

# Budgetary Proposal



The **DÜRR** Group

File No: R802.02083  
Inquiry No: 4218000411  
Quotation No.: 4228000589  
June 25, 2015

2469 Executive Hills Blvd  
Auburn Hills, MI 48326



Munro & Associates, Inc  
1140 Centre Road  
Auburn Hills MI 48326

Attention: Matthew Doehring  
E-mail: [mdoehring@leandesign.com](mailto:mdoehring@leandesign.com)  
Phone: 248-602-4011

## Tire & Wheel Line

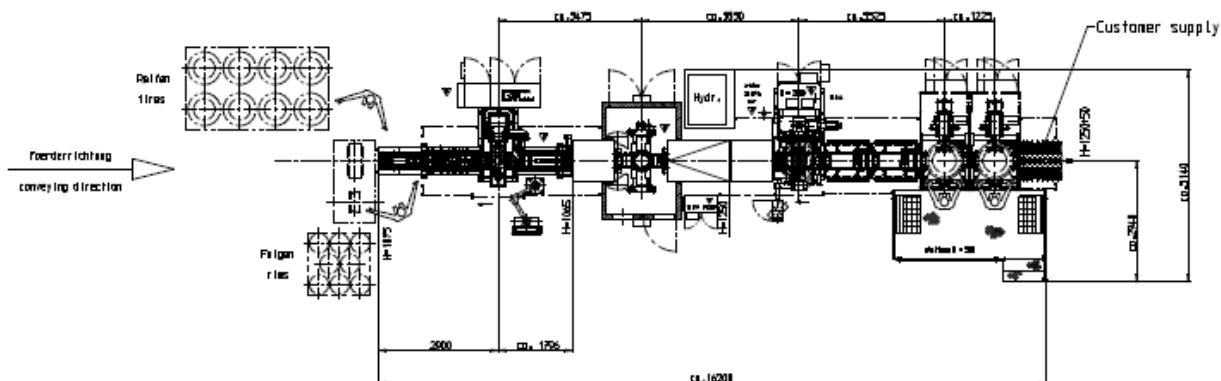
Schenck Rotec is pleased to offer the following proposal in response to your request for quotation for a budgetary tire and wheel line for the mounting of 20" product.

### ASSUMPTIONS:

The following are the assumptions for the line:

- Wheel Size 20"
- Tire Size 155/60R20 80Q  
175/55R20 85Q
- Production Rate 580/day
- Vehicle Type Passenger

### LAYOUT:



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## SCOPE OF WORK:

- **One (1) Semi-automatic tire assembly machine type 130 SBER.** A manual mounter unit with manual soaping of rims and tires and manual lay-over of tire on rim. 130SBER features:
  - Cycle time depending on worker-speed approx. 15-18 sec./TWA with one worker,
  - 12-15sec with two workers
  - Working range 3 to10" rim width, diameter 15 to 20",
  - Manufactured according to Schenck Standards
  - Installation and commissioning in USA
  
- **One (1) Fully automatic Telescopic Inflator type 130SBFR.** An automatic inflator with dual inflating rings to inflate for consecutive inch sizes (e.g. 18", 19", 20" & 21"). 130 SBFR features:
  - Cycle time 11 sec./TWA
  - Working range 3 to10" rim width, diameter 18 to 21",
  - Manufactured according to Schenck Standards
  - Installation and commissioning in USA
  
- **One (1) Automatic Production-Balancing-Machine Type 420RBLR/P.** An automatic balancing machine with internal marking for the measurement of tire/wheel assembly imbalance. 420RBLR features:
  - Includes 1x Cartridge-marker from top and 2x from bottom for marking of unbalance position
  - Cycle-time depending on marking-steps ca. 8,5 - 10sec
  - Manufactured according to Schenck Standards
  - Installation and commissioning in USA
  
- **One (1) 2-station Universal Correction Stations.** A manual correction station for the application of weights to the tire/wheel assemblies to correct for the measured imbalance. Correction station consists of:
  - Cycle-time depending on type of unbalance-correction, number of weights, worker-speed, etc... With 1x adhesive-weight in both planes with 2 workers ca. 12sec
  - 180° wheel-turn-over
  - Automatic indexing of the weight-apply-position.
  - Tilting of the wheel about centerline of conveyor 45° towards the worker.
  - Worker-platform for 2 workers
  - 2x 2pc. Weight-shelves with 12 weight-boxes each for 2 types of adhesive-weights in 5g-steps 5-60g with pic-to-light and poka-yoke-system
  - Manufactured according to Schenck Standards
  - Installation and commissioning in USA
  
- **One (1) Set of Interconnect conveyors.** Chain driven live roller conveyor sections per the above layout to transfer product between the machines.

