

HARBOR CASTINGS, INC.
AGREEMENT TO TERMS AND CONDITIONS
FOR PURCHASE OF MATERIALS AND SERVICES

1. This is an agreement to the terms and conditions associated with the purchase by Harbor Castings, Inc. ("Harbor") of materials and/or services from vendors and suppliers not legally associated with Harbor. Harbor purchases materials and services exclusively from a list of approved suppliers ("Suppliers"), based upon their capabilities and experience in satisfactory meeting Harbor's requirements, and their agreement to these terms and conditions.
2. By signing this agreement, and/or acceptance of Harbor's purchase orders, Suppliers agree to abide by these terms and conditions exclusively. Harbor will recognize no other terms and conditions, nor a waiver of, or changes to, any of these terms and conditions without a written agreement between the parties that effect.
3. From time to time, Harbor issues packing slips that accompany material being shipped to a Supplier's location, the packing slip will show Harbor's associated purchase order numbers, so the acceptance of the material by Supplier will by inference carry Harbor's requirements for processing the material as indicated on the purchase order itself.
4. Depending upon the nature and content of each purchase order, Harbor may require the following as part of the materials and services purchased from Suppliers:
 - a) Harbor's approvals and release of products, services, procedures (methods), processes, and equipment used, consumed, or generated, as the case may be, in the fulfillment of the purchase order requirements and specifications: and
 - b) Harbor's communication to suppliers the identification of relevant technical data (e.g., ITAR requirements, specifications, drawings, process requirements, work instruction), flow down applicable requirements including Harbor's customer's requirements;
 - c) Competence, including and required qualifications of personnel associated with Suppliers' performance in meeting the requirements of the purchase: and
 - d) Supplier's interactions with Harbor; and
 - e) Control and monitoring of the Supplier's performance as required by Harbor; and
 - f) Verification or validation activities (Source Inspection) Harbor intends to perform on the Suppliers premises; and
 - g) Any design and development control; and
 - h) Special requirements, critical items, or key characteristics; and
 - i) Testing, inspection and verification (including any production process verification); and
 - j) Use of statistical techniques for product acceptance or related instructions for acceptance by Harbor; and
 - k) Meeting the requirements of a specified quality management system; and
 - l) Certifications from Suppliers that Suppliers have met all of the requirement of purchase orders, which may include inspection procedures and data, approval of vendors of materials and services other than Suppliers, including special processes; and
 - m) Records retention requirements -10 years after end of contract. A Requirement (See website)
5. Harbor shall have no less than thirty days of receipt of materials and/or services to inspect/review materials and/or services for conformance to the requirements of Harbor's associated purchase order(s). In the event of a nonconformance, Harbor shall inform Supplier of the nature of the nonconformance in writing, along with Corrective Action Request ("CAR"). Supplier will have fifteen days to respond to Harbor and after consultation with Harbor, will

issue a Corrective Action report that identifies the root cause of the repeat of the nonconformance is eliminated or minimized.

6. Upon Supplier's acceptance of a purchase order, Supplier grants Harbor, its customers, and/or regulatory agencies right of entry and inspection of any place necessary to determine and verify the quality of contracted work, records, and materials. Harbor may require that such entry and inspection be performed within two days' notice to supplier.
7. Supplier shall advise Harbor within 24 hours of all escapes and obtain Harbors approval for their disposition; and
8. Prevent the use of counterfeit parts by assuring traceability of Harbor's parts to any supplier's outside services; and
9. Notify Harbor of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain Harbor' approval; and
10. Harbor shall ensure suppliers are aware of their contribution to product or Harbor's on-time delivery requirement, product safety; and
11. The importance of ethical behavior.