

C64ES---Effective November 1, 1998
TERMS AND CONDITIONS OF PURCHASE
BASIC TERMS AND CONDITIONS GE AIRCRAFT ENGINE SERVICES LTD.

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BASIC TERMS AND CONDITIONS

1. Definitions: As used throughout this order, the following terms shall have the meanings set forth below.
 - A) "PURCHASER" means the party designated as Purchaser on the face of the order.
 - B) "GOVERNMENT" means the United States of America or any department or agency thereof.
 - C) "PRIME CONTRACT" means a contract which is defined by a government contract number in the schedule of this order and under which this order is made.
 - D) "CONTRACTING OFFICER" means any officer or civilian employee of the government who is properly designated and duly authorized to act as a contracting officer for the prime contract(s) under which this order is made. The term includes the authorized representative of a contracting officer acting within the limits of his authority. The address of the contracting officer will be furnished upon request.
 - E) "SELLER" means the individual, partnership, company, or other organizations contracting to perform the work hereunder; synonymous with "supplier," "subcontractor," and "offeror."
 - F) "SUBCONTRACT," unless provided otherwise in this order, means all contracts placed by the Seller or subcontracted for the specific purpose of performing any portion of the work under this order, and includes but is not limited to purchase orders and changes, or modifications thereto.
 - G) "CONTRACT" means these conditions and any order for goods made subject to them.H) "CAA" means The Civil Aviation Authority.
 - I) "JAA" means The Joint Airworthiness Authority.
 - J) "FAR" means the Federal Acquisition Regulations.
 - K) "FAR SUPPLEMENT" means authorized supplements to the FAR, including DOD FAR Supplement (DFARS).

2. TERMS AND CONDITIONS: Only the terms and conditions set forth in this order shall be binding upon Purchaser. Terms and conditions contained in any acknowledgment of this order, or with delivery of any goods under this order, which are different from or in addition to the terms and conditions of this order shall not be binding on Purchaser, whether or not they would materially alter this order, and are hereby excluded. Either Seller's written acknowledgment or Seller's full or partial performance under this order will constitute acceptance of all terms and conditions contained herein.

In the event of any inconsistency between these terms and any term contained in any order, the latter shall prevail.

3. RESERVED.

4. PACKAGING REQUIREMENTS: No additional charges for carriage and packaging will be allowed. Seller shall be responsible for packing and packaging necessary to withstand transportation hazards and for preparing shipments in accordance with the instructions furnished by Purchaser. Packaging requirements for shipments on commercial bills of lading must meet commercial standards and accepted best practices of the industry with full protection of material to ultimate destination and must conform to governing classifications. If the Seller is directed to ship to the U.S. Government, then the Seller must comply with applicable military packaging specifications, which will be supplied by Purchaser. The use of expanded polystyrene (foam peanuts) is prohibited.

NOTE: SHELF LIFE AND SPECIAL STORAGE REQUIREMENTS MUST BE CLEARLY IDENTIFIED ON ALL PACKAGING AND CONTAINERS.

5. DELIVERY:
 - A) The goods covered by this order shall be delivered to the address stated in the order during Purchaser's usual business hours.
 - B) Where the date of delivery of the goods covered by this order is to be specified after the placing of the order Seller shall give Purchaser reasonable notice of the specified date.
 - C) Purchaser may (without prejudice to any other of its rights under this contract or at law) serve a written notice requiring time for delivery of the goods to be of the essence.
 - D) A packing note quoting the number of the order must accompany each delivery or consignment of the goods and must be displayed prominently.
 - E) If the goods are to be delivered by installments the contract is to be treated as a single contract and not several.

F) Purchaser shall be entitled to reject any goods delivered which are not in accordance with the contract and shall not be deemed to have accepted any goods until Purchaser has had a reasonable time to inspect them following delivery or, if later, within a reasonable time after any latent defect in the goods has become apparent.

G) Seller shall supply Purchaser in good time with any instructions or other information required to enable Purchaser to accept delivery of the goods.

H) Purchaser shall not be obliged to return to Seller any packaging or packing materials for the goods, whether or not any goods are accepted by Purchaser.

I) Purchaser shall be named as the importer and exporter of record in the United Kingdom and Seller shall be named as the importer and exporter of record in its own country where Seller is situated overseas.

J) Any costs associated with the transportation of the goods between the parties pursuant to this contract shall be borne by Seller unless otherwise agreed.

K) Risk of damage to or loss of the goods shall pass to Purchaser upon delivery to Purchaser in accordance with this contract.

L) The property in the goods shall pass to Purchaser upon delivery unless payment for the goods is made prior to delivery when it shall pass to Purchaser once payment has been made.

M) Seller shall keep the goods insured at its own cost against all insured risks until such time as the goods are delivered to Purchaser in accordance with the terms of the order.

N) Seller and/or Seller's shipping agent shall provide and retain documentation which shall prove to the satisfaction of the HM Customs & Excise (or any other governmental department or agency) the import or export to or from the United Kingdom of the goods so that the price for the goods payable to Seller pursuant to this contract may be relieved of United Kingdom Value Added Tax. Should such documentation not be provided, Purchaser shall invoice and Seller shall pay any such United Kingdom Value Added Tax incurred by Purchaser.

6. ANTICIPATION OF DELIVERY SCHEDULE: Unless otherwise agreed in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet the stated delivery schedule.

7. DELAY AND DEFAULT: In the event Seller for any reason anticipates any difficulty in complying with the required delivery date, or in meeting any of the other requirements of this order, Seller shall promptly notify Purchaser in writing. In the event of non-delivery, breach, etc. by Seller, Purchaser will have the right (without prejudice to any other right it may have) to reject the goods and/or to cancel the order. Seller will notify Purchaser as soon as Seller learns of any change in ownership or control of Seller. If, despite the objections of Purchaser, the change shall occur, Purchaser will have the unilateral right to terminate this contract without prejudice to any other rights and remedies which may have accrued or will accrue under this contract. In the event of any such termination, Seller agrees to render full cooperation to Purchaser in order to minimize disruption to the Purchaser's program. In lieu of termination, Purchaser may require Seller to provide adequate assurance of performance, including, but not limited to, the institution of special controls regarding the protection of Purchaser's proprietary information.

8. PURCHASER'S PROPERTY:

A) All tools, tool drawings, materials, drawings, computer software, documents or data of every description in whatever media furnished to Seller by Purchaser or specifically paid for in whole or in part by Purchaser, and any replacement thereof, or any materials affixed or attached thereto, shall be and remain the personal property of Purchaser, and, unless otherwise agreed to in writing by Purchaser, shall be used by Seller solely to render services or provide products to Purchaser. Such property, and whenever reasonably practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as being the property of Purchaser, and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for Purchaser's property and shall not use such property except in fulfilling Purchaser's orders. Such property while in Seller's custody or control shall be held at Seller's risk and shall be insured by Seller for replacement cost with loss payable to Purchaser. Such property shall be subject to removal at Purchaser's written request, in which event Seller shall prepare such property for shipment and shall deliver it as directed by Purchaser in the same condition as originally received by Seller, reasonable wear and tear excepted, all at Seller's expense. The foregoing shall not be deemed to affect the rights, if any, of the government in any such property or to grant any rights to Purchaser in conflict with DFARS 252.227-7013, Rights in Technical Data Noncommercial Items, DFARS 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software documentation, or DFARS 52.27-7015 Technical Data-commercial Items.

B) Purchaser hereby grants Seller a license to use the drawings, specifications, computer software, and other data (hereinafter collectively referred to as "data") furnished or paid for by Purchaser hereunder for the sole purpose of performing this order for Purchaser. All data is the property of Purchaser and shall not be used, disclosed to others or

reproduced for any purpose, including, but not limited to, the design, manufacture or repair of parts or to obtain CAA, JAA or FAA (as the case may be) or other government approval to do so; provided; however, Seller may provide data furnished or paid for by Purchaser hereunder to Seller's contractors for the sole purpose of enabling Seller's contractors to assist Seller in performing this order for Purchaser and on condition that Seller's contractors agree in writing for Purchaser's benefit to the terms of paragraphs 8 and 10 hereof and Seller notifies Purchaser of the parties to whom data is furnished. This license is nonassignable, and this license is terminable with or without cause by Purchaser at any time. All data furnished or paid for by Purchaser shall be deemed to be proprietary property to Purchaser, whether or not it is marked with any restrictive legend.