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## BUDGETARY OPTIONS:

- **Option #1: One (1) 130 TBUR Automatic Mounter.** Option price for a 130TBUR automatic mounter to replace the base 130 SBER manual mounter in the base quotation. 130 TBUR mounter includes:
  - Automatic soaping of rims and tires,
  - Cycle time approx. 10/12 sec./TWA,
  - Working range of 3" to10" rim width, diameter 15 to 20",
  - Manufactured according to Schenck Standards
  - Installation and commissioning in USA
  
- **Option #2: One (1) Spare Parts.** One Lot of Spare parts for the base equipment.
  
- **Option #3: Two (2) Weeks Production Support.** Production support to consist of a Schenck Rotec representative to be present in the plant for a period of two, 5-day weeks (10 hours per day) to support production at the customer's facility. *Production support is assumed to be performed immediately following installation and commissioning phase. No additional travel is included at this time.*
  
- **Option #2: One (1) Week Training.** Training to consist of a Schenck Rotec representative to be in the plant for a period of five, 8-hour days to train production and maintenance personnel on the new equipment. *Training is assumed to be performed immediately following installation and commissioning phase. No additional travel is included at this time.*

## BUDGETARY PRICING:

One Semi-automatic tire assembly machine type 130 SBER	\$ 772,800
One Fully automatic Telescopic Inflator type 130SBFR	\$ 329,600
One Automatic Production-Balancing-Machine Type 420RBLR/P	\$ 284,100
One 2-station Universal Correction Stations	\$ 409,100
One Set of Interconnect conveyors.	\$ 80,000
<b>Total Budgetary Price (USD)*</b>	<b>\$ 1,875,600</b>

*\* Pricing is based upon a Euro/USD exchange rate of 0.88USD/Euro at the time of quotation. Fluctuations of +/- 2% will be accepted at the time of order.*

## BUDGETARY OPTION PRICING:

Option #1: 130TBUR Automatic Mounter (Replaces above 130 SBFR)	\$ 943,200.00
Option #2: Spare Parts	\$ 90,000.00
Option #3: Two Weeks Production Support	\$ 18,500.00
Option #4: One Week Training	\$ 7,500.00

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## SHIPPING:

FCA per INCOTERMS 2010

<i>Origin:</i>	<i>Assumed Destination:</i>
SCHENCK RoTec GmbH	TBD
Landwehrstrasse 55	
64293 Darmstadt, Germany	

## DELIVERY:

Equipment shipment is 6 to 7 months pending receipt of required information, including the written purchase order and any necessary engineering information and sample parts if applicable.

In order to properly schedule service, a minimum of 2 weeks advanced notice is required prior to any requested on-site work for scheduling of personnel and performing travel arrangements.

## VALIDITY:

If not withdrawn by notice in writing prior to the expiration thereof, this offer shall remain open for a period of thirty (30) days. This offer cannot be changed or modified verbally.

## WARRANTY:

Schenck Rotec will warrant any new components for a period of one (1) year beginning on the date of shipment from Schenck Rotec's floor. It will be warranted during this time period to be free of defects in workmanship and material. Purchased components are limited to the respective manufacturer's warranty.

## PAYMENT TERMS:

### Payment Schedule:

30% payment after receipt of purchase order, Net 30 days  
60% payment after shipment, Net 30 days  
10% payment upon final approval, Net 30 days

The equipment proposed herein has been priced upon the basis of information received from the customer prior to the date of the proposal and the economic conditions anticipated over the proposed manufacturing time until shipment.

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However, if a change in customer requirements extends shipment at the time of order placement, Schenck RoTec reserves the right to review price and increase it, if necessary, to adjust for economics. This proposal is subject to the Schenck RoTec Standard Terms and Conditions of Sale, Form SMP 5-12, unless otherwise specified.

If you require additional information, please contact Ben Giacona or myself.

