCELLATION: The Customer may not cancel, terminate, suspend performance of, or issue a hold on, any Customer order, in whole or in part, without the prior written consent of WP, which consent, if given, shall be upon terms that will compensate WP for any loss or damage there from, including but not limited to, the price of Products shipped to, manufactured for, or held separately for, the Customer, and loss of profits, incurred costs, and a reasonable allocation of general and administrative expenses relating to the Products.

7. LIMITED PRODUCT WARRANTY: Notwithstanding any provision to the contrary, WP's sole and exclusive obligations to the Customer for any Product made by WP and sold hereunder are to repair returned Product or provide a replacement Product, at WP's sole option, for any Product which has been returned to WP under the RMA procedure (as defined below) and which in the reasonable opinion of WP is determined to be defective in workmanship, material or not in compliance with the mutually agreed written applicable specifications and has in fact failed under normal use on or before one (1) year from the date of original shipment of the Product. All Products, which are experimental Products, prototypes or Products used in field trials, are not warranted. All third parties' Products sold by WP carry only the original manufacturer's warranty applicable to Customer. WP will only accept for repair, replacement or credit under warranty Products made by third parties if expressly authorized to do so by the relevant third party. Any Product repaired or replaced under warranty is only warranted for the period of time remaining in the original warranty for the Product. WP reserves the right, at its sole option, to issue a credit note for any defective Product as an alternative to repair or replacement. The warranty provided herein shall extend to any Product which has proved defective and has failed through normal use, but excludes and does not cover any Product or parts thereof which has been accidentally damaged, disassembled, modified, misused, used in applications which exceed the Product specifications or ratings, neglected, improperly installed or otherwise abused or is used in hazardous activities. Customer must claim under the warranty in writing not later than thirty (30) days after the claimed defect is discovered. The Customer must make all claims under this warranty and no claim will be accepted from any third party.

8. RETURN MATERIAL AUTHORIZATION PROCEDURES: WP will only accept Products returned under the WP Return Material Authorization process ("RMA"). Customer shall obtain a RMA number from WP prior to returning any Product and return the Product prepaid and insured to WP to the EX WORKS point. Any Product which has been returned to WP but which is found to meet the applicable specification for the Product and not defective in workmanship and material, shall be subject to WP's standard examination

charge in effect at the time which shall be charged to the Customer. Where any Product is returned without an itemized statement of claimed defects, WP will not evaluate the Product but will return it to the Customer at the Customer's expense.

9. LIMITATION OF LIABILITY: EXCEPT FOR THE WARRANTIES STATED HEREIN FOR THE CUSTOMER, NO WARRANTY, CONDITION OR REPRESENTATION, EXPRESS, IMPLIED, ORAL OR STATUTORY, IS PROVIDED TO THE CUSTOMER OR ANY THIRD PARTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY, CONDITION OR REPRESENTATION:

(A) OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SATISFACTORY QUALITY, OR ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE; OR

(B) THAT THE PRODUCTS WILL BE FREE FROM INFRINGEMENT OR VIOLATION OF ANY RIGHTS, INCLUDING INTELLECTUAL PROPERTY RIGHTS, OF THIRD PARTIES. THIS DISCLAIMER AND EXCLUSION SHALL APPLY EVEN IF THE EXPRESS WARRANTY HEREIN FAILS OF ITS ESSENTIAL PURPOSE. THE CUSTOMER'S SOLE AND EXCLUSIVE REMEDIES HEREUNDER AND THE ONLY LIABILITY OF WP IS EXPRESSLY LIMITED TO THE TERMS OF THE AGREEMENT. WP SHALL NOT BE LIABLE TO THE CUSTOMER, OR ANY THIRD PARTY, FOR ANY OTHER SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR INDIRECT COSTS OR DAMAGES, INCLUDING WITHOUT LIMITATION, LITIGATION COSTS, INSTALLATION AND REMOVAL COSTS, LOSS OF DATA, PRODUCTION OR PROFIT ARISING FROM ANY CAUSE WHATSOEVER, REGARDLESS OF THE FORM OF THE ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH COSTS OR DAMAGES. FOR PURPOSES OF THIS PROVISION, WP INCLUDES WP'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, SUBCONTRACTORS AND SUPPLIERS. IN NO EVENT SHALL THE TOTAL COLLECTIVE CUMULATIVE LIABILITY OF WP, ITS EMPLOYEES, OFFICERS, AGENTS AND DIRECTORS EXCEED THE AMOUNT PAID TO WP FOR PRODUCTS FROM WHICH SUCH LIABILITY AROSE DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE OF THE MOST RECENT CLAIM.

