2012 Advanced Composites (OEM) Program

The 3M 2012 Advanced Composites Original Equipment Manufacturer (or in this document, "OEM" or "Advanced Composites OEM") Program supports all references in your Master Supply & Commercialization Agreement (MCSA), or the 3M Advanced Matrix Resin Designer & Manufacturer Agreement (DMA), effective **January 1, 2012 through December 31, 2012.**

To purchase 3M advanced composite products, a signed 3M Agreement may be required.

This program is available to Advanced Composite OEM's who meet the definition below.

OEM Definition - Accounts that are purchasing 3M products for the following reasons may be set up as an OEM account:

- Incorporating a 3M product as a component of a product they are making and/or selling (e.g., 3M Prepreg used to make composite sporting goods, composite tooling, etc)

In addition, an OEM account cannot a) Distribute, b) Convert c) Repackage the products purchased under this program.

An Advanced Composites OEM must also meet the required minimum $10,000 in qualified purchases annually to qualify for participation in this Program.

Note: The OEM understands that all of the terms and conditions of this Advanced Composites OEM Program are subject to change. 3M reserves the right to modify or terminate the Advanced Composites OEM Program, in whole or in part, at any time by giving verbal or written notice. **The most current version of the Advanced Composites OEM Program and 3M's Terms and Conditions of Sale will be posted at www.3m.com/advancedcomposites.** 3M reserves the right to revoke inclusion in any program or offering of this Advanced Composites OEM Program of any OEM that fails to meet all of the participation criteria for the Program or offering at any time.

Terms & Conditions of Sale

- **Annual Minimum Purchase – An OEM must purchase a minimum of $10,000 annually of their authorized 3M Industrial Market Center products.**

- Days Beyond Terms Taken (DBTT)
  - **OEM DBTT must be 5 or less to meet conformance requirements.**
  - **A DBTT of 6 or greater will result in a price discount penalty.**

- Transportation & Shipping Terms
  - **Prepaid Freight Change will be $3,500**
  - For individual orders for single shipment to OEM location having an order value of **$3,500** net or more the pricing is F.O.B. point of shipment with transportation charges prepaid and allowed via lowest cost routing in 48 contiguous United States.
  - **No items may be added on once an order is processed. Any add-ons subsequent to order processing are considered separate orders and are subject to freight policy minimums**.

- Profile & Contact Information - To purchase 3M Industrial Channel products, OEMs may be required to sign and have on file an Authorized 3M Supply Agreement. OEMs must also file with 3M a Profile and Contact Information form for any location from which the OEM wishes or is authorized to sell through. New forms should also be completed if there are any changes to existing locations. Please contact your 3M Sales Representative to complete the required documentation.

- Expedite Policy – OEM-requested expedite shipments will be charged premium routing and OEM is responsible to fully pay the freight charges.

- Product Certification/Specification Testing
  - Reminder that CERTS charges are not eligible for payment terms discount and must be paid in full.
  - CERTS requests made after time of order are subject to additional charges.

3M 2012 Advanced Composites OEM Terms and Conditions of Sale

Product Line General Guidelines..... Page 3
Authorized Product Listing..... Page 3
Minimum Order Requirement ..... Page 3
Pricing..... Page 3
Days Beyond Terms Taken (DBTT) ..... Page 4
Payment Terms ..... Page 4
Order Entry ..... Page 5
Electronic Invoicing & Payment Options & Requirements..... Pages 5-6
Deductions..... Page 6
Disputed Invoice Process ..... Page 6
Credit Adjustments ..... Page 7
Standard Transportation and Shipping Terms ..... Page 8
Non-Standard Orders ..... Page 8
Product Certifications ..... Page 9
Return of Merchandise ..... Page 10
Warranties & Limited Remedies ..... Page 11

Product Line General Guidelines

Authorized Product Listing

The Advanced Composites OEM Program allows OEMs to purchase 3M products identified in Schedule 1.4 of the MCSA or DMA.

Minimum Order Requirement

The minimum order required is 200 pounds for Commercial Resin. The minimum order required for Commercial Prepreg is quoted in the Pricing Letter provided to the OEM and referenced in the MCSA or DMA.

Exception: Samples and developmental product are sold in quantities TBD on a case-by-case basis.

Pricing

Pricing for the authorized products is quoted in the Pricing Letter provided to OEM and as referenced in the MCSA or DMA. 3M reserves the right to change the pricing of the authorized products upon written notice to OEM. Any change in price will not affect blanket purchase orders or those orders properly placed before the effective date of the change. Orders for immediate shipment will be billed at the price in effect on the date of order receipt. For releases against orders specifying future dated shipments, each release will be invoiced at the price in effect on the date of shipment.

