

MIDWEST PRECISION MACHINING PURCHASE ORDER TERMS AND CONDITIONS

1. **General:** All purchase orders issued by Midwest Precision Machining (hereinafter “Buyer”) are subject to these Terms and Conditions (hereinafter “Terms”). If any acknowledgment or confirmation of a purchase order (hereinafter “PO”) you (sometimes “Seller”) send to Buyer contains Terms, those Terms are specifically rejected and these Terms will control, unless you have obtained the signature of an authorized representative of Buyer modifying these Terms. If you do not send an acknowledgment or confirmation, your acceptance of these Terms will be deemed submitted if you begin work on the PO.
2. **Changes to Price, Quantity or Delivery:** Any changes to price, quantity or delivery dates must be communicated to Buyer prior to beginning work and you must receive written confirmation from Buyer to the changes prior to proceeding with work on the PO, or you do so at your own risk that the changes have not been accepted.
3. **Payment:** The standard payment terms are net sixty (60) days from date of delivery of conforming goods, unless otherwise specified on the face of the PO.
4. **Delivery:**
 - a. **Due Dates:** Due dates are dock dates at Buyer’s address and will appear on the face of the PO. Any due dates appearing on a Service Packlist are for reference only and if there is any conflict between the due dates on the Service Packlist and the due dates on the PO, the due dates listed on the PO control. If you fail to meet any delivery date(s) on this PO, Buyer may take actions including, but not limited to, 1) canceling this PO, 2) demanding immediate performance, 3) adjusting delivery date(s), 4) obtaining substitute goods from another supplier and charge any additional costs to Seller, or 5) do nothing, all at Buyer’s own discretion. Buyer’s actions, or inaction, in response to Seller’s failure to deliver shall not constitute a waiver of any other rights or remedies Buyer has against Seller, including those not listed herein.
 - b. **Early Delivery:** Seller may deliver parts or material up to five (5) business days early. If Seller ships earlier than five (5) business days, Buyer may return all or any part of the shipment to Seller at Seller’s expense and Seller is solely responsible for any loss or damage incurred, if any, to the shipment. Similarly, any overage must be approved by Buyer prior to shipment or may be returned to Seller at Seller’s expense and Seller is solely responsible for any loss or damage incurred, if any, to the shipment.
5. **Material:**
 - a. **Seller Supplied:** Unless otherwise specified, all raw stock purchased by Seller must be certified and the material certifications must be sent to Buyer with the material or parts shipped to Buyer.
 - b. **Buyer Supplied:** If Buyer supplies any material to you, any parts scrapped by you must be segregated, tagged or otherwise conspicuously identified and returned to Buyer for analysis, as well as returning all unused material with the first shipment. If you are short on the order quantity due to scrap, you may be required to pay for additional stock to complete the order. Furthermore, if you believe the amount of material is insufficient for you to complete the order, this must be communicated to Buyer with proper verification before beginning work on the PO or it will be deemed that Buyer gave Seller sufficient material and Seller either lost or scrapped out the material and Seller will be responsible for replacing the material at its own expense and completing the order.
6. **Buyer’s Property:** If any fixtures, gages or other property of Buyer are provided to Seller, Seller assumes the risk of loss while the property is in its possession and will return them to Buyer in the same condition received, normal wear and tear excepted. In the event fixtures, gages or other property of Buyer is lost, stolen or damaged while in Seller’s possession, Seller will reimburse Buyer for the repair/replacement of the items.
7. **Packaging:** Seller must package parts in such a way as to prevent damage, either dimensionally or cosmetically. Parts that arrive at Buyer that have nicks, dings, scratches or other imperfections may be deemed nonconforming and it is Seller’s duty to ensure that parts are packaged so that they arrive at Buyer free from any dimensional or cosmetic defects. If Seller is unsure of what would constitute proper packaging, or believes any specific packaging instructions on the PO are insufficient to prevent damage, it is Seller’s duty to contact Buyer prior to shipping the parts and to discuss packaging options. Notwithstanding any suggestions that may be made by Buyer, Seller is solely responsible for dimensional and cosmetic damage if the damage is due to insufficient packaging by Seller.
8. **Damage to Buyer Supplied Parts:** If Seller is receiving parts from Buyer that have been machined, in whole or in part, Seller bears the risk of loss for the cost of those parts if the parts are lost, damaged, scrapped or destroyed while in Seller’s care, custody or control, unless otherwise agreed to by Buyer.
9. **Certifications:** If Seller is only shipping raw materials, then only material certifications are required. If Seller is performing machining, finishing or secondary services, then in addition to material certifications, Seller will provide a certificate of conformance, or similar document, with each shipment to Buyer stating that the parts were made in conformance with the PO and any drawings or sketches. For certain parts, Seller may also be required to submit a First Article or First Piece Inspection and these completed forms must accompany the shipment to Buyer or the entire shipment may be rejected. All quality records

