



## STANDARD TERMS AND CONDITIONS FOR PURCHASES

Unless otherwise agreed in writing by WSI Industries, Inc. the following terms and conditions ("Terms and Conditions") shall apply to any WSI Industries, Inc. purchase of goods or services (collectively, "Goods"):

1. Applicable Terms and Conditions: Any WSI Industries, Inc. Purchase Order is only a non-binding offer to buy the indicated Goods until accepted by the Seller ("Seller") with an express acknowledgement indicating such acceptance, including these Terms and Conditions. All orders shall be subject to these terms and conditions of sale; no terms and conditions may be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized executive of Seller. Failure of Seller to object to any terms or conditions that may be contained in any acknowledgment, invoice or other form from Buyer shall not be construed as a waiver of these conditions nor an acceptance of any such provision. WSI Industries, Inc. hereby rejects any proposal by Seller for additional or different terms. No amendment to these Terms and Conditions or to any WSI Industries, Inc. Purchase Order shall be binding unless approved in writing by WSI Industries, Inc.
2. Delivery terms: Delivery is F.O.B Seller's facility unless otherwise specifically provided in Seller's acknowledgement. Buyer shall assume all risk of loss or damage upon delivery to the carrier at the point of shipment. Seller shall otherwise deliver the goods on the date and in the manner specified in the WSI Industries, Inc. Purchase Order.
3. Inspection, Acceptance and Return: WSI Industries, Inc. shall have a reasonable time to inspect the Goods following receipt thereof and to notify Seller of any defects. WSI Industries, Inc. may return defective Goods to Seller where reasonably required. Return shipping charges shall be collect, and the defective Goods shall be replaced with proper Goods as required in the original WSI Industries, Inc. Purchase Order.
4. Title and Risk of Loss: Unless otherwise stated in the WSI Industries, Inc. Purchase Order, title and risk of loss and/or damage to the Goods shall remain with Seller until the Goods are physically delivered to the specified location.
5. Warranties: Seller warrants that the products of Seller's manufacture which are delivered by Seller hereunder shall be free from defects in material and workmanship during the warranty period. If during the warranty period any such products are proven to be defective upon Seller's inspection, Seller's sole obligation is to repair any such products, or, at Seller's option, to supply a replacement product or component part, F.O.B., Seller's factory or warehouse upon receipt of the defective product or component part at Seller's factory, transportation charges prepaid. Seller shall be released from all obligations under this warranty as to any products which have been subject to neglect, accident, misuse, poor design or improper operation or care, and any products on which repairs or modifications are made by persons other than Seller.
6. Change Orders: At any time prior to delivery of the Goods, WSI Industries, Inc. may change, by written or electronic change order, any Purchase Order, including drawings, designs, specifications, materials, packing, time and place of delivery or method of transportation. If any such change order increases or decreases the cost or time required for Seller's performance, an adjustment shall be made and the WSI Industries, Inc. Purchase Order shall be modified accordingly. Upon receipt of such a change order, Seller shall promptly notify WSI Industries, Inc. if Seller believes that such an adjustment is appropriate. Seller shall not make any change to the Goods that affect the cost, delivery terms, form, fit or function thereof unless approved in writing by an authorized representative of WSI Industries, Inc.'s purchasing department.
7. Termination: WSI Industries, Inc. may terminate a Purchase Order (or any part of it) for its convenience by written notice to the Seller. Orders accepted by Seller are subject to cancellation by Buyer only upon the consent of Seller. Upon such cancellation and consent, Seller shall cease work and hold for Buyer all completed and partially completed articles and work in process and Buyer shall pay Seller for all work and materials that have been committed and/or identified to the order. Changes in design or construction requested by Buyer are Buyer's expense. Upon payment by WSI Industries, Inc., all Goods completed by Seller shall become WSI Industries, Inc.'s property. WSI Industries, Inc. shall not pay for any work done after Seller's receipt of notice of termination nor for any costs incurred by Seller's suppliers or subcontractors which Seller could reasonably have avoided.
8. Prices: If price is not stated in a WSI Industries, Inc. Purchase Order, the price of any Goods shall be billed at the price last quoted by Seller or the prevailing market price, whichever is lower.
9. Terms of Payment: Terms of Payment shall be NET 30 days and shall be effective from the date of receipt of goods at Buyer's location.
10. Taxes: Seller shall pay all taxes or duties that may arise out of its sale of the Goods to WSI Industries, Inc., except that WSI Industries, Inc. shall pay any applicable Minnesota sales or use tax or provide Seller an exemption certificate.