Days Beyond Terms Taken (DBTT)

DBTT is the calculation used to measure payment performance, using the invoice due date and the payment deposit date for all 3M Industrial Market Center invoices **paid** during the review period. ***An average DBTT of* 5 *days or less is required to meet the DBTT conformance requirements***. OEM must meet DBTT performance requirements during each semi-annual review period.

- DBTT will be calculated semi-annually at the headquarter level
- Disputed invoices, **as long as they are handled through 3M's formal dispute process**, will not negatively affect OEM's DBTT
- If after two (2) review periods the OEM has not achieved a DBTT of less than 5 days, 3M may re-evaluate the on-going business relationship.

PLEASE NOTE: DBTT is not a reflection of the OEM's current account status, as it does not take into account outstanding invoices. 3M uses another calculation to analyze credit risk, establish credit limits and measure delinquency. An OEM may be in DBTT conformance, yet still be considered delinquent and subject to any related consequences.

DBTT is the calculation used to measure payment performance. DBTT is a dollar-weighted calculation using the invoice due date and the payment deposit date for all 3M Industrial Market Center invoices **paid** during the review period. ***An average DBTT of 5 days or less is required to meet the DBTT Conformance requirements***.

- DBTT will be calculated semi-annually at the headquarter level
- Disputed invoices, **as long as they are handled through 3M's formal dispute process**, will not negatively affect OEM's DBTT. See Disputed Invoice Process section for further information.
- If after two (2) review periods the OEM has not achieved a DBTT of less than 5 days, 3M may re-evaluate the on-going business relationship.

PLEASE NOTE: DBTT is not a reflection of the OEM's current account status, as it looks only at paid invoices and does not take into account outstanding balances. 3M uses another calculation to analyze credit risk, establish credit limits and measure delinquency. A OEM may be in DBTT conformance, yet still be considered delinquent and subject to any related consequences.

Payment Terms

Standard payment terms are Net 30 Days.

Order Entry

3M offers the following Order Entry options: email, fax or Electronic Order Entry (EOE).

Electronic Order Entry Options

- EDI allows formatted business transactions to flow electronically between OEM and 3M over data lines with computer-to-computer linkage. EDI uses the standard 850 EDI format (ASC X.12 850).
- Additionally, third party software providers can enable electronic order transactions and can assist in meeting the order entry requirement.
- For more information on electronic order entry (EOE), contact the 3M IMC eBusiness Solutions Team at 1-800-898-9835.

Orders should be placed using the 3M catalog/product number or 3M UPC code and the 3M billing unit.

Electronic Invoicing & Payment Options & Requirements

1. EIPP (Electronic Invoice Presentment and Payment)

- EIPP is a web-based system which generates an e-mail to OEM when new invoices are presented on-line
- OEMs can log on to view, print, and dispute invoices,
- OEMs may also authorize payment on-line
- Complete OEM control of payment timing and amount
- Automated e-mail notification when new invoices are billed
- 24/7 access to invoices for viewing, printing, disputing, and paying
- On-line dispute processing
- Multiple user accessibility
- Little or no transaction cost

A short tutorial on EIPP can be viewed on infoCenter, LearningCenter. infoCenter administrators can sign up a OEM for EIPP through ServiceCenter, User Profile Administration.

2. EDI/EFT (Electronic Data Interchange/Electronic Funds Transfer)

- Electronic, “lights-out” process.
- Improved productivity in transactional processes and receiving departments.
- Qualification process improves data and database quality.
- Reduces errors, adjustments and lost cycle time.
- 3M sends EDI invoice to OEM (ASC X12 810 format.)
- OEM sends EDI acknowledgment for invoices to 3M (ASC X12 997 format.)
- OEM sends EDI remittance to 3M (ASC X12 820 format.)
- OEM sends EFT payment to 3M (either ACH transfer or wire transfer.)

Electronic Invoicing and Payment Requirements

- OEM must receive 3M invoices electronically (no paper copies).
- OEM must transmit to 3M an electronic Remittance and Payment.
- OEM's bank must be capable of electronic transmission of funds to 3M.
- Payment must be **deposited on or before the discount due date to qualify for the applicable discount**.
- 3M will not consider postmark as the date payment is received.
- If there is an error that could affect the OEM's ability to pay by the invoice's due date, the OEM must contact their 3M Credit Professional prior to the invoice due date.
- **Failure to do so could negatively affect OEM's DBTT and ultimately their pricing discount level.**
- **OEMs with DBTT greater than zero (0) days for DBTT compliance will be subject to payment terms adjustment.**

Deductions

Under no circumstances may a deduction off invoice be taken, or any payments due to 3M be withheld for any reason. A OEM that does so will be in violation of 3M's payment terms and standard credit policies will govern. 3M reserves the right to request payment from OEM which OEM agrees to pay promptly, or to withhold product shipments. In addition, the OEM may forfeit eligibility for remaining rebates in current year.

