

C64ES---Effective January 1, 2004
TERMS AND CONDITIONS OF PURCHASE
BASIC TERMS AND CONDITIONS
FOR GE CALEDONIAN LIMITED

CONTENTS

- 01 Definitions
- 02 Terms and Conditions
- 03 Dispute Resolution
- 04 Packaging Requirements
- 05 Delivery & Transportation
- 06 Anticipation Of Delivery Schedule
- 07 Delay And Default
- 08 Purchaser's Property
- 09 Changes
- 10 Seller's Information
- 11 Assignment and Change in Ownership
- 12 Set-Off
- 13 Work On Purchaser's Or Its Customer's Premises
- 14 Inspection
- 15 Record Retention Requirements
- 16 Sales Tax
- 17 Release Of Information
- 18 Parts Compliance And Materials Test Certification
- 19 Reserved
- 20 Intellectual Property Rights Indemnity
- 21 Standard Terms Of Settlement
- 22 Export And International Traffic-In-Arms Regulations
- 23 Environmental Matters
- 24 Classified Information
- 25 Termination
- 26 Reserved
- 27 Lien
- 28 Offset Requirements
- 29 Reserved
- 30 Reserved
- 31A EDI (Electronic Data Interchange) and Paperless Invoicing
- 31B Reserved
- 32 Bar Code Shipping Label
- 33 Materials Scheduling
- 34 Seller's Representations and Indemnification
- 35 Waiver
- 36 Severability
- 37 Gratuities
- 38 Access To Purchaser's Computer Systems
- 39 Reserved
- 40 Former GE Employees
- 41 Removals and Replacements
- 42 Prohibited Goods and Services
- 43 Governing Law
- 44 Seller Security and Crisis Management Policy

APPENDICES

- I. Far and Far Supplement Clauses
- II International Orders Supplement
- III Experimental, Development, Research Work or Engineering Services Work Supplement

IV Cost Reimbursement Orders

BASIC TERMS AND CONDITIONS

1. Definitions: As used throughout this purchase order, the following terms shall have the meanings set forth below.
 - A) "PURCHASER" means the party contracting with Seller for Goods and/or services and identified as the purchasing entity on the face of the purchase 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 purchase order and under which this purchase order is made.
 - D) "SELLER" means the party contracting to perform the work hereunder.
 - E) "SUBCONTRACT," unless provided otherwise in this purchase order, means all contracts placed by the Seller or lower tier subcontractors for the specific purpose of performing any portion of the work under this purchase order, and includes, but is not limited to purchase orders and changes, or modifications thereto.
 - F) "FAR" means the Federal Acquisition Regulations.
 - G) "FAR SUPPLEMENT" means authorized supplements to the FAR, including the DOD FAR Supplement (DFARS).
 - H) "Goods" means the product supplied by Seller under this purchase order, including without limitations all components, raw materials, and intermediate assemblies thereof.
 - I) "CONTRACT" means these conditions and any purchase order for Goods made subject to them.
 - J) "CAA" means The Civil Aviation Authority.
 - K) "JAA" means The Joint Airworthiness Authority.

2. **TERMS AND CONDITIONS:** Either Seller's written acknowledgement or Seller's full or partial performance under this purchase order, whichever occurs first, will constitute acceptance of all terms and conditions contained herein. Any acceptance of this purchase order is limited to acceptance of the express terms of the offer set forth in this purchase order. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of this offer in Seller's acceptance or acknowledgement is hereby objected to and rejected, but such proposal shall not operate as a rejection of this offer unless such variances are in the terms of the description, quantity, price, or delivery schedule of the Goods but shall be deemed a material alteration thereof, and this offer shall be deemed accepted by the Seller without said additional or different terms. If this purchase order shall be deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms set forth in this purchase order.

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

3. DISPUTE RESOLUTION:

(a) This Contract and any purchase order resulting as a consequence of this Contract shall be interpreted in accordance with the laws of the England and Wales, and the parties agree to submit to the non-exclusive jurisdiction of the courts of England and Wales. All disputes, differences concerning the interpretation or validity of this Contract or the rights and liabilities of either of the parties shall be finally settled under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The arbitration shall be held in London and any arbitrator's award shall not exceed actual compensatory damages. Invocation of this paragraph shall not relieve either party of any obligation, right or duty of performance arising under or related to this purchase order.

(b) The parties agree that notwithstanding the mechanism of the dispute resolution referred to at (a) above, either party may seek any equitable, interim, provisional or injunctive relief from any court of competent the courts of the

C64ES---Effective January 1, 2004

TERMS AND CONDITIONS OF PURCHASE

Purchaser's place of business or incorporation have concurrent or exclusive jurisdiction in relation to the subject matter of the dispute.

4. **PACKAGING REQUIREMENTS:** Packaging requirements are contained in GEES Standard Remark E12ES listed on this purchase order.

5. **DELIVERY & TRANSPORTATION:**

5.1 Part Supply Orders

A) Goods covered by the Contract shall be shipped by the Seller utilising the Purchaser's Nominated Freight Agent in accordance with ICC Incoterms, 2000 edition. For shipments to the Purchaser's facility, Incoterm FCA Seller's facility will apply unless otherwise agreed.

B) The Goods covered by this order shall be delivered to the address stated in the order during Purchaser's usual business hours.

C) Where the date of delivery of the Goods covered by this purchase order is to be specified after the placing of the order Seller shall give Purchaser reasonable notice of the specified date.

D) 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.

E) A packing note quoting the number of the purchase order must accompany each delivery or consignment of the Goods and must be displayed prominently.

F) If the Goods are to be delivered by installments the contract is to be treated as a single contract and not severable.

