



Customer and Coilone, LLC. (“Coilone”) agree that purchase and sales of Coilone products (“the Products”) shall constitute acceptance of these terms and conditions. Coilone shall not be bound by customer’s additional or different terms unless Coilone accepts such terms or conditions in writing. “Specification” means technical information about Products published by Coilone and in effect on the date Coilone ships the order.

1. PROTOTYPES, ENGINEERING AND DESIGN**(1) PROTOTYPES:**

When prototypes are necessary or requested by Customer, samples shall be submitted to Customer for approval before production begins. Tooling and production of units prior to sample approval shall be done at Customer’s expense and risk.

(2) ENGINEERING AND DESIGN:

Recognizing that Coilone necessarily draws upon its long held expertise in specialized product design to facilitate the production of product under this order; and, also recognizing that all costs or expenses born by Customer in arriving at the pre-production stage under this Agreement are not a true representation of the value imparted to the process by Coilone through its experience and expertise; and further recognizing that Coilone must itself draw upon its incremental additions to product technology in its design markets to maintain itself as a viable producer of specialized products, Customer hereby agrees that all engineering designs and processes created by Coilone in facilitating product development for Customer shall be and remain the property of Coilone, to be utilized by it in producing other products in the future. Provided, however, in no event shall Coilone now, or in the future, withhold such engineering designs and processes from Customer, and to the extent necessary, hereby grants a perpetual and royalty free license to Customer to utilize such designs and processes in the future Coilone production of the products produced under this Agreement. Engineering or design changes suggested by Coilone are made in best interest if the parties hereto. However, Coilone shall not be liable for any loss or damage arising out of or by reason of or resulting from any such changes, it being understood and agreed that Customer shall assume full responsibility of the failure or success of such changes. Notwithstanding the above, unless specifically agreed to in writing by the parties hereto, all engineering and /or process design work contracted for by the Customer shall remain the sole property of Coilone, including but not limited to all design documentation, layouts art work and process information. All such work product shall be deemed Coilone Confidential Information.

(3) TOOLING:

Tooling paid for by Coilone shall be and remain the sole and exclusive property of Coilone. Tooling (excluding screens) paid for by Customer shall be and remain the property of Customer, subject to the following: Coilone Inc shall retain possession and control of all Customer owned tooling for its exclusive use in producing goods under this order: Customer shall maintain at its expense insurance coverage on all Customer-owned tooling covering all loss or damage; and, if Customer desires to have Customer-owned tooling returned to it following completion of the order, it must prepay all packaging and shipping costs and must pay to Coilone costs which it incurs in connection with the removal of such tooling.

2. PATENTS

Customer shall defend, indemnify and hold Coilone harmless, including its payment of all costs, expenses and attorneys fees, from and against any and all claims of patent infringement brought against, or involving, Coilone, which arise from its production and / or sales of goods produced in accordance with designs or specifications provided by Customer, or utilizing parts or components designed or provided by Customer.

3. SALE AND DELIVERY

- (1) **QUOTE:** All Quotes shall expire forty-five (45) days from the date of issuance unless otherwise set forth on the quotation or agreed in writing.
- (2) **ORDER ACCEPTANCE:** All orders are subject to acceptance by Coilone. Prices exclude any applicable sales, value added or similar tax payable by Customer, unless Customer has provided Coilone with an appropriate exemption certificate for the delivery destination acceptable to the applicable taxing authorities.
- (3) **PRICE:** Prices include handling charges. Products shall be delivered EXW, Coilone 4538 Snelling Avenue N, MN 55112, USA. Title to the products shall pass to Customer delivers the goods to a common carrier for shipment to the address set forth on the sales order. If the Products are sold to a Customer outside of the United States, Customer shall pay all freight charges, applicable import duties, and other necessary fees and shall bear the risk of carrying out customs formalities and clearance. Orders are entered as close as possible to the Customer’s requested shipment date, if any. Shipment dates are scheduled after acceptance of orders and receipt of necessary documents. Claims for shipment shortage shall be deemed waived unless presented to Coilone in writing with forty-five (45) days of shipment.
- (4) **DELIVERY:** Coilone shall make every reasonable effort to deliver the Products within the time specified on the sales order. For anything to the contrary notwithstanding, Coilone shall not be liable for any reasonable delay in product or delivery. In the event a delay in production or delivery occurs beyond reasonable control of Coilone, including but not limited to acts of government, natural catastrophes, act of Customer, interruptions of transportation or inability to obtain necessary labor or materials, the date of delivery of the Product shall be extended for a period equal to the time lost by reason of any such delay.
- (5) **DELAY OR CANCELLATION:** In the even of that Customer desires to cancel this Agreement or delay production or delivery of the goods, it shall give eight (8) weeks written notice thereof to Coilone. Such rescheduled shipments must be within sixty (60) days of the original scheduled ship date, and remain within the original contract period. Coilone reserves the right to approve any such request for delay or cancellation pending agreement on reimbursement of the costs attributable to the delay or cancellation. All additional costs to Coilone resulting from any such as action by Customer, including but not limited to additional cost in materials, labor, overhead and engineering, will be paid by Customer. In the event that the goods are standard goods normally carried as stocks in trade by Coilone, Customer shall pay any additional restocking costs incurred by Coilone resulting from any such action by Customer.
In the event of the Customer delays production or delivery of the goods, the Customer shall pay to Coilone the carrying costs incurred by Coilone for the period the delay. Such carrying costs will include, but not be limited to, material handling costs, re-tooling charges, additional production set-up costs and interest carrying costs.
In the event of this Agreement is cancelled or if less than the total order quantity is shipped within the lesser of a twelve month period or the term of the order, the Customer shall pay, and Coilone will bill the Customer for the quantity actually shipped, not at the unit price stated in the sales order, but at the appropriate price for the quantity actually shipped.
In the event this Agreement is cancelled the Customer shall pay a unique materials charge. This charge will include the price of all materials in stock and on order for the sales order. Coilone will make reasonable efforts to return and cancel all material for the sales order and reduce the unique materials charge accordingly.
- (6) **PAYMENT TERMS:** Payment Terms are stated in the quotation or acknowledge documentation, and are subject to change if Customer’s financial condition or payment record merits such change. Customer shall pay all charges and expenses incurred in connection with the delivery.



