

WILLIAMS & CO (SOUTHAMPTON) LIMITED
TERMS AND CONDITIONS OF PURCHASE

Issue 1/2007 Revision B

- "Buyer"** means Williams & Co (Southampton) Limited or its subsidiary or trading entity named on the Order;
- "Goods"** means the goods or materials which are the subject of the Order;
- "Order"** means the official purchase order placed by the Buyer and signed by an authorised employee of the Buyer; and
- "Vendor"** means the person, firm or company to whom the Order for Goods is placed.

The Buyer will only accept responsibility for orders issued on the Buyers official Order.

Any alterations to an Order may only be made if confirmed in writing by the Buyer.

Upon the issue of an Order a contract will come into effect in accordance with these terms and conditions.

These conditions shall take precedence over any terms or conditions of the Vendor. If there is a conflict between these conditions and the Order then the Order shall take precedence.

The Vendor shall comply with the Buyers delivery dates set out in the Order and information about progress against delivery schedule shall be provided by the Vendor without delay. Time for delivery shall be of the essence. The Vendor shall be liable for all loss and additional costs (including without limitation machining and labour costs) incurred by the Buyer as a result of late or non-delivery.

If Goods are delivered before the date specified in the Order, the Buyer shall be entitled at its discretion to refuse to take delivery or to charge for insurance and storage of the Goods until the contractual delivery date.

Delivery shall be completed when the Goods have been unloaded by the Vendor at the point of delivery specified in the Order and the delivery has been signed for by a duly authorised agent or employee of the Buyer. The Buyer shall not be treated as having accepted the Goods until it has had a reasonable time to inspect them following delivery or until any latent defect has become apparent.

Risk in the Goods shall pass to the Buyer upon acceptance of the Goods by the Buyer and title shall pass upon the earlier of delivery or any payment being made for them by the Buyer.

The Vendor shall not assign or sub-contract the contract or any part without the prior written consent of the Buyer. If such consent is given the Vendor will remain fully bound by these conditions as if the contract had not been subcontracted.

The Vendor shall ensure that any sub-contractor is competent and adheres to these conditions. The Vendor will enforce at its cost these conditions against the subcontractor by legal proceedings if the Buyer so requests.

The Buyer reserves the right to inspect and/or test the Goods or any materials at the Vendors or Sub-Contractors premises and the Vendor shall grant or procure access to relevant premises for this purpose. Any such inspection and/or test shall not relieve the Vendor from any responsibility, liability or warranty nor shall it imply acceptance or approval of the Goods.

The Vendor shall comply with all relevant inspection requirements set out in Appendix 1 below. The Vendor acknowledges that the Goods may be incorporated in safety critical machines or

assemblies to be manufactured by the Buyer's customer. Accordingly the Vendor acknowledges that the Buyer may suffer loss or incur liabilities if the Vendor is in default and shall fully indemnify the Buyer against any such loss or liability.

The Vendor warrants that all Goods shall be of first class quality and to the Buyer's specification and Order and shall ensure that the Goods are: in accordance with any BSI Standard or equivalent standard where applicable unless otherwise agreed in writing by the Buyer; conform to all relevant laws and standards, specifications and conditions and shall be of first class design and workmanship.

The Buyers representatives and/or its customers and/or regulatory authorities shall be allowed access to the Vendors premises or its subcontractors at any time to check the progress or quality of the work carried out.

If the Goods are not in accordance with the quality, design, specification or workmanship requirements or not being strictly in accordance with the contract the Buyer shall have the right, (without prejudice to any other rights of the Buyer), to reject the Goods and cancel the Order. The Vendor shall on demand pay any loss or damage incurred as a result of the breach of the Vendor to the Buyer and shall repay all monies paid against the Order.

The Vendor shall return all specific packaging supplied by the Buyer. Failure to do so will result in the Buyer charging a nominal fee of £100 per consignment.

