

 Rancho Santa Margarita, CA 92688		“Q” Clause	Purchase Order Attachment
Page 1 of 3			
NUMBER: Q2	REV: B	TITLE: First Article Inspection and Test	
DOCUMENT OWNER: QUALITY MANAGER			
PREPARED BY: Stephen Fong	SIGNATURE: Stephen Fong	DATE: 01/30/2009	DEPT: Quality
APPROVED BY: Bruce Martin	SIGNATURE: Bruce Martin	DATE: 01/30/2009	DEPT: Quality

1. Inspection and Test - Seller shall perform a First Article Inspection and Test of each item (or designated item) and furnish verifiable evidence to the Buyer’s Quality Representative that items produced were in compliance with the requirements of this purchase order. The article to be inspected / tested shall be either a pre-production sample as required by PO line item or a randomly selected piece form the first production lot when a quantity is not specified in the purchase order. Whichever is performed, that article must be a representative sample of the Seller’s manufacturing process(es).

2. Buyer’s Representative Surveillance - When Buyer’s Representative surveillance is imposed by the purchase order, the Seller shall have first performed the required process, inspection or test. Seller shall provide verifiable evidence demonstrating conformance to all purchase order requirements, and provide adequate inspection and test equipment, necessary space, facilities, and Seller’s assistance as required for the performance of such surveillance.
 - a. **Facilities Inspection:** Buyer’s Quality Representative may inspect Seller’s production equipment and operations, including (but not limited to) jigs, fixtures, measuring and testing equipment, and process controls used to produce the items subjected to inspection and test and which will be used in subsequent manufacturing.

 - b. **Election:** Buyer may, at its sole discretion, elect to conduct inspection and test of First Articles at a location other than Seller’s facility. In these cases, Seller will be directed to ship the First Articles, or pre-production samples, in accordance with the shipping instructions of this purchase order or as directed. Such direction shall not be construed as a waiver of Buyer’s right to inspection and test, nor of Buyer’s right to withhold authorization to proceed with manufacturing.

3. Deliverable Documentation - Seller shall perform and document the First Article Inspection / Test (FAHI) required to demonstrate conformance to the purchase order requirements. The Seller shall include this report with each delivery of FAHI items. The following information, as a minimum, shall be included:
 - a. Buyer’s purchase order number and revision.



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- b. PO line item number.
- c. Buyer's part number and revision (specification information if applicable).
- d. Buyer's nomenclature.
- e. Seller's name and address.
- f. Seller's work or shop order number and revision.
- g. Seller's packing slip or shipper number and date of shipment.
- h. Seller's lot number and date code (if applicable).
- i. Inspection and test data.
 - 1. Quantity inspected or tested.
 - 2. Listing of characteristics verified
 - a. specified parameters
 - b. measured actuals
 - 3. Evidence of Seller's Quality Assurance review and acceptance by Seller's responsible Quality Representative.
- 4. Notification of Intent to Inspect or Test - Seller shall notify Buyer's designated representative at least five (5) working days in advance of the scheduled date for the required inspection or test.
- 5. Inspection or Test Failures - Failure of items to pass First Article inspection or test shall constitute rejection of the items or lot by Buyer. The Seller shall not present the items or lot for acceptance by Buyer until objective evidence is available to prove that:

Typed signatures constitute approval. Actual signatures on file at Palomar Products, Inc., Rancho Santa Margarita, CA

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- a. Assignable root cause has been determined and effective corrective action has been taken to eliminate conditions which caused the nonconformance(s).
 - b. The nonconformance has been properly dispositioned and corrected, i.e. reworked, repaired (if authorized), replaced, scrapped, affected documents revised contents.
 - c. Nonconforming items in the lot have been removed.
6. Production Run - Seller shall not commence production of units beyond the pre-production sample (when specified in the purchase order) or the first production lot without written authorization from the Buyer. Hardware produced beyond the sample quantity shall be produced at the sole risk of the Seller.
7. Other Obligations - Neither acceptance of first production hardware or pre-production sample nor Buyer’s authorization to proceed with the manufacturing production run shall constitute acceptance of any subsequent items or a modification or limitation of any representation, warranty, or any obligation of Seller to perform strictly in accordance with the provisions of this purchase order.

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