

# REMARK G64

03/09/2006

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 purchase order, the following terms shall have the meanings set forth below.
  - (a) "Purchaser" means either (a) GE Global Sourcing LLC or (b) GE Central Europe and Services Limited Liability Company (hereinafter referred to as GE Central Europe Ltd.), as specified on the cover page(s) of this purchase order.
  - (b) "Government" means the United States of America or any department or agency thereof.
  - (c) "Prime Contract" means a contract 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 Regulation.
  - (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) "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 these Terms and Conditions of Purchase.
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.

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 Purchaser as such term is defined herein.

3. DISPUTE RESOLUTION: This purchase 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 purchase order. All disputes arising

in connection with this purchase 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. **PACKAGING REQUIREMENTS:** Packaging requirements are contained in Standard Remark E12 listed on this purchase order.
5. **TRANSPORTATION:**
  - (a) Goods covered by this purchase order shall be shipped in accordance with ICC Incoterms, 2000 Edition. The applicable shipping and delivery Incoterms will be specified on the face of the order. 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. If the agreed point and place for title to pass is during delivery by sea transport, title shall pass on board the transport vessel immediately prior to entry of the transport vessel into the territorial waters of the United States of America, as defined in Presidential Proclamation 5928 of December 27, 1988 (i.e. immediately prior to entry of the transport vessel into waters that are 12 nautical miles or less from the baselines of the United States of America determined in accordance with international law ("Territorial Waters")), or any modification of, or successor to, such proclamation. If the agreed point and place for title to pass is during delivery by air transport, title shall pass on board the transport vessel immediately prior to entry of the transport vessel into the airspace over the Territorial Waters (or customs border, if the flight is over land) of the United States of America. Purchaser insures all Goods for which it accepts risk of loss while such Goods are in transit. Therefore, Seller shall not declare any insurance value on such Goods shipped via any carrier.
  - (b) Seller shall release rail or truck shipments at the lowest released valuation permitted in the governing tariff or classification. No charges for unauthorized transportation will be paid by Purchaser. Any unauthorized shipment which results in excess transportation charges must be fully prepaid by the Seller. If Seller does not comply with the stated delivery schedule, Purchaser may, in addition to any other right which Purchaser may have, require delivery by fastest way. The charges resulting from this mode of transportation must be fully prepaid and the full cost of the shipment must be absorbed by the Seller.
  - (c) 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.
  - (d) Title to any 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 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 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 any of the other requirements of this purchase order, Seller shall promptly notify Purchaser in writing or be electronic mail system. In the event of a delivery delay, non-delivery or any other default by Seller in meeting the requirements of this purchase order, Purchaser may terminate this purchase order without further compensation to Seller, and 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 purchase order, and the purchase 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."
8. **PURCHASER'S PROPERTY:**
  - (a) All tangible and intangible property, including but not limited to tools, tool drawings, materials, drawings, computer software, documents, information or data of every description furnished to Seller by Purchaser or Purchaser's Customer 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. 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 or designee, and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any

property for Purchaser's or Purchaser's Customer'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 or Purchaser's Customer. Such property shall be subject to removal at Purchaser's or Purchaser's Customer's 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 252.227-7015 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 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 furnished or paid for by Purchaser or Purchaser's Customer 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 condition that Seller's contractors agree in writing for Purchaser's and Purchaser's Customer'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 or Purchaser's Customer at any time. All Data furnished 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) Purchaser and Purchaser's Customer 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 above and Appendix III.
- (d) In the event Seller, without Purchaser's or Purchaser's Customer's prior 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 or repair a GE or CFMI part, or obtains FAA or other governmental approval for such hardware or repair, the Seller, in any adjudication involving or relating to Purchaser's or Purchaser's Customer'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 or Purchaser's Customer's Data in such design or manufacture or in obtaining FAA 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 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 scrappage, and/or rework resulting from any change shall be limited to the value of the materials and parts in process at the time of the change, to the extent that such parts are within Seller's normal manufacturing cycle required to meet the established released schedule.
- (b) Changes in the released schedules will be communicated to the Seller via the part schedules report which will be mailed to the Seller periodically, transmitted via EDI, or made available via a web based application. The part schedules report may reflect both firm released and planning quantities.

