



Para Tech Coating, Inc.

Terms and Conditions for Parylene Coating Services

Prices and Quotes

All quotes for Parylene coating services to be rendered are valid for ninety (90) days, unless stated otherwise on the quotation to customer ("Quote"). List prices do not include shipping, crating, packaging, storage charges, in-transit insurance, sales and other taxes, local delivery, uncrating or installation. Prices are subject to periodic review and may be changed by Para Tech Coating, Inc. ("PTC") upon thirty (30) days written notice to customer ("Customer"). Certificates of Compliance will be supplied upon request.

Acceptance

The Customer's order is being accepted by PTC on the condition that the Customer agrees to the terms and conditions contained herein ("Agreement"). The Customer's failure to object in writing to the terms and conditions of this Agreement either prior to the delivery to Customer of the goods serviced by PTC, or prior to the Customer's receipt of the confirmation of Customer's order from PTC, whichever event occurs first, shall constitute the Customer's agreement to all of the terms and conditions contained herein. The terms and conditions of this Agreement shall prevail over any conflicting terms and conditions contained in any order submitted by Customer.

Any modification of the terms and conditions contained herein will be effective only if it is in writing and signed by both PTC and the Customer.

Description of Services

Upon acceptance of the Customer's order, PTC agrees to perform Parylene coating services to goods provided to PTC by Customer for coating, as more fully described in the Quote attached herein. Unless otherwise provided for in the Quote, no modifications or alterations to the Parylene standard coating specifications shall be made. Unless otherwise provided for in the Quote, PTC shall only provide Parylene coating services consistent with PTC's standard coating specifications. A copy of PTC's standard coating specifications shall be provided upon written request.

Limited Express Warranty – For Parylene Coating Services Only

PLEASE READ THIS LIMITED EXPRESS WARRANTY CAREFULLY TO UNDERSTAND YOUR RIGHTS AND OBLIGATIONS!

THIS EXPRESS WARRANTY IS APPLICABLE ONLY TO PARYLENE COATING SERVICES PTC PROVIDES TO CUSTOMER.

THIS LIMITED EXPRESS WARRANTY IS THE ONLY WARRANTY APPLICABLE TO THE PARYLENE COATING SERVICES, AND WHERE ALLOWABLE BY LAW, REPLACES ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.

Subject to the terms and conditions of this limited express warranty ("Limited Warranty"), PTC expressly warrants that it will recoat or otherwise correct any defects in workmanship by PTC in the Parylene coating services provided to Customer ("Coated Items"), for a period of ninety (90) days starting from the date Customer receives the Coated Items (the "Warranty Period"). This Limited Warranty only covers any materials and labor needed to correct defects in materials or workmanship provided in the process of coating of the Coated Items by PTC for Customer. If the Quote provides that the coating applied by PTC shall meet with the specifications provided by the Customer to PTC, then PTC warrants that the coating applied by PTC to the Customer's parts shall meet with the specifications provided by Customer to PTC for the coating process. Otherwise, PTC shall only warrant that the coating applied by PTC shall meet with Para Tech's standard specifications. This Limited Warranty does **not** cover, and PTC is **not liable** for the Coated Items performing in any particular manner or for the Coated Items being suitable for any specific or intended use by Customer or by any other third party. This Limited Warranty shall not apply, and PTC has no liability under this Limited Warranty, if:

1. Defects were discovered after the Warranty Period ends;
2. The Coated Items were modified, tampered with, repaired, or altered by Customer or anyone other than PTC; and/or
3. The Coated Items are damaged by Acts of God, power surge, misuse, abuse, negligence, accident, mishandling, misapplication, wear and tear, or other causes unrelated to defective parts and/or workmanship.

In order to obtain warranty service during the Warranty Period, the Customer must contact PTC during the Warranty Period to inform PTC of any defect(s) in workmanship of the Coated Items. The Customer may then send the Coated Items to PTC's plant in Aliso Viejo, California, at the Customer's sole expense paid in advance; and if PTC determines that the Coated Items are covered under the Limited Warranty and that the work that needs to be performed on the Coated Items is covered by the Limited Warranty, then the Customer will be refunded the shipping charges incurred in sending the Coated Items to PTC's plant.

