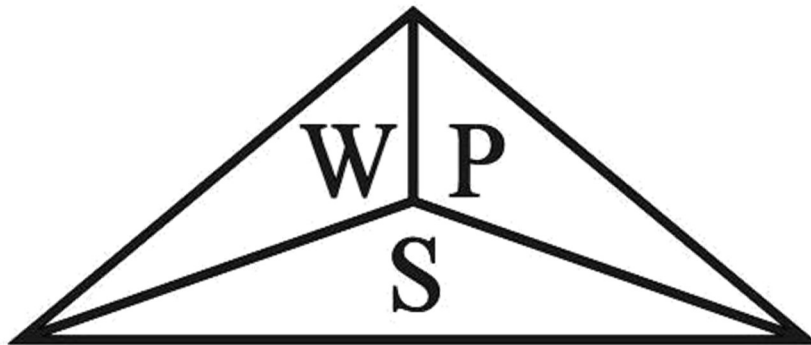


# Walter's Precision Service, Inc.

## *TERMS AND CONDITIONS*

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## Terms & Conditions

Supplier shall comply with the WALTER’S PRECISION SERVICE, INC. (WPS) Quality System requirements as specified by the WPS Supplier Survey or Purchase Order (PO). Supplier agrees to implement and maintain the Quality/Inspection System during performance of this contract. Process suppliers shall furnish a complete Certificate of Conformance with each shipment indicating the PO Number, specification number and revision, name of supplier, and quantities accepted/rejected (if required). Material suppliers shall furnish chemical/physical test reports with each shipment identifying the applicable specification and revision, actual chemical composition and physical properties, melt, heat, batch, or lot when required. Additional WPS Quality Requirements apply when referenced on the PO. This clause does not apply to contracts for non-deliverable goods or services. Acknowledge promptly upon receipt of order. No charges for packing or crating unless listed. Approval requirements are limited to those set forth in your Quality System.

### GENERAL TERMS & CONDITIONS (GTC)

1. **GENERAL.** The order is expressly conditioned upon Seller’s acceptance for the terms and conditions set forth herein, together with the terms set forth in documents attached to the order or incorporated by reference on the face of the order. The order constitutes the entire agreement between WPS and Seller and supersedes all other agreements and undertakings, whether written or oral, between the parties with respect to the subject matter of the order except for Non-Exclusive Trademark Licenses which may exist between the Parties. The Order shall not be modified by or interpreted by reference to any course of dealing or usage of trade and shall not be modified by any course of performance. No modification of the order shall be effective unless in writing signed by the party to be charged with the modification. No modification shall bind WPS unless signed by an authorized WPS Purchasing Representative. WPS hereby explicitly rejects the inclusion of any different or additional terms proposed by seller and if such different or additional terms are so included in an order acknowledgement, Seller agrees that a binding contract of sale will result including only the terms stated herein, unless WPS has agreed by a written Order Modification to accept such different or additional terms.

The order of precedence of all terms and conditions in the Order are those designated: (1) on the face side of the order, (2) in the body of a request for quotation or item specification, and (3) those stated in these Terms and Conditions.

Seller’s acceptance of the order must be by commencement of performance or by seasonable written acknowledgement of the order, (2) in the body of a request for quotation or item specification, and (3) those stated in these Terms and Conditions.

Seller’s acceptance of the order must be by commencement of performance or by seasonable written acknowledgement of the order, but where Seller’s acceptance is by commencement of performance, WPS reserves the right to treat its offer as having lapsed before acceptance unless WPS notified of Seller’s acceptance within a reasonable time.

- 2. **VERBAL ORDERS.** Orders which are verbal are accepted under the terms herein only. Any discrepancies between WPS’s understanding of the verbal order (which is expressed in the order) and the Seller-issued order acknowledgement are the responsibility of the Seller.
- 3. **ERRORS/CHANGES.** Any clerical errors appearing in the typed portion of a WPS order may be corrected at any time by WPS.
- 4. **QUANTITIES.** The quantities specified for delivery on the order are the only quantities required by WPS. Therefore, if Seller delivers quantities in excess of those specified in the order, WPS shall not be required to make any payment for the excess goods and, at WPS’s election, may keep or return the excess of goods at Seller’s risk and expense.

5. **CONFORMANCE OF GOODS.** Seller warrants that all goods furnished hereunder will conform to the requirements of the order (including all descriptions, specifications, and drawings made a part of the order), will be merchantable, fit for their intended purposes, free from all defects in materials and workmanship and free from defects in design. All warranties, including special warranties specified elsewhere herein or normally offered to buyers of goods of this kind, shall insure to WPS, its employees, successors, assigns, customers, and users of its products. WPS's approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this warranty. Any tender of goods which are nonconforming as to the quality or quantity or the delivery schedule shall constitute a break of the order and WPS shall have the absolute right to reject such goods, in whole or in part, and notify Seller thereof. In the event of such a tender, WPS shall be entitled to all remedies as provided by law, and in addition thereto shall have the right to do any or all of the following: (1) to hold such nonconforming goods for a reasonable period at Seller's risk and expense pending a determination to accept or reject any or all thereof; (2) to return such nonconforming goods to Seller at WPS election and at Seller's risk and expense for replacement or correction; (3) to accept such nonconforming goods subject to an equitable price reduction; (4) to replace or correct such nonconforming goods and charge to Seller the cost occasioned to WPS thereby; (5) to recover by offset or otherwise any and all expenses, costs, price reductions, and damages paid, incurred, or suffered by WPS as a result of such holding, return, replacement, correction, reductions, or rejections of nonconforming goods; or (6) to terminate this Contract as provided herein.
6. **NOTIFICATION OF NONCONFORMING PRODUCTS.** The Seller shall immediately notify WPS when Seller becomes aware that nonconforming product has been delivered to WPS against the order. WPS's remedies in relation to nonconforming product are as outlined in these terms and conditions in item 5 above.
7. **RIGHT OF ACCESS.** Seller shall grant right of access to WPS, WPS's customer(s), and regulatory authorities to all facilities involved in the order and to all applicable records related to the order upon written request from WPS.
8. **NOTIFICATION OF PRODUCT CHANGES.** The Seller is required to notify WPS of changes in product and/or processes, change of suppliers, changes of manufacturing facility location, or other changes related to goods to be supplied on the order. Supplier shall obtain, where applicable, WPS's approval prior to shipment of product.
9. **PACKING.** All items are to be packed in suitable containers for protection in shipment and storage. Each container of a multiple container shipment shall be identified (a) to show the number of the container and the total number of containers in the shipment, and (b) the number of the container in which the packing sheet has been enclosed. All shipments by seller must include packing sheets containing WPS order number, quantity, part number/size, and description of the items shipped. Materials for different contracts shall be listed on separate packing sheets.
10. **INVOICES.** Invoices shall be submitted by the Seller to the WPS Accounts Payable Department at the address set forth on the face of the order. The prices set forth in the order includes all taxes, duties, fees, packing, shipping and loading charges, levies, and similar charges. All sales and use taxes must be separately itemized. The WPS PO Number and item Number (if applicable) must appear on all shipping documents, invoices, and pack sheets. Determination of payment due date, whether under net or discount terms, will be based on the latest of (1) the date goods are received or services are completed; (2) the date goods are scheduled to be received or services are scheduled for completion under the order; or (3) the date an accurate invoice and packing sheet (including required product certifications) have been received. Unless early delivery of goods or services is expressly authorized by the WPS Purchasing Representative, payment for goods or services received in advance of the contractual commitment date shall be made as set forth above. Payment will be deemed to have been made when deposited in the mail.
11. **FLOW-DOWN OF TERMS AND CONDITIONS.** The Seller is required to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.
12. **PLACE OF DELIVERY.** Unless specifically stated otherwise, all deliveries shall be F.O.B WPS at the address shown on the face of the order.