10. EXPORT RESTRICTIONS: Customer shall obtain all licenses, permits and approvals required by any government and shall comply with all applicable laws, rules, policies and procedures of the applicable government and other competent authorities. Customer will indemnify and hold WP harmless for any violation or alleged violation by Customer of such laws, rules, policies or procedures. Customer shall not transmit, export or re-export, directly or indirectly, separately or as part of any system, the Products or any technical data (including processes and services) received from WP, without first obtaining any license required by the applicable government, including without limitation, the United States Government and/or any other applicable competent authority. Customer also certifies that none of the products or technical data supplied by WP under this Agreement will be sold or otherwise transferred to, or made available for use by or for, any entity that is engaged in the design, development, production or use of nuclear, biological or chemical weapons or missile technology.

11. RIGHTS IN INTELLECTUAL PROPERTY AND TOOLING: All right, title and interest in and to any inventions, discoveries, improvements, methods, ideas, computer and other apparatus programs and related documentation, other works of authorship fixed in any tangible medium of expression, mask works, or other forms of intellectual property, whether or not subject to statutory protection, which are made, created, developed, written, conceived or first reduced to practice by WP solely, jointly or on its behalf, in the course of, arising out of, or as a result of work performed under an order, and any related tooling, set-up, fitting-up and preparation charges whether or not invoiced, shall belong to and be the sole and exclusive property of WP. Customer agrees not to reverse engineer all or any portion of any Product nor allow or assist others to do so. Customer agrees not to remove, alter, erase, deface or cover over any markings on the Product or its packaging.

12 GENERAL TERMS:

12.1 The validity, interpretation and performance of this Agreement shall be governed by and construed under the applicable laws of the State of Utah and the United States of America, as if performed wholly within the state and without giving effect to the principles of conflict of laws. The parties specifically disclaim the application of the United Nations Convention on Contracts for the International Sale of Goods.

12.2 WP shall not be liable for any delay or failure in performance whatsoever due to acts of God, earthquakes, shortage of supplies, transportation difficulties, labor disputes, riots, war, fire, explosion, epidemics, or other occurrences beyond WP's reasonable control or due to unforeseen circumstances.

12.3 Waiver by WP of any provision herein must be in writing and shall not be deemed to be a waiver of such provision in the future or of any other provision.

12.4 Customer shall hold confidential and shall not use, disclose or permit others to use any confidential information identified as such in writing or orally by WP or information which Customer knows or ought to reasonably know is confidential, proprietary or trade secret information of WP, including, without limitation, trade secrets embodied in Products.

12.5 Neither this Agreement nor any rights under this Agreement, other than monies due or to become due, shall be assigned or otherwise transferred by Customer (by operation of law or otherwise) without the prior written consent of WP. This Agreement shall bind and inure to the benefit of the successors and permitted assigns of the parties.

12.6 In the event that any of the terms of this Agreement, apart from payment, become or are declared to be illegal by any court of competent jurisdiction, such terms shall be null and void and shall be deemed deleted from this Agreement. All remaining terms of this Agreement shall remain in full force and effect.

12.7 Neither party has the right or authority to, and shall not, assume or create any obligation of any nature whatsoever on behalf of the other party or bind the other party in any respect whatsoever.

12.8 WP neither assumes nor authorizes any third party, person or entity to assume or accept any liability or obligation, or to make any commitment for WP with regard to WP services or the Products.

12.9 This Agreement constitutes the entire agreement between the parties hereto concerning the subject matter of this Agreement, apart from existing non-disclosure agreements, and there are no understandings, agreements, representations, conditions, warranties, or other terms, express or implied, which are not specified herein. This Agreement may only be modified by a written document executed by authorized representatives of WP and Customer.