



## PURCHASE ORDER TERMS AND CONDITIONS

**ACCEPTANCE:** This Purchase Order constitutes Buyer's offer to Seller upon the terms and conditions stated herein. This offer expressly limits acceptance to the terms and conditions set forth herein. Seller may accept this offer only by placing its signature on the front of the Order, acknowledging this Purchase Order in writing or electronically, or shipment hereunder. Upon Seller's acceptance, this offer shall become a binding contract with all terms and conditions set forth herein. Any additional or different terms expressed by Seller in any writing or communication delivered or made to Buyer relating to this offer shall not be a part of the contract between Buyer and the Seller and notice is hereby given of Buyer's objection to any and all additional or different terms. Provided, however, Buyer may specifically agree, in a writing signed by Buyer, to any or all such additional or different terms. Any additional or different terms proposed by Seller shall be deemed a material alteration of this Purchase Order and are hereby objected to and rejected. The receipt by Company of any items that are not subject of this Purchase Order shall NOT be deemed to be assent by Company to any terms or conditions proposed by Seller, whether such terms are proposed prior to or after the date of this Purchase Order.

- I. **DELIVERY DATE (S):** Delivery dates set forth in this order shall mean on that date at the Buyer's plant
- II. **BUYER APPROVAL AND REVIEWS:** The review or approval by Buyer or any work hereunder or of any designs, drawings, specifications or other documents prepared hereunder shall not relieve Seller of any of its obligations under this order, nor excuse or constitute a waiver of any defects or nonconformity's in any articles furnished under this order, nor change, modify or otherwise affect any of the provisions of this order, including, but not limited to, the prices and delivery schedules contained herein.
- III. **CHANGES:** Buyer may, at any time, by written notice, make changes in drawings and specifications, shipping instructions, quantities and delivery schedules. Any claim for adjustment by Seller must be made within thirty (30) days from the date the change is ordered or within such additional period of time as may be agreed upon. Nothing in this clause shall excuse the Seller from proceeding without delay to perform this order as changed.
- IV. **SUBCONTRACTING:** Seller agrees that it will not procure or contract for the procurement of the items covered by this order in completed or substantially completed form without first securing the approval of Buyer and, if applicable, a Government Contracting Officer, as to source.
- V. **MANUFACTURING:** Buyer will not be liable for work Seller places in process in advance of the quoted lead-time.
- VI. **HAZARDOUS MATERIALS:** Seller shall notify Buyer of every article ordered hereunder which contains material hazardous or injurious to the health or physical safety of persons even though said hazard or injury may only occur due to mishandling or misuse of the article. In addition, Seller shall identify the hazardous or injurious material and notify Buyer of the effects of such material on human beings and the physical manifestations that could result. For each article so identified, Seller shall supply Buyer warning labels or instructional material appropriate to warn persons coming in contact therewith of the hazard and its effects
- VII. **PRICES:** Seller represents that the price or prices specified in this Purchase Order do not exceed current selling prices for the same or substantially similar items whether to the Government or to any other purchaser. In the event Seller reduces its price for such article during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that process shown on this purchase order shall be complete, and no additional charges of any type shall be added without Purchaser's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating
- VIII. **EXCUSABLE DELAYS:** Neither party shall be liable for damages for delay in delivery arising out of causes beyond its reasonable control and without its enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. If the delay is caused by the delay of a subcontractor of Seller and if such delay arises out of causes beyond the reasonable control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable to Buyer in damages unless the articles or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the required delivery schedule. Seller will notify Buyer in writing within ten (10) days after the beginning of any such cause.
- IX. **DISPUTES:** Any disputes arising under this order which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending any decision, appeal or judgment in such proceedings or the settlement of any disputes arising under this order. Seller shall proceed diligently with the performance of this order in accordance with the decision of the Buyer.
- X. **EFFECT OF INVALIDITY:** The invalidity in whole or in part of any provision hereof shall not affect the validity of any other provision
- XI. **INSPECTION:** All articles shall be subject to inspection and test at all times and places, including the period of manufacture, by Buyer and, if this order is placed under a Government contract, the Government. If any inspection or test is made on Seller's premises, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of Buyer and government inspectors. Such inspections and tests shall be performed in such a manner as not unduly to delay the work. All articles are also subject to final inspection and acceptance at Buyer's plant notwithstanding any payments or other prior inspections. Such final inspection shall be made within a reasonable time after delivery.
- XII. **PACKING AND SHIPPING:** All items must be suitably packed and prepared for shipment to secure lowest transportation rates and comply with carrier regulations. No charge will be to Buyer for packing, crating or cartage unless stated in the order. Damage to any articles