G) 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.

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

I) 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.

J) Where the Purchaser has negotiated a Freight Agreement which has resulted in the appointment of the Purchaser's Nominated Freight Agent, who shall be fully responsible for the transportation of the Purchaser's parts in relation to overseas vendors, it is hereby agreed that, in relation to Goods covered by this Agreement, the Seller shall utilise the Purchaser's Nominated Freight Agent who shall operate a comprehensive "door to door" service for all said Goods. The Purchaser's Nominated Freight Agent shall be fully responsible for all aspects of the shipping contract including customs clearance, charges and duties, export licenses etc. The Purchaser's Nominated Freight Agent shall be given authority by the Seller to operate under the Seller's Power of Attorney in accordance with this Agreement

K) Where transportation of the Goods from the Seller's facility is undertaken by the Purchaser's Nominated Freight Agent, title and risk of damage to or loss of such Goods shall transfer from the Seller to the Purchaser at the recognised point of collection.

L) Where transportation of the Goods from the Seller's facility is undertaken by the Seller's Nominated Freight Agent, title to and risk of damage to or loss of all Goods being shipped shall pass from the Seller to the Purchaser upon receipt of the Goods by the Purchaser at the Purchaser's facility.

M) Each party warrants to the other that it will, at the time of the relevant transfer, have title or the right to transfer title in the Goods and that such title will be transferred free of all liens and encumbrances in favour of any third party.

N) Seller shall keep the Goods insured at its own cost against all insured risks until such time as the Goods are transferred to Purchaser's care, custody and control.

5.2 Repair Orders - With respect to repair orders, in addition to the provisions set forth above, the following shall apply:

A) The Purchaser shall negotiate with the Purchaser's Nominated Freight Agent competitive rates for transportation and other necessary shipping services, and these charges shall be passed through to the Purchaser via the repair invoice.

B) Any costs associated with the transportation of Goods between the Purchaser and the Seller incurred under this Contract, other than the cost of freight and duties which the Seller shall be entitled to recharge to the Purchaser in accordance with clause 5.2(A) shall be borne by the Seller. The Purchaser will allow the Seller or the Purchaser's Nominated Freight Agent to use the Purchaser's End User and VAT deferment number when re-importing Goods covered

C64ES---Effective January 1, 2004

TERMS AND CONDITIONS OF PURCHASE

by this Agreement into the United Kingdom after repair. It is anticipated that all Goods under this Agreement will be known as Civil Aircraft Parts and as such will be subject to end use regulations.

C) At agreed intervals the Purchaser's Nominated Freight Agent shall invoice the Seller, at the contracted rates, the actual freight and duty charges incurred relative to the Purchaser's shipments and the Seller shall be fully responsible for the payment of those charges.

D) Seller and/or the shipping agent shall provide and retain documentation which shall prove to the satisfaction of 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.

E) For shipments from the Seller's facility, Incoterm DDU, customs cleared Purchaser's facility will apply. For shipments to the Seller's facility in the USA, Incoterm DDP Seller's facility will apply. For Sellers not located within the USA shipments to the Seller's facility, Incoterm DDU Seller's facility will apply.

F) Where transportation of the Goods from the Purchaser's facility is undertaken by the Purchaser's Nominated Freight Agent, risk of damage to or loss of such Goods shall transfer from the Purchaser to the Seller at the designated point of delivery.

G) Where transportation of the Goods from the Purchaser's facility is undertaken by the Seller's Nominated Freight Agent, risk of damage to or loss of such Goods shall transfer from the Purchaser to the Seller upon collection of the Goods at the Purchaser's facility.

6. **ANTICIPATION OF DELIVERY SCHEDULE:** Unless otherwise agreed to 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 firm delivery schedules that are within lead time.

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 purchase order, Seller shall promptly notify Purchaser in writing or electronic mail system. In the event of non-delivery, breach, or any other default 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 purchase order. If progress payments have been made under this purchase order, and the purchase order is terminated for default, Purchaser shall have the rights of the U.S. Government set forth in FAR 52.232-16 "Progress Payments," including paragraph (H), "Special Terms Regarding Default."

8. **PURCHASER'S PROPERTY:**

(a) All tangible and intangible property, including, but not limited to tools, tool drawings, materials, drawings, computer software, documents or data of every description 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 practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as being the property of Purchaser or Purchaser's designee, 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 filling Purchaser's purchase 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 252.227-7015 Technical Data-commercial Items.

(b) Purchaser hereby grants Seller a license to use the drawings, specifications (including Purchaser's "S" 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 purchase 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, 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 purchase order for Purchaser and on

C64ES---Effective January 1, 2004

TERMS AND CONDITIONS OF PURCHASE

condition that Seller's contractors agree in writing for Purchaser's benefit to the terms of paragraphs 8 and 10 and Appendix III hereof. 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) Purchaser shall have the right to audit all pertinent books and records of Seller, and to make reasonable inspections of Seller's facilities to verify compliance with Section 8B and Appendix III hereof.

(d) In the event Seller, without Purchaser's prior written consent and authorization, designs or manufactures for sale to any person or entity other than Purchaser any hardware that is substantially similar to or can replace or repair a GE or CFMI part, or obtains CAA, JAA, FAA (as the case may be) or other governmental approval for such hardware or repair, Seller, in any adjudication involving or relating to Purchaser's Data, shall be required to establish by clear and convincing evidence that neither Seller nor any of its employees, contractors or agents used in whole or in part, directly or indirectly any of Purchaser's Data in such design or manufacture or in obtaining CAA, JAA, FAA (as the case may be) or other governmental approval with respect to such hardware or repair.

