



Thin Film Technology Terms and Conditions of Sale

1. **Terms and Conditions.** This sale is subject to, and Seller's acceptance is conditioned upon, Buyer's assent to the terms and conditions stated herein and on Seller's sales confirmation, which is in lieu of and replaces any and all terms and conditions set forth in any documents issued by Buyer, including, without limitation, purchase orders and specifications. ANY ADDITIONAL, DIFFERENT, OR CONFLICTING TERMS AND CONDITIONS ON ANY SUCH DOCUMENT ISSUED BY BUYER AT ANY TIME ARE HEREBY OBJECTED TO BY SELLER, AND ANY SUCH DOCUMENT SHALL BE WHOLLY INAPPLICABLE TO ANY SALE MADE HEREUNDER AND SHALL NOT BE BINDING IN ANY WAY ON SELLER. No waiver or amendment to these terms and conditions shall be binding on Seller unless made in writing expressly stating that it is such a waiver or amendment and signed by Seller. In case of conflict between the terms and conditions stated here and those on the face of the Quotation, those on the face of the Quotation shall control.
2. **Price.** Except as otherwise specified by Seller in writing, all billings for products and services will be at the price indicated on the face of Seller's Quotation. Seller shall have the right to increase the prices set forth in the Quotation by an amount equal to any additional duty tariff, tax, or other charge imposed as a result of any action by the U.S. Government, any state or local government, or any agent or agency thereof. The prices set forth on the face of the Quotation shall be valid for a period of thirty (30) days from the date of the Quotation or as otherwise noted by the seller.
3. **Payment.** ALL PAYMENTS SHALL BE MADE IN UNITED STATES DOLLARS WITHIN THIRTY (30) DAYS OF THE DATE OF THE INVOICE or as otherwise agreed to by the seller. Seller may accept partial payment in an amount less than the full amount of any invoice but such acceptance shall not constitute a waiver of Seller's right to collect the balance or accord and satisfaction notwithstanding Seller's endorsement of a check or other instrument. If Buyer is adjudicated bankrupt or a petition for winding up or judicial management is made against Buyer or corporate reorganization under any bankruptcy or similar laws is filed by or against Buyer or Buyer makes a general assignment for the benefit of creditors or a receiver and/or manager for Buyer is appointed, Seller may, to the extent allowed by applicable law, cancel any unfilled order. Each individual shipment shall be invoiced and paid as a separate and independent transaction.

Seller reserves a purchase money security interest in the products sold to Buyer and in the proceeds thereof until payment is made in full by Buyer. In the event that the Buyer sells or otherwise disposes of the products sold to Buyer without the prior written consent of Seller prior to full payment for these products being made to Seller, Seller shall be entitled to the entire proceeds of sale, which amount will be held by Buyer in a separate bank account on trust for Seller. Buyer agrees to execute financing statements and other instruments at Seller's request.

4. **Taxes.** Unless otherwise stated on the face of the Quotation, stated prices do not include any customs duties, sales, use, value added, excise, goods and services, federal, state local or other similar taxes. All such duties or taxes shall be paid by Buyer, or, in lieu thereof, Buyer shall provide Seller with an appropriate exemption certificate.
5. **F.C.A. and Risk of Loss.** Unless otherwise stated on the face of the Quotation, all shipments are F.C.A. Seller's facility in North Mankato, Minnesota 56003 (USA). Seller's liability for delivery shall cease and title and all risk of loss or damage shall pass to Buyer upon delivery to carrier, regardless of any provision for payment of freight or insurance or the form of shipping documents. Products held by Seller for Buyer shall be at Buyer's risk and expense. Unless otherwise specified in writing, seller shall ship by the method which it deems most advantageous.
6. **Returns and Adjustments.** No product may be returned by Buyer for any reason without the prior



written approval of Seller. No product returns will be accepted unless such return has been authorized by Seller and Seller has provided Buyer with a Return Material Authorization ("R.M.A.") number. All returns shall be in the original packaging or equivalent. Any product returned to Seller without prior authorization for its return, without the issuance of an RMA number, or with improper packaging, may be refused.

7. **Warranty.** SELLER MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OTHER WARRANTIES THAT MIGHT ARISE FROM COURSE OF DEALING OR CUSTOM OF TRADE OTHER THAN THAT SELLER WARRANTS ONLY THAT THE PRODUCT COMPLIES WITH SELLER'S SPECIFICATION SHEET FOR THE PRODUCT FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF SHIPMENT. SELLER WARRANTS THE PRODUCTS TO BE SOLDERABLE, IF STORED IN RECOMMENDED STORAGE CONDITIONS (+5°C TO +35°C; 45-85% RH; NOT STORED IN DIRECT SUNLIGHT, NOT EXPOSED TO PARTICULATE CONTAMINATION OR HARMFUL GASES AND MAINTAINED IN ORIGINAL PACKAGING UNTIL USE) FOR A PERIOD OF FIVE (5) YEARS FROM THE DATE OF MANUFACTURE, OR ONE (1) YEAR FROM THE DATE OF SHIPMENT, WHICHEVER IS LONGER.

