Payment Policies

Prepayment Policy

First Light Technologies will offer “prepayment” terms to customers that:

- have not yet established approved credit terms
- prefer this form of payment vehicle for purchasing their products
- have had the status of their credit terms changed by First Light Technologies due to poor payment history.

All customers with prepayment terms will receive a Proforma Invoice prior to processing any sales order. It should be carefully reviewed by the customer and any issues addressed immediately. Proforma Invoices that remain unpaid for a period of 14 days will be closed and any related Sales Order will be assumed to be cancelled by our customer.

Once full payment of the Proforma Invoice is received, the order will be scheduled for production. First Light will provide the customer with an Order Acknowledgement which will advise the customer of the scheduled shipment date.

Prepayment transactions often result in a balance-on-account. This is usually caused by an order variance (+/-10%). (Please see: Quantity Variance Policy) Often these balances remain on account for many months waiting for collection/credit to another order from the prepay customer. This has been agreeable because the balances remaining on account are generally small and combining the balance with a new prepayment helps to minimize the wire fees associated with international fund transfers. Small balances under $300.00 will be added to next order. Larger balances over $300.00 should be cleared within 30 days. Credits can be used towards payment of future orders. Customers must provide First Light Technologies with their banking information if a refund is requested. First Light will always follow our customer's directives.
Credit Terms

In order to transact business on an open account basis, we require that interested customers submit a credit application which will include:

- Company Legal Identity Information
- Credit Limit Request
- Trade and Bank References
- Personal Guarantee Information and Signature
- Signature of Authorization

Upon approval of a Credit Application, our customer will receive a Credit Acknowledgement Letter stating:

- **Payment Terms**: Unless otherwise agreed, payment terms will be set Net 30 Days.
- **Credit Limit**: First Light will strive to establish a credit limit with our customer that supports a healthy business relationship. First Light will adjust credit limits as business grows and in recognition of a prompt payment history.

**Accounts Past Due**: Customers with invoices that become past due will be subject to finance charges. Once an account becomes seriously past due it will put on credit hold and/or subject to a status change to prepayment.

**Finance Charge Policy**

*This policy will be implemented and enforced by First Light executive management on a per-customer basis and only when a customer has had a consistent and excessive delinquent payment history. This policy is intended to encourage prompt account payments in accordance with the payment terms agreed to by the customer and is a final effort before revoking previously established credit limits and payment terms.*

An 8% APR finance charge will be assessed on all invoices remaining unpaid 5 days after the invoice due date. Finance charges will be assessed by First Light on a weekly basis each Monday morning immediately following the posting of all payments received this same day. The 5-day grace period and the weekly assessment will provide customers with ample time to assure payments are made on time and received by First Light. First Light will delay posting finance charges for any customer that has notified us of a payment in route via special next day “traceable” carrier only if a tracking number is provided.
Customers for whom this policy is implemented that have an invoice(s) overdue by 5 or more days will be assessed a Finance Charges. These customers will receive a statement showing the finance charges and all outstanding invoices along with an invoice for the finance charges. All Finance Charge invoices are due immediately upon receipt. Customers that fail to promptly pay the finance charges will be placed on product hold and payment terms and credit limits will be immediately revoked. Customers that establish a prompt payment history for a minimum of 4 months may request in writing to have the finance charge policy removed.

Credit Terms Acknowledgement letters from First Light to all customers applying for payment terms clearly state First Light’s intention to assess significant finance charges for overdue balances on account. The 8% APR stated above is intentionally lower than the 1.5% monthly (18% annual) charges presented in the acknowledgment letter.

Finance charges are calculated using the following formula for each overdue invoice:
Finance Charge = (Number of Days Past Due) x (Daily Rate) x (Outstanding Invoice Amount)
Daily Rate is the percentage divided by 365 days.
Outstanding Invoice Amount is the amount due on the invoice.

Example
You have set up an 8% finance charge for invoices 30 days overdue. You age your customer invoices by due date.
Invoice Date: 1/1/99 Due Date 1/31/99
Invoice Amount Due: $100.00
A finance charge applied on 3/15/99 is $0.94. The finance charge is calculated as follows:

\[ \left( \frac{8}{100} / 365 \right) \times 43 \times 100 = 0.94 \]

On 3/15/99 the invoice is 43 days past due (1/31/99 - 3/15/99).

**Bank Account Information for payments via Wire Transfer**

Please find listed below bank information to complete a wire transfer into the First Light account:

**First Light Technologies, Inc.**

<table>
<thead>
<tr>
<th>Account #</th>
<th>32 058498</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Name</td>
<td>Community Bank NA</td>
</tr>
<tr>
<td>Bank ABA#</td>
<td>021307559</td>
</tr>
<tr>
<td>Bank Swift #</td>
<td>COUYUS31</td>
</tr>
<tr>
<td>Bank Head Office</td>
<td>5790 Widewaters Parkway</td>
</tr>
<tr>
<td></td>
<td>Dewitt, NY 13214 USA</td>
</tr>
</tbody>
</table>

Please contact our office if you require additional information or have any questions. Thank you.
Fee for Bank Wire Transfers Discontinued - Effective January 1, 2011

First Light Technologies will discontinue the fees charged for Bank Wire Transfers. First Light Technologies will absorb the cost for the wire transfers as a reasonable cost of transacting international business. Any open orders placed prior to 1/1/2011 will be invoiced to reflect the discontinuation of the Bank Wire Fee. No adjustment or credit will be issued for orders invoiced prior to 1/1/2011.

First Light reserves the right to recover excessive bank and wire transfer fees when the amount deposited into our account differs from the customer-initiated amount by $50.00 (US$) or more. In this exceptional case, First Light will issue an invoice to the paying customer and provide clear explanation and documentation.