11. Subcontracting: Seller agrees to obtain Buyer's written approval before subcontracting this Purchase Order or any substantial portion thereof; provided however that this limitation shall not apply to the purchase by Seller of standard commercial supplies.
12. Confidential Disclosure: Seller shall keep confidential all designs, processes, drawings, specifications, reports, data and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns and other items furnished or disclosed to the Seller by Buyer. Unless otherwise provided herein or authorized by Buyer in writing, Seller shall use such information and items, and the features thereof, only in the performance of the Purchase Order, thus, Seller shall not sell, or otherwise dispose of as scrap or otherwise, any completed or partially completed or defective goods without defacing or rendering such goods unsuitable for use.
13. Remedies: If Seller materially breaches any of these Terms and Conditions or any provision of a WSI Industries, Inc. Purchase Order and does not cure such breach in a timely manner after written notice thereof, in addition to any other relief, WSI Industries, Inc. may: (a) waive all or any part of such breach; (b) approve in writing a modification of such Terms and Conditions or Purchase Order; (c) cancel or terminate such Purchase Order, in whole or part; or (d) exercise any remedies under the Uniform Commercial Code or as may be otherwise available under applicable law.
14. Indemnification: In the event Seller, its employees, agents, subcontractors and/or lower-tier suppliers, in the performance of this Order, enter premises occupied by or under the control of Buyer, Seller shall indemnify and hold harmless Buyer, its officers and employees, from any loss, cost, damage, expense or liability by reason of property damage or personal injury of any nature or kind arising out of, as a result of, or in connection with such performance, if occasioned in whole or in part by the actions or Omissions of Seller, its employees, agents, subcontractors and/or lower-tier suppliers. Without in any way limiting the foregoing undertakings, Seller and subcontractors and lower-tier suppliers shall maintain public liability and property insurance in reasonable limits covering the obligations set forth above, and shall maintain proper Worker's Compensation insurance covering all employees performing this Order.
15. Force Majeure: Upon reasonable notice to the other party, either party may be excused from performance made impractical by an event beyond its reasonable control, including, without limitation, any law, regulation, order, war, insurrection, civil disorder, strike, power or material shortage, storm, flood, fire, earthquake or other Act of God.
16. Compliance with Laws: In its manufacture and delivery of the Goods for WSI Industries, Inc., Seller shall comply with any applicable federal, state, and local laws, rules, and regulations, including:
  - a. patent, trademark or copyright laws, anti-boycott laws and export control laws;
  - b. Presidential Executive Orders 11246, 11375, and 12086; Sections 503 of the Rehabilitation Act of 1973; Section 402 of the Vietnam Era Veterans Readjustment Act of 1974; and 41 C.F.R. § 60-1.4(a) (all with respect to equal employment opportunity and non-discrimination in employment);
  - c. the Occupational Safety and Health Act of 1970, as amended (with respect to worker safety), and
  - d. the Fair Labor Standards Act of 1938, as amended (with respect to wages and overtime pay). Seller shall hold WSI Industries, Inc. harmless from any liability from Seller's failure to so comply.
17. Applicable Law: Any WSI Industries, Inc. Purchase Order and these Terms and Conditions shall be governed by the laws of the State of Minnesota, excluding its choice of law rules.
18. Severability: If any provision of a WSI Industries, Inc. Purchase Order or these Terms and Conditions is held unenforceable or invalid or in conflict with applicable law, it shall be deemed severed and the remaining portions of the Purchase Order or Terms and Conditions (as applicable) shall remain in full force and effect.
19. Resolution of Disputes: Except as otherwise provided by the Purchase Order, the Seller may appeal any decision by the Buyer concerning an issue of law, fact or contractual interpretation arising under the Purchase Order which is not disposed of by agreement, by pursuing any right or remedy which Seller may have in law or equity in any United States court of competent jurisdiction. Pending the final decision of dispute hereunder, the Seller shall proceed diligently with its performance of the Purchase Order obligations in accordance with the direction of the Buyer.
20. Government Contracts: If a Government contract number appears on the face of this Order; Notwithstanding the provisions of Article 15 hereof, this order shall be governed by and construed according to the Federal Law of Government Contract as enumerated and applied by Federal Judicial Bodies and Board of Contract Appeals. Any and all Government property furnished hereunder shall be administered and maintained in accordance with FAR Part 45. The following provisions of the Federal Acquisition Regulations (FAR) and Department of Defense FAR Supplement Regulations (DoD FAR Supp.) are incorporated herein by this reference, it being understood that, where used in those provisions, unless otherwise stated here, where necessary or appropriate to derive proper meaning in a subcontract situation, the term "Contract" shall mean this Order; the term "Contractor" shall mean Seller, and terms "Government" and "Contracting Officer" shall mean Buyer whenever appearing in the clauses. The dates of the Clauses incorporated by reference below are the same as the corresponding clauses under the Buyer's prime Government contract or Buyer's Customer's prime US Government contract as amended from time to time.

21. Buyer Right of Entry and Surveillance: Work under this purchase contract is subject to Buyer surveillance at Seller and Seller's subcontracts' locations. Buyer's Quality Representative may elect to conduct inspection either on a random basis or to the extent of 100% inspection. Seller will be notified if Buyer inspection is to be conducted on specific shipments. No shipments are to be held for Buyer inspection unless notification is received prior to, or at time of, product being ready for shipment. Buyer has the right to access by the organization, their customer, and regulatory authorities to all facilities at any level of the supply chain involved in the order and to all applicable records.
22. Acquisition and Use of Foreign Metallic Raw Material (for Industry and Government Specifications): The Seller agrees not to incorporate into any articles to be delivered under this purchase order, foreign produced metallic raw material unless it meets the requirements stated in this purchase order and/or attached documents.
- a. Seller Furnished Material Certification:  
Seller shall document and maintain material certification containing the following:
- i. Description of the material used in the manufacture of the end-item;
  - ii. Material specifications;
  - iii. Lot, heat or batch number identification;
  - iv. Source of procurement (Name, Address, and Country)
  - v. Origin of material;
  - vi. Name and location of the Melting facility;
  - vii. Name and Location of mill;
  - viii. Mill certification; and
  - ix. All other requirements as specified in the applicable raw material specification including chemical and physical analysis.
23. Quality Requirements:
- a. Suppliers are required to notify the organization of change in product and/or process definition and where required, obtain the organizations approval.
  - b. Supplier shall notify the organization of changes in facility location, changes in suppliers.
  - c. Suppliers are required to notify the organization of nonconforming product and obtain organization approval for nonconforming product disposition.
  - d. Suppliers shall at a minimum maintain a quality management system compliant to the current ISO 9000 standard.
  - e. Supplier shall use only qualified personnel for inspection and testing.
  - f. Supplier shall retain quality records indefinitely.
  - g. Supplier shall comply with the organizations flow-down of applicable requirements including customer requirements.
  - h. Supplier shall use NADCAP or customer designated/approved suppliers as applicable.
24. Ownership of Materials: All devices, designs (including drawings, plans and specification), estimate, prices, notes, electronic data and other documents or information prepared or disclosed by Seller, and all related intellectual property rights, shall remain Seller's property. Seller grants Buyer a non-exclusive, non transferable license to use any such material to the extent necessary and solely for Buyer's use of the product purchase by Buyer from Seller hereunder. Buyer shall not disclose any such material to third parties with Seller's prior written consent. As a condition to Seller's delivery to Buyer of the products, Buyer shall not, directly or indirectly, and shall cause its employees, agents and representatives not to: (i) alter or modify the products, (ii) disassemble, decompile or otherwise reverse or analyze the products, (iii) remove any product identification or property rights notices, (iv) modify or create derivative works, (v) otherwise take any action contrary to seller's rights in the technology and intellectual property relating to the products, and or (vi) assist or ask to do any of the foregoing.
25. Export: As a condition to the Seller's delivery to Buyer of the products and/or parts thereof, Buyer agrees, with respect to the exportation or resale of the product, and /or parts thereof by Buyer, to comply with all requirements of the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("ERA"), regulations issued there under and any subsequent amendments thereto, and all other National, including, but not limited to European, government laws and regulations on export controls, including laws and regulations pertaining to export licenses, restrictions on embargoed countries and restrictions on sales to certain persons and/or entities.