

AMERICAN PANEL CORPORATION

General Terms and Conditions

1. **DEFINITIONS.** As used herein, “Buyer” means AMERICAN PANEL CORPORATION. “Seller” means the party identified on the face of this order. “Subcontract” means either purchase order or subcontract, and “Products” means all articles, materials, work or services to be furnished by Seller under this order. “Buyer’s Authorized Procurement Representative” means the person or persons authorized by Buyer to alter, modify or change the provisions of this order.
2. **ACCEPTANCE.** (a) This order becomes the exclusive agreement between the parties for the Products, subject to the terms and conditions herein. Any of the following shall constitute Seller’s unqualified acceptance of this order: (i) acknowledgment of this order; (ii) furnishing of any Products under this order; (iii) acceptance of any payment under this order, or (iv) commencement of performance under this order. (b) Additional or different terms or conditions proposed by Seller shall be void and of no effect unless accepted in writing by Buyer. No change in, modification of, or revision to this order shall be valid unless in writing and signed by Buyer’s Authorized Procurement Representative.
3. **PACKING AND SHIPMENT.** (a) All material shall be suitably packed, marked and shipped as designated by Buyer in accordance with the requirements of common carriers in a manner to secure lowest transportation cost, and no additional charge shall be made to Buyer therefore unless otherwise stated herein. (b) F.O. B. point and cash discount terms must be shown on all invoices. (c) Transportation must be prepaid on all shipments to which delivered price applies. (d) Charges for prepaid transportation must be substantiated by attaching the original transportation bill to the invoice, receipted by the carrier. (e) This order may not be filled at prices higher than those last charged or quoted for the same material without notification and acceptance by Buyer of the advanced prices. (f) No charges for packing, packaging, or dryage will be accepted except by express agreement to such charges. (g) Drafts against Buyer will not be honored, nor C.O.D. shipment accepted, except by express agreement to that effect. (h) Shipments for which Buyer is responsible for transportation charges must be properly described on the bill of lading to obtain the lowest applicable charge. The lowest valuation available must be declared when the carrier offers released valuation rates.
4. **COUNTERFEIT PRODUCT.** (a) For purposes of this clause, Product consists of those parts delivered under this order that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). “Counterfeit Product” means Product that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Product that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable. (b) Seller shall not delivery Counterfeit Product to Buyer under this order. (c) Seller shall only purchase products to be delivered or incorporated as Product to Buyer directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Product shall not be acquired from independent distributors or brokers unless approved in advance in writing by Buyer. (d) Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware or suspects that it has furnished Counterfeit Product. When requested by Buyer, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. (e) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this order addressing the authenticity of Product. To the extent such provisions conflict with this clause, this clause prevails. (f) In the event that Product delivered under this order constitutes or includes Counterfeit Product, Seller shall, at its expense, promptly replace such Counterfeit Product with genuine Product conforming to the requirements of this order. Notwithstanding any other provision in this order, Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Product, including without limitation Buyer’s costs of removing Counterfeit Product, of installing replacement Product and of any testing necessitated by the reinstallation of Product after Counterfeit Product has been exchanged. (g) Seller shall include paragraphs (a) through (e) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Product to Buyer.