(e) In the event Seller is notified by Purchaser that Goods ordered under this purchase order are patented, Seller agrees to mark such Goods with any patent numbers or other markings designated by Purchaser, including updates to such numbers or markings.

9. CHANGES:

- (a) Purchaser at any time shall have the right to make changes in the quantities, specifications or delivery schedule.
 - (i) Any such change which has a significant impact shall entitle either Seller or Purchaser to an equitable adjustment. However, no additional charge will be allowed unless authorized by Purchaser's written amendment to this purchase 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 purchase 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 purchase order.
 - (ii) 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, scrapage, 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.
- (b) Changes in delivery schedules will be communicated to the Seller via the purchase order which will be mailed to the Seller, transmitted via Electronic means, or made available via a web based application.
- (c) Nothing in this Article 9, including any disagreement with Purchaser as to the equitable adjustment to be made, shall excuse Seller from proceeding with the purchase order as changed.

10. SELLER'S INFORMATION: Notwithstanding any document marking to the contrary, any knowledge or information which Seller has disclosed or may hereafter disclose to Purchaser incident to the placing and filling of this purchase order shall not be deemed to be confidential or proprietary information. Accordingly Purchaser shall not be liable for any use or disclosure thereof .

11. ASSIGNMENT AND CHANGE IN OWNERSHIP:

(a) Any assignment of this purchase order or any interest therein without the advance written consent of Purchaser, shall be void.

(b) If a third party submits a solicited or unsolicited offer to Seller that would result in a Change of Ownership or Control of Seller, as defined below, Seller shall give notice of such offer to Purchaser as early as commercially practical following Seller's receipt of the offer. The notice shall include the identity of the offeror, the date and time of the offer

and the conditions of the offer. Before Seller accepts the offer, it shall give Purchaser an opportunity, within a reasonable time, to advise Seller of its objection to the offer. If, despite Purchaser's objections, the Change in Ownership or Control to the third party occurs, Purchaser has the right at its discretion to terminate this order for default under Article 7 and at no cost to Purchaser. In the event of 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.

For purposes of this sub-paragraph b, the term "Change in Ownership or Control" shall mean any of the following: i) the sale of equity shares controlling 20% or more of the voting rights in Seller, ii) the sale, lease, transfer or other disposition of substantially all of the assets of Seller or Seller's parent, iii) a merger, reorganization, consolidation, share exchange, recapitalization, business combination, liquidation or dissolution or similar transaction, iv) a tender offer or exchange offer for any of the outstanding shares of capital stock of Seller, v) a sale by Seller of the assets relating to the product Seller produces or will produce for Purchaser or vi) any public disclosure of a proposal or plan or intention to do any of the foregoing.

12. SET-OFF: Purchaser shall be entitled to set off any amount owing from Seller to 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 any purchase order involves operations by Seller on the premises of Purchaser or one of its customers ("Premises"), then:

(A) 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. Seller shall maintain such public liability, property damage and employees liability and compensation insurance as will protect Seller from said risks, and upon Purchaser's request provide Purchaser proof of such insurance.

(B) The Seller shall ensure that it complies with all applicable local, regional, and national legislation and/or regulations related to drug testing.

(C) Where a Seller's employee may be required to access Premises pursuant to any purchase order, the Seller shall ensure that either he is in possession or confirms he has seen a criminal conviction certificate in respect of the employee concerned.

(D) The Seller shall not assign any employee to access a Premises under any purchase order where:

- (i) the Seller is not in possession or has not seen a criminal conviction certificate in respect of that employee; or
- (ii) the criminal conviction certificate reveals that the employee has been convicted of an offence

(E) The Seller shall ensure that the provisions of this clause are included in any subcontract pursuant to any purchase order with a subcontractor who will perform work on Premises.

(F) Purchaser reserves the right to deny access to Purchaser's or its customer's premises to any person who appears on government-issued lists of terrorists, suspects, etc., such as the Department of State, Arms Export Control Debarment List; Department of State, Proliferation List; Department of Commerce, Denied Parties List; and Department of Treasury, Specially Designated National List.

14. INSPECTION: All Goods 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 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.

Purchaser's 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 purchase 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 purchase 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 purchase order shall be exclusive of VAT or other sales tax which shall (if applicable) be payable in addition to the Purchaser. In the event of a conflict between this Article 16 and any other provision of this purchase order, this Article 16 shall prevail.

17. RELEASE OF INFORMATION: No public release of information regarding this purchase 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:

(A) By acceptance of purchase 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 purchase order, including S-485 Engine Services Quality System requirements for suppliers and subcontractors or other referenced specifications in effect as of the date of purchase order placement or as modified pursuant to the "Changes" clause, and that objective evidence* of conformance with quality specifications is in place or on file as required by purchase order and available for examination by Purchaser.

*"OBJECTIVE QUALITY EVIDENCE" shall mean any statement of fact pertaining to the quality of a product or service based on observations, measurements or tests that can be fully verified. Evidence must be expressed in terms of specific quality requirements or characteristics. These characteristics are identified in drawings, specifications, and other documents which describe the item, process, or procedure.

In accordance with FAR 145.223 any seller that accepts parts which are regulated by the Federal Aviation Administration (FAA) must provide facility access to the FAA for surveillance of these aviation parts.