The Customer may also have PTC send an employee of PTC to the Customer to determine whether any defects in the Coated Items are covered under the Limited Warranty. The Customer must pay Para Tech's round-trip travel, lodging, and transportation expenses, and anticipated employees' labor charges for repairs, in advance of sending an employee of PTC to the Customer; but if PTC determines that the work needed to be performed on the Coated Items is covered by the Limited Warranty, then the Customer will be refunded for said round-trip travel, lodging, transportation, employees' labor charges, and expenses.

Disclaimers of Implied Warranties

TO THE FULLEST EXTENT ALLOWED BY LAW, THIS AGREEMENT EXPRESSLY EXCLUDES ALL IMPLIED WARRANTIES, ORAL OR WRITTEN, INCLUDING, WITHOUT LIMITATION: (a) ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY; AND (b) ANY AND ALL IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.

TO THE EXTENT AN IMPLIED WARRANTY CANNOT BE EXCLUDED UNDER APPLICABLE LAW, THE IMPLIED WARRANTY IS LIMITED IN DURATION TO THE EXPRESS WARRANTY PERIOD. BECAUSE SOME STATES OR JURISDICTIONS DO NOT ALLOW LIMITATIONS ON HOW LONG AN IMPLIED WARRANTY LASTS, THE ABOVE LIMITATION MAY NOT APPLY, AND OTHER RIGHTS MAY EXIST AND MAY VARY FROM JURISDICTION TO JURISDICTION.

Disclaimer of Liabilities

TO THE FULLEST EXTENT ALLOWED BY LAW, UNDER NO CIRCUMSTANCES SHALL PTC, OR ANY OF PARA TECH'S CURRENT OR FORMER OWNERS, OFFICERS, DIRECTORS, SHAREHOLDERS, SUCCESSORS, PREDECESSORS, AFFILIATES, PARENTS, DIVISIONS, SUBSIDIARIES, BRANCHES, UNITS, PARTNERS, JOINT VENTURERS, CONTRACTORS, AGENTS AND ASSIGNS BE LIABLE FOR LOST REVENUE, PROFIT, BUSINESS INTERRUPTION, LOSS OF CAPITAL, OR FOR ANY SPECIAL,

INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES UNDER OR ARISING FROM THIS AGREEMENT.

NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT OR OTHERWISE, PTC SHALL NOT BE LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY, FOR ANY AMOUNTS IN EXCESS OF THE AMOUNT CUSTOMER PAID FOR THE COATING SERVICES.

BECAUSE SOME STATES AND JURISDICTIONS DO NOT ALLOW LIMITATION OR EXCLUSION OF CONSEQUENTIAL OR INCIDENTAL DAMAGES, THE ABOVE LIMITATION MAY NOT APPLY TO YOU.

Insurance Requirements

If the Customer is using or will use the Coated Items (including, but not limited to, any medical item, product, or device) that is to be implanted in humans or animals, then the Customer shall procure and maintain an insurance policy, at Customer's sole expense, at all times the Customer has possession or ownership of the Coated Items, the Customer is selling the Coated Items to a third party, and/or the Coated Items are under any type of warranty provided by Customer. Customer shall then be required to maintain the following types of insurance(s):

A. Products Liability Insurance

Customer shall have Products Liability Insurance Coverage with limits of not less than two million dollars (\$2,000,000) for each occurrence and two million dollars (\$2,000,000) annual aggregate. Any exclusions or amendments to the policy form must be disclosed to PTC. The policy shall specifically include PTC, its subsidiaries, and its directors, officers and employees, as additional named insured. The policy shall also specifically waive Customer's rights of subrogation against PTC, its subsidiaries, and its directors, officers, and employees.

