



PRECISION MACHINING SINCE 1966

Millat Industries Corp. Supplier Terms & Conditions

1. Complete Agreement

This Purchase Order, which includes any supplementary sheets, schedules, exhibits, and attachments annexed hereto by Buyer (Millat Industries Corp.), contains the complete and entire agreement between the parties with respect to the subject matter of this order, when accepted by acknowledgement or commencement of performance. It supersedes any other communications, representations or agreements whether verbal or written. The order may be accepted only on all the terms and conditions herein stated. Additional or different terms proposed by the Supplier shall not be applicable, unless accepted in writing by an authorized employee of the Buyer and made a part of this order. No acceptance by Buyer of or payment for goods ordered hereunder shall be deemed a waiver of the foregoing or an acceptance of any additional or different terms contained in any acknowledgement, invoice or other form sent or delivered by Supplier to Buyer. No usage or trade or course of dealing shall serve to alter or supplement the terms and conditions herein stated.

2. Changes

Buyer shall have the right to make, from time to time, changes as to packing, testing, destination, specifications, designs, quantity and delivery schedule of goods covered by this order. Supplier shall promptly notify Buyer when such changes affect price or other terms and shall request Buyer's written authorization to modify this order accordingly. Claims for adjustments under this clause must be asserted within thirty (30) days from the date of receipt of notification of the change(s).

3. Price

The price of goods covered by this order shall be as set forth on the face hereof and shall not be subject to increase without Buyer's prior written consent. Notwithstanding the above, the Supplier agrees that the price of such goods shall not be less favorable than that extended to any other customer of Supplier for same or like goods in equal quantities, and that if the price of such same or like goods is reduced prior to the delivery of goods hereunder, the price hereunder shall be reduced correspondingly. Unless otherwise set forth on the face hereof, the price of goods covered by this order shall include all extra charges, including charges for packing, containers, insurance and transportation. All taxes based upon and measured by the sales, use or manufacture and imposed on this sale shall be shown separately on Supplier's invoice.

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4. Delivery

Time of delivery as set forth on the face hereof is of the essence. If Supplier for any reason does not complete delivery of all goods covered by this order within the time set forth on the face hereof, Buyer may, at its option, either approve the revised delivery schedule, reduce the total quantity of goods covered by this order by the amount of omitted shipments, reduce the price pro rata, or terminate this order by notice to Supplier as to stated items not yet shipped or services not yet rendered and purchase substitute items or services elsewhere and charge Supplier with any loss sustained, without incurring any liability whatsoever for any such revision, reduction or termination. Deliveries of goods covered by this order in advance of the time set forth on the face hereof are prohibited without Buyer's prior written consent.

5. Shipping

Title to and risk of loss on all goods shipped by Supplier to Buyer hereunder shall pass to Buyer upon Buyer's inspection and acceptance of such goods at Buyer's plant. All delivered goods shall be packed and shipped in accordance with instructions or specifications of this order. In the absence of any such instructions, Supplier shall comply with best commercial practice to ensure safe arrival at destination at the lowest transportation cost. If in order to comply with Buyer's required delivery date it becomes necessary for Supplier to ship by a more expensive method than specified in this order, Supplier shall pay any increased transportation costs, unless the necessity for such rerouting or expedited handling is due to the fault of Buyer. Numbered packing slips, bearing the order number, must be placed in each container. Supplier must list the packing slip number on its invoice.

6. Warranties

Supplier expressly warrants that all goods or services provided under this order shall: (i) be wholly new and contain entirely new components and parts; (ii) be merchantable; (iii) be free from defects in material, workmanship and packaging; (iv) be fit and sufficient for the purpose for which they are intended; (v) conform to all applicable specifications and appropriate standards; (vi) be equivalent in materials, quality, fit finish, workmanship, performance and design to any samples submitted to and approved by Buyer; and (vii) have been produced in compliance with all applicable federal, state and local laws, orders, rules and regulations. Supplier further warrants that it has good warrantable title to the goods, and that it owns all patents, trademarks, trade names, trade dress, copyrights, trade secrets and other proprietary rights (other than proprietary rights owned by Buyer) used by Supplier in connection

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with the goods and services or has been properly authorized by the owner of such proprietary rights. Supplier shall indemnify and hold Buyer harmless for all damages arising out of any breach of these warranties. Supplier shall extend all warranties it receives from its vendors and suppliers to Buyer, and to Buyer's customers, and Supplier's warranties herein shall survive the delivery of goods to Buyer and any resale of goods by Buyer. Breach of these warranties, or any other term of this order, shall entitle Buyer to all available remedies, including those under applicable law.

