



SA-PL-002

TERMS AND CONDITIONS-MACHINE AND TOOLING

Quotations are valid 30 days from issuance

Payment Terms

Standard Machines and Standard Tooling Reorders Exceeding \$25,000:

- 50% due within seven (7) days of order placement
- 40% due prior to shipment
- 10% due within thirty (30) days of final invoice

Standard Tooling Reorders up to \$25,000:

- net thirty (30) days from shipment

Custom Machines:

- 20% due within seven (7) days of order placement
- 10% due within seven (7) days of design acceptance
- 20% due within seven (7) days of release from engineering
- 40% due within seven (7) days of written factory acceptance at Proto-1
- 10% due within thirty (30) days of completion of installation at customer facility

Custom Tooling New Orders and Reorders:

- 50% due within seven (7) days of order placement
- 40% due within seven (7) days of written factory acceptance at Proto-1
- 10% due within thirty (30) days of shipment

*All prices quoted in USD

*Minimum order amount: \$170.00

*Items requiring factory acceptance will not be shipped prior to payment of factory acceptance payment installment.

*Payments more than thirty (30) days past due may be subject to interest charges as a rate of 12% per annum.

*If Proto-1 puts non-payment under this quotation and associated terms and conditions into collection, customer agrees to pay all costs of collection including, but not limited to, attorneys' fees and court costs.

Order Cancellations

Customer will be invoiced for all of Proto-1's time and materials applied to fulfilling any customer order which is subsequently cancelled and agrees to pay such invoice within thirty (30) days of invoice date.

Ownership of Confidential and Proprietary Information

Customer agrees that it is hiring Proto-1 to utilize its Manufacturing Technology to develop machine and tooling which Customer will utilize in its business (Product). Customer and Proto-1 may exchange certain confidential and proprietary information during Product Development



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(defined below). Any such confidential or proprietary information will be protected by a separate Mutual Non-Disclosure Agreement (NDA). "Proto-1 Manufacturing Technology" means Proto-1's specialized expertise in manufacturing and engineering techniques and processes which it utilizes to build machines and tooling to help customers get their products to market, which is Proto-1 Confidential Information (as defined in the NDA). "Product Development" means design, engineering, testing and acceptance of the Product.

Customer is the owner of all rights, title and interest in the Product and its Confidential Information. Proto-1 is the owner of all rights, title and interest in its Confidential Information, including, but not limited to Proto-1 Manufacturing Technology used in Product Development.

Display and Advertising Rights

Unless otherwise agreed in writing by Proto-1 and customer, customer grants to Proto-1 the right to display and use the Product in Proto-1's sales, marketing and advertising efforts so long as Proto-1 does not identify customer or customer's business.

Customer's Responsibility to Provide Adequate Specifications

It is customer's responsibility to ensure Proto-1 has specifications adequate to develop the Product. It is customer's responsibility to ensure that information it provides to Proto-1 to develop the Product does not violate the intellectual property rights of others.

Material Conditions

It is customer's responsibility to provide consistent sample production material that is free from defects and consistent throughout Product Development. Proto-1 is not responsible for any problems which occur as a result of customer providing materials in poor condition or inconsistent sample production material at any point during Product Development. "Consistent sample production material" means the exact same material which will be used during production. Even slight variations in material may impact equipment performance or the quality of the Product. "Materials in poor condition" means any material that will not form to the customer's final Product print specifications and may include issues such as weld seam failure, inconsistent tube wall thickness and mill tolerances or inadequate material hardness, yields, elongation, tensile strength or the like.

No Guarantee on experimental development

Proto-1 will undertake its best efforts to develop the concept prototype product, but there may be circumstances under which Proto-1 may not be able to do so to customer's specifications, including, but not limited to, unachievable tolerances or formability of the material. It is customer's responsibility to pay for time spent on Product Development, regardless of the success or failure to develop the Product.

Proto-1 Build Standards

Unless specifically provided in this quotation, the Product will be developed and built to Proto-1's standard build specifications. If customer requires non-standard build specifications, particularly involving the use of non-standard parts, Proto-1's limited warranty may not cover claims based on failures caused by the non-standard specifications.



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Special Note for Tooling that Requires Coating

Unless otherwise specified in this quotation, tooling is developed and shipped without coating. If customer desires tool coating, the coating process adds two (2) weeks to the project. It is the responsibility of the customer to purchase an additional set of perishable tooling to be used by Proto-1 prior to the design phase of the Product to provide a coatings quote.