B. Miscellaneous

All insurance companies must be authorized to do business in the states where business is being transacted covering all operations under this Agreement. All insurance policies shall provide for thirty days (30) days prior written notice to PTC of cancellation or non-renewal. All insurance companies must be rated "A" or better in the most recent *A.M. Best's Rating Guide*.

The Customer shall supply PTC with the above proof of insurance and forms as required prior to the Coated Items being delivered to Customer, but the failure of PTC to request or demand such proof or forms shall not waive Para Tech's rights to have Customer maintain insurance coverage under this Agreement. Copies of the required endorsements to the policies shall also be provided to PTC upon PTC's request.

Packaging

Unless otherwise noted, it is standard procedure for PTC to return product(s) in the same container as received. Therefore, it is the Customer's responsibility to ship product in a package that is considered acceptable to protect the product during shipment and is reusable to return the product to the Customer after processing.

Crating, Shipping, Shipping Insurance, & Freight

Crating, shipping, shipping insurance, and freight shall be paid by the Customer. Crating charges will be invoiced at cost of material and labor.

PTC may decide to ship merchandise via UPS or Fed Ex prepaid. Merchandise shipped via other carriers will be sent freight and in-transit insurance charges collect. If the Customer does not provide specific written instructions as to the method of shipment the Customer desires, then PTC will decide on the method of shipment.

All prices quoted are FOB PTC's plant in Aliso Viejo, California, freight collect. This means that the Customer bears the freight charges and shall pay the freight charges to the carrier, title to the Coated Items transfers to the Customer once the Coated Items leaves Para Tech's plant, the Customer assumes all of the risk of transportation, and the Customer is responsible for filing any claims for loss and/or damage to the Coated Items once the Coated Items leave PTC's plant.

PTC will insure all shipments, in an amount equal to the purchase value of the coating services provided to Customer, with the carrier, unless otherwise instructed. Unless the Customer advises PTC in writing, PTC reserves the right to make partial shipments, and invoices covering these partial shipments are to be paid by Customer as they are issued.

Changes to Customer's Order

PTC is not required to accept requested order changes after the order has been accepted. However, reasonable changes will be considered, under the following conditions: 1) The request for change must be submitted in writing and received in time to be implemented, and 2) All changes may be subject to additional charges for material, labor, and administrative costs.

Cancellation

Prior to shipment of the Coated Items by PTC to Customer, the Customer may cancel Customer's order upon written notice to Para Tech. The Customer shall then pay PTC a cancellation charge. Cancellation shall be implemented and based on the following criteria:

1. If the cancellation notice is received prior to PTC commencing the Parylene coating services, the cancellation charge shall be either the costs incurred and provided by PTC with a normal profit for work performed prior to PTC's receipt of the cancellation notice, or 20% of the total order price, whichever is greater;
2. If the cancellation notice is received after PTC commences the Parylene coating services, but before completed, the cancellation charge shall be either the costs incurred and provided by PTC with a normal profit for work performed prior to PTC's receipt of the cancellation notice, or 35% of the total order price, whichever is greater;
3. If the cancellation notice is received after PTC completes the Parylene coating services, the Customer shall forfeit any right to cancel their order, and Customer shall be liable for all charges under the order.

Tools & Fixturing

Any special tools or fixturing used in the coating of the Coated Items ordered are considered the exclusive property of PTC. Payment by the Customer for tools and fixturing is due upon submission of satisfactory samples and invoices. Payment of charges by the Customer shall not convey ownership, right to use, or right of removal to the Customer.

Material and Design

PTC reserves the right to make changes in design, construction, materials and dimensions of PTC's products, or discontinue products or services without prior notice. All dimensions and weights are to be considered approximate.

Ownership of Intellectual Property

All of the intellectual property rights to any inventions, improvements, modifications, or ideas made or conceived by PTC, shall exclusively belong to PTC. PTC shall retain all of its intellectual property rights. Customer understands and agrees that PTC has patents on its equipment and any modification or customization of the coating process as part of the sale and/or services to Customer will not confer any intellectual property rights to Customer. This Agreement does not, and shall not be read or interpreted to, assign any intellectual property

rights whatsoever to Customer. PTC does not assign, transfer, and/or confer any intellectual property rights to Customer.

