The following are the contractual requirements agreed between Eleos, Inc., hereinafter The Company, and the Supplier upon acceptance and/or performance of the Eleos, Inc. Purchase Order (PO).

Communication between The Company and Supplier will be through The Company's owners (or their delegate). Any communication with other Company personnel should be followed-up with confirmation of the results of such communication with one of The Company's owners.

1) Quality Management System Requirement

   A) Suppliers of materials, products or services (hereinafter referred to as "product") which become part of The Company's deliverable product should maintain a Quality Management System compliant to ISO9001 or AS9100.

   B) If this Purchase Order (PO) is for Calibration Services, the Supplier should be accredited by The American Association for Laboratory Accreditation to be compliant with ANSI/NCSL Z540-1.

      Calibration Record should include The Company gage serial number (as noted in body of PO) and, for each Supplier master gage/instrument used in calibration of the gages on this PO;

         the Supplier's gage/instrument serial number
         and associated NIST traceability number

      Calibration Record should include amount of uncertainty determined in the calibrated gage.

2) Certification of Product

   Each shipment of product should be accompanied with applicable certifications and/or test reports as required by specification to which the supplied product complies. At the minimum, Supplier should certify compliance with the requirements noted the face of the PO. The certification and/or test report should:

      Identify the revision level of the engineering design/specification to which it certifies compliance. If the PO does not specify the engineering design/specification revision level then the latest issued should be the revision level that applies to this Purchase Order.

      Be signed, stamped or provide some means of identifying the person(s) who make such certification, including the date of certification.

      If the product has limited shelf life, said certification should have adequate information such that the remaining shelf life can be determined as required in the applicable specification(s). Unless otherwise specifically allowed in the PO all shelf life limited product should have at least 6 months remaining shelf life upon delivery to The Company.

   In some cases, it is industry practice to NOT provide actual test reports of chemical and physical properties of certain raw materials. When this is the case and such certification is not a specific customer requirement, the Owner of The Company may authorize acceptance of such material by waiving this requirement on the face of the PO.

3) Nonconforming Product – Corrective Action.

Supplier should not deliver known nonconforming product unless specifically authorized by The Company.

Should Supplier discover that nonconforming product was delivered to The Company (without specific authorization), Supplier should provide written notice of such delivery specific to The Company PO, the specific nonconforming product, and each Packing List number and date of said Packing List with a complete description of the nonconformance.

Should The Company discover nonconforming product was delivered from Supplier. The Company will document this on a Nonconformance Report. The Nonconformance Report will be forwarded to the Supplier. If nonconforming Product will be returned to the supplier the Nonconformance Report will be dispositioned as such. If the Company determines Cause investigation and Corrective Action is necessary, the supplier will commence the investigation and provide feedback as to the actions taken to preclude recurrence of the Rejected condition within the time frame agreed between The Company and Supplier.

4) Notification of Changes

Supplier should notify The Company, in advance of shipment, of any changes in product, processes, suppliers, or location of manufacturing facility. If required by The Company or The Company's customer, Supplier should obtain approval of said changes prior to shipment to The Company.

5) Flow down of Requirements

Supplier should flow down the requirements of this PO to Supplier's sub-tier suppliers. This includes appropriate controls to assure compliance to requirements in designs and specifications.

6) Record Retention Requirements

Supplier should maintain records related to the product(s) and or service(s) supplied under this PO for a period of not less than 10 years from the on-dock date of shipment to The Company. For disposal of records that have met the required time for retention please refer to your own record control section of your quality manual for disposal of records. (9.9.21-LC)

7) Right of Access

Supplier should provide Right of Access by The Company, The Company's customer(s), and/or Regulatory Agencies (FAA, etc.) to all applicable areas of all facilities, at any level of the supply chain, involved in the order and to applicable records.

8) First Article Inspection Report (FAI)

If this order is for product designed by The Company's customer (e.g., not raw material, standard hardware or special processes) Supplier should provide a complete First Article Inspection Report complaint with AS9102 with delivery of the product.

FAI should not be more than 2 years old unless Supplier can show that they have been in continual production of the product since the date of the FAI. Continual production means there is no more than a 2-year gap between production lots from date of completion of earlier lot and date of completion of the later production lot.

9) Original Equipment Manufacturer (OEM) Defined Sources

If the OEM for the product being purchased by The Company identifies certain sources of supply for certain commodities or services, then Supplier must use such sources for the product being purchased under this PO. Such sources could be, but are not limited to, raw material mills and/or distributors, hardware manufacturers and/or distributors, and special process (aka surface treatments) sources. The supplier remains fully responsible for the conformity of delivered product regardless of this requirement to use said OEM source(s) of supply. Supplier should contact The Company for guidance on these sources when needed.