(B) Seller warrants to Purchaser that the Goods supplied pursuant to this purchase 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 purchase 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 monies 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: Seller shall indemnify and save Purchaser and its customers harmless from and against any expense or liability, including costs, fees and damages, arising out of any claim, suit or proceeding that the manufacture or furnishing of Goods and/or services under this purchase order, or the use of such Goods (without modification or further combination) or sales of such Goods constitutes infringement of any Intellectual Property. If an injunction or prohibition should issue, Seller shall procure for Purchaser and its customers the rights to continue using said Goods, or modify them in a manner acceptable to Purchaser so they become non-infringing, or with the written approval of Purchaser, remove said Goods and refund the purchase price. For the purposes 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 exists in relation to the provision of the services or Goods ordered in accordance with this Contract.

21. STANDARD TERMS OF SETTLEMENT:

- (a) STANDARD: Unless Purchaser chooses the accelerated payment program described in (b) below, Purchaser's standard terms of settlement shall be issuance of payment of the full invoiced amount (not discounted) to Seller within ninety (90) days (meaning within 90 days of the Payment Start Date (as defined in (d) below)). Settlement and invoicing must be paperless, and in a format acceptable to Purchaser. Seller must provide banking information to establish electronic funds transfer for U.S. suppliers and wire transfer for non-U.S. suppliers.
- (b) ACCELERATED PAYMENT PROGRAM: Purchaser reserves the right to choose the settlement of invoices with Seller by using Purchaser's accelerated payment program as follows: Seller agrees to accept the invoice amount discounted by two and one-half percent (2.5%), in exchange for Purchaser's initiation of payment on the 15th day following the Payment Start Date (as defined in (d) below) ("net 15 less 2.5 %"). If payment is initiated earlier than such 15th day, the invoice amount may be further discounted to reflect substantially similar economics as "net 15 less 2.5%".
- (c) USE OF GECF: Funding for accelerated payment of invoices under the Purchaser accelerated payment program will be provided by General Electric Commercial Finance ("GECF"). If Purchaser chooses to settle an invoice pursuant to the accelerated payment program, the following shall occur: (1) title to the Goods that are being delivered shall pass directly to GECF consistent with clause 5 above; (2) once title to the Goods has passed to GECF, GECF will immediately and directly transfer title to Purchaser; and (3) any and all of the Seller's obligations under this purchase order, including Seller's representations and warranties, shall extend to and benefit Purchaser as if title passed directly to Purchaser.
- (d) PAYMENT START DATE: As used in this clause 21, the "Payment Start Date" shall be:
 - (i) For receivable material: From the latest of (a) the manufacturing required date as identified on the part schedules report, (b) the material received date as identified in Purchaser's computer system, or (c) the invoice date; and,

- (ii) For non-receivable material and/or services: From the invoice date; invoices for services must be dated no earlier than the last day of the period of time during which services that are the subject of the invoice were provided.

(e) Repair Invoices : With respect to Repair Invoices, Seller shall comply with clause 21(a-d) in its entirety. Seller shall also ensure that the Purchaser receives a pro-forma invoice not later than 10 days after receipt of the goods for repair or overhaul at the Seller's premises. In the event that goods are unable to be made serviceable at the 10 day invoice value whilst undergoing repair, such interim invoice will be adjusted by the submission of one final invoice, but in any case will be not later than 30 days after receipt of the goods for repair or overhaul at the Seller's premises unless mutually agreed otherwise.

Pro-forma invoices shall be sent to the Purchaser's nominated Buying Representative as specified on the order.

22. EXPORT AND INTERNATIONAL TRAFFIC-IN-ARMS REGULATIONS: 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." In the event Seller is supplying defense articles hereunder, Seller agrees to maintain a valid and current office of Defense Trade Controls (ODTC) registration. Seller shall provide its ODTC registration status (whether registered or not with) and expiration date to Purchaser and promptly advise Purchaser of any updates or changes to such information, in the format requested by Purchaser.

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.

If Seller intends to conduct work for Purchaser in a foreign country, including but not limited to the use of Seller's own facility outside of the U.K. or the use of a foreign affiliate or unrelated subcontractor, Seller must provide advance written notification to Purchaser. Seller is responsible for compliance with applicable export control laws and regulations and for obtaining all export control licenses required by law or requested by Purchaser

23. ENVIRONMENTAL MATTERS:

A. HAZARDOUS SUBSTANCES. Seller warrants that except as specified on the face of the purchase order, none of the chemical substances constituting or contained in the Good(s) sold or otherwise transferred to Purchaser under this order are "hazardous substances" as defined in the Chemical (Hazards Information and Packaging for Supply) Regulation 1994 and other regulations from time to time in force.

If Seller is located in the United States, 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 Comprehensive, Environmental Response, Compensation and Liability Act (CERCLA), and Seller agrees to supply Purchaser with any and all required material data safety sheets.

B. ASBESTOS. Seller agrees to provide Goods 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 cognizant buyer 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 Good. 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 Good 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 Good 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.

If Seller is located within the U.S., Seller agrees to comply with the U.S. Clean Air Act amendments of 1990 regarding warning statements on Goods manufactured with ODS'S, products containing ODS'S, and containers containing ODS'S. The need for warning statements, the specific wording of statements, and the placement of statements shall be in accord with the requirements of the U.S. Environmental Protection Agency Implementing Regulations.

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 national, county, state and local environmental, health and safety laws and regulations.

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.

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 Article 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 national, state 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 remediation 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 Goods, 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 and provide Material Safety Data Sheets (MSDS) for such Goods. For each such material, identification shall reference the stock or part number of the delivered Good. Hazardous materials include, but are not limited to, materials embedded in a delivered Good 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 section 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 Goods 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 purchase order 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: Purchaser, by written notice, may terminate this purchase order, in whole or in part, when it is in the Purchaser's interest to do so. The Purchaser shall terminate by delivery to 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 Purchaser, 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 purchase order; and (3) terminate all Subcontracts to the extent they relate to work terminated. After termination, Seller shall submit a final termination settlement to Purchaser in the form and in the manner prescribed by Purchaser.

