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Supplier Agreement

IS THE “BUYER” AND **PLAS-TECH ENGINEERING, INC.** IS THE “SELLER.” BUYER’S SUBMISSION OF A PURCHASE ORDER IS ACCEPTANCE OF ALL OF THE FOLLOWING STANDARD TERMS AND CONDITIONS DEFINED IN THE SUPPLIER AGREEMENT, MAKING THESE STANDARD TERMS AND CONDITIONS THE BINDING LEGAL AGREEMENT BETWEEN THE PARTIES. ANY TERMS IN ANY PURCHASE ORDER OR OTHER COMMUNICATION, WHICH MODIFY THESE TERMS AND CONDITIONS WILL NOT BECOME A PART OF THE AGREEMENT BETWEEN US UNLESS THEY ARE SIGNED SEPARATELY BY BOTH PARTIES AND EXPLICITLY MODIFY THESE TERMS.

General Provisions

1. Pricing- Prices on any Quotation are firm for 30 days unless reaffirmed in writing by Seller. The prices and terms on any proposal or quotation are not subject to verbal changes or other agreements unless approved in writing by the Home Office of the Seller. All proposals, quotations, and agreements are contingent upon strikes, accidents, fires, availability of materials and other causes beyond our control. Prices quoted are net F.O.B. Seller’s plant, Lake Geneva, WI and do not include sales, use, excise, or similar taxes as applicable. Exemption from such taxes will be given if Buyer provides a tax exemption certificate acceptable to taxing authorities. In the case of projects where deliveries will take place over an extended period of time, which is usually due to Buyer’s requirements or production scheduling, Buyer agrees that Seller may re-quote to adjust the price to reimburse Seller for increases in design, labor or material costs. All orders will be shipped and invoiced at prices in effect at time of delivery.

2. Orders Placed by Buyer- For projects with no order history, Buyer agrees to submit a blanket Purchase Order or annual forecast along with scheduled releases. Buyer agrees to accept any overage or shortage in shipment quantity (not to exceed 5% of each order), with price adjusted pro-rata. Order shipment requests for molded products with less than the standard lead time of fifteen (15) business days are subject to expedite fees.

3. Title and Delivery- All shipments of goods shall be delivered F.O.B. Seller’s plant, and title and liability for loss or damage thereto shall pass to Buyer upon Seller’s delivery of the goods to a carrier for shipment to Buyer, and any loss or damage thereafter shall not relieve Buyer from any obligation hereunder. Buyer shall be liable for costs of insurance and transportation and for all import duties, taxes and other expenses incurred. Buyer agrees to pay any license or clearance fee required at port of entry and destination. Buyer agrees that Seller may deliver goods in installments, and shipping dates are only an estimate. Seller shall not be liable for any loss or expense incurred by Buyer, whether by way of contract, tort, consequential, incidental, or otherwise, if Seller fails to meet the specified estimated delivery schedule despite Seller’s best efforts.

4. Buyer Claims and Adjustments- No shortage claim or error in shipment will be adjusted unless reported in writing to us within ten (10) days of receipt of material. Returns, regardless of reasons, will not be accepted without obtaining a prior written return authorization from the Home Office. Buyer agrees that Seller shall not be liable for any damages, whether special, indirect, consequential or otherwise, including loss of production, loss of profit or other loss to persons or property arising from product failure.

