

## VAUPELL TERMS AND CONDITIONS OF SALE

1. **QUOTATIONS:** Unless otherwise specified, for a quotation to be valid, it must be accepted by Customer via a Purchase Order within thirty (30) days from the date of the quotation. Purchase orders may not be written for budgetary pricing.
2. **PRICES:** The prices set forth in this quotation apply only to products scheduled for shipment within three (3) months from the date of Customer's purchase order unless otherwise agreed in writing. All prices are subject to change by Vaupell, in its sole discretion, due to, but not limited to increases in material, manufacturing or other costs. Vaupell will notify Customer of any price change that applies to a product ordered under this quotation. The prices set forth in this quotation are exclusive of taxes and all charges for shipping, insurance, tooling, and services.
3. **PURCHASE ORDERS:** The offer represented by this quotation may be accepted only by the submission of a written purchase order. Such order shall specify the part number, current revision level and quantity of each product ordered, and the requested shipping dates, shipping destinations, and invoice point. The terms and conditions of this quotation shall govern all orders to the exclusion of any additional or different terms on Customer's purchase order. Customer's submission of a purchase order shall be deemed acceptance of these terms and conditions to the exclusion of any other terms and conditions appearing in such purchase order.
4. **DESIGN SPECIFICATION:** Except as indicated in this quotation, or as otherwise agreed in writing between the parties, all products provided hereunder shall be manufactured in accordance with written designs provided by Customer. Customer recognizes that the quality of products manufactured using designs supplied by Customer is a function of the quality of such designs. Vaupell shall not be responsible for any defect in such products caused by a defect in such designs. Products delivered by Vaupell shall not be considered defective if they meet Customer's requirements with respect to form, fit, and function, and/or are in accordance with approved samples. Vaupell reserves the right to re-quote prices in the event of Customer changes in design and/or specifications prior to acceptance for production. The Customer agrees to pay Vaupell for tooling modification required by such changes. Part design changes suggested by Vaupell and accepted by Customer shall be incorporated into Customer's part drawings, and Vaupell shall have no responsibility as to form, fit and function of parts manufactured in accordance with the modified design. Vaupell shall have the right to dispose of all designs and materials furnished by Customer upon completion of its performance under this quotation.
5. **DIES, TOOLS AND FIXTURES:**
  - A. Any Dies, Tools and Fixtures manufactured or otherwise acquired by Vaupell for the products to be furnished under this quotation shall be provided at Customer's sole expense and shall become the property of the Customer upon payment of all charges required hereunder. Upon completion of the manufacturing provided for hereunder, Customer shall take delivery of such tooling, FOB Vaupell' shipping dock, upon request of Vaupell. Vaupell will levy a monthly storage and maintenance charge on a per-pound basis in the event Customer does not take possession of the tooling within thirty (30) days of Vaupell' request. If storage and maintenance charges are not paid within thirty (30) days of invoice date, Vaupell will notify Customer of intent to dispose of Dies, Tools and Fixtures within thirty (30) days unless paid in full.
  - B. Dies, Tools and Fixtures will be stored by Vaupell for Customer's exclusive use in accordance with Customer's orders. Except for normal production maintenance, Customer shall be exclusively responsible for replacement of Dies, Tools, and Fixtures.
  - C. Customer hereby waives and agrees to hold Vaupell harmless from any liability or claim, costs or judgments, which might arise out of the storage of Customer's Dies, Tools and Fixtures. It shall be the sole and exclusive duty of Customer to procure and maintain such casualty or other insurance coverage as it deems necessary to protect its Dies, Tools and Fixtures and other materials while in the possession of Vaupell.
  - D. Injection Molds:
    - Project payment terms:
      - 50% down payment, due with order
      - 40% upon first sampling, Net 10
      - 10% upon submission of FOT samples, Net 30.
    - Molds that are destined for molding at a facility other than the facility producing the mold will not ship without a customer-accepted FAI, unless otherwise agreed to in writing.
    - All tolerances for quotations based on electronic data are assumed to be + / - .005 unless otherwise specified
    - Pricing and lead times reflected in this quote will be reviewed upon contract offer and are subject to adjustment based on conditions at that time.
    - Lead time starts with acceptance of a PO and acceptance of final data and print.
    - Unless otherwise specified, any tooling freight charges shown here are estimates, and could be higher or lower. Customer will be billed for freight charges incurred at time of shipment.
    - Cycle times are estimates only based on the part drawings and technical specifications supplied with the RFQ. Cycle times assume molding machine dry cycle time is that of suitable high-speed injection molding machine. Mold size and machine tonnage are estimates only. These will be confirmed during the design engineering phase.
