

**WILLARD TOOL INC. COMPANY
TERMS AND CONDITIONS OF PURCHASE**

1. AGREEMENTS AND ACCEPTANCE

This purchase order is subject to the terms and conditions set forth herein. No additions to or deletions or modifications of these terms and conditions or order proposed by SELLER in its printed forms or otherwise shall bind Willard Tool Inc. Company ("WILLARD TOOL INC.") unless accepted by WILLARD TOOL INC. in writing, regardless of whether such other terms would materially alter the terms thereof. WILLARD TOOL INC. may revoke or modify this order at any time prior to acceptance by SELLER.

2. PRICES AND PAYMENT TERMS

Prices and payment terms, unless otherwise expressly agreed in writing, are as set forth on the face hereof, F.O.B. WILLARD TOOL INC.'s facility in (3732 Electro Way, Redding, CA 96002). Payment by WILLARD TOOL INC. shall not prejudice claims of WILLARD TOOL INC. on account of omissions or shortages in shipment.

3. WARRANTIES

SELLER warrants that all goods and services supplied to WILLARD TOOL INC. will be as described herein, merchantable, free from defects in design, workmanship and material, fit for the intended purposes and conform to applicable drawings, descriptions, statutes, rules, regulations, express warranties and/or specifications.

4. WILLARD TOOL INC.'S PROPERTY

Unless otherwise agreed in writing, all property furnished to SELLER by WILLARD TOOL INC., any replacement thereof, and any materials affixed or attached thereto, shall be and remain the personal property of WILLARD TOOL INC.. Such property, and wherever practical, each individual item thereof shall be plainly marked or otherwise adequately identified by SELLER as "Property of Willard Tool Inc. Corporation", and shall be safely stored separate and apart from SELLER's property. SELLER shall not substitute any other property for WILLARD TOOL INC.'s property and shall not use such property except in filling WILLARD TOOL INC.'s orders. Such property, as well as property unconditionally appropriated to the contract, while in SELLER's custody or control shall be held at SELLER's risk, shall be kept insured by SELLER at SELLER's expense in an amount equal to the replacement cost with loss payable to WILLARD TOOL INC. and shall be subject to removal at WILLARD TOOL INC.'s written request, in which event SELLER shall prepare such property for shipment and shall redeliver it to WILLARD TOOL INC. in the same condition as originally received by SELLER, reasonable wear and tear excepted.

5. CHANGES, CANCELLATIONS AND DELAYS

WILLARD TOOL INC. shall have the right to make changes in the order, or to terminate this order, without liability except for deliveries previously made or for goods or services covered by the order then completed and subsequently delivered in accordance with the terms of this order. If SELLER does not comply with WILLARD TOOL INC.'s delivery schedule for any reason, WILLARD TOOL INC. shall have the right to cancel the order without liability to WILLARD TOOL INC..

6. NON-ASSIGNMENT AND SET OFF

SELLER may not assign this order or any interest herein or any payment due or to become due there under, without WILLARD TOOL INC.'s prior written consent. WILLARD TOOL INC. shall be entitled at all times to set off any amount owing at any time from SELLER or its affiliates to WILLARD TOOL INC. or any of its affiliates against any amount payable at any time by WILLARD TOOL INC. in connection with this order.

7. INTELLECTUAL PROPERTY

All applications, concepts, designs, discoveries, drawings, formulations, ideas, innovations, inventions, know-how, plans, processes, programs, specifications, systems, techniques and other intellectual property created, developed or otherwise used by SELLER in connection with the production of or filling of WILLARD TOOL INC.'s order are included in the sale of goods and services to WILLARD TOOL INC. and at all times shall be the exclusive property of WILLARD TOOL INC..

8. COMPLIANCE WITH LABOR AND NON-DISCRIMINATION LAWS

SELLER's acceptance of this order shall constitute SELLER's representation and warranty that it is in compliance with the requirements of the Fair Labor Standards Act and Executive Order 11246, and all regulations issued there under.

9. WORK ON WILLARD TOOL INC.'S OR ITS CUSTOMER'S PREMISES

If SELLER conducts operations on the premises of WILLARD TOOL INC. or any of WILLARD TOOL INC.'s customers, SELLER shall take all reasonable precautions to prevent injury to person or property during the progress of such work and shall maintain insurance covering said risks. SELLER shall indemnify, defend and hold harmless WILLARD TOOL INC. and WILLARD TOOL INC.'s customers against all loss which may result in any way from any act or omission of the SELLER, its agents, employees, or subcontractors, except to the extent that any such injury is due solely and directly to WILLARD TOOL INC.'s or its customer's negligence.

10. NON-WAIVER AND LIMITATION OF ACTIONS

WILLARD TOOL INC.'s failure to enforce at any time or for any period of time any of the provisions hereof shall not be construed to be a waiver of such provision or of WILLARD TOOL INC.'s right thereafter to enforce such provision.

