

## TERMS AND CONDITIONS OF PURCHASE

INSTRUCTIONS:	ACCEPTANCE:
<ol style="list-style-type: none"> <li>1. PLACE PURCHASE ORDER AND PART NUMBERS ON ALL INVOICES, PACKAGES, SHIPPING PAPERS AND CORRESPONDENCE.</li> <li>2. INVOICE, ORIGINAL BILL OF LADING, OR EXPRESS RECEIPT ATTACHED ATTENTION OF PURCHASING DEPT.</li> <li>3. FORWARD ALL SHIPPING, INSPECTION AND PROCESSING DOCUMENTS IN A PLAINLY MARKED MOISTURE PROOF ENVELOPE WITH EACH SHIPMENT.</li> <li>4. IF THIS ORDER REQUIRES METALLURGICAL ANALYSIS, PROCESS CERTIFICATION OR MATERIAL CERTIFICATION. SUCH DOCUMENTS MUST ACCOMPANY SHIPPING PAPERS.</li> </ol>	<p>THIS PURCHASE ORDER CONSTITUTES BUYER'S OFFER TO SELLER AND BECOMES A BINDING CONTRACT ON THE TERMS AND CONDITIONS SET FORTH HEREIN, INCLUDING THOSE ON THE REVERSE SIDE HEREOF WHEN IT IS ACCEPTED BY THE SELLER EITHER BY ACKNOWLEDGEMENT OR COMMENCEMENT OF PERFORMANCE. NO REVISIONS OF THIS ORDER OR ANY OF THE TERMS AND CONDITIONS THEREOF OR ANY WAIVER THEREOF SHALL BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BUYER. AND NO CONDITION STATED BY SELLER IN ACCEPTING OR ACKNOWLEDGING THIS ORDER SHALL BE BINDING UPON BUYER IF IN CONFLICT WITH, INCONSISTENT WITH, OR IN ADDITION TO THE TERMS AND CONDITIONS HEREIN UNLESS EXPRESSLY ACCEPTED IN WRITING BY BUYER.</p>

1. a) ASSIGNMENTS – No assignment of this order or of any moneys due or to become due thereunder shall be binding upon Buyer until its written consent thereto is obtained.  
 (b) SUBCONTRACTING – The Seller agrees that it will not enter into a subcontract or purchase order for the procurement of the items covered by this order in completed or substantially completed form without first securing the approval of the Buyer and, if applicable, Department of Defense Contracting Officer, as to source.  
 (c) FACILITIES – The Seller represents that it has or can readily procure without assistance of the Buyer or the Government all facilities necessary for the performance of this order.  
 (d) RESPONSIBILITY FOR PROPERTY - Unless otherwise provided in this order Seller upon delivery to for manufacture or acquisition by it of any materials, parts, tooling or other property the title to which is in Buyer or the Government, assumes the risk of and shall be responsible for any loss thereof or damage thereto. Seller shall when said property is no longer required by it, but in any event upon completion of this order return same to Buyer in the condition in which the property was received except for reasonable wear and tear and except to the extent that such property has been incorporated in items furnished Buyer pursuant to this order, or has been consumed in normal performance of work under this order. In the event Seller is furnished Government owned property for use in connection with this order, Seller shall establish property control procedures, in accordance with the provisions of the "Manual for Control of Government Property in Possession of Contractors," dated March 1951.
2. PACKING AND SHIPPING – All articles are to be suitably packed or otherwise prepared for shipment so as to secure the lowest transportation rates and to meet carriers' requirements. No charges will be allowed for packing, crating, or carriage, unless stated in the order. Each container must be marked to show order number and a packing sheet. Order number must be included in each package or single unit or LCL shipment or with each carload shipment. Materials sold f.o.b. shipping point must be forwarded collect unless otherwise specified.
3. INVOICES – (a) Payment of Seller's invoice is subject to adjustment for any shortage or for rejection. (b) Individual invoices must be issued for each shipment applying against this order. (c) Freight and other charges must be shown if discount, if any, is not to be taken on full amount of invoice. TOOLING invoices will not be paid until all aspects of purchase order are complied with such as acceptance of samples, forwarding of Tool Sketches, Prints, etc., except when Tooling itself is forwarded.
- 3a. TOOLING – Except as may be otherwise provided on the face of this Order, all tools, dies, jigs and fixtures (herein referred to as "tools") specifically manufactured or procured by vendor or Seller for the performance of this order, whether to the design of the Vendor, Buyer or of a third party, and the cost of which is included in the total contract price appearing or provided for on the face of this Order shall become upon acquisition by Seller the property of the Buyer. Seller shall not, without Buyer's written consent use such tools in the manufacture of any articles for any party other than the Buyer.
4. INSPECTION/REJECTION – All articles are subject to inspection by Buyer and Government at destination. Rejected material will be held at Seller's risk subject to Seller's disposal. Rejected material may under certain circumstances be reworked or otherwise repaired to an acceptable condition by Buyer, at the Seller's expense without notification or permission.
5. CHANGES – Buyer shall have the right to make changes in specifications relating to this order. Upon such change, proper adjustment in the price and in the shipping schedule shall be made. Claim for adjustment shall be made within thirty days.