resulting from improper packaging will be charged to Seller. All shipments to be forwarded on one day via one route must be consolidated. Each container must be consecutively numbered and marked to show order number and the container and order numbers must be indicated on bill of lading. A packing sheet, showing order number, must be included in each package of LCL shipments or with each carload shipment. Items sold F.O.B. shipping point must be forwarded collect. Do not insure or declare value on shipments beyond F.O.B. point. Seller agrees that when shipping it will make no declaration concerning the value of the product shipped, except where shipment is subject to released valuation rating. In such cases, shipment shall be released at lowest rating. Do not deliver ahead of schedule unless authorized by Buyer. In the event a shipment is received 30 days or more prior to scheduled delivery date without prior authorization from the Buyer, said shipment may be returned at the discretion of Buyer at Seller's expense. Mail original and two duplicate invoices to Buyer's Accounting Department when articles are shipped. STATE SHIPPING POINT ON ALL INVOICES. Each case or parcel and accompanying packing list of contents must show Buyer's order number. If no packing list accompanies the shipment, Buyer's count will be conclusive on the Seller

XIII. **SHIPMENT TOLERANCE:** Shipment(s) received and accepted by Buyer for any line item on this Purchase Order that meet(s) the total quantity ordered inclusive of any quantity tolerance set forth elsewhere in this purchase order, will be considered complete. Any shipments received thereafter will be returned at the Seller's expense

XIV. **TERMINATION:**

a. Buyer may, for any reason and at any time, terminate the Purchase Order in whole or in part by giving notice to Seller. Such termination shall entitle Seller to reimbursement, in lieu of but not exceeding the price, for Seller's net cost of finished performance through Seller's receipt of termination notice. To be reimbursable, such net costs must be substantiated by detailed records. The allowable amount of such reimbursable costs shall be computed according to the items actually finished, measured by equipment actually used, materials actually consumed, and labor actually expended. Under no circumstances shall Seller be entitled to reimbursement for resources not actually consumed or performed in fulfilling the Purchase Order or any amount for unabsorbed overheads or administrative expenses that would have been allocated had no termination occurred. Seller shall take all reasonable measures to mitigate termination costs.

- a. b. If this Purchase Order is issued pursuant to a government contract, then the rights and liabilities of Buyer and Seller in the event of termination for convenience shall be determined according to the applicable Federal Acquisition regulations incorporated into Buyer's contract with the government.
- b. c. The provisions of this clause shall not limit or affect the rights or remedies of Buyer provided by law in the event of default or breach by Seller.

XV. **RESPONSIBILITY FOR PROPERTY**

- a. a. All property used by Seller in connection with this order which is owned, furnished, charged to or paid for by Buyer including, but not limited to, materials, tools, dies, jigs, molds, patterns, fixtures, equipment, drawings and other technical information, specifications, and any replacement thereof, shall be and remain the property of Buyer subject to removal and inspection by Buyer at any time without cost or expense to Buyer and Buyer shall have free access to Seller's premises for the purpose of inspecting or removing such property. All such property shall be identified and marked as Buyer's property, used only for this order and adequately insured by Seller at its expense for Buyer's protection. Seller shall assume all liability for and maintain and repair such property and return the same to Buyer in its original conditions, reasonable wear and tear excepted, and when such property is no longer required hereunder, Seller shall furnish Buyer with a list thereof and shall comply with any Buyer disposition instructions applicable thereto. Buyer shall not be obligated to pay any invoices for tooling until the first article produced there from shall have been received and accepted. Notwithstanding the foregoing, upon written notice to Buyer and to the extent such use will not interfere with Seller's performance of this or other orders from Buyer in effect at the time Seller enters into a direct contract with the U.S. Government, Seller shall have the right to use Buyer's property in the manufacture of end items for direct sale to the U.S. Government to the extent the Government has the right under its prime contracts with Buyer to authorize such use by Seller, provided that, to the extent practicable, Seller prominently identifies each such end item as being manufactured by Seller for direct sale to the U.S. Government.
- b. b. Materials, excluding Government Property, furnished by Buyer on other than a charge basis in connection with this order shall be deemed to be held by Seller as bailee thereof. Seller agrees to pay Buyer's replacement cost for all such material spoiled or otherwise not satisfactorily accounted for over and above 2% thereof allowable for scrap loss

XVI. **INVOICES:** Payment of seller's invoices is subject to adjustment for any shortage, rejection or breach by Seller. Rejection of any part of a shipment may cause rejection of the entire shipment. Freight and other charges must be itemized if discount, if any, is not to be taken on full amount of invoice

XVII. **RIGHTS, REMEDIES AND WAIVER:** All rights and remedies provided Buyer herein shall be cumulative, and in addition to any other rights and remedies provided by law or equity. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach. The laws of the state shown in Buyer's address, printed on the face of this order, shall apply in the construction hereof

XVIII. **RIGHT OF ACCESS:** M&M MFG, INC reserves the right of access by the organization, their customers, and regulatory authorities to all facilities involved in the order and to all applicable records