



Synrad
TERMS & CONDITIONS OF SALE OF GOODS

"Synrad" means the Synrad division of GSI Group Corporation, having a usual place of business located at Synrad, Inc. 4600 Campus Place, Mukilteo, WA 98275, selling the Products covered by the General Terms and Conditions of Sale (the "Terms") set forth in this document.

The term "Buyer" means a person or company that submits a written order (a "Purchase Order," or "PO") or who receives and accepts a Synrad quotation. Synrad and the Buyer are sometimes referred to in these Terms jointly as the "Parties" and severally as a "Party."

The terms "Product" and "Products" mean the Product or Products proposed for sale by Synrad. Synrad's acceptance of a PO from the Buyer and/or the Buyer's written acceptance of a price quotation are both referred to as an "Acceptance."

"Incoterms[®] 2010" means the 2010 edition of the International Commercial Terms published by the International Chamber of Commerce.

1. **Formation of Contract, Purchase Order, and Acceptance.** A binding, non-cancellable contract for the sale of Products (an "Accepted Order") is formed when the following three (3) events occur:

- 1) Synrad issues a quotation in response to an inquiry from a Buyer or a Buyer submits a PO (or a Release under an existing Blanket Order) to Synrad;
- 2) the Buyer accepts Synrad's quotation or Synrad accepts the Buyer's PO in writing or ships a Product in response to the Release; and
- 3) these Terms are included as part of the Accepted Order.

Synrad's agreement to sell the Products specified in the Accepted Order is expressly conditioned upon acceptance of these Terms. Synrad hereby objects to any additional or different terms and conditions contained in the Buyer's PO, none of which shall be binding upon Synrad unless specifically agreed to in writing signed by an authorized representative of Synrad. Failure by Synrad to object to a specific provision contained in the Buyer's PO shall not in any way be deemed an alteration to or waiver of any one of these Terms. Synrad's acceptance of the Buyer's PO can be made only by written Acceptance. In the event of a conflict between a provision of these Terms and the Accepted Order, the provision in the Accepted Order shall take precedence.

2. **Prices & Shipments.** All shipments are EXW (Incoterms[®] 2010) Synrad's shipping point, where title and risk of loss will pass from Synrad to the Buyer. Payment will be in US Dollars. The Buyer is responsible for all costs of transport and insurance unless the Buyer requests that such items be included as part of the Purchase Order and Synrad accepts. Prices do not include any goods, services, technical data, documentation, proprietary rights, installation assistance, or testing that are not specifically stated in the Accepted Order. Prices are valid for 60 days from the date on a quotation unless otherwise stated on the face of the quotation.

3. **Legal Compliance, Taxes & Other Charges.** The Parties agree to comply with all applicable laws, rules, and regulations (including but without limitation International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), and Foreign Corrupt Practices Act ("FCPA"), and FCPA). Unless otherwise stated in the Accepted Order, the Buyer is responsible for the ultimate payment of all federal, state, local, foreign or provincial, present or future, sales, revenue, or excise tax, value added tax, turnover tax, import duty (including brokerage fees) or other tax, however characterized, applicable to the manufacture or sale of any Product ("Sales Taxes"). The prices for Products do not include Sales Taxes, which will be added to the sales price where Synrad has a legal obligation to collect them. If the Buyer is exempt, the Buyer shall provide Synrad with the documentation necessary to support such a claim and to allow Synrad to document its decision not to collect such Tax.

4. **Changes.** Thirty (30) days or more prior to the scheduled initial shipment date the Buyer may request changes to an Accepted Order and Synrad will quote the changes in price, time of delivery, or other terms that may result from the requested change. The proposed change shall not become effective unless and until the Buyer issues a PO recording the change and Synrad has confirmed its acceptance in writing. No change will be accepted if it would result in (i) a delay of the Accepted Order's initial shipment by more than six (6) months of the date of the PO, or (ii) the Accepted Order's not being completed, with all shipments made, within one (1) year from the date of the Accepted Order.

