

HONEYCUTT

MANUFACTURING

Terms and Conditions

G1 PURPOSE

The purpose of this procedure is to provide for and establish quality requirements for Purchase Orders issued to all Suppliers. Suppliers shall comply with all Purchase Order requirements and flow down all applicable requirements to their sub-tier suppliers/subcontractors. Suppliers/subcontractors must maintain a 98% quality rating at all times.

G2 SCOPE

All documents including drawings and specifications, whether Honeycutt Manufacturing or its Customers, are considered part of Purchase Order requirements, when specified or referenced. The revision of documents is effective as part of purchase order issue date. Seller is responsible for certification of all off-the-shelf and catalogue items, including but not limited to testing equipment, to meet quality and safety requirements.

G3 COMMUNICATIONS

All communications related to the fulfillment of Purchase Order(s) and quality requirements and Terms and Conditions shall be carried out through Honeycutt Manufacturing Purchasing Department

G4 ACCEPTANCE

This order is Buyer's offer to Seller, and acceptance is strictly limited to its terms. Buyer shall not be bound by any term or condition whatsoever which is different or in addition to the provisions of this order, whether or not such term or condition will materially alter this order. Seller's commencement of performance or acceptance of this order in any manner shall conclusively be evidence of agreement to this order, as written.

G5 DEFINITIONS

Whenever used in this document:

- (a) "Customer" means any customer or Buyer, any subsequent owner, operator or user of the goods and any other individual, partnership, corporation or person or entity which has or acquires any interest in the goods from through or under Buyer,
- (b) "FAR" means the United States Government Federal Acquisition Regulation;
- (c) "Good" means all of the goods, services, documents, data, software and other information or items furnished to Buyer under this order, and
- (d) "Order" means this purchase order, including the provisions on its face, these purchase order terms and conditions, and all of the specifications, technical descriptions, statements of work, drawings, designs, documents, and other requirements and provisions attached to, incorporated into or otherwise made a part of this purchase order by Buyer.
- (e) "Honeycutt" means Honeycutt Manufacturing Inc.
- (f) "C of C" means Certificate of Conformance

G6 ADDITIONAL NOTES ON THE PURCHASE ORDER

All additional notes on the PO are additional requirements to which the Seller must meet and conform.

G7 ORDER OF PRECEDENCE

In the event that the Buyer and Seller have a valid and mutually executed contract or agreement governing the purchase of goods or services, then that document shall take precedence over all applicable notes.

HONEYCUTT

MANUFACTURING

Terms and Conditions

SUPPLIER QUALITY REQUIREMENTS & TERMS AND CONDITIONS QUALITY REQUIREMENTS

Q1 RIGHT OF ENTRY

The Buyer, customer(s), and/or regulatory authorities shall have the right of entry and may inspect the facilities and processes of the Sellers and their subcontractors/vendors engaged in the performance of this order. Seller shall provide, without additional charge all reasonable facilities and assistance for such inspections and tests. Any such inspections or test by Buyer or its customer shall be performed in such a manner as not to unduly delay the work. No inspection, test, approval (including design approval) or acceptance of items ordered shall relieve Seller from responsibility for defects or other failures to meet the requirements of this order. All items are subject to final inspection and acceptance by Buyer at destination not withstanding any prior payment or inspection at source and such inspection will be made within a reasonable time after delivery.

Q2 INSPECTION AND CALIBRATION SYSTEM

Seller shall establish and maintain an inspection and calibration system. If Seller is certified to FAA/EASA PART 21 and/or 145, Seller accordingly shall establish and maintain an inspection system in compliance with Federal and / or European requirements as applicable. All items covered by this order shall be subjected to inspection and test(s) by the Buyer and its customers to the extent practicable at all times including the place and period of manufacture.

Q3 SUBCONTRACTORS

No goods to be delivered under this order shall be procured or services to be subcontracted out by Seller from a third party in completed or substantially completed form without Buyer's prior written consent. When Seller is approved to use sub tier suppliers, all applicable requirements shall be flowed down under this order.

Q4 SOURCE INSPECTION

When applicable to product(s) Seller shall notify Buyer 24 hours in advance of the time the products will be ready for in-process and/or source inspection at Seller's facility. Seller's measuring and test equipment, facility(ies) and personnel shall be made available for use by Buyer and/or authorities.

