

Applicable Terms and Conditions:

R1 Kemlab, LLC Right of Inspection: Kemlab, LLC reserves the right to inspect any or all materials included in this order at the Vendor's plant.

R2 Kemlab, LLC Right of Surveillance: Work under this Purchase Order is subject to Kemlab, LLC'S surveillance audit at Vendor's location, Kemlab, LLC, Customers, and Regulatory Authorities shall have right of access to all facilities involved in the purchase order and to all applicable records. Kemlab, LLC'S Quality Assurance Representative may elect to conduct Inspection on a surveillance basis, or perform 100% Inspection. Vendor will be notified by Kemlab, LLC if Inspection or surveillance is to be performed on specific shipments. No shipments are to be held for Kemlab, LLC Inspection unless notification, in writing, is received prior to the scheduled ship date. The frequency of audits will be in direct correlation to the quality of product delivered.

R3 SOURCE First Article Inspection: Kemlab, LLC'S Quality Assurance Department reserves the right to perform a Source First Article Inspection. The vendor shall notify the Buyer 72 hours in advance that the article/item is ready for Inspection. Evidence of such Inspection will be indicated on the shipping report, process certification, or inspection document accompanying each shipment.

R4 General Compliance: By the acceptance of this Purchase Order, the seller agrees that materials, items and/or finished parts shall be controlled, Inspected and tested in compliance with, and will meet all specified Purchase Order requirements drawing/specifications, and that applicable records are on file for at least five (5) years, subject to Kemlab, LLC or Kemlab, LLC'S Customer examination.

R5 Specific Compliance: The vendor shall furnish a Certificate of Compliance (C of C), signed by an official representative for the vendor. Materials, Processes, Services and/or furnished items, in accordance with the instructions, drawings/specifications furnished with the Purchase Order shall have signed Certification included with the Packing Slip in the form of a C of C. Each C of C shall identify the Purchase Order number, part number, revision; Serial Number, (if applicable), Specification, Drawing, and lot/batch number as applicable to the content of the Purchase Order. Inspection and Test data shall be maintained for five (5) years, unless otherwise specified, and is subject to Kemlab, LLC or Kemlab, LLC'S Customer examination. The C of C must state the name of the manufacturer when ordered from a distributor, and shall accompany each shipment.

R6 Inspection/Test Data: One (1) copy of the actual Inspection/Test Data shall accompany each shipment.

R7 Corrective Action: The seller shall on request, provide statements of Corrective Action on failures of seller's hardware on designated forms supplied by the buyer. Corrective Action statements, at buyer option, may require approval signature by Buyer Quality and/or Government Quality representatives. All rejected articles resubmitted by seller to Buyer shall bear adequate identification including reference to Buyer's rejection document.

R8 Dimensional Data: The vendor shall submit Recorded Dimensional findings with each shipment. Vendor's Inspection Equipment shall be calibrated and be traceable to the NIST.

R9 Workmanship: All items on this order shall be fabricated, processed, protected and finished in such a manner as to be uniform in quality and appearance and be free of defects that will affect form, fit, function, life, safety or serviceability.

R10 Traceability/Record Retention: The vendor shall retain records as a means of objective evidence of the quality of items supplied (manufactured, fabricated, assembly, Inspection, Test, Special Processes, etc.) for a minimum of five (5) years, or as otherwise indicated on the Purchase Order. All records shall be maintained in a manner to prevent deterioration. Records shall be subject to examination by Kemlab, LLC and/or Kemlab, LLC'S Customer. Copies of these records shall also be available upon request. Once the required retention time has passed all records shall be shredded and disposed of.

R11 Age Control: The vendor shall include the material type, condition, lot or batch number, specifications, Manufacturer, date of Manufacture, and shelf life expiration date on all perishable/shelf life material Certifications. The vendor shall supply the Hazardous Material Identification System (HMIS), the Manufacturing Data Sheets, and when applicable, the Material Safety Data Sheets (MSDS) with the material, as required.

R12 Dealers and Distributors: The vendor must supply Manufacturers Certification with each shipment.

R13 Material Test Reports: The vendor shall submit a copy of the Chemical and Physical Test Report with actual Test Data for the materials shipped under this order. Seller will mark each individual item and applicable document, test report, shipping report, & certification to show clear traceability to lot, heat lot, or batch number. Unless otherwise directed by purchase order or the specification, when the size of the item does not permit marking of individual items, Seller will label each package or box furnished.

R14 Retained Data: Physical and Chemical Test Data of raw materials used in the fabrication of articles on this order shall be retained on file by the supplier for a period of five (5) years, and are subject to Kemlab, LLC or Kemlab, LLC'S Customer examination, and a copy furnished upon request.

