



Standard Quotation Terms and Conditions

DEFINITIONS

- **Buyer** – shall mean the receiver of Products.
- **Order** – shall mean any document (including but not limited to a Purchase Agreement, Purchase Order, Adoption Agreement, Blanket Order, Release, GTA, or LTA) which incorporates by reference these Terms and Conditions.
- **Product** – shall mean any product or service specified in an Order to be delivered by Seller to Buyer under these Terms and Conditions.
- **Quotation** – shall mean any quotation issued by Seller to Buyer with respect to the sale of Products.
- **Validity Period** - shall mean the total time the quote is active and able to be accepted at the given price by the buyer.
- **RFQ** – shall mean any request for quotations submitted by Buyer to Seller.
- **Seller** – shall mean Military Systems Group Inc., operating as Military Systems Group Inc., having its principal place of business at 736 Fessler's Lane Nashville TN 37120.
- **Terms and Conditions** – shall mean the terms and conditions set forth herein.

1. Applicability

These Terms and Conditions, together with any Quotation, comprise the entire agreement (“**Agreement**”) between Buyer and Seller with respect to the sale of Products and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties. These Terms and Conditions prevail over any of the Buyer’s terms and conditions of purchase. Fulfillment of Buyer’s Order does not constitute acceptance of any of Buyer’s terms and conditions and does not serve to modify or amend these Terms and Conditions.

All Quotations that reference these Terms and Conditions are governed by the laws of the state of Tennessee. Any disputes arising from the Quote shall be resolved through arbitration with the venue being Nashville, Tennessee. When a Quotation notes special clauses, the standard clauses of these Terms and Conditions apply as well as those special clauses specifically noted in the Quotation. See severability paragraph 20.

Notwithstanding anything to the contrary contained in these Terms and Conditions or any Quotation, Seller may, from time to time amend these Terms and Conditions without the consent of Buyer provided that such changes do not materially affect the product prices, payment terms, or any performance dates set forth in any Quotation submitted to Buyer prior to such amendment. Any amendments to these T&Cs must be in writing and signed by both parties while executing a contract.

2. Acceptance of Order by Seller

All Orders pursuant to a Quotation are subject to acceptance by Seller. Acceptance of Orders must be made in writing by Seller to Buyer and must include the term “accept”. If Seller receives an Order, Seller may acknowledge receipt of the document, but such acknowledgment does not indicate Seller’s acceptance of the Order. If Seller does not accept the Order in writing or provide written notice that it has commenced performance within 10 calendar days of Seller’s receipt of an Order, such Order will lapse.

Seller is bound by all applicable U.S. laws, export regulations, restrictions and trade embargoes (“**U.S. Laws**”); therefore, any Order by a non-U.S. Buyer to whom such sale is prohibited by such U.S. Laws, or any Order whose fulfillment by Buyer would violate such U.S. Laws, will not be valid and will be deemed rejected by Seller without any liability whatsoever to Seller.

Orders received after 12 PM (U.S. Central Time) will be considered received on the next business day.



Standard Quotation Terms and Conditions

3. Quote Validity and Orders

Price and lead times specified in a Quotation are valid for the time period specified therein. If no such time period is specified in a Quotation, price and lead times are valid for 30 days after the date the Quotation is submitted. Seller's Quotation, price and lead times for expedited Orders are valid for 3 days after the date the Quotation is submitted.

By accepting the Quote, the Buyer agrees to these T&Cs. Acceptance can be in writing, by email, or by issuing a purchase order referencing the Quote.

Part numbers and designs are proprietary to MSG and cannot be reproduced or modified without written authorization.

4. Lead Time

All lead times noted in a Quotation begin upon Seller's receipt of an Order from Buyer and all engineering documents, including drawings, models, specifications, quality manuals, approved supplier list, and all documents necessary to manufacture specified Product.

5. Prices

Buyer shall purchase from Seller the Products set forth in Orders that are accepted by Seller at the price(s) (the "**Price(s)**") set forth in a Quotation. All Price(s) are exclusive of all sales, use, and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any governmental authority on any amounts payable by Buyer (collectively, "**Buyer Taxes and Charges**"), provided that Buyer shall not be responsible for any taxes imposed on, or with respect to, Seller's income, revenues, gross receipts, personnel, or real or personal property or other assets of Seller. If Seller must pay any Buyer Taxes and Charges, Buyer shall promptly reimburse Seller.