Any claim against Seller must be made within ninety (90) days from the date of shipment by Seller. Seller's liability is limited to repair or replacement of the defective product or credit or refund of the purchase price of the defective product, provided that Seller may elect refund in lieu of credit, replacement or repair. Allegedly nonconforming products shall be returned as provided herein to Seller, transportation charges prepaid. All warranties cover only defects arising under normal use in compliance with Seller's specifications and do not insure malfunctions or failures resulting from misuse, abuse, neglect, alteration, modification, or improper installation, or repairs by anyone other than Seller. No agent, employee or representative of Seller has any authority to bind Seller to any affirmation, representation or warranty relating the products other than as specifically provided herein.

The warranty provided for herein is subject to the following conditions: (a) if product becomes defective during the warranty period, Buyer shall notify Seller promptly in writing of any claims; (b) if Seller advises Buyer to return product for repair or replacement, Buyer will follow Seller's instructions with respect to the return of such product; (c) if product alleged by Buyer to be defective or returned to Seller for repair as provided in this section is either (i) not under warranty, or (ii) determined not to be defective, or (iii) defective due to any cause or conditions not covered under the warranty provided herein, Buyer agrees to reimburse Seller for all reasonable expenses incurred in traveling and/or the shipping, handling, and inspection of such product; (d) products will be accepted by Seller for warranty claim verification only when returned by Buyer in a condition which allows for suitable testing by Seller; (e) when more than one type of product is returned, the products must be segregated by product type; (f) Seller shall reimburse Buyer for shipping charges to the extent of the percent of the total returns that are found by Seller to be defective as specified herein; and (g) any returned products electrically or mechanically destroyed by Buyer or third parties will not be covered by this warranty, and will not be returned to Buyer, but will be scrapped by Seller.

8. **Limitation of Liability.** IN NO EVENT SHALL SELLER BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM SELLER'S PERFORMANCE OR FAILURE TO PERFORM UNDER THIS SALE, OR THE FURNISHING, PERFORMANCE OR USE OF ANY GOODS OR SERVICES SOLD PURSUANT HERETO, WHETHER DUE TO A BREACH OF CONTRACT, BREACH OF WARRANTY, STRICT LIABILITY, THE NEGLIGENCE OF SELLER OR OTHERWISE.
9. **No Warranty Against Patent Infringement.** BUYER EXPRESSLY UNDERSTANDS AND

AGREES THAT SELLER DOES NOT WARRANT THAT THE PRODUCT IS FREE OF CLAIMS OF PATENT INFRINGEMENT BY ANY THIRD PARTY. SELLER HEREBY DISCLAIMS ANY SUCH WARRANTY OR INDEMNIFICATION AGAINST PATENT INFRINGEMENT.

