



# **Warranty and Service Plan Policies**

-- Effective July 10, 2010 --

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# **Section 1: Warranty and Service Plan Policies**

## **Introduction**

To better serve our customer base, a variety of service plans have been created to allow the customer to choose the level of support desired for a particular machine. All machines shipped prior to April 15<sup>th</sup>, 2007 will carry the standard Warranty for 1 year and will receive a second year extended Warranty as per the new policy. All machines shipped prior to April 15<sup>th</sup>, 2005 are subject to the new policy starting April 15<sup>th</sup>, 2007. For those customers with existing service contracts, the existing contracts will be converted to one of the new service plans as soon as the contract expires. \*This document will serve as Versatec, LLC policy for all machines, extended warranties and service contracts purchased from Contact Systems, Inc. Extended warranties and service contracts purchased from Contact Systems, Inc, will continue without interruption.

## **New Machines**

All new machines come with the **standard Warranty**:

*"To correct defects that may have been caused by workmanship or faulty materials, labor and non wearable parts are provided free of charge one year from the date that the machine ships from Versatec, LLC"*

This Warranty can be augmented with one of two supplemental plans (Red and White). At the end of this Warranty period the customer can elect to extend the Warranty (and supplemental plan). The Extended Warranty is for parts and labor only and can be extended for up to three years from the initial machine ship date. At the end of three years the customer must opt for one of the three non-Warranty plans (gold, silver or bronze). If during the first three years the Warranty should expire without renewal the machine cannot return to warranted status but coverage may be obtained through one of the other non-warranted plans. It is highly recommended that the machine remain warranted for the first three years because the non warranted plans cost the same as the warranted plans but do not provide coverage of non-wearable items (compare Red Plan to Gold Plan and White Plan to Silver Plan). For details see the "Warranty and Service Plans" table in section two of this document.

## **Non-Warranted Machines**

Non-warranted machines must be registered and under contract in order to receive technical support. There are three plans to accommodate various support level requirements for non-warranted machines. All plans including the most basic plan (Bronze Plan) provide the customer discounted service rates, discounted spare parts and the standard phone/email support.

## **Machine Registration (original owner)**

All new machines bought from Versatec, LLC are registered to the original owner. The machine will remain registered to the original owner as long as the machine remains in the possession of the original owner regardless of Warranty and service contract status. When a machine changes possession it is neither automatically registered to the new owner nor are the Warranties and/or service contracts automatically transferred.

## **Registering a Non-Registered machine**

If you purchased your machine from anyone other than the manufacturer, the machine by default is no longer registered. Any service contracts the machine may have been under are non-transferable. To reinstate the registration, contact our Technical Services department and ask for the machine registration form. When this form is filled out and returned you will have immediate access to our technical support team. Please see the section titled "Acquiring Service for Non-Contracted Machines" on page 4 for details.

**Qualification of a Machine for a Service Contract**

If you purchased your machine new from Versatec, LLC and had maintained your machine utilizing Versatec, LLC trained personnel, or if the machine was purchased from someone other than Versatec, LLC but the machine was under a Versatec, LLC service contract at the time of the change of possession, then it is possible that the machine can be contracted to the new owner without a machine evaluation visit by one of our Field Service Engineers (FSE). However, if the machine was not under a Versatec, LLC service contract or if it has been 6 months or more since a Versatec FSE has last serviced the machine, the machine may need to undergo a machine evaluation in order to qualify for a service contract. During this a visit a thorough evaluation of the machine will be done by a Versatec FSE. The customer is responsible for the cost of the evaluation visit plus incurred costs (travel expenses and per diems).

Based on the FSE's report the machine will either be qualified or not qualified. If the machine is not qualified the FSE will provide a report of the items that must be rectified in order to become qualified. If the customer wishes the FSE can make arrangements to extend his stay and rectify the machine issues. Should the customer qualify for and obtain a service contract within 30 days of the evaluation visit, a credit of the difference between the standard and discount rates will awarded to the customers account.

For details about service rates see the "Service Rates for On-Site Service" table.

**What if I have already purchased Second Owner Support?**

If you have purchased Second Owner Support for a particular machine it is automatically registered with us, you will receive Bronze Plan benefits for a two year period from the time the Second Owner Support plan was purchased.