C) If data is disclosed to Seller by Purchaser pursuant to a proprietary information agreement, the provisions of the proprietary information agreement will take precedence over any conflicting provisions of this order unless provided otherwise in the proprietary information agreement.

D) Purchaser together with its agents and representatives shall have the right to audit all pertinent books, accounts and records of Seller, and to make reasonable inspections of Seller's facilities upon the provision of reasonable notice in order to verify compliance with Section 8B above.

9. **CHANGES:** Purchaser at any time prior to delivery shall have the right to make changes in the quantities, specifications or delivery schedule. Any such change which has a significant impact shall entitle either Seller or Purchaser to an equitable adjustment in price. However, no additional charge will be allowed unless authorized by Purchaser's written amendment to this order.

Information, such as technical direction or guidance provided to Seller by representatives of the Purchaser in connection with the Seller's performance of this order, shall not be construed either as a change within the meaning of this provision or as direction to proceed outside the scope of this order.

If Seller considers that the conduct of any of Purchaser's employees has constituted a change hereunder, Seller shall notify Purchaser immediately in writing as to the nature of the change and its effect on Seller's performance including delivery schedule and the amount to be paid to Seller.

In any event, the maximum liability of the Purchaser for obsolescence, scrappage, and/or rework resulting from any change shall be limited to the value of the materials and parts in process at the time of the change, to the extent that such parts are within Seller's normal manufacturing cycle required to meet the established delivery schedule.

Nothing in this clause, including any disagreement with Purchaser as to the equitable adjustment to be made to the price, shall excuse Seller from proceeding with the order as changed.

10. **SELLER'S INFORMATION:** Notwithstanding any document marking to the contrary, any knowledge or information which Seller shall have disclosed or may hereafter disclose to Purchaser incident to the placing and filling of this order shall not, unless otherwise specifically agreed upon in a written proprietary information agreement between the parties, be deemed to be confidential or proprietary information and accordingly Purchaser shall not be liable for any use or disclosure thereof (other than liability which may result from a claim by Seller for patent infringement by Purchaser).

11. Reserved.

12. **SET-OFF:** Purchaser shall be entitled to set off any amount owing from Seller to the Purchaser arising under any contract whatsoever against any amount payable under this order.

13. **WORK ON PURCHASER'S OR ITS CUSTOMER'S PREMISES:** If Seller's work under this order involves operations by Seller on the premises of Purchaser or one of its customers, Seller shall comply with all of Purchaser's safety and security procedures and shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work, and except to the extent that any such injury is due to Purchaser's or its customer's negligence, as the case may be, shall indemnify Purchaser against all losses and costs which may result in any way from any act or omission of the Seller, its agents, employees, or subcontractors, and Seller shall maintain such public liability, property damage and employees liability and compensation insurance as will protect Purchaser from said risks and from any claims howsoever arising.

14. **INSPECTION:** All goods (which term throughout this order includes, without limitation, raw materials, components, intermediate assemblies, and end products) or services including, but not limited to, engineering and design/development

work, shall comply with all applicable specifications and shall be subject to inspection and test by the Purchaser and its customer at all times and places, including the period of manufacture.

If any inspection or test is made on the premises of Seller or its supplier, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and tests on the premises of Seller or its supplier shall be performed in such a manner as not to unduly delay the work.

Failure to inspect and accept or reject goods or services shall neither relieve Seller from responsibility for such goods or services as are not in accordance with the order requirements nor impose liabilities on Purchaser therefor. The inspection or test of any item by Purchaser shall not relieve Seller from any responsibility regarding defects or other failures to meet order requirements which may be discovered subsequently.

For engine components and other ancillary components, Seller shall provide and maintain quality control, inspection, and process control systems acceptable to Purchaser and its customer in accordance with Purchaser's then current supplier quality product requirements, as applicable. Records of all inspection work by Seller shall be kept complete and available to Purchaser and its customer.

15. RECORD RETENTION REQUIREMENTS: Seller shall maintain for four (4) years purchase order files for supplies, equipment, material, or services including supporting documentation and back-up files including, but not limited to, invoices and memoranda, e.g., memoranda of negotiations showing the principal elements of price negotiations. Product acceptance records, including inspection records, material certifications, and acceptance test records, shall be retained in accordance with FAR subpart 4.7 and Purchaser's then current supplier quality specification requirements.

16. SALES TAX: All sums payable under this order shall be exclusive of VAT or other sales tax which shall (if applicable) be payable in addition to the Purchaser.

Purchaser may have authority to purchase tangible personal property without payment of tax at the time of purchase. If so, Purchaser shall advise Seller in writing and Purchaser agrees to maintain adequate records of all purchases and pay tax on all taxable items directly to the appropriate tax agency.

17. RELEASE OF INFORMATION: No public release of information regarding this order shall be made without the prior written approval of Purchaser and only upon such terms as Purchaser in its sole discretion directs.

18. PARTS COMPLIANCE AND MATERIALS TEST CERTIFICATION & QUALITY:

A) By acceptance of this order, Seller certifies that, except as specifically reported by Seller to Purchaser in accordance with Purchaser's reporting requirements, goods supplied shall conform to all requirements of this order, including referenced specifications in effect as of the date of order placement or a modified pursuant to clause 9 above, and that objective quality evidence (as hereafter defined) of conformance with quality specifications required by this order is on file and available for examination by Purchaser. For purposes of this clause 18A, "objective quality evidence" shall mean any statement of fact pertaining to the quality of a product or service based on observations, measurements or tests which can be fully verified. Evidence must be expressed in terms of specific quality requirements or characteristics. These characteristics are identified in (without limitation) drawings, specifications, and other documents which describe the item, process, or procedure.

B) Seller warrants to Purchaser that the goods supplied pursuant to this order:

- (i) will be of satisfactory quality (within the meaning of the Sale of Goods Act 1979, as amended) and fit for any purpose held out by Seller or made known to Seller at the time the order is placed;
- (ii) will be free from defects in design, material and workmanship;
- (iii) will correspond with any relevant specification or sample; and
- (iv) will comply with all statutory requirements and regulations relating to the sale of the particular goods.

C) Without prejudice to any other remedy, if any goods supplied pursuant to this order are not supplied in accordance with this contract then Purchaser shall be entitled:

- (i) to require Seller to repair the goods or to supply replacement goods in accordance with the contract within 7 days; or

- (ii) at Purchaser's sole option (and whether or not Purchaser has previously required Seller to repair the goods or to supply and replace goods) to treat the contract as discharged by Seller's breach and require the repayment of any moneys which Purchaser may have paid.

D) Seller shall indemnify Purchaser for and against all liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by Purchaser as a result or in connection with:

- (i) breach of any warranty given by Seller in relation to the goods;
- (ii) any claims that the goods infringe or that importation use or resale infringes the patent, copyright, design right, trade mark or other intellectual property rights of any other person except to the extent that the claim arises from compliance with any specification supplied by Purchaser;
- (iii) any liability under the Consumer Protection Act 1987 (or any other subsequent or relevant legislation) in respect of the goods; and
- (iv) any act or omission of Seller or its employees, agents or sub-contractors in supplying, delivering and installing the goods.

19. Reserved.

20. INTELLECTUAL PROPERTY RIGHTS INDEMNITY:

A) Seller shall indemnify and hold Purchaser and its customers harmless from and against any expenses or liability (including costs and damages) arising out of any claim, action or proceeding that any Intellectual Property (as hereinafter defined) in and to any goods ordered pursuant to this contract infringes the right of any third party. Seller may (at Purchaser's option) procure for Purchaser and its customers the right to continue using the said infringing goods and Intellectual Property, or modify them in a manner acceptable in the sole opinion of Purchaser so that they become non-infringing or with the written consent of Purchaser remove said goods and refund the purchase price.