10. Critical Components. SELLER'S PRODUCTS ARE NOT AUTHORIZED FOR USE AS CRITICAL COMPONENTS IN LIFE SUPPORT DEVICES OR SYSTEMS WITHOUT THE EXPRESS WRITTEN APPROVAL OF A CORPORATE OFFICER OF SELLER. Life support devices or systems are those which are intended to support or sustain life and whose failure to perform can be reasonably expected to result in a significant injury to the user. Critical components are those whose failure to perform can be reasonably expected to cause failure of a life support device or system or affect its safety or effectiveness.
11. Acceptable Quality Levels. Quotations are based on Acceptable Quality Levels commensurate with normal processing. If particular AQL values are requested, you should state them along with the original request.
12. Order Cancellation. Cancellation of an order, or any part thereof, shall be subject to the following terms: You shall pay the contract price of all goods that have been completed. In addition to such payment, as to any part of the order that shall be in process, you shall pay a sum equal to the same proportion of the contract price as the degree of completion of the goods in process on the date cancellation is received bears to full completion. Termination charges on governmental contracts and subcontracts will be determined in compliance with applicable laws and regulations.
13. Reschedules. Rescheduling of an order, or any part thereof, shall be subject to the following terms: Rescheduling shall not take place within a period of thirty (30) days from the originally scheduled shipping date, or as otherwise noted by the seller. A maximum number of one (1) reschedule will be allowed per order. The amount of change allowed from the originally scheduled shipping date will be at the discretion of the seller.
14. Prohibition on Discrimination. In accordance with Executive Order 11246, we agree not to discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. We will take affirmative action to ensure that Equal Employment Opportunity is implemented in employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. All other applicable provisions of the Rules and Regulations of the Office of Federal Contract Compliance are herein incorporated by reference.
15. Force Majeure. Seller shall not be liable for any delay in performance or non-delivery caused directly or indirectly, by or resulting from acts of God, fire, flood, accident, riot, war, government intervention, embargoes, strikes, labor difficulties, equipment failure, late delivery by suppliers or other difficulties which are beyond the reasonable control of Seller. Under such circumstances, quantities will be subject to availability. In the event of production difficulties or product shortages, Seller may allocate sales and deliveries at its sole discretion.
16. Product Discontinuance. Seller reserves the right to discontinue production of any product at any time without notice except for that quantity of product for which Seller has received and acknowledged a purchase order from Buyer and has scheduled such product for shipment within six (6) months of the date of such acknowledgement. In addition, Seller reserves the right to make changes in its manufacturing processes, provided, however, that Seller agrees that it will provide Buyer with ninety (90) days prior written notice of any such material change.
17. Assignment. Buyer may not assign its rights or obligations hereunder without the express prior written consent of Seller, and any assignment without such consent shall be a breach hereof by Buyer. Seller shall be entitled at any time to assign its rights or obligations hereunder to any third party without Buyer's prior written consent.
18. Governing Law. These terms and conditions are governed by the laws of the State of Minnesota. Buyer acknowledges and agrees that Minnesota courts have jurisdiction over these terms and conditions and Buyer, that Minnesota is an appropriate place for venue of any litigation, and that all litigation, to the extent possible, shall be in Minnesota. Buyer consents and agrees that the State of Minnesota shall be the sole forum for resolution of disputes regarding these terms and conditions or

transactions hereunder. The parties hereby acknowledge and agree that the provisions of the Sale of Goods (United Nations Conventions) Act, Chapter 283A, as amended or replaced are expressly excluded and shall not apply to the terms and conditions of this Order.

19. Confidential Information. Seller shall have no obligation to hold any information received from Buyer hereunder in confidence unless such information is covered by a separately negotiated non-disclosure agreement which is reduced to writing and signed by both parties.
20. Export Control/Use of Products. Buyer certifies that it will be the recipient of the Products to be delivered by Seller. Buyer acknowledges that the Products are subject to the export and/or import control laws and regulations of various countries including the Export Administration Laws and Regulations of the United States (collectively, the Act). If Buyer exports the Products, Buyer agrees to comply with the terms and restrictions of the Act, along with any anti-boycott laws and regulations related to the Products. Buyer confirms that it will not unlawfully export or re-export the Products, directly or indirectly, to (i) any countries that are subject to U.S. export restrictions or (ii) any end user who has been prohibited from participating in U.S. export transactions by any agency of the U.S. government. Buyer warrants that the Products will not be used to develop or produce weapons of mass destruction or sold to an end user who Buyer knows or has reason to know, may utilize the Products directly or indirectly in connection with weapons of mass destruction or nuclear activities listed in U.S. EAR 778.3(b)(1), (2) & (3), whether or not the item is specifically designed or modified for such activities. If buyer is not the ultimate end user, Buyer agrees to screen the reliability of each end user so that the Products will not be used in a manner which is prohibited. Upon our request, Buyer agrees to execute, acknowledge, deliver and to cause to be duly filed all such further instruments and documents and take actions as we may from time to time reasonably request to assure that the necessary export requirements have been met. If required, Buyer will obtain prior authorization for export of the Products in accordance with the Export Administration Regulations of the Department of Commerce. If applicable, Buyer will be responsible for assuring that the appropriate import permits and licenses with respect to the Products, including any markings needed for import are obtained. Buyer shall indemnify and hold Seller harmless against any claims, damages or losses incurred as a result of Buyer's failure to comply with the Act or terms contained herein. Seller reserves the right to terminate any sale if Buyer fails to comply with the Act or the terms contained herein.
21. Severability. These terms and conditions, including those on the face of the Quotation (but expressly not including any terms and conditions of Buyer's documents, including any purchase order), constitute the entire terms and conditions with regard to this sale and expressly supersede and replace any prior or contemporaneous agreements, written or oral, relating to said sale. These terms and conditions shall be binding upon the heirs, successors, and assigns of the parties hereto. If any provision of these terms and conditions are adjudged to be unenforceable in whole or in part, such adjudication shall not affect the validity of the remainder of these terms and conditions. Each provision of these terms and conditions is severable from every other provision and constitutes a separate distinct and binding covenant.