6. SHIPMENT – Seller shall ship in advance of schedule and except as otherwise specified or consented to by Buyer, shall ship exact quantities ordered unless otherwise negotiated. Seller shall not be liable for delay in shipment due to causes beyond Seller's control and without Seller's fault or negligence provided Seller exercises due diligence in promptly notifying Buyer of conditions which will result in delay.
7. WARRANTIES – The Seller warrants that all articles or materials delivered hereunder shall be free from defects of material or workmanship and that all items furnished will conform to specifications and drawings, and will be fit for the purposes for which such supplies are used. The warranties of the Seller, together with its service warranties and guarantees, if any, shall run to the Buyer and Buyer's customers.
8. PATENT PROTECTION – To the extent the subject articles are not manufactured pursuant to design originated by Buyer, Seller agrees it will save Buyer and or its agents or customers harmless from any loss, damage or liability which may be incurred on account of infringement of United States patent rights with respect to such articles or materials and that it will at its own expense defend any action, suit or claim in which such infringement is alleged with respect to the sale or use of articles or materials delivered hereunder, provided Seller is duly notified as to suits against Buyer, and provided further Seller's indemnity as to use shall not apply to any infringement arising from use in combination with other items where such infringement would not have occurred from the normal use for which the article was designed.
9. TERMINATIONS – (a) The termination article set forth in the Armed Services Procurement Regulations Section 8-706 as effective on the date of this order is incorporated herein by reference. (b) The provisions of this paragraph shall not limit or affect the right of the Buyer to terminate the order for any default of the Seller.
10. COMPLIANCE WITH FEDERAL LAWS – Seller shall comply with all state laws, federal statutes, executive orders and regulations. Seller shall comply with all requirements of the Occupational Safety and Health Act of 1970. Seller agrees to safeguard and comply with all laws and regulations regarding the proper handling and nondisclosure of all secret, confidential or restricted information in connection with work under this order.
11. MANDATORY CONDITIONS REQUIRED BY GOVERNMENT CONTRACTS – (a) AUDIT – Seller's manufacturing plant and books, or such part of any plants as may be used in furnishing the articles ordered will at all times be subject to inspection and audit by any authorized representative of the Department of Defense.  
 (b) EXAMINATION OF RECORDS – Seller agrees that the Comptroller General of the United States or any of the duly authorized representatives shall, until the expiration of three years after final payment under this purchase order, have access to and the right to examine any directly pertinent books, documents, papers and records of Seller involving transactions related to this order. The provisions hereof are inapplicable to any order not exceeding One Thousand (\$1,000.00) Dollars. Seller agrees to include the provisions of this paragraph 11(b) as well as paragraph 11(a) above in all subcontracts released to this order.
- (c) MILITARY SECURITY REQUIREMENTS - (i) The following paragraphs of this clause shall apply only if and to the extent that this order invoices access to matter classified "Top Secret" or "Confidential."  
 (ii) Seller agrees to maintain a system of security controls within organization in accordance with (1) the requirements of the Department of Defense Industrial Security Manual for Safe-guarding Classified Matter dated December 31, 1951, as in effect on date of this order ("Manual"), and which Manual is incorporated by reference and made a part of this order and (2) any amendments to Manual after the date of this order.  
 (iii) The Government will indicate when necessary by classifications ("Top Secret", "Secret" or "Confidential"). The degree of importance to the national defense of information pertaining to supplies, services and other matters to be furnished by Buyer to the Government or the Government to the Buyer, and that the Government will give written notice of such classification to the Buyer and of any subsequent changes thereof. Buyer will advise Seller of any applicable classification. Seller is authorized to rely on any letter or other document signed by Buyer or the contracting officer changing the classification of matter.  
 (iv) Government representatives responsible for inspection of plant security shall have the right to inspect at reasonable intervals procedures, methods and facilities utilized by the Seller in complying this paragraph 11.  
 (v) Seller shall insert in all subcontracts which involve access to classified or confidential matters, provisions which shall conform substantially to the language of this paragraph 11, including this sub paragraph (v).  
 (d) ITAR/BIS – This order is subject to U.S. export and import control laws and regulations. Any item or technical information pertaining to this order shall not be provided to or accessed by a non-U.S. person, entity, foreign country or any Denied Party without the prior written authorization of Buyer or government official.  
 (e) EOE/WORK CONDITIONS – Seller shall comply with all equal employment opportunity obligations of 41CFR 60-1.4(a), 60-300.5(a), 60-741.5(a) and labor law obligations of 29 CFR part 471, appendix A to subpart A. Seller shall comply with requirements of 41 CFR 60-300.5(a) and 60-741.5(a) (prohibiting discrimination against qualified protected veterans and individuals on the basis of disability and requires affirmative action to employ and advance in employment qualified protected persons with disabilities. Seller shall provide a safe and secure working environment and the protection and advancement of basic human rights. Seller shall adopt and enforce these concepts in its operations and in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection.  
