

MHD-ROCKLAND, Inc

Terms and Conditions of Purchase

Complete Agreement

This Purchase Order including all items incorporated herein contains the full and final Agreement between MHD-ROCKLAND and Seller and no other Agreement or representations or understandings purporting to add or modify the terms and conditions hereof shall be binding upon the parties hereto.

The present Purchase Order constitutes MHD-ROCKLAND's offer to purchase from Seller the goods described herein pursuant to the terms and conditions stated herein. It shall become a binding Agreement when accepted by Seller either by the earlier of signing or returning the acknowledgment copy to MHD-ROCKLAND or the shipment of conforming goods to MHD-ROCKLAND. Seller's acceptance shall be limited to the present terms and conditions of purchase. The present Purchase Order constitutes the entire terms and conditions of purchase and supersedes all previous communications, representations or agreements, whether oral or written, between the parties with respect to the subject matter hereof.

Variance

The terms and conditions of purchase for all orders shall be solely those of the present Purchase Order. Any variance or amendment to any part of this Purchase Order (including any supplements, specifications or other documents incorporated herein by reference) is hereby objected to and void unless expressly accepted by MHD-ROCKLAND in writing. MHD-ROCKLAND shall not be deemed to have waived any provisions of the present terms and conditions of purchase by failing to object to provisions that may appear on, be incorporated by reference in or be attached to any order. MHD-ROCKLAND shall not be deemed to have accepted any offer of Seller and shall not be responsible for goods shipped to MHD-ROCKLAND there under except in accordance with the terms and conditions of the present Purchase Order executed by MHD-ROCKLAND and delivered by MHD-ROCKLAND to Seller. **The failure of Seller to deliver written notification of objection to these conditions of sale within 5 days and the delivery of said goods within said 5 day period without and prior written objection shall be deemed an acceptance thereof and the contract shall be deemed formed only upon said conditions**

Revised or Follow-up Orders

Any revised or follow-up Orders shall be deemed to be an Order and shall be subject to the present terms and conditions of purchase. MHD-ROCKLAND's Orders may only designate the goods being ordered, quoted prices, order quantities, requested delivery dates and shipping addresses.

Delivery

Seller shall deliver the goods as per the delivery terms which are stipulated herein.

Seller shall use reasonable commercial efforts to meet agreed delivery dates. Seller reserves the right to charge for any special routing, packing, labelling, handling or insurance requested by MHD-ROCKLAND and agreed to by Seller.

Cancellation

MHD-ROCKLAND may terminate this order for its convenience in whole or in part upon a 5 day written or facsimile notice or verbal notice confirmed in this delay in writing and refuse to accept delivery. Said notice shall be effective when received by or communicated to Seller. If so terminated, any claim of Seller shall be settled on the basis of and limited to the reasonable costs Seller has incurred as of the time of receipt of MHD-ROCKLAND's notice in the performance of this order. Failure to deliver goods on delivery date shall also constitute a default on the part of Seller to respect its obligations.

Acceptance of Goods

MHD-ROCKLAND shall, upon receipt and delivery of goods, inspect same and either accept or reject said goods within a delay of 30 calendar days from delivery. In the event the goods do not comply with the present terms and conditions of purchase, MHD-ROCKLAND shall promptly notify Seller and provide a specific written explanation of the basis of rejection. If MHD-ROCKLAND does not advise Seller of any rejection of goods within said 30 calendar days delay, he shall be deemed to have accepted any delivered goods and to have waived any right he may have had to reject said goods. Seller shall be afforded a reasonable opportunity to repair or replace non-conforming goods at Seller's option.

After the initial delivery, provided for in the Delivery clause, the risk of loss or damage to the goods in transit shall be borne by the party initiating the transportation of such goods. ***If Seller reasonably determines that the goods originally shipped complied with the present terms and conditions of purchase, then all expenses related to the improper rejection shall be the sole responsibility of MHD-ROCKLAND.***

Invoices

Seller shall mail invoices in triplicate at the time of shipping, showing Purchase Order number, part number and description whether goods are sent prepaid or collect point of shipment, method of shipment in accordance with agreed conditions. Any time period applicable for MHD-ROCKLAND to pay shall begin on the day MHD-ROCKLAND is in receipt of an acceptable invoice of Seller and of conforming goods. On collect shipments, Seller shall attach a copy of the Bill of Lading or transportation receipt to the invoice and retain the original copy of such documents on file.

Prices

Prices do not include applicable taxes including without limitation, excise, sales or use taxes. Any taxes (other than taxes due on Seller's net income) that are payable on transactions hereunder shall be the responsibility of MHD-ROCKLAND. Seller reserves the right to invoice MHD-ROCKLAND for any such taxes that are or may become payable by Seller.

Excusable delays

Seller shall be excused from delays in delivery and performance of its obligations herein raised by government embargoes, blockades, seizures or freeze of a assets, delays or refusal to grant an export license or the suspension or revocation thereof or any act of any government, fires, earthquakes, floods, severe weather conditions, or any other Acts of God, quarantines, labor strikes or lockout or lockouts, riots, strife, insurrections, civil disobedience, wars, material or component shortages or beach of obligations of a third parties.