**Acquiring Service for Non-Contracted Machines**

Versatec, LLC highly recommends the registration of non-registered machines and subsequent service contracts. Generally speaking, the service contracts pay for themselves through the discounted service rates, discounted spare parts and included standard phone/email support. Further savings can be realized with more complete coverage plans through additional discounts on consumables, accessories and software upgrades. However, for those who still would rather not enter into a service contract we offer a "pay as you go" arrangement for phone support and service calls. Any customer can call our Technical Services department during normal business hours and receive technical support with an approved credit card. Rates for phone support on non-contracted machines are shown below. Service rates for non-contracted machines are at the standard service rates shown on the "Service Rates for On-Site Service" table on page 9 of this document.

**Phone Support Rates for Non-Contracted Machines**

Present Products

\$150/hour (1/2 hour minimum)

Legacy Products

\$200/hour (1/2 hour minimum)

## Section 2: Service Plan Details

Warranties and Service Plans			Warranty (standard or extended)	Supplemental Plans during Warranty period		Non-Warranted	Out of Warranty Plans (registered machines only)		
				White Plan	Red Plan		Bronze Plan	Silver Plan	Gold Plan
PM/PT (preventive maintenance precision tune-up)	Semi Annual (2 tokens)		—	•	—	—	•	—	
	Quarterly (4 tokens total)		—	—	•	—	—	•	
Spare Parts/Consumables/Accessories	100% coverage of non-wearable parts		•	•	•	—	—	—	
	Discounted Spares (wearable or non-wearable)		•	•	•	—	•	•	
	Discounted Consumables		•	•	•	—	•	•	
	Discounted Accessories		—	—	•	—	—	•	
Service/Support/Training	Standard Phone/E Mail Support		•	•	•	—	•	•	
	Priority Dispatch		—	—	•	—	—	•	
	Remote Connection Diagnostics (C5 only)		—	—	•	—	—	•	
	Service Rates for Repairs	Warranted (no charge)		•	•	•	—	—	—
		Non-Warranted Discounted		—	•	•	—	•	•
	Discounted Supplemental Training		—	•	•	—	—	•	•
Software	Free Version Revisions (maintenance releases)		•	•	•	—	•	•	
	Discounted Version Upgrades (major releases)		—	•	•	—	•	•	
Pricing	Present Products	C5	First year free \$2,500 each additional	Add \$1,500	Add \$5,000	—	\$2,000	\$4,000	\$7,500
		CS-400E, CS-740	First year free \$1,500 each additional	Add \$1,000	Add \$2,500	—	\$1,500	\$3,000	\$5,000
		3Z, 3AVX, 3AV	—	—	—	—	\$1,500	\$3,000	\$5,000
	Legacy Products	3SX, 3S	—	—	—	—	\$1,500	\$3,000	\$5,000
		C3, CS-400D, CS-400C	—	—	—	—	\$1,500	\$3,000	\$5,000

### **Multiple machine plans**

In the case of multiple machines, the first machine is at the price listed in the "Warranties and Service Plans" table. Subsequent machines (same models) are discounted 50%. With the Bronze plan a price cap applies whereby the total cost for the contract is a maximum of 2X the full list price of the first machine.

#### *Example 1*

*A customer has (2) C5 machines and wants the extended warranty and supplemental White Plan for each machine. The cost for the first machine is \$5,000 and the cost for the second machine is \$2,500 for a total of \$7,500.*

#### *Example 2*

*A customer has (5) CS-400 series machines and would like the Bronze Plan for each. The cost for the first machine is \$1,500 and the cost for the subsequent machines is \$750 each. In this case the plan cost would be **capped at \$3,000** as opposed to \$4,500 (\$1,500 for first machine and \$3,000 for 4 subsequent machines—Bronze Plan only).*

- Notes:**
1. All multiple machine plans are priced assuming synchronization of PM/PT schedules for the machines on a multiple machine plan.
  2. Multiple machine plans are plans for up to 5 machines. For a service plan for more than 5 machines consult the factory.
  3. Separate plans are required for different machine "families". (CS-400 family, CS-740 family, C3 family, C5 family)

*Following are detailed descriptions of the service plan features on the "Warranties and Service Plans" table.*