- (c) 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 this Article 9.
- (d) Within 30 days of the issuance by Purchaser of a design change, Seller is to enter into the CID system the forecasted and actual dates upon which design changes are incorporated with detailed action plans, all as more fully described on the GEAE Supply Chain Web Center from time to time.
- (e) Nothing in this clause 9, 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 has disclosed or may hereafter disclose to Purchaser or Purchaser's Customer 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 or attempt to assign this order without the advance written consent of Purchaser shall be null and void and shall give Purchaser the right to terminate this order for default under Article 7.
- (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 and Control occurs, Purchaser has the right at its discretion to terminate this purchase order for default under Article 7 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. Pending termination or 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 terms "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 or Seller's parent, 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 or Seller's parent, 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 or to any of Purchaser's affiliated companies against any amount payable under this purchase order.

13. WORK ON PURCHASER'S OR ITS CUSTOMER'S PREMISES: If Seller's work under this purchase order involves operations by Seller on the premises of Purchaser or one of its Customers, then:

- (a) Seller shall comply with all of Purchaser's or Purchaser's Customer'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 Purchaser from said risks and from any claims under any applicable workers' compensation and occupational disease acts, and upon Purchaser's request provide Purchaser proof of such insurance.
- (b) Seller agrees that all of its employees whom may require access to Purchaser's or its Customer's premises to perform work pursuant to this order shall be tested and certified (in writing) to be free from the following illegal or unauthorized drugs prior to being assigned to perform such work: cannabinoid metabolites (marijuana) opiate derivatives (heroin, morphine, codeine)cocaine metabolites (benzoylecgonine, ecgonine) amphetamines (methamphetamines) phencyclidine.

In addition, such drug tests shall include screening for prescription drug use. In the event Seller's employee acknowledges use of prescription drugs, or if the drug screening results are positive for prescription drug use, Seller

shall not assign such employee to perform work pursuant to any order unless, (1) Seller confirms that there are corresponding documented medical authorizations for use of such prescription drugs; and (2) Seller determines, using appropriately qualified resources, that the employee is fit to perform the work under any order and free of any impairment that would prevent the employee from performing competent and safe work under any order.

- (c) Seller's employees shall be retested and recertified to be free of these unauthorized drugs after a six (6) month absence from performing work on Purchaser's or its Customer's premises.
- (d) Seller shall comply with any and all federal, state, or local anti-drug, alcohol abuse and /or drug testing statutes or regulations for any of its employees who may be covered by such statutes or regulations. Seller shall have, retain, and be able to provide to Purchaser, upon request, an approved drug and alcohol misuse prevention plan.
- (e) Seller shall conduct a criminal convictions records investigation of its employees before they are assigned to work on any order that requires the employee to enter Purchaser's premises or the premises of a Customer of Purchaser (hereinafter collectively "GE Premises"). A Criminal Convictions Records Investigation shall consist of a records search (documented by a written report retained by the Seller of the results of such search) by the appropriate law enforcement or other local or state agency in each location in which the employee has resided and worked in at least the seven years preceding the date of the criminal conviction records investigation. Purchaser reserves the right, at its discretion, to request from Seller documentation of the completion of a criminal convictions records investigation for any employee assigned to work on Purchaser's or its Customer's premises. Seller's failure to have completed a criminal convictions investigation of any of its employees in accordance with this clause shall be grounds for immediate expulsion of the Seller and its employees from Purchaser's or its Customer's premises and Purchaser shall have the right to terminate all orders for default.
- (f) Seller shall not assign any person to perform work on Purchaser's or its Customer's premises that has been:
  - (i) convicted of murder; manslaughter; kidnapping; rape; sexual battery or gross sexual imposition; domestic violence; assault; arson; robbery; burglary; theft; embezzlement; fraud; drug possession, manufacturing or trafficking.
  - (ii) convicted as an adult of any felony, convicted of more than one misdemeanor in the previous two years, or convicted of more than five misdemeanors in the previous five years.
- (g) Purchaser may require Seller's employees, before entering Purchaser's or its Customer's premises, to complete a criminal convictions questionnaire. In the event that Purchaser has grounds to believe that an employee of Seller has falsified the criminal convictions questionnaire in any way, such person shall not perform work on Purchaser's or its Customer's premises.
- (h) Seller shall include this clause Article 13 in any Subcontract placed pursuant to a purchase order with a subcontractor who will perform work on Purchaser's or its customer's premises.