7. Inspection

All goods covered by this order shall be subject to Buyer's inspection and acceptance at Buyer's plant or at any other place that Buyer may reasonably designate. Buyer expressly reserves the right, without any liability hereunder or otherwise, to reject and refuse acceptance of goods covered by this order that do not conform in all respects to any instructions of Buyer contained on the face hereof or Buyer's specifications, drawings, blueprints and data. Neither Buyer's payment of nor its inspection of goods covered by this order prior to their delivery to Buyer's plant shall in any way waive Buyer's right to make final inspection and acceptance of such goods at its plant.

8. Rejection

In case any goods delivered hereunder are defective in material or workmanship or otherwise not in conformity with the drawings, specifications, samples, and/or other descriptions or the order, such goods shall be returned to Supplier for credit or refund and shall not be replaced or repaired by Supplier except upon written instructions from Buyer, excepting however, those goods which Buyer and Supplier agree in writing shall be repaired by Buyer at Supplier's expense. Any return goods shall be shipped transportation collect (declared at full value, unless Supplier advises otherwise), and Supplier shall have all risk of loss from and after the time of shipment. The inspection rights set forth herein are in addition to and not in limitation of any other rights and remedies under applicable law and the failure by Buyer to exercise its right to reject any goods shall not by implication or otherwise cause a waiver of any such rights or remedies. Any goods returned to Supplier for credit or refund, not repaired by Supplier, pursuant to written instructions, shall be destroyed and not resold or disposed of to any other party or parties.

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9. Termination

Buyer may terminate all or any part of this order at any time or times, for convenience, by written notice to the Supplier. Supplier shall submit its termination claim to Buyer within thirty (30) days from the effective date of termination. The provisions of this paragraph shall not limit or affect the right of the Buyer to terminate this order for default. Buyer shall have the right to terminate this order or any part thereof without further cost or liability to Buyer in the event of the happening of any of the following: filing of a voluntary petition in bankruptcy by Supplier; filing of an involuntary petition to have Supplier declared bankrupt, if such petition is not vacated within thirty (30) days from the date of filing; the appointment of a receiver or trustee for Supplier, if such appointment is not vacated within thirty (30) days from the date thereof; the execution by Supplier of an assignment of the benefit of creditors; Supplier's failure to make or delay in making deliveries hereunder or any other failure of Supplier to perform in accordance with this order, without excluding any other remedies available to Buyer. In the event Buyer terminates this order, in whole or in part as provided in this paragraph, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies and services similar to those so terminated, and Supplier shall be liable to Buyer for any excess costs for such similar suppliers and services. Supplier must furnish Buyer with written notice of any cause of failure which is beyond its control and without fault or negligence, within five (5) days of the occurrence.

Upon any default or breach of this order by Supplier, Buyer in addition to other remedies, may at its option, require Supplier to immediately transfer to Buyer all materials, work in process, completed goods, tooling, plans, and specifications allocable to the canceled portion of this order.

10. Payment

Unless otherwise set forth on the face hereof, net invoices relating to goods purchased hereunder shall be paid within the terms indicated on the purchase order after the date of invoice or after the date of acceptance of such goods, whichever is later. Payment for goods and/or services covered by this order will be made in the currency set forth on the face of this order. Upon reasonable notification to Supplier, Buyer may withhold and deduct from any part of the purchase price due under this order all or any part of the damages including consequential damages, resulting from any breach of terms and conditions contained herein, or any other amount which Supplier owes Buyer or any of Buyer's associated companies.

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11. Discounts

Cash discount period shall be computed either from date of acceptance of goods purchased hereunder, or date of receipt of correct and proper invoices relating to such goods, whichever date is later. Buyer shall be deemed to have paid for goods purchased hereunder on the date on which payment is mailed to Supplier.

12. Intellectual Property Indemnity

Supplier warrants the goods purchased hereunder and the use of such goods by Buyer or its customers shall not infringe or misappropriate any intellectual property rights, including, without limitation, any copyright, trademark, trade secret, patent, or other intellectual property right. Supplier shall defend, indemnify, and hold Buyer and its customers harmless from any liability, or claim of liability, for such infringement or misappropriation, including damages, costs, expense, attorney's fees and lost profits arising from any claim or suit brought against Buyer or its customer alleging such infringement or misappropriation, provided, however, that Supplier is notified of such suit. In the event an injunction shall issue against Buyer in any such suit which prohibits or limits Buyer's use of goods purchased hereunder, Supplier shall, at no cost to Buyer, at Buyer's request, furnish Buyer with non-infringing and/or non-misappropriated replacement goods of a similar kind and quantity or procure for Buyer the right to continue using the original goods.

