

MANUFACTURING DEVELOPMENT, INC.
PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE AND AGREEMENT** – This order becomes a binding contract on the terms and conditions set forth herein when accepted by Seller either by acknowledgement or commencement of performance. No modification hereof and no condition stated by the Seller in accepting or acknowledging this order which is in conflict or inconsistent with or in addition to terms and conditions set forth herein shall be binding upon Buyer unless accepted in writing. Further, no agreement or understanding, verbal or otherwise, shall be or become a part hereof unless agreed to in writing by Buyer's authorized representative.
2. **WARRANTIES** – (a) Seller warrants that all articles and work furnished hereunder shall conform to applicable drawings, specifications, samples and/or descriptions given to Seller and shall be free from defects in workmanship and material, and shall, where design is Seller's responsibility be free from defects in design. The foregoing warranties shall be in addition to all other warranties whether expressed or implied. (b) Buyer's approval of Seller's design or material shall not be considered to relieve the Seller of the warranties set forth in this clause, nor shall waiver by Buyer of any drawing or specification requirements for one or more articles constitute a waiver of any such requirements for the remaining articles to be delivered hereunder unless so stated by Buyer.
3. **ADVANCE MANUFACTURE AND SHIPMENT** – Seller shall not manufacture in advance of its normal flow time or deliver or deliver any material in advance of the delivery schedule set forth in this order or as modified by separate delivery schedules without Buyer's written permission. Buyer reserves the right to return, shipping charges collect, all materials received at Buyer's in advance of the delivery schedules set forth in this order, or agreed modifications thereto.
4. **DEFAULT** – (a) Time is of the essence of this order, and deliveries shall be in strict conformance with the schedule stated herein. If no delivery time is stated then delivery shall be made within a reasonable time. (b) Buyer may terminate this order, if Seller fails (1) to deliver articles, work or material of the quantity expected or within the times specified or within the time specified in the delivery schedule, or any extensions thereof by change order or amendment, or (2) to replace or correct defective articles in accordance with the provision of the clause hereof entitled inspection, or (3) to perform any of the other provisions of this order or fails to make progress so as to endanger performance on this order in accordance with its terms. (c) In the event of termination pursuant to this clause. Buyer shall have no obligation to accept or pay for articles, materials or work terminated and Buyer may purchase similar articles elsewhere and the Seller shall be liable to the Buyer for any excess cost occasioned Buyer thereby. (d) No charges for unauthorized premium transportation charges will be allowed and any excess resulting from the use of unauthorized premium transportation will be charged back to the Seller. (e) Failure of Buyer to embrace any right under this clause shall not be deemed a waiver of any right hereunder. The rights and remedies of Buyer under this clause shall not be exclusive or in addition to any other right and remedies provided by law under this order.
5. **PACKING** – All articles ordered shall be suitably packed for protection in shipment. No charge shall be made by Seller unless agreed upon in writing by the Buyer.
6. **ASSIGNMENT** – On acceptance, Seller may not assign the contract evidenced hereby, or monies due hereunder, without Buyer's written consent.
7. **INVOICES** – (a) Payment of Seller's invoice is subject to adjustment for any shortage or for any rejection (b) Individual invoices must be issued for each shipment applying against this order and must show packing ticket numbers.
8. **PACKING TICKETS** – Buyer's count will be accepted as final and conclusive on all shipments not accompanied by a packing ticket. In all instances where in accordance with our instructions, material is forwarded to you from another supplier for further processing, copies of a receiving report must be forwarded to our Buyer immediately.
9. **CANCELLATION** – In addition to the right of the Buyer under Article 4, this order may be cancelled at any time for the convenience of the Buyer.
10. **INSOLVENCY** – Either party may cancel this order without liability in the event the other party becomes bankrupt or insolvent or makes an assignment for the benefit of creditors.
11. **TOOLS, DRAWINGS, ETC** – (a) Unless otherwise agreed in writing, all special dies, tools, jigs, fixtures, equipment, patterns or other manufacturing data (hereinafter collectively called "tools") furnished by the Buyer to the Seller or specifically paid for by the buyer, shall be the property of the Buyer, shall be subject to removal upon completion of this order at Buyer's request, shall be used only in filling orders from Buyer, shall be held at Seller's risk and shall be kept insured by the Seller while in its custody or control in amounts equal to the replacement cost thereof with loss to be paid to Buyer. Buyer does not warrant accuracy of equipment, tools or facilities which it furnishes and all work must be strictly in accordance with specification. (b) All tools referred to in (a) above shall be separately identified and maintained as directed by Buyer. (c) Seller is not authorized to scrap or return any tools unless permission is requested and granted in writing by Buyer. Replacement of tools is not permissible unless permission is requested and granted in writing. Replacement of tools scrapped without Buyer's consent shall be made at Seller's expense. Authorized return of tooling shall be accomplished at Seller's expense.
