



AHLERS AEROSPACE, INC.	QMSD-1011 Purchase Order Terms and Conditions		
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GENERAL: This document, together with any attachments appended hereto constitutes the Terms and Conditions for the Contract between the parties, and acceptance is strictly limited to the terms and conditions contained herein. **Additional or differing terms, conditions or limitations of liability proposed by Seller, whether in a quote, acceptance or delivery document shall have no effect unless accepted in writing by Buyer. In particular, any limitation of liability or disclaimer of warranty is expressly rejected.** Agreement by Seller to furnish the goods or services to these terms and conditions, or Seller's commencement of such performance or acceptance of payment shall constitute acceptance by Seller of these Terms and Conditions.

DEFINITIONS: Words, as employed in this Agreement, shall have their normally accepted meanings. The following terms shall have the described meaning:

- (a) "Buyer" shall mean Ahlers Aerospace, Inc. and/or the entity identified as the Buyer in this Contract.
- (b) "Contract" shall mean the Purchase Order, these General Terms and Conditions, and any special conditions appended hereto or documents incorporated herein.
- (c) "Goods or Services" shall mean those Goods or Services identified in this Contract, which may be changed, from time to time by the mutual written agreement of the parties.
- (d) "Seller" shall mean the party identified as the Seller in this Contract.

CONTRACT "PURCHASE ORDER" ACCEPTANCE: This Purchase Order is an offer by (the "Buyer") for the purchase of the goods (the "Goods") or services (the "Services") specified, from the party to whom the purchase order is addressed (the "Seller") in accordance with and subject to these terms and conditions (the "Terms"); together with the terms and conditions on the face of the Purchase Order, the "Order"). This Order will be deemed accepted by the Seller upon the first of the following to occur: (a) Seller making, signing, or delivering to Buyer any letter, form, or other writing or instrument acknowledging acceptance; (b) any performance by Seller under the Order; or (c) the passage of ten (10) days after Seller's receipt of the Order without written notice to Buyer that Seller does not accept. This Order, together with any documents incorporated herein by reference, constitutes the sole and entire agreement of the parties with respect to the Order and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter of the Order, unless a separate overriding written contract has been entered into and signed by the parties. The Order expressly limits Seller's acceptance to the terms of the Order. These Terms expressly exclude any of Seller's terms and conditions of sale or any other document issued by Seller in connection with this Order.

PRICE AND PAYMENT: The price of the Goods or Services is the price stated on the face of this Contract (the "Price"). Seller shall invoice Buyer for the Contract within thirty (30) days of delivery. Unless otherwise expressly stated herein, invoices dated prior to delivery of Goods or Services will not be accepted. Buyer may withhold any payment due hereunder to such extent as may be necessary to protect Buyer from loss because of circumstances for reasonable doubt that: (a) the Goods will meet the requirements of this Purchase Order, or (b) the Goods will be delivered on the date or dates specified in this Purchase Order. Upon the submission of proper invoices, Buyer shall pay Seller the prices stipulated herein for Goods delivered and accepted, or services rendered and accepted, less deductions, if any. Unless otherwise specified, payments will be made on partial deliveries accepted by Buyer if Buyer, in its sole discretion, determines that the amount due is sufficient to warrant such partial payments, in connection with any discount offered, time will be computed from date of delivery at destination or from the date a correct invoice is received, if the latter date is later than the date of delivery.



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SCHEDULE AND DELIVERY; NOTICE OF DELAY: Seller shall strictly adhere to all Purchase Order schedules. Time is and shall remain of the essence in the performance of this Contract. Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Contract. Such notice shall include a revised schedule and shall not constitute a waiver to Buyer's rights and remedies hereunder.

COMPLIANCE WITH LAWS: (a) Seller shall comply with all applicable provisions of Federal, State, and local laws; ordinances and all lawful orders; rules, regulations, FAA, DOT and other transportation regulations and Hazard Communication Standards promulgated pursuant to the Occupational Health and Safety Act. (b) Seller shall control the dissemination of and access to technical data, information and other items received under this Contract in accordance with U.S. export control laws and regulations. FAR 52.219-9 provides for the issuance of penalties and remedies for those businesses that misrepresent their business status as a small business for the purpose of obtaining a contract.