R15 Lot Control: Lot identification number(s) shall be supplied with material/items, Inspection Records/Data traceable to the lot number identification, and shall be available upon Kemlab, LLC'S request. In the event Kemlab, LLC has supplied the Vendor with material that has been serialized, or lot tagged, the vendor is responsible for maintaining lot control. Vendor is responsible for masking tags if paint or prime is required in the process to insure legibility of the tags after processing.

R16 Configuration Control: The vendor shall supply the revision(s) specified on this Purchase Order unless a change is authorized in writing by Kemlab, LLC Buyer prior to shipment.

R17 Casting /Forging Information: All Castings on this order shall be identified by a permanent casting number, part number and configuration, or by a method that will give complete traceability of the mold used in fabrication. Physical and Chemical Test Data of raw materials furnished on castings produced on this order shall denote the applicable heat number, batch or lot number, date of manufacture, and shall be furnished with each shipment.

R18 Packaging: Packaging materials shall not have a harmful effect on items shipped on this order. Packaging, unless otherwise specified, shall be performed to completely protect items from damage or deterioration during shipment. The Vendor is responsible for adequately packaging all items described in the purchase order, when returning to Kemlab, LLC or shipping to any other authorized subcontractor. The contractor will be charged up to the full value of the part for any shipping damage that may occur as a result of inadequate package protection.

In addition, it is equally important that any shipping damage on any items shipped from Kemlab, LLC is reported PRIOR to processing if applicable.

R19 Sub-Contracting of this Purchase Order: Sub-Contracting of this Purchase Order other than original release is prohibited without prior written authorization from Kemlab, LLC'S Buyer and Kemlab, LLC'S Quality Assurance Department.

R20 Process Control: The vendor shall maintain control and approval of all Manufacturing (i.e. welding, soldering, plating, painting, etc.) and Inspection/Test, used in the performance of this order. The vendor shall maintain objective evidence of process qualification in accordance with applicable specifications. The approval status shall be subject to review and approval/disapproval by Kemlab, LLC or Kemlab, LLC'S Customer.

R21 Over/Under Shipments: No Over/Under shipments are allowed on this order without prior written authorization from Kemlab LLC'Ss buyer

R22 Calibration Control: The vendor shall control the Calibration of all Measuring and Test Equipment (M &TE) against Certified Measurement Standards, traceable to the NIST. The Calibration Control System shall conform to specification MIL-STD-45662 "Calibration System Requirements" or equivalent.

R23 Notification of Non-Conforming Product: Seller shall notify Kemlab, LLC immediately after discovering non-conforming product. Kemlab, LLC will then determine the disposition of the product. If the disposition is use-as-is, the non-conforming material shall be tagged and inspection data describing the non-conformance shall accompany the product. If the disposition is nonconforming, Kemlab, LLC will provide seller with specific instructions.

R24 Customer Approved Sources: Seller is required to use Customer Approved Special Process Sources. Upon request, the purchase order issued by Kemlab, LLC will be accompanied by a list of Customer Approved Special Process Sources. The processes which require the use of these sources will be identified on the purchase order.

R25 Domestic Material: Seller is required to follow all guidelines of the Defense Federal Acquisition Regulation Supplement (DFARS). See Part 255 -Foreign Acquisition.

R26 Special Processing: The vendor shall maintain control and approval of all special processing (i.e. welding, soldering, plating, magnetic particle and penetrant inspection, etc.) and Inspection/Test, used in the performance of this order. The vendor shall maintain objective evidence of process qualification in accordance with applicable specifications. The approval status shall be subject to review and approval/disapproval by Kemlab, LLC'S Customer.

R27 Kemlab, LLC Supplied Material: The Supplier will keep all Kemlab, LLC supplied material, including parts requiring further processing, clearly marked and will maintain a complete inventory thereof. Supplier assumes all risk of loss, destruction, or damage to such material while in Suppliers custody or control. Supplier agrees to not use substitute material in performance of this purchase order without written consent of buyer.

R28 Kemlab, LLC Owned Tooling: Tooling and Special Test Equipment itemized as such in the Purchase Order as such is the property of Kemlab, LLC, and shall be shipped to Kemlab, LLC along with the deliverable product unless Kemlab, LLC gives permission to store at Supplier facility in writing. Any Kemlab, LLC owned tooling shall be properly identified by etching or permanently affixed label and

stored at the Supplier free of charge. The Supplier will also take adequate measures to properly store tooling to prevent degradation or damage.

