

## LC MANUFACTURING, LLC

### SUPPLEMENTAL CAPITAL EQUIPMENT TERMS

**1. APPLICABILITY.** These Supplemental Capital Equipment Terms (these “**Supplemental Equipment Terms**”) apply to each Purchase Order for Equipment and are incorporated by reference in the LC Manufacturing, LLC Terms and Conditions of Purchase. In the event of an inconsistency between these Supplemental Equipment Terms and the LC Manufacturing, LLC Terms and Conditions of Purchase, these Supplemental Equipment Terms shall control as to all Equipment. Capitalized terms used in these Supplemental Equipment Terms, but not defined shall have the meanings given such terms in the LC Manufacturing, LLC Terms and Conditions of Purchase.

**2. GENERAL.** Seller agrees to retain all cost records for Equipment for a period of three (3) years after receiving final payment or such longer period as may be required by Buyer’s Customer. All Equipment is to be made to Buyer’s Equipment Specifications Manual, as amended from time to time (a copy of which is available from the manufacturing engineering department located at Buyer’s Technical Center). Any exceptions must be authorized by Buyer on the face of a Purchase Order or Purchase Order amendment signed by Buyer.

**3. SPECIFICATIONS.** Seller shall promptly inform Buyer of any inconsistencies or ambiguities in Buyer’s specifications of which Seller is or becomes aware. After reviewing Buyer’s specifications, Seller must immediately notify Buyer in writing of any questions that Seller has concerning whether the Equipment that Seller is producing will meet Buyer’s needs. Seller shall provide Buyer with a schedule for completion of the Equipment so that Buyer may monitor the ability and likelihood that Seller will meet its delivery requirements.

#### **4. INSPECTION, REJECTION AND PAYMENT.**

A. Buyer shall have the right to inspect and test all Equipment at all times and places including, when practicable, during manufacture. If any such inspection or test is made on Seller’s premises, Seller shall furnish all reasonable facilities and assistance for a safe and convenient inspection or test without additional charge to Buyer. Buyer’s inspection of the Equipment, no matter when occurring, shall not constitute acceptance of any work-in-process, finished goods or Equipment.

B. Notwithstanding prior inspection, payment for, or use of the Equipment, Buyer shall have the right to reject any of such Equipment that does not conform to the requirements of the Purchase Order.

C. No payment of funds for Equipment shall be made by Buyer until Seller transfers title to Buyer to the Equipment free and clear of all liens, claims or other encumbrances and completes all related services, or, at Buyer’s option, provides adequate assurance of continued performance in such form as requested by Buyer.

D. Seller agrees that Buyer has the right to conduct an audit of Seller’s expenditures, costs and expenses

**5. LIENS AND ENCUMBRANCES.** Seller will not permit the creation of any other lien, encumbrance or security interest in or on the Equipment. Seller will protect and hold Buyer harmless from any and all such claims, liens and encumbrances growing out of the design, manufacture, assembly, transit and/or installation of the Equipment. Seller will pay the bills of its suppliers promptly and comply with reasonable requests for evidence of payment. Notwithstanding the foregoing, Seller may withhold payment to any of its suppliers who have furnished defective, substandard or incorrect materials or workmanship. To the fullest extent

permitted by applicable law, Seller waives any liens it has or may have in the Equipment.

**6. TITLE AND RISK OF LOSS.** Title to the Equipment will pass to Buyer on the date that Buyer accepts the Equipment, free and clear of all liens and security interests. Seller will bear all risk of loss and/or damage to the Equipment until title passes to Buyer.

**7. ACCEPTANCE.** For purposes of each Purchase Order, acceptance of Equipment shall be defined as receipt by Seller of a writing signed by Buyer that acknowledges compliance of the Equipment with all manufacturing specifications, including, without limitation, "run at rate," in a production environment at Buyer's facility. Buyer's manufacturing specifications are incorporated by reference. If so requested by Buyer, Seller shall provide a pre-acceptance run-off to Buyer at Seller's facility, at no cost to Buyer.