The Vendor shall upon the Buyers request provide a certificate duly signed by or on behalf of the Vendor that the Goods are strictly in accordance with the contract.

If Goods are not strictly in accordance with the contract, the Buyer shall, (without prejudice to any other rights for the Buyer), have the right to carry out any re-work or modification which it shall deem necessary. Any expenses or loss attributed to or resulting from any such re-work or modification shall be borne by the Vendor. If rejected the Goods will be returned at the Vendors risk and expense.

All materials, patterns, tools or equipment supplied by the Buyer to the Vendor with or without charge for the purpose of executing the contract will remain the property of the Buyer or other third party as the case may be. The Vendor shall adequately insure and be fully responsible for and will indemnify the Buyer against any loss or damage to such property no matter how caused, until such time as it is returned to the Buyers premises.

The Vendor should clearly identify the Buyers property and shall be responsible for returning, carriage paid, to the Buyer all items of property within one month of the termination of the contract or at the Buyers request. If the Vendor fails to comply with this requirement, the Vendor shall become liable to the Buyer for the cost of the Buyers property.

For items issued to the Vendor by the Buyer, the Vendor undertakes to complete a regular stock check of items held on the Buyers behalf. The Vendor shall protect the items from loss or damage. The Vendor if appropriate will pay for any stock discrepancies less a reasonable scrap allowance.

The Vendor acknowledges that forecast requirements are non-binding and subject to change. The Buyer may request additional Order cover outside the normal lead times. The Vendor shall use best endeavours to meet these requirements without additional cost to the Buyer. The Buyer shall be entitled to cancel or suspend deliveries of Goods by the Vendor under the contract and shall not be liable for such cancellation or suspension or any loss or damage resulting there from in the event of delay delivery or non-delivery by suppliers or contractors other than the Vendor of goods, which are to be used in connection with the Goods; strikes, labour stoppages or disputes of any kind and any other circumstances beyond the Buyers

control.

The Buyer may terminate this contract if the Vendor is in breach of its obligations or upon the Vendor entering into an arrangement with its creditors or committing an act of bankruptcy, or if being a company, entering into liquidation, whether compulsory or voluntary or having a Receiver appointed for all or any of its assets, or the change of ownership of the Vendor.

The Buyer will have the right to cancel the contract at any time without incurring liability to the Vendor or sub-contractor and without prejudice to any other rights or rights of the Buyer.

Advice notes must accompany all deliveries and should state the Vendors Part Number, Order Number, full description of the Goods and quantity delivered.

Unless agreed by the Buyer in writing all prices are fixed inclusive of delivery, VAT and any other applicable duties and are not subject to escalation.

Payment by the Buyer, unless otherwise agreed in writing, will be made thirty days following the end of the month in which the Goods are delivered upon receipt of a valid and correct invoice.

The Buyer reserves the right to deduct from any monies due or to become due to the Vendor any monies due to the Buyer from the Vendor.

All drawings, specifications and data supplied by the Buyer in connection with the contract shall remain the property of the Buyer and be returned on request. The Vendor should only use such information for the purpose of the contract and shall not discuss with any other party unless expressly required or permitted to do so in writing by the Buyer.

If any of the Goods are to the Buyers own design/specification the Vendor will not at any time sell such Goods to another party without the written permission of the Buyer.

The Vendor shall fully indemnify the Buyer against any action, claim, demand costs, charges, and expenses whatsoever brought or made against the Buyer or sustained or incurred by the Buyer in respect of or as a result of:

- a) any infringement of any intellectual property rights resulting from the use or sale of the Goods, other than in respect of the parts of such articles, goods or materials which have been manufactured to the Buyers own specifications supplied to the Vendor;
- b) any injury, loss or damage to persons or property resulting from or arising out of the execution by the Vendor of the contract; and
- c) the Vendor failing to meet its obligations under the contract.

The Vendor will take out insurance cover for the Goods against all risks until the Goods are accepted by the Buyer.