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 the Purchaser and its Customer 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.

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 order requirements nor impose liabilities on Purchaser therefor. The inspection or test of any item by Purchaser shall not relieve Seller from any responsibility regarding defects or other failures to meet order requirements which may be discovered subsequently.

For engine components and other ancillary components, Seller shall provide and maintain quality control, inspection, and process control systems acceptable to Purchaser and its Customer in accordance with Purchaser's then current specification S-1000 and S-1002 for supplier quality product requirements, as applicable. "Supplier Quality Requirements

Manual, AEBG Marine and Naval Products Dept. Gear Plant #2 – Lynn MA 01910" (hereinafter referred to as the "Marine Quality Manual") shall apply for marine gearing. 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 specification S-1000 for Engine Parts or the Marine Quality Manual for marine gearing.
16. RESERVED
17. RELEASE OF INFORMATION: No public release of information regarding this purchase 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 Government Prime Contract.
18. PARTS COMPLIANCE AND MATERIALS TEST CERTIFICATION: By acceptance of this purchase order, Seller certifies that, except as specifically stated to the contrary on case records per Purchaser's then current specification S-1000 for Engine Parts or the Marine Quality Manual for marine gearing, Goods supplied shall conform to all requirements of this purchase 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 purchase order is on file and available for examination by Purchaser.

\*"Objective 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 that describe the item, process, or procedure.

19. RESERVED
20. INTELLECTUAL PROPERTY 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 patent, trade secret or copyright. If an injunction 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.
21. STANDARD TERMS OF SETTLEMENT (STS):

(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 15<sup>th</sup> day following the Payment Start Date (as defined in (d) below) ("net 15 less 2 %"). If payment is initiated earlier than such 15<sup>th</sup> day, the invoice amount may be further discounted to reflect substantially similar economics as "net 15 less 2%".

(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.

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 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.S. 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 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 or Purchaser's Customer's 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 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 accordance 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 Customer's engineering drawings to provide Goods, 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 or GE Central Europe Ltd. (as the case may be) 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 Goods delivered to Purchaser, provide Material Safety Data Sheets ("MSDS") for such Goods, 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 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 and HAZCOM shall be provided to GE Global Sourcing LLC or GE Central Europe Ltd. (as the case may be), c/o General Electric Company, 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 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 purchase 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 FOR CONVENIENCE: Purchaser, by written notice, may terminate this purchase order, in whole or in part, when it is in Purchaser's interest to do so. 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, and in accordance with applicable portions of subparts 49.1, 49.2 and 49.3 of the Federal Acquisition Regulation (FAR).

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 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 25 applies.

26. PRIORITY RATINGS: When a priority rating is specified for a Good, 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 700).

27. SECURITY INTEREST: In the event items will be bailed to Seller or progress payments will be made, Seller hereby grants Purchaser or Purchaser's Customer, as the case may be, 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 Customer 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 or Purchaser's Customer's security interest.

28. OFFSET REQUIREMENTS: Seller recognizes, as part of this purchase order, that Purchaser and/or its Customers 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 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 (Electronic Data Interchange) Trading Partner Agreement with Purchaser within 15 days from the request date. Following such agreement, the parties shall establish an

implementation schedule that 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 GSN Web Invoicing, Evaluated Receipt Settlement (“ERS”) and EDI.