Respectfully submitted,

**SCHENCK ROTEC, CORP.**

**SCHENCK ROTEC, CORP.**

Ben Giacona  
**Product Line Manager**

Robert McKnight  
**Applications Engineer**

# SCHENCK ROTEC CORP.

FORM SMP 5-12

## STANDARD TERMS AND CONDITIONS OF SALE

THIS WARRANTY IS EXPRESSLY MADE IN LIEU OF ANY AND ALL

OTHER WARRANTIES EXPRESS OR IMPLIED INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS.

(1) **Taxes.** The amount of present or future sales, use, excise, or other taxes applicable to the transaction shall be added to the purchase price and shall be paid by the Purchaser, or in lieu thereof, the Purchaser shall provide the Seller with a tax exemption certificate acceptable to the taxing authorities.

(2) **Delinquent Payments.** Invoices not paid within terms will be subject to interest at one per cent (1%) per month applied on a daily basis of 360 days per year.

(3) **Shipment, Identification.** All prices are F.O.B. factory floor of Seller. Method and route of shipment are at Seller's discretion, unless the Purchaser supplies explicit written instructions. All shipments are made at the Purchaser's risk. Identification of the goods to the contract shall occur at the commencement of removal from Seller's floor.

In the event special handling and loading equipment and labor are required from outside vendors, the expense thereof shall be added to the contract and invoiced at cost plus ten per cent (10%) to the Purchaser on a separate invoice with a copy of invoice received by Seller.

(4) **Deliveries.** Deliveries quoted are approximate due to the special nature of the equipment manufactured and the timely participation of the Purchaser relative to his performance of various aspects of the contract.

Deliveries shall be determined as date equipment is shipped and are subject to, and contingent upon, strikes, labor difficulties, riot, war, fire, delay or defaults of Purchaser, inability to obtain required materials, governmental decrees or orders, or without limiting the foregoing, any other interruptions of Seller's work scheduling which is beyond the Seller's reasonable control, and the Seller shall not be liable for any loss or damage arising therefrom. The Seller shall have the right to reschedule deliveries due to any such delays, and shipments made within thirty (30) days after the contractually specified date of delivery, shall constitute a good delivery. Any delivery not in dispute shall be paid for regardless of other controversies relating to other delivered or undelivered merchandise.

(5) **General.** Materials and parts furnished by the Purchaser are to be within the limits and of the sizes specified by the Purchaser and subject to the Purchaser's specified tolerances for variations.

(6) **Compliance with Purchaser's Specifications.** Except as expressly provided in paragraph (7) below, specificity as to modes, components or materials to the extent set out in Purchaser's specifications will be adhered to by Seller. To the extent of any generality in such specifications, Seller shall have the right to select the mode, component or material which fulfills the requirements of the general description.

(7) **Standard Components.** Any materials, processes, or purchased parts incorporated as a Seller's standard component shall supersede any specifications of the Purchaser when such standard components are proposed to be included in the process or machine configuration submitted to the Purchaser. Seller may agree to a substitution or alteration to the standard components and Purchaser shall be liable for cost penalties, if any, including design labor required. Engineering drawings of Seller's standard components will not be disclosed to Purchaser but Seller will furnish Purchaser with all information necessary for the maintenance of such components.

(8) **Approval Drawings.** Seller, prior to manufacturing, will submit, for Purchaser's written approval, mechanical general arrangement drawings and control circuit diagrams ("approval drawings") pursuant to the terms of the proposal and conforming to the Purchaser's specifications and requirements. Any changes requested by the Purchaser shall be deemed a change in scope and subject to increased (decreased) costs and delivery extension (reduction). Approval drawings not returned to Seller within ten (10) days shall be cause for a delivery extension. Approval by Purchaser of the approval drawings shall also evidence agreement that Purchaser's gaging specifications will be applied in a manner consistent therewith.

(9) **Inspection.** Final inspection shall be on Seller's floor prior to shipment unless otherwise agreed in writing, and authorization to ship shall constitute acceptance of the product.

(10) **Claims.** Claims for defective equipment, shortages, delays, or failures in shipment or delivery, or for any other cause, shall be deemed waived and released by the Purchaser, unless made in writing within thirty (30) days after the basis of such claim is disclosed to Purchaser.

(11) **Guarantee.** We guarantee to replace or at our option, repair any products or parts thereof which are found defective in material or workmanship within one year from date of shipment, provided expressly that with respect to parts or components specified by Purchaser, our guarantee shall not exceed the terms of any more limited guarantee of the manufacturer thereof. Our obligation with respect to such products or parts shall be limited to replacement or repair F.O.B. Orion, and in no event shall we be liable for consequential or special damages, or for transportation, installation, adjustment, or other expenses which may arise in connection with such products or parts.

This warranty in no way applies to perishable parts.

(12) **Cancellation.** An order once placed with and accepted by us can be cancelled only with our consent and upon terms that will indemnify us against loss.

(13) **Installation-Purchaser Responsibilities.** Purchaser shall have sole responsibility to unload, install, adequately support, and level all equipment in their plant, and to make all necessary service connections such as electrical, hydraulic, pneumatic, lubrication, and water, and to certify such is done and that a sufficient number of parts are available at the equipment prior to requesting Seller to demonstrate the machinery or equipment. Trouble shooting and maintenance is Purchaser's responsibility.

If installation or start-up service is requested and provided, the Seller will invoice Purchaser at the prevailing daily service rates.

(14) **Production Estimate.** Quoted production rates are estimates only, based upon technical assumptions, and are calculated on the basis of industry recommended speeds and feeds, Buyer's past production experience, and testing variables. Individual operational time requirements may vary from the estimate and Seller may borrow or lend time from one operation to another in the effort to minimize total cycle time. Realized net production rate shall be Purchaser's sole responsibility.

(15) **Tool Development.** Any perishable tooling including fixture seals and other fast wear items contained in this proposal or any subsequent proposal issued in conjunction with a contract resulting from this proposal, represents the best judgement of Purchaser and Seller. Purchaser shall bear all costs resulting from breakage or damage to such tooling whether during or after testing and inspection in our facility. No provision for tool development is contemplated unless so stated in writing.

(16) **Patents.** Purchaser shall hold the Seller harmless from any and all suits, claims, losses, or other liability suffered by it arising from any claim of infringement of patent but only where such infringement or claim of infringement arises from Seller's compliance with Purchaser's design or process specifications.

(17) **Indemnity.** Purchaser shall use and shall require its employees to use all safety devices, guards, and proper safe operating procedures as prescribed by governing rules and regulations under the applicable Occupational Safety and Health Acts, and in manuals and instruction sheets furnished by Seller. Purchaser shall not remove or modify any such device or guard or warning sign. If Purchaser fails to strictly observe each and every one of the obligations set forth in this paragraph with regard to any of Seller's products, Purchaser agrees to indemnify and save Seller harmless from any liability or obligation incurred by Seller to persons injured directly or indirectly in connection with the operation of such product.

(18) **Controlling Provisions.** This offer can be accepted only in accordance with its terms and by writing delivered to Seller at its office in Orion, Michigan. These terms and conditions shall supersede any provisions, terms and conditions contained in any confirmation, order, or other writing the Purchaser may give, and the rights of the parties shall be governed exclusively by the provisions, terms, and conditions hereof.

(19) **Duration and Modification of Offer.** If not withdrawn by notice in writing prior to the expiration thereof, this offer shall remain open for a period of sixty (60) days. This offer can not be changed or modified orally.

(20) **Law Applicable.** The validity and construction of the contract effected hereby or effected pursuant hereto shall be governed by the laws of Michigan.

## SCHENCK ROTEC FIELD SERVICE TERMS AND CONDITIONS EFFECTIVE JANUARY 1, 2015

### **1. Service Rates**

1.1 Hourly rates shall be paid in accordance with the Rate Schedule in section 2 below unless otherwise mutually agreed upon in writing, between Schenck RoTec Corp. (SRC) and purchaser.

1.2 All charges are from point of origin with a minimum charge for four (4) hours work and/or travel. Point of origin is Schenck RoTec Corp. main facility in Auburn Hills, Michigan

1.3 All travel time will be charged at the respective rate per the rate schedule below.

1.4 Travel and living expenses shall be paid at SRC's cost plus ten percent (10%)

1.5 Per diem expenses shall be charged for all days where an overnight stay occurs and when initial travel to the job sight commences prior to 7:00 am or return travel directly from the job sight to service origin results in arrival after

6:00 p.m.

### **2. Rate schedule**

#### **2.1 Hourly rate description**

Travel Time \$95.00 / hour

Lab Repair / Admin / Prep \$165.00 / hour

#### **Service Technician /Engineer**

Regular \$165.00 / hour

Overtime \$190.00 / hour

Sunday / Holidays \$215.00 / hour

#### **CE / ME Engineer**

Regular \$175.00 / hour

Overtime \$200.00 / hour

Sunday / Holidays \$225.00 / hour

#### **Specialist**

Regular \$200.00 / hour

Overtime \$250.00 / hour

Sunday / Holidays \$300.00 / hour

**Lab repair rate** applies to work inside the Schenck-RoTec main facility at normal business hours. It includes repair and maintenance of components or machines shipped to SRC, rework, remodeling and upgrading of those components. **Service Technician / Engineer rate** applies for electrical and mechanical work, installation, fault recovery, production monitoring and similar tasks. **CE / ME Engineer rate** applies to work that requires programing, software changes and mechanical engineering support. **Specialist rate** applies for work that normally requires an engineer with special technical education and skills. This includes changes in software and instrumentation and review and change of processes as well as consulting, engineering and training. **Overtime rate** applies to work on Saturdays and work in excess of 8 hours or between 8 p.m. and 6 a.m. on normal business days.

#### **2.2 Mileage**

US \$ 0.575 per mile for the use of a personal or SRC company vehicle.

**2.3 Per diem allowance for service technician (meals)** For service in the continental US and Canada, \$45.00 per day, for service outside the continental US and Canada, \$50.00 per day. The allowance does not cover Lodging.

**2.4 Weekend Stay / Waiting Times** For weekend days spent at the

job site area, when no labor is performed, a daily standby fee of four (4) hours at the Regular Service Rate shall be paid by the purchaser.

### **3. Point of Origin**

Service originates from Schenck RoTec Corp. main facility in Auburn Hills, Michigan unless otherwise stated.

### **4. Travel Preparation**

Purchaser shall pay necessary time to prepare for service trip. This includes the retrieval of documents, line up, preparation of tools and other work required to ensure the efficiency of the service trip.

### **5. Special Expenses Outside of the US and Canada**

**5.1 Time spent on travel preparations** and costs incurred for such items and physical examinations, inoculations, procurement of visas, passport, work permits, etc. shall be paid for by purchaser.

**5.2 The purchaser** shall pay all **taxes, duties and other charges** arising from service activities.

**6. Extended Service Periods** On service in the continental US or Canada, SRC personnel are entitled to spend every second weekend at home. Purchaser shall pay the traveling expenses and traveling time in lieu of paying the daily rate for a weekend stay.

On service outside the continental US or Canada, SRC personnel are entitled to a trip home every eight (8) weeks for one (1) week and also over the Christmas to New Year's holiday period. Purchaser shall pay the traveling expenses and time.

**7. Assistance to be provided by purchaser on Job** The service performed by SRC personnel is normally limited to supervision of installations, operator training, consultation and instrumentation repair. The purchaser shall provide, at no charge to SRC, whatever assistance may be required under local conditions for safe, efficient and proper performance of the service.

**8. Liability and Jurisdiction** SRC's personnel are covered by Workers' Compensation and Employees' Liability, Insurance, Comprehensive General Liability Insurance, Bodily Injury and Property Damage Liability Insurance. Certificates are available upon request. SRC's sole liability in respect to the services performed by it shall be the correction of defects in SRC supplied material caused by its personnel. SRC shall not be liable for any other claims by Purchaser, including with limitation, claims for incidental or consequential damages.

**9. Payment Terms** Invoices for services are payable on net 30 day terms. If the work extends over a period exceeding one (1) month, SRC shall be entitled to issue monthly invoices which shall be payable upon receipt. Work proposed and scheduled ahead over a period of time longer than two month is due 30% at time of order, against invoice, not to exceed 30 days after receipt of written purchase order, 70% at acceptance of services received on customer's floor, against invoice, not to exceed 60 days after date of service if the amount exceeds \$ 2,500.00. Otherwise 30 days net.

Master Card, Visa and American Express cards are accepted as method of payment for Service and Spare Parts for invoices below US\$ 2,500.

## General Conditions – Customized Machinery

### Project Review

A project review meeting with the buyer will be scheduled immediately following receipt of the purchase order to confirm details of this project.

### Customer Delay of Deliverables

Non-compliance with agreed upon customer deliverables leading to additional costs and delivery delays shall be evaluated and billed to the customer.

Any customer machine delivery penalty agreements shall be void.

Parts must be delivered according to our machine building schedule.

### Machine Schedules and Open Issues

It is expected that buyer and seller review the machine schedule and open issues log on a regular basis.

Schenck RoTec machine schedules and open issues logs are considered official documents notifying the customer of changes to machine timing and

delivery. A customer representative will be asked to sign, and return each document to acknowledge acceptance of the content of those documents.

The customer will be billed according Schenck's Service Rate Schedule for any delay time incurred.

### Parts to be Provided by Customer

#### Debug Parts

Customer to provide parts sufficient for a fifteen minute run at rate of each part type for which the machine is to be tooled, prior to machine debug.

The parts must meet part print specifications, and upon request must be so certified at the customer's expense. Parts will be returned to the customer

with shipment of the machine. Schenck RoTec is not responsible for damaged parts.

**Note: For non compliance see paragraph, "Customer Delay of Deliverables."**

If the customer cannot certify the delivered parts Schenck RoTec can offer to complete the part certification. Schenck RoTec will offer this service upon request and bill the customer accordingly.

#### Run Off Parts

Customer to provide sufficient for a fifteen minute run at rate of each part type for which the machine is to be tooled, prior to machine run off. The

parts must meet the part print specifications, and upon request must be so certified at the customer's expense.

Parts will be returned to the customer with shipment of the machine. Schenck RoTec is not responsible for damaged parts.

**Note: For non compliance see paragraph, "Customer Delay of Deliverables."**

If the customer can not certify the delivered parts Schenck RoTec can offer to complete the certification. Schenck RoTec will offer this service upon request and bill the customer accordingly.

### Production Part for Master

The customer must commit to the date for delivering a production part to become a master, normally within 4 weeks after receipt of purchase order.

Schenck must receive the production part for manufacturing the master no later than eight (8) weeks prior to commencement of machine debug.

**Note: For non compliance see paragraph, "Customer Delay of Deliverables."**

### Quality of Parts

The quality of the incoming part must conform to part print specifications. This includes having an incoming unbalance that does not exceed the specified limit.

Part print quality must apply to all locating, gauge, rest, clamping, and balance correction surfaces.

NOTE: The above applies to debug and run off parts. Any costs related to correcting parts or damage to the machine due to out-of-tolerance or quality issues will be billed to the customer as an IPC (In-Process Change). Should this affect the machine delivery, it will void any machine delivery penalty agreements going forward.

### Simulated Production Run (Dry Cycle)

The machine will be trial run at the agreed upon rate for one (1) period of 20 hours. This will be divided into two ten (10) hour simulated shifts. The machine will run during this period without unexplained interruption. Buyer's personnel can be present onsite during this time.

The machine will perform to the agreed upon rated cycle time during this period.

### Compliance with Specification (Standard Machines)

The equipment proposed herein will be designed and built to the Schenck RoTec Standard Machine and Equipment Build Specification.

This specification reflects the most common specifications for USA and Canada and also compliance with OSHA general safety guidelines and common machine build practices.

Any customer and/or plant specification which deviates from the Schenck RoTec specification can be quoted upon request.

This machine is proposed and priced utilizing Schenck RoTec standard components designed and manufactured to the Schenck RoTec proprietary machine specification. Normally, only part touching components are non-standard.

Schenck RoTec will reserve the right to review pricing upon the occurrence of the following:

Receipt of any non-standard specifications unique to this project.

Receipt of revised or new part prints.

Mutual agreement between the customer and Schenck RoTec to deviate from the Schenck RoTec machine specification not described in this quotation.

### Documentation to be Supplied

#### Service Manual

As standard, three (3) sets of service manuals are included in with the machine. Service manuals include: equipment drawings, operating/calibration information, maintenance schedule, and recommended spare parts list.

Service manuals are written in the English language, unless otherwise specified. .

Documentation written to a specification other than Schenck RoTec's standard format, or in a language other than English, can be quoted at an additional price upon request.

Drawings will be on Schenck RoTec title block in AutoCAD 2000 format, on a CD-ROM (No Hard Copy.)

Schenck RoTec will supply drawings for machine assemblies and part touching details only. Schenck RoTec will supply bill of materials for each proprietary assembly. All other detail drawings are proprietary and will be retained by Schenck RoTec.