### **Preventive Maintenance Precision Tune-Up (PM/PT)**

To assure trouble free and uninterrupted production, it is recommended that the machines undergo periodic scheduled PM/PT procedures by a Versatec FSE. The cost of these PM/PT visits is easily justifiable when compared to the cost of unscheduled down-time. A PM/PT visit should be scheduled with the Versatec Technical Services Department at least three weeks in advance. If during the visit the FSE should find a problem that prevents the PM/PT from being performed, the problem must be rectified in order to complete the process. If the repair of this defect should cause the FSE to be unable to complete the PM/PT in time allotted then the extra time required is billable at the appropriate service rate. If during the process the FSE should find a defect that does not inhibit the PM/PT the FSE will make recommendations for corrective action and schedule a return trip if necessary. If the customer is willing, the FSE can extend his visit to repair the issue.

#### **What Transpires During a Typical PM/PT?**

A brief listing of the PM/PT tasks includes a complete machine health check, a complete calibration, software upgrade (if applicable) and a full cleaning and lubrication of all moving parts. Although the FSE will normally have the basic consumables on hand, it is intended for the FSE to utilize the contents of the Preventive Maintenance Kit (C5 only) during the PM/PT visit. Please be sure the items in the kit are replaced as they are used to be sure that all facets of the PM/PT procedure can be performed. Items replaced during the PM/PT visit due to wear or defect are billable unless under Warranty.

*Please consult Versatec, LLC Technical Services department for complete details of the preventive maintenance procedures for a particular model machine.*

### **What is a PM/PT Token?**

A PM/PT token is a prepaid visit by a Versatec FSE. The duration of the visit is dependent upon the type of machine and the number of machines to be serviced. The typical duration of a standard PM/PT for a CS-400 series cut and clinch machine is 3 hours. For a surface mount machine the PM/PT would be 3-5 hours depending on the machine model. Our scheduling efforts will be geared towards saving the customers money on travel expenses and per diem charges. It is in everyone's best interest to synchronize our visits with surrounding customers so that the incurred costs (travel and per diem) can be shared by multiple customers. In cases where this is not possible and an overnight stay is inevitable then the FSE can spend more time at the customer sight than the PM/PT may require. During this time the FSE can provide additional services if required. These additional services might entail additional training, the repair of minor defects or simply to witness production and provide suggestions for operator and machine performance optimization.

### **What Other Costs will the Customer Incur During a PM/PT?**

Besides the possibility of billable hours or parts to repair a machine during the PM/PT visit, it is the responsibility of the customer to cover the FSE's travel expenses. For details, see the "Per Diem" and "Other" sections of the "Service Rates for On-Site Service" table.

## **Spare Parts, Consumables and Accessories**

During the Warranty period non-wearable parts are covered 100%. Without a supplemental plan, wearable parts, consumables and accessories are available at OEM list price. A substantial savings can be realized by partaking in one of the available service plans due to discounts provided on spares (wearable and non-wearable), consumables and accessories. The "Warranties and Service Plans" table shows what items are discounted under which plans.

### **Wearable vs. Non-Wearable Parts**

Wearable parts are parts that are designed to wear under normal machine operation. These parts are not covered under Warranty. Non-wearable parts are effectively parts that are designed to last for the life of the machine and are covered under the standard and extended Warranty.

### **What are Consumables?**

Consumables are items that are consumed (or worn) during the normal operation of the machine. Examples would be (but are not limited to) pick up nozzles, spindle screens and lubricants for the C5 series machines and cutters for the CS-400 cut and clinch machines.

### **What are Considered Accessories?**

Accessories are items that are used in conjunction with the machine to enhance performance/reliability or extend the capabilities of the machine. For the C5 these items include but are not limited to the Extended Nozzle Kit, the Auto-Calibration Fixture, the Feeder Storage Cart and the Preventive Maintenance Kit.

### **Will I Get a Discount on Subsequent Feeder Orders If I Have a Service Contract?**

Feeders are not considered "Accessories" and therefore do not have a flat discount associated with them. However, with any service contract the customer can obtain feeders at discounted rates using the "Preferred Customer Feeder Discount Schedule". Non-contracted customers will be subject to OEM list pricing for all subsequent feeder orders.