B) For the purpose of this clause 20, Intellectual Property shall mean any patent, know-how, trademark, copyright, design right or other intellectual property rights whether registered or otherwise which exist in relation to goods ordered in accordance with this contract.

21. TERMS OF SETTLEMENT: For purchase orders with net payment terms, invoices will be paid 45 days from the delivery date. For purchase orders with discount terms, invoices will be paid 15 days from the delivery date. Invoices for services will be paid 45 days from the date of the Seller's invoice.. Where discount terms have not been negotiated as part of the purchase order but are offered on invoices, Purchaser may elect to take advantage of the discount.

Funding for invoices subject to cash discounts may be provided by General Electric Capital Corporation ("GE Capital") . If provided, (1) title to the goods shall pass directly to GE Capital consistent with section 5 above, (2) once title to the goods has passed to GE Capital, GE Capital will immediately and directly transfer title to Purchaser, and (3) any and all of the obligations, including representations and warranties, supplier has provided with respect to the goods and/or services shall be retained by Purchaser and Purchaser may rely upon the same.

22. EXPORT AND INTERNATIONAL TRAFFIC-IN-ARMS REGULATIONS:

A) Seller agrees to comply with all export regulations and the international traffic-in-arms regulations (ITAR) including, but not limited to, Parts 122 entitled "Registration of Manufacturer and Exporter" and 130 entitled "Political Contributions, Fees and Commissions."

B) With respect to defense articles and services furnished hereunder, Seller certifies that it has not paid, offered or agreed to pay, and agrees that it shall not pay, offer or agree to pay, for the purpose of soliciting, promoting or otherwise to secure the sale of defense articles and services to or for the use of the armed forces of an international organization or non-U.S. country, any (i) fees or commissions in excess of \$1,000 or (ii) political contribution (including any gift, rebate or payment of expenses) to a non-U.S. person or entity.

23. ENVIRONMENTAL MATTERS:

A) HAZARDOUS SUBSTANCES. Seller warrants that except as specified on the face of the order, none of the chemical substances constituting or contained in the product(s) sold or otherwise transferred to Purchaser under this order are hazardous substances as defined in the Chemicals (Hazards Information and Packaging for Supply) Regulations 1994 and any other regulation from time to time in force., and Seller agrees to supply Purchaser with any and all required material data safety sheets.

B) ASBESTOS. Seller agrees to provide products which are free of asbestos unless Seller has notified Purchaser in advance and has obtained Purchaser's prior written consent to the use of asbestos. Seller agrees to include this clause in any subcontracts issued hereunder. If Seller intends to rely upon any drawing which requires or permits the use of asbestos, written notice to, and approval by, the Purchaser must be obtained prior to such use.

C) USE OF CADMIUM. Unless specifically defined as a requirement by Purchaser engineering drawings or specifications, the use of cadmium plating or nickel cadmium plating is strictly prohibited in the manufacture of this product. The use of cadmium plating or nickel cadmium plating is strictly prohibited on all tooling, fixturing, and test equipment that is used for manufacturing, assembly, test, or material handling of the product unless Seller has notified Purchaser in advance and has obtained its prior written consent to such use. Approval shall not be granted where there is a potential for Seller's product to come into contact with titanium containing items.

D) OZONE DEPLETING SUBSTANCES("ODS'S"). Seller agrees to comply with all relevant legislation as may from time to time be in force regarding restriction and obligations relating to ODS'S of any kind.

Seller will eliminate the use of Class I ODS'S to the maximum extent possible. Any usage of class I ODS'S which cannot be eliminated is subject to evaluation and approval by the Purchaser in its sole discretion. Seller will notify Purchaser of any such use of Class I ODS'S which cannot be eliminated and will provide Purchaser with any requested information which may be required in order to complete the evaluation and approval of the continued usage.

E) REPRESENTATIONS AND WARRANTIES. Seller represents and warrants that it shall perform all activities related to its manufacturing processes in compliance with all applicable European, national and local environmental, health and safety laws and regulations from time to time in force.

Seller represents and warrants that it will use best efforts to prevent and minimize accidental releases of hazardous substances or constituents to the environment, as well as prevent and minimize risk of endangerment to human health or the environment from any manufacturing process which it uses or controls.

Seller represents and warrants that in the event of a release or spill, it will use best efforts to mitigate actual or potential impacts to the environment or human health.

F) ENVIRONMENTAL CLAIMS. Seller agrees to indemnify, release, defend and hold harmless Purchaser, its directors, officers, employees, agents, representatives, successors and assigns, whether acting in the course of their employment or otherwise, against any and all suits, actions, or proceedings, at law or in equity, and from any and all claims, demands, losses, judgments, damages, costs, expenses, or liabilities resulting from: (1) death or injury to any person, including officers and employees of Seller and those of Purchaser, arising out of or in any way connected with Seller's failure to comply with this clause 23, (2) damage to any property, real or personal, including property of Seller and that of Purchaser, arising out of or in any way connected with Seller's failure to comply with this Article 23, (3) any and all pre-existing conditions of real or personal property of Seller, or (4) any failure to comply with any European, national or local environmental, health, or safety requirements. Seller agrees to include this clause in any subcontracts issued hereunder.

G) MATERIAL OWNERSHIP. Seller and Purchaser agree that at all times prior to delivery and acceptance by Purchaser of the goods, all raw materials, wastes and work-in-progress shall remain the property of Seller, except as otherwise provided herein.

H) WASTE MANAGEMENT. Seller shall be directly and solely responsible for managing all wastes associated with its manufacturing process. Seller shall manage any and all such wastes in compliance with applicable federal, state and local laws and regulations.

I) WASTE DISPOSAL CERTIFICATIONS. Seller agrees to generate and maintain detailed records certifying the proper disposal of all wastes associated with its manufacturing process, including wastes generated from the remediable or cleanup of any releases, leaks or spills. Such records will include the names and addresses of any treatment, storage or disposal facility receiving such wastes, the amount of waste received, and the dates of shipment and receipt. Seller shall maintain all records relating to environmental compliance and waste disposal.

J) PROCESS FLOW DIAGRAM AND MATERIAL BALANCE. Where Seller is relying upon Purchaser engineering drawings to provide products, upon request by Purchaser, Seller agrees to make available to Purchaser detailed process flow diagrams for its manufacturing processes, identifying unit quantities of raw material and associated waste. The process flow

diagram will contain a material balance for the processes and will indicate the ultimate fate of each raw material or associated waste.

K) NOTIFICATION OF SIGNIFICANT EVENTS. Seller agrees to notify Purchaser in writing within five days after learning of any significant event involving any of its manufacturing or other processes that may affect Seller's ability to comply with its obligations under this purchase order, including but not limited to, any spill, leak or release to the environment which also requires notification to a state or federal agency, including, but not limited to: (A) the date of release; (B) the quantity and type of material released; (C) efforts to clean up the material released; and (D) efforts to mitigate impacts from the release. Notices shall be provided to 1) Purchaser, Attn: Environmental Health & Safety Representative, at Purchaser's address as shown on the face of the order; and 2) General Electric, Group Environmental Affairs & Safety, One Neumann Way, MD T165, Cincinnati, OH 45215, (TEL: (513) 672-3982).

L) HAZARDOUS MATERIAL IDENTIFICATION. Seller shall identify hazardous materials contained in items delivered to Purchaser, provide comprehensive material safety data sheets (MSDS) for such items, and, where applicable, comply with all applicable international standards, including (without limitation) the OSHA Hazard Communication Standard, 29 CFR 1910.1200 ("HAZCOM). For each such material, identification shall reference the stock or part number of the delivered item. Hazardous materials include, but are not limited to, materials embedded in a delivered product in such a manner as to present a potential for personal injury or harm or property damage in the course of normal use, repair, accidents or disposal. All MSDS forms and hazard warning labels required under this clause and international requirements shall be provided to 1) Purchaser, Attn: Environmental Health & Safety Representative, at Purchaser's address as shown on the face of the order; and 2) General Electric, Group Environmental Affairs & Safety, One Neumann Way, MD T165, Cincinnati, OH 45215, (TEL: (513) 672-3982).

