

# REMARK G64

REV 06/27/2000

REQUIREMENT G64

## TERMS AND CONDITIONS OF PURCHASE

BASIC TERMS AND CONDITIONS

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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 GE Global Sourcing LLC, General Electric Company or the affiliated company that is identified as the purchaser on the face of this order.
  - b) "Government" means the United States of America or any department or agency thereof, unless otherwise indicated.
  - 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) "Seller" means the individual, partnership, corporation, or association contracting to perform the work hereunder. Synonymous with "supplier", "subcontractor", and "offeror".
  - e) "Subcontract", unless provided otherwise in this 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 order, and includes but is not limited to purchase orders and changes, or modifications thereto.
  - f) "FAR" means the Federal Acquisition Regulation.
  - g) "FAR Supplement" means authorized supplements to the FAR, including the DOD FAR Supplement (DFARS).
  - h) "Purchaser's Customers" means purchaser's customers, whether direct or indirect and/or purchaser's licensors which includes anyone who has licensed intellectual property to purchaser which is then licensed to seller to provide goods and/or services under this agreement.
2. TERMS AND CONDITIONS:
  - a. Either seller's written acknowledgement or seller's full or partial performance under this 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 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 order. Additional or different terms or any attempt by seller to vary in any degree any of the terms of this purchase order shall be deemed material and shall be rejected. However, this purchase order shall not operate as a rejection of the seller's offer unless it contains variances in the terms of the description, quantity, price, or delivery schedule of the goods.
  - b. All references to GE and GEAE (on any purchase order or any documents provided in connection with any purchase order) in its capacity as purchaser shall be interpreted as references to GE Global Sourcing LLC.
3. DISPUTE RESOLUTION: This order shall be interpreted in accordance with the laws of the state of New York, U.S.A. without regard to New York's choice of law provisions. Except as otherwise provided, the united nations convention on contracts for the international sale of goods is not applicable to this order. All disputes arising in connection with this order 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 new york city and any arbitrator's award shall not exceed actual compensatory damages.
4. RESERVED
5. TRANSPORTATION AND TITLE TRANSFER:
  - a. Goods covered by this contract shall be shipped in accordance with ICC INCOTERMS 2000 Edition. The applicable shipping and delivery INCOTERMS will be specified on the face of this order. No charges for unauthorized

transportation will be allowed. Any unauthorized shipment which will result in excess transportation charges must be fully prepaid by the seller. Title to said goods shall pass to purchaser at seller's dock, or as otherwise stipulated on the face of the purchase order, but in all cases outside the customs border of the United States of America. Purchaser carries insurance on all material while such material is in transit. Seller shall not insure material which purchaser has insured. Seller shall release shipments at the lowest released valuation if applicable. If seller does not comply with the stated delivery schedule, purchaser may, in addition to any other rights which purchaser may have under this order, require delivery by fastest way and charges resulting from this mode of transportation must be fully prepaid and absorbed by the seller.

b. Information, data and documents covered by these basic terms and conditions shall be transferred in accordance with instructions provided from time to time by purchaser or purchaser's designee.

c. Title to any such information, data or documents, including all intellectual property rights associated therewith, shall transfer from seller to purchaser upon the initiation of any transfer, electronic, physical or otherwise.

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 firm schedules and those planned 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 order, seller shall promptly notify purchaser in writing. In the event of non-delivery, breach, etc. By seller, purchaser's rights will be as specified in article 45 of the United Nations Convention on Contracts for the International Sale of Goods. If progress payments have been made under this order, and the order is terminated for default, purchaser shall have the rights of the US government set forth in FAR 52.232-16 Progress Payments, including paragraph (h), "Special Terms Regarding Default". 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 agreement. 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 furnished to seller in connection with this purchase order 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 or purchaser's customer, and, unless otherwise agreed to in writing by purchaser shall be used by seller solely to render services or provide products to purchaser or purchaser's customer. 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 customer, and shall be safely stored separate and apart from seller's property. Seller shall not substitute any property for purchaser's or purchaser's customers' property and shall not use such property except in filling 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 or purchaser's customer. Such property shall be subject to removal at purchaser's or purchaser's customers' written request, in which event seller shall prepare such property for shipment and shall deliver it as directed by purchaser or purchaser's customer 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 252.27-7015 technical data-commercial items.