    - Due to the unpredictable nature of shrinkage rates and their dependency on material selection, product geometry, and production environment, shrinkage predictions must be based on each company's experience with similar resins and part wall sections. Any predicted shrinkage rates advised by Vaupell Molding and Tooling are estimates only.
    - Unless otherwise noted in this proposal, Vaupell assumes EDM or SPI B-2 finish.
    - Unless otherwise noted in this proposal, coating or plating mold components is not included. If treating mold components is deemed necessary during mold design, mold build, or mold qualification for corrosion, abrasion, or mold release, Vaupell reserves the right to quote this activity. Lead time may be affected. Any coating or plating not clearly defined will be left to Vaupell's discretion.
    - Unless otherwise noted in this proposal, steel safe adjustments are not included.
    - Lead time will be confirmed after receipt of the written order and clarification of all technical, design, and financial details. The confirmed lead time comprises approximately 30% design and 70% manufacturing. Any missing data on the sales order acknowledgment (SOA) will extend the overall lead time. Time spent waiting for missing data will extend the overall lead time. The required information is due to Vaupell within 3 business days from receipt of the purchase order, or the program may be placed on hold. Final design information includes, but is not limited to, final product model(s), drawings identifying critical-to-function dimensions, plastic shrinkage rate, molding machine specifications, resin grades, and suppliers.
    - Taxes, duties, tariffs, and shipment of the mold or sample parts are the responsibility of the customer.
    - Client Property. All part designs, materials, documents, information, data, and reports supplied to Vaupell by Customer are and shall remain the exclusive property of Customer.
    - Vaupell Property. Unless otherwise specifically agreed in writing, all equipment or software developed, purchased, licensed, or otherwise procured by Vaupell in order to design and manufacture plastic injection molds and related engineering products under this Agreement ("collectively the "Services") for Customer hereunder are and shall remain the exclusive property of Vaupell. Customer acknowledges that (i) Vaupell's ability to undertake the Services is dependent upon Vaupell's and its employees' past experience in providing similar Services to others, (ii) Vaupell expects to continue to furnish Services to its other customers in the future, and (iii) Vaupell may, in the course of providing Services to any of its customers, develop certain valuable and confidential technologies, methodologies and techniques

for the design, operation and/or manufacture of plastic injection molds and engineering products. Therefore, and notwithstanding anything in this Agreement to the contrary, any and all ideas, concepts, know-how, methods, techniques, processes, skills and adaptations used by Vaupell in the performance of the Services hereunder whether developed prior to or during the course of the performance of Services hereunder and whether or not included as part of or embedded in any Molds delivered hereunder, shall be owned by Vaupell, including mold design, and no ownership or other rights therein are transferred to Customer under this Agreement or otherwise, except as otherwise set forth in the next sentence. With respect to Vaupell included as part of or embedded in any Molds delivered hereunder, and subject to receipt by Vaupell of payment for all fees due to Vaupell for such Molds, Vaupell grants Customer a nonexclusive, world-wide license to use such Vaupell solely as part of such Molds. Customer may not use, copy, or modify Vaupell, except as expressly authorized by Vaupell in writing. Customer's license rights hereunder may not be transferred except to a successor in interest of Customer's business that utilizes the Mold and who assumes the obligations and restrictions of this paragraph. Except as provided in the previous sentence, Customer shall not disclose Vaupell to any third party and shall make no attempt, nor permit any third party to attempt, to reverse engineer any portions of the Mold in order to identify any of the Vaupell. This section shall survive termination of this Agreement.

- 6. RELOCATION OF DIES, TOOLS, AND FIXTURES:** All Dies, Tools and Fixtures relocated to Vaupell will be evaluated by Vaupell' personnel with any necessary maintenance or repair costs being paid by Customer.  
Relocation of Dies, Tools, and Fixtures from Vaupell is subject to relocation charges. This charge will include normal preparation for transportation and other reasonable charges to recover all expenses incurred to have kept the program in production status.
- 7. MATERIALS:**
- A. Materials supplied by the Customer must be in the possession of Vaupell no later than five (5) working days prior to start-up of the molding run. Such material must be supplied in the quantity specified by Vaupell upon acceptance of the Customer's purchase order.
  - B. The design and quality of the material supplied by the Customer must be acceptable to Vaupell.
  - C. VAUPELL ASSUMES NO LIABILITY FOR THE DESIGN OR PERFORMANCE OF THE MATERIAL SUPPLIED BY THE CUSTOMER.