### **Preferred Customer Feeder Discount Schedule**

\$0-\$10,000	3%
\$10,001-\$25,000	5%
over \$25,000	7%

### **Minimum Order Policy**

The minimum order for spares, consumables and accessories is \$250. For contracted machines the minimum order is reduced to \$50.

### **Warranty Shipping Policy**

Versatec, LLC maintains a complete line of spare parts at the main facility. Most warranty items in stock can be shipped to the customer on the same day if an order is placed prior to 12:00 noon EST. All warranty orders for parts in stock taken after 12:00 noon EST will be ready for shipment in 24 hours.

Some items on Versatec, LLC machinery are considered assemblies. In most cases these assemblies, when available, can be shipped same day if ordered before 12:00 noon EST. When assembly is required, Versatec, LLC will assemble and ship within 24 hours.

Versatec, LLC warranty shipments are via UPS Ground at no charge. If the customer requests a different carrier, the customer is required to pay the freight charges. All international shipments will be billable.

Defective parts replaced under warranty must be returned to Versatec, LLC within 14 working days. The customer will be billed for parts not returned.

### **Service, Support and Training**

Service, Support and Training are fundamental elements to successful partnerships between suppliers of assembly equipment and their customers. A machine that is serviced and supported by Versatec, LLC Technical Services department has a far better chance of reaching and maintaining optimal performance levels than a machine serviced by a third party service organization. The Versatec, LLC Technical Services department has up to the minute information regarding reported issues and solutions and can benefit from wealth of knowledge contained in our shared customer database.

### **Standard Phone/Email Support**

The standard phone and email support is available during our normal business hours (8:30 AM -5:00 PM EST) and is free for as long as the machine is warranted. Once out of Warranty you will need to select a service plan in order to continue receiving this standard support. If you elect not to partake in one of our service plans you can still receive phone support at the "Phone Support Rates for Non-Contracted Machines" mentioned earlier in this document.

### **Priority Dispatch**

The highest level service plans offer a priority dispatch feature. Under normal circumstances there is always a FSE available for immediate dispatch. However, there are certain cases whereby a FSE needs to be in two places at once. If this case should arise, the FSE will be dispatched to the customer with the priority dispatch feature. If both customers have this feature as part of their service plan then the FSE will be dispatched to the customer who called in first. Please refer to the "Warranties and Service Plans" table to see which plans provide this service.

**Remote Connection Diagnostics (C5 only)**



For our C5 platform we offer the option of remote connection diagnostics. Through an internet connection our technicians can “take command” of your machine for troubleshooting and diagnostic purposes. Please refer to the “Warranties and Service Plans” table to see which plans provide this option.

**Service Rates for Repairs**

While a machine is under Warranty there is no charge for the FSE’s labor for repairs necessary to correct defects that may have been caused by workmanship or faulty materials. While Versatec, LLC will try to accommodate all end users of our products, there is a significant savings associated with the discounted service rates available to customers with a service plan. For a detailed breakdown of our standard and discounted service rates please refer to the “Service Rates for On-Site Service” table on this page.

**Supplemental Training**

Often times people trained in the operation, programming and maintenance of this type of equipment “move on” and leave a partially trained subordinate to take over these tasks. Or perhaps you have purchased the machine second hand and are trying to learn the basic operating principles from a manual. Whatever the case may be, it is beneficial to both Versatec, LLC and our customers to be fully trained on our equipment. Therefore, most of the service plans offer discounted service rates for supplemental training. To see which plans offer this feature please refer to the “Warranties and Service Plans” table.

	 <b>Service Rates for On-Site Service</b>											
	Present Products						Legacy Products					
	Normal Business Hours Mon-Fri 8:00AM-5:00PM		After hours Mon-Fri Outside of 8:00AM-5:00PM		Premium Sat, Sun & Holidays Any Time		Normal Business Hours Mon-Fri 8:00AM-5:00PM		After hours Mon-Fri Outside of 8:00AM-5:00PM		Premium Sat, Sun & Holidays Any Time	
	Standard	Discounted	Standard	Discounted	Standard	Discounted	Standard	Discounted	Standard	Discounted	Standard	Discounted
General Service <sup>1</sup> (2 hour minimum)	\$150/hr	\$125/hr	\$180/hr	\$150/hr	\$240/hr	\$200/hr	\$180/hr	\$150/hr	\$210/hr	\$180/hr	\$270/hr	\$225/hr
Travel time <sup>2,3</sup> (Portal to Portal)	\$60/hr	\$50/hr	\$75/hr	\$65/hr	\$90/hr	\$80/hr						

Per Diem	Overnight trips	\$200/day
	Full day trips	\$75/day
	Half day trips	\$50/day

1. Discounted Service Rates apply to services performed on equipment currently under a Versatec, LLC Service Plan. See the "Versatec, LLC Warranties and Service Plans" table for complete details.
2. Travel to: departure from home/office until arrival at customer site.
3. Travel from: departure from customer site until arrival at home/office.