b. Purchaser hereby grants seller a non-exclusive license, or sub-license as applicable, to use the drawings, specifications, computer software, and other data (hereinafter collectively referred to as "data") furnished to enable seller to perform under this purchase order or paid for by purchaser hereunder for the sole purpose of performing this order for purchaser. All data is the property of purchaser or purchaser's customer 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 FAA or other government approval to do so; provided; however, seller may provide data licensed by 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. This license is nonassignable, and this license is terminable with or without cause by purchaser or purchaser's customer at any time. All data furnished to enable seller to perform under this purchase order or paid for by purchaser shall be deemed to be proprietary property to purchaser or purchaser's customer, 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. In the event seller, without purchaser's or purchaser's customers' written consent and authorization, designs or manufacturers for sale to any person or entity other than purchaser any hardware that is substantially similar to or can replace a GE or CFMI part, or obtains FAA or other governmental approval for such hardware, the seller, in any adjudication involving or relating to such 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 such data in such design or manufacture or in obtaining FAA or other governmental approval with respect to such hardware.

e. 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 this section 8.

9. **CHANGES:** Purchaser at any time 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. 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, 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 released schedule and those planned schedules that are within leadtime. Nothing in this clause, including any disagreement with purchaser as to the equitable adjustment to be made, 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 or purchaser's customer 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. **ASSIGNMENT:** Any attempted assignment of this order or any interest therein without written consent of the purchaser, shall be void.

12. **SET-OFF:** Purchaser shall be entitled to set off any amount owing from seller to any of purchaser's affiliated companies 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 purchaser's customers, seller shall comply with all of purchaser's or purchaser's customers' 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 purchaser's customers' negligence, as the case may be, shall indemnify purchaser or purchaser's customers' 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 or purchaser's customers' from said risks and from any claims under any applicable workers' compensation and occupational disease acts.

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 purchaser's customers at all times and places, including visits during 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 purchaser's customers in accordance with GE's then

current specification S-1000 and S-1002 for supplier quality product requirements, as applicable. For Marine Gearing, "Supplier Quality Requirements Manual, AEBG Marine and Naval Products Dept. Gear Plant #2 – Lynn Ma 01910" shall apply. Records of all inspection work by seller shall be kept complete and available to purchaser and purchaser's customers.

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 GE's then current specification S-1000 for engine parts or "Supplier Quality Requirements Manual, AEBG Marine and Naval Products Dept. Gear plant #2 - Lynn MA 01910" for marine gearing.

16. RESERVED

17. RELEASE OF INFORMATION: No public release of information regarding this order shall be made without the prior written approval of purchaser. Purchaser's written approval, if granted, will be subject to any "Acknowledgement of Sponsorship" clause in purchaser's prime contract.

18. PARTS COMPLIANCE AND MATERIALS TEST CERTIFICATION: By acceptance of this order, seller certifies that, except as specifically stated to the contrary on case records per GE's then current specification S-1000 for engine parts or "Supplier Quality Requirements Manual, AEBG Marine and Naval Products Dept. Gear plant #2 – Lynn MA 01910" for marine gearing. Goods supplied shall conform to all requirements of this order, including referenced specifications in effect as of the date of order placement or as modified pursuant to the "changes" clause, and that objective evidence\* of conformance and specifications required by this order is on file 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 which 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.

19. RESERVED

20. PATENT AND COPYRIGHT INDEMNITY: Seller shall upon purchaser's or purchaser's customers' request handle all claims and defend any suit or proceeding brought against purchaser or purchaser's customers, suppliers, affiliates, or licensees (collective referred to as "indemnified parties") so far as based on any claim that the manufacture or furnishing of goods and/or services under this order, or the use (without modification or further combination) or sales of such goods constitutes infringement of any patent or copyright, if notified promptly in writing and given information, assistance and such authority as is afforded by applicable laws; and seller shall indemnify and save purchaser and indemnified parties harmless from and against any expense or liability, including costs, fees and damages, arising out of such claim, suit or proceeding. If an injunction should issue, seller shall procure for purchaser and indemnified parties the rights to continue using said goods, or modify them in a manner acceptable to purchaser or purchaser's customers so they become non-infringing, or with the written approval of purchaser, remove said goods and refund the purchase price.

21. STANDARD TERMS OF SETTLEMENT (STS): Subject to the early payment terms described in this clause, purchaser shall issue payment to seller in accordance with its standard terms of settlement - net (payment of the undiscounted invoice amount) sixty (60) days.