  - D. Customer will pay Vaupell for any specially ordered materials that are not used in filling customer orders in a timely manner, at Vaupell' sole discretion.
- 8. SCHEDULING OF SHIPMENTS:** The estimated shipping capability stated in this quotation assumes timely receipt of all applicable designs and Customer furnished materials. All such designs must be complete and in sufficient detail to permit Vaupell to begin production. Customer may request on its purchase order a specific shipping schedule, but Customer may not request that products be scheduled for shipment earlier than Vaupell' estimated shipping capability or later than three (3) months from the date of the first scheduled shipment of product, unless approved in writing. Vaupell will schedule shipments based on Customer's request and Vaupell' shipping capability at the time Customer's order is accepted.
- 9. FIRST ARTICLE ACCEPTANCE:** Written acceptance of first article parts produced from new tooling or modified tooling will be required from a representative of the Customer before production will begin by Vaupell.
- 10. CANCELLATIONS AND RESCHEDULING:**
- A. Customers' purchase orders are not subject to cancellation or rescheduling without prior agreement by Vaupell in writing. Any request for cancellation may be rejected by Vaupell or accepted subject to payment by Customer of a cancellation charge equal to the cost of all work in process and all other expenses incurred by Vaupell, plus a twenty percent (20%) charge of the total purchase order value, with respect to the order.
  - B. Any request for rescheduling may be rejected by Vaupell or accepted subject to payment of a rescheduling charge.
  - C. In the event of cancellation or any other reason, Vaupell reserves the right, in its sole discretion, to notify Customer of its intent to dispose of Customer's tooling, molded parts or materials subject to the terms and conditions herein. If customer fails to give instructions to Vaupell for the disposition of Customer tooling, molded parts, or materials within 30 days of such notice, Vaupell shall have the options to:
    - Store the goods for the account of the customer;
    - Ship the goods back to Customer at the expense of Customer;
    - Resell the goods for the account of Customer and be reimbursed for resale and storage exp.
- 11. SHIPPING AND DELIVERY:** Vaupell will use its best efforts to ship on or before the estimated shipping dates specified in Customer's formal purchase order. VAUPELL shall not, in any event, be liable for any delay or failure to deliver resulting from circumstances which are beyond Vaupell' control or which would cause Vaupell to incur unreasonable expense in order to avoid such delay or to affect such delivery.  
Delivery shall be FOB Vaupell' shipping dock of the manufacturing location except where noted in customers quotation or project contract. In the absence of specific written instructions from Customer, Vaupell will select the carrier, but Vaupell shall not thereby assume any liability in connection with the shipment. The prices quoted, unless listed or itemized, do not include freight or insurance. If products are shipped prepaid, Vaupell will bill Customer a freight charge for each such shipment, and, if such shipments are insured, Vaupell will bill Customer an insurance charge for each such shipment. These charges shall be paid by Customer and will be shown as a separate item, identified as freight insurance, on the invoice.
- 12. TITLE AND RISK OF LOSS:** Title and risk of loss for products purchased hereunder shall pass to Customer upon tender of the products by Vaupell to the carrier.
- 13. TAXES:** The prices quoted are exclusive of all state and local sales, use, excise, privilege, and similar taxes. Such taxes imposed on Vaupell or which Vaupell has a duty to collect in connection with the sale, delivery, or use of products purchased hereunder shall be paid by Customer and will appear as separate items on the invoice.
- 14. INVOICE AND PAYMENT:** Vaupell will submit an invoice to Customer for each shipment at the time of shipment. Vaupell shall submit an invoice to Customer for any rescheduling or cancellation charge whenever such charge is assessed. Vaupell will submit an invoice to Customer for any tooling in accordance with the schedule set forth on the face of this quotation and for any services at the time the services are rendered. Customer shall pay the amount invoiced within thirty- (30)-days from the date of the invoice on molded product and within ten (10) days on all other invoices.  
Vaupell retains the right, in its sole discretion, to change the above credit terms at any time. Should Customer become delinquent in the payment of any sum due hereunder, Vaupell at its option and upon notice to Customer, shall not be obligated to continue performance under this quotation.
- 15. INTEREST CHARGES:** Vaupell will levy a 1.5% per month late charge on the unpaid principal balance of any account delinquent beyond the terms quoted. The charge will be calculated and invoiced on a statement at the end of each month with time pro-rated on the balance due beginning at the date of delinquency.
- 16. WARRANTY:** Vaupell warrants that, at the time of delivery, any products delivered hereunder will conform to such Customer specifications as have been accepted by Vaupell and will be free from defects in materials and workmanship. Customer shall inspect all products upon receipt and must give Vaupell written notice of any defect within (30) days of receipt or the products shall be deemed accepted and any defect waived.  