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5. QUALITY CONTROL AND INSPECTION. (a) Seller shall provide and maintain a Quality Control system acceptable to Buyer. During performance of this order, Seller's Quality Control, Inspection System, and Manufacturing Processes are subject to review, verification and analysis by Buyer. (b) All Products ordered may be subject to: (i) inspections, verification, or testing during the period of manufacture; (ii) inspection or verification prior to shipment; and (iii) final inspection and acceptance at destination, notwithstanding any prior payment or inspection and acceptance. If this order is placed in support of a contract between Buyer and higher tier contractor, such inspection and verification rights shall extend to the higher tier contractor. If any inspection or test is made on the premises of Seller or its lower tier suppliers, Seller shall, without additional charge to Buyer, provide and shall require its lower tier suppliers to provide all reasonable facilities and assistance for the safety and convenience of Buyer/Inspector in the performance of their duties. (c) Buyer may reject and hold at Seller's expense subject to Seller's reasonable disposal instructions, Products which do not conform to applicable specifications, drawings, samples or descriptions or which are defective in material, workmanship or design unless such design is Buyer's detailed design. If within fifteen (15) days after Buyer has notified Seller of the rejected Products, Seller has not provided Buyer with reasonable disposition instructions, including agreement to pay expenses incurred by Buyer, Buyer may at his option continue to hold the rejected Products at Seller's expense or return them to Seller's facility at Seller's expense. Without limiting any other rights Buyer may, at its option, require Seller: (i) to repair or replace at Seller's expense any Products or items thereof which fail to meet the requirements of applicable design, specifications, drawings, samples, descriptions, or other requirements of this order, or (ii) to refund the price of any such item. Previously rejected Products reworked to specifications, or replaced shall not be retendered to Buyer by Seller unless notification of such past rejection is submitted with the retender and Buyer has consented to such retender.
6. INSPECTION AT SOURCE. If it is indicated elsewhere on this Order that Products to be furnished hereunder shall be subject to inspection by Buyer or its representatives upon the premises of Seller; Seller, without additional cost, shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of source inspections, Seller shall make available to the inspectors copies of all drawings, specifications, test and packaging data applicable to the material ordered hereunder. Such inspections shall be deemed as preliminary only and all material ordered hereunder shall be subject to final inspection and acceptance in Buyer's plant.
7. NON-CONFORMING MATERIAL. Seller shall maintain an effective system to identify, segregate and disposition non-conforming material. The decision to accept non-conforming material detected at Seller's facility must be made by Buyer's Material Review Board. Seller's written request for disposition must contain a complete description of discrepancy and a statement of the corrective action taken to prevent recurrence of discrepancy. Seller must receive Buyer's written authorization prior to shipment of non-conforming material. Seller shall reference the American Panel Corporation Authorization Number on the shipping paper for all shipments covered by the Material Review Authorization.
8. DELIVERY. Delivery according to schedule is a material requirement of this order. Time is of the essence on this purchase order. Seller shall not, without Buyer's prior written consent, deliver in advance of schedule. Buyer may return or store at Seller's expense any items delivered in advance of the delivery date specified for such items. Buyer shall not be required to remit payment for such items until after the specified delivery date. If at any time it appears to Seller that any delivery schedule cannot be met, Seller shall notify Buyer in writing as soon as possible as to the cause or causes therefore, actions being taken to remove such cause or causes, when schedule status will be achieved, and at Seller's expense, shall take reasonable action necessary with or without request of Buyer to meet such schedules as set forth herein or to recover to the maximum extent possible any delay in meeting such schedules. Such reasonable action by the Seller shall include, but shall not be limited to, shipment via expedited routing and carrier. Buyer reserves the right to invoke Liquidated Damages calculated at a rate of

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one percent (1%) per day of the price of the delayed Product(s) until such delayed shipment is effectively made. Furthermore, Buyer reserves the right to cancel or purchase elsewhere if delivery schedules are not met.

9. **EXCUSABLE DELAYS.** Strikes, fires, accidents or other causes beyond the reasonable control of Buyer which affect its ability to receive and use the material ordered hereunder shall constitute valid grounds for suspension of shipment under this order upon notification to Seller by facsimile or letter, and any such suspension of shipment shall be without penalty or cost to Buyer. Except for delays of Seller's subcontractors, Seller shall not be liable for damages to Buyer or its customers for delays or defaults in deliveries due to unforeseeable contingencies beyond Seller's control and without Seller's fault or negligence. Seller's delays or defaults in deliveries shall be grounds for cancellation of this order regardless of the cause thereof. Seller shall within three (3) days of the occurrence thereof notify Buyer in writing of the occurrence of any cause which will give rise to a delay in delivery. Failure to give such notice shall render Seller liable for all damages, including incidental and consequential damages to Buyer and its customer occasioned by delay in the delivery of the material covered by this order.

10. **WARRANTY.** Seller warrants that all Products furnished hereunder will be free from defects in material and workmanship, conform to applicable specifications, drawings, samples and descriptions or other requirements of this order and, unless Buyer's detailed design, be free from design defects for a period of eighteen (18) months after delivery. If there is a breach of warranty, Buyer may return such Products, at Seller's expense, for correction, replacement or credit as Buyer may direct. Products required to be corrected or replaced shall be subject to the provisions of this clause and the clause herein entitled "Quality Control and Inspection." All warranties shall run to Buyer and its customers.

11. **CHANGES.** (a) Buyer may at any time by written notice and without notice to sureties or assignees, make changes within the general scope of this order in any one or more of the following: (i) drawings, designs or specifications; (ii) method of shipping or packing; (iii) place of inspection,

acceptance or point of delivery; and (iv) delivery schedule. Should any such change increase or decrease the cost of or the time required for performance of this order, an equitable adjustment may be requested by Seller or Buyer in the price, or delivery schedule, or both. No request by Seller for adjustment will be valid unless submitted to Buyer in a form acceptable to Buyer within fifteen (15) days from the date of such change, and shall be accompanied by an estimate of charges for redundant material or work in process, if any.

