

BUTLER INC.

PURCHASE ORDER TERMS & QUALITY CLAUSE CONDITIONS

Q01: TERMS

A: Seller shall keep confidential all technical and proprietary information furnished to Seller by Buyer in connection with this order, including blueprints, data, designs, drawings, engineering data for production and any other information furnished to Seller by Buyer in connection with this contract. Seller shall not use such items or information in the design, manufacture, or production of any goods or for any other purchase without the express consent in writing from the Buyer. Seller, including its agents, employees, and representatives will exercise extreme caution to prevent disclosure of such information to third parties. The obligations of this provision shall survive the completion of performance and expiration or termination of this contract.

B: Buyer and authorized representatives of Buyer's customers and / or Regulatory Authorities shall have direct access to all applicable areas of all Seller's and Seller's Subcontractor's facilities (at any level of the supply chain) where work under this order is being performed, to review progress, records and witness testing of the items related to this order. Seller shall include this clause in all of Seller's subcontracted purchase orders.

C: Prior to shipment, Supplier shall notify Butler Inc. if a non-conforming condition exists with the product and obtain approval for nonconforming product disposition.

D: Supplier shall notify Butler Inc. of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval.

E: Supplier shall flow down to the supply chain the applicable requirements including customer requirements.

F: Gauges supplied by Butler Inc. shall be returned with the last shipment on this order. Gauges shall be returned in the same condition as received. Supplier will be responsible for any gauge repair costs if necessary. Gauges must have a current certified calibration sticker when returned to Butler Inc.

G: Quantity variances and / or partial shipments are not permitted unless prior written authorization is received from the buyer.

H: All goods supplied shall be suitably packaged and protected, marked, and shipped in accordance with buyer instructions. In the absence of instruction, Supplier shall contact the Buyer. All supplied goods will be returned to the Supplier for inspection if parts are received damaged.

I: Supplier shall maintain a quality system in accordance with ISO9001 or AS9100 and be compliant with all other terms of the purchase order for manufacture and delivery of product or service as stated.

Q02: CHANGE CONTROL

Supplier shall not implement any changes in design, material or processes without written approval from the Buyer prior to supplying services and/or material. The supplier is also responsible for compliance by sub-contractors.

Q03: CALIBRATION REQUIREMENTS

Supplier shall meet and maintain a calibration system in conformance with ISO 10012-1, ISO 17025 or ANSI Z540-1, and all measuring and test equipment must be traceable to NIST (National Institute of Standards Technology).

Q04: PRIORITY RATING

This is a rated order certified for national defense use. The Supplier and/or their sub-contractors shall follow all the requirements of the Defense Priorities and Allocations System (DPAS) regulation.

Q05: MATERIAL COUNTRY OF ORIGIN

Suppliers are to provide and certify that all metal constituents in the items provided were originated and melted in the United States or a qualifying country. A list of qualifying countries can be found in DFARS 225.872. The DFARS list is maintained by the U.S. Department of Defense and is accessible on the web site http://www.acq.osd.mil/dpap/dars/dfars/html/current/225_8.htm#225.872-1

Q06: CERTIFICATIONS

Q06-1: Certificate of Conformance

Supplier Certification of Conformance is required with this order. A legible and reproducible Certificate of Conformance with statement of quality will accompany each shipment. Certifications must show the part/equipment number, quantity, specification, and revision number, and have a legible printed and signed signature and title of responsible person signing the certification.

Q06-2: Chemical and Physical Test Reports

Each shipment must be accompanied by one (1) legible and reproducible copy of all chemical and physical test reports identifiable with materials ordered. The reports must contain the signature and title of the authorized representative of the agency, must assure conformance to specification requirements and must be traceable to the mill heat or lot number.

Q06-3: Special Processing Certifications

Processing certifications are required for all Sellers providing processing. All certifications must indicate that the process has been performed to drawing requirements. Parts are subject to rejection without correct documentation.

Q06-4: NADCAP Approved Suppliers

Only NADCAP approved suppliers of heat treat, plating and NDT shall be used in processing this order. Qualified NDT personnel shall be certified IAW NAS410.

Q07: INSPECTION RECORDS

Each shipment shall be accompanied by copies of actual quantitative records of inspection, including the nature and number of observations made and traceability to the part number, material or services being provided by the Seller.

Q08: COUNTERFEIT PARTS PREVENTION

Supplier shall acknowledge that all material and parts supplied are genuine and made by the supplier's approved manufacturer. Supplier shall ensure that counterfeit work is not delivered to Butler Inc.

Q09: SOURCE INSPECTION

Q09-1: Government Source Inspection

Government Source Inspection is required and shall be performed at Supplier's facility prior to shipment. As directed by Butler Inc., any in-process inspection is also mandated by this clause. A minimum of 48-hours notice to Butler Inc., prior to inspection, is required when this clause is invoked. Supplier shall provide evidence of Government Source Inspection with each shipment.

Q09-2: Customer Source Inspection

Items or services procured under this order are subject to source inspection at supplier's facility by Butler Inc. or its customer prior to shipment. The seller shall furnish acceptable facilities and equipment necessary to perform inspection at no cost to Butler. Please advise the buyer within three working days in advance of the subject product being available for inspection.

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Q10: RECORD RETENTION

Supplier shall retain all records of this order for a minimum of 10 years, including as applicable, production, processing, calibration, inspection and test. After the required retention period the supplier may disposition the records according to their process.

Q11: EMPLOYEE CONTRIBUTION & ETHICAL BEHAVIOR

Seller shall ensure employee awareness of their contribution to product conformity, product safety and the importance of ethical behavior.

Q12: SUPPLIER PERFORMANCE

Suppliers shall meet the performance requirements required by Butler Inc. If supplier performance is not met the supplier may be required to respond to a SCAR or even removed from Butler's approved supplier list.