5. Payment Terms-

- A. Tooling Purchases-** For all tooling purchases, payment is due according to the following schedule: 40% of order total is due with initial purchase order (payment due on receipt of invoice) 40% of order total is due upon Buyer's receipt of production samples (payment due on receipt of invoice) 20% of order total is due after parts approval by Buyer (payment due thirty (30) days from date of invoice). Buyer shall not unreasonably withhold approval of parts. Any non-approval must be detailed and specified in writing. Where a project is being terminated, payment shall be due before delivery as set forth in paragraph 15.
- B. Other Purchases-** Invoices for all purchases (other than tooling) are due thirty (30) days from date of invoice.
- C. Taxes-** Any taxes, or additional costs, due to federal, state or municipal legislation, to which the prices in the Quotation or Purchase Order are subject will be paid by the Buyer.
- D. Adjustments-** Buyer shall not be entitled to back charges, set-offs and deductions unless approved by Seller in advance.
- E. Shipping-** Shipping shall be arranged by Seller and paid for by Buyer. Buyer shall have the right to select the carrier.
- F. Late Charges and Collection-** If payment is not received by the due date, invoices are considered past due. Buyer agrees to pay a late charge of 1.5% per month on any amounts past due. Buyer agrees to pay any of Seller's costs incurred in attempting to collect any past due amounts owed by Buyer, including Seller's legal fees.
- G. Rush Orders-** Expedited fees will apply for orders needed in less than fifteen (15) business days as set forth in paragraph 2.
- H. Termination Charges-** If Buyer does not give 120 days notice of cancellation, termination charges will apply in accordance with paragraph 15.
- I. Price Adjustments-** The following will be subject to price adjustment to be paid by Buyer:
- (1) Modifications to the tooling, product or order;
 - (2) Design or drawing changes resulting from Buyer's substitutions, revisions or other actions;
 - (3) Price adjustments for overage or shortage as set forth in paragraph 2.

6. Contingencies and Force Majeure- Seller shall not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond the control either of Seller or Seller's suppliers, including, but not limited to acts of war, sabotage, insurrection, riot, other act of civil disobedience, failure or delay in transportation, act of any government or government agency, judicial action, labor dispute, accident, fire, explosion, storm or other act of God, shortage of labor, fuel, raw material or machinery or technical failure where Seller has exercised ordinary care in the prevention thereof.

7. Compliance With Law- Buyer, at all times, shall comply with all applicable federal, state and local laws and regulations (including substantial compliance with U.S. Food and Drug Administration regulations and policies). The seller is not responsible for compliance with the following CFR Regulations unless specified in the Supplier Agreement: 820.30 Design Controls, 820.3 (w) Remanufacturer of Finished Devices, 820.170 Installation, and 820.198 Complaint Files. Buyer shall not place any advertisement for products made with components supplied by Seller that violate applicable U.S. Food and Drug Administration regulations, or which has a material adverse effect on Seller's reputation or business.

Export of the products covered by this quotation may be subject to export license control by the U.S. government. It is Buyer's responsibility to obtain any licenses which may be required under applicable laws of the U.S. including the Export Administration Act and regulations promulgated there under. Buyer shall defend, indemnify and hold Seller harmless from any damages caused by Buyer's failure to comply with any applicable law including U.S. Food and Drug Administration regulations and policies.

8. Changes- Any notice, instruction, communication or purchase order from the Buyer received subsequent to Seller's quotation which has the effect of changing the specifications, scope of work, or other terms, will not be effective unless Seller accepts the change in writing. By making such changes, Buyer agrees to any necessary adjustments in the price and/or delivery schedule.

9. LIMITED WARRANTY

- A. Limited Warranty on Tooling**- In return for the purchase and full payment for the tooling, Seller warrants the tooling to be free from defects in workmanship, material, and parts for its normal life expectancy as set forth in SPI classifications and standards (as defined in pages 6 through 8) not including, however, components, parts or systems from a third party supplier, in which case only the third party supplier's warranty is applicable). Seller warrants that at the time of the delivery Seller has title to the goods free and clear of all liens and encumbrances.
- B. Limited Warranty on Products**- In return for the purchase and full payment for any products, Seller warrants that the goods will conform to written specifications, drawings or other descriptions provided by the Buyer and the goods will be free from defects in workmanship for a period of one year, unless the goods have an expected life expectancy which is shorter.
- C. REPAIR OR REPLACE ONLY**- SELLER'S OBLIGATION UNDER THIS WARRANTY IS EXPRESSLY AND EXCLUSIVELY LIMITED TO CORRECTING OR REPLACING PARTS WHICH ARE SHOWN TO BE DEFECTIVE. This Warranty shall not apply to defects caused by the failure of the Buyer to properly use or maintain the products, defects caused by the failure of the Buyer to use the products for the intended purpose, defects caused by the Buyer's unauthorized modification of the products, or defects caused by damage to the product or component parts as a result of changes which the Buyer undertakes without the specific written approval of Seller. This Warranty shall not apply to "wear parts" where normal use will require replacement during the Warranty period.
- D. Buyer Reimbursement If Warranty Is Inapplicable**- Buyer warrants and represents that Buyer will only use products for their intended purpose. If Seller supplies parts or performs work under this Warranty, and subsequently determines that the Warranty should not have applied, the Buyer agrees to pay for the replacement parts and/or service.