All data ("Data" shall mean any and all data and records required to be made pursuant to the sale and/or services under this Agreement, including but not limited to all reports, specifications, drawings, models, engineering work, and the like, whether in written printed, graphic, video or audio form, or maintained in any computer database or computer readable form, which are a direct result of the sale and/or services provided by PTC) shall be the exclusive property of PTC. Any copyrightable work, whether published or unpublished, created by PTC in connection with or during the performance of any engineering work, sale and/or services by PTC, shall belong exclusively to PTC and all right, title and interest therein, including, without limitation, worldwide copyrights, shall be the exclusive property of PTC.

These provisions regarding ownership of intellectual property rights shall survive the termination of this Agreement.

Terms of Payment

An invoice will be issued upon completion of the order, and final payment is due upon delivery. When an extended delivery is necessary, a 30% deposit is required with the order. Payment terms of "2% 10, Net 30" (which indicates a 2% discount is provided if payment is received within 10 days of the delivery of goods, and that full payment is expected within 30 days) may be established upon credit approval. If the balance due is not received within thirty-days (30) from the date of the invoice, the merchandise will be deemed delivered, and late fees will then be applied. A service charge of 1½ percent per month will be assessed on all overdue invoices.

If delivery is delayed at the Customer's request, PTC reserves the right to transfer the goods that are to be coated, or the Coated Items, to storage with the costs of transfer and storage to be charged to the Customer. The Customer shall bear all of the risk of loss or damage during such transfer and storage.

Force Majeure

PTC shall not be liable for any failure or delay in its performance under this Agreement due to causes which are beyond its reasonable control, including, but not limited to, acts of God, acts of civil or military authority, fires, epidemics, floods, earthquakes, riots, wars, sabotage, labor shortages or disputes, strikes, lockouts or other labor difficulties, accidents, and/or governmental actions.

Indemnification

Customer agrees to assume the defense of PTC, and to fully indemnify and to fully hold PTC harmless, in any legal proceeding naming PTC as a defendant when the legal proceeding involves allegations of:

1. The alleged willful misconduct or negligent acts or omissions of Customer's directors, officers, agents, or employees;
2. Customer's alleged defective specifications provided by Customer to PTC for the Coated Items;
3. Customer's alleged fraud, misleading statements, misrepresentations, or deceptive or unfair trade practices; and/or
4. Customer's alleged negligent or willful violation of the law.

Within fifteen (15) days of the proper service of any summons and complaint, PTC must promptly deliver to Customer and request in writing a defense and/or indemnification as provided herein. PTC and Customer agree to cooperate fully in the defense of such action, as Customer may reasonably require. PTC shall be entitled to retain counsel of its own choice, at the Customer's expense.

Jurisdiction, Governing Law, and Choice of Law

Customer and PTC unconditionally consent and agree that the jurisdiction and venue of any dispute between the parties regarding the construction, interpretation, performance, and rights and remedies under this

Agreement, or any breach or threatened breach thereof, shall be exclusively resolved in a binding arbitration proceeding within Orange County, California.

The Agreement shall be deemed to have been made and accepted and is to be performed in Orange County, California, and the construction, interpretation, performance, and rights and remedies under this Agreement shall be construed under and governed by the laws of the State of California, without regard to its internal choice of law rules.