12. **RESPONSIBILITY FOR PROPERTY.** Unless otherwise specified, Seller shall be liable for any loss or destruction or damage to Buyer or Buyer's customer property furnished to Seller by the Buyer's customer or buyer and shall be responsible for returning any such property in as good condition as when received except for reasonable wear and tear for the utilization of it in accordance with the provisions of this order. Seller shall include nothing in its prices for direct damage insurance on property of Buyer as Buyer for its sole benefit insures such property. Title thereto shall not be affected by the incorporation or attachment thereof to any property not owned by Buyer or Buyer's customer, nor shall any such property, or any part thereof, be or become a fixture or lose its identity as property by reason of affixation to any realty. Buyer, or Buyer's customer, shall have the right to enter Seller's premises at all reasonable times to inspect their property and Seller's records with respect thereto.

13. **USE OF BUYER'S DATA.** Seller shall not reproduce, use or disclose any data, designs or other information belonging to or supplied by or on behalf of Buyer, except as necessary in the performance of orders for Buyer. Upon Buyer's request, such data, designs, or other information, and any copies thereof shall be returned to Buyer. Buyer shall be considered the "person for whom the work was prepared" for the purpose of authorship in any copy-rightable work created by Seller under this order. Where Buyer's data, designs or other information are furnished to Seller's suppliers for procurement of Products by Seller for use in the performance of Buyer's orders, Seller shall insert the substance of this provision in its orders.

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14. ASSIGNMENT. Neither this order nor any duty or right under it shall be delegated or assigned by Seller without the prior written consent of Buyer.
15. INSOLVENCY. This contract may be terminated by Buyer by giving written notice to Seller, in the event Buyer has reasonable basis for concluding that Seller's financial condition is such that Seller is at or near insolvency, and Seller, within ten (10) days after receipt of such notice, does not provide acceptable information upon which it is reasonable to conclude that Seller is not at or near insolvency and will be able to perform its obligations under this contract.
16. TOOLING AND MATERIAL. Title to, and the right of immediate possession of, all tooling and material furnished by Buyer to Seller shall remain in Buyer. Buyer does not guarantee the accuracy of any tooling or the quality or suitability of any material supplied to Seller. If this order is for tooling, interest in and title to such tooling shall be governed by the special J and K series conditions as shown in the Applicable Clauses block on the face of this order, invoices shall be submitted for tooling after acceptance by Buyer of sample or production parts for which the tooling was ordered. Payment by Buyer of invoices for tooling will be made following receipt of a Seller Receiving Memorandum showing Buyer's part number and tool code number and the unit price of each tool for which payment is sought and bearing Seller's certification that each tool listed is completed and satisfactory for the use for which it is intended. Such tooling shall be maintained in good condition and must be permanently identified showing the contract number (if one is indicated on this order), the part number and tool code number. All such tooling ordered and such tooling and material furnished by Buyer shall be used solely in the performance of work ordered by Buyer. Such tooling and property shall be subject at all times to disposition as Buyer may direct and shall not be commingled with property belonging to Seller or others. Seller agrees to maintain inventory control of all such tooling and property and to furnish inventories thereof when required by Buyer. Seller shall insert the substance of this clause in its orders for procurement of supplies for use in the performance of this order.
17. PATENT INDEMNITY, TRADEMARKS AND COPYRIGHTS. To the extent that the Products are produced to detailed designs not originated and furnished by Buyer or by a process or method, the use of which is not specifically directed by Buyer, Buyer shall have no responsibility to Seller for patent infringement and Seller guarantees that the sale or use of such Products or the use of such process or method hereunder will not infringe any United States or foreign patents, trademarks, or copyrights. Seller shall defend, indemnify and hold Buyer and its customers harmless from any loss, cost, damage, expense (including attorneys fees) or liability which may be incurred on account of infringement or alleged infringement of patent rights, trademarks or copyrights with respect to such Products, and defend, at its own expense, any action or claim in which such infringement is alleged by third parties.
18. EXPORT CONTROL. A) Seller agrees to comply with all applicable U.S. export control laws and regulations, specifically including but not limited to the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, the International Traffic in Arms Regulations (ITAR), 22 C.F.R. 120 et seq., and the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Seller agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Seller or Seller's lower-tier suppliers, without the authority of an export license, agreement, or applicable exemption or exception. B) Seller agrees to notify Buyer if any deliverable under this order is restricted by export control laws or regulations. C) Seller shall immediately notify Buyer if Seller is, or becomes, listed in any Denied Parties List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency. D) If Seller is engaged in the business of either exporting or manufacturing defense articles or furnishing defense services, Seller represents that is is registered with the Directorate of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with ITAR.