- 31B. UNIGRAPHICS. Seller agrees to take reasonable action to establish cad/cam (computer aided design/computer aided manufacture) capabilities, specifically utilizing Purchaser's then current software/standards. Upon Purchaser's request, Seller shall implement required plans and activities to facilitate the design, inspection, processing, and/or manufacture of General Electric products or services utilizing Purchaser's then current software/standards. Within 30 days following Purchaser's request, Seller will advise Purchaser of its plan to establish active Unigraphics capabilities including milestones which will provide Purchaser with a clear understanding of the time frame involved.
- 32. BAR CODE SHIPPING LABEL: Upon Purchaser's request, all shipment containers for Goods and products to be delivered hereunder shall be labeled in accordance with Purchaser's Bar Code Shipping Label Instructions. 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 the 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 the 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, customers 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 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 each case 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.

Without limiting the generality of the foregoing, Seller shall provide certificates of origin relating to Goods and/or products (whether finished or not) incorporating or manufactured using Goods. Such certificates shall contain a statement of the country of origin or manufacture of the Goods and of their components and shall comply with all requirements, including but not limited to those related to form, content and timeliness, specified in any preferential trading arrangements (including but not limited to the North American Free Trade Agreement (“NAFTA”)) granting duty-free access to the country of destination for the Goods and/or for products (whether finished or not) incorporating or manufactured using Goods. In addition, Seller shall provide to Purchaser or to a party designated by Purchaser any certificate of origin, declaration or information requested by Purchaser that may be required to support issuance by Purchaser or by a third party of a certificate of origin relating to products (whether finished or not) incorporating or manufactured using Goods.

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. **SEVERABILITY:** If any provisions of this Remark G64 or any part hereof are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all conditions and provisions of this agreement 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, the U.S. Government, 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 or Purchaser's Customers' representatives may have occurred, Seller shall promptly report the potential violation to Purchaser by using the supplier hot line (1-800-443-3632) or (513-243-6922) or by reporting it in writing.

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.

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.

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.

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.

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 or Purchaser's Customer's computer systems by Seller's personnel shall include only those individual persons who have been specifically granted an authorized user id by Purchaser. Purchaser reserves the right to, at any time, verify the citizenship status of all Seller personnel who have access to Purchaser's or Purchaser's Customer's computer systems. Such access shall be limited by Purchaser to those systems, which in Purchaser's or Purchaser's Customer'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 and/or Purchaser's Customer's 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 purchase 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. **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](http://www.geae.com/aboutgeae/doingbusinesswith/supplier_security_requirements.html).
41. **REMOVALS OR 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 Customer, Seller shall reimburse Purchaser for labor and material cost, including overhead and general and administrative (G&A) expense reasonably incurred by Purchaser and/or Purchaser's Customers in connection with:
- (a) The unscheduled removal and/or replacement of such Goods or components thereof from a higher level assembly 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 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 purchase order.

42. **PROHIBITED GOODS AND SERVICES:** The United States of America prohibits the importation of Goods or the purchase of services from the following countries: Burma, Cuba, Iran, Iraq, Liberia, Libya, North Korea, 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.treas.gov/ofac/>
43. **GOVERNING LAW:** This purchase order shall be governed by the laws of the state of New York, notwithstanding its conflict of laws rules.
44. **SUPPLIER SECURITY AND CRISIS MANAGEMENT POLICY/CPAT:** Seller shall have and comply with a company security and crisis management policy. Upon Purchaser's request, Seller shall provide Purchaser a copy thereof and certification (in a form acceptable to Purchaser) of Seller's compliance with this Article 44 and Article 34.. 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, Purchaser's Customers', 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.

- (f) for any deliveries of Goods originating outside of the United States for delivery to the United States, review by Seller of the requirements of the Customs-Trade Partnership Against Terrorism ("C-TPAT") for Air Carriers, Rail Carriers, Sea Carriers and Highway Carriers comply with the security procedures outlined by the United States Customs Service at [http://www.customs.gov/xp/cgov/import/commercial\\_enforcement/ctpat/](http://www.customs.gov/xp/cgov/import/commercial_enforcement/ctpat/), as modified from time to time;
- (g) identify an individual contact (name, title, location and email/telephone/fax numbers) responsible for Seller's facility, personnel, and shipment security measures.

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 and Purchaser's Customers' 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.