Q5 NON-CONFORMING MATERIAL

Any departures from drawing, specifications or other procurement requirements shall be submitted in writing to the Buyer prior to shipment (See G3). Disposition must be approved by the Buyer before shipping of the product, unless otherwise directed by Honeycutt's quality. Seller's inspection system shall provide prompt notification to Buyer if it is determined that nonconforming material may have been delivered to Buyer at any time. Buyer shall have the right to reject, require correction or accept with an equitable adjustment in price any goods delivered or services performed hereunder which are defective or otherwise not in strict conformance with the requirements of this order. Buyer shall notify Seller of such rejections or other actions and at Buyer's election and Seller's risk and expense such items shall be held by Buyer or returned to Seller for credit, refund, repair, rework, or replacement as directed by written instructions from Buyer. No replacements or correction of defective items shall be made by Seller unless agreed to in writing by Buyer.

Q6 IDENTIFICATION AND TRACEABILITY

The Seller shall identify the product/material by suitable means throughout product realization. The Seller shall establish and document procedures or processes to identify suitable means of product/material protection, segregation, and traceability to ISO/AS9100 or

HONEYCUTT

MANUFACTURING

Terms and Conditions

equivalent industry standard. The Seller shall control and record the unique identification of the product/material and maintain appropriate records.

Q7 SHELF LIFE ITEMS

Seller shall establish an effective system for the control of time, temperature or any other sensitive materials, as applicable to the products.

Q8 FIRST ARTICLE INSPECTION (FAI)

Seller shall supply with delivery of first production product(s) and First Article sample, a First Article Inspection Report documenting the results of the First Article Inspection results (dimensions, values, etc.) when required. When applicable, Seller will utilize the AS9102 forms 1 thru 3 formats.

Q9 CERTIFICATE OF CONFORMANCE(S)

Seller shall supply with each shipment a legible and reproducible copy of a C of C certifying the conformance of the product or services applicable to the purchase order. In addition, a member of the Seller's quality department will provide a signature of the authorized representative approving the information that is included.

Q10 MATERIAL, HARDWARE, ADHEIVES, SURFACE TREATMENTS, & PROCESS CERTIFICATION(S)

Seller shall supply with each shipment a legible and reproducible copy of all Material(s), Hardware, Adhesives, Surface Treatments, and Process Certification(s) used in the manufacture of the purchased item(s) or good(s) at the time of shipment.

The materials certified should list the following but not limited to:

- A. Description of material or part (e.g., specification number, revision, type, class, condition, size).
 - B. Material identification (e.g., heat number, lot number, heat treatment lot number, type of material, Serial number).
 - C. Tests to be performed (e.g., type, number). Required test/inspections are normally included in Section 4 of military specifications. Modifications, changes, additions, and deletions to these requirements are found in the IRPODS, and/or other contract documents.
 - D. The required number of samples to be processed and/or tested.
 - E. Sample pedigree (e.g., size, parent material, location from where sample was taken).
 - F. Inspection/test acceptance criteria referred by the specifications, IRPODS, or other contract documents, Such as:
 - Mechanical properties, (e.g., tensile strength, elongation, hardness, etc.).
 - Chemical analysis
 - Micro cleanliness (including content)
 - Heat treatment
 - Grain size
 - Macroscopic examination
 - Nondestructive tests
 - Corrosion resistance
 - Visual and dimensional
 - Weld ability
 - Mechanical tests
 - Surface treatments (e.g., plating, coating, passivation, anodizing, etc.) including test specimens
- In addition, this certificate will also assure that the material conforms to the full product description requested and/or shipped per the Purchase order.

HONEYCUTT

MANUFACTURING

Terms and Conditions

Q11 RETENTION OF RECORDS

Seller shall maintain appropriate records regarding product purchased and records created for 10 years as contractually required from date of purchase or any purchase order special notes. Buyer or its customer shall have access to all applicable records for this same length of time. Seller shall ensure that any sub-tier suppliers used in the production of this order will comply with all instructions and requirements in this document and spelled out on the purchasing documents.