In the event that Purchaser wrongfully terminates this purchase order for default, in whole or in part, such termination becomes a termination for convenience under this Article 25.

Seller agrees to waive any claim when a reduction in the quantity on order has an order value which is under \$1,000.00.

When a change in requirements results in a quantity reduction those quantities will be deleted from the delivery schedules on the basis that any quantity with incurred cost will be consumed by future deliveries. Should the quantity with incurred cost not be consumed, this Article 25 applies.

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 encumbrancer 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 Seller or progress payments will be made, Seller hereby grants Purchaser a security interest in 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 purchase order. Seller agrees to execute and deliver all documents requested by Purchaser to protect and maintain Purchaser's lien.

28. OFFSET REQUIREMENTS: Seller recognizes, as part of this purchase order, that Purchaser may incur international offset and/or revenue sharing obligations which could involve Goods placed under this purchase order. Should any quantity of a Good or Goods placed hereunder become necessary to support such other agreements during the term of this purchase order, Purchaser reserves the right to remove that portion from this purchase order. Any adjustment in forecasted or firm quantities will be pursuant to the Article 9, changes. 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 Article 28.

29. RESERVED

30. RESERVED

31A. EDI (ELECTRONIC DATA INTERCHANGE) AND PAPERLESS INVOICING:

(a) Upon Purchaser's request, Seller shall sign an EDI Trading Partner Agreement with Purchaser within 15 days from the 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 EDI Trading Partner Agreement.

(b) Paperless invoicing is required. Options acceptable to Purchaser include GEGSN Web Invoicing, Evaluated Receipt Settlement ("ERS").

31B. RESERVED

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

33. MATERIALS SCHEDULING: Upon Purchaser's request, Seller shall work with Purchaser to implement pull production, bin stocking unit pack and/or kitting for hardware supplied by Seller. Seller shall provide commitments to Purchaser's schedule via Purchaser's scheduling system within 72 hours of a change in Purchaser's production schedule. If Seller is unable to meet Purchaser's schedule, Seller shall immediately notify Purchaser in advance for proper reconciliation.

34. SELLER'S REPRESENTATIONS AND INDEMNIFICATION Seller represents, warrants, certifies and covenants that it shall perform all activities required under this purchase order in compliance with all applicable international, national, state and local laws, including, but not limited to environmental, health and safety laws and regulations.

Goods supplied under this purchase order may be exported worldwide, including countries that prohibit the importation of goods manufactured with child labor or forced, indentured or convict labor. Seller represents, warrants, certifies and covenants that no Goods supplied under this purchase order have been or will be produced using forced, indentured or convict labor, or the labor of persons in violation of the minimum working age laws of the country of manufacture, or in violation of minimum wage, hour of service or overtime laws of the country of manufacture.

If Purchaser determines any of Seller's representations, warranties, certifications or covenants hereunder to be untrue or otherwise breached, Purchaser shall have the right to terminate this purchase order without further compensation to Seller. Seller shall defend, indemnify and hold harmless Purchaser and all of its affiliates, directors, officers, employees, agents customer's and representatives ("Indemnified Party") from and against all claims, losses, loss of use, damages, attorney's fees, actions, liability, demands, judgments, costs and expenses arising out of or resulting from Seller's untrue or breached representations, warranties, certifications and covenants, and from Seller's (and its subcontractor's) negligent acts or omissions, and Seller's (and its subcontractor's) failure otherwise to comply with the terms of this purchase order. An Indemnified Party shall have the right to participate in the selection of counsel and Seller shall not enter into any settlement agreement that contains any admission of liability on the part of Purchaser.

From time to time, at Purchaser's request, Seller shall provide certificates to Purchaser in form and substance acceptable to Purchaser relating to the requirements of this paragraph 34. Seller shall permit Purchaser or its representatives to have reasonable access to the site where work under this order is performed to assess 1) Seller's work quality and compliance with Purchaser's specifications and 2) Seller's compliance with its representations, warranties, certifications and covenants hereunder.

35. WAIVER Purchaser's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or Purchaser's waiver of any breach hereunder shall not thereafter waive any other terms, conditions, or privileges, whether of the same or similar type.

36. SERVERABILITY: If any provisions of this Remark C64ES or any part hereof is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all conditions and provisions of this Remark C64ES which can be given effect without such invalid, unlawful or unenforceable provision shall, nevertheless, remain in full force and effect.

37. GRATUITIES: Any officers, employees or agents of Purchaser, any government representing a sovereign and independent state, or Purchaser's customers, are prohibited from soliciting or accepting entertainment, gifts, gratuities, compensation or favors from Seller. Seller shall at all times comply with the requirements of this policy. When Seller has reasonable grounds to believe that a violation of this gratuity policy by Seller or Purchaser's representatives may have occurred, Seller shall promptly report the potential violation to Purchaser by using Purchaser's Integrity Helpline (1-800-443-3632) or by reporting it in writing. For violation of this Article 37 by Seller, this purchase order may be terminated in whole or in part. Purchaser may also require Seller to provide proof 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 purchase order or by law.

38. ACCESS TO PURCHASER'S COMPUTER SYSTEMS: Access to Purchaser's computer systems by Seller's personnel shall include only those individual persons who have been specially granted and an authorized user ID by a Purchaser. 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. Such access shall be surrendered by Seller's personnel upon Purchaser's request or upon removal or reassignment by Seller.