Quotations are based on the cost of materials and outside processing available to Seller at the time the Quotation is submitted, meaning prices quoted are based on current costs and are subject to change if the Buyer does not accept the Quote within the validity period stated.

Order cancellations after PO acknowledgement by MSG will incur a restocking fee of 20% of contract value. Cancellation 30 days after PO acknowledgement incurs the cost accumulated to date within reasonable consideration plus a 20% fee. No purchase cancellations allowed within 30 days of the purchase order line item delivery date.

6. Payment Terms

All payments shall be made in US dollars. Payment terms are only granted upon credit review and approval by Seller.

The default payment terms for all international customers are 34% due at receipt of order, 33% due at the time of shipment, and the remaining balance due Net 30 from the date of the invoice unless otherwise negotiated.

The default payment terms for all domestic customers are Net 30 from the date of the invoice unless otherwise negotiated.

The Buyer shall assume all transaction fees such as Fedwire fees, ACH transaction fees, or credit card fees assessed by the originating financial institution. Payments made by credit card will be assessed as a 3.5% administration fee.



Standard Quotation Terms and Conditions

Discount terms may be available and will be granted on individual contracts subject to credit review and approval.

Buyer shall pay interest accrued on any outstanding balance not received by the due date as calculated from the date of the invoice plus the payment terms specified on the face of the invoice. Interest will be accrued on outstanding balances monthly on the day the invoice was issued (or the last day of the month of the accrual, whichever is earlier) until payment of the full amount of the original invoice and any accrued interest has been received. The interest rate shall be equal to the Maximum Effective Interest Rate as published by the Tennessee Department of Revenue. The formula for this interest rate is equal to a ceiling of 4 percent over the average prime loan rate as published by the Federal Reserve, updated weekly. This rate will be calculated on the last day of the calendar month.

The Buyer will reimburse MSG for any costs related to collection of delinquent accounts including attorney's fees, court costs, and any other collection activity related expenses.

MSG reserves the right to suspend delivery of any product if any amount of Buyer's account is past due.

Delays to the expected shipping schedule caused, or requested, by the Buyer, the Buyer's designated shipment coordination agent, or the Buyer's designated shipping coordination agency shall be assessed storage costs based on the fair market value of palletized storage space consumed by the late deliverable per month.

Delivery Terms

All domestic shipments are quoted as FOB 736 Fessler's Lane Nashville TN 37210, freight collect (the "**Domestic Delivery Point**").

All international shipments are quoted as EXWORKS, 736 Fessler's Lane Nashville TN 37210 (the "**International Delivery Point**").

Early shipment options may be available upon Buyer's request and will be considered by MSG on a deliverable-by-deliverable basis. Upon buyer's request and MSG acceptance product can be expedited upon reasonable request for a negotiated fee.

7. Title and Risk of Loss

Title and risk of loss passes to Buyer upon delivery of the Products at the Domestic Delivery Point or the International Delivery Point, as applicable.

8. Engineering Charges

Buyer is liable for the cost of lost production time incurred by Seller when Seller is required to delay production while waiting for a response from Buyer, if the delay is caused by a Buyer engineering problem (such as a drawing or specification error, a document that is unclear or a drawing change). Unless otherwise agreed by Seller, the cost of the downtime will be equal to the number of hours the applicable machine and/or equipment is down multiplied by Seller's then current shop rate. If the response from Buyer takes more than one day, Seller reserves the right to remove Buyer's job from the applicable machine and/or equipment and replace it with another job. In such circumstances, the removed Buyer job will be placed on hold and will be rescheduled by agreement between Seller and Buyer. Buyer shall be responsible for the costs of removing the Buyer job setup and subsequent reinstallation of the Buyer job setup. Setup charges typically would be equal to the number of hours it takes to do the setup multiplied by the Seller's then current shop rate.

Engineering changes include modifications to the standard FAI AS9102 format. Additional items outside the AS9102 standard are not considered engineering changes and will be invoiced at an additional \$250 per FAI. Lead times will be extended to accommodate changes.



Standard Quotation Terms and Conditions

9. Incidental Charges

Any special packaging requirements, source inspection by Buyer on the premises of Seller, or other requirements not expressly provided in an RFQ, or a Quotation shall be subject to additional charges by Seller.

