



M-1 Tool Works Inc.
Standard Terms and Conditions of Purchase
Effective: June 1, 2010

Purchase Orders from M-1 Tool Works Inc. (Buyer) are subject to the following terms and conditions. Seller accepts these terms and conditions by commencing performance or by written acknowledgment of this order. These terms and conditions supersede and replace any and all terms and conditions contained in oral or written communication between Buyer and Seller or any documentation delivered to Buyer by Seller. Changes to the Purchase Order, not made in writing and agreed to by the Buyer are invalid.

Invoices: Seller shall invoice at the price shown on the Purchase Order. In cases where the Seller is not the original producer of the purchased item, Seller is required to identify the origin of the purchased product on their invoice. The Buyer assures that this information will not be used to circumvent the Seller on subsequent purchase orders.

Purchase order numbers, part numbers, and quantities must appear on each invoice. Payment terms are listed on the Purchase Order. Excess, unauthorized shipments are subject to rejection by the Buyer. Invoices may not include costs in excess of the Purchase Order amount unless agreed to in writing by the Buyer.

Packaging and Shipment: Seller shall not charge for normal packaging material, boxing, or freight unless agreed upon in writing. Seller shall comply fully with shipping instructions provided by the Buyer, unless alternate arrangements are requested by Seller and mutually agreed upon at the time of order placement. Seller shall wrap, box, and crate all items as appropriate to protect against hazards of shipment, handling, storage, and exposure. All packages must be accompanied by a packing slip listing Purchase Order Number, part numbers, and quantities. If required, inspection data, test data, or other inspection information shall be included within the carton containing the purchased product. If multiple boxes are used to ship the product, then each box shall be numbered (1 of __, 2 of __, etc.) and the required inspection or test information shall be enclosed in the first box.

Seller shall ship to the destination listed as the "Ship To" location as designated on the Purchase Order.

Property Furnished by Buyer: All drawings, material specifications, tooling, and other items supplied by the Buyer, shall be kept confidential, and remain the property of the Buyer. This property shall not be used for any purpose other than the completion of the Buyer's Purchase Order without the written permission of the Buyer. This property shall not be disposed of without the permission of the Buyer and shall be returned promptly upon request. Items owned by the Buyer and goods made using the Buyers specifications, drawings, or samples shall not be copied in whole or part, furnished, offered for sale, quoted, or advertised for sale by the Seller without the expressed written consent of the Buyer.

Warranty: Seller warrants to Buyer that at the time of delivery the purchased product is free from defects in material and workmanship and conforms in its entirety to the requirements of all applicable drawings and specifications as required by the Purchase Order. Notwithstanding any prior inspection, payment for, or use of the goods purchased, the Buyer has the right to inspect the parts within three months of delivery and reject any such product that does not meet the requirements of the Purchase Order or any related drawings and specifications. The Buyer then, at its discretion, has the right to return the product for credit, including shipping charges, and the parts shall not be replaced without the written permission of the Buyer.

Inspection: The Seller shall maintain an inspection system capable of ensuring that all of the work performed and product delivered conform to the requirements of the Purchase Order, drawings, and specifications required by these Terms and Conditions. Unless otherwise specified, sampling plans that conform to ANSI/ASQC Z1.4-1993 shall be used for all inspection. The Buyer, at its discretion, may inspect and/or test the work being completed on the product at any reasonable time. Notwithstanding any previous inspection, the buyer may reject nonconforming product or require the Seller to correct the defects without charge. Within 60 days of delivery of the product the Buyer shall accept, reject, or require the correction of defects. Payment does not constitute acceptance and does not relieve the Seller of liability for failure to conform to requirements.



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Supplier Corrective Actions must be provided within seven business days of receipt and must include root cause analysis, corrective action, verification and actions to prevent recurrence.

Record retention: Test and/or inspection data must be maintained. All documentation related to the order shall be retained at the supplier's facility for a minimum of ten years from the date of completion.