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19. COMPLIANCE WITH LAWS. Seller guarantees that all equipment, work and other items supplied by Seller pursuant to this order will comply with all applicable federal, state, and local laws, ordinances and regulations. Unless otherwise expressly set forth herein, the laws of the state from which this order is issued, as shown by the address of Buyer, shall apply to and govern the interpretation, performance and enforcement of this order. Seller further guarantees that all equipment furnished by Seller in performance of this order will comply fully with the Occupational Safety and Health Act of 1970 (84 U.S. Stat. 1950), as amended, and state plans approved under such Act, and the regulations thereunder, to the extent applicable to such equipment, and Seller shall indemnify Buyer and its customer, if any, from and against any and all claims, loss, or liability arising from failure of such equipment to comply therewith. Seller agrees, in connection with the production of the material specified herein and services performed hereunder, to comply therewith. Seller agrees, in connection with the production of the material specified herein and services performed hereunder, to comply with all applicable local, state, and federal laws, regulations, rulings and executive orders issued pursuant thereto, and agrees to indemnify Buyer against any loss, cost, liability, or damage by reason of Seller's violation of this paragraph. Without limiting the generality of the foregoing, Seller agrees to comply with the applicable provisions of the following laws and any regulations, rulings or executive orders thereunder (or any amendments thereof, successors thereto, or other similar laws and regulations); any and all of which provisions are incorporated herein by reference. Applicable laws, regulations, rulings and executive orders include, but are not limited to, the following:

- a) The Wage Hour Act (40 U.S.C. 324-326).
- b) The Fair Labor Standards Act (29 U.S.C. 209-219).
- c) The Federal Occupational Safety and Health Act (Pub. L. 91-596).
- d) The provisions of Section 202 of Executive Order 11246 and rules and regulations issued pursuant to Section 201 therein are hereby incorporated by reference and the Seller represents, by acceptance of this purchase order, that they will comply with such Executive Order and rules and regulations and

amendments thereto, to the extent the same are applicable to the manufacture and/or sale of goods purchased hereunder; or the contracting and/or subcontracting of services or work hereunder.

- e) The Vietnam Era Veterans Readjustment Assistance Act of 1974 (Pub. L. 93-508, as it amend 38 U.S.C. 2012).
- f) The Rehabilitation Act of 1973 (Pub. L. 93-112 as amended by Pub. L. 93-516).
- g) The Walsh-Healy Public Contracts Act as amended (41 U.S.C. 35-45).

20. CONFLICT MINERALS DISCLOSURE.

Seller acknowledges the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), and in particular its Minerals provision (Section 1502), and Seller also recognizes the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the "Conflict Minerals") from the Democratic Republic of the Congo and adjoining countries ("DRC countries").

Accordingly, Seller commits to comply with Section 1502 of Dodd-Frank and its implementing regulations. In particular, Seller commits to have in place supply chain policies and processes to undertake: (1) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides Buyer; (2) due diligence of its supply chain, as necessary, to determine if Conflict Minerals are sourced from the DRC countries directly or indirectly; (3) the conduct of any risk assessment and mitigation actions necessary to implement these country of origin inquiry and due diligence procedures; and, (4) timely disclosure to Buyer on all its Purchase Orders/Subcontracts for products containing "conflict minerals" that are delivered during the current calendar year.

Seller shall complete, sign and submit the applicable "Conflict Minerals Disclosure" form available on the APC website, [HTTP://WWW.AMERICAN-PANEL.COM/SUB-SUPPLIER.ASP](http://WWW.AMERICAN-PANEL.COM/SUB-SUPPLIER.ASP). Seller shall take all other measures as are necessary to comply with the Act and its implementing regulations, as they may be amended over time.