10. Buyer Furnished Raw Material or Semi-Finished Materials

If any Order requires Seller to perform work on raw material or semi-finished materials supplied by Buyer (such as castings and forgings) at Buyer's cost, then Buyer shall supply an adequate excess of such material(s) to allow for machining losses. All Buyer furnished materials are considered the property of the Buyer at all times. If Seller scraps any such materials, it shall not be liable to Buyer for such scrapped materials. Buyer warrants that any raw material or semi-finished materials supplied by or on behalf of Buyer shall be suitable for the operations intended to be performed by Seller and shall be free of defects in workmanship and material. If Seller determines that any such Buyer supplied material(s) are found defective during Seller processing, Buyer will be responsible to promptly deliver suitable replacements at no charge to Seller. Buyer shall pay Seller for all work performed to the time when the defect was discovered.

11. Expedite Policy

When the Order stipulates that Product delivery is to be expedited, Seller will use commercially reasonable effort to meet the accelerated delivery date requested by Buyer. In such cases, applicable expedite fees will be charged by Seller and paid by Buyer regardless of the actual date the Product ships to Buyer, unless an exception to this policy is agreed upon in writing and approved by Seller's authorized representative.

12. Importing/Exporting Expenses, Licensing & Regulations

All Product is delivered by Seller to Buyer at Seller's Nashville, Tennessee (US) location. Buyer is responsible for payment of any and all import and export expenses, duties, satisfaction of the respective licensing requirements, and compliance with all U.S. Laws and all other applicable laws, regulations and standards, which are required by any governmental authority to whose jurisdiction Buyer is subject or which has jurisdiction over the place to which the Products are shipped. Seller will not be responsible for any such payments.

MSG products are International Traffic In Arms Regulations (ITAR) controlled and cannot be exported without a valid license approved by Directorate of Defense Trade Controls (DDTC). Export of MSG products are restricted by the Arms Export Control Act (Title 22, U.S.C., Section 2751, et seq.) or the Export Administration Act of 1979, as amended, Title 50, U.S.C., App. 2401 et seq. Violations of these export laws are subject to severe criminal penalties. The information contained herein is for the use of the recipient only and shall not be disclosed to any third party or foreign national without the prior written consent of the U.S. Department of State.

If Seller is responsible for securing ITAR approvals, Seller will make reasonable efforts to secure said approvals. However, Seller will be financially responsible for delays in product delivery attributable to ITARs approval.

13. Special Tooling

Unless otherwise specifically provided in a Quotation, special tooling developed by Seller to fulfill an Order shall be the property of Seller. Special tooling supplied by Buyer or special tooling developed by Seller at Buyer's cost, shall be maintained by Seller with reasonable care at Buyer's risk of loss or damage arising from force majeure events. Seller recommends that Buyer provide insurance against such loss or damage. In the event Buyer does not claim such special tooling within two years after completion of Seller's deliveries under this Agreement, then Seller shall have the right, following 30 days' written notice to Buyer, to dispose of such special tooling without liability.



Standard Quotation Terms and Conditions

14. Limitation of Warranties

Seller warrants to Buyer the Product delivered to Buyer will conform to the applicable Order and the specifications set forth or referenced therein and be free of any defect in material (subject to Section 11 above), or defect in workmanship. Seller guarantees to repair or, at Seller's sole discretion, replace any Product which may be found to be defective or not in conformance with Buyer's Order, as accepted by Seller; provided, that a claim and proof thereof is made in writing to Seller's home office in Nashville, Tennessee, within five business days after Buyer's receipt thereof. Each such claim must include a Return Materials Authorization ("RMA") number, which must be obtained by Buyer from Seller. Seller may elect not to accept any such returns that do not reference an RMA number. Seller's obligation as hereunder specified is solely limited to replacement of the Product, or repair of the same. In no event shall Seller be liable for transportation from or to Seller's warehouse, installation or repair costs, adjustment of price, or any other expenses which may arise in connection with the foregoing guarantee, including the labor costs incurred with Seller's verification time, where Seller ultimately determines that the return/rejection is invalid. Seller assumes no responsibility for application of this guarantee to materials or Products which are damaged as a result of their misuse, misapplication, mishandling, or other fault of Buyer or Buyer's shipping agents. MSG provides a standard manufacturer warranty for the above products to be free from defects in workmanship and materials under normal use and conditions for a period of one year from the original invoice date. The Seller agrees, at its option during the warranty period, to repair any defect in material or workmanship or to furnish a repaired or refurbished product of equal value in exchange without charge. Such repair or replacement is subject to verification of the defect or malfunction and proof of purchase as confirmed by showing the part number on original dated sales receipt.