### Commissioning and Training

### Machine Availability and Ancillary Tasks



If the customer is the cause for Schenck RoTec not being able to perform its necessary tasks, whether due to lack of accessibility at the customer's site and/or resources, the customer will be billed according Schenck's Service Rate Schedule for any delay time incurred. Schenck reserves the right to withdraw any personnel from the customer site if a delay of greater than three (3) working days occurs. In our effort to maintain project responsibilities, costs, and planning associated with this proposal, requests for onsite personnel to assist with non-proposal related jobs or tasks must be approved by the Schenck RoTec project manager for this proposal.

### Machine Start-Up

After the machine has been properly installed at the customer's site, Schenck RoTec will provide a service technician to assist customer workers with machine start-up according to the schedule in the proposal.

Tenc (10) consecutive eight (8) hour working days, first shift, Monday – Friday excluding Holidays unless otherwise specified.

Additional days and overtime will be charged per Schenck RoTec's Service Rate Schedule (see attached).

Machine Start-Up will consist of the following tasks/processes:

Inspect the installation (customer has to place the machine, airdrop and electrical hookup) and ensure that the machine is installed properly

Verify completeness of Schenck RoTec's extent of delivery

Ensure proper power connection

Check the machine calibration with a proven part, if purchased with the machine, or a suitable work piece provided by the customer

Repeat runoff tests

A daily report will be written by Schenck RoTec's technician describing tasks performed and machine status for customer review and signature.

Any customer related delays or additional issues, over and above the installation and start-up tasks listed above will be evaluated for cost and billed to the customer as an In-Process Change (IPC).

### Acceptance

Machine acceptance will be based on performance as specified in the proposal.

The acceptance report will be written by Schenck RoTec's technician for customer review and signature.

### Operator Orientation

During machine start-up, operators can receive informal basic orientation and function overview of the machine from the assigned Schenck RoTec technician.

### Initial Training

Initial Training will include two (2) days of hands-on training with the machine operator, instrumentation, and accessories. The following topics will be covered:

Service manual contents

Proper machine setup

Control station operation

Instrumentation setup

Standard and optionally purchased instrumentation software features

Basic preventive maintenance practices

This training will normally be for two (2) consecutive eight hour workdays.

Additional days and overtime will be charged per Schenck RoTec's Service Rate Schedule.

### Currency Exchange Rate Disclaimer

Some of the content included in this proposal is based on components or machinery delivered from other facilities within the global Schenck organization. The prices of these components can change based on currency fluctuations. The exchange rate and prices for this proposal can be finalized when the two parties (Schenck RoTec USA and the purchasing customer) define the scope of the equipment in the final machine purchase negotiation.

At that time, the current exchange rates will be applied as necessary and pricing changes submitted to the customer prior to issuing a purchase order.

### Installation Deadline

Complete, successful installation of the machine is required at the customer's site within 30 days of shipment from Schenck RoTec.

Failure of the customer to complete installation of the machine on time will not affect payment terms.

### Notes on Machine Acceptance

Machine acceptance on the Schenck RoTec floor will be based upon proving capability. This shall be done by effectively repeating the pre-shipment check sheets and capability procedure prior to shipment. This is not tied to start of production (SOP). Interface capability will be proven and validated, however, if mating equipment or computer systems are not fully capable at this time, machine capability via the check sheet will suffice for acceptance. Also, completing commitments of deliverables as defined below.

- One (1) CD-ROM containing a complete set of drawings.
- Service manuals or documentation as defined.
- Completion of training as defined. If training cannot be performed due to Schenck RoTec issues within 30 days after the machine is capable, invoicing can take place and Schenck RoTec will fulfill training commitments when requested.

In all cases of machine qualification, should items be identified that require resolution, an acceptance punch list must be created at the time of qualification. The punch list will assign responsibility and timing for resolution of each issue. Once items on this punch list are resolved (closed), the machine will be considered accepted.

Should Schenck RoTec Corporation be unable to install the equipment for any reason, hence, preventing machine proof of capability taking place on the plant floor, invoicing for the remaining 10% will take place 90 days after acceptance on Schenck RoTec's plant floor.

If the equipment is capable of production testing, yet for any reason outside of Schenck RoTec's control, production testing cannot take place, such as lack of production parts, payment will be made in full. Schenck RoTec will provide production staff support when required as defined in this document.