Arbitration, Waiver of Trial by Jury

PTC and Customer hereby waive, to the extent permitted by law, the right to trial by jury, and instead PTC and Customer unconditionally consent and agree that the jurisdiction and venue of any dispute between the parties regarding the construction, interpretation, performance, and rights and remedies under this Agreement, or any breach or threatened breach thereof, shall be submitted and be subject to, the exclusive jurisdiction of the American Arbitration Association ("AAA") for binding arbitration conducted under the AAA's Commercial Arbitration Rules then pertaining (available at www.adr.org), except as modified herein with respect to discovery, with a single neutral arbitrator. The arbitrator shall be selected within 30 business days from the date a party receives a demand for arbitration. The arbitration shall take place in the County of Orange, State of California, and the arbitrator shall apply California law (enforcement of this arbitration provision shall also be governed by California law). Prior to the commencement of arbitration, emergency relief is available from any court to avoid irreparable harm.

Each party shall initially pay all of their respective arbitrator's and arbitration fees and all other costs unique to the arbitration; however, the prevailing party shall be entitled to its reasonable attorney's fees incurred therewith and to be reimbursed for its share of arbitration and arbitrator's fees, costs, and expenses.

Each party shall be entitled to discovery of essential facts, documents and witnesses. Each party shall have the right to take depositions and to obtain additional discovery regarding the subject matter of the arbitration, and, use and exercise all of the same rights, remedies, and procedures, and be subject to all the same duties, liabilities, and obligations in said arbitration as they would otherwise be entitled to under the California Code of Civil Procedure. The provisions of California Code of Civil Procedure § 1283.05 are hereby specifically incorporated into and made a part of this agreement by this reference.

The arbitrator shall have all the powers vested in a judge of the Superior Court of California, including the power to award provisional and equitable remedies.

Pursuant to California Code of Civil Procedure § 1290.4, the manner of service and/or notice, for all aspects of the arbitration, including, but not limited to, the demand for arbitration, notice of hearing, notice of arbitration award, notice of ruling, the petition to confirm the arbitration award, and the hearing and notice of ruling on the petition to confirm the arbitration award, shall be deemed proper if service is made by first class mail at either the address of the parties as listed in this Agreement, or at the last known mailing address of either of the parties.

The award of the arbitrator shall be enforced and is subject to judicial review pursuant to the provisions of California Code of Civil Procedure §§ 1285 through 1294.2.

THE ARBITRATOR SHALL NOT AWARD EITHER PARTY PUNITIVE, EXEMPLARY, INCIDENTAL, MULTIPLIED OR CONSEQUENTIAL DAMAGES.

Notices

Any notice delivered to a party pursuant to this Agreement must be in writing and delivered personally or will be deemed to be delivered when deposited in the U.S. Mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Party at the address indicated below, or at such other address that may have been specified by written notice delivered in accordance with this provision:

If to PTC:

Para Tech Coating, Inc.
35 Argonaut
Aliso Viejo, CA 92656
Attention: Paul Stewart
With a copy to: Bill Gleason

If to Customer:

To Customer or
Customer's agent,
last known address

Attorney's Fees

If any legal action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement, or because of an alleged dispute, breach, threatened breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover their reasonable attorney's fees and other costs incurred in that action or proceeding, including arbitrator's fees and arbitration fees and expenses, in addition to any other relief to which it or they may be entitled.

Remedies

In the event of a breach or attempted breach of this Agreement, a party shall be entitled to all injunctive and equitable relief available to that party to enjoin the other party's breach or possible future breach, in addition to all remedies available to the party at law. All remedies hereunder shall be cumulative.

Severability

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, that provision will be removed from this Agreement and this Agreement will be interpreted and enforced as if the illegal, invalid, or unenforceable provision had never been a part of this Agreement and the remaining provisions will remain in effect and will not be affected by the illegal, invalid or unenforceable provision or its removal. Instead of the illegal, invalid or unenforceable provision, there will be added, as part of this Agreement, a provision as similar in terms to the illegal, invalid or unenforceable provision as may be possible and still be legal, valid and enforceable.

Entire Agreement

This Agreement is the entire understanding of the parties, and supersedes all prior agreements or understandings, whether written or oral, with respect to this subject matter. No terms, conditions, or warranties, other than those written in this Agreement, and no amendments or modifications of this Agreement will be binding on the parties unless in writing and signed by the parties.