CODE OF ETHICS AND BUSINESS CONDUCT: By the acceptance of this Purchase Order, Seller represents that it has not participated in any conduct in connection with this Purchase Order that violates the Buyer's Codes of Business Conduct, Ethics and/or contravenes the fundamental Business Core Values, or alternatively, equivalent Business Code of Ethics of Seller. If, at any time, Buyer determines that Seller is in violation of the applicable Code of Ethics and Business Conduct, Buyer may cancel this Purchase Order upon written notice to Seller and Buyer shall have no further obligation to Seller.

CONFIDENTIAL AND PROPRIETARY INFORMATION; RIGHTS AND OWNERSHIP: The Buyer agrees, as does the Seller, to adhere to normal confidentiality and secrecy standards and practices with respect to all information received from each other except information which (a) at the time of its disclosure is in the public domain, (b) after disclosure becomes part of the public domain by publication or otherwise through no fault of the party bound to keep such information confidential, (c) which either the Buyer or Seller can show was in its possession at the time of disclosure or received by such party after disclosure from the third party who did not require the Buyer or Seller to hold it in confidence and did not acquire it from the other party under an obligation of secrecy. Upon termination, each party will return all written information and software received under the Agreement from the other. The parties agree to maintain the confidentiality of all such information and take all appropriate measures to do so such as, but not limited to, informing all persons having access to such information of its confidential nature.

INTELLECTUAL PROPERTY WARRANTY: Seller warrants that the sale, offering for sale, use, or incorporation into manufactured goods and Materials (including software) of all machines, parts, components, services, devices, material, and rights furnished or licensed hereunder which are not of Buyer's design, composition, or manufacture does not and will not infringe any valid patent, copyright, trade mark, or other proprietary or intellectual property rights.

FORCE MAJEURE: The following events, and only the following events, shall constitute force majeure under this Contract: (a) acts of God or of a public enemy; (b) acts of Government; (c) fires; (d) floods; (e) epidemics; (f) quarantine restrictions; (g) strikes; (h) freight embargoes; and, (i) unusually severe weather. In each case, the failure to perform must be entirely beyond the control and without the fault or negligence of the Seller. Each party shall give the other immediate notice of any event that such party claims is a *Force Majeure* Condition that would prevent the party from performing its obligations hereunder, and of the cessation of the condition. A party's notice under this Section shall include the party's good faith estimate of the likely duration of the *Force Majeure* Condition.



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CANCELLATION BY BUYER: (a) Cancellation due to causes beyond Buyer's control. Buyer may cancel this order in whole or in part or defer acceptance of any Goods purchased hereunder in the event of a shutdown of its plant or a substantial reduction in the operation of said plant due to strikes, floods, riots, accidents, acts or failures to act of any governmental entity or of Seller, major equipment breakdowns, or any other causes whatsoever, whether similar or dissimilar to those set forth above, provided that any such cause was beyond the reasonable control of Buyer. In the event of such a cancellation or deferral, Buyer shall pay to Seller, as Seller's sole and exclusive remedy, a reasonable cancellation or deferral charge, which charge shall in no event exceed the actual damages incurred by Seller as a direct result of the cancellation or deferral.

(b) Cancellation for convenience of Buyer. Buyer also reserves the right to cancel this order in whole or in part at any time, for its convenience, by written notice to Seller, immediately upon receipt of notice of such cancellation. Seller shall stop all performance hereunder except as otherwise directed by Buyer. If Seller is not in default of any of its obligations hereunder at the time of such termination, Buyer shall pay to Seller as its sole and exclusive remedy, an amount equal to those reasonable and documented costs incurred by Seller prior to termination. Provided, however, that the above amount plus any prior payments shall in no event exceed the purchase price of the Goods. All Goods completed or partially completed prior to termination shall become the property of Buyer, or at Buyer's option, the salvage value of the Goods may be deducted from the amount due Seller by reason of the termination.

RELEASE OF INFORMATION: Seller shall not publish any information developed under this Contract, nor disclose, confirm, or deny any details about the existence or subject matter of this Contract, or use Buyer's name in connection with Seller's sales promotion or publicity without prior written approval of the Buyer.

ASSIGNMENTS AND SUBCONTRACTING: No part of this order or payments to be made by Buyer may be assigned or subcontracted without prior written approval of the Buyer. Such approval shall not relieve Seller of any of its obligations under this contract, or otherwise, and it shall remain fully responsible for compliance with all the terms and conditions.