R29 Confidentiality: By accepting this request for quote or purchase order, the Supplier undertakes to treat as confidential all information supplied by Kemlab, LLC and shall take all necessary measures to ensure that neither the Supplier, nor any of its employees, agents, Suppliers, subcontractors, or other interested parties, whether involved on permanent or temporary basis, shall communicate or divulge to any third party any information, in particular specifications, formulae, designs and drawings concerning Kemlab, LLC request for quotes or purchase orders. This requirement of confidentiality shall be maintained for a period of five years from the data of completion. The supplier is prohibited from making public any details in relation to its business dealings with Kemlab, LLC except where the later has been given express written permission.

R30 ITAR: The information contained in this Purchase Order and any files transmitted with it may contain information that is subject to the International Traffic in Arms Regulation (ITAR) or the Export Administration Regulation (EAR). This information may not be exported, released or disclosed to foreign nationals inside or outside the United States without first complying with the export license requirements of the ITAR and/or the EAR.

R31 Certificate of Conformance: A CERTIFICATE OF CONFORMANCE, SIGNED BY THE SUPPLIER'S AUTHORIZED REPRESENTATIVE, SHALL ACCOMPANY ALL MATERIALS SHIPPED AGAINST THIS ORDER. AS A MINIMUM, THE CERTIFICATE SHALL INCLUDE THE FOLLOWING:

- * THE KEMLAB, LLC PURCHASE ORDER NUMBER.
- * PART NUMBER
- * REVISION LEVEL
- * QUANTITY
- * SERIAL NUMBER, WHEN APPLICABLE
- * SHELF LIFE, WHEN APPLICABLE
- * LOT NUMBER, WHEN APPLICABLE
- * UNIT OF MEASURE
- * A STATEMENT THAT CERTIFIES COMPLIANCE TO THE DRAWING AND/OR SPECIFICATION.
- * THE APPLICABLE CHEMICAL, PHYSICAL AND/OR MECHANICAL TEST DATA IS ON FILE AND AVAILABLE FOR KEMLAB, LLC AND

OR KEMLAB, LLC CUSTOMER REVIEW

* SIGNATURE, DATE AND TITLE OF THE SELLERS RESPONSIBLE REPRESENTATIVE.

R32 Cancellation:

Cancellation for Default

a) Kemlab, LLC may, by written notice to Seller, cancel all or part of this contract if (i) the Seller fails to deliver goods within the time specified by the contract; (ii) Seller fails to perform on any other provisions of the contract; (iii) in the event of Sellers suspension of business, insolvency, appointment of a receiver for Sellers property or business, or any assignment, reorganization or arrangement by Seller for benefit of creditors.

b) Seller shall continue work not canceled. If Buyer cancels all or part of this contract for default, Seller shall be liable for Kemlab, LLC excess re-procurement cost.

R33 Termination for Convenience (Commercial):

Kemlab, LLC may at any time and for any reason terminate Suppliers services and work at Kemlab, LLC convenience. Upon receipt of such notice, Supplier shall, unless the notice directs otherwise, immediately discontinue the work and placing of orders for materials, facilities and supplies in connection with the performance of this Agreement. Upon such termination, Supplier shall be entitled to payment only as follows: (1) the actual cost of the work completed in conformity with this Agreement; plus, (2) such other costs actually incurred by Supplier as are permitted by the prime contract and approved by Kemlab, LLC; (3) plus ten percent (10%) of the cost of the work referred for overhead and profit. There shall be deducted from such sums the amount of any payments made to Supplier prior to the date of the termination of this Agreement. Supplier shall not be entitled to any claim or claim of lien against Kemlab, LLC for any additional compensation or damages in the event of such termination and payment."

R34 DELAYS - If Supplier finds it is unable to keep to the agreed delivery period, or if a delay appears likely, Supplier shall so notify Kemlab, LLC Representative in writing or by telefax, or e-mail, indicating the date when Supplier expects to be able to make delivery.

Supplier is required to receive acknowledgement from Kemlab, LLC Representative that notification of late deliver has been received by Kemlab, LLC Representative. If the Kemlab, LLC Representative has received such information of delay and modifies Purchase order to allow for such delay in writing or by telefax, or e-mail, at least seven (7) days before the agreed time of delivery, no penalty shall be paid.

R35 Delivery: Supplier shall deliver goods or services defined in the purchase order by the purchase order line due date. On time delivery shall be considered up to one (1) week early and zero (0) days late.

R36 PENALTY - If no information has been given according to Clause R35 within said time period of 7 days, penalty for late delivery (part delivery) shall be paid to Kemlab, LLC at a rate of one half percent (1/2) % per day(s). The penalty shall be calculated on the basis of the price of the products delayed. The total sum of penalties for late deliveries shall not exceed twenty five (25%) of the price of the products delayed. Apart from the above, Kemlab, LLC is not entitled to any compensation for damage in case of late delivery.