Import-Export

Unless otherwise agreed in writing, Seller shall be responsible for compliance with the import-export control laws and regulations applicable and when required by such laws and regulations, shall obtain validated import-export or re-export licenses required for goods transferred pursuant to the present Purchase Order. MHD-ROCKLAND shall not be liable to Seller for any failure to deliver goods as a result of any following government actions:

- Refusal to grant any import, export or re-export license
- Cancellation of any import, export or re-export license
- Any subsequent interpretation of a law or regulations after the date of this Agreement that adversely impacts or effects MHD-ROCKLAND's costs or ability to perform its obligations

Warranties

Seller expressly warrants title and that all new products conform to Seller's published specifications and are free from defects in material and workmanship for a period of 12 months. (For Overhauled Goods (O/H) the period is 90 days) from date of shipment. The goods to be supplied pursuant to the present Purchase Order are new (unless otherwise stated in the present Purchase Order) and whether new or used, are fit and sufficient for the purpose intended and ordinarily used, are merchantable. Seller warrants that it has good title to the goods sold hereunder and that they are free and clear from any liens or encumbrances or any claims from third parties.

Independent Contractor

MHD-ROCKLAND agrees and declares that it is an independent contractor and in no circumstances an agent or employee of the Seller.

Assignment

The present Purchase Order and the rights and obligations there under shall inure for the sole benefit of and shall be binding upon, each of the parties hereto and their respective successors and assigns, but it may not be assigned in whole or in part by either party without the prior written consent of the other party.

Disputes

Any controversy, claim or dispute arising out of or relating to the present Purchase Order or the transaction contemplated hereby or the breach, termination, enforcement, interpretation, validity thereof shall be interpreted in

accordance with the laws of the province of Québec, Canada for purchases originating in Canada, and in Maryland, USA for purchases originating in the USA, and shall be exclusive of any choice of any other laws and provisions.

The parties hereto further agree that any suit brought in accordance with the present clause shall be brought in a Court of law sitting in the judicial district of Montreal, province of Québec, Canada for sales originating in Canada, and in Maryland, USA for sales originating in the USA, and irrevocably consent to personal and exclusive jurisdiction and venue of and agree to be bound by any judgment and orders rendered by such court.

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- a) Seller shall maintain an effective Quality Program based upon product complexity and contractual requirements.
- b) Responsibility for control of quality shall be clearly designated within the Seller's organizational structure. The program shall provide for placement and training of inspection and other personnel who have an effect upon or are responsible for determining product quality. Formal Certification of personnel for processes, materials, or other operations requiring special skills or training shall be maintained.
- c) Seller shall establish controls to prevent the use of non-certified materials when certified materials are required. Seller shall provide and obtain for Buyer, Buyer's customers, and appropriate regulatory agencies access to any and all facilities, including those facilities of Seller's subcontractors, where work on Items is being performed or is scheduled to be performed under this Purchase Order ("PO"). Buyer shall have the right to perform in-process inspection, audits, and system surveillance at Seller and Seller's subcontractors' facilities as part of verification of conformance to the requirements of this PO at no cost to Buyer.
- d) Seller shall maintain complete records of all manufacturing, inspecting and testing in connection with the Items. At Buyer's election, such records shall be made available to the Buyer, Buyer's Customers and/or appropriate regulatory agencies during the performance of this PO and for at least nine (9) years after completion of this PO or for such longer periods, if any, as may be specified elsewhere in this PO. Upon Buyer's request, Seller shall forward such records to Buyer at no cost to Buyer. Seller shall require control of quality at all points necessary to assure conformance to this PO's requirements, whether performed by Seller or by Seller's sub-tiers.
- e) Seller's documented quality system shall provide for the review of this PO to ensure that quality requirements are incorporated into manufacturing planning, and inspection and test instructions, as applicable, to assure compliance with this PO. Unless otherwise authorized by Buyer in writing, upon request by Buyer, Seller shall provide all Seller records, reports, specifications, drawings, inspection and test results and other documentation.

- d) Buyer shall forward requests for corrective action, through the SCAR form if required, to Seller when unsatisfactory performance by Seller and/or any of its subcontractors is detected by Buyer. Seller shall respond to all Buyer requests for corrective action. When requested by Buyer, Seller shall provide on Seller's Company letterhead, a response showing action taken within their process to correct this nonconformity and action taken to preclude reoccurrences.
- e) If Seller does not respond to Buyer's SCAR, within 30 days of receipt of the nonconforming Item(s), the Seller shall be deemed to have accepted responsibility for the identified nonconformance. Payment is subject to be held until the SCAR is answered and approved by MHD-ROCKLAND.

Control and Processing Nonconforming Material and Corrective Action

- a) Seller shall implement and maintain a system, which provides for identification, documentation, segregation and disposition of nonconforming material and shall ensure effective, positive corrective action is taken to prevent, minimize, or eliminate nonconformance. Seller's system shall ensure that non-conforming material is not used for production purposes.
- b) Seller shall maintain records of all nonconforming material, dispositions, assignable causes, corrective actions, and effectiveness of corrective actions for the period specified in this PO.
- c) Seller shall evaluate each nonconformance for its potential to exist in previously produced or delivered Items. If a nonconformance exists, Seller shall notify Buyer, in writing, within 24 hours.