39. RESERVED

40. FORMER GE EMPLOYEES. : If access is requested to Purchaser's facilities or computer systems, the Seller must confirm satisfactory performance of the individual for whom access is requested if the individual was previously employed by the Purchaser or its affiliates. The Seller shall use a form provided by Purchaser to obtain its employee's consent and waiver for Purchaser to release employment information to Seller regarding the individual's performance when employed by the Purchaser or its affiliates. All forms and more detailed instructions can be found at: http://www.geae.com/aboutgeae/doingbusinesswith/supplier_security_requirements.html

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

- (a). The unscheduled removal and/or replacement of such Goods or components thereof from a higher level assemble due to failure of such Goods to conform to requirements of this purchase order or defective material , workmanship or design; or
- (b). Any such removal of said Goods at Seller's request; or
- (c). Any such removal of said Goods required due to any previously required changes to said Goods that 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 purchase order.

42. **PROHIBITED GOODS AND SERVICES:** The United States of America prohibits the importation of Goods or services from the following countries: Burma, Cuba, Iran, Iraq, Libya, Liberia, North Korea and Sudan. No Goods or services from the aforementioned prohibited countries may be used directly or indirectly in the design, manufacture, test, or other methods of providing any of the items (whether Goods, services, or otherwise) covered by this purchase order. Such list can change from time to time and it is Seller's responsibility to ensure compliance with such list at all times. Current information can be obtained by accessing the Internet at URL <http://www.epls.gov/TerList1.html>.

43. **GOVERNING LAW.** This purchase order shall be governed by the laws of the England and Wales, notwithstanding its conflict of laws rules.

44. **SELLER SECURITY AND CRISIS MANAGEMENT POLICY:** Seller shall have and comply with a company security and crisis management policy. Upon Purchaser's request, Seller shall provide Purchaser a copy thereof. Seller shall revise and maintain the policy proactively, and as may be requested by Purchaser, in anticipation of security and crisis risks relevant to the Seller's business. Seller's policy, at a minimum, shall identify, and require the taking, by Seller's management and employees, of the measures necessary to do the following:

- (a) provide for the physical security of the people working on Seller's premises and others working for or on behalf of Seller;
- (b) provide for the physical security of Seller's facilities and physical assets related to the performance of work, including, in particular, the protection of Seller's mission critical equipment and assets;
- (c) protect from the loss of, misappropriation of, corruption of, and/or other damage to software related to the performance of work;
- (d) protect from the loss of, misappropriation of, corruption of, and/or other damage to Purchaser's and Seller's drawings, technical data, and other proprietary information related to the performance of work;
- (e) provide for the prompt recovery -- including through preparation, adoption, and maintenance of a disaster recovery plan -- of facilities, physical assets, software, drawings, technical data, other intellectual property, and the Seller's business operations in the event of a security breach, incident, crisis or other disruption of Seller's ability to use the necessary facilities, physical assets, software, drawings, technical data, or other intellectual property or to continue operations.

Purchaser reserves the right to inspect Seller's policy and to conduct on-site audits of Seller's facility and practices to determine whether Seller's policy and Seller's implementation of the policy are reasonably sufficient to protect Purchaser's interests. If Purchaser reasonably determines that Seller's policy and/or policy implementation is/are insufficient to protect Purchaser's property and interests, Purchaser may give Seller notice of such determination. Upon receiving such notice, Seller shall have forty-five (45) days thereafter to make the policy changes and take the implementation actions reasonably requested by Purchaser. Seller's failure to take such actions shall give Purchaser the right to terminate this purchase order immediately without further compensation to Seller.

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. **DUTY FREE IMPORT:** If a Seller located in the United States intends to procure any materials from offshore (non U.S.) concerns and to obtain duty free import under Purchaser's prime contract, Seller must obtain permission from Purchaser and advise Purchaser, in writing, of Seller's offshore order number and value..

03. **ANTI KICKBACK:** By acceptance of this purchase 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 Article 9, Changes or any other provision of this purchase 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 purchase order.

06. **PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA: (APPLICABLE TO THIS PURCHASE 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 purchase order or any modification thereof or any cost reimbursable under this purchase 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 purchase 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 purchase 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 purchase order, or is furnished by Purchaser to Seller for performance under this purchase 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 purchase order.

If property/material is provided for use on this purchase 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 purchase 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 purchase 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 purchase 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 purchase 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 purchase 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 purchase 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 and those in subsequent appendices 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 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. The full text of a clause may be accessed electronically at URL: <http://farsite.hill.af.mil/vffar1.htm>

- 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
- 52.211-5 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, BUSINESS CONCERNS,
CONCERNS
- 52.219-9 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
- 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (IF ORDER EXCEEDS \$10,000)
- 52.222-26 EQUAL OPPORTUNITY (IF ORDER EXCEEDS \$10,000)
- 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS , VETERANS OF THE VIETNAM ERA AND OTHER ELIGABLE VETERANS (IF ORDER EXCEEDS \$25,000) .
- 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (APPLIES IF ORDER EXCEEDS \$10,000)
- 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA AND OTHER ELIGIBLE VETERANS (IF ORDER EXCEEDS \$10,000)
- 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.)
- 52.225-1 BUY AMERICAN ACT – BALANCE OF PAYMENTS PROGRAM - SUPPLIES
- 52.225-3 BUY AMERICAN ACT – NORTH AMERICAN FREE TRADE AGREEMENT-ISRAELI TRADE ACT- BALANCE OF PAYMENTS PROGRAM
- 52.225-5.1 TRADE AGREEMENTS
- 52.225-8 DUTY-FREE ENTRY (IF ORDER IDENTIFIES SUPPLIES TO BE IMPORTED INTO THE U.S.)
- 52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES
- 52.225-15 EUROPEAN COMMUNITY SANCTIONS FOR END PRODUCTS
- 52.225-216 Utilization of Indian Organizations and Indian-owned Economic Enterprises
- 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 (COMPETITIVE CONTRACTS)
- 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)
- 52.232-32 PERFORMANCE-BASED PAYMENTS
- 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