- E. **Third Party Warranties**- Original warranties on all parts, components and systems purchased and supplied to Seller by a third party will be assigned to the Buyer to the extent that these warranties remain in effect at the time Buyer acquires the tooling.

10. **DISCLAIMER**

- A. THE FOREGOING WARRANTY IS MADE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, AND OF ALL OTHER LIABILITIES AND OBLIGATIONS ON THE PART OF SELLER, INCLUDING ANY LIABILITY FOR NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE; AND ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IS EXPRESSLY DISCLAIMED; AND SELLER EXPRESSLY DENIES THE RIGHT OF ANY OTHER PERSON TO INCUR OR ASSUME FOR SELLER ANY OTHER LIABILITY IN CONNECTION WITH THE SALE OF ANY PRODUCT OR PART MANUFACTURED BY SELLER.
- B. **Warranty Only To Buyer**- The foregoing warranty shall apply only to Buyer, and shall not extend to any third parties, including, but not limited to other users of the tooling, subsequent purchasers, or transferees.
- C. **Exclusion**- There are no warranties of performance.

11. **LIMITATION OF LIABILITY**

- A. **LIMITATION**- UNDER NO CIRCUMSTANCES, INCLUDING ANY CLAIMS FOR NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, SHALL SELLER BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR ANY LOSS OR DAMAGES RESULTING FROM A DEFECT IN THE TOOLING, PRODUCTS, THEIR DESIGN, OR IT'S PARTS.
- B. **Prior Approval Required**- Seller will not accept any charges for modifications, servicing, repair, adjustment, or any other item without authority in the form of a written order issued by seller in advance of any work being done.
- C. **Repair or Replace Only**- Seller's total liability under the above warranty is limited to the repair or replacement of any defective part.
- D. **Exclusive**- The warranty set forth herein is buyer's exclusive remedy.

12. **Buyer Indemnity**- Buyer agrees to defend, indemnify and hold harmless Seller for all claims, whether arising in tort, contract, or otherwise against Seller including Attorney's fees, expenses and costs, arising out of the use or application of Seller's products to Buyer's designs and/or products or arising out of Seller's assistance in the application of Seller's products.

13. Intellectual Property- Seller retains all intellectual property rights relating to manufacturing process, improvements in existing processes, tooling design, technology and resulting products, and other matters ancillary to fulfilling the Buyer's order which Seller has developed or is currently developing, all know-how and other information including, without limitation, trade secrets, confidential information, copyrights, inventions (whether or not patentable), techniques, concepts, trademarks, service marks, trade names and works of original authorship, describing or used in connection with any tooling or product, any drawings, specifications, plans, descriptions and manuals related thereto and any process of apparatus utilizing the tooling, the existing technology, apparatus and equipment utilizing the tooling design (hereinafter collectively referred to as "Intellectual Property"), unless the parties explicitly agree in writing that Buyer shall acquire the Intellectual Property rights and pay a separate price for them. All right, title, interest and ownership in and to the Intellectual Property will remain the property of Seller. Any United States and foreign patents, pending United States or foreign patent applications, continuing and divisional patent applications, patents issued on any such patent applications, reissues, continuations and extensions thereof, relating to the Intellectual Property shall remain the property of Seller. Seller retains the right to make application on Seller's own behalf for protection of said design, in the United States and in countries foreign to the United States, and where expedient to claim under the International Convention or other international arrangement for any such application the date of the said United States application (or other application if any there be) in priority to other application.