11. INSPECTION AND RETURNS

Notwithstanding prior payment, goods shipped or services delivered under this order are subject to WILLARD TOOL INC.'s inspection and rejection within a 60-day period following receipt thereof. All goods or services of inferior quality or workmanship, not in compliance with drawings, specifications, or warranties, shipped contrary to instructions, in excess of or less than the quantities specified, substituted for goods or services therein described, not shipped in containers conforming to WILLARD TOOL INC.'s specifications (or, in the absence of such specifications, in recognizable standard container), or otherwise not conforming to the contract or that violate any applicable local, state or federal statute, ordinance or administrative order, rule or regulation may be rejected and returned to SELLER for a complete refund of WILLARD TOOL INC.'s payments and other costs, including freight charges. Risk of loss with respect to goods so rejected shall at no time be borne by WILLARD TOOL INC.. WILLARD TOOL INC. may charge SELLER any expenses incurred in unpacking, examining, repacking, storing and reshipping and goods rejected as aforesaid.

12. INDEMNIFICATION

SELLER shall, at SELLER's sole cost and expense, indemnify, defend and hold harmless WILLARD TOOL INC. and WILLARD TOOL INC.'s customers, employees or agents, from and against any and all claims, liabilities, damages, costs and expenses, including attorneys' fees, constituting or arising from injury, loss, liability or claim caused by or resulting from the goods or products or services supplied by SELLER hereunder or any defect therein, including, without limitation, products liability claims, failure of such goods or products or services to conform to applicable safety standards, warranties, specifications or requirements, and infringement by such goods or products or services of any patent or copyright.

13. SELLER'S INSOLVENCY

If SELLER ceases to conduct its operations in the normal course of business, fails to pay its debts generally as such debts become due, any proceeding under the federal Bankruptcy Code or insolvency laws is commenced by or against SELLER, a receiver is appointed for SELLER or a substantial portion of its business or assets, or an assignment for the benefit of SELLER's creditors is made, WILLARD TOOL INC. may terminate this order without liability except for deliveries previously made or for goods or services covered by the order then completed and subsequently delivered in accordance with the terms of this order.

14. GOVERNING LAW; REMEDIES

The rights and obligations of the parties hereto and the construction and effect of any contract formed pursuant hereto shall be governed by the laws of the State of California without reference to choice of law doctrine. WILLARD TOOL INC. shall, in addition to the rights and remedies herein set forth,

be entitled to all rights and remedies provided for in the Uniform Commercial Code, as amended from time to time, and other applicable law and at equity.

15. AS9100 QC Terms & Conditions

By accepting this PO the supplier agrees to all terms and conditions listed here.

- (1) All AS9100 purchasing requirements shall be flowed down to suppliers and sub-tier suppliers or subcontractors.
- (2) Willard Tool Inc. will flow down the requirements for processes, products, and services that the supplier will be providing including relevant technical data (Specs, Drawings, Process Requirements, and Work Instructions).
- (3) All applicable certificates will be sent with each shipment.
- (4) Supplier acknowledges Willard Tool Inc.'s right of access to its facilities, product, and/or related quality records at any time, by Willard Tool Inc., its customer, or regulatory authorities in order to verify quality of products or work. Right of access may be limited to only those records and product applicable to Willard Tool Inc.'s products or contracts.
- (5) Supplier will notify Willard Tool Inc. immediately of unexpected anomalies, nonconformances, changes in product and/or process, changes of suppliers, and/or changes of manufacturing facility location. Willard Tool Inc. reserves the right to approve such changes or incidents before work is allowed to proceed.
- (6) Supplier acknowledges it shall apply suitable corrective action when presented with Willard Tool Inc. complaints or nonconformance reports.
- (7) Records pertaining to the manufacture, inspection and test of Willard Tool Inc.'s products shall be retained for a minimum of seven (7) years.
- (8) Supplier shall comply with the Aerospace Industries Association of America (AIA) *Global Principles of Ethics in the Aerospace & Defense Industry*, available for review here: <http://asd-europe.org/business-ethics>
- (9) Supplier shall ensure that only qualified personnel will be used during the processing of Willard Tool Inc. products and supplier shall be able to produce records of such qualifications.
- (10) Supplier shall keep records of the quality performance of sub-tier suppliers.
- (11) Supplier shall have procedures in place for control of design and development, special requirements, critical items, and key characteristics, test, inspection, and verification, and the use of statistical techniques for product acceptance and related instructions for acceptance by Willard Tool Inc..
- (12) Supplier shall implement a quality management system (if one is not implemented).
- (13) Supplier shall use a Willard Tool Inc.-designated or approved external provider, including process and special process sources.
- (14) Supplier shall have a counterfeit part prevention procedure.
- (15) Supplier shall flow down to external providers applicable requirements including Willard Tool Inc. requirements.
- (16) Upon request, Supplier shall provide test specimens for design approval, inspection/verification, investigation, or auditing.
- (17) Willard Tool Inc. maintains records of the supplier's performance (on-time delivery, nonconformance's) and will communicate at minimum yearly to the supplier their current scores in each category. When goals are not met, corrective actions will be required to help maintain a high level of quality.
- (18) Willard Tool Inc.'s suppliers need to understand that they contribute to Willard Tool Inc.'s product and service conformity, product safety, and that ethical behavior is of upmost importance.