Where the contract involves the employment of labour, the Vendor will pay all National Insurance or similar contributions. The Vendor will also insure against all liability arising in connection with the employment of such labour and will indemnify the Buyer against any such liability.

If any provision of these conditions is or shall become void in whole or in part the other provisions of these conditions shall remain fully valid and enforceable.

Any amendments to the Order shall be made by agreement evidenced in writing.

The Vendor shall advise the Buyer immediately if such amendments either prevent the specified delivery date(s) being met or have any other significant implication regarding the Vendor's obligations to the Buyer.

A person who is not a party to the contract shall have no rights pursuant to the Contracts (Rights of Third Parties) Act 1999 (the "Act") to enforce any term of this Agreement. Any right or remedy of a third party which exists apart from the Act is not affected.

The parties agree that these conditions and any contract shall be construed under English law and the parties agree to submit to the exclusive jurisdiction of the English Courts in relation to any matter or dispute.

The vendor must notify the buyer upon discovery of any non-conformance in the products ordered or the processes used. Upon such notification the Buyer will be allowed access to the vendors' premises and the products involved in order to assess the non-conformance and take appropriate action. This access will also be afforded to the Buyers customer and any other authorities involved.

When the product is a preparatory item of the vendors own design or preparatory process then the vendor will inform the buyer of any changes or improvements or obsolescence intended during the course of the order or any subsequent order the buyer places. If the contract is for a product and process which is subject to a licence or other legal instrument from the buyers customer or other notifiable authority, then the terms, specification and requirements of the licence shall remain in place and the supplier will notify the buyer accordingly of any changes or developments intended or planned as a result of the order or any supplementary instruction received to which the buyer may not have been party to prior knowledge

APPENDIX 1

Inspection Clauses

- 1 Release in accordance with the requirements of your VSEQP (0)400 approval stating your Eaton Aerospace Approval number
- 2 Release in accordance with your BS EN ISO 9001:2000 approval
- 3 Release in accordance with your D.Q.A. Board M.O.D. (PE) approval to Defence standards 05-21, 05-24, and 05-29, as applicable
- 4 Release in accordance with your Williams & Co (Southampton) Limited Approval, a Certificate of Conformity is required
- 5 Chemical and Mechanical Analysis Certificates required
- 6 This order is in aid of M.O.D. Contract and may be subject to Q.A. activity at your works by M.O.D., Q.A.R. who will inform you accordingly
- 7 Purchases in aid of this order shall be in accordance with the requirements of M.O.D. (P.E. DEF, STAN 05 61 Para 3.9). Certificate of Conformity is required.

- 8 Commercial only - requirements as specified on order
- 9 Release in accordance with the requirements of your approval

**APPENDIX 1
Inspection Clauses (Continued)**

- 10 Release in accordance with the requirements of your GKN approval SQA01 and stating your approval number
- 11 Release in accordance with the requirements of your Boeing approval D6-82479 and/or D1-4426
- 12 Release in accordance with the requirements of your Boeing/McDonnell Douglas approval
- 13 Release in accordance with the requirements of your Augusta Westland, Westland Helicopters approval (QRS01) stating your Westland Approval number
- 14 Release in accordance with the requirements of your GKN assembly approval (MASQA) stating your approval number
- 15 Release in accordance with the requirements of your GKN Transmissions approval (QRS01)
- 16 This order may be subject to Williams & Co (Southampton) Limited QA activity by our customer or Aviation Authority at your works, you will be informed accordingly
- 17 First Article Inspection Report (F.A.I.R) required
- 18 The vendor will retain all documentation that pertains to the product supplied for seven years or the life of the aircraft. Disposition of the documentation is with the written agreement of the appropriate Williams & Co. (Southampton) Ltd Quality Manager
- 19 Release in accordance with the requirements of your AUK/SA/001-1 approval stating your Airbus Approval number
- 20 Acceptance of a Purchase Order from Williams & Co. (Southampton) Ltd acknowledges acceptance of these Terms & Conditions

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