5. **Delivery Dates.** Synrad will make reasonable commercial efforts to meet the delivery date(s) quoted, however, Synrad does not assume liability, consequential or otherwise, because of any delay or failure to deliver all or part of an order for any reason. If Synrad needs information, sample material, or documentation from the Buyer in order to manufacture the Products, then all delivery dates are predicated upon prompt and timely receipt from the Buyer of the necessary information, sample material, documentation etc.

6. **Credit & Payment Terms.** Payment terms are net thirty (30) days from date of shipment, when full payment for the entire shipment will be due, unless other arrangements are specifically stated in the Accepted Order. All payment terms are conditioned upon



approval of the Buyer's credit and may be withdrawn or amended at any time by Synrad at its discretion. Synrad reserves the right to change the credit terms provided herein, refuse shipment or cancel unfilled orders at any time when, in its opinion, the financial condition or previous payment record of the Buyer so warrants. The Buyer will pay Synrad a \$100 administrative fee in each case when the Buyer's payment is rejected by the bank or other entity processing payment. No cash discounts for early payment will be granted unless specifically stated in the Accepted Order. The Buyer will be delinquent if payment is not remitted according to the applicable terms. Interest shall accrue on delinquent invoices at the rate of 1.5 percent per month, subject to applicable laws, on the amount of the unpaid balance from the original due date of the invoice. In the event Synrad refers delinquencies to an attorney or an agent for collection, the Buyer shall pay all costs of collection, including reasonable attorney's fees. Should the Buyer become delinquent in the payment of any sum due hereunder, Synrad reserves the right to terminate or suspend performance of the Accepted Order.

7. **Packaging and Shipping.** Synrad shall (i) ship all of the Products covered by the applicable PO within one year from the date of the PO; (ii) ship in accordance with the instructions appearing on the face of the Purchase Order, using its best commercial efforts to ship no more than seven (7) days prior to or three (3) days later than the dates requested; and (iii) place the applicable PO number on all packaging and shipping documents. Each delivered container must be labeled to identify the contents without opening it, and packages must contain packing sheets listing contents. Synrad shall provide suitable protective packing to permit safe transportation and handling at no additional charge and shall bear full responsibility for damage due to improper packing of the Products. Damage to any items resulting from improper packaging will be charged to Synrad.

8. **Security Interest (Equitable Charge).** The Buyer agrees that Synrad will retain a security interest (or "equitable charge") in the Products and any proceeds thereof to secure any portion of the purchase price not paid, and the Buyer will, on request, execute a security agreement in such form as is required by Synrad. Synrad shall have all rights and remedies accorded by law or equity to a secured creditor, including the right to enter upon the premises where the Products are located for purposes of removing or rendering them inoperative, and all such rights and remedies shall be cumulative. The Buyer shall maintain insurance against all risks to cover full replacement value of the Products until Synrad has been paid in full.

9. **Ethics.** Synrad is committed to uncompromising ethical standards, strict adherence to laws and regulations, and customer satisfaction. Both Parties will comply with all applicable national, state, provincial, and local laws, ordinances, rules and regulations including but not limited to those relating to providing, attempting to provide, or offering to provide any kickback (as defined in the Anti-Kickback Act of 1986, the Foreign Corrupt Practices Act or any other applicable national, state or local laws regarding kickbacks or commercial bribery. Buyer is encouraged to communicate any concerns or questions regarding the ethics and values of Synrad via GSI's Ethics Hotline, at 1-800-398-1496.

10. **Acceptance Criteria & Documentation.** Unless the Parties agree in advance on a written acceptance test, the Buyer agrees to accept the Products upon delivery to the EXW location. Within seven (7) business days of delivery to the EXW location, the Buyer must inspect the Products and notify Synrad by e-mail of any obvious physical defects, or quantity underages or overages. Acceptance, however, does not affect the Buyer's warranty rights under Section 12 as set forth below.