Disputed Invoice Process

OEMs should contact their 3M Credit Professional immediately should there be a 3M invoice error (such as damaged shipment IN ADVANCE OF PAYMENT DUE DATE. The Credit Professional has the ability to place the item in dispute. Disputed items are exempt from the DBTT calculation, and therefore the OEM's DBTT is not negatively impacted. **Items that are not disputed properly will count against DBTT conformance**. The following dispute reasons are considered valid:

- Damaged Shipment
- Product Billed Not Shipped
- Quantity/Shortage
- Purchase Order Problem
- Incorrect Product
- Lost Shipment
- Pricing Error

Credit Adjustments

An OEM must notify 3M Industrial Market Center Customer Service in writing within 30 days of the 3M invoice date if the OEM feels they are due a credit adjustment in connection with the 3M invoice as a result of any errors noted in the Disputed Invoice section above. If OEM claims they did not received a 3M-approved credit adjustment, OEM must notify 3M Industrial Market Center Customer Service in writing within 90 days of the date of the 3M invoice.

If any credit adjustment is not used, 3M reserves the right to offset the amount against the oldest outstanding items on the account. Credit adjustments are subject to unclaimed property laws. After 3M applies the credit to your oldest outstanding items, if a credit balance remains on your account the credit will be reported and paid to your state, as required by the laws of your state, and will no longer be available for use on your 3M account.

Under no circumstances may a deduction off invoice be taken, or any payments due 3M be withheld in anticipation of receiving a credit adjustment. A OEM that does so will be in violation of 3M's payment terms and standard credit policies will govern. 3M reserves the right to deduct the amount of any such deduction taken from any current or future funds that may otherwise be available to OEM under their Program (funding or rebates), to request payment from OEM which OEM agrees to pay promptly, or to withhold product shipments. In addition, the OEM may forfeit eligibility for remaining rebates in current year.

Standard Transportation and Shipping Terms

3M Matrix RESINS: For orders having an order value of $3,500 net or more, the pricing is F.O.B. point of shipment with transportation charges prepaid and allowed via lowest cost routing in the 48 contiguous United States. If premium routing is requested, regardless of purchase order size, 3M will charge the OEM the full cost of the requested premium routing per shipment. See Expedite Orders section below.

For orders having an order value of less than $3,500 net, the pricing is F.O.B. point of shipment with transportation and handling charges prepaid and charged back for all routings. 3M will ship via the lowest cost mode unless premium routing is requested.

> **Note:** Purchase orders submitted with a future date release and delivery requirements must meet the $3,500 purchase order threshold for each release to qualify for prepaid freight. If the release is less than $3,500, freight will be charged back.

3M Prepreg: All Refrigerated Prepreg will be shipped prepaid and charged back to the customer regardless of purchase order value. Non-Tooling prepreg lead times are 25 business days with a 3 month rolling forecast, and 50 business days without a 3 month rolling forecast. Tooling Prepreg lead times are 20 business days.

Back Haul Requests: 3M does provide flexibility for emergency "will call" orders to meet OEM service needs. However, with the exception of Commercial Prepreg, 3M IMC cannot honor requests for OEMs to pick up their routine shipments at 3M facilities utilizing their own trucks or designated carriers.

Request for "Freight Collect" Shipments: Requests to have 3M ship on a freight collect basis can be accommodated, but the carrier to be used must be one of 3M's preferred carriers.

Over/Under Shipping Policy: For make-to-order/custom size items, it is our policy to consider an order complete if it is within +/-10% of the original quantity ordered.

Non-Standard Orders

Future Dated Orders: Orders may be requested for future shipment. Stand alone order prices are determined by the future date of the order. Blanket purchase orders will reflect pricing in effect at the time the blanket order is entered.

Back Orders: For large orders for which we do not have sufficient product to ship complete, it is our policy to ship partial quantities and back order the balance for shipment at a later date. If you require a single shipment, please indicate "ship complete" on your purchase order

Expedite Orders: Our standard for shipping in-stock product is 3 work days from receipt of a valid order, not including the day the order is received (exception applies to those locations on the consolidated shipment program). Make-to-order items have variable lead times (contact your CSR for assistance). We understand the need to occasionally request to ship product faster to meet your customer's exceptional situation. We define this as being an "expedite order". All expedited orders will be shipped via premium routing and the OEM will be responsible to pay full freight. 3M can prepay and charge back the premium freight or OEM may supply a valid carrier account number for that premium carrier and we can ship freight collect.