NOTIFICATIONS: Seller agrees to immediately notify Buyer of any actual or possible safety or inherent problems with goods or services furnished by it. Seller also agree to give Buyer reasonable advance notice of potential material shortages, labor disputes, insolvency or other matters that may delay or interfere with its performance. All notices, consents, claims, demands, waivers and communications hereunder (a "Notice") shall be in writing and addressed to the parties at the addresses set forth on the face of this Contract or to such other address that may be designated by the receiving party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (all fees pre-paid), facsimile (with confirmation of transmission) or certified or registered mail (return receipt requested, postage prepaid). A Notice is effective only upon receipt of the receiving party, and if the party giving the Notice has complied with the requirements of this Section.

GOVERNING LAW AND VENUE: All matters arising out of or relating to this Contract shall be governed by and construed in accordance with the internal laws of the state, province or territory identified in the address for the Buyer on the Contract, excluding its choice or conflict of law rules. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the federal and/or state, provincial or territorial courts in the state, province or territory identified in the address for the Buyer on the Contract and the courts of appeal from them.



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SEVERABILITY: If any term or provision of this Contract is found invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term of this Contract or invalidate or render unenforceable such term in any other jurisdiction.

INDEMNIFICATION: (a) Seller shall indemnify, hold harmless, and at Buyer's request, defend Buyer, its officers, directors, customers, agents and employees, against all claims, liabilities, damages, losses and expenses, including attorneys' fees and cost of suit arising out of or in any way connected with the Goods or Services provided under this Agreement, including, without limitation:

- (i) the breach of any warranty contained herein;
 - (ii) any claim based on the death or bodily injury to any person, destruction or damage to property, or contamination of the environment and any associated clean-up or residual contamination costs-of any form;
 - (iii) Seller failing to satisfy the Internal Revenue Service's guidelines for an independent contractor; (iv) any claim based on the negligence, omissions or willful misconduct of Seller or any of Seller's agents, subcontractors, employees or anyone acting on behalf of Seller; and,
 - (v) any claim by a third party against Buyer alleging that the Goods or Services (including but not limited to software), the results of such Services, or any other products or processes provided under this Agreement, infringe a patent, copyright, trademark, trade secret or other proprietary right of a third party, whether such are provided alone or in combination with other products, software or processes. Seller shall not settle any such suit or claim without Buyer's prior written approval. Seller agrees to pay or reimburse all costs that may be incurred by Buyer in enforcing this indemnity, including attorneys' fees.
- (b) Should Buyer's use, or use by its distributors, subcontractors or customers, of any Goods or Services purchased from Seller be enjoined, be threatened by injunction, or be the subject of any legal proceeding, Seller shall, at its sole cost and expense, either:: (i) substitute fully equivalent non-infringing Goods or Services; (ii) modify the Goods or Services so that they no longer infringe but remain fully equivalent in functionality; (iii) obtain for Buyer, its distributors, subcontractors or customers the right to continue using the Goods or Services; or, (iv) if none of the foregoing is possible, refund all amounts paid for the infringing Goods or Services.
- (c) Seller shall without limitation as to time, defend, indemnify and hold Buyer harmless from all liens which may be asserted against property covered hereunder, including without limitation mechanic's liens or claims arising under Worker's Compensation or Occupational Disease laws and from all claims for injury to persons or property arising out of or related to such property unless the same are caused solely and directly by Buyer's negligence.

CHANGES (Includes Change Orders): (a) By written order, Buyer may from time to time direct changes for: (i) technical requirements; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities, delivery schedules or both; (v) amount of Buyer-furnished property; (vi) time of performance; and, (vii) place of performance.

(b) If any such change causes an increase or decrease in the price or in the time required for its performance, Seller shall promptly notify Buyer thereof and assert its claim for equitable adjustment within thirty (30) days after the change is ordered, and an equitable adjustment shall be made. However, nothing in this provision shall excuse Seller from proceeding immediately with the directed change(s). Changes shall not be binding upon Buyer except when specifically confirmed in a written Purchase Order or Change Order.

COMMUNICATION WITH BUYER'S CUSTOMER: Buyer shall be solely responsible for any and all communication with Buyer's customer regarding this or any related contract.



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SURVIVAL: All of the provisions of this Contract shall survive the termination (whether for convenience or default), suspension or completion of this Contract unless they are clearly intended to apply only during the term of this Contract.