Q12 PRESERVATION OF PRODUCT AND BUYER FINISHED EQUIPMENT

The Seller shall maintain process or procedure to maintain all products, materials, equipment, tools, etc. in good order and prevent deterioration, corrosion or damage to any item(s) supplied by the Buyer or purchased for use for the Buyer by the Seller.

Q13 PACKING AND SHIPPING

Seller shall prepare and pack the goods to prevent damage and deterioration, and shall comply with carrier tariffs. Charges for preparation, packing, crating and cartage are included in the price unless separately specified in the order. Goods sold F.O.B. place of shipment shall be forwarded collect. Seller shall make no declaration concerning value of goods shipped, except for goods on which tariff rating is dependent upon released or declared value, in which event Seller shall release or declare such value at maximum value within the lowest rating.

Q14 HAZARDOUS MATERIAL PACKING, LABELING AND SHIPPING

Seller shall package, label, transport, and ship hazardous materials or items containing hazardous materials in accordance with all applicable federal, state, and local laws and regulations including but not limited to current published issues of tariffs and regulations reflecting 49 code of Federal Regulation Articles 100-199 and DOD FAR Supp 52.2888-7007 and shall: 1) furnish appropriate Material Safety Data Sheets (MSDS), prior to each hazardous material shipment 2) notify Buyer of its nature and shipment data by such means of communication as will allow for proper preparation for acceptance of delivery by the carrier of the material and 3) identify same on all shipping documents.

Q15 NOTICE OF CHANGES & REGULATORY ADs OR FORMAL INVESTIGATIONS

Seller is responsible to notify Buyer in writing of any changes in product and/or process definition, change of suppliers, change of manufacturing facility locations, regulatory investigations, or FAA/EASA Airworthiness Directives (ADs) related to products or processes effected the AD.

SUPPLIER QUALITY REQUIREMENTS &

TERMS AND CONDITIONS COMMERCIAL REQUIREMENTS

SHIPMENT/DELIVERY

Shipment or deliveries, as specified in this order, shall be strictly in accordance with: the specified quantities, without shortage or excess; the specified delivery schedules, no earlier than 5 days ahead of any scheduled delivery date, Honeycutt Manufacturing expectation are that supplier will maintain a 95% on time delivery to PO dates and the other requirements of our orders. Seller shall take all necessary action to maintain committed delivery schedules, and shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefore, and the actions being taken by the Seller to overcome or minimize the delay. If requested by Buyer, Seller shall, at Seller's expense, ship goods via air or other fast mode of transportation to avoid or minimize the delay to the maximum extent possible.

HONEYCUTT

MANUFACTURING

Terms and Conditions

C2 INVOICE AND PAYMENT

Seller shall issue separate invoice(s) for each delivery and shall not issue any invoice prior to the order schedule date or actual delivery date, whichever is later. Payment will be made after receipt of goods and correct invoice. Unless freight or other charges are itemized, any applicable discount may be taken on the full amount of invoice. Payment due date, including discount periods, shall be computed from the date of receipt of goods or correct invoice (whichever is later) to the date Buyer's check is mailed or otherwise tendered, Seller shall promptly repay to Buyer any amounts paid in excess of amounts due Seller.

C3 PRICES

Seller warrant(s) that the prices of the items covered by this order are not in excess of the Seller's prices in effect on the date of this order for comparable quantities of similar items.

C4 RISK OF LOSS

Notwithstanding any term of this order, or any reference there from, the risk for any loss of or damage to or destruction of goods described in this order shall be borne by Seller at all times until the goods are received and accepted by Buyer. Title to the goods passes to Buyer upon final acceptance after inspection.

C5 WARRANTIES

In addition to and exclusive of any other Warranties offered by the Seller, Seller warrants to Buyer that goods shall; (a) conform in all respects to all of the requirements of this order (b) be free from all defects in materials and workmanship; and (c) to the extent not manufactured pursuant to detailed designs furnished by Buyer, be free from all defects in design and be fit for the intended purposes.

C6 CHANGES

Buyer may from time to time direct changes in writing within the general scope of this order in any one of the following: (a) technical requirements and descriptions, specifications, statements of work, drawings or designs; (b) shipment or packing methods; (c) place of delivery, inspection or acceptance; (d) reasonable adjustments in quantities or delivery schedules or both; and (e) amount of Buyer furnished property. Seller shall comply immediately with such direction and avoid unnecessary costs related thereto. If any such change causes an increase or decrease in the costs of or the time required for performance of this order, an equitable adjustment in the prices and schedules of this order shall be made to reflect such increase or decrease, and this order shall be modified in writing accordingly. Unless otherwise agreed in writing, any Seller claim for adjustment must be delivered to Buyer in writing within (30) days after Seller's receipt of such direction.