Product Development/Scope of Work Changes

Customer understands that the estimated cost to develop the Product is an estimate only. From time to time during Product Development, changes may be necessary based on discovery of new information. Such new information and any resulting increase in costs will be communicated to the customer at which time customer may (1) cancel the order, subject to Proto-1's order cancellation policy, above, or (2) execute a scope of work change order and in the event such scope of work change order results in increased costs, provide a revised purchase order to Proto-1. Proto-1 will cease work on Product Development until customer has provided the scope of work change order and any necessary revised purchase order.

Optimization

Customer understands that standard optimization time has been built into this quotation. It is possible additional time may be necessary to optimize the process based on information learned during Product Development.

Customer Acceptance

Customer must approve the Product and its performance in writing at Proto-1's facility prior to shipment. For customer specific applications, customer must provide to Proto-1 fifty (50) samples of production tubing at least two weeks from issue of a purchase order. Unless otherwise specified in this quotation, sample part configurations are to be agreed upon at the time of order placement.

Packaging and Shipping

Unless otherwise specified in this quotation, all orders are quoted FOB at Proto-1's facility in Winneconne, Wisconsin and include standard domestic packaging only. Any necessary crating for larger equipment, freight, insurance, and any applicable taxes are customer responsibility. Orders shipped outside the United States may be subject to additional charges to include all actual costs to ship internationally.

Delivery

Any delivery date quoted is based on customer's stated application and the current capacity of Proto-1 to develop and produce the Product. Delivery dates may be extended in the event of additional requested customer specifications or time needed for customer specific trials at Proto-1's facility. It is customer's responsibility to confirm delivery date at time of order placement.

"Fool-Proofing" or "POKA-YOKE"

During Product Development it is possible risks of certain potential operator errors will be



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identified. If customer desires fool-proofing from these potential operator errors, the additional features to the Product necessary to fool-proof have not been included in this quotation and will be subject to a separate quotation.

Installation and Training

Proto-1's assistance with Product installation and training may be included, as set forth in this quotation. If such installation and training assistance is included, customer must, prior to the arrival of Proto-1 technicians, (1) have the Product positioned on the factory floor with all services connected by customer personnel; (2) personnel to be trained present and ready for training at machine setup and (3) have a minimum of three hours of production material staged and ready to be used for training. Customer will be charged \$85.00 per hour for time Proto-1 technicians wait for customer to complete any of the items (1)-(3), above. Customer must provide written acceptance to Proto-1 upon completion of quoted training. Training desired by customer in addition to that specified in this quotation will be subject to a separate quotation.

Limited Warranty

Proto-1 provides a limited warranty of its equipment covering defects in materials and workmanship. See Proto-1's Limited Warranty for further information.

Force Majeure

Proto-1 shall not be held liable for any delay, interruption, or failure to perform any of its obligations pursuant to this quote, these terms and conditions or any subsequent purchase order, and shall be excused from any further performance, due to circumstances beyond its reasonable control, which circumstances shall include, but not be limited to, any act of God, any act of any governmental authority, insurrection, riots, national emergencies, war, acts of public enemies, terrorism, inability to secure adequate labor or material, strikes, lock-outs or other labor difficulties, failure or delay of transportation, fires, floods, storms, explosions, severe weather conditions, earthquakes, or other catastrophes or serious accidents, epidemics or embargoes.

No Guarantee of Cycle Times

Proto-1 does not guarantee cycle times or other performance standards unless specifically provided in this quotation. Any cycle times or other performance standards discussed with the customer are purely estimates.

General

- Governing Law. These terms and conditions shall be construed in accordance with the laws of the State of Wisconsin, without giving effect to any choice of law rules directing the application of the laws of another jurisdiction.
- Entire Agreement; Amendment. Customer understands and agrees there are no agreements or understandings between customer and Proto-1 with respect to terms and conditions of sale other than those set forth here. Any additions, changes or amendments to the quotation or these terms and conditions are invalid unless signed by both customer and Proto-1.



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- Severability. Each provision of these terms and conditions has independent effect. In the event one or more of the provisions shall for any reason be held or found to be invalid or unenforceable, the remaining provisions shall be unimpaired and remain in full force and effect.
- Limitation of Liability. Proto-1 shall not be responsible to customer for any damage or loss however caused, including, without limitation, Proto-1's active or passive acts, omissions, or negligence, unless the loss or damage is directly caused by Proto-1's fraud, willful injury or willful violation of law. Proto-1 is not liable for consequential, special, punitive or incidental damages, including, but not limited to lost profits or lost production resulting from any cause including unanticipated problems with Product configuration, operation or installation.

Headings. Customer understands and agrees that the headings used in this terms and conditions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of these terms and conditions. Uncontrolled if printed

Approved by & date: John Schwochert 3/4/2016

Approved by & date: Jason R Behm 8.9.2018

Originated by: PA 2/25/2016

This Revision date: 8.9.2018