AUDIT RIGHTS: Buyer reserves the right to audit Seller's records to assure compliance with the terms of this Contract, Seller shall make available all data reasonably requested by Buyer. When Buyer's customer and/or a Federal Agency-U.S. Government representative would possibly need to be involved in the Auditing activities the Seller would be notified in advance, either during Seller contract assignment process and/or within reasonable time conditions-after contract acceptance and prior to shipment for making visit arrangements.

INSPECTION AND ACCEPTANCE: If this Purchase Order involves manufacture of the Goods, Seller shall provide all shop inspection required and corresponding quality inspection reports to insure compliance with this order. Seller shall keep and maintain inspection, test and related records, which shall be available to Buyer or Buyer's representative. Seller shall allow copies to be made and shall furnish all information required by the Buyer or Buyer's representative. Buyer shall have the right at all reasonable times to inspect and test all work in process. Neither the presence nor the absence of an inspector or other personnel of Buyer in Seller's facility shall relieve Seller of any requirements of this Purchase Order. Subject to applicable national security regulations, Buyer and Buyer's representatives shall have the right of access, on a non-interference basis, to any area of Seller's or Seller's supply chain sub-tier premises where any part of the work is being performed. Seller shall flow this requirement down to its sub-tier supply chain suppliers as a condition of this contract. Seller shall, without additional costs to Buyer, provide all reasonable in-plant accommodations, facilities, and assistance for the safety and convenience of the Buyer and the Buyer's representatives in the performance of their duties. Seller may request from Buyer, at the Seller's discretion, to submit periodic (as determined between Buyer and Seller) status reports and engineering production status reports if Buyer so specifies herein. Notwithstanding any prior inspection, the passage of title or any payments hereunder, all Goods furnished hereunder are subject to final inspection and acceptance by Buyer either prior to or upon delivery

REJECTION: If Seller delivers nonconforming Goods or Services, Buyer may, at its option and Seller's expense: (i) return the goods for refund or credit; (ii) require Seller to promptly correct or replace the Goods or Services; (iii) correct the nonconformance; or, (iv) obtain conforming Goods or Services from another source. Buyer shall specify the reason for any return or rejection of nonconforming Goods or Services and/or shall describe the action taken as described in the Buyers established written Nonconformance and/or Inspection Report/s, Corrective Action Report, or other forms of documented "Claims of nonconformance" or a combination thereof. Seller shall be liable for any increase in costs, including procurement costs, attributable to Buyer's rejection of the nonconforming Goods or Services.

CERTIFICATION OF COMPLIANCE: The Seller shall retain the Certificate of Compliance (C of C) on file for each shipment for a period of ten (10) years unless otherwise negotiated with Buyer. The exception shall be perishable (limited shelf life) and raw materials whereby a C of C is required with each shipment. The C of C shall identify the purchase order number, quantity shipped, cure date (for rubber products), and the signature and title of a responsible company representative. The C of C automatically attests that all material is inspected/tested to an official quality system standard, accepted by the seller and meets all purchase order requirements. The Seller is required to provide a current copy of their Quality Manual and C of C upon request. All Distributors/Brokers shall send manufacturers certifications when available.



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QUALITY ASSURANCE: In accordance with the specific requirements of this Order, Seller shall maintain a quality system acceptable to Buyer covering the Products herein. Quality records shall be kept complete and available to Buyer for a period of ten (10) years, or longer as defined on the related purchase order.

PACKAGING AND SHIPPING: Seller shall prepare and package the goods to prevent damage or deterioration and shall use best commercial practice for packing and packaging of items to be delivered under this Contract, unless otherwise specified in the Purchase Order. Delivery shall be made in accordance with the Terms of this Order. The Order number must appear on all documents pertaining to the Order, invoices, packing lists, correspondence, and all shipping documents. Seller shall not substitute material or ship more than the quantity ordered unless agreed to in writing by the Buyer prior to shipment. Supplier shall be solely responsible for and pay, all costs of delivering the Goods to the delivery location, including, without limitation, all shipping and freight costs and all duties, fees, tariffs or similar analogous taxes on imports/exports of the Goods (“Customs Duties”). Supplier will take all reasonable steps to minimize Customs Duties costs.

FOD (FOREIGN OBJECT DAMAGE): Where appropriate based on the product and/or process, a FOD prevention program (ref. NAS-412 or equivalent) shall be implemented and maintained by the Seller.

HAZARDOUS MATERIALS: Seller shall notify Buyer if any of the goods contain material hazardous or injurious to the health or physical safety of persons, even though such hazard or injury may only occur due to mishandling or misuse of the goods. In addition, Seller shall provide to Buyer with each delivery of goods a Material Data Safety Sheet meeting the requirements of applicable laws and regulations.

COUNTERFEIT PARTS:

If suspect/counterfeit parts are furnished under this purchase order and are found in any of the goods delivered hereunder, such items will be impounded by Buyer. The Seller shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer and the Seller shall be liable for all costs relating to the removal and replacement of said parts. Buyer reserves all contractual rights and remedies to address grievances and detrimental impacts caused by suspect/counterfeit parts.

INDEPENDENT CONTRACTOR STATUS: Nothing in the Agreement is intended to create any association, partnership, joint venture or other relationship between the parties. The Seller shall not be responsible for any intended use of the Product unless disclosed in writing at time of purchase.

EMPLOYEE AWARENESS: Suppliers shall insure that persons under their control are aware of (i.) their contribution to product or service conformity (ii.) their contribution to product safety (iii.) the importance of ethical behavior.

MISCELLANEOUS: Seller shall not assign, transfer, delegate or subcontract any of its rights or obligations under the Order without Buyer’s prior written consent. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment shall relieve the Seller of any of its obligations hereunder. No modification, alteration or amendment of the Order shall be binding unless agreed to in writing and signed by Buyer. No waiver by any party of any of the provisions of the Order shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from the Order by Buyer shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or privilege hereunder preclude any other exercise of any additional right, remedy, or privilege.



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GOVERNMENT CONTRACTS: (Only applies for USG Contractual requirements) DO NOT USE THIS PAGE IF ORDER DOES NOT APPLY TO FARs/DFARs

For Contracts placed in support of and charged to a U.S. Government Contract:

- (i) the appendices to the contract will include a list or lists of clauses set forth in the Federal Acquisition Regulation (FAR) or the Defense Federal Acquisition Regulation Supplement (DFARS);
- (ii) such appended FAR and DFARS clauses are incorporated by reference as if set forth at length herein.

“FAR/DFAR PROVISIONS/CLAUSES” - REQUIRED GOVERNMENT CLAUSES:

The seller is required to comply with the following government clauses:

FARS ref; <https://www.acquisition.gov/?q=/browsefar>

DFARS ref: http://www.acq.osd.mil/dpap/dars/about_dfarspgi.html

SAMPLES ONLY-use as applicable per our Customer’s FAR/DFAR requirements, if none omit this section.

1. Federal Acquisition Regulations (FAR)

FAR 52.203-16 Preventing Personal Conflicts of Interest

FAR 52.219-9 Small Business Subcontracting Plan

FAR 52.222-26 Equal Opportunity

FAR 52.222.35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans

FAR 52.222-36 Affirmative Action for Workers With Disabilities

FAR 52.223-3 Hazardous Material Identification and Material Safety Data

FAR 52.225-8 Duty-Free Entry

FAR Part 11 Subpart 11.6 ‘Priorities and Allocations’

FAR Supplement 252.227-7013 clause applies to this order.

FAR 52.227-1 Authorization and Consent-Alternate I

FAR 52.243-7 Notification of Changes (under paragraph b, the notification period is fifteen (15) days, under paragraph d, the response time is forty-five (45) days).

2. DoD FAR Supplement

252.204-7000 Disclosure of Information

252.209-7004 Subcontracting With Firms That Are Owned Or Controlled By The Government Of A Terrorist Country

252.226-7001 Utilization Of Indian Organizations And Indian-Owned Economic Enterprises-DOD Contracts

252.234-7001 Earned Value Management System

(under paragraph (f) subcontractors selected for application of EVMS: .The Boeing Company and Raytheon Company and the BMC2 contractor.)

252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals

3. Air Force FAR Supplement

5352.223-9000 Elimination Of Use Of Class I Ozone Depleting Substances (ODS)



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Change Record			
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1.0	10/05/2015	Release per ECO 8061	E2
2.0	11/05/2015	Change per ECO 8076	E2
A	05/08/2017	Release per ECO 8385	S.S.
B	02/04/2019	Change per ECO 8676	