

GENERAL TERMS AND PROVISIONS OF PURCHASE ORDER

1. Applicability. These Terms and Conditions apply to any Purchase Order (“PO”) issued by Davis Tool, Inc. (“Davis Tool”). The items listed on a PO are called “Product.” The “Supplier” is as identified on the PO. Any Supplier proposed term which differs from the PO or these General Terms is void unless accepted in writing by Davis Tool. As to any conflict between a PO and these General Terms, the PO is controlling.

2. Documents. The PO documents referenced in the PO and these General Terms constitute the Contract Documents. The Contract Documents are the entire agreement as to a PO and cannot be changed except as agreed in writing.

3. Confirmation. The PO shall be confirmed in writing within two (2) business days of the date of the PO. If not confirmed, Davis Tool may cancel the PO at any time without liability therefor. Supplier will notify Davis Tool if Supplier cannot fully comply with a PO within two (2) business days of receipt of the PO whereupon Davis Tool may cancel the PO without liability therefor.

4. Quality Evaluation. Supplier shall, at its own expense, undertake sufficient technical evaluation of the Product to enable Supplier to manufacture the Product in accordance with specifications and shall notify Davis Tool of any Product deficiencies prior to full scale manufacturing in order to allow Davis Tool to correct specification deficiencies.

5. Price and Terms. Supplier represents that its prices and terms are no less favorable than Supplier offers to any other customer for similar quantities of the Product. Supplier shall notify Davis Tool of any Product price reduction whereupon Davis Tool may adjust the amount due on the PO to reflect the change in price. In no event shall Davis Tool be obligated to pay more than the price specified in the PO.

6. Delivery. Shipping and delivery shall be in accordance with the PO requirements. All

Product shall be packed and marked in accordance with instructions issued by Davis Tool. Davis Tool shall not be charged for drayage, storage or returnable containers.

7. Inspection. Receipt of Product by Davis Tool does not constitute acceptance. Davis Tool may withhold acceptance until Product is tested and/or used so that conformity to specifications can be determined. Davis Tool may reject and return, at Supplier’s expense, all Product which is received damaged or does not conform to Contract Documents requirements. Davis Tool retains all rights to obtain a refund of its payment and/or compensation from Supplier for Davis Tool’s personnel and other costs for determining the Product is defective, including raw material failure.

8. Certification. Upon request by Davis Tool, Supplier shall provide written certification that the Product meets specifications.

9. Counterfeit Parts or Materials. Seller shall ensure that counterfeit parts or materials are not used in products supplied to Davis Tool through the establishment of a counterfeit part management process.

10. Risk of Loss. Supplier bears the risk of loss of the Product until the Product is unloaded at Davis Tool’s facilities. Supplier agrees to maintain insurance for the full replacement value of all Product ordered by Davis Tool, the loss payable to Davis Tool as its interest may appear. Upon request, Supplier shall provide proof of insurance.

11. Flow Down of Quality System Requirements. An AS9100 and ISO 9001 Supplier who is requested to build custom parts to Davis Tool prints or a customer’s print, shall maintain a Quality System that meets or exceeds the minimum Quality System Requirements of ISO 9001 and/or AS9100 (unless approved in writing by Davis Tool Quality Manager). Any “commercially”

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available parts purchased from a distributor or similar supplier shall be exempt from this clause unless otherwise noted on the confirming Purchase Order. All questions regarding the specific requirements and any additional items noted on the face of the confirming Purchase Order, shall be directed to the cognizant Davis Tool buyer or the Davis Tool Quality Manager for resolution. The supplier shall flow down these Quality System Requirements to any & all sub-tier suppliers regarding notes or requirements in the purchasing documents and these Terms & Provisions, including notification of non-conforming product (see 22. Notification to Davis Tool below).

12. Subtier Supplier Selection. Where Applicable Seller shall use customer designated or approved subtier suppliers, including process sources (e.g. special processes)

13. Notification to Davis Tool. The supplier shall provide prior notification to Davis Tool of any/all nonconforming product and arrangements for approval of supplier nonconforming material. The supplier shall provide prior notification to Davis Tool of changes in product and/or process definitions, changes of suppliers, changes of manufacturing facility location and, where required, obtain Davis Tool approval. The supplier shall flow down to any sub-tier suppliers the applicable requirements in the purchasing documents, including; a) provide prior notification to Davis Tool, Inc. of nonconforming product, b) obtain Davis Tool approval for nonconforming product disposition, and c) provide prior notification to Davis Tool of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain Davis Tool approval.