associated with the Seller's performance under the PO must be maintained for a minimum of forty (40) years, unless otherwise noted on the face of the PO.

10. **Nonconformity:** If Seller has nonconforming parts for which it seeks to obtain a deviation from MPM, Seller must submit an ADR to MPM on MPM's form and wait for disposition prior to shipment. In the event Seller ships nonconforming parts to Buyer without an ADR, this action may result in 1) the rejection of an entire shipment, 2) rejection of a partial shipment, 3) rework by Buyer, or 4) no action, all at Buyer's own discretion, which will often be dependent on other factors, such as Buyer's due dates to its customers. If a shipment or any part thereof is rejected and Seller is asked to rework or replace the parts, Seller shall have seventy-two (72) hours to tender conforming replacement or reworked parts to Buyer, although this timeframe may be extended by Buyer. In addition, Seller shall pay for all transportation costs and expediting fees necessary and will be responsible for supplying material or its replacement value if supplied by Buyer. If Seller fails to deliver conforming replacement parts within the time specified, Buyer may take whatever action(s) it deems necessary, including canceling the PO, making or purchasing conforming replacement parts and charging any difference in costs to Seller or any other remedy available to Buyer. Similarly, if Buyer reworks parts to make them conforming, all expenses incurred by Buyer for reworking the parts will be charged to Seller.

11. **No Subletting:** No goods or services for this PO shall be procured from or outsourced to another supplier by Seller without Buyer's prior, written consent. This does not pertain to the purchase of any raw materials.

12. **Confidentiality:** Buyer may give Seller drawings, sketches, prints, fixtures, information or other items in conjunction with this PO, all of which will be deemed confidential and the property of Buyer. Seller will protect this information from disclosure and shall not disclose this information to any third party without the written consent of Buyer. Seller shall take steps internally to ensure that any information given to Seller by Buyer is not transmitted to any other party by Seller's employees.

13. **Process Changes:** If Seller has submitted a First Piece Inspection or First Article Inspection report for a part, Seller shall not change any product or process for that part at a later date or time without notifying Buyer and Buyer must approve of the process change before Seller begins work. This applies to repeat orders for the same part as well as new orders.

14. **ITAR:** If the PO states compliance with ITAR as a requirement, Seller certifies that it is in compliance with ITAR (22 CFR 120-130) during the period of performance of the PO and thereafter as prescribed by law.

15. **Access:** Upon notice to Seller by Buyer, Seller shall provide access to its facilities and all applicable quality records to Buyer, Buyer's customers and any regulatory authorities.

16. **Requirement to Flow Down:** Seller shall flow down these terms and conditions and any additional terms and conditions that appear on the face of the purchase order to any sub-tier suppliers that are approved by Buyer in conjunction with section 11 above.

17. **Applicable Law:** Any Purchase Order from Buyer and these Terms and Conditions shall be governed by the laws of the State of Minnesota, excluding its choice of law rules.