13. Indemnification

Supplier assumes entire responsibility and liability for any breach by Supplier of its obligations under this Agreement and for all damage and/or injury of any kind or nature whatsoever, (including death resulting there from) to all persons, and to all property caused by, resulting from, arising out of or occurring in connection with Supplier's goods sold hereunder. Except to the extent, if any, expressly prohibited by statute, should any claims, actions and/or lawsuits for such damage, injury and/or death be made or asserted, Supplier agrees to defend, indemnify, save and keep harmless Buyer, its officers, agents, customers, directors, employees and affiliated companies from and against any and all such claims, actions and/or lawsuits and further from and against any and all loss, cost, expense, judgment, settlement liability, damage or injury, including legal fees and disbursements, that Buyer, its officers, agents, customers, directors, employees and affiliated companies may directly or indirectly sustain, suffer or incur as a result thereof and the defense of any action at law which may be brought against Buyer, its officers, agents, customers, directors, employees and affiliated companies upon or by reason of any such claim, actions, and/or lawsuits and to pay on behalf of Buyer, its officers, agents, directors, employees and affiliated companies upon

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demand, the amount of any judgment and/or settlement that may be entered against Buyer, its officers, agents, directors, employees and affiliated companies in any such claim, action and/or lawsuit.

14. Inspection of Records

Supplier agrees that all reasonable records pertaining to this order by Supplier, shall at all reasonable times be subject to audit and inspection by any authorized representative of Buyer. Supplier agrees to allow Buyer or his representative to inspect Supplier's facilities as required to insure order compliance.

15. Buyer's Property and other Special Tooling

Unless otherwise provided in writing or herein agreed, property of every description, including all tooling, dies, jigs, fixtures, patterns, or other equipment and materials furnished or made available to Supplier, or prepared by Supplier specifically in connection with the manufacturing of goods ordered hereby, title to which is with Buyer, and any replacement thereof, shall be and remain the property of Buyer. Property other than materials shall not be modified without the written consent of the Buyer. Such property shall be plainly marked or otherwise adequately identified by Supplier as property of Buyer (by name) and shall be safely stored separately and apart from Supplier's property. Supplier shall not use such property except for performance of work hereunder or as authorized in writing by Buyer. Such property while in Supplier's possession or control shall be kept in good condition, shall be held at Supplier's risk, and shall be kept insured by Supplier, at its expense, in an amount equal to the replacement cost with loss payable to Buyer. To the extent such property is not materially consumed in the performance of the order, it shall be subject to inspection and removal by Buyer and Buyer shall have the right of entry for such purposes without any additional liability whatsoever to Supplier. As and when directed by Buyer, Supplier shall disclose the location of such property and/or prepare it for shipment and ship freight collect on the buyer's account.

Unless otherwise herein agreed, special tools, dies, jigs, fixtures, patterns, gauges, molds and test equipment (hereinafter collectively referred to as "Special Tooling") to be used in the manufacture of goods ordered hereby, furnished by and at the expense of Supplier, shall be kept in good condition and, when necessary, shall be replaced by Supplier, without expense to Buyer. Supplier shall at its own expense maintain such Special Tooling and special equipment in proper working order and shall be responsible for all loss thereof or damage thereto while in its possession and shall use the same facilities, equipment or Special Tooling.

Unless specifically provided to the contrary in this order, Supplier warrants that the price set forth herein does not include any amount representing rent for the use of Government-owned facilities, equipment or Special Tooling.

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16. Confidentiality- Information and Materials

All information and materials including, without limitation, drawings, artwork, data, customers' names, or the like furnished by Buyer in connection with this order, shall remain property of the Buyer and shall be used by Supplier only for work being done for Buyer and shall be held in strict confidence by Supplier.

Any knowledge or information which the Supplier shall have disclosed or may hereafter disclose to the Buyer related to the placing and filing of this order shall not, unless otherwise specifically agreed upon in writing by the Buyer, be deemed to be confidential or proprietary information, and accordingly shall be acquired free from any restrictions.

17. Compliance with Laws, Regulations and Supplier Code of Conduct

Supplier agrees that it will comply with all federal, state and local laws and regulations applicable to the goods, sale and delivery of the goods or the furnishing of any labor or services called for by the order and any provisions required thereby to be included herein shall be deemed to be incorporated herein by reference.