M) SELLER COMPETENCE. Seller represents and warrants that it possesses the facilities skills, knowledge and expertise to handle and provide the products and/or services specified herein in a safe and responsible manner, and that all persons, including any subcontractors, involved in handling any materials processed or provided for under this agreement will be shown any MSDS associated with such materials and be advised of its safe and proper use and handling.

24. CLASSIFIED INFORMATION: Upon completion of work by Seller under this order, Seller shall return to Purchaser all classified information furnished by Purchaser in connection herewith, including all reproductions thereof, then in Seller's possession or control, and Seller shall surrender classified information or materials developed by Seller in connection with this order, unless the information has been destroyed or the retention of the information is authorized in writing by Purchaser or the government.

25. TERMINATION: The Purchaser, by written notice, may terminate this order, in whole or in part, when in the Purchaser's sole discretion it elects to do so. The Purchaser shall terminate by delivery to the Seller of a notice of termination specifying the extent of termination and the effective date.

After receipt of a notice of termination, and except as directed by the Purchaser, the Seller shall immediately: (1) stop work as directed in the notice; (2) place no further subcontracts or orders for materials, services, or facilities, except as necessary to complete the continued portion of the order; and (3) terminate all subcontracts to the extent they relate to work terminated. After termination, the Seller shall submit a final termination settlement to the Purchaser in the form and in the manner prescribed by the Purchaser.

Purchaser shall be entitled to terminate this contract without any liability whatsoever to Seller by giving notice to Seller at any time if:

- (i) Seller makes any voluntary arrangement with its creditors (within the meaning of the Insolvency Act 1986) or (being an individual or firm) becomes bankrupt or (being a company) be subject to an administration order or goes into liquidation (otherwise for the purposes of amalgamation or reconstruction); or
- (ii) an encumbrance takes possession or a receiver is appointed of any of the property or assets of Seller; or
- (iii) Seller ceases or threatens to cease to carry on business; or
- (iv) Purchaser reasonably apprehends that any of the events mentioned above is about to occur in relation to Seller and notifies Seller accordingly.

26. Reserved.

27. LIEN: In the event items will be bailed to the Seller or progress payments will be made, the Seller hereby grants Purchaser a lien over equipment, machinery, contract rights, inventory, goods, merchandise and raw materials, whether now existing or hereafter arising, and any replacements, improvements, substitutions, attachments, accessories and accessions thereto or thereon provided by Purchaser or purchased by Seller with progress payments or advances made by Purchaser and to be used by Seller in manufacturing products ordered by Purchaser under this order. Seller agrees to execute and deliver all documents requested by Purchaser to protect and maintain Purchaser's lien.

28. OFFSET REQUIREMENTS: The Seller recognizes, as part of this agreement, that the Purchaser may incur international offset and/or revenue sharing obligations which could involve parts placed under this order. Should any quantity of a part or parts placed hereunder become necessary to support such agreements during the term of this order, Purchaser reserves the right to remove that portion from this contract. Any adjustment in forecasted or firm quantities will be pursuant to the changes clause. No adjustment in firm released quantity or schedules will be made within a twelve (12) month delivery period after notification or lead time away, whichever is longer, as a result of this clause.

29. CHANGES IN SCHEDULE: Purchaser will communicate changes in the purchase order schedule to Seller in writing or electronically (via fax or Electronic Data Interchange ("EDI")). Purchaser's communications may reflect both firm release and forecasted quantities. Unless specifically stated otherwise in writing in this order, in no event will Purchaser be liable for any costs incurred by the supplier against forecasted quantities in anticipation of receiving firm release orders.

30. RESERVED.

31A. EDI: Seller agrees to take reasonable action to become an EDI trading partner with Purchaser. Upon Purchaser's request, Seller shall sign an EDI Trading Partner Agreement with Purchaser within 15 days from request date. Following such agreement, the parties shall establish an implementation schedule which shall call for active EDI communication capability within 45 days from the date of this EDI Trading Partner Agreement.

31B. UNIGRAPHICS: Seller agrees to take reasonable action to establish CAD/CAM (Computer Aided Design/Computer Aided Manufacture) capabilities, specifically utilizing EDS/unigraphics software standards. Upon Purchaser's request, Seller shall implement required plans and activities to facilitate the design, inspection, processing, and/or manufacture of products or services utilizing EDS/unigraphics software/standards. Within 30 days following Purchaser's request, Seller will advise Purchaser of its plan to establish active unigraphics capabilities including milestones which will provide Purchaser with a clear understanding of the time frame involved.

32. BAR CODE SHIPPING LABEL: Upon Purchaser's request, all shipment containers for goods and products to be delivered hereunder shall be labeled in accordance with Purchaser's bar code shipping label instructions as notified by Purchaser from time to time. The Seller shall submit example labels for approval within 60 days of said request. The Seller shall designate an individual responsible for compliance with said instructions and shall act as the Seller's contact for issues concerning bar code labels.

33. DIRECT CONNECT: Upon Purchaser's request, Seller shall work with Purchaser to implement pull production, bin stocking and/or kitting on hardware supplied by Seller. Seller shall assure timely implementation of EDI transactions required to effectively support the direct connect processes. For pull production and bin stocking, Seller must commit to an agreed upon "ship trigger response time" (i.e., time from receipt of shipment authorization to actual shipments of hardware). If the Seller is unable to meet the committed response time, Seller shall immediately notify Purchaser in advance for proper reconciliation.

34. ENGINEERING DATA:

A) Seller agrees to furnish to Purchaser, at Purchaser's request and at no additional cost to Purchaser, a complete set of engineering data including (without limitation) drawings, specifications and manufacturing process information, resulting from performance by Seller under this order, or used or to be used by Seller in the manufacture of the goods to be furnished or in the provision of services under this order and to keep such data current.

B) (APPLICABLE ONLY IF THIS ORDER IS FOR GOODS DESIGNED BY SELLER). Seller grants to Purchaser the right to use the information to be furnished to Purchaser under Clause 34A, above, to manufacture or purchase from a third party the goods covered by this order in the event that Seller is unable to meet purchaser order delivery schedules (or any agreed upon extension thereof) or in the event Seller ceases to manufacture goods of the type to be furnished hereunder.

35. PRODUCT SUPPORT DATA:

A) If requested by Purchaser and provided they have not previously been furnished, Seller agrees to furnish to Purchaser maintenance and overhaul manuals, including a parts catalogue, describing the maintenance and overhaul of goods to be furnished under this order, and to keep such manuals current, all at no additional cost to Purchaser. The format of such manuals shall be in accordance with ATA specifications 100, 101, and 200 for engine related purchases or instructions contained in the order data for marine gearing related purchases. Individual pages, whether original or revised, shall be furnished in the form either of one photographic negative or two reproducibles that are convertible to microfilm or similar process.

B) If requested by Purchaser, Seller agrees to provide to Purchaser provisioning data in accordance with ATA specification 200 and to keep such data current, all at no additional cost to Purchaser.

C) If requested by Purchaser, Seller agrees to provide to Purchaser all drawings and specifications, defining tools, fixtures, special test equipment and materials required for the support, service and overhaul of the goods to be furnished under this order and to keep such data current, all at no additional cost to Purchaser.

D) SPECIFICATIONS IDENTIFIED ABOVE MAY BE OBTAINED FROM:

Air Transport Association Of America
1000 Connecticut Ave
Washington DC 20036

36. FIELD SUPPORT: For goods ordered hereunder of Seller's design, Seller shall maintain a service organization able to handle requests from Purchaser and/or its customers for technical assistance on operation, maintenance, service, repair and overhaul of the goods. Seller agrees to maintain a reasonable inventory of finished goods to support Purchaser or Purchaser's customers or unanticipated requirements arising from emergency conditions, during which goods must be shipped within 24 hours of order. Furthermore, Seller will maintain reasonable tooling, manufacturing and overhaul capability as long as Purchaser's goods ordered hereunder are operated in commercial service.