12. **CHANGES BY THE BUYER** – (A) a Buyer may at any time make changes in (a) the method of shipment or packaging (b) drawing designs or specifications (c) quantity of articles ordered (d) the time of delivery of the product ordered including suspension of performance in whole or in part. If such changes cause a substantial variation in the cost of furnishing articles covered hereby, an equitable adjustment may be requested by the Seller. Any claims hereunder must be submitted to Buyer within 30 days of receipt of said charges. Nothing herein shall excuse the Seller from proceeding with the order as changed. Any claim hereunder must set forth the amount of any increase or decrease in the cost of performance resulting from the change. All articles covered hereunder shall be manufactured in accordance with this order unless a change thereto is subsequently authorized by a written change order issued by an authorized procurement representative of Buyer. (B) Buyer's engineering and technical personnel may from time to time render assistance or give technical advice to, or effect an exchange of information with the Seller's personnel in a liaison effort concerning the articles to be furnished hereunder. However, such exchange of information or advice shall not vest Seller with the authority to change the articles hereunder or the provisions of the purchase order, nor shall such change in articles or provisions of the order by binding upon Buyer unless incorporated as a change in accordance with paragraph (A) hereof. Where the cost of property made obsolete or excess as a result of a change order, is included in the Seller's claim for adjustment pursuant to this clause. Buyer shall have the right to prescribe the manner of disposition of such property.
13. **CHANGES BY THE SELLER** – The Buyer requires that the Seller make immediate notification to the Buyer whenever there are anomalies, changes in definition and/or the approval of their processing by any prime contractor, Government agency or other regulatory agency.
14. **INDEMNITY** – Seller shall indemnify and hold Buyer harmless against liability, loss, damage or expense resulting from personal injury, death or damage arising from or in connection with Seller's performance of this order.
15. **APPROVAL / DISAPPROVAL** – The Buyer is required to approve the Seller. This may be accomplished in different ways. (a) On-site audit by Buyer of Seller's process and premises. (b) Buyer may require registration to defined quality standards (c) Buyer may require customer approval of processes (d) historical data collected by the Buyer that will include, but not be limited to rejection history, on-time delivery and price considerations. Disapproval shall remain the right of the Buyer and shall be based upon the results of the approval requirements.
16. **QUALIFIES PERSONNEL** – The Buyer requires that the Seller only perform processes contracted utilizing qualified personnel who have been specifically trained to the requirements of the process being performed. The Buyer requires that the Seller maintain records of those qualifications and make them available upon request.
17. **INSPECTION** – (a) Final inspection and acceptance of articles shall be made by Buyer after delivery or as otherwise indicated in this order. Any article purchased hereunder shall be subject to inspection and tests by Buyer or the Company, to the extent practicable. At all times and places, including the period of manufacture, and in any event, prior to final acceptance, if any inspection or test is made by Buyer or the Company on the premises of the Seller, the Seller without additional charge, shall provide all reasonable facilities for the safety and convenience of Buyer's or the Company's inspectors in the performance of their duties. All inspections and tests shall be performed in such manner as not to unduly delay the work. No inspection or tests made prior to final inspection and acceptance shall relieve the Seller from responsibility for defects or other

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- failures to meet the requirements of this contract. (b) In case any article is defective in material and workmanship or otherwise not in conformity with the requirements of this order, Buyer shall have the right either to reject it, require its correction or accept it within an equitable adjustment in price. If Seller's deliveries are behind schedule, Buyer may, in addition to the rights provided under this clause or under the other provisions of this order or by reason of law, elect to retain defective articles and remedy any defects. Cost of effecting rework or repair by Buyer shall be based on an hourly rate not to exceed Buyer's current shop rate for labor plus material costs and shall be charged to Seller or deducted from the amount due under this order, as Buyer may elect. Any article which is rejected or required to be corrected shall be removed and/or corrected by and at the expense of Seller including the cost of transportation both ways promptly after notice. If, after being requested by Buyer the Seller fails promptly to replace or correct such articles, the Buyer (1) may, by contract or otherwise, replace or correct such articles and charge to the Seller the cost occasioned Buyer thereby, or (2) may, without further notice, terminate this order for default in accordance with the clause entitled "DEFAULT". Rejected articles returned to Seller for credit or refund shall not be replaced or returned except upon receipt of a new order from Buyer.
18. **QUALITY SYSTEM REQUIREMENTS** - The Seller shall provide and maintain a quality management system that meets the requirements of the latest revision of AS9100 unless otherwise authorized by the Buyer in writing.
19. **INTERACTION AND PERFORMANCE** - The supplier shall communicate with MDI via phone, email or personal visit regarding all issues concerning MDI product. MDI shall maintain a rating system based on supplier delivery and quality performance and does reserve the right to request corrective action when the rating system shows unsatisfactory performance.
20. **COUNTERFEIT PARTS** - The supplier shall establish a system to ensure that no counterfeit products are utilized in the performance of work for MDI purchase orders.
21. **RIGHT OF ENTRY** - The Buyer retains right of access for themselves, their customer and regulatory authorities to all facilities involved in this order and to all applicable records.
22. **FLOW DOWN REQUIREMENTS** - The Seller is required to flow down to their sub-tier suppliers the applicable components of the purchasing documents, including key characteristics where required and applicable quality system requirements including applicable quality standards.
23. **NOTIFICATION OF CHANGE BY SELLER** - Seller is required to notify Buyer of changes in product and/or process definitions, and, where required, obtain Buyer approval.
24. **NOTIFICATION OF NONCONFORMANCE** - The Seller is required to notify Buyer when nonconforming product is discovered by Seller. Notification should occur at earliest possible time. The requirements of the clause "INSPECTION" will apply to disposition of said product.
25. **ITEMS FURNISHED BY BUYER** - All designs, tools, patterns, drawings and other data as well as materials and equipment supplied by Buyer to Seller, shall remain the property of the Buyer. They shall be used by Seller only in connection with this order, and, upon completion, said items which have not been incorporated in products furnished by Seller hereunder shall be returned to Buyer on request in good condition subject to normal use. Said items not satisfactorily accounted for as returned shall be paid for by Seller. All items referred to herein owned by Buyer shall be fully insured by Seller against loss by fire and extended coverage.
26. **STATE LAWS** - This contract shall be constructed, interpreted and applied in accordance with the laws of the State of Kansas.
27. **SPECIFICATIONS REVISION LEVEL** - When this clause is invoked on the face of the purchase order, the Seller is required to use and certify to the latest release of all drawings, technical data, specifications, etc unless otherwise directed by Buyer in writing
28. **RECORD RETENTION AND DISPOSITION** - Supplier shall maintain records of inspections, tests, material certifications, and process controls and all other quality records called for by this contract. Unless specified elsewhere in contracts or attachments, these documents shall be on file, stored and protected in such a manner that they remain legible, readily identifiable, and readily available to MDI for no less than 10 years. After the minimum 10 year retention the documents may be disposed of as allowed by the Suppliers QMS system.
29. **ACCEPTANCE AUTHORITY MEDIA** - Supplier shall establish and document controls for the proper use of acceptance authority media (e.g. stamps, electronic signatures, passwords).
30. When applicable, the requirements of D6-51991 shall be followed in full.
31. **FOD PREVENTION** - Supplier shall have and follow a documented FOD procedure per AS9146.
32. **NOTIFICATION OF CHANGES** - Supplier shall notify MDI of any changes to manufacturing locations or suppliers prior to process start of any order.
33. **AWARENESS (PRODUCT SAFETY AND ETHICAL BEHAVIOR)** - Supplier shall plan, implement and control the processes needed to assure product safety during the entire product life cycle, as appropriate to the organization and the product. Supplier shall be aware of their contribution to product and service conformity. Supplier shall stress the importance of Ethical Behavior.
34. **QUALITY CLAUSES** - The following clauses will be referenced on the face of the purchase order when applicable. Listing these clauses does not relieve Seller of any applicable terms set forth herein. These clauses are designed solely to relate information to the purchase order in cases where specific requirements apply or when given requirements are fluid.
- Q1 **SOURCE INSPECTION REQUIRED** - Buyer requires that product at Seller's premises prior to delivery of said product.
- Q3 **BERRY AMENDMENT** - When this clause is invoked the Seller shall be required to follow the guidelines of the Berry Amendment requiring that raw materials purchased or utilized in the articles procured by this purchase order are of domestic origin.
- Q4 **CERTIFICATIONS** - This clause requires that Seller provide to buyer certification that the product, hardware, raw material or other purchased items meet the requirements of this purchase order and all applicable specifications referenced thereon.
- Q5 **CUSTOMER APPROVED SUPPLIER** - This clause requires that Seller provide materials, hardware, etc, that has been purchased only from approved suppliers designated by the end customer.
- Q6 **KEY CHARACTERISTICS** - When KEY Characteristics are specified on the drawing or contract, Seller shall utilize Statistical Process Control (SPC) methods to collect and analyze KEY Characteristic data and take appropriate action to reduce variation. Documented methods and procedures for variability reduction shall be established and maintained. When KEY Characteristics are not specified, Seller is encouraged to utilize variability reduction methods to improve product quality and reduce quality costs.
- Q7 **FIRST ARTICLE INSPECTION** - First Article Inspection (FAI) shall be performed by the Seller in accordance with the requirements of AS9102. When documenting the FAI, the Seller may use the forms contained within AS9102 or their equivalent, so long as the forms contain all the information required by AS9102.