18. Export Laws

Supplier acknowledges that the goods and any technical data related thereto is or may be subject to United States (U.S.), European Union (EU), or national export control laws, regulations or the like, and agrees that it will not transfer, export or re-export the goods or any technical data, including without limitation any documentation, or information that incorporates, is derived from or otherwise reveals such, without complying with all applicable U.S., EU, or national export control laws, regulations and the like.

19. Business Continuity

Supplier acknowledges that single points of failure exist within the supply chain and agrees to take commercially reasonable efforts to mitigate the risk of business interruption. Efforts include, but are not limited to, the creation and implementation of a comprehensive disaster recovery plan, periodic testing to ensure plan remains valid and executable, and supply chain/supply base analysis and programs to eliminate exposure to single points of failure including tooling, materials, and any other elements critical to the manufacturing of products.

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20. Assignment

Supplier shall not assign this order or any contract resulting here from, or any rights hereunder, without first obtaining the written consent of Buyer. Any such assignment without the written consent of Buyer shall, at Buyer's option, be void.

21. Waiver

No course of dealing between Buyer and Supplier or any delay on the part of Buyer in exercising any rights hereunder or under any contract resulting here from shall operate as a waiver of any of Buyer's rights, except to the extent expressly waived in writing by Buyer.

22. Subcontracting

Supplier shall not subcontract any work or any goods to be supplied under this order without the prior written approval of Buyer.

23. Independent Contractor

Supplier shall perform the work necessary for performance of this contract with Supplier's employees and agents under the control of Supplier.

24. Set-Off

Buyer shall be entitled at all times to set-off any amount owing at any time from Supplier to Buyer.

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25. Use of Buyer's Name

Supplier shall not, without first obtaining prior written consent from Buyer, in any manner publish the fact that Supplier has furnished or contracted to furnish Buyer the goods herein mentioned, or use the name of Buyer or any of its customers, in Supplier's advertising or other publication. If the goods specified in the order are peculiar to Buyer's design, either as an assembly or component part of an assembly, or if the material bears Buyer's trademark and/or any other identifying mark, it shall not bear the trademark or other designation of the maker or Supplier and similar material shall not be sold or otherwise disposed of to anyone other than Buyer.

26. Force Majeure

Neither Buyer or Supplier shall be liable for delay or failure of performance due to changes in government priorities or control of materials or other necessary compliance with changes in government regulations, or strikes, fires, accidents, acts of God, or other causes beyond such party's control and affecting its operations. Notwithstanding the foregoing, Buyer may terminate all or any portion of this order without liability to Supplier if such delay or failure to perform by Supplier or on the part of Supplier extends beyond thirty (30) days after Buyer's requested delivery date. Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of this order, Supplier shall immediately give notice thereof to Buyer.

27. Material Safety Data Sheets

All chemical purchases under the terms and conditions of this order shall be accompanied with a Material Safety Data Sheet provided by the chemical supplier/manufacturer. All chemical suppliers certify by acceptance of this order that the chemicals purchased are on the Toxic Substances Control Act, 15 U.S.C.S. Section 2601, et. seq., chemical inventory or are subject to an exemption and that such exemption is specified in the Material Safety Data Sheet.

28. Process Control

Supplier shall make no change in material or supply chain used, construction or fabrication techniques, test methods used without prior written approval of Buyer. Any such changes desired by the Supplier shall be requested in writing indicating reason for such change and including effect on cost and performance.

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29. Severability

If any one or more of the conditions of this order shall be invalid, illegal, or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining conditions contained herein shall not be affected or impaired in any way.

30. Remedies

Nothing in this order shall be claimed or deemed to limit or exclude those remedies otherwise available to Buyer at law or in equity, and no disclaimers or modifications or attempted disclaimers or modifications of any express or implied warranties relating to the goods by Supplier shall be valid or effective.

31. Applicable Law

This order and any contract resulting here from shall be construed and enforced in accordance with and governed by the laws of the jurisdiction where the Buyer is located, without reference to any choice-of-law rules that would otherwise require the application of the laws of any other jurisdiction. The United Nations Convention on Contracts for the International Sales of Goods shall not apply to this order.

Any proceeding arising out of or relating to this Agreement may be brought in the courts closest to where the Buyer is located, and Supplier irrevocably submits to the exclusive jurisdiction of each such court in any such proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the proceeding shall be heard and determined only in any such court and agrees not to bring any proceeding arising out of or relating to this Agreement in any other court.

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