C7 PATENT PROTECTION

Seller shall indemnify and hold harmless the Buyer, its agents and customers, and users of its products or services from all loss, damage or liability that they may incur on account of any claim, suit or action being brought against Buyer, its agents and customers, or users of its products or services alleging that the products or services provided by Seller under the terms of this contract infringe on any United States or foreign patent, copyright or trademark. Seller shall, at its own expense, defend all claims, suits and actions against Buyer, its agents or customers, or its products or services in which such infringement is alleged, provided Seller is duly notified of such claims, suits and actions.

C8 ASSIGNMENTS & DELEGATION

No assignments of any rights including rights to monies due or to become due hereunder, nor any delegation of duties obligations or liabilities under this order shall be binding upon Buyer until Buyer's written consent thereto has been obtained.

HONEYCUTT

MANUFACTURING

Terms and Conditions

C9 TERMINATION

By written notice directed to Seller, Buyer may terminate for Buyer's convenience all or any part of this order. In such event, the order price shall be equitably adjusted: provided, such adjustment shall not exceed the order total price, nor allow any amount for anticipated profit for performance not rendered: provided further, Seller's written claim for adjustment is received within thirty (30) days following the effective date of termination set forth in Buyer's written notice, such termination shall not relieve Buyer or Seller of their respective obligations as to any unterminated portions of the order. Upon receipt of a termination notice, Seller shall stop work to the extent specified in the notice and take such other action as may be necessary or as Buyer may direct for the transfer protection, preservation of property and contract rights which are related to the termination, and to minimize the cost of termination to and for the benefit of Buyer.

C10 CANCELLATION-CLAUSE

If Seller fails to make delivery of the goods, or fails to perform the services, in accordance with the delivery dates specified in this order, or fails to perform any other provision of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms and does not cure such failure within ten (10) days after notice from the Buyer, Buyer may (in addition to any other right or remedy provided by this Order by law) terminate all or any part of this order by written notice to Seller without liability and purchase substitute goods elsewhere, and Seller shall be liable to Buyer for any excess cost occasioned Buyer thereby Seller shall continue performance of this order to the extent not terminated pursuant to Clause C15.

Except with respect to defaults of subcontractors at any tier, Seller shall not be liable to Buyer if the failure to perform this order arises out of causes beyond the control and without the fault or negligence of the Seller. If the failure to perform is caused by the default of a subcontractor at any tier, and if such default arises out of causes beyond the control of both the Seller and subcontractor, and without the fault or negligence if either of them, the Seller shall not be liable to Buyer unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the requirements of this order.

If this order is terminated as provided in this clause, the Buyer, in addition to any other rights provided herein, may require the Seller to transfer title and deliver to the Buyer (i) any completed goods, and (ii) such partially completed goods and materials, parts, tools, jigs, fixtures, plans, drawings, information, and contract rights as the Seller has specifically produced or specifically acquired for the performance of this order. If, after notice of the termination of this order "with cause" it is determined that the failure to perform is due to causes totally beyond the control and totally without the fault or negligence of Seller, such notice of default shall be deemed to have been issued pursuant to this Clause hereof, and the rights and obligations of the parties hereto shall be governed by this clause.

C11 COMPLIANCE WITH LAWS

- (a) In the performance of this contract Seller shall comply with the provisions of the Fair Labor Standard Act (FLSA) of 1938, as amended, the Equal Opportunity provisions of the current President Executive Order and all other applicable federal, state and local law, regulation, rules and ordinances. Seller agrees, upon request, to furnish Buyer a certificate regarding FLSA compliance in such form as Buyer may from time to time require.
- (b) This contract shall be governed by the laws of the State of Washington without resort to said states conflicts of law rules.

HONEYCUTT

MANUFACTURING

Terms and Conditions

(c) Seller shall not supply any product that contains "Conflict Materials" as defined in Section 1502 of the "Dodd-Frank Wall Street Reform and Consumer Protection Act".