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21. LABOR DISPUTES. Whenever any actual or potential labor dispute develops or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof to Buyer. Seller shall insert the substance of this provision in its orders issued hereunder.
22. NONDISCLOSURE OF INFORMATION. Seller shall not, without prior written consent of Buyer disclose any information relative to this order.
23. REPORTING. Buyer may request status reports as to performance under this order, and Seller shall immediately comply with all such requests.
24. REMEDIES. The rights and remedies of Buyer provided herein shall be cumulative and in addition to any other rights and remedies provided by law or equity.
25. WAIVER. The failure of Buyer in any one or more instances to insist on performance of any of the provisions of this order shall in no way be construed to be a waiver of such provisions in the future.
26. INDEMNIFICATION. In the event Seller, its officers, employees, agents or subcontractors at any tier enter premises occupied by or under the control of Buyer or third parties in the performance of this order, Seller shall defend, indemnify, and hold harmless Buyer, its officers, employees and agents from any claim, suit, loss, cost, damage, expense (including attorney's fees), or liability by reason of property damage or personal injury (including death) to any person, including Seller's employees, of whatsoever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or in part by the actions or omissions of Seller, its officers, employees, agents or subcontractors at any tier. Seller shall take all precautions necessary, special or otherwise, and shall be responsible for compliance with all federal, state and local safety laws in the performance of work hereunder. Without in any way limiting the foregoing undertakings, Seller and its subcontractors at any tier shall maintain public liability and property damage insurance in reasonable limits covering all employees performing this order.
27. QUALIFICATION. If qualification is required by drawing or specification for any Products called for in this order, such Products or components thereof may not be shipped until after receipt of Buyer's written acceptance of the Qualification Test Procedure and Qualification Test Report. The Buyer may authorize, in writing, shipment of Products prior to completion of qualification testing. Such authorization shall not be considered an elimination of the requirement. The Seller shall remain fully obligated to perform applicable qualification testing in accordance with the Purchase Order. Buyer has approval rights of qualification test procedure and test report. Test procedures should be submitted to Buyer in writing no less than three (3) weeks prior to qualification testing. The Buyer shall have the right to witness testing. Nothing in the above is intended to prevent the continued production of Products or of components thereof as required to meet schedules called for by this order.
28. EXAMINATION OF RECORDS. (a) In the event the Products consist of aircraft parts, components, or support equipment or services in connection therewith, Seller shall maintain all pertinent data respecting quality relating thereto until three (3) years after final payment; (b) Seller's facilities, manufacturing processes and quality control systems pertaining to the Products shall at all reasonable times be subject to review and inspection by Buyer or the Federal Aviation Administration; and c) shall upon request furnish a copy of this order to the authorized representative of Buyer or the Federal Aviation Administration. If this order is issued in support of a contract between Buyer and a higher tier contractor such review and inspection rights shall extend to the higher tier contractor.
29. SETOFFS AND COUNTERCLAIMS. All claims for money due or to become due from Buyer shall be subject to deduction by the Buyer for any setoff or counterclaim arising

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our of this or any other of buyer's purchase orders with Seller.

30. PRICE DISCRIMINATION. Seller represents that the prices and terms of purchase, and any allowances available shall be in full compliance with the Robinson Patman Act.
31. WAIVER OF LIENS. Seller hereby waives and relinquishes all liens and claims statutory or otherwise which Seller now has or may hereafter have as a result of labor done and materials furnished by Seller or Buyer in performance of the order.
32. TERMINATION. A) Buyer may terminate work under this order in whole or in part at any time by written or facsimile notice to Seller. Such notice shall state the extent and effective date of such termination, and upon receipt thereof Seller will, as and to the extent directed by Buyer, stop work under this order and the placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. B) If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to Seller for such termination, Buyer, in addition to making prompt payment of amounts due for material delivered or services rendered prior to the effective date of termination, will pay to Seller the following amounts without duplication: 1) The contract price for all material or services which have been completed in accordance with this order and not previously paid for. 2) The actual costs incurred by Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this order, including the cost of discharging liabilities which are so allocable and apportionable. 3) The reasonable costs of Seller in making settlement hereunder and in protecting the property in which Buyer has or may acquire an interest. Payments made under this sub-paragraph (3) shall not exceed the aggregate price specified in this order, less payments

otherwise made or to be made. C) With consent of Buyer, Seller may retain, at an agreed price, or sell, at an approved price, any completed articles, or any articles, material, work in process or other things, the cost of which is allocable or apportionable to this order under sub-paragraph (b) (2) above, and will credit or pay the amounts so agreed or received as Buyer directs. As directed by Buyer, Seller will transfer title to and make delivery of any such articles, and material or work.

SPECIAL TERMS AND CONDITIONS OF PURCHASE (These clauses apply only when indicated on the purchase order.)