Changes/Cancellation: The Buyer may at any time, by written order, make changes to this Purchase Order. If any changes cause an increase or decrease in the cost or delivery of any part of this Purchase Order, an equitable adjustment shall be made by the Buyer by written Purchase Order amendment to the price or delivery schedule or both. The Seller may claim an adjustment within 15 days of the receipt of said change provided that the Buyer has adequate time to react to such claim prior to final payment.

Seller is responsible to meet their commitment dates for delivery. Seller will give prompt written notice when delivery delays will occur. If such a delay or default is determined by the Buyer to affect its ability to meet delivery schedules for its product, Buyer will provide notice to Seller of such a determination and may cancel any portion of the Purchase Order such affected. If the Buyer determines that the Seller is not at fault for the delay, the Purchase Order will not be amended.

The Seller shall immediately notify the Buyer of any threatened or actual labor dispute or other matter that may delay the completion of the Purchase Order beyond the scheduled shipment date. This notification shall include the duration of the delay. Excusable delays are those delays beyond the control and without fault of the Seller, including acts of God or the Government, fires, floods, strikes, embargoes, or similar acts affecting the Seller's subcontractor(s). Upon notification, the Buyer may terminate this Purchase Order in whole or in part without additional cost to the Buyer.

The Buyer by written notice may terminate this Purchase Order in whole or in part if the Seller: (a) fails to deliver product within the purchase order schedule, (b) fails to make progress towards the completion of the product thus endangering the product schedule, (c) fails to provide written assurance when it appears that the Seller may not perform in accordance to the Purchase Order and such assurance is requested by the Buyer. If the Buyer cancels a portion of the Purchase Order, the Seller shall continue performance of the remainder.

Process Freeze: The supplier shall not make any changes in processes which may affect the form, fit, function, performance and/or durability of the goods to be delivered to M-1 Tool Works. For the purpose of this clause, a process is defined as any procedure or practice used during the manufacture, inspection or packaging of a deliverable item. If you are unsure if the change will impact the form, fit, function, performance and/or durability of the goods to be delivered, you are obligated to contact the Purchasing Manager or Director of Quality of M-1 Tool Works and discuss the issue.

Subcontracting: This Purchase Order may not be subcontracted in part or in its entirety without the written permission of the Buyer. Once established for a given product/application, the subcontractor may not be changed without the written approval of the Buyer.

Proprietary/Confidential Information: Neither, the Seller nor the Buyer may use proprietary or confidential information of the other for any other purpose except as is necessary to fulfill the obligations of this Purchase Order. This information includes confidential or proprietary information obtained through drawings, e-mails, phone conversations, faxes, written specifications and technical papers, other media, or observation from access to manufacturing facilities. Seller is required to exercise tangible action and controls to ensure confidentiality of relevant documents and information.

Access to Facilities: The Buyer shall be given access, at reasonable times, to the Seller's facilities and shall be permitted to inspect and examine the goods being purchased. Additionally, the Buyer shall be given access to the manufacturing processes used to manufacture the goods being purchased.



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Export/Import Controls: If the Seller is a U.S. company that engages in the business of manufacturing or exporting defense articles or provides defense services, the Seller certifies that it is registered with the U.S. Department of State's

Directorate of Defense Trade Controls (DDTC) and understands its obligations to comply with International Traffic in Arms Regulations (ITAR).

Seller shall control the disclosure of and access to technical data, information, and other items under this Purchase Order in accordance with U.S. export control laws, including but not limited to the ITAR. Seller agrees that no export-controlled technical data, information or other items provided by the Buyer in connection with this Purchase Order shall be provided to any foreign person or to a foreign entity, including a foreign subsidiary of the Seller, without first obtaining the appropriate export license or technical assistance agreement. The Seller shall indemnify the Buyer for all liabilities, penalties, expenses, damages, or costs that may be imposed on the Buyer in connection with any violations of such laws and regulations on the part of the Seller.