There may be an additional fee for expedited make-to-order items.

Product Certification/Specifications Testing

Two types of product certification documents are generally available: (a) Certificate of Lot Conformance, which provides a certification statement, lot number, date of manufacture, product shelf life and storage conditions, and (b) Certificate of Analysis – Test Report, which provides the above information plus specific test results to either default 3M or a customer specification. Test Reports are not available for sample orders. All requests for certification to a customer or industry specification must be approved by the appropriate 3M division quality organization prior to order acceptance. Lead time for Certification/Specification Testing for customer or other non-3M specifications may be up to 30 days and will be assessed a special charges listed below. **Requests for product certifications must be placed at time of order placement.** No request will be accepted after 120 days from invoice date.

The following charges will apply. **Please note that terms discounts do not apply to CERTS charges. Those charges must be paid in full.**

Description	Pricing if Requested at Time of Order	Pricing if Requested Subsequently
Certificate of Analysis **Test Report to 3M Standard**	No Charge	$125
Certificate of Lot Conformance/ No Test Report	No Charge	$125
Certification/Specification Testing After Initial Request: This is possible if 3M has sufficient and appropriate inventory. Customer supplied sample certification is not possible.	$2,000.00	$2,500

Return of Merchandise:

There is no return of merchandise (with the exception of product quality failures that are substantiated through 3M's Quality Review Process) for the following products:

- Commercial Resin
- Sample Resin
- Experimental Resin
- Sample Prepreg
- Experimental Prepreg
- Commercial Prepreg

Credit will be provided according to the details provided in the table below:

3M Errors / Quality Issues / Shipping Issues	
A. 3M Error	100% Credit. Commercial resin may be returned, with freight paid by 3M
B. Product Quality Failure	100% credit, through division's complaint handling system, will be issued upon receipt of product and confirmation from 3M. Freight paid by 3M.
C. Damaged Material	100% credit or replacement of damaged material if CSR is notified verbally or in writing within 14 days of 3M ship date.
D. Shipping Shortages	100% credit or replacement of missing material, with proof of delivery to the CSR within 30 days after 3M ship date.
E. Shipping Overages	100% credit of returned material will be issued for Commercial Resins only. Freight paid by 3M.
Customer Error / Overstock	
F. Commercial Resin Sample Resin Experimental Resin Commercial Resin Sample Prepreg Experimental Prepreg Commercial Prepreg	No Returns Are Allowed

Warranties and Limited Remedies

Limited Warranty and Warranty Disclaimer

3M warrants that product will meet 3M specifications at the time of shipment. 3M MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY IMPLIED WARRANTY ARISING OUT OF A COUSE OF DEALING, A CUSTOM OR USAGE OF TRADE. Many factors beyond 3M's control and uniquely within OEM's knowledge and control can affect the use and performance of the Product in a particular application. Given the variety of factors that can affect the use and performance of the Product, OEM is responsible for evaluating the Product and determining whether the Product is fit for a particular purpose and suitable for OEM's method of modification and application, and the ultimate usage by its customers.

Limitation of Remedies

If the Product is proved to not conform to 3M specifications, THE EXCLUSIVE REMEDY, AT 3M'S OPTION, SHALL BE TO REFUND THE PURCHASE PRICE OF OR TO REPLACE THE NON-CONFORMING PRODUCT within a reasonable time after written notification of the defect and return of the defective product to 3M. 3M shall have no obligations under this limited warranty and remedy with respect to the Product that has been modified, or damaged through misuse, abuse, accident, neglect, or mishandling by anyone other than 3M. OEM agrees to promptly inspect all shipments of the Product and notify 3M in writing within thirty (30) business days after receipt of any Product not conforming to the applicable specifications. Any Product not rejected by OEM within thirty (30) days after receipt shall be deemed to have been accepted by OEM.

Limitation of Liability:

Except where prohibited by law, subject to any indemnity by one party to another, and except for any breach of a party's confidentiality obligations, 3M will not be liable for any loss or damage arising from any 3M product, whether direct, indirect, special, incidental or consequential, regardless of the legal theory asserted, including warranty, contract, negligence or strict liability.

DEVELOPMENTAL PRODUCT LABEL LEGAL STATEMENT

DEVELOPMENTAL PRODUCT

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