14. Notification of Escape Clause (NOE). Seller shall provide written notification to Davis Tool within three (3) business days when a nonconformance is determined to exist, or is suspected to exist, on product already delivered to Davis Tool under any order. When the following is known, written notification shall

include; a) Affected process(es) or product number(s) and names, b) description of the nonconforming condition and the affected engineering requirement (i.e. what it is and what it should be), c) quantities, dates and destinations of delivered shipments and d) suspect/affected serial numbers or date codes when applicable.

15. ITAR Requirements: If noted on the face of the Purchase Order, the following ITAR requirement will apply: All US manufacturers, exporters, and brokers of defense articles, defense services, or related technical data, as defined on the USML, are required to register with US Department of State. Registration is primarily a means to provide the US Government with necessary information on who is involved in certain manufacturing and exporting activities. Registration does not confer any export rights or privileges, but is a precondition for the issuance of any license or other approval for export. (Sub-chapter M-International Traffic in Arms Regulations, Part 102-130)

16. Equal Employment Opportunity (If applicable): This contractor and subcontractor shall abide by the requirements of 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

17. Employee Awareness. Seller shall ensure that their employees are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

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18. Performance Monitoring and Control.

Seller performance in meeting Davis quality goals is monitored regularly and includes on-time delivery, quality, price and service. Davis notifies Seller when performance does not meet goals and asks Seller to take action to correct its performance.

19. Record Retention. The supplier shall maintain Quality System records, documentation, certifications and related traceability documents for 10 years (unless otherwise noted in the notes of a Purchase Order) from shipment date and provide copies of the same to Davis Tool upon request.

20. Warranty. Supplier warrants to Davis Tool, its successors and customers, that all Product is new and (i) conforms to all PO requirements (ii) complies with industry standards (iii) is of the highest quality materials and is free of defects in design, materials and workmanship and (iv) is free of encumbrances. Unless stated otherwise on the PO, this Warranty is for one year from the delivery date. Supplier agrees to honor claims under this warranty made by Davis Tool's customers.

21. Invoice. Supplier's invoice must identify the PO and the date and place of delivery. Davis Tool may reduce any payment due to Supplier by any amount owed to Davis Tool, without liability for doing so.

22. Confidentiality. All information provided to Supplier is deemed confidential information which Supplier will not disclose to any third party without the prior written consent of Davis Tool. Supplier shall use the same degree of care to protect such confidential information as Supplier uses to protect its own trade secrets and confidential information. Davis Tool retains ownership of all information provided to Supplier. Supplier shall execute Davis Tool's separate confidentiality agreement upon request.

23. Compliance. Supplier agrees to comply with all applicable (i) licenses and licensing

laws (ii) US export laws and regulations, including, but not limited to, the Export Administration Regulations, International Traffic in Arms Regulations, and Office of Foreign Assets Controls Regulations of the United States applicable to its performance hereunder (iii) non-discrimination in employment laws, including Equal Employment Opportunity Act and (iv) state, federal and international environmental laws, including the Clean Air Act, the Solid Waste Disposal Act and the Toxic Substances Control Act, pertaining to the manufacture and sale of Product.

24. Entry. Supplier-authorizes right of access to Davis Tool employees, its agents and customers, and regulatory authorities, to applicable areas of all Supplier's-facilities, at any level of the supply chain, involved in order and to all applicable records. Supplier also gives right of access during business hours (i) to inspect Product material and workmanship (ii) to inspect and retrieve property owned by Davis Tool located on Supplier's premises or (iii) to determine compliance with the Contract Documents.

25. Tooling and Materials. All supplies, material, tools, jigs, dies, gauges, patterns and equipment furnished to Supplier (i) shall remain the property of Davis Tool (ii) shall be properly maintained by Supplier (iii) shall not be moved from Supplier's premises without Davis Tool's prior consent (iv) shall be used exclusively for Davis Tool Product and (v) shall be returned to Davis Tool in the condition received, reasonable wear and tear excepted.