**8. WARRANTY.**

A. Seller warrants to Buyer, its successors, assigns and their respective Customers that all Equipment purchased pursuant to each Purchase Order will, for a minimum period of four (4) years following the date of completion of the acceptance test for such Equipment, conform to the applicable drawings, specifications and other descriptions furnished pursuant to each Purchase Order, and all applicable laws and regulations, be free of defects in design (to the extent that Seller furnished the design), materials and workmanship, and be suitable for the purpose intended. Seller's responsibility under this warranty shall include, without limitation, all parts, labor and transportation costs in the event the Equipment must be returned to Seller for repair or replacement. Furthermore, Seller shall require its suppliers of component parts of goods and/or equipment for Equipment purchased pursuant hereto to provide a warranty equal to the warranties provided to Buyer by Seller in the Purchase Order and shall assign to Buyer all such warranties. Seller shall provide all

necessary documentation to Buyer to evidence that Seller has assigned such warranties from its suppliers to Buyer. In the event that Seller fails to obtain or assign such warranties, Seller shall reimburse Buyer for all loss, cost, liability or expense (including actual fees for attorneys, experts and consultants, settlement costs and judgments) related to such failure.

B. Seller warrants to Buyer, its successors, assigns and their respective Customers that it shall, whenever possible, use parts of the highest industry quality, and shall supply a detailed bill of materials listing all parts. Seller further agrees that it shall comply with all specific product sourcing directions of Buyer.

C. Seller also shall offer Buyer an extended warranty on the Equipment on commercially reasonable terms at least as favorable to Buyer as any extended warranty offered by Seller to any other purchaser of comparable equipment. Seller shall inform Buyer in writing of the terms of the extended warranty prior to delivery of the Equipment to Buyer. Buyer shall have the option to purchase the extended warranty until sixty (60) days after acceptance of the Equipment.

D. Seller warrants to Buyer, its successors, assigns and their respective Customers that all Equipment supplied to Buyer shall be equipped with approved or appropriate fail safe safeguarding and other safety systems as required by applicable law, regulation or industry standard.

**9. INSTALLATION.** Seller agrees that without further charge it shall assist Buyer in the installation of any Equipment purchased under each Purchase Order. Buyer shall specify and Seller shall comply with a written installation schedule that specifies the installation timetable and the roles of each party in the installation process.

**10. PREVENTATIVE MAINTENANCE.**

A. Seller agrees to provide Buyer with a complete and comprehensive preventative maintenance plan for Equipment prior to final acceptance at Buyer's facility. The preventative maintenance plan shall include, but not be limited to, one complete set of maintenance and operating manuals in the English language for all Equipment purchased by Buyer, as well as a detailed bill of material.

B. Seller warrants to Buyer, its successors, assigns and their respective Customers that the Equipment will operate safely at quoted production rate and/or cycle times for the stated expected useful life if Buyer follows the preventative maintenance plan proposed by Seller.

**11. TRAINING.** Seller shall provide any and all necessary training and training materials to Buyer for the Equipment at the initial stage of installation, at no additional cost to Buyer. Seller

shall provide training in the amount and on such schedule as shall be reasonably required by Buyer. Seller shall provide the training materials in a computerized format, if possible.

**12. SPARE PARTS/SERVICE DISCOUNT.** Upon the purchase of the Equipment, Seller agrees to provide a discount for any replacement and/or spare parts ordered by Buyer as well as for any service for two (2) years after the expiration of Seller's warranty. The negotiated discount shall be a percentage reduction from Seller's price list published at the time of purchase of the Equipment, which shall be provided by Seller to Buyer upon purchase of the Equipment, or as otherwise agreed upon in writing. In the absence of a published price list, Seller shall provide written certification of the price in effect for the replacement and spare parts at the time of delivery.