This warranty does not include:

- 1) Damage resulting from combat operations
- 2) Any condition resulting from incorrect or inadequate maintenance or care
- 3) Damage resulting from misuse, abuse, negligence, accidents, or shipping damage
- 4) Damages incurred during transportation
- 5) Damages incurred during assembly or maintenance
- 6) Any used, previously displayed items
- 7) Any condition resulting from inadequate storage or handling of said items

SELLER MAKES NO OTHER WARRANTY OR GUARANTEE OF ANY KIND WHATSOEVER, WHETHER EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND/OR MERCHANTABILITY. THE ABOVE WARRANTY CONSTITUTES SELLER'S ONLY WARRANTY AND NO PERSON OR ENTITY IS AUTHORIZED, ON BEHALF OF SELLER, TO MODIFY OR EXPAND UPON THE PROVISIONS EXPRESSED IN THIS PARAGRAPH. THE FOREGOING SHALL BE BUYER'S SOLE REMEDY AND RECOURSE WITH RESPECT TO THE NON-CONFORMING GOODS.

15. LIMITATION OF LIABILITY

IN NO EVENT SHALL SELLER BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES, OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THESE TERMS AND CONDITIONS, REGARDLESS OF (i) WHETHER SUCH DAMAGES WERE FORESEEABLE, (ii) WHETHER OR NOT SELLER WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, (iii) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND (iv) THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.



Standard Quotation Terms and Conditions

In no event shall Seller's aggregate liability arising out of or related to the Agreement, whether arising out of or related to breach of contract, tort (including negligence), or otherwise, exceed the total of the amounts paid to Seller for the Products.

16. Conditional Warranty

Buyer agrees to comply with all instructions and specifications furnished by Seller relating to installation and application of the Products. Buyer agrees that it will not modify, misapply, or misuse such Products in any manner which would deviate from Seller's instructions. SELLER'S LIMITED WARRANTY MADE ABOVE IN PARAGRAPH 15 SHALL NOT BE EFFECTIVE AND SHALL BE VOID UNLESS SUCH PRODUCTS ARE APPLIED AND USED IN ACCORDANCE WITH SELLER'S INSTRUCTIONS.

17. Buyer's Assumption of Risk, Covenants and Indemnity

Buyer under Section 7 above, assumes all risk, liability and responsibility for any loss, damage, cost and expense arising out of or resulting from the handling, use, storage, disposal, or application of the Products. Buyer hereby assumes and agrees to indemnify, defend, and hold Seller and its officers, directors, owners, employees and agents (collectively, "**Seller Parties**") harmless from and against all liability, loss, cost, damage or expense (including reasonable attorneys' fees) (collectively, "**Damages**"), whether or not involving a third-party claim, based upon or resulting from the handling, use, storage, disposal, or application of the Products ordered hereby. Buyer warrants that the Products ordered hereby shall not be resold, transferred, exported, or reused in any way by Buyer in violation of any U.S. Laws. Buyer will indemnify, defend and hold Seller Parties from and against all Damages caused to Seller by any breach of the foregoing warranty or for the failure to comply with any laws or regulations, including without limitations, U.S. Laws.

18. Force Majeure

Seller will not be liable to Buyer, nor be deemed to have defaulted or breached these Terms and Conditions, for any delay in performance or failure in performance resulting from circumstances beyond Seller's control, including, without limitation, acts of God, fire, flood, earthquake, explosion, governmental actions, war, invasion, hostilities, terrorist threats or acts, riots, other civil unrest, national emergency, revolution, epidemic, pandemic, lockouts, strikes or other labor disputes, restrains or delays affecting carriers, inability or delay in obtaining raw materials required for the manufacturing of the Products, or supplies of adequate or suitable materials, telecommunication breakdown, or power outage, or from Seller's good-faith compliance with any U.S. Law or foreign governmental law, rule, order or regulation, whether or not it later is held invalid.

19. Cumulative Remedies

All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the parties, or otherwise. Notwithstanding the previous sentence, the parties intend that Buyer's rights under Paragraph 15 are Buyer's exclusive remedies for the events specified therein.

20. Severability

Each paragraph and provision of this document is severable. If any one provision of this document is declared by a court of competent jurisdiction to be invalid or in conflict with the law, the remaining paragraphs and provisions of this document shall remain in full force and effect.

21. Commercial and Non-Military Products

Except as set forth in Paragraph 15, all rights and remedies provided in these Terms and Conditions are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute (including all remedies available to the parties under the Tennessee Uniform Commercial Code), in any other agreement between the parties or otherwise.