13. **INDEMNIFICATION.** WPS shall not be liable for any incidental or consequential damages or losses incurred by Seller. By accepting the order, Seller assumes all liability for any damages of any kind which may result from use by WPS employees, agents, or any other person(s) including third parties unknown to WPS or Seller, including damages due to failure of the goods. Seller agrees to indemnify, defend, and hold WPS harmless from any and all such damages or losses, including, with limitation, reasonable attorneys' fees incurred by WPS in defending against the same, excepting such loss, cost, or damage occasioned by fault or negligence of WPS.
14. **TERMINATION.** WPS may terminate the whole or any part of the order in any of the following circumstances:
- If Seller fails to deliver the goods or to perform the services required by the order within the time specified herein, or any extension thereof granted by WPS in writing; or
  - If Seller fails to perform any of the other provisions of the order or so fails to make progress as to endanger performance of this Contract in accordance with its terms, and in either of these two (2) circumstances does not cure such failure within a period of ten (10) days after receipt of notice from WPS specifying such failure; or
  - In the event of suspension of Seller's business, insolvency, institution of bankruptcy, liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of creditors.
15. **NOTICES.** Any notice submitted by Seller, unless otherwise specified within this Contract, shall be in writing and directed to the WPS Purchasing Representative indicated on the face of the Order.
16. **DISPUTES.** Pending the final resolution of any dispute involving the order, Seller agrees to proceed with performance of the order, including the delivery of goods, in accordance with WPS's instructions. Seller shall submit to WPS's buyer a written demand for WPS final decision regarding the disposition of any dispute between the parties relating to the order, unless WPS, on its own initiative, has already rendered such a final decision. Any WPS final decision shall be expressly identified as such, shall be in writing, and shall be signed by WPS's authorized purchasing Representative, except that WPS failure to render a final decision within ninety (90) days after receipt of Seller's demand shall be deemed a final decision adverse to Seller's contentions. WPS final decision shall be conclusive and binding regarding the dispute unless Seller commences an action to contest such decision within ninety (90) days following the date of the final decision or one (1) year following the accrual of the cause of action, whichever is later. WPS and Seller shall bear their own costs of processing the dispute.
17. **WAIVER AND SEVERABILITY.** Any action or inaction by WPS or the failure of WPS, on any occasion, to enforce any right or provision of the order shall not be construed to be a waiver by WPS of its rights hereunder, and shall not prevent WPS of its rights hereunder, and shall not prevent WPS from enforcing such provision or right on any failure occasion. A determination that any portion of the order is unenforceable or invalid shall not affect the enforceability or validity of any of the remaining portions of the order.
18. **RIGHTS AND REMEDIES.** The rights and remedies of WPS herein are cumulative, and are in addition to any other rights or remedies that WPS may have at law or in equity.
19. **GOVERNING LAW.** The order shall be governed by the laws of the State of Arizona, except that its conflict of law rules shall not apply.
20. **RECORD RETENTION.** Quality Records generated as the result of work performed from a WPS issued purchase order/contract shall be maintained and preserved as legible for a period of ten (10) years and be available for review by authorized WPS representative, WPS customers, or Government representatives. These records should include but are not limited to, receiving, in-process, and final inspection records, certificate of conformance, raw material certifications, test results, non-conformances, corrective actions, and calibration records.

**21. COUNTERFEIT GOODS.**

- a. Seller shall not furnish to Buyer any Goods under this Contract that are “Counterfeit Goods,” defined as Goods or separately-identifiable items or components of Goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, “OEM”) item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes.
- b. Seller shall implement an appropriate strategy to ensure that Goods furnished to Buyer under this Contract are not Counterfeit Goods. Seller’s strategy shall include, but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM’s original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item’s authenticity.
- c. Counterfeit Goods delivered or furnished to Buyer under this Contract are deemed nonconforming. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this Contract, Seller promptly shall notify Buyer and replace, at Seller’s expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this Contract. Seller shall be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic Goods after Counterfeit Goods have been replaced. The remedies contained in this article are in addition to any remedies Buyer may have at law, equity, or under other provisions of this Contract.
- d. Seller bears responsibility for procuring authentic goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this article.