14. Tooling- Tooling not designed by Seller requires full inspection by Seller before production can commence. If tooling is insufficient, Buyer agrees to pay for replacement or necessary adjustments. Tooling designed by Seller and acquired by Buyer is only guaranteed up to SPI mold classification (as defined in pages 6 through 8). Buyer agrees to pay for necessary tooling maintenance beyond SPI classification.

15. Change, Termination and Cancellation- Buyer agrees to give Seller one hundred and twenty (120) days advance written notice of any project which Buyer thinks is likely to permanently change or terminate. Buyer agrees to pay for change or termination charges which include, but are not limited to, the costs of unused raw materials and any products which Seller purchased or produced in anticipation of meeting Buyer's established ordering patterns and lead time requirements; including storage charges on tooling not being used in production. Upon written notice of cancellation by Buyer, Seller agrees to use its best efforts to minimize any applicable termination charges. If no such notice is made, or if less than 120 days advance notice is given, Seller may not have sufficient time to reduce financial exposure to Buyer. This will potentially result in much higher termination costs to be billed. Where Seller has reason to believe a project has been cancelled (due to a lack of orders, lack of communication from Buyer or otherwise), Seller may consider a project terminated and assess termination charges. Seller may cancel this agreement for any reason with one hundred twenty days (120) advance notice to Buyer. Buyer shall give written notice to Seller by the 120th day after the termination notice (or 120 days after termination by failure to place orders) that Buyer wishes to take possession of tooling and if so, tooling will be shipped at Buyer's expense. If Buyer does not arrange and pay for shipment charges by the 120th day, Buyer's rights to take possession of tooling shall terminate and Seller may dispose of all tooling including parts or components supplied by Buyer, if any. At termination, tooling, remaining finished goods and in-process inventory, will only be released to Buyer after account balances are paid in full and corresponding receipt of funds has been verified by Seller. Buyer agrees to pay for any and all raw materials and packaging where minimum order quantities (MOQ) were required. This includes all approved and non-approved materials (R&D) which Plas-Tech was required to purchase either to a) hold a specific price point or b) was required by the sub-contractor/supplier.

16. Applicable Law-This agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin and the Wisconsin Uniform Commercial Code.

17. Severability of Terms- If any phrase, clause or provision in this agreement shall be declared void, the validity of any other provisions shall not be affected.

18. Solicitation of Employment- Seller and Buyer further agree that during the Term and for a period of one year thereafter, either entity will not employ, or attempt to employ or assist anyone else to employ, any person who is, at the date of termination of employment, working as an officer, policymaker or in high-level creative development or distribution (including without limitation executive employees) for or rendering substantially full-time services as such to the entity.

19. Duration- This Agreement shall be in force for three (3) years and be automatically renewed for successive one (1) year terms thereafter (each a "Renewal Term") until and unless either Party provides the other Party with one hundred eighty (180) days prior written notice to the end of the Initial Term or the Renewal Term.

20. Final Agreement- The Supplier Agreement represents the exclusive and final written agreement between Seller and Buyer and supersedes any and all prior agreements, memoranda, arrangements and understandings relating to the subject matter hereof. No amendments, modifications, changes, deletions or additions to this Agreement will be binding on Seller unless in writing, and signed by Buyer and an officer of Seller. No representation, warranty, promise, inducement or statement of intention has been made by Seller which is not contained in the Supplier Agreement. Seller shall not be bound by, or be liable for, any alleged representation, promise, inducement or statement of intention not contained herein.

The undersigned agree to the terms of this Supplier Agreement.

Plas-Tech Engineering, Inc.

XXXXXXX

Date

Date

Classification of Molds according to the Society of Plastics Industry (SPI)

(This section appears for reference with the text in its original form as published in 1994 by the Society of Plastics Industry as part of a guide titled "Customs and practices of the mold making industry.")

(A) Classification of Injection Molds for up to 400 Tons.

Class 101 Mold

Cycles: One million or more.

Description: Built for extremely high production. This is the highest-priced mold and is made with only the highest quality materials.