- A. CERTIFICATION BY PERFORMANCE. Seller, by making deliveries under this order, certifies that all Products have been manufactured, processed and inspected in conformance with applicable drawings, specifications, and other approved acceptance criteria. Test reports when applicable shall be kept on file, copies of which will be furnished for examination by Buyer and its customer upon request.
- B. FUNCTIONAL TEST. Seller shall perform required Buyer Functional Test Procedure (FTP). Seller shall certify on packing slips that parts have satisfactorily passed required tests, and identify the test performed by test procedure number and change status symbol/date. Seller shall identify part tested by means of a test stamp or decal.
- C. CONFIGURATION MANAGEMENT. Wherever invoked by the purchase order, the Seller shall conform to the configuration management and other requirements specified in the Procurement Control Drawing and/or the specified General Engineering Requirements Document.
- D. EQUIPMENT COMPONENT CERTIFICATION. Seller, by making deliveries under this order, certifies that the Products furnished are in conformance with the requirements of this order applicable to the "used on" equipment identification number designated on the face of this order.
- E. SAFETY REQUIREMENT. Seller agrees to comply with all applicable federal, state and local laws relative to safety regulations and standards as

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to material, tools, mechanical equipment, warning signs, barricades, etc.

F. FIRST ARTICLE INSPECTION. Seller shall submit the first article manufactured together with the first article report for inspection and acceptance by Buyer. If Seller proceeds with production prior to approval it does so at its own risk. Upon shipping such article to Buyer, Seller shall identify it as being the first article. First article reports shall include results of dimensional measurements and, when applicable, results of mechanical tests and nondestructive test inspections. Such reports shall accompany the first unit submitted to Buyer, after each Seller effected drawing change, or any change which affects tools or molds.

G. PROCESS CERTIFICATIONS/TEST REPORTS AND CERTIFICATES OF CONFORMANCE. Objective evidence of conformance, such as process certificates/ tests reports and certification of conformance shall accompany each shipment of Products. Drawings or catalogs, sufficiently definitive to provide Receiving Inspection criteria, subject to Buyer Engineering Approval, shall accompany the initial shipment of Seller Proprietary items. Items fabricated from Buyer furnished material shall be accompanied by a statement to that effect and shall include a clause that no unauthorized substitution of material was made. The certificates/reports shall verify and show the results of chemical, physical and performance test(s) required to assure conformance to applicable material or process specifications. Final heat treat reports on all heat and corrosion resistant steel (17-4PH, 17-7PH, PH17-7MO, AM350, AM355, PH13-8M, etc.) shall include the solution heat treat. Austenite conditioning and sub-zero cooling, and aging heat treat schedules, including temperatures, time parts were at temperature, atmosphere used, and mechanical properties resulting from final heat treatment. All plated steels will be 100% hardness tested prior to plating and identified with the hardness measurement after plating. Hardness measurements may be indicated by permanent ink stamping on the finished part by tagging or by listing by serial number when parts are identified by serial numbers. One copy of a test report shall be included in each shipment of production units. The reports shall show quantitative and qualitative results for each test conducted, shall be identifiable

to the unit or lot tested, shall include the identity of the inspector, date of test, buyer's test procedure and revision number, and signature of the authorized Seller's quality control representative.

H. REWORK. Seller shall accumulate all scrap and salvage materials resulting from rework of the Products, and not less than every six months shall provide Buyer with a complete list of such materials, including assembly/component and rejection tag numbers, and referencing Buyer's order number. Upon receipt of instructions from Buyer, Seller shall dispose of the materials as directed.

I. FAA APPROVAL. Seller's quality control system and facility are subject to FAA inspection. Change in quality control procedures and data are subject to FAA approval, Seller shall be prepared to show the FAA compliance to approved type design data prior to shipment of all Products produced.

J. TITLE TO TOOLING. Title to tooling shall vest in the Buyer upon completion and acceptance by Buyer. Buyer's name shall be added to the permanent identification.

K. EXCLUSIVE USE. As to all casting, forging and extrusion dies manufactured or acquired by Seller for use in connection with the performance of this order or subsequent orders, or the cost of which is chargeable in whole or in part to Buyer, the following terms shall apply: (a) The provisions of Clause 15 of the General Terms and Conditions of Purchase are hereby waived as to such dies (b) Seller agrees that all such dies shall be used solely for the production of the Products ordered by Buyer and shall not be used for the manufacture or production of quantities other than those specified by Buyer except with Buyer's written consent. Seller's charges to Buyer applicable to such dies shall cover only the exclusive use of such dies in connection with Seller's performance of this order or subsequent orders from Buyer or otherwise for Buyer's benefit. Seller shall maintain in good working condition, repair or replace at Seller's expense all such dies during the performance of this order or any subsequent orders and for the further period of time specified herein. In the event Buyer places no further orders with Seller for a period of three consecutive years following the completion of this order by Seller, Seller shall after giving Buyer thirty days written notice, have the

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right to make such disposition of such dies as Seller may deem appropriate. Seller shall, upon request, provide Buyer Quality Assurance with test data as recorded during performance of quality conformance test and such other data as necessary for the purpose of quality analysis.