- 252.209-7000 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
- 252.225-7003 Report of Intended Performance Outside the United States
- 252.225-7004 Reporting of Contract Performance Outside the United states
- 252.225-7013 Duty Free Entry
- 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
- 252.225-7019 Restriction on Acquisition of Anchor and Mooring Chain
- 252.225-7021 TRADE AGREEMENTS
- 252.225-7022 RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) BASED CARBON FIBER
- 252.225-7025 RESTRICTION ON ACQUISITION OF FORGINGS
- 252.225-7027 RESTRICTIONS ON CONTINGENT FEES FOR FOREIGN MILITARY SALES.
- 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 BUY AMERICAN ACT-NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION ACT-BALANCE OF PAYMENTS PROGRAM

- 252.225-7037 DUTY-FREE ENTRY - ELIGIBLE END PRODUCTS
- 252.225-7038 Restriction on Acquisition of Air Circuit Breakers
- 252.226-7001 Utilization of Indian Organizations, Indian Owned Economic Enterprises, and Native Hawaiian Small Business Concerns
- 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
- 18-52.219-76 NASA Small and Disadvantaged Business Goal
- 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

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 52.219-7003
- 52.223-2

**APPENDIX II
INTERNATIONAL ORDERS**

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

1. ENGLISH LANGUAGE. Except as the parties may otherwise agree, this purchase order, data, notices, shipping invoices, correspondence and other writings shall be written in the English language. In the event of any inconsistency between any terms of this purchase order and any translation thereof into another language, the English language meaning shall control.

2. ANTI-DUMPING. If Seller is located within the U.S., Seller warrants that all sales made hereunder are or will be made at not less than fair value under the United States anti-dumping law (19 U.S.C. sec 1673 et. Seq.), and Seller will indemnify, defend and hold Purchaser harmless from and against any costs or expenses (including but not limited to any anti-dumping duties which may be imposed) arising out of or in connection with any breach of this warranty

3. IMPORTER OF RECORD.

A. Purchaser shall be named as the importer of record in the United Kingdom and U.S.A., and Seller shall be named as the importer of record in its own country where Seller is located outside the United Kingdom or outside the U.S.A. Where Seller is importer of record, Seller agrees that Purchaser will not be a party to the importation of the Goods; that the transaction(s) represented by this purchase order will be consummated subsequent to importation; that Seller will neither cause nor permit Purchaser's name to be shown as "importer of record" on any customs declaration; and that, if the Goods must be returned to Seller, Seller agrees to be the exporter and to comply with all applicable export regulations.

B. If Purchaser is the importer of record in the U.K., Seller shall ship the Goods to the port of entry as advised by Purchaser and show proper broker notification on all shipping waybills. Any additional transportation or clearance charges incurred by Purchaser due to non-adherence to this clause will be the responsibility of Seller.

C. Regardless of which party is the importer of record, Seller's shipping cartons and documentation must meet all applicable United Kingdom and/or any other country's customs country of origin marking and invoicing requirements. Seller will be responsible for any fines or liabilities resulting from insufficient, improper or negligent invoicing or marking of shipments.

4. EXPORTER OF RECORD.

A. Purchaser shall be named as the exporter of record in the United Kingdom, and Seller shall be named as the exporter of record in its own country where Seller is located outside the United Kingdom. Where Seller is the exporter for any purchased material required by Seller to complete this order, Seller shall be responsible for obtaining any required authorizations and authorizing the freight forwarder and shall comply with all applicable export regulations. Any additional transportation or other charges incurred by Purchaser will be the responsibility of Seller.

B. Seller shall be responsible for complying with all applicable export regulations, including, where applicable, the U.S. export administration regulations/international traffic-in-arms regulations. Seller shall be responsible for any fines or liabilities resulting from Seller's non-compliance with the aforementioned regulations.

5. WARRANTY. Regardless of which party is the importer of record, Seller will be responsible for complying with the applicable import restrictions, including as applicable, those contained in section 13 of the Toxic Substance Control Act (TSCA) 15 U.S.C. 2601 et seq., including providing the appropriate TSCA certification required under 19 CFR 12.121, and any fines or liabilities resulting from breaches of this section.

APPENDIX III

SUPPLEMENTARY TERMS AND CONDITIONS FOR ORDERS INVOLVING OR RESULTING IN EXPERIMENTAL, DEVELOPMENT, RESEARCH WORK OR ENGINEERING SERVICES WORK.

FAR, DFARS AND NASA CLAUSES SHALL APPLY UNLESS SELLER IS OTHERWISE NOTIFIED BY THE PURCHASER ON THE REQUEST FOR QUOTE OR PURCHASE ORDER.

1. DATA RIGHTS.

A. If purchase order is a contract involving or the performance of this purchase order results in 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 purchase 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. If Seller is a non-profit institution, and if the work being done hereunder is pursuant to a contract with the U.S. Government which contains provisions regarding retention of intellectual property rights of the Seller, Seller shall retain ownership of inventions and Seller hereby grants and agrees to grant to Purchaser an irrevocable, fully paid license under any patents covering inventions conceived and/or reduced to practice in the course of this purchase order, to make, have made, use and sell such inventions with the right to extend such license to Purchaser's customers, including the U.S. Government, and to any of Purchaser's licensees or co-producers of Purchaser products.