**22. QUALITY MANAGEMENT SYSTEM**

Suppliers, including their sub-tier providers must have:

- a. Implemented quality management system;
- b. Maintain a system that protects personal and product safety;
- c. Provide all services as indicated in the purchase order to the product specifications as identified and called out in the purchase order;
- d. Upon delivery/shipment of product, the supplier will provide the level of documentation per the request of the purchase order; and
- e. System to notify WPS of conditions under which product malfunctions, defects, and unairworthy conditions have to be reported to the concerned stakeholders.

**23. SUPPLIER CODE OF ETHICS.**

WPS will only do business with suppliers that comply with applicable and controlling laws, rules, and regulations and at a minimum, operate by a Supplier Code of ethical behavior in respect to: Human Rights and Labor Standards; Environmental Laws and Considerations; Privacy; Material Procurement; Health and Safety Regulations; as well as Corruption and Ethics.

- a. **Human Rights:** WPS respects and supports compliance with internationally accepted human rights policies and laws. Suppliers are expected to operate within the ethical boundaries to protect human rights.
- b. **Forced Labor:** WPS condemns all forms of forced and compulsory labor. Suppliers will not use forced or involuntary labor, whether bonded, prisoned or indentured, including debt servitude.
- c. **Child Labor:** WPS supports the effective abolition of exploitive child labor. Suppliers will not employ individuals in violation of local mandatory school age or under the legal employment age in each country where they operate. In no case will suppliers employ non-family workers under the age of 15.

- d. **Harassment and Discrimination:** Suppliers will uphold equal opportunities with respect to employment and will refrain from discrimination in any form unless national law expressly provides for selection according to specific criteria. Discrimination against employees based on gender, race, disability, origin, religion, age, or sexual orientation is not acceptable.
- e. **Working Conditions:** WSP is opposed to all exploitative working conditions and expects its suppliers and affiliates to take measures to avoid exploitative working conditions.
- f. **Compensation:** Suppliers will honor the right to reasonable compensation of a level no less than the legally established minimum-wage and the local job market, based on local laws and regulations. Within the scope of national legislation, suppliers will respect the principle of “equal pay for work of equal value.”
- g. **Working Hours:** Suppliers will comply with national provisions and agreements regarding working hours and regular, paid holidays.
- h. **Environmental:** WPS believes in stewardship of our natural resources. Suppliers will comply with all applicable environmental laws and regulations and will promptly develop and implement plans or programs to correct any non-compliant practices.
- i. **Privacy:** WPS endeavors to protect the personal information of its employees, customers, and anyone else WPS is engaged in business with, in accordance with each country’s laws. WPS requires its suppliers to take measures to ensure the continued privacy of corporate information as well as any information relating to WPS employees, customers, and anyone else WPS is engaged in business with.
- j. **Responsible Material Procurement:** WPS uses deliberation and care in the procurement of materials to prevent purchasing materials which are unlawful or obtained through unethical means (such as conflict materials). Suppliers are expected to maintain the same level of care in procurement of material.
- k. **Health and Safety Regulations:** WPS requires their suppliers to be in full compliance with applicable local, provincial/state, and national/federal laws, regulations, and directives. These include, but are not limited to, hazard identification and mitigation; personal protective equipment; electrical safety; radiation safety; waste management; chemical handling; exposure to noise; and use of safe work practices.
- l. **Corruption and Ethics:** WPS endeavors to protect against corruption in all its forms. WPS strictly adheres to all local and applicable local laws and regulations related to corruption and ethics, and require its suppliers to act in a similar manner. Suppliers are required to take measures to prevent conduct and practices including, but not limited to, extortion, fraud, impersonation, false declarations, bribery, money laundering, supporting or involved with terrorist or organized crime organizations or activities.

In the event that WPS determines that a Supplier’s efforts to comply with a Code of Ethics, and fails to cooperate in developing and implementing reasonable remedial steps, WPS reserves the right to take appropriate actions up to, and including discontinuing doing business with the Supplier.