37. GRATUITIES: Any officers, employees or agents of Purchaser or Purchaser's customers, are prohibited from soliciting or accepting entertainment, gifts, gratuities, compensation or favors from Seller ("the gratuity policy"). Seller shall at all times comply with the requirements of this policy. When Seller has reasonable grounds to believe that a violation of the gratuity policy by Seller or Purchaser's representatives may have occurred, Seller shall promptly report the potential violation to Purchaser in writing. For violation of this clause by Seller, this order may be terminated in whole or in part. Purchaser may also require Seller to provide proof to Purchaser's satisfaction that it has implemented internal management controls sufficient to prevent future violations. These rights and remedies of Purchaser are not exclusive and are in addition to any other rights and remedies provided to Purchaser under this agreement or by law.

38. ACCESS TO PURCHASER'S COMPUTER SYSTEMS: Access to Purchaser's computer systems by Seller's personnel shall include only those persons identified on Purchaser's systems security statement and who have been issued a systems user ID. Purchaser reserves the right to, at any time, verify the citizenship status of all Seller personnel who have access to Purchaser's computer systems. Such access shall be limited by Purchaser to those systems, which in Purchaser's sole discretion, are required for the Seller's personnel to perform assigned work and shall be valid until such access is revoked or surrendered at Purchaser's sole discretion. Such access shall be surrendered by Seller's personnel upon Purchaser's request or upon removal or reassignment by Seller.

39. Reserved.

40. DATE PROCESSING REQUIREMENTS:

A) In addition to any other warranties and representations provided by Supplier to Purchaser, whether pursuant to this contract, by law, equity, or otherwise, Supplier represents and warrants that (a) any product(s) and/or service(s) provided by Seller hereunder, including, without limitation, each item of hardware, software, or firmware; any system, equipment, or products consisting of or containing one or more thereof; and any and all enhancements, upgrades, customizations, modifications, maintenance and the like ("Products/Services") shall be Year 2000 Compliant at the time of delivery and at all times thereafter and in all subsequent updates or revisions of any kind, and (b) Seller's supply of the Products/Services to Purchaser shall not be interrupted, delayed, decreased, or otherwise affected by dates prior to, on, after or spanning January 1, 2000. For purposes of this contract, Year 2000 Compliant means that (1) the Products/Services

accurately process, provide and/or receive date data (including without limitation calculating, comparing, and sequencing), within, from, into, and between centuries (including without limitation the twentieth and twenty-first centuries), including leap year calculations, and (2) neither the performance nor the functionality nor Seller's supply to Purchaser of the Products/Services will be affected by dates prior to, on, after, or spanning January 1, 2000. The design of said Products/Services to ensure compliance with the foregoing warranties and representations shall include, without limitation, date data century recognition, calculations that accommodate same century and multi-century formulae and date values, and date data interface values that reflect the century. In particular, but without limitation, (i) no value for current date will cause any error, interruption, or decreased performance in the operation of such Products/Services, (ii) all manipulations of date-related data (including, but not limited to, calculating, comparing, sequencing, processing, and outputting) will produce correct results for all valid dates, including when used in combination with other products, (iii) date elements in interfaces and data storage will specify the correct century to eliminate date ambiguity without human intervention, including leap year calculations, (iv) where any date element is represented without a century, the correct century will be unambiguous for all manipulations involving that element, (v) authorization codes, passwords, and zaps (purge functions) should function normally and in the same manner prior to, on, after and spanning January 1, 2000, including, without limitation, the manner in which they function with respect to expiration dates and CPU serial numbers. No obligation of Seller under this Agreement, other than a product or service supplied or obtained independently by the Purchaser, shall be excused by reason of the failure of Seller's or any other person's Products/Services to be Year 2000 Compliant, nor shall such occurrence(s) be deemed a force major event.

B) Seller will include the foregoing language in all agreements entered into with third parties in furtherance of or relating to the purpose(s) of this contract, including, but not limited to, vendors, sub-suppliers, and contractors.

C) If at any time the Products/Services are found, by Purchaser or any other of Seller's customers, not to be Year 2000 Compliant, then, in addition to any other obligation of Seller under the law, pursuant to this purchase order, at equity, or otherwise, at no additional charge to Purchaser, Seller shall, by no later than thirty (30) days after receipt of a report of noncompliance from Purchaser or such other Seller customer(s), render the Products/Services Year 2000 Compliant, and shall thereafter distribute such corrected version to Purchaser, and, at Purchaser's option, install such corrected version for Purchaser, all free of charge. In doing so, Seller shall not require Purchaser to make any changes to the Products/Services except to install or have installed any changes provided by Seller, shall not require or cause to be made any changes to Purchaser's data unless Purchaser in its sole discretion approves such changes, and shall not require or cause to be made any changes to any other product or service that Purchaser uses in its business operations.

D) In addition to Seller's obligations as set forth above, Seller shall indemnify and hold Purchaser harmless from and against any claims, costs, losses, damages, or expenses (including legal costs) incurred by Purchaser as a result of any failure of the Products/Services to be Year 2000 Compliant. Seller will further indemnify and hold Purchaser harmless from and against any claims, costs, losses, damages, or expenses (including legal costs) arising out of or relating to any failure of Seller's or Seller's vendors', sub-suppliers', or contractors' Products/Services to be Year 2000 Compliant. Notwithstanding anything herein to the contrary, the liability of Seller for a breach of Seller's Year 2000 Compliant representation and warranty shall not be subject to any limitations or exclusions of remedies or warranties contained in this Agreement or any other agreement between the parties.

41. JUDGMENT CURRENCY: All payments or advances required to be made under this order, whether pursuant to a judgment or otherwise, shall be discharged by payments or advances in U.S. dollars. No payments or advances required to be made under this order shall be discharged by payments or advances in any currency other than U.S. dollars, unless the amount so paid or advanced on prompt conversion to U.S. dollars yields the amount of U.S. dollars to be paid or advanced hereunder. In the event that any payment or advance made by a party hereunder, whether pursuant to a judgment or otherwise, does not, when converted, result in the correct amount of U.S. dollars required to be paid or advanced hereunder, the other party shall have a separate cause of action for the amount of any such action.

42. GENERAL

A) The order is personal to Seller and Seller shall not assign or transfer or purport to assign or transfer to any other person any of its rights or subcontract any of its obligations under the contract without the prior written consent of Purchaser.

B) Any notice required or permitted to be given to either party by the other and pursuant to the contract shall be in writing addressed to the address shown on the front of the order or such other address and facsimile as may be notified by the parties from time to time.

Any notice sent by post shall be deemed to be effective (2) working days following posting provided that posting is made by registered first class post.

Any notice sent by facsimile to the correct facsimile number as stated above or (as may be amended from time to time) shall be effective on receipt of an answer back provided that a further notice is sent by registered first class post to the address above.

C) No waiver by Purchaser of any breach of the contract by Seller shall be considered as a waiver of any subsequent breach or of the same or any other provisions.

D) If any provision contained in this contract is held by any competent authority to be invalid or unenforceable in whole or in any part the validity of the other provisions of these terms and the remainder of the provision in question shall not be effected thereby.

E) This contract shall be governed by the laws of England and Wales and the parties agree to submit to the non-exclusive jurisdiction of the court of England and Wales.

F) Unless otherwise agreed, this order and all communications relating to it shall be written in the English language. In the event of any inconsistency between the contract and any translation thereof, the English version shall prevail.

G) Any difference, dispute or question which may arise between the parties concerning the interpretation or validity of this contract or the rights and liabilities of either of the parties shall be referred to the decision of a single arbitrator to be agreed upon between the parties, or in default of agreement within 14 days, to be appointed by the President of the Chartered Institute of Arbitrators in accordance with and subject to the provisions of the Arbitration Act 1996 or any re-enactment or modification of such Act for the time being in force.