Seller agrees that it will make reasonable efforts to become a member of C-TPAT in a timely manner, if it is eligible to do so. At Purchaser's request, Seller shall inform Purchaser of Seller's C-TPAT membership status and its anticipated schedule for participation in C-TPAT. Where Seller does not exercise control of manufacturing or transportation of Goods destined for delivery to Purchaser or its customers in the United States, Seller agrees to communicate C-TPAT security recommendations to its suppliers and transportation providers and to condition its relationship to those entities on their implementation of such recommendations, unless Seller is using such supplier and transportation provider at Purchaser's request.

- 45. 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.
- 46. 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 Customer 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.
- 47. 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 Goods 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.
- 48. 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 purchase 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, and complying with U.S. EXPORT ADMINISTRATION REGULATIONS and INTERNATIONAL TRAFFIC-IN-ARMS REGULATIONS.
- 49. 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.

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 federal agency, or upon receipt of a notice of proposed debarment during the performance of this order.
02. DUTY FREE IMPORT: If a domestic Seller 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 and Purchaser's Customer for any costs, liabilities or administrative offsets incurred by Purchaser or Purchaser's Customer 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 and Purchaser's Customer 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: (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 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 and Purchaser's Customer for any costs, liabilities, and expenses resulting from failure of Seller or any subcontractor or supplier of any tier hereunder, incurred by Purchaser or Purchaser's Customer 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 or Purchaser's Customer to Seller for performance under this purchase 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 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/material, 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 U.S.C. 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 and Purchaser's Customer for any costs and liabilities incurred by Purchaser or Purchaser's Customer 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 ("CAS"):** (Applicable when CAS is incorporated 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>

## FAR CLAUSES

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
52.204-4	PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER
52.211-5	MATERIAL REQUIREMENTS
52.211-15	DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (IF DPAS RATING INDICATED ON ORDER) (APPLIES TO RATED SUBCONTRACTS PLACED WITH U.S. SUPPLIERS)
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
52.222-21	PROHIBITION OF SEGREGATED FACILITIES (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	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 ON 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)  
 52.232-32 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  
 252.225-7001 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 IS OVER \$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 NASA FAR SUPPLEMENT CLAUSES APPLY:

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

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 APPENDIX II           RESERVED

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 APPENDIX III

SUPPLEMENTARY TERMS AND CONDITIONS FOR ORDERS INVOLVING OR RESULTING IN EXPERIMENTAL, DEVELOPMENT, RESEARCH WORK, 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. INTELLECTUAL PROPERTY RIGHTS.
  - (a) If this purchase order is a contract involving or the performance of this purchase order results in experimental, development or research work, or engineering work, Seller hereby assigns and agrees to assign to Purchaser any innovations, inventions, drawings or specifications conceived and/or reduced to practice in the course of or performance of this purchase order and Seller also agrees to assign to Purchaser all intellectual property rights thereto, including patents and copyrights issuing thereon. Seller further agrees to provide reasonable assistance to

Purchaser or Purchaser's Customer, at Purchaser's expense, for securing all such intellectual property rights. Seller shall be responsible for assuring that its employees have signed appropriate written agreements to secure such rights for Purchaser and/or Purchaser's Customer. Any compensation due Seller's employees shall be paid solely by 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 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 General Electric products.
- (c) If this 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 assign and does hereby assign to Purchaser or Purchaser's Customer the ownership of such works including all copyrights thereto. Purchaser or Purchaser's Customer may apply for, 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 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 non-profit institutions.
- (c) RESERVED
- (d) 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. APPLICABLE FAR CLAUSES. 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**

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

**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

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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 NON-CONFORMANCE. 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 buyer or a designated representative."

3. 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 Purchaser 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 Purchaser or the Government and all property furnished by Purchaser or the Government and to property where the Purchaser or the Government acquired title by virtue of this purchase order."

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REVISION HISTORY

THE FOLLOWING ARTICLES HAVE BEEN CHANGED FROM THE PREVIOUS G64 REVISION 02/17/2003 (which modified Article 21)

THE FOLLOWING ARTICLES HAVE BEEN MODIFIED:

- 1, 7, 13, 16, 21, 22, 33, 34, 38, 39, 41, 44, Appendix I (added 52.232-32)

THE FOLLOWING NEW ARTICLES HAVE BEEN ADDED: