



KAYDON CUSTOM FILTRATION CORPORATION
Supplemental Terms and Conditions
to Purchase Orders Issued Under Government Contracts

In the event this order is issued for material and/or work required by Buyer for the performance of a contract with a department or agency of the Federal Government or of a subcontract of any tier under such government contract, as noted on the face of this order, the following supplemental terms and conditions shall be applicable. These supplemental terms and conditions are in addition to and not in lieu of any of the other terms and conditions of this order, but to the extent that there are inconsistent with the printed general terms and conditions, the supplemental terms and conditions shall govern, except as otherwise specifically provided herein.

1. **Inspection** – All material and work including raw materials and end products shall be subject to inspection and test by the Buyer and the Government to the extent practicable at all times and places, and the plants of Seller and its subcontractors of any tier shall be subject to inspection by Buyer and Government. The exercise of this right of inspection and test, however, shall in no way relieve Seller of its obligation to furnish all material and work in strict accordance with this order in case any material or work is found to be defective, notwithstanding final inspection and approval by buyer. Buyer shall have this right to reject the same or require that it be corrected or replaced promptly. If inspection and tests are made on the premises of Seller or any subcontractor of Seller, Seller or such subcontractor shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests required. All inspections and tests shall be performed in such manner as to not delay the work unduly.
2. **Approval as to Source of Subcontracts** – Unless Buyer otherwise advises in writing, all subcontracts for completed or substantially completed articles, spare parts, tools or work covered by this order must be approved as to source by the buyer, and also if required by the Government, by the Government Contract Officer.
3. **Examination of Records**
 - a. Unless this order is a firm fixed price order not in excess of twenty five hundred dollars (9\$2,500.00), Seller agrees that its books, records, documents, and other evidence pertinent to the performance hereof shall, at all reasonable times until the expiration of three years after final payment hereunder, be subject to examination and audit by an authorized representative of the government and/or Buyer. If this order is on other than a firm fixed price basis, the substance of the subparagraph, including this sentence, shall be included in Seller's subcontracts of any tier.
 - b. Seller agrees that the Comptroller General of the United States or any of his duly authorized representative shall, until the expiration of three years after final settlement under this order, have access to and the right to examine any directly pertinent books, documents, paper and records of Seller and its subcontractors of any lower tier involving transactions related to this order.
4. **Government Furnished Property** – If any Government property is furnished Seller in connection with performance of this order, title thereto shall remain with the Government and the Government shall have access there in at all reasonable times. Seller shall return such property in the condition in which it was received except for reasonable wear and tear and except to the extent that such property has been incorporated in articles delivered per this order or has been consumed in normal performance of this order. Seller shall comply with the provisions of the Manual for Control of Government Property in Possession of Contractors which manual is hereby incorporated herein by reference.



5. **Approval for Premium Wage Payment** – If this order is placed on a cost plus fixed fee incentive price, target price subject to predetermination, or on other than a fixed price basis, the following provision shall apply. The Seller shall not perform over time extra pay shift or multi-shift work under or in connection with this order for which premium compensation is required to be paid, unless approved in writing by the Buyer. In the event of failure to obtain such approval, premium compensation payments will not be recognized in making any price adjustment under any provision of this order pertaining to adjustment of prices.
6. **Use of Tooling and Data for U. S. Government** – Upon prior written notification to Buyer, Seller is authorized under Articles 6(b) and 12 of the terms hereof to use such special tooling and data in the production of items similar to those called for by this order for direct sale to the United States Government if (i) the United States Government has the right under its prime contract with Buyer to authorize such use by Seller, and (ii) such use will not interfere with the Seller's timely performance of this or other orders from Buyer in effect at the time, and (iii) to the extent practicable, Seller prominently identifies each such items as being manufactured by Seller for direct sale to the United States Government.
7. **Arbitration (Applicable if this Order Exceeds \$10,000.00)** – Any dispute, controversy, or claim arising out of or relating to this Agreement or the breach thereof, which is not disposed of by an agreement between the parties, shall be decided by the Buyer. Provided, however, should said decisions be unsatisfactory to the Seller, the Seller shall so notify the Buyer within thirty (30) days from the date of the Buyer's decision and said dispute, controversy or claim, shall be submitted to a Board of arbitration consisting of one member appointed by buyer, one member appointed by Seller, with such appointments to be made within fifteen (15) days from the date of notification; and a third member appointed by the two arbitrators as aforesaid with such appoint to be made within fifteen (15) days from the date of the last appointment be either the Buyer or Seller. Said arbitration shall be conducted and be in accord with Section 2711 at seq. of the Revised Code of the State of Ohio. Pending final decision of the Arbitration Boards, the Sell shall proceed diligently with the performance of the contract in accordance with the buyer's decision.