11. **Specifications.** Synrad will provide a copy of the available specifications for the Products with its quotation or Acceptance (the "Specifications") and those Specifications will be the only specifications applicable to the Accepted Order. If the Parties have agreed in the Accepted Order to modify the Specifications to meet the Buyer's particular application, then the Specifications will be deemed to be the Specifications as so modified. The Buyer agrees that it has had the opportunity to examine any specifications, blueprints, drawings, data or samples that it has requested from Synrad. The Buyer agrees that based on this evaluation it has decided that the Products will be merchantable and adequate for the purpose intended by the Buyer, and the Buyer is not relying on any superior knowledge of Synrad.

12. **Limited Warranty:** Except if specifically otherwise set forth in these Terms, Synrad warrants that its Products will be free from defects in materials and workmanship and will conform to the Specifications for the periods set forth in Exhibit A, with the term of the warranty commencing on the date of shipment EXW Synrad's facility in Mukilteo, Washington. Synrad will repair or replace, at its option and at its expense, a Product returned by the Buyer under a valid Return Material Authorization ("RMA") issued by Synrad that is determined by Synrad to have a defect in materials and/or workmanship that makes it not in compliance with the Specifications. This warranty is void if the Product is damaged by misuse, mishandling, disassembly, improper installation, installation in a system with which it is not compatible, neglect, accident, modification, contamination, or testing or handling by any party not under the direct control of Synrad. "Misuse" includes both the use of Synrad Products with incompatible third party products resulting in damage to the Synrad Product, and also exposure to temperatures, pressures, humidity or other conditions for which it was not designed, as set forth in the Specifications. The Buyer is responsible for any shipping and handling charges for returning Products for repairs. Synrad is responsible for charges for shipping Products repaired under warranty back to the Buyer. Synrad will choose the carrier and level of service. The Buyer is responsible for repair charges and all shipping charges for repairs determined by Synrad to be non-warranty repairs. All repairs are warranted for a period of six (6) months or the remainder of the original warranty period, whichever is longer, for the repaired portion of the Product. Synrad's sole liability for any use of its Products, regardless of the operating condition of such Products, is limited to repair or replacement of the Product. The Buyer holds harmless and indemnifies Synrad from any and all other claims resulting from the use of Synrad Products. The benefit of this Warranty shall apply only to the Buyer. THE FOREGOING WARRANTY AND REMEDIES ARE EXCLUSIVE AND MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Synrad DOES



NOT ASSUME OR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH ITS PRODUCTS.

13. **Exclusive Remedies.** THE REMEDIES PROVIDED HEREIN ARE THE BUYER'S SOLE AND EXCLUSIVE REMEDIES. NEITHER SYNRAD NOR THE BUYER SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR LOST BUSINESS OPPORTUNITY, WHETHER BASED ON CONTRACT, TORT OR OTHER LEGAL THEORY ARISING OUT OF THE SALE, INSTALLATION, SERVICE, OR USE OF THE PRODUCTS, EVEN IF SYNRAD HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH LOSSES. IN NO EVENT SHALL SYNRAD'S LIABILITY EXCEED THE AMOUNT THAT HAS THEN BEEN PAID TO SYNRAD BY THE BUYER FOR THE DEFECTIVE PRODUCTS UNDER THE PO IN QUESTION. SYNRAD NEITHER ASSUMES NOR AUTHORIZES ANY AGENT, EMPLOYEE, REPRESENTATIVE, OR ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE SALE, INSTALLATION, SERVICE OR USE OF ITS PRODUCTS.