C.. If this purchase order is a contract which calls for the delivery of, or results in the creation 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. Deleted Articles. The following article is not applicable and is deleted:

9. Changes

3. NON-PROFIT INSTITUTIONS.

A. If Seller is a non-profit institution, any references to indemnification in these terms and conditions shall be limited to such indemnification as may be permitted by law or regulation.

B. Article 12, Set Off, is not applicable to non-profit institutions.

C. Article 25, Termination, is modified to add a reference to FAR 52.249-5, , Termination for Convenience of the Government (educational and other nonprofit institutions), with the following changes: delete paragraph (H), in paragraph (c) change "120 days" to "60 days", and in paragraph (D) change "1 year" to "60 days".

4. THE FOLLOWING CLAUSES APPLY:

FAR

52.227-10 FILING OF PATENT APPLICATIONS--CLASSIFIED SUBJECT MATTER

52.227-11 PATENT RIGHTS-RETENTION BY THE CONTRACTOR. (SHORT FORM)

(APPLIES IF THIS ORDER IS FOR EXPERIMENTAL, DEVELOPMENTAL OR RESEARCH WORK TO BE PERFORMED BY A SMALL BUSINESS FIRM OR NON-PROFIT ORGANIZATION).

52.227-12 PATENT RIGHTS-RETENTION BY THE CONTRACTOR. (LONG FORM)(APPLIES IF THIS ORDER IS FOR EXPERIMENTAL, DEVELOPMENTAL DEVELOPMENTAL OR RESEARCH WORK NOT COVERED BY 52.227-11)

52.227-13 PATENT RIGHTS-ACQUISITION BY THE GOVERNMENT

DFARS

- 252.227-7039 PATENTS--REPORTING OF SUBJECT INVENTIONS
- 252.249-7034 PATENTS--SUBCONTRACTS

NASA FAR SUPPLEMENT

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

- 18-52.227-11 PATENT RIGHTS-RETENTION BY THE CONTRACTOR (SHORT FORM)
- 18-52.227-70 NEW TECHNOLOGY (DOES NOY APPLY TO SMALL BUSINESS FIRM OR NONPROFIT ORGANIZATION , SEE 52.227-11)
- 18-52.227-71 REQUESTS FOR WAIVER OF RIGHTS TO INVENTIONS
- 18-52.227-72 DESIGNATION OF NEW TECHNOLOGY AND PATENT REPRESENTATIVE
- 18-52.227-85 INVENTION REPORTING AND RIGHTS - FOREIGN

APPENDIX IV

SUPPLEMENTARY TERMS AND CONDITIONS FOR COST REIMBURSEMENT ORDERS.
FAR, DFARS AND NASA CLAUSES SHALL APPLY UNLESS SELLER IS OTHERWISE NOTIFIED BY THE
PURCHASER ON THE REQUEST FOR QUOTE OR PURCHASE ORDER.

1. INSPECTION AND NONCONFORMANCE. Inspection shall be accomplished in accordance with FAR 52.246-8,
Inspection of Research and Development—Cost Reimbursement.

2. TERMS OF SETTLEMENT. Clause 21, Terms of Settlement, is supplemented by the following: "If this is a cost type
purchase order, the frequency of invoicing shall be as stated in the body of this purchase order, and unless otherwise
stated, shall not be more frequent than once each thirty (30) calendar days. Invoices will be processed for payment in
accordance with Purchaser's standard terms of settlement. Payment will require approval of the invoice by the cognizant
engineer." Fixed price orders remain subject to Clause 21, Terms of Settlement.

3. MODIFIED ARTICLES.

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

B. Article 25, Termination, is modified to add a reference to FAR 52.249-6, Termination (cost reimbursement),
with the following changes: delete paragraphs (E), (J), in paragraph (D) change "120 days to "60 days" and in paragraph
(F) change "1 year" to "60 days".

4. THE FOLLOWING FAR CLAUSES APPLY:

FAR

- 52.216-7 ALLOWABLE COST AND PAYMENT
- 52.216-8 FIXED FEE
- 52.216-10 INCENTIVE FEE
- 52.232-20 LIMITATION OF COST
- 52.242-1 NOTICE OF INTENT TO DISALLOW COSTS
- 52.242-15 STOP WORK ORDER (WITH ALT I)
- 52.249-14 EXCUSABLE DELAYS
- 52.222-2 PAYMENT FOR OVERTIME PREMIUMS (IF ORDER EXCEEDS \$100,000)
- 52.228-7 INSURANCE-LIABILITY TO THIRD PERSONS
- 52.232-22 LIMITATION OF FUNDS
- 52.245-5 GOVERNMENT PROPERTY (COST REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR HOUR
CONTRACTS): " GOVERNMENT PROPERTY" SHALL MEAN PROPERTY OF THE BUYER OR
GOVERNMENT UNDER THIS CLAUSE. PARAGRAPH (G) IS REWRITTEN IN ITS ENTIRETY TO
READ "RISK OF LOSS.WHILE IN SUBCONTRACTORS CUSTODY OR CONTROL,
SUBCONTRACTOR ASSUMES ALL RISK FOR LOSS OF OR DAMAGE TO PROPERTY FURNISHED
BY BUYER OF THE GOVERNMENT AND ALL PROPERTY FURNISHED BY BUYER OF THE
GOVERNMENT AND TO PROPERTY WHERE THE BUYER OR THE GOVERNMENT ACQUIRED
TITLE BY VIRTUE OF THIS ORDER."

BELOW ARE THE MODIFICATIONS MADE FROM THE PREVIOUS VERSION DATED OCTOBER 31, 2003

ARTICLES 6, 21, 34, AND 40 , , : MODIFIED

APPENDIX I : Modified