Other	Mileage	\$0.585/mi.
	Car Rental	Actual + Gas
	Airfare	Actual + \$50

## In House Training Course Rates

Model/Course Duration	Present Products		Model/Course Duration	Legacy Products *	
	Standard	Discounted		Standard	Discounted
C5 Series (4 day course)	\$3340 first person \$2000 each additional	\$2500 first person \$1500 each additional	Contact 3S(X) (4 day course)	\$3500 first person \$2000 each additional	\$2500 first person \$1500 each additional
CS-400E (3 day course)	\$2500 first person \$1500 each additional	\$1500 first person \$900 each additional	CS-400D (3 day course)	\$3340 first person \$2000 each additional	\$2000 first person \$1200 each additional
Contact 3Z, 3AV(X) (4 day course)*	\$4175 first person \$2500 each additional	\$2500 first person \$1500 each additional	Other	Call for quote	Call for quote

\* Based on machine availability

### In House Repairs

The labor rate for in-house repairs is \$110/hour contract vs. non-contract rates.

	In-house rate	Feeder repair rate
<b>Contract</b>	110 \$/hour	75 \$/hour
<b>Non-contract</b>	135 \$/hour	100 \$/hour

Any parts required will be priced according to Versatec, LLC current pricing. The customer will pay freight to and from Versatec, LLC for items sent back for repair on out of Warranty items.

### **CS-400 Cut and Clinch Unit Exchange Program (available only for machines under contract-Models "D" and "E" only)**

Versatec, LLC offers a cut and clinch exchange program for those customers who have registered their machines *and* purchased a service plan. We typically have several rebuilt cut and clinch units available for quick delivery. If your cut and clinch unit needs to be rebuilt we can send you a rebuilt unit in advance so that you can exchange your unit with the rebuilt unit thus minimizing down time.

### **Software**

Throughout the life of a product software upgrades can extend capabilities, maximize performance levels and add features not originally envisioned. Versatec, LLC has a long-standing history of incorporating customer requests and suggestions into new software versions as machine models mature. Our customers often push our machines to unexpected heights and their ideas are a welcomed stream of creativity for our engineers to employ. Whenever possible our engineers re-use the ideas on next generation models and we always strive for backwards compatibility.

### **Version Revisions**

Typically there are 2-3 software version upgrades per year. In between these version upgrades there are typically several version revisions. These revisions will have minor bug fixes and enhancements and in some cases new software features. A version level is represented by the first number in the software release. For example, in software release 1.3 the "one" denotes the version and the "three" denotes the revision level of that particular version. Under most of the service plans these revisions are supplied free of charge. Please refer to the "Warranties and Service Plans" table to see which plans supply free version revisions. Note that while a machine is under Warranty, whether standard or extended, software version revisions are always free.

### **Version Upgrades**

Version upgrades are more major in nature. As mentioned above there are typically 2-3 version upgrades per year. Under most of the service plans these upgrades are available at discounted rates. Please refer to the "Warranties and Service Plans" table to see which plans supply discounted version upgrades.

### **Pricing**

The pricing for the various service plans is on the "Warranties and Service Plans" table. You will note that the pricing section is broken down into "Present" and "Legacy" products and broken down even further by model number.

### **Present Products and Legacy Products**

For details regarding Present products and Legacy products please refer to the next section "Product Lifecycle Details".

## **Section 3: Product Lifecycle Details**

### **Introduction**

In today's fast changing manufacturing environments, new products are continually being developed to address the emerging needs of our customer base. While Versatec, LLC always strives for upgradeability and backwards compatibility on our product lines throughout the life of the product, the changing requirements of our customers along with component and technology obsolescence creates the demand for new product development. As these new products are introduced into the marketplace the sales of the products predecessor naturally declines. This decline along with the introduction of newer products means a transition of technical support will naturally occur away from the mature products to the newly introduced products.