C12 DISCLOSURE

No new release, advertisement, or other disclosure relating to this order shall be made without Buyer's prior written approval. Further Seller shall keep confidential all designs, processes, drawings, specifications, reports, data, and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns, and other items, furnished or disclosed to Seller by Buyer in connection with this contract, unless otherwise provided herein or authorized by Buyer in writing, Seller shall use information and items, and the features thereof, only in the performance of this contract. Upon completion or termination of this order, Seller shall return all such information and items to Buyer or make such other disposition thereof as may be directed or approved by Buyer.

C13 WAIVER

The failure of Buyer to insist upon the performance of any provision of this order, or to exercise any right or privilege granted to Buyer under this order shall not be construed as waiving any such provision, and the same shall continue in force.

C14 HOLD HARMLESS AND INDEMNIFICATION

In the event Seller, its officers, employees, agents or subcontractors at any tier enter premises occupied by or under the control of Buyer, the government or third parties in the performance of this order, Seller shall defend, indemnify, and hold harmless Buyer, its officers, employees and agents from any claim, suit, loss, cost, damage or personal injury (including death) to any person, including Seller's employees, of whatsoever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or part by the actions or omissions of Seller, its officers, employees, agents or subcontractors at any tier. Seller shall take all precautions necessary, special or otherwise, and shall be responsible for compliance with all federal, state and local laws in performance of work hereunder. Without in any way limiting the foregoing undertaking, Seller and its subcontractor at any tier shall maintain public liability and property damage insurance in reasonable limits covering the obligations set forth and shall maintain proper Worker's Compensation Insurance or approved self-insurance program covering all employees performing this order.

C15 FORCE MAJEURE DELAYS AND NOTICE OF LABOR DISPUTES

Seller shall not be liable for any delays in delivery caused by circumstances beyond its control including acts of God, enemy acts, United States Government directives, fire, floods, epidemics, quarantine restrictions, strikes, or embargos. When any delays in delivery will occur or are anticipated, Seller shall immediately give notice thereof to Buyer. Whenever an actual or potential labor dispute is delaying or threatening to delay the performance of this order, Seller shall immediately give written notice thereof, including relevant information with respect thereof to Buyer

C16 RESPONSIBILITY FOR PROPERTY

Unless otherwise specified, upon delivery to Seller or manufacturer or acquisition by Seller of any materials, parts, tooling, data or other property, title to which is in Buyer(s), Seller assumes the risk of and shall be responsible for any loss thereof or damage thereof. In accordance with the provisions of this order, but in any event upon completion thereof, Seller shall return such property to Buyer in the condition in which it was received except for reasonable wear and tear and except for such property as has been reasonably consumed in the performance of this order.

HONEYCUTT

MANUFACTURING

Terms and Conditions

C17 INTEGRITY IN PROCUREMENT

Buyer's policy is to maintain high standards of integrity in procurement. Buyer's employees must ensure that no favorable treatment compromises their impartiality in the procurement process. Accordingly, Buyer's employees must strictly refrain from soliciting or accepting any payment, gift, favor, or thing of value which could improperly influence their judgment with respect to either issue of a purchase order or administering this order. Consistent with this policy, Seller agrees not to provide or offer to provide any employee of Buyer any payment, gift, favor, or thing of value for the purpose of improperly obtaining or rewarding favorable treatment in connection with any purchase order or this order. Seller shall conduct its own procurement practices, and shall ensure that its suppliers conduct their procurement practices, consistent with these standards. If Seller has reasonable grounds to believe that this policy may have been violated, Seller shall immediately report such possible violation to the Buyer.

C18 TAXES

Unless prohibited by law, Seller shall pay and has included in the price of the order any federal, state or local tax, transportation tax, or other tax which is required to be imposed upon the items ordered hereunder, or by reason of their sale or delivery.

This order sets forth the entire agreement, and supersedes any and all other agreements, understandings and communications between Buyer and Seller related to the subject matter of this order. No amendment or modification of this order shall be binding upon Buyer unless set forth in a written instrument signed by Buyer. The rights and remedies afforded to Buyer pursuant to any provision of this order are in addition to any other rights and remedies afforded by any other provisions of this order, by law or otherwise.