including without limitation, freight, taxes, insurance on goods and duties. Late payment charges of 3% per month or the maximum contractual rate permitted by law, whichever is less, may be assessed on all unpaid or past due invoice, plus all applicable inventory carrying and storage charges. Delinquent payments shall bear interest at the rate of eighteen percent (18%) per annum from the date that they first become delinquent until paid; provided, however, that in the event such interest rate exceed the highest rate permitted by applicable law, the interest rate shall be adjusted downward to such highest allowable rate. Customer agrees to pay to Coilone any and all expenses or costs it incurs, including all reasonable attorneys fees, in collecting delinquent payments.

- (7) **Customer Acceptance of the Product:** Customer shall inspect and accept any products delivered in response to this quotation, immediately after Customer takes custody of the Products. In the event the Product does not meet Specification, design or drawings, Customer shall notify Coilone of such noncompliance in writing and give Coilone a reasonable opportunity to correct any such noncompliance.
- (8) **Custom Products and Service:** For products designed and manufactured in whole or in part to Buyer's Design, Specifications or instructions, Seller warrants only to Buyer that Custom Products when shipped to Buyer shall substantially conform to such Design, Specifications or instructions accepted in writing by Seller. Seller provides no representation, guarantee, condition or warranty, expressed, implied or statutory, with respect to: (i) the correctness or applicability of Buyer's Design, Specifications or instructions for Custom Products or (ii) the functionality or performance of Custom Products or any products derived from or using any Custom Products.

4. WARRANTY

- (1) Coilone warrants that the Coilone warrants that the each new product sold by Coilone are free from defects in material and are free from defects in material and workmanship under normal use and service at the time of shipment.
- (2) The obligation and liability of Coilone under this warranty is limited to repair and replacement at its factory, at the option of Coilone, of any such product, which proves defective within one year from the date of shipment, and is found to be defective in material and workmanship by authorized Coilone Representatives.
- (3) Coilone shall not be obligated or liable under the warranty for apparent defects which examination discloses are due to neglect, tampering, misuse, improper storage, normal wear and all cases where the products are disassembled by other than authorized Coilone Representatives.
- (4) The warranties in these terms are exclusive and no other warranty whether written or oral, is expressed or implied.

5. AGREEMENT

This Agreement expresses the entire agreement between the parties hereto and there are no understandings or agreements, written or oral, not incorporated herein; provided, however, that clerical errors are subject to revision. In the event that Customer has submitted an order which contains provisions inconsistent with the terms, covenants and conditions hereof, this Agreement shall supersede and take precedence over such order, and in this regard, it is specifically understood and agreed that unless written notice of objection to the terms, covenants and conditions of this Agreement is made by Customer within ten (10) working days after this Agreement received by Customer this Agreement shall be deemed to be accepted by Customer. Except as otherwise provided herein to the contrary, this Agreement may not be modified, amended, cancelled, or rescinded unless by a writing duly signed and executed by the parties hereto. The terms, covenants and conditions hereof shall fully and complexly bind the heirs, executors, administrators, legal representatives, successors, and assigns of the parties hereto as if they had been specifically mentioned in each of said terms, covenants and conditions. All agreements arising pursuant to the sales order and the terms covenants and conditions hereof shall be governed by the laws of the State of Minnesota, USA.

Customer acknowledges reading this Terms and Conditions, understands them, and agrees to be bound by them.