- L. MAINTENANCE RELEASE. For each repaired or overhauled item, Seller shall furnish either a Major Repair and Alteration Form FAA 337 in duplicate in accordance with Part 43 of Federal Aviation Regulations or attached to each item a Maintenance Release tag that includes: (i) the name of original manufacturer; (ii) name of component; and (iii) model and serial number, if any. The following statement shall be included on the release: "The aircraft, airframe, aircraft engine, propeller or appliance identified above was repaired and inspected in accordance with current regulations of the Federal Aviation Administration and is approved for return to service. Pertinent details of the repair are on file at this repair station or agency under Work Order No. _____, date _____, Signed _____ (Signature of Authorized Representative), Repair Station Name _____, Certification _____, Address _____."

The external container will be marked "Maintenance Release (or FAA 337) enclosed for each used part."

- M. PARTS MANUFACTURING APPROVAL. Seller must be in possession of a Parts Manufacturing Approval (PMA) issued by the Federal Aviation Administration. As holder of this approval, Seller must have: (i) established the required fabrication inspection system; and (ii) ensured that each item of the Product conforms to design data and is safe for installation on type certified products in accordance with Federal Aviation Regulation 21.303.
- N. ACCEPTANCE TEST PROCEDURE/TEST REPORT. Seller shall obtain Buyer's approval of Seller's Acceptance Test Procedure and any subsequent revisions prior to inspection and test of production units. The procedure shall provide a detailed description of the proposed test, including equipment list, instrumentation tolerances, setup schematics, allowable limits of measurement, and a facsimile of test report data sheet to be used for production units. Each unit furnished under this

order shall be tested by Seller in accordance with applicable specification acceptance test requirements and shall be identified as having been tested by showing the data tested and Seller's inspection stamp. Said date and stamp may be shown on a tag attached to each unit if the size or configuration of the Product does not permit marking on the exterior surface.

- O. Change Control. The Vendor shall provide a means of formally identifying all engineering changes, ensuring that they are reviewed in a systematic manner for validity and impact. The Vendor shall also ensure that the Buyer is notified of all impacts of such changes. Vendor shall ensure that the Buyer is notified of any impacts on performance, schedule and cost.

Change Classification

Class I Changes - Changes which either:

- Affect the Form, Fit or Function of the end item
- Affect compatibility of subcomponents within the end item

All Class I changes must be approved by the Buyer Prior to Implementation. Upon Buyer request, Vendor shall supply Buyer with sample hardware to evaluate the impact of the change request.

Class II Changes - All changes not meeting Class I criteria shall be considered Class II. Copies of Class II changes shall be sent to the Buyer for approval prior to implementation. Upon Buyer request, Vendor shall supply Buyer with sample hardware to evaluate the impact of the change request.

APC SUPPLEMENTAL TERMS AND CONDITIONS

FAR Clauses

1. Unless stated otherwise on the face of this order, the following provisions shall apply in addition to the General Terms and Conditions. In the event of a conflict between these FAR provisions and the General Terms and Conditions, the FAR provisions shall control.
2. The following clauses set forth in the FAR in effect as of the date of the applicable prime contract are incorporated herein by reference. In all clauses listed herein, the terms "Government", "Contracting Officer" and "Contractor" shall be revised to suitably identify the contracting parties herein and effect the proper intent of the provision except where further clarified or modified below. "Subcontractor", however, shall mean "Seller's Subcontractor" under this purchase order.

