



## **Blanket Order Terms:**

**Introduction:** Mechanical Power, Inc. (MPI) offers extended stocking arrangements for qualified customers to ensure availability of the correct products to meet your manufacturing needs in a timely manner. This arrangement benefits your company by minimizing the amount of supplies you need to stock, and allows us to more effectively manage purchasing and reduce costs. This gives us the opportunity to add value to our relationship by providing the highest level of service at the best possible competitive pricing.

**Definition:** A blanket order is defined as a purchase order from a customer for one or more items to be delivered over an extended period of time, normally in more than one release. MPI is flexible in the mechanics of managing blanket orders to accommodate your needs. (e.g. Increment PO numbers, fixed delivery schedules, will-call delivery.)

**Pricing:** In order to provide the most competitive pricing, our policy is to offer a relative pricing arrangement. For short period- blanket orders (generally 3 months or less), we will commit to maintaining firm-fixed pricing. For longer periods, we can offer a lower initial price with the condition that pricing may be adjusted to reflect percentage increases as published by the manufacturer of items covered by the blanket order. These increases would coincide with the published price date at the time of shipment.

**Stocking commitment:** MPI will commit to stocking sufficient material, up to two releases forward on the blanket order, up to a maximum of 6 months per release to meet the agreed upon delivery schedule.

**Purchase commitment:** We recognize that there are many variables to manufacturing. To help minimize your risk, MPI will **NOT** require you to accept the full quantity of a blanket order under the following conditions:

- 1. The reduced requirement was communicated in a timely manner to MPI. Minimum of 150 days prior to release date.**
- 2. Stock levels maintained by MPI were at a level below the full blanket quantity and mutually agreed upon.**
- 3. The material can be readily sold to other existing customers of MPI.**

We **DO** expect your company to accept all material that MPI stocks to meet agreed-upon delivery requirements and reserve levels.

**Delivery:** In order to ensure product is available to you as needed, we can accommodate the following order types:

**Fixed Delivery** – If your company can provide a firm delivery schedule, MPI will maintain sufficient material to ship product to your facility on a specific day or date. (e.g. Every Monday, every other Wednesday, the 5<sup>th</sup> of every month, or a specific schedule of dates.) Postponing or cancelling future deliveries are acceptable with sufficient notice.

**Will-Call** – If we agree on a specific quantity to be available for immediate shipment at your request, MPI would ship as soon as practical. (e.g. smaller quantities, Pickups should be scheduled one day prior to pick up.)

**Spot-fill orders:** MPI will accommodate spot orders in accordance with any wants or needs of your company, in an event that they are, this may impact price.

**1. In advance of scheduled deliveries and complete the blanket order earlier than expected**

**OR**

**2. Draw against blanket reserve, but place the product on a separate order while keeping to the original schedule. MPI will advise you if the spot-buy might interfere with a scheduled release, reviewing manufacturer stock and our replenishment cycle.**

**Shipping:** Unless otherwise agreed to, published UPS/freight charges will apply and be added to the invoice. There are no additional handling charges. MPI will make every effort to package and bundle as effectively as possible to keep shipping costs to a minimum.

Shipping point – Wauconda, IL

**Payment terms:** MPI standard terms are, Net 30 days unless otherwise specified, with approved credit. We are willing to make the financial commitment to ensure continuity in your company's operations and would greatly appreciate your making every effort to stay within terms MPI