43.. REMOVALS AND REPLACEMENTS: Seller agrees that, notwithstanding the provisions of any warranties, expressed or otherwise, negotiated with respect to supplies purchased from the Seller by Purchaser or Purchaser's customers, Seller shall reimburse for labor and material cost including Overhead and General and Administrative (G&A) expense reasonably incurred by Purchaser in connection with:

1. The unscheduled removal and/or replacement of such supplies or components thereof from a higher level assemble due to failure of such supplies to conform to requirements of this order or defective material , workmanship or design; or
2. Any such removal of said supplies at Seller's request; or
3. Any such removal of said supplies required due to any previously required changes to said supplies which Seller has failed to incorporate.

This remedy is not exclusive and shall not be in lieu of any other remedy available at law, in equity or under this order.

APPENDIX I

THIS APPENDIX APPLIES TO REQUESTS FOR QUOTE, PURCHASE ORDERS OR PURCHASE AGREEMENTS ISSUED UNDER GOVERNMENT CONTRACTS.

01. **SUSPENSION/DEBARMENT:** The Seller shall provide immediate notice to Purchaser in the event of being suspended, debarred or declared ineligible by any federal agency, or upon receipt of a notice of proposed debarment during the performance of this order.

02. **MOVED TO ARTICLE 37 ABOVE.**

03. **ANTI-KICKBACK:** By acceptance of this order, Seller certifies that it has not paid any kickbacks and is in compliance with the Anti-kickback Act of 1986, 41 U.S.C. 51-58, and further, Seller agrees to indemnify Purchaser for any costs, liabilities or administrative offsets incurred by Purchaser as a result of violations or alleged violations of FAR 52.203-7, "Anti-kickback Procedures," by Seller, its employees, its subcontractors or their employees.

04. **PRICING:** When costs are a factor in any determination of the price to be paid hereunder, including price adjustments pursuant to the "changes" clause or any other provision of this order, such cost shall be in accordance with part 31 of the FAR and the DFARS in effect under Purchaser's prime contract.

05. **TECHNICAL DATA:** Seller shall indemnify Purchaser for any withholdings, claims, damages and expenses resulting from any assertion by the government of its rights under DFARS 252.227-7030, "Technical Data - Withholding of Payment" and DFARS 252.246-7001, "Warranty of Data," and arising in whole or in part out of any failure by Seller to deliver technical data or any deficiency in said technical data as delivered, including, but not limited to, the presence of restrictive markings thereon not specifically authorized by this order.

06. **PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA: (APPLICABLE TO THIS ORDER OR ANY MODIFICATION THEREOF FOR WHICH COST OR PRICING DATA HAS BEEN REQUIRED.)** If any price, including profit or fee, negotiated in connection with this order or any modification thereof or any cost reimbursable under this order, including modifications thereof, was increased by any significant sums because:

A. Seller furnished cost or pricing data which was not accurate, complete and current as certified in Seller's certificate of current cost or pricing data;

B. A subcontractor of Seller pursuant to the clauses of this order entitled "subcontractor cost or pricing data— modifications," or any subcontract clause therein required, furnished cost or pricing data which was not accurate, complete and current as certified in Seller's certificate of current cost or pricing data;

C. A subcontractor or prospective subcontractor of Seller furnished cost or pricing data which was required to be accurate, complete and current and to be submitted to support a subcontract cost estimate furnished by the subcontractor but which was not accurate, complete and current as of the date certified in the subcontractor's certificate of current cost or pricing data; or

D. If Seller or its subcontractor, or prospective Seller or its subcontractor furnished any data, not within (A), (B), or (C) above, which was not accurate, complete, and current as submitted, then the price or cost shall be reduced accordingly and the order shall be modified in writing as may be necessary to reflect such reduction.

Seller agrees to indemnify Purchaser for any costs, liabilities, and expenses resulting from failure of Seller or any subcontractor or supplier of any tier hereunder, incurred by Purchaser as a result of Seller's or its subcontractor's defective cost or pricing data.

07. **GOVERNMENT PROPERTY/ MATERIAL:** All special tooling and special test equipment, the full cost or a substantial portion of which is charged to Purchaser under this order, or is furnished by Purchaser to Seller for performance under this order, shall be controlled and accounted for in accordance with Purchaser's then current tooling supplement.

Seller shall provide Purchaser with written notice, at least sixty (60) days in advance, of Seller's intention to acquire or fabricate special test equipment in support of the requirements under this order.

If property/material is provided for use on this order (or charged to a cost reimbursement or time and materials order), Seller shall maintain and administer, in accordance with FAR part 45.5, a program for the utilization, maintenance, protection, preservation and accountability of such property, and Seller shall comply with all applicable provisions of FAR part 45 regarding the use, control, and responsibility for such government property.

08. **GOVERNMENT FACILITIES:** Unless this order authorizes the use of government-owned facilities, Seller must negotiate the use of government-owned facilities used in the manufacture of goods purchased hereunder with the appropriate government agency furnishing government facilities to Seller. All charges to Purchaser for such use must be concurrently billed as a separate item aside from all other costs.

If this order authorizes rent-free use of government facilities, Seller agrees that it will not directly or indirectly, through overhead charges or otherwise, seek reimbursement under this order for any rental charge paid by the Seller for the use on other contracts of the facilities referred to herein. Any subcontract hereunder which authorizes the subcontractor to use government facilities on a no-charge basis shall contain a provision to the same effect as stated herein.

09. DIRECT SHIPMENTS TO THE U.S. GOVERNMENT: If deliveries of goods including data under this order are to be made directly to the government, Seller agrees to prepare and distribute the DOD Form 250, "Material Inspection and Receiving Report," as set forth in Part 53 of DFARS, and to enter thereon the price of all government furnished material (GFM) included in items so delivered to the government. The government has agreed that the price of GFM will be made available to Seller by the government. However, no delivery shall be delayed by reason of failure of the government to furnish such prices to Seller. Seller shall include a similar provision in each subcontract hereunder.

10. PROCUREMENT INTEGRITY: Seller agrees to comply with the requirements of section 27 of the "Office of Federal Procurement Policy Act" (41 USC 423), as amended by section 814 of Public Law 101-189, and with the implementing regulations contained in FAR 3.104, and agrees to indemnify Purchaser for any costs and liabilities incurred by Purchaser as a result of violations of the Act or regulations by Seller, its employees, its agents, its consultants, or subcontractors, or their employees.

11. CONDITIONAL GOVERNMENT SOURCE INSPECTION: During the performance of this order, Seller's quality control system, inspection system and manufacturing processes are subject to review, verification and analysis by authorized government representatives. Inspection and release of material covered by this order by a government representative prior to shipment is not required unless Seller is otherwise notified.

12. COST ACCOUNTING STANDARDS: (APPLICABLE WHEN CAS IS INCORPORATED SPECIFICALLY IN THIS ORDER.) Seller agrees to indemnify Purchaser for any costs, liabilities, and other expenses which result from Seller's failure to comply with an applicable cost accounting standard, or failure to comply with Public Laws 91-379 and 100-679.

FEDERAL ACQUISITION REGULATION (FAR) CLAUSES

THE FOLLOWING CLAUSES SET FORTH IN PART 52 OF THE FAR IN EFFECT ON DATE OF THE ORDER ARE HEREBY INCORPORATED BY REFERENCE, TO THE EXTENT THEY APPLY TO PURCHASER'S CONTRACT WITH THE GOVERNMENT. HOWEVER, IN THE EVENT OF A CONFLICT BETWEEN THE FAR CLAUSES LISTED BELOW AND THE PURCHASER'S PRIME CONTRACT, THE PURCHASER'S PRIME CONTRACT SHALL PREVAIL. WHERE APPLICABLE, THE TERMS "GOVERNMENT," "CONTRACTING OFFICER," AND SIMILAR TERMS SHALL MEAN PURCHASER, AND THE TERM "CONTRACTOR" AND SIMILAR TERMS SHALL MEAN SELLER. COST AND PRICING DATA REQUIREMENTS MAY VARY DEPENDING UPON THE PRIME CONTRACT.