14. **Patents, Indemnification.** (a) Indemnification: Subject to the limitations set forth in the Accepted Order, Synrad will defend any suit or proceeding brought against the Buyer if it is based on a claim that any Product furnished hereunder constitutes an infringement of any U.S., Canadian, Japanese, EU or EFTA member country intellectual property rights. Synrad must be notified promptly in writing and given full authority, information, and assistance (at Synrad's expense) for defense of the suit. Synrad will pay damages and costs therein awarded against the Buyer but shall not be responsible for any settlement made without its written consent. In no event shall Synrad's liability for all damages and costs (including the costs of the defense by Synrad) exceed the contractual value of the Products or services that are the subject of the lawsuit. In providing such defense, or in the event that such Product is held to constitute infringement and the use of the Product is enjoined, Synrad, in its discretion, shall procure the right to continue using such Product, or modify it so that it becomes non-infringing, provided that any such replacement or modified Product comply with the applicable Specifications as to form, fit and function, or remove it and grant the Buyer a credit for the depreciated value thereof. The foregoing remedy is exclusive and constitutes Synrad's sole obligation for any claim of intellectual property infringement and Synrad makes no warranty that Products sold hereunder will not infringe any intellectual property rights. (b) Synrad Retains its Intellectual Property: The sale of any Products hereunder does not convey any license by implication, estoppel, or otherwise covering any Synrad patent, copyright, trade secret, Specification, design, know how, or other intellectual property. (c) Modifications and Combinations. Synrad has no liability for any claim based upon the (i) combination, operation or use of any Product supplied hereunder with equipment, devices, or software not supplied by Synrad; or (ii) modification or alteration of any Product supplied hereunder; or (iii) Synrad's compliance with the Buyer's designs, specifications, or instructions. The foregoing states the entire obligation of Synrad with respect to infringement or the like. (d) Buyer's Infringement. The Buyer shall at its own cost and expense defend and hold Synrad harmless against any expense, judgment or loss for alleged infringement of any claim of a patent which results from Synrad's compliance with the Buyer's designs, specifications, or instructions.

15. **Confidentiality.** Both Synrad and the Buyer agree not to disclose to any party not having a legitimate need to know in connection with the implementation of the Purchase Order any information of the other party, respectively, that is identified in writing at the time of initial disclosure as "confidential," "proprietary," "company private," or other word of similar meaning.

16. **Authority to Export.** In the performance of an Accepted Order, Synrad shall comply with all applicable local, state, national, and federal laws and regulations and executive orders issued pursuant thereto, including U.S. and UK export control laws. Synrad shall not transmit, export or re-export, directly or indirectly, any Product or Technical Data (including processes and services) received from the Buyer, without first obtaining the applicable license and/or authorization required by the government having jurisdiction, including the Buyer's government and the United States, which currently restricts shipments to certain countries, including without limitation, Myanmar (Burma), Cuba, Iran, Libya, North Korea, Sudan, and Syria or any other countries or parties (specially designated nationals, organizations etc.). The Buyer will be required to provide Synrad any and all documentation (i.e. End Use Certificate, etc.), required to support any Accepted Order subject to issuance of an export license or any documentation to secure the export and/or import of the Product(s), Software and/or Technical Data subject to the Accepted Order. The quoted lead time is subject to timely receipt of the applicable documentation, as well as approval of an export license. Synrad reserves the right not to commence manufacture of a Product until the authority to export that Product has been determined.

17. **Miscellaneous.**

a. **Applicable law and Jurisdiction.** The Accepted Order shall be deemed to be made and entered into in Washington, USA and shall be governed by and interpreted in accordance with its laws, rules and regulations. The courts of Snohomish County, Massachusetts will have jurisdiction over any dispute which may be brought in connection with the breach or interpretation of the Accepted Order.

b. **Computer Software License.** (i) Computer software provided with Products, including any subsequent improvements or updates, is furnished to the Buyer in object code only under a nonexclusive, nontransferable license solely for the Buyer's own use with a single system on which the software was first installed. The software may be copied only as may be necessary and incidental for use on such systems, for archival and backup purposes, or to replace a worn or defective copy; provided that all such copies always include Synrad's copyright and other proprietary notices on the software. The Buyer shall not (a) market, commercialize, sublicense, or otherwise provide or make available the software or any part thereof in any form to any third party; or



(b) reverse engineer, reverse compile, or reverse assemble the software in whole or in part or do anything to produce source code. Synrad has the right to terminate the software license if the Buyer fails to cure any breach of these license terms within thirty (30) days after written notice from Synrad. The Buyer agrees, upon termination of the license, to immediately return or destroy the software and all portions and copies thereof, as requested by Synrad. (ii) Where a Product is incorporated in a system that includes a computer and operating system software, Synrad will provide the computer with the manufacturer's license agreement and the Buyer will be required to honor the terms of that license agreement.

c. **Proprietary Rights.** Synrad retains for itself all proprietary rights in and to all designs, engineering details, and other data and materials pertaining to all goods supplied by Synrad and to all discoveries, inventions, patents and other proprietary rights arising out of the work done in connection with the Products or with any and all Products developed as a result thereof, including the sole right to manufacture any such Products. The Buyer warrants that it will not divulge, disclose or in any way distribute or make use of such information, and that it will not manufacture or engage to have manufactured such Products. The Buyer warrants that it has all right, title and interest in all products, drawings, designs, documents and specifications that it provides to Synrad and its parent, subsidiaries and affiliates for Synrad's use in providing Products for the Buyer. The Buyer shall at its own cost and expense, indemnify, defend and hold Synrad harmless from and against any breach of the foregoing warranty.

d. **Force Majeure.** Synrad shall not be responsible for any failure to perform the Accepted Order due to causes beyond its reasonable control, including, but not limited to, acts of God, labor disputes or shortages, acts of government or judicial action, or inability or delay in securing parts or components, all whether foreseen or unforeseen.

e. **Assignment.** None of the rights, duties or obligations set forth in the Accepted Order may be assigned, transferred or delegated by one Party without the prior written consent of the other Party. It will not be deemed an assignment, however, if an Accepted Order is performed by the parent corporation of Synrad or by a sibling company of Synrad that is wholly owned by the parent of Synrad, following the merger of Synrad into that sibling or parent, so long as the equipment, assets and staff used to manufacture the Products remain substantially the same.

f. **Non-waiver.** A Party's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege that such Party has under these Terms shall not thereafter be considered a waiver of that or any other terms, conditions or privileges, whether of the same or similar type.

g. **Entire Agreement.** An Accepted Order supersedes any and all prior agreements, offers, quotations, written or verbal messages, and any other communications and sets forth the entire agreement and understanding of the Parties with respect to the purchase and sale of the Products covered by that Accepted Order. No modification, amendments, or supplements to an Accepted Order shall be effective for any purpose unless in writing and signed by each Party. Whenever the permission or consent of either Synrad or the Buyer is required or permitted under an Accepted Order, such permission or consent will be in writing and will not unreasonably be withheld, delayed, or made subject to any condition not specifically provided for in the Accepted Order. Titles and captions are used for convenience of reference only and may not be considered in the interpretation or construction of an Accepted Order.

h. **Severability.** Every provision of these Terms is intended to be severable. If any provision is determined by a court or agency of competent jurisdiction to be invalid or unenforceable, the Parties agree that such illegality or invalidity shall not affect the validity or legality of the remainder of these Terms. The Parties shall meet to discuss the issue and shall agree to revise this Agreement by deleting the invalid or unenforceable provision and substituting in its place another provision of similar economic effect which would be valid and enforceable. The Terms, as amended by such deletion and revision, shall continue in full force and effect.

i. **Conduct on the Buyer's Premises.** In connection with the installation, repair or replacement of a Product, it may become necessary for an employee or agent of Synrad (a "Synrad representative") to be present on the Buyer's premises. Should that occur, the Parties will in advance negotiate and enter into a Premises Agreement, a draft of which Synrad will provide. In the Premises Agreement the Parties will include conditions appropriate to the particular situation, including payment for non-warranty repairs, and the workplace safety, security, and confidentiality rules applicable to Synrad's personnel. The Premises Agreement will also cover the fact that the Synrad representative will not be required to work significantly longer hours than his regular work day, or under hazardous or unusual conditions.



Exhibit A
See Paragraph 12
Term of the Synrad Warranty

1. Standard Product Warranty on Lasers and Components
 - One (1) year from date of shipment EXW Synrad's facility in Mukilteo, Washington
2. All lasers rated at One Hundred (100) Watts or above and all ti-Series lasers
 - Two (2) years from date of shipment EXW Synrad's facility in Mukilteo, Washington
3. Synrad's 48-1 10W laser
 - Three (3) years from date of shipment EXW Synrad's facility in Mukilteo, Washington