Purchaser reserves the right to settle invoices with supplier using purchaser's accelerated payment program. Seller agrees to accept, in exchange for purchaser's payment in fifteen ("15") days, the invoice amount discounted by 1.5%.

Funding for accelerated payment of invoices under purchaser's accelerated payment program will be provided by General Electric Capital Corporation ("GECC"). In the event that purchaser chooses to settle an invoice pursuant to the accelerated payment program, the following shall occur: (1) title to the goods which are being delivered shall pass directly to GECC consistent with article 5 above; (2) once title to the goods has passed to GECC, GECC 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. For purposes of this article, the number of days within which purchaser shall issue payment for invoices shall be counted as follows:

(1)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,

(2)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.

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." 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 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 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 cognizant purchaser must be obtained prior to such use.

c. Use of cadmium. Unless specifically defined as a requirement by purchaser or purchaser's customers' 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 the U.S. Clean Air Act amendments of 1990 regarding warning statements on products 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 requirements of the U.S. Environmental Protection Agency implementing regulations. Any usage of Class I ODS's is subject to evaluation and approval of purchaser or the U.S. Government. For purchases of materials to be supplied to the U.S. Government, seller shall also comply with any labeling requirements arising under the Federal Acquisition Regulation (FAR). 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 or the U.S. Government. 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 federal, 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, purchaser's customers, suppliers or affiliates (collectively referred to as "Indemnified Parties"), 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 and indemnified parties, 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 and indemnified parties, 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 federal (including FAR/DFAR clauses), 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's or purchaser's customers' engineering drawings to provide products, upon request by purchaser, seller agrees to make available to purchaser detailed process flow diagram 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 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 GE Global Sourcing LLC, c/o General Electric, Group Environmental Affairs & Safety, One Neumann Way, M/D T165, Cincinnati OH 45215, phone: (513) 672-3982.

l. **Hazardous Material Identification.** Seller shall identify hazardous materials contained in items delivered to purchaser, provide material safety data sheets (msds) for such items, and, where applicable, comply with 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 section and hazcom shall be provided to GE Global Sourcing LLC, c/o General Electric, Group Environmental Affairs & Safety, One Neumann Way, M/D T165, Cincinnati, OH 45215.

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 U.S. Government.

25. **TERMINATION FOR CONVENIENCE:** The 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 part schedules report on the basis that any quantity with incurred cost will be consumed by future releases. Should the quantity with incurred cost not be consumed, this article applies. The purchaser, by written notice, may terminate this order, in whole or in part, when it is in the purchaser's interest 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, and in accordance with applicable portions of subparts 49.1, 49.2 and 49.3 of the Federal Acquisition Regulation (FAR).

26. **PRIORITY RATINGS:** When a priority rating is specified for an item, this is a rated order certified for national defense use and seller is required to follow all provisions of the Defense Priorities and Allocations System (DPAS) regulations (15 CFR 00). This applies to rated subcontracts placed with U.S. suppliers.

27. **SECURITY INTEREST:** In the event items will be bailed to the seller or progress payments will be made, the seller

hereby grants the bailor, whether purchaser or purchaser's customers, 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 purchaser's customers 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 or purchaser's customers' security interest.

28. **OFFSET REQUIREMENTS:** The seller recognizes, as part of this agreement, that the purchaser or purchaser's customers 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:** Changes in the released schedules will be communicated to the seller via the part schedules report which will be mailed to the seller periodically (or transmitted via EDI). the part schedules report may reflect both firm released and planning quantities.

30. **CLASS II CHANGES IN DESIGN:** Class II engineering changes not resulting in a part number change will be flowed to the seller via the class ii design change transmittal letter as changes occur. The class II design change transmittal letter will contain incorporation/exception directions, and is considered a change in accordance with article 9 (changes).