52.202-1 DEFINITIONS

52.203-3 GRATUITIES

52.203-5 COVENANT AGAINST CONTINGENT FEES (IF ORDER EXCEEDS \$100,000)

52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (IF ORDER EXCEEDS \$100,000)

52.203-7 ANTI-KICKBACK PROCEDURES(IF ORDER EXCEEDS \$100,000)

52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY

52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (IF ORDER EXCEEDS \$100,000)

52.204-2 SECURITY REQUIREMENTS

52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (IF ORDER EXCEEDS \$25,000)

52.211-5 MATERIAL REQUIREMENTS

52.211-15 DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (IF DPAS RATING INDICATED ON ORDER)

52.214-26 AUDIT AND RECORDS-SEALED BIDDING (IF ORDER EXCEEDS \$500,000)

52.214-28 SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS--SEALED BIDDING (IF ORDER EXCEEDS \$500,000)

52.215-2 AUDIT AND RECORDS-NEGOTIATION (IF ORDER EXCEEDS \$100,000)

52.215-12 SUBCONTRACTOR COST OR PRICING DATA (IF ORDER EXCEEDS \$500,000)

52.215-13 SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS (IF ORDER EXCEEDS \$500,000)

52.215-14 INTEGRITY OF UNIT PRICES (IF ORDER EXCEEDS \$100,000)

52.215-15 TERMINATION OF DEFINED BENEFIT PENSION PLANS (IF ORDER EXCEEDS \$500,000)

52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB) (IF ORDER EXCEEDS \$500,000)

52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (IF COST OR PRICING DATA WAS REQUIRED)

52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA.

52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA - MODIFICATIONS

52.219-8 UTILIZATION OF SMALL, SMALL DISADVANTAGED, AND WOMEN-OWNED SMALL BUSINESS CONCERNS

52.219-9 SMALL, SMALL DISADVANTAGED, AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (IF ORDER EXCEEDS \$500,000)

52.219-16 LIQUIDATED DAMAGES - SMALL BUSINESS SUBCONTRACTING PLAN

52.222-3 CONVICT LABOR

52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT (OVERTIME COMPENSATION (IF ORDER EXCEEDS \$100,000)

52.222-20 WALSH-HEALEY PUBLIC CONTRACTS ACT

52.222-26 EQUAL OPPORTUNITY

52.222-35 AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (IF ORDER EXCEEDS \$10,000).

52.222-36 AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APPLIES IF ORDER EXCEEDS \$2,500)

52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (IF ORDER EXCEEDS \$10,000)

52.223-2 CLEAN AIR AND WATER (IF ORDER EXCEEDS \$100,000)

52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

52.223-14 TOXIC CHEMICAL RELEASE REPORTING (EXCEPT PARAGRAPH E) (IF ORDER EXCEEDS \$100,000). (IF REQUIRED, THE SUPPLIER AGREES TO SUBMIT THE CERTIFICATION CONTAINED IN FAR 52.223-13.)

52.225-3 BUY AMERICAN ACT – SUPPLIES

52.225-9 BUY AMERICAN ACT-TRADE AGREEMENTS - BALANCE OF PAYMENTS PROGRAM

52.225-10 DUTY-FREE ENTRY (IF ORDER IDENTIFIES SUPPLIES TO BE IMPORTED INTO THE U.S.)

52.225-11 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES

52.225-18 EUROPEAN COMMUNITY SANCTIONS FOR END PRODUCTS

52.227-1 AUTHORIZATION AND CONSENT AND ALTERNATE I (IF ORDER EXCEEDS \$100,000)

52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (IF ORDER EXCEEDS \$100,000)

52.227-9 REFUND OF ROYALTIES

52.228-3 WORKER'S COMPENSATION INSURANCE (DEFENSE BASE ACT)

52.228-4 WORKER'S COMPENSATION AND WAR-HAZARD INSURANCE OVERSEAS

52.228-5 INSURANCE - WORK ON A GOVERNMENT INSTALLATION

52.229-3 FEDERAL, STATE AND LOCAL TAXES

52.229-4 FEDERAL, STATE AND LOCAL TAXES (NON-COMPETITIVE CONTRACTS)

52.229-5 TAXES - CONTRACTS PERFORMED IN US POSSESSIONS OR PUERTO RICO

52.229-6 TAXES - FOREIGN FIXED-PRICE CONTRACTS

52.229-7 TAXES - FIXED-PRICE CONTRACTS WITH FOREIGN GOVERNMENTS

52.230-2 COST ACCOUNTING STANDARDS

52.230-3 DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES

52.230-5 COST ACCOUNTING STANDARDS - EDUCATIONAL INSTITUTION

52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS (IF ORDER EXCEEDS \$500,000)

52.232-16 PROGRESS PAYMENTS (APPLIES ONLY IF SPECIFIED IN ORDER)

52.234-1 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III

52.242-15 STOP-WORK ORDER

52.244-5 COMPETITION IN SUBCONTRACTING

52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS

52.245-2 GOVERNMENT PROPERTY(FIXED-PRICE CONTRACTS)

52.245-17 SPECIAL TOOLING

52.245-18 SPECIAL TEST EQUIPMENT

52.247-1 COMMERCIAL BILL OF LADING NOTATIONS (APPLIES ONLY WHERE DIRECT SHIPMENT TO THE GOVERNMENT IS SPECIFIED)

52.247-63 PREFERENCE FOR US-FLAG AIR CARRIERS

- 52.247-64 PREFERENCE FOR PRIVATELY OWNED US-FLAG COMMERCIAL VESSELS (IF ORDER EXCEEDS \$100,000)
- 52.248-1 VALUE ENGINEERING (IF ORDER EXCEEDS \$100,000)
- 52.249-14 EXCUSABLE DELAYS

DOD FAR SUPPLEMENT (DFARS) CLAUSES

- 252.203-7001 SPECIAL PROHIBITION ON EMPLOYMENT (IF ORDER EXCEEDS \$100,000)
- 252.204-7000 DISCLOSURE OF INFORMATION
- 252.208-7000 INTENT TO FURNISH PRECIOUS METALS AS GOVERNMENT-FURNISHED PROPERTY
- 252.209-7000 ACQUISITION FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE INTERMEDIATE RANGE NUCLEAR FORCES (INF) TREATY (IF ORDER EXCEEDS \$100,000)
- 252.211-7000 ACQUISITION STREAMLINING (IF ORDER EXCEEDS \$1,000,000)
- 252.215-7000 PRICING ADJUSTMENTS
- 252.219-7003 SMALL, SMALL DISADVANTAGED, AND WOMAN OWNED SMALL BUSINESS SUBCONTRACTING PLAN (DOD CONTRACTS)
- 252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM
- 252.225-7002 QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS
- 252.225-7009 DUTY-FREE ENTRY - QUALIFYING COUNTRY END PRODUCTS AND SUPPLIES
- 252.225-7010 DUTY-FREE ENTRY--ADDITIONAL PROVISIONS
- 252.225-7014 PREFERENCE FOR DOMESTIC SPECIALTY METALS (WITH ALT I)
- 252.225-7015 PREFERENCE FOR DOMESTIC HAND OR MEASURING TOOLS
- 252.225-7016 RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS
- 252.225-7022 RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) BASED CARBON FIBER
- 252.225-7025 RESTRICTION ON ACQUISITION OF FORGINGS
- 252.225-7026 REPORTING OF CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (IF ORDER EXCEEDS \$100,000)
- 252.225-7027 LIMITATION ON SALES COMMISSIONS AND FEES.
- 252.225-7028 EXCLUSIONARY POLICIES AND PRACTICES OF FOREIGN GOVERNMENTS
- 252.225-7030 RESTRICTION ON ACQUISITION OF CARBON, ALLOY, AND ARMOR STEEL PLATE
- 252.225-7032 WAIVER OF UNITED KINGDOM LEVIES (IF ORDER WITH A UNITED KINGDOM FIRM \$1,000,000)
- 252.225-7036 NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION ACT
- 252.225-7037 DUTY-FREE ENTRY - NAFTA COUNTRY END PRODUCTS AND SUPPLIES
- 252.227-7013 RIGHTS IN TECHNICAL DATA - NONCOMMERCIAL ITEMS
- 252.227-7014 RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION
- 252.227-7015 TECHNICAL DATA-COMMERCIAL ITEMS
- 252.227-7016 RIGHTS IN BID OR PROPOSAL INFORMATION
- 252.227-7017 IDENTIFICATION AND ASSERTION OF USE, RELEASE, OR DISCLOSURE RESTRICTIONS
- 252.227-7018 RIGHTS IN NONCOMMERCIAL TECHNICAL DATA AND COMPUTER SOFTWARE—SMALL BUSINESS INNOVATIVE RESEARCH (SBIR) PROGRAM
- 252.227-7019 VALIDATION OF ASSERTED RESTRICTIONS-COMPUTER SOFTWARE
- 252.227-7020 RIGHTS IN SPECIAL WORKS
- 252.227-7021 RIGHTS IN DATA--EXISTING WORKS
- 252.227-7025 LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS
- 252.227-7026 DEFERRED DELIVERY OF TECHNICAL DATA OR COMPUTER SOFTWARE (IF DELIVERY OF TECHNICAL DATA IS REQUIRED)
- 252.227-7027 DEFERRED ORDERING OF TECHNICAL DATA OR COMPUTER SOFTWARE (IF DELIVERY OF TECHNICAL DATA IS REQUIRED)
- 252.227-7028 TECHNICAL DATA OR COMPUTER SOFTWARE PREVIOUSLY DELIVERED TO THE GOVERNMENT
- 252.227-7030 TECHNICAL DATA - WITHHOLDING OF PAYMENT
- 252.227-7032 RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE (FOREIGN)
- 252.227-7036 DECLARATION OF TECHNICAL DATA CONFORMITY
- 252.227-7037 VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA

- 252.231-7000 SUPPLEMENTAL COST PRINCIPLES
- 252.232-7003 FLEXIBLE PROGRESS PAYMENTS (APPLIES ONLY IF SPECIFIED IN ORDER)
- 252.232-7004 DOD PROGRESS PAYMENT RATES (APPLIES ONLY IF SPECIFIED IN ORDER)
- 252.234-7001 EARNED VALUE MANAGEMENT (APPLIES ONLY IF SPECIFIED IN ORDER)
- 252.235-7003 FREQUENCY AUTHORIZATION
- 252.242-7005 COST/SCHEDULE STATUS REPORT (APPLIES ONLY IF 252.234- 7001 APPLIES)
- 252.243-7001 PRICING OF CONTRACT MODIFICATIONS
- 252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS(DOD CONTRACTS)
- 252.246-7001 WARRANTY OF DATA (IF ORDER REQUIRES TECHNICAL DATA)
- 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (IF ORDER EXCEEDS \$100,000)
- 252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA
- 252.249-7002 NOTIFICATION OF PROPOSED PROGRAM TERMINATION OR REDUCTION (IF ORDER EXCEEDS \$100,000)

IF AN ORDER IS PLACED UNDER A NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) PRIME CONTRACT, THE FOLLOWING NASA FAR SUPPLEMENT CLAUSES APPLY:

- 18-52.204-76 SECURITY REQUIREMENTS FOR UNCLASSIFIED AUTOMATED INFORMATION RESOURCES
- 18-52.208-81 RESTRICTIONS ON PRINTING AND DUPLICATING
- 18-52.219-74 USE OF RURAL AREA SMALL BUSINESSES
- 18-52.219-75 SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING REPORTING
- 18-52.223-70 SAFETY AND HEALTH (APPLIES TO ORDERS IN EXCESS OF \$1,000,000 OR THAT INVOLVE USE OF HAZARDOUS MATERIALS OR OPERATIONS)
- 18-52.227-14 RIGHTS IN DATA - GENERAL
- 18-52.242-73 NASA CONTRACTOR FINANCIAL MANAGEMENT REPORTING
- 18-52.244-70 GEOGRAPHIC PARTICIPATION IN THE AEROSPACE PROGRAM (APPLIES TO ORDERS OF \$100,000 OR MORE)
- 18-52.245-73 FINANCIAL REPORTING OF NASA PROPERTY IN THE CUSTODY OF CONTRACTORS

**APPENDIX II
INTERNATIONAL ORDERS**

IF SELLER IS LOCATED OUTSIDE OF THE UNITED STATES, THE PRECEEDING TERMS AND CONDITIONS ARE MODIFIED AS FOLLOWS:

1. RESERVED.
2. RESERVED.
3. RESERVED.
4. RESERVED.
5. RESERVED.
6. RESERVED.
7. RESERVED.
8. RESERVED.
9. RESERVED.
10. FORCED, PRISON, OR CHILD LABOR. No forced or prison labor may be used in manufacturing the products to be supplied under this contract, and Seller agrees to comply with all applicable child labor laws. If forced, prison, or illegal child labor is determined to have been used in the manufacture of the products supplied hereunder, the Purchaser shall be indemnified by Seller and shall have the right to immediately terminate the contract without further compensation to the Seller.
11. RESERVED.
12. RESERVED.
13. APPENDIX I. THE FOLLOWING CLAUSES ARE NOT APPLICABLE TO INTERNATIONAL SUPPLIERS WHEN WORK IS PERFORMED OUTSIDE THE U.S. AND ITS POSSESSIONS.

52.211-15 (APPLIES TO RATED SUBCONTRACTS PLACED WITH U.S. SUPPLIERS)

- 52.219-9 52.222-26 52.229-3
- 52.219-6
- 52.222-3 52.222-35 52.229-4
- 52.222-4 52.222-36 52.229-5
- 52.222-20 52.222-37 252.219-7003
- 52.223-2

APPENDIX III

SUPPLEMENTARY TERMS AND CONDITIONS FOR ORDERS INVOLVING EXPERIMENTAL, DEVELOPMENT, OR RESEARCH WORK.

ALL FAR, DFARS AND NASA CLAUSES SHALL APPLY UNLESS SUPPLIER IS OTHERWISE NOTIFIED BY THE PURCHASER.

1. DATA RIGHTS.

A. If this order is a contract for experimental, development or research work, Seller hereby assigns and agrees to assign to Purchaser any inventions conceived and/or reduced to practice in the course of this order and Seller also agrees to assign to Purchaser any patents issuing thereon. Seller further agrees to provide reasonable assistance to Purchaser, at Purchaser's expense, for securing patents on such inventions. Seller shall be responsible for assuring that its employees have signed appropriate agreements capable of securing such rights to Purchaser. Any compensation due to Seller's employees in connection with any invention shall be paid solely by the Seller.

B.

B. In the event Seller wishes to acquire a license under any invention or patent assigned to Purchaser, and resulting from this order, Purchaser agrees to consider granting such a license to Seller upon reasonable terms and conditions.

C. If this order is a contract which calls for the delivery of original works of authorship, then all such works, irrespective of the media of expression, shall be deemed to be works made for hire and shall belong exclusively to Purchaser. If by operation of law, any such works are not works made for hire, then Seller agrees to and does hereby assign to Purchaser the ownership of such works including all copyrights thereto. Purchaser may obtain and hold in its own name copyrights, registrations, and other protection that may be available in such works and Seller shall provide any assistance (at Purchaser's expense) required to perfect such protection.

2. RESERVED.

3. RESERVED.

4. MODIFIED ARTICLES.

A. Article 9, Changes, is deleted and replaced with FAR 52.243-2, alt v., Changes - cost reimbursement.

B. In Article 25, Termination for Convenience, the references to FAR 52.249-1 and 52.249-2 are changed to refer to FAR 52-249-6, Termination (cost-reimbursement), with the following changes: delete paragraphs (d), (i), and (m); and in paragraph (e) change "1 year" to "6 months".

5. RESERVED.

APPENDIX IV

RESERVED.

REVISION SUMMARY BASED ON C64 DATED 3/28/98

ARTICLE 17, RETITLED TO "RELEASE OF INFORMATION.
ARTICLE 42, ADDED.

APPENDIX I
ADDED FAR 52.219.16
ADDED FAR 52.225-9
RETITLED FAR 52.222-35
RETITLED FAR 52.222-37