A. APPLICABLE TO ALL ORDERS:

| | |
|---|-----------|
| 1. Security Requirements | 52.204-2 |
| 2. Central Contractor Registration (Feb 2012) | 52.204-7 |
| 3. Personal Identify Verification of Contractor Personnel | 52.204-9 |
| 4. Material Requirements | 52.211-5 |
| 5. Alternatives to Government – Unique Standards | 52.211-7 |
| 6. Defense Priority and Allocation Requirements | 52.211-15 |
| 7. Contract Terms and Conditions Required to Implement Statutes or Executive Orders – Commercial Items (DEVIATION) (includes all Statutes or Orders issued) | 52.212-5 |
| 8. Terms and Conditions – Simplified Acquisitions (other than Commercial items) | 52.213-4 |
| 9. Small Business Program Representations | 52.219-1 |
| 10. Post –Award Small Business Program Representation (over \$3000) | 52.219-28 |
| 11. Notice to the Government of Labor Disputes | 52.222-1 |
| 12. Convict Labor | 52.222-3 |
| 13. Child Labor – Cooperation with Authorities and Remedies | 52.222-19 |
| 14. Service Contract Act of 1965, as Amended | 52.222-41 |
| 15. Combating Trafficking in Persons | 52.222-50 |
| 16. Employment Eligibility Verification | 52.222-54 |
| 17. Hazardous Material Identification and Material Safety Data – "Government" means "Government and Buyer" | 52.223-3 |
| 18. Notice of Radioactive Materials | 52.223-7 |
| 19. Ozone Depleting Substances | 52.223-11 |
| 20. Energy Efficiency in Energy-Consuming Products | 52.223-15 |
| 21. IEEE 1680 Standard for the Environmental Assessment of personal Computer Products | 52.223-16 |
| 22. Contractor Policy to Ban Text Messaging While Driving | 52.223.18 |
| 23. Privacy Act | 52.224-2 |
| 24. Buy American Act – Supplies | 52.225-1 |
| 25. Buy American Act Certificate | 52.225-2 |
| 26. Trade Agreement | 52.225-5 |
| 27. Trade Agreements – Certificate | 52.225-6 |
| 28. Duty-Free Entry | 52.225-8 |
| 29. Restrictions on Certain Foreign Purchases | 52.225-13 |
| 30. Place of Manufacturer (applicable to solicitations) | 52.225-18 |
| 31. Authorization and Consent – Alternate I | 52.227-1 |
| 32. Royalty Information | 52.227-6 |
| 33. Refund of Royalties | 52.227-9 |
| 34. Filing of Patent Applications – Classified Subject Matter | 52.227-10 |
| 35. Patent Rights – Ownership by the Contractor | 52.227-11 |
| 36. Rights in Data – General | 52.227-14 |
| 37. Commercial Computer Software License | 52.227-19 |
| 38. Workers Compensation Insurance (Defense Base Act) | 52.228-3 |
| 39. Workers Compensation and War-Hazard Insurance Overseas | 52.228-4 |
| 40. Insurance – Work on a Government Installation | 52.228-5 |
| 41. Progress Payments | 52.232-16 |
| 42. Performance-based Payments | 52.232-32 |

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| 43. Protest After Award | 52.233-3 |
| 44. Applicable Law for Breach of Contract Claim | 52.233-4 |
| 45. Industrial Resources Developed Under Defense Production Act Title III | 52.234-1 |
| 46. Accident Prevention | 52.236-13 |
| 47. Protection of Government Buildings, Equipment, and Vegetation | 52.237-2 |
| 48. Privacy or Security Safeguards | 52.239-1 |
| 49. Stop Work Order | 52.242-15 |
| 50. Government Delay of Work | 52.242-17 |
| 51. Changes – Fixed Price Contracts | 52.243-1 |
| 52. Competition in Subcontracting | 52.244-5 |
| 53. Subcontracts for Commercial Items | 52.244-6 |
| 54. Government Property | 52.245-1 |
| 55. Government Property Installation Operation Services | 52.245-2 |
| 56. Use and Charges (April 2012) | 52.245.9 |
| 57. Preference for U.S. – Flag Air Carriers | 52.247-63 |
| 58. Preference for Privately Owned U.S. – Flag Commercial Vessels | 52.247-64 |
| 59. Termination for Convenience of the Government (Fixed-Price) (Short Form) | 52.249-1 |

B. ORDERS OVER \$10,000 ALSO INCLUDE THE FOLLOWING:

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| 1. Gratuities (April 1984) | 52.203-3 |
| 2. Reporting Executive Compensation and First-Tier Subcontract Awards (Over \$25,000) | 52.204-10 |
| 3. Walsh-Healy Public Contracts Act. | 52.222-20 |
| 4. Prohibition of Segregated Facilities | 52.222-21 |
| 5. Equal Opportunity | 52.222-26(b) |
| 6. Affirmative Action for Workers with Disabilities | 52.222-36 |
| 7. Notification of Employee Rights Under the National Labor Relations Act (para (f) only) | 52.