26. Indemnification. Supplier shall indemnify, defend and hold harmless Davis Tool (its shareholders, directors, officers and employees) from and against all demands, losses, liabilities, suits, actions and damages (including attorney fees) arising out of or relating to (i) the personal injury, illness or death of any person (ii) damage to property resulting in whole or in part from any

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improper Product warnings or operation information, any breach of Product warranty, any infringement claim and any defective design or manufacturing or (iii) failure of Supplier to comply with any applicable (a) licenses and licensing laws (b) US export laws and regulations, including, but not limited to, the Export Administration Regulations, International Traffic in Arms Regulations, and Office of Foreign Assets Controls Regulations of the United States applicable to its performance hereunder (c) non-discrimination in employment laws, including Equal Employment Opportunity Act and (d) state, federal and international environmental laws, including the Clean Air Act, the Solid Waste Disposal Act and the Toxic Substances Control Act, pertaining to the manufacture and sale of Product. This indemnification obligation survives payment for the Product.

27. Force Majeure. Time is of the essence to all Contract Documents. Neither party shall be liable for damages for non-performance arising out of causes beyond its control and without its fault or negligence, including but not limited to, acts of God or a public enemy, fires, floods, strikes, embargoes and severe weather. Supplier will notify Davis Tool in writing within three (3) days of the beginning of any such event of the effect on the production of Product.

28. Attorney Fees. The prevailing party in any legal action regarding the Contract Documents shall be entitled to recover its reasonable attorney fees and expenses in arbitration, at trial and on appeal.

29. Venue. The validity, interpretation and performance of the Contract Documents shall be governed by the laws of the State of Oregon. Both parties consent to jurisdiction and venue in the Circuit and Federal Courts of Oregon.

30. Termination for Convenience: Davis Tool reserves the right at any time to terminate the Purchase Order, in whole or in part, for Davis Tool's convenience by delivering to Seller of

written notice of such termination. Davis Tool shall pay Seller as its sole and exclusive compensation under the Purchase Order the price specified for the portion, if any, of Seller's performance hereunder which has theretofore been finally accepted by Davis Tool. Notwithstanding the foregoing, if the goods to be furnished hereunder consist of items specially manufactured to Davis Tool's design or specifications, Davis Tool in its discretion, may elect within a reasonable time after giving notice of termination hereunder to accept delivery of all or any portion of such goods, finished or unfinished, not previously accepted by Davis Tool and to pay Seller at its sole and exclusive compensation therefore the lesser of: (i) the sums (not including allowance for overhead or profit) actually expended by Seller to procure or process such goods, or (ii) that portion of the contract price for such articles or materials which Davis Tool reasonably determines corresponds to the extent to which Seller has completed its performance with respect to such goods. Davis Tool may exercise its rights hereunder at any time, whether or not Seller is or has been in default hereunder.

31. Termination for Default. Davis Tool may terminate this agreement, in whole or in part, effective upon delivery of notice to supplier, if (i) supplier fails to deliver items in accordance with the terms of this agreement, including specified delivery times, item requirements or other specifications; (ii) supplier breaches any other provision of this agreement; (iii) supplier anticipatorily repudiates any material provision of this agreement; or (iv) supplier becomes insolvent, files a petition for relief under any bankruptcy, insolvency or similar law, makes an assignment for the benefit of its creditors, or takes any action for (or in anticipation of) any of the foregoing. Upon any termination pursuant to this section, supplier shall: (1) continue to supply any portion of the items for which this agreement is not canceled; (2) be liable for additional costs, if any, incurred by Davis Tool for the purchase of similar goods

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and services to cover such default; and (3) at Davis Tool's request, transfer title and deliver to Davis Tool: (a) any completed items, (b) any partially completed items, and (c) all unique materials and tooling subject or relating to the termination, at which time Davis Tool will be liable to supplier for the fair market value of all such items, material and tooling so transferred (excluding such material or tooling provided to supplier by Davis Tool). Termination of the agreement under this section shall constitute "cancellation" under the Uniform Commercial Code as adopted in Oregon.