10) Prevention of Counterfeit Products

Section 3.1 of AS9100D defines Counterfeit Parts as “An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer.

NOTE: Examples of a Counterfeit Part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics.”

Supplier should plan, implement, and control processes, appropriate to the Supplier and the product, for the prevention of Counterfeit or suspect Counterfeit Part use and their inclusion in product(s) delivered to The Company.

NOTE: Counterfeit Part prevention processes should consider:
- training of appropriate persons in the awareness and prevention of Counterfeit Parts;
- application of a parts obsolescence monitoring program;
- controls for acquiring externally provided product from original or authorized manufacturers, authorized distributors, or other approved sources;
- requirements for assuring traceability of parts and components to their original or authorized manufacturers;
- verification and test methodologies to detect Counterfeit Parts;
- monitoring of Counterfeit Parts reporting from external sources;
- quarantine and reporting of suspect or detected Counterfeit Parts.

AS9100D Section 8.7.1 says “Counterfeit, or suspect Counterfeit, Parts should be controlled to prevent reentry into the supply chain.” As such, should The Company suspect Counterfeit Part(s) were delivered, The Company will manage said Counterfeit Parts per its Nonconformance Process and hold said parts while The Company works with the Supplier and The Company’s customer to make a determination as to whether the suspect Counterfeit Parts are really Counterfeit.

If, upon resolution with The Company’s customer and Supplier, it is determined Counterfeit Part(s) were delivered to The Company said parts will not be returned and the Supplier should not be paid for said parts. The Company will dispose of the parts as directed by The Company’s customer. In absence of specific direction from The Company’s customer, said Counterfeit Parts will be scraped and disposed at The Company.

11) On-Time Delivery

Time is of essence in the performance of the PO. The due date on the PO is the expected on-dock date for the product with required documentation (e.g., packing list, certifications, test

reports, FAIs, etc.). Supplier on-time delivery performance will be measured based on the date the product is delivered on-dock at The Company.

12) Performance Monitoring and/or Corrective Action

The Company retains tracking information on the on-time delivery performance and acceptance of all suppliers in the aggregate. Should The Company notice a negative trend in Supplier's specific performance a special report will be prepared and forwarded to the Supplier for Cause investigation and Corrective Action.

13) Packing and Preservation – Prevention of Foreign Object Damage/Debris (FOD)

The Supplier should establish a program, as applicable, to prevent, detect, and remove foreign objects/debris of any product provided to The Company.

The Supplier should package product in such a manner suitable for preservation and to prevent damage to the product from each other (in the same box, container, etc.) or from normal handling and transport.

14) Responsibility of Conformance to Design - Rejections

Regardless of any inspection acceptance of delivered product or service by The Company, The Company's customer (or higher tier customer), the Supplier remains responsible to assure delivered product and or services complies with the designs and specifications to which the product or service was ordered.

Should The Company reject any item from Supplier a Nonconformance Report will be created. The Nonconformance Report will be sent to the Supplier for correction/rework/replacement of the rejected condition (if needed) as well as Cause and Corrective Action Investigation.

15) Design Changes

Where supplier controls the product design, the supplier should not provide product where the design has been changed unless and until such design change has been approved by The Company's customer (our higher tier customer (OEM)), as applicable.

16) Personnel Awareness

Supplier will have program and/or training in place to assure supplier personnel are aware of

a. Their contribution to product or service conformity.
b. Their contribution to product safety (ref AS9100D ¶3.4 for definition).
c. The importance of ethical behavior.

17) Force Majeure

The Company and Supplier should advise the other party within 30 days of any event that is deemed a Force Majeure Event. Neither Party should be responsible or liable nor be deemed to be in default on account of any breach of any obligation directly attributable to a cause that is at

the same time compelling, unpredictable, unavoidable and beyond its control and not occasioned by its fault or negligence (Force Majeure Event).

Following cessation of the Force Majeure Event and to the extent possible in anticipation thereof, the parties should resume the performance of their obligations under this Purchase Order.

In the event Supplier fails to deliver or has informed The Company that it should not be able to deliver the Product on-time due to a Force Majeure Event then the delivery of the Product should be suspended until such circumstances of the Force Majeure Event have been adequately addressed. The due date of Product should be extended by mutual agreement of the parties. If, however, the Force Majeure Event causes delivery to be delayed more than thirty (30) Days, The Company will be entitled to cancel the Purchase Order in whole or in part without a further notice being required or judicial intervention and without incurring any liability whatsoever.

18) Purchase Order Jurisdiction/Severability.

This order shall be interpreted under the laws of the State of Kansas, USA. Any legal claim of violation of the purchase order should be made in the courts of the State of Kansas, USA. If any part of the purchase order is determined invalid such invalidity shall not have any effect on the rest of this purchase order, the balance of the purchase order shall remain in full force and effect.