

Terms and Conditions of **Habco Industries, LLC** Purchase Order

Supplier's (i) full or partial performance under, or indication thereof, or (ii) acknowledgement of the Order, is acceptance of the Order and all terms and conditions contained in the Order, including these Terms and Conditions. Any terms and conditions proposed in Supplier's acceptance or in any acknowledgment, invoice, or other form of Supplier that add to, vary from, or conflict with the terms herein are hereby rejected. If the Order is an acceptance of a prior offer by Supplier, such acceptance is limited to the express terms set forth in the Order.

1.1 Supplier warrants to Buyer that all Goods provided under the Order shall be and continue to be: (i) merchantable and fit for the purpose intended; (ii) new; (iii) free from defects in material and workmanship; (iv) free from defects in design if the design is not provided by Buyer; (v) manufactured in strict accordance with the Specifications; (vi) free from liens or encumbrances on title, and (vii) prevent the use of counterfeit parts (WP 7.4-06).

1.2 Supplier shall notify Buyer of any nonconforming material and provide Buyer the opportunity to approve the nonconforming material. Supplier shall obtain approval prior to change in sub-tier, product/or process definition.

1.3 Required Dates shall be considered Need Date and Supplier shall use all commercially reasonable efforts to meet Required Dates. If Supplier agrees to the Required Date, the Required Date shall be considered the Promised Delivery Date. The order is considered On Time if order is received on our dock on or before Promised Delivery Date. Supplier must notify Buyer immediately of delivery delay or discrepancy between written or verbal orders.

1.4 If Supplier is unable to deliver Goods by the Required Date, Buyer may, without liability: (i) reduce or cancel its requirements for any part of the quantity of the Goods that cannot be delivered by the Required Date, (ii) reallocate to another Order, or reschedule, any portion of the Goods that cannot be delivered by the Required Date, or (iii) waive the Required Date and accept Goods on the Delivery Date. In addition to any other rights and remedies that Buyer may have, in the event of Supplier's nonconformance with any of the requirements under this Section or any other delivery obligation, Supplier shall be responsible for all shipping costs and expenses incurred with respect to such nonconformance, including the costs of expediting shipment and rework with respect to late deliveries

1.5 Shipment shall be to the location directed by Buyer. Invoicing, delivery terms, shipping, packing and waste reduction instructions shall be provided to Supplier through an attachment to, or printing on the face of, the Order, or incorporated into the Order by reference to a web site. In the absence of such instructions, the delivery terms for Goods shall be FOB Origin. Title and risk of loss shall pass to Buyer upon departure from point of origin.

1.6 Supplier shall only tender Goods to Buyer that have passed inspection in accordance with the supplier's inspection system and that otherwise conform to all requirements of an Order. Supplier shall provide proof of competency and qualification of personnel as needed.

1.7 Supplier shall maintain quality records applicable to the purchase order. The following identified quality records shall be maintained for the minimum retention periods specified below:

40 years from time of manufacture = Flight safety, critical/major rotor parts and radiographs

30 years = Manned space program hardware

10 years = All other parts except off-the-shelf industry parts.

5 years – Off-the-shelf/industry standard parts (e.g. AN, AS, MS, JAN, etc.)

Supplier must Grant HABCO, our customer, and any regulatory agency access all facilities involved in the order and applicable records.

1.8 Supplier shall flow down to sub-tier suppliers, the applicable requirements in purchasing documents, including key characteristics where required. Supplier shall provide proof of a quality management system or agree to follow HABCO Industries quality requirements.

1.9 The Buyer may, with respect to any Goods that do not conform in any respect to the Order as determined by Buyers Quality System: (i) reject all or a portion of such nonconforming Goods; (ii) accept all or a portion of such nonconforming Goods with a price reduction for the cost of repair or the diminution of value; or (iii) accept any conforming Goods and reject the rest.

1.10 Supplier warrants to Buyer that all Goods provided under the Order shall be and continue to be: (i) merchantable and fit for the purpose intended; (ii) new; (iii) free from defects in material and workmanship; (iv) free from defects in design if the design is not provided by Buyer; (v) manufactured in strict accordance with the Specifications; and (vi) free from liens or encumbrances on title (collectively, for this Section "Warranty").

1.11 Buyer may require Supplier to promptly repair or replace, at Buyer's option, any Goods which breach the Warranty. Buyer may return ship the Goods on the fastest available commercial carrier at Supplier's expense and risk of loss. Goods returned to Buyer hereunder shall be shipped at Supplier's expense and risk of loss and shall be accompanied by notice stating whether they are new replacements or repaired originals, and shall continue to be covered under this warranty. Supplier shall conduct intake, review, analysis and any other activity required to evaluate whether the returned Goods are covered by the warrant at no expense to Buyer.

1.12 Notwithstanding any other provision, in addition to the foregoing, Supplier shall be liable for Buyer's actual costs, expenses and damages related to or arising from Goods not conforming to the warranty, including but not limited to labor and other costs related to transportation of Goods, expediting, removal, disassembly, failure analysis, fault isolation, assembly, reinstallation, re-inspection, retrofit, and any and all other such corrective action costs incurred by Buyer.

1.13 When a certificate of conformance is required per Purchase Order Supplier shall complete and submit HABCO form F7.4-10 Inspection Certification Worksheet in addition to the certificate of conformance.

1.14 Supplier shall ensure all their personnel are aware of: (i) their contribution to the product or service conformity, (ii) Their contribution to product safety, (iii) the importance of ethical behavior.