Requirements:

- (1) Detail mold design required.
- (2) Mold base to be minimum hardness of 280 BHN.
- (3) Molding surfaces (cavities and cores) must be hardened to a minimum of 48 R/C range. All other details, such as slides, heel blocks, gibs, wedge blocks, etc. should also be of hardened tool steels.
- (4) Ejection should be guided.
- (5) Slides must have wear plates.
- (6) Temperature control provisions to be in cavities, cores and slides wherever possible.
- (7) Over the life of the mold, corrosion in the cooling channels decreases cooling efficiency thus degrading part quality and increasing cycle time. It is therefore recommended that plates or inserts containing cooling channels be of a corrosive resistant material or treated to prevent corrosion.
- (8) Parting line locks are required on all molds.

Class 102 Mold

Cycles: Not exceeding one million.

Description: Medium to high production mold, good for abrasive materials and/or parts requiring close tolerances. This is a high quality, fairly high-priced mold.

Requirements:

- (1) Detail mold design required.
- (2) Mold base to be minimum hardness of 280 BHN.
- (3) Molding surfaces (cavities and cores) must be hardened to a minimum of 48 R/C range. All other details should be made and heat treated.
- (4) Temperature control provisions to be in cavities, cores and slides wherever possible.
- (5) Parting line locks are recommended for all molds.
- (6) The following items may or may not be required depending on the ultimate production quantities anticipated. It is recommended that those items desired be made a firm requirement for quoting purposes.
 - (a) Guided ejection.
 - (b) Slide Wear plates.
 - (c) Corrosive resistant temperature control channels.
 - (d) Plated cavities.

Class 103 Mold

Cycles: Under 500,000.

Description: Medium production mold. This is a very popular mold for low to medium production needs. Most common priced range.

Requirements:

- (1) Detail mold design recommended.
- (2) Mold base to be minimum hardness of 165 BHN.
- (3) Cavities and cores must be 280 BHN or higher.
- (4) All other extras are optional.

Class 104 Mold

Cycles: Under 100,000.

Description: Low production mold. Used only for limited production preferably with non-abrasive materials. Low to moderate price range.

Requirements:

- (1) Mold design recommended.
- (2) Mold base can be of mild steel or aluminum.
- (3) Cavities can be of aluminum, mild steel or any other agreed upon metal.
- (4) All other extras are optional.

Class 105 Mold

Cycles: Not exceeding 500.

Description: Prototype only. This mold will be constructed in the least expensive manner possible to produce a very limited quantity of prototype parts.

Requirements:

May be constructed from cast material or epoxy or any other material offering sufficient strength to produce minimum prototype pieces.

Class I Unit Insert

Cycles: Approximately 500,000.

Description: Top quality materials for medium to high production requirements.

Requirements:

- (1) Detail mold design required.
- (2) Insert retainer to be uniform of at least 280 BHN.
- (3) All molding or functional details are to be made of tool steel hardened to at least 48 R/C.
- (4) Slides must have wear plates.
- (5) Temperature control provisions to be in cavities, cores and slides wherever possible.
- (6) Over the life of the mold, corrosion in the cooling channels decreases cooling efficiency thus degrading part quality and increasing cycle time. It is therefore recommended that plates or inserts containing cooling channels be of a corrosive resistant material or treated to prevent corrosion.
- (7) Parting line locks are required on all molds.
- (8) Insert retainers must have leader pins and bushings or some similar guidance system.

Class II Unit Insert

Cycles: Under 100,000.

Description: Similar to Class 104 Mold. Most commonly used insert. Low to medium production.

Requirements:

- (1) Detail mold design recommended.
- (2) Insert retainer to be uniform of at least 165 BHN.
- (3) Cavities and cores must be 280 BHN or higher.
- (4) Water channels to be included.
- (5) All other extras are optional.

Cycles: Less than 500.

Description: Similar to Class 105 Mold. Least expensive insert for very limited quantities. Insert built with the least expensive materials.

Requirements:

May be constructed from aluminum, cast epoxy or any material with sufficient strength to produce minimum prototype pieces.