 (f) FAR and DFARS CLAUSES: If this order is placed under a U.S. government prime contract or subcontract, the provisions of the FARs and the Department of Defense Supplement to the FAR ("DFARS"), in effect on the date of this Purchase Order, unless otherwise specified, are applicable to and are incorporated by reference into this order (in addition to the above terms and conditions). It is Seller's obligation to request copies of applicable FARs or DFARS from Buyer if FARs or DFARS are not attached to this order. Seller's obligations thereunder are similar to the obligations of Buyer under its government prime contract or subcontract.  
 (g) SPECIALTY METALS – All materials delivered under this order shall comply with DFARS 252.225-7009. Electronic, Electrical, Electro-Mechanical, and Mechanical items and assemblies SHALL NOT HAVE PURE TIN finishes. This applies to component leads/terminations, body, cages, brackets, housings, mechanical items, etc. Hardware (nuts, bolts, screws, etc.) shall not have a pure tin finish unless stated in the drawing or specification.  
 (h) TERMINATION - (a) Default: Buyer may by written notice of default to Seller terminate this order in whole or in part if Seller fails to (i) Deliver the supplies or to perform the work within the time specified in this order or any written extension; (ii) Make progress so as to endanger performance of this order or (iii) Perform any of the other provisions of this order. However, for provisions (ii) and (iii), Buyer's right to terminate may be exercised if Seller does not cure such failure within ten days after receipt of the notice from Buyer specifying failure. In addition to other damages recoverable by Buyer for Seller's default, Seller is liable to Buyer for costs associated with procurement. Seller shall transfer at the sole discretion of Buyer completed supplies, work in process and any tools furnished by Buyer or government. Except for default of subcontractors or suppliers of Seller, Seller shall not be liable for excess costs if the failure to perform the order arises from causes beyond the control and without the fault or negligence of Seller. If after termination for default it is determined that Seller was not in default or that default was excusable, the rights and obligations of Buyer and Seller shall be the same as if termination for convenience. (b) Termination For Convenience: Buyer may terminate work without cause under this order in whole or in part at any time by written notice. Notice shall state extent and effective date of termination, and upon receipt, Seller will, to the extent directed by Buyer, stop work under this order and the any further orders or subcontracts and shall take any necessary action to protect property in Seller's possession in which Buyer or Government has or may acquire an interest. Seller shall submit a final termination settlement proposal pursuant to FAR Part 49 in effect on the order date within six months of termination. If the Government fails to conduct an audit of Seller's books and records, an audit may be conducted by or on behalf of Buyer. Except as specifically provided herein, the rights and obligations of Seller and Company are governed by the termination for convenience of the government clause FAR 52.249-2 except that "Government" or "Contracting Office" shall mean Buyer and "contractor" shall mean Seller unless the context and FAR Part 49 confers rights upon the Government and/or Buyer. Buyer's liability to Seller shall be limited to the extent of Buyer's recovery of compensation from the Government. For completed items, Buyer shall either require delivery of all or part of the completed items and pay the order price, or (without taking delivery) pay Seller the difference between the order price and the market price (if lower) at termination. For uncompleted items, Buyer shall either require Seller to deliver all or part of such supplies at the portion of the order price representing the stage of completion reduced by the higher of market or scrap value of the supplies at that stage of completion.  
 (i) PRICES – Seller warrants that prices for the goods and services ordered are not less favorable than those currently extended to any other customer of Seller for the same or like goods or services (whether in like or smaller quantities), and are otherwise in accordance with all applicable price laws and regulations.
12. INDEMNITY/INSURANCE - Seller hereby indemnifies and holds harmless Buyer from any and all claims actions and demands for injuries or damages to persons or property relating to performance or negotiation of this order. Seller agrees to furnish a certificate from its insurance carriers with adequate workmen's compensation, public liability, automobile liability and property insurance which shall show the coverage, number and expiration.
13. MATERIAL - Seller shall provide Buyer a certificate of compliance on subject material and maintain inspection records on same for a period of Two Years from the date of shipment. Seller shall immediately notify Buyer of any significant design change affecting form, fit or function of any item on order. Seller shall maintain a method for the prevention and reporting of counterfeit or suspect counterfeit parts usage. Seller shall notify Buyer immediately of counterfeit or suspect counterfeit part usage. Seller is subject to source inspection by Buyer or F.A.A. at request of Buyer.
14. Anti-Bribery - Seller must at all times maintain adequate procedures designed to prevent bribery or corruption so as to prevent any person related to this order from engaging in any activity which would constitute an offence under the U.S. Foreign Corrupt Practices Act or any state or federal anti-bribery law. Seller represents that, in connection with this the supply or any good or service to Buyer, no improper financial or other advantage has been, will be or is agreed to be given to any person (whether working for or engaged by Buyer or any third party). Violation of this paragraph 14 is a material default under this order. Seller shall immediately notify Buyer of any suspected activity that may be considered a violation of this paragraph 14. Upon request, Seller shall confirm in writing to Buyer of Seller's continued compliance with the provisions of this paragraph 14.

NOTE: THIS ORDER MAYBE CANCELLED BY BUTLER NATIONAL AT ANY TIME. (JULY 2019)