31A. **EDI (ELECTRONIC DATA INTERCHANGE):** Seller agrees to take reasonable action to become an edi (electronic data interchange) 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 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 purchaser's or purchaser's customers' 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 GE's bar code shipping label instructions. the seller shall submit example labels for approval within 60 days of said request. The seller shall designate an individual responsible for compliance to 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. RESERVED

35. RESERVED

36. RESERVED

37. **IMPROPER OR ILLEGAL PAYMENTS, GIFTS, AND GRATUITIES:**

a. Any officers, employees or agents of purchaser, purchaser's customers, or the U.S. Government, 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 the gratuity policy by seller or purchaser's representatives may have occurred, seller shall promptly report the potential violation to purchaser by using the supplier hot line (513-243-6922 or 1-800-443-3632) or by reporting it in writing.

b. Seller shall comply with all laws dealing with improper or illegal payments, gifts or gratuities, and seller agrees



not to pay, promise to pay or authorize the payment of any money or anything of value, directly or indirectly, to any person or entity for the purpose of illegally or improperly inducing a decision or obtaining or retaining business in connection with this order. Without limiting the generality of the foregoing, seller hereby represents and warrants that in carrying out its responsibilities hereunder, seller shall not pay, offer or promise to pay, or authorize the payment directly or indirectly of any moneys or anything of value to (a) any person or firm employed by or acting on behalf of any customer, whether private or governmental, or (b) any government official or employee or any political party or candidate for political office, for the purpose of inducing or rewarding any favorable action by the customer in any commercial transaction or in any governmental matter; and

c. In the event purchaser has reason to believe that a breach of any of the covenants, representations or warranties in this Article 37 has occurred or will occur, (i) purchaser may withhold further payments until such time as it has received confirmation to its satisfaction that no breach has or will occur, in which case purchaser shall not be liable to seller for any claim, losses or damages whatsoever related to its decision to withhold payments under this provision, and (ii) purchaser shall have the right to audit seller in order to satisfy itself that no breach has occurred. seller shall fully cooperate in any audit conducted by or on behalf of purchaser.

d. In the event of a breach of any of the covenants, representations or warranties in this Article 37, this order may automatically be canceled by purchaser upon receipt by seller of written notice of cancellation, and any claims for payment by seller, including claims for sales previously concluded or sales previously rendered shall be surrendered. Seller shall further indemnify and hold purchaser harmless against any and all claims, losses or damages arising from or related to such breach or purchaser's cancellation of this order, or both.

e. In no event shall purchaser be obligated to take any action or omit to take any action that purchaser believes, in good faith, would cause it to be in violation of any U.S. laws, including the foreign corrupt practices act. In no event shall seller take any action or omit to take any action that purchaser believes, in good faith, would cause purchaser to be in violation of any U.S. laws, including the foreign corrupt practices act.

f. Purchaser may require seller to provide proof that it has implemented internal management controls sufficient to prevent future violations. These rights and remedies of purchaser in article 37 are not exclusive and are in addition to any other rights and remedies provided to purchaser under this 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 persons identified on purchaser's and/or purchaser's customers' 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 and/or purchaser's customers' computer systems. Such access shall be limited by purchaser to those systems, which in purchaser's and/or purchaser's customers' 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 and/or purchaser's customers' request or upon removal or reassignment by seller.

39. **CITIZENSHIP STATUS:** For data export purposes, only citizens of the country in which the seller is located shall be permitted to work on purchaser's orders without prior written approval from purchaser. Seller shall preserve such records as required by local laws and regulations regarding the citizenship status of seller's employees.

40. **DATE PROCESSING REQUIREMENTS:**

a. In addition to any other warranties and representations provided by seller to purchaser, whether pursuant to this purchase order, by law, equity, or otherwise, seller represents and warrants that

1. Any product(s) and/or services 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

2. 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 01, 2000. For purposes of this agreement, 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 01, 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 interface values that reflect the century. In particular, but without limitation,

- i. No value for any 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 is represented without a century, the correct century will be unambiguous for all manipulations involving the element,
  - v. Authorization codes, passwords, and zaps (purge functions), should function normally and in the same manner prior to, on, after and spanning January 01, 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 purchase order 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 majeure 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 purchase order, including, but not limited to, suppliers, 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 reasonable attorney's fees) 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 reasonable attorney's fees) arising out of or relating to any failure of seller's or seller's suppliers', 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 between the parties.
- e. Any statute of limitations that might be applicable to seller's year 2000 compliant warranty and representation shall not accrue or begin to run until the later of January 01, 2000, or the time when such statute of limitations would otherwise accrue or begin to run, and, with respect to any claim based on any failure of the products/ services to be year 2000 compliant, seller shall not assert any defense based on or alleging the passage of time from the date of this agreement to January 01, 2000.

41. **REMOVALS OR REPLACEMENTS:** Seller agrees that, notwithstanding the provisions of any warranties, expressed or otherwise, negotiated with respect to supplies 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:

1. The unscheduled removal and/or replacement of such supplies or components thereof from a higher level assembly 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.

42. **ENGLISH LANGUAGE:** Except as the parties may otherwise agree, this 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 contract and any translation thereof into another language, the english language meaning shall control.

43. **ANTI-DUMPING:** 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 and purchaser's customers 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.

44. **U.S. IMPORTER OF RECORD:** The following applies to all transactions involving imported goods, it being understood that in no event shall seller be importer of record:

- a. The seller will provide, in the english language, all information required by the united states customs service to be included by seller or its agent on documents necessary upon entry of products into the united states, except information within the exclusive possession of purchaser, which will be provided to seller by purchaser. Seller's shipping cartons must meet all U.S. customs country of origin marking requirements. Seller shall indemnify and save purchaser harmless from and against fines and penalties imposed or additional cost of duty incurred through seller's failure to properly satisfy these obligations.
- b. Seller shall provide invoices and declarations in accordance with the section 141.81 through 141.89 Customs Regulations of the United States.

45. **U.S. EXPORTER:** If seller is the U.S. exporter for any U.S. origin bailed or purchased material required by seller to complete this order, seller shall be responsible for obtaining any required export license, authorizing a U.S. freight forwarder, and complying with U.S. export administration regulations/international traffic-in arms regulations. If the seller requests the purchaser to export the materials, the purchaser shall be responsible for procuring the export license, utilizing its duly authorized freight forwarder, complying with U.S. Export Administration Regulations/International Traffic-in-Arms Regulations, and carrying out all other customs formalities as necessary for the export of the goods. To enable purchaser to comply with the laws and regulations of the United States Government, seller hereby assures purchaser that all technical data received from purchaser will not be re-exported from seller's country without the express written consent of purchaser to such re-export.

46. **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.

47. **TSCA WARRANTY:** Seller will be responsible for complying with the import restrictions contained in section 13 of the Toxic Substance Control Act (TSCA) 15 U.S.C. 2601 et seq., Providing the appropriate tscA certification required under 19 CFR 12.121, and any fines or liabilities resulting from breaches of this section.

48. **COMPLIANCE WITH LAWS:** From time to time, at purchaser's request, seller shall provide certificates to purchaser relating to any applicable legal requirements, in each case in form and substance satisfactory to purchaser. Without limiting the generality of the foregoing, seller shall provide certificates of origin relating to products within the meaning of the rules of origin of the NAFTA preferential duty rules of origin, which will include a statement as to whether the goods in question were produced in the United States, Mexico, or Canada, or, if the country of origin or manufacture is not NAFTA eligible, then a statement as to the country of origin or manufacture.

49. **EXCLUDED GOODS AND SERVICES:** The United States of America prohibits the importation of goods or services from the following countries: Cuba, Iran, Iraq, Libya, North Korea, territory of Aghanistan controlled by the Taliban, and Yugoslavia (Serbia and Montenegro). 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 order. The list of prohibited countries will change from time to time, and it is the sole responsibility of seller to keep an updated list and ensure compliance at all times. Current information can be obtained by accessing the internet at url <http://www.treas.gov/ofac/>

50. **INTELLECTUAL PROPERTY AND EXPORT LICENSES:** In connection with the performance of any work under this purchase order, seller, at its own cost, shall be responsible for: (1) determining whether, and the extent to which, any foreign or U.S. Government-funded intellectual property that was not provided by purchaser will be used; (2) if any such foreign or U.S. Government-funded intellectual property will be used, obtaining, on behalf of purchaser, a license under which the foreign or U.S. Government shall grant to purchaser the unlimited right to use such intellectual property; (3) determining whether, and the extent to which, export licenses are required for export of all deliverables, whether tangible or intangible, under this purchase order from seller's country to purchaser; (4) obtaining the required export license.

All of purchaser's obligations under this purchase order are conditional upon the issuance of intellectual property and/or export licenses by the foreign or U.S. Government granting purchaser the right to use such foreign or U.S. Government-funded intellectual property and/or to export from seller's country all deliverables, whether tangible or intangible under this purchase order.

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## APPENDIX I

When the request for quote, purchase order, purchase agreement or part schedules report indicates that remark F12 is applicable to a line item or schedule, this appendix does not apply.

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

02. **RESERVED**

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 and purchaser's customers for any costs, liabilities or administrative offsets incurred by purchaser and purchaser's customers 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 or purchaser's customers prime contract.

05. **TECHNICAL DATA:** Seller shall indemnify purchaser and purchaser's customers 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", 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 and purchaser's customers for any costs, liabilities, and expenses resulting from failure of seller or any subcontractor or supplier of any tier hereunder, incurred by purchaser and purchaser's customers 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 or purchaser's customers to seller for performance under this order, shall be controlled and accounted for in accordance with purchaser's then current Tooling Supplement, remark E21 (formerly GT75t). 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.

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.

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

52.214-26 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 POST RETIREMENT 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
- 52.223-3 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
- 52.229-6 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
- 252.208-7001 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
- 252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM
- 252.225-7002 QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS

252.225-7007 BUY AMERICAN ACT-TRADE AGREEMENTS-BALANCE OF PAYMENTS PROGRAM  
 252.225-7009 DUTY-FREE ENTRY - QUALIFYING COUNTRY SUPPLIES (END PRODUCTS AND COMPONENTS)  
 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  
 252.225-7021 TRADE AGREEMENTS  
 252.225-7022 RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) BASED CARBON FIBER  
 252.225-7025 RESTRICTION ON ACQUISITION OF FORGINGS  
 252.225-7026 REPORTING OF CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (IF ORDER EXCEEDS \$100,000)  
 252.225-7027 RESTRICTION 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  
 252.227-7013 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 SYSTEM (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)

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

- 18-52.204-76 SECURITY REQUIREMENTS FOR UNCLASSIFIED AUTOMATED INFORMATION RESOURCES
- 18-52.208-81 RESTRICTIONS ON PRINTING AND DUPLICATING
- 18-82.219-74 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

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APPENDIX II RESERVED

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APPENDIX III

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

When the request for quote, purchase order, purchase agreement or part schedules report indicate that remark F12 is applicable to a line item or schedule, FAR, DFARS and NASA clauses do not apply.

1. DATA RIGHTS.

a. If this order is a contract for experimental, development, research, or engineering services 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 or purchaser's customers, 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 or purchaser's customers. Any compensation due to seller's employees in connection with any invention shall be paid solely by the seller.

b. If seller is a university or 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 and purchaser's customers an irrevocable, fully paid license, with the right to grant sublicenses, under any patents covering inventions conceived and/or reduced to practice in the course of this 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 ge products.

c. 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.

d. 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 or purchaser's customers the ownership of such works including all copyrights thereto. Purchaser or purchaser's customers 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 or purchaser's customers expense) required to perfect such protection.

2. DELETED ARTICLES. The following articles are not applicable and are deleted:

- 29. Changes in Schedule



3. EDUCATIONAL AND NON-PROFIT INSTITUTIONS

- a. If seller is an educational or non-profit institution, any references to indemnification in standard remark g64 shall be limited to such indemnification as may be permitted by law or regulation.
- b. Article 12, set off, is not applicable to educational or non profit institutions.
- c. Article 3, dispute resolution, shall be modified to refer to the law of the state under which the educational or non-profit institution is chartered.
- d. In article 25, termination for convenience, 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 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 NOT 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

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APPENDIX IV

SUPPLEMENTARY TERMS AND CONDITIONS FOR COST REIMBURSEMENT ORDERS.

When the request for quote, purchase order, purchase agreement or part schedules report indicate that remark f12 is applicable to a line item or schedule, FAR, DFARS and NASA clauses do not apply.

- 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 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.

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, is modified to add a reference to FAR 52.249-6, termination (cost reimbursement) with the following changes: deletes paragraphs (e) and (j); in paragraph (d) change "120 days" to "60 days" and in paragraph (f) change "1 year" to "60 days."

4. THE FOLLOWING 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 SUBCONTRACTOR'S CUSTODY OR CONTROL, SUBCONTRACTOR ASSUMES ALL RISK FOR LOSS OF OR DAMAGE TO PROPERTY FURNISHED BY BUYER OR THE GOVERNMENT AND ALL PROPERTY FURNISHED BY BUYER OR THE GOVERNMENT AND TO PROPERTY WHERE THE BUYER OR THE GOVERNMENT ACQUIRED TITLE BY VIRTUE OF THIS ORDER."

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