Vaupell's sole obligation under this warranty shall be, solely at its option, to either repair the defective product without charge for parts and labor or provide a replacement in exchange for the defective product. The exercise of either of the options stated above shall constitute a settlement in full of all claims of Customer for damages and shall operate as a release of all claims for damages of Customer arising out of this agreement.  
In order to obtain service under this warranty, Customer must notify Vaupell of the defect as provided above and make suitable arrangements for the performance of service. Customer shall be responsible for packaging and shipping the defective product to Vaupell.  
This warranty does not apply to any product that after delivery has been subjected to misuse, neglect, damage, accident, or modification nor to any defect due to any designs furnished by Customer.

THIS WARRANTY IS GIVEN BY VAUPELL WITH RESPECT TO THE PRODUCTS IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED. VAUPELL DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE SOLE RESPONSIBILITY OF VAUPELL IS TO REPAIR OR REPLACE DEFECTIVE PRODUCTS.

- 17. LIMITATION OF LIABILITY:** IN NO EVENT SHALL VAUPELL BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST PROFITS, EVEN IF VAUPELL HAS ADVANCE NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. FURTHER, VAUPELL SHALL NOT BE LIABLE FOR DAMAGES OF ANY KIND, WITH RESPECT TO THE USE OR RESALE OF ANY PRODUCT SOLD HEREUNDER, IN AN AMOUNT GREATER THAN THE PRICE PAID BY CUSTOMER FOR SUCH PRODUCT.
- 18. INFRINGEMENT:** Customer warrants to Vaupell that the manufacture, use or sale of products made in accordance with the designs provided by Customer will not infringe upon or violate any patent, copyright, trade secret or any other proprietary right of any other party. In the event of any claim by a third party against Vaupell asserting or involving a patent, copyright, trade secret or proprietary right relating to a product, Customer shall defend, at its expense, and will indemnify and hold harmless Vaupell against any loss, cost, expense, including attorney's fees, or liability arising out of such claim. Vaupell agrees to notify Customer in writing within a reasonable period of time after Vaupell receives written notice of any such claim, action or allegation of infringement.
- 19. PRODUCT LIABILITY:** In the event of any claim by a third party against Vaupell for personal injury or property damage arising out of or connected with the design or manufacture of a product furnished hereunder, Customer shall defend, at its expense, and will indemnify and hold harmless Vaupell against any loss, cost, expense, including attorney's fees, or liability arising out of such claim, except where the subject design was furnished by Vaupell.
- 20. ASSIGNMENT:** Customer may not assign or otherwise transfer its rights or obligations hereunder without the prior written consent of Vaupell. No attempt to assign or transfer in violation of this provision shall be valid or binding upon Vaupell.
- 21. GOVERNING LAW:** The offer represented by the quotation, and the rights of the parties there under, shall be governed by and construed in accordance with the laws of the State of Washington.
- 22. REPAIR OR REPLACEMENT:** Parts will be considered acceptable to customer unless written rejection containing a complete explanation of the nature of the defect claimed is received by Vaupell within thirty (30) days of shipment of the parts. Vaupell shall have no responsibility for cost of repair, replacement or inspection of any parts performed by Customer unless Vaupell' prior written consent has been obtained. Vaupell will repair or replace defective parts only if the said parts are shipped by Customer to Vaupell within sixty (60) days of the date of original shipment to the Customer.
- 23. SHIPPING TOLERANCES:** Vaupell reserves the right to ship 10% under or over the Customer's specified order quantities.
- 24. SECURITY INTEREST:** Customer grants Vaupell a security interest in all goods sold by Vaupell to customer and in all customer tools, dies, molds, fixtures, or other property of customer in the possession of Vaupell, to secure payment of any monies owed by customer to Vaupell, and customer will cooperate with Vaupell in executing any financing statements or other documents reasonably requested by Vaupell to perfect or preserve such security interest.
- 25. DISPUTES:** The laws of the state of Washington will govern the rights and liabilities of the parties and any litigation will be conducted exclusively in Seattle, Washington. Customer agrees to pay all Vaupell costs in the event Customer fails to pay any Vaupell invoice in accordance with the terms herein, including Vaupell' reasonable attorneys' fees, whether or not there is a lawsuit. In the event it should become necessary for either party to commence litigation in order to enforce its rights hereunder, the prevailing party in such litigation shall be awarded reasonable attorneys' fees, costs and all other expenses incurred in addition to such other relief as may be awarded by the court.