### **Product Lifecycle Definitions**


While there are many different concepts on life cycle management, Versatec, LLC has adopted a five phase lifecycle program in order to simplify a products transition and clarify the level of support the product will receive in each phase.

The five phases are termed "Current", "Recent", "Maturity", "Retirement" and "Archive".

### **Current Phase**

Products in this phase are currently being manufactured and promoted. Refinements and enhancements to the product continue during this phase. These products along with the products in the "Recent" phase receive prioritized service and support over the products in the "Archive" phase. Spare parts, consumables and training are readily available for products in this phase.

Minor design changes to the product may induce a *revision level* change, which does not necessarily change the status of the product. Major design changes to the product caused by component and/or technical obsolescence may induce a *model number* change that in turn may cause the previous model to advance to the next phase.

	<h2 style="text-align: center;">Product Life Cycle Matrix</h2>				
	Present Products			Legacy Products	
PHASE	<i>Current</i>	<i>Recent</i>	<i>Maturity</i>	<i>Retirement</i>	<i>Archive</i>
Phase duration	Typically one to three years	Typically three to seven years	Typically one to two years	Typically one to two years	Until no more exist
Production status	Currently being produced	Production recently ceased	Has been out of production for at least three years	No longer in production	No longer in production
Tech support (email/phone)	Available	Available	Available	Available	May not be available
Field service	Available	Available	Available	Available at legacy product service rates	Possibly available at legacy product service rates but no guarantee
Training	Available	Dependent on product availability	Dependent on product availability	Dependent on product availability but no obligation	No longer available
Spares/consumables	Available	Available	Declining availability	Limited with declining availability	No guarantee on availability
Software developments	Continuing	Continuing if compatible with "Current" product developments	Continuing if compatible with "Current" product developments	Most likely ceased by this time	Ceased
Software upgrades	Continuing	Continuing if compatible with "Current" product developments	Continuing if compatible with "Current" product developments	Last released version available (call for pricing)	Ceased
Sustaining engineering	Continuing	Continuing if compatible with "Current" product developments	Continuing if compatible with "Current" product developments	Most likely ceased by this time	Ceased
Retrofits and upgrades	Continuing	Continuing	Typically available but discontinuing	Limited with declining availability	No guarantee on availability
Model Status	C5-4128(C), C5-8128(C), C5-4192(C), C5-8192(C), C5d-8128C, C5d-8256C, CS-400E	C5, C5d	3Z, 3AV, 3AVX, CS-740	3S, 3SX	C3, CS-400C, CS-400D

### **Recent Phase**

Products in this phase have recently ceased production and are no longer offered as “new”. The level of support and service for products in this phase is the same as those products currently being manufactured. Whenever possible, component obsolescence is countered by making retrofits available with newer more readily available components.

Spare parts and consumables are readily available for products in this phase. Training on products in this phase is subject to product availability. Refurbishment of products in this phase continues throughout the phase.

Whenever possible the refinements and enhancements for these products successors are made retrofittable to the products in this phase. Products could remain in this phase for up to 7 years. Spare parts are stocked items and readily available

When the engineering effort to combat component obsolescence can no longer be justified the product will be moved to the next phase.

### **Maturity Phase**

Products in this phase are no longer considered state of the art. Customers with these machines should seriously consider new equipment. Promotional offers are conceived to entice our customers to trade in their older equipment towards the purchase of next generation models.

As integral components of products in this phase become obsolete, inventory levels of the obsolete components are reviewed for last time purchases.

Refurbishment of products in this phase is limited to machines received as trade-ins for newer products. These products are then typically only resold to existing customers with the same model product.

### **Retirement Phase**

Products in this phase have been out of production for several years. New products have effectively replaced these products. Technical support is still available for products in this phase at legacy product service rates.

Spare parts and consumables are declining and no more purchases of spares and consumables will be made. An exception to this is if some of the spares and consumables are still being used on a “present” product.

### **Archive Phase**

When a machine or product enters this phase there are no guarantees that any spares, consumables, retrofits or upgrades will be available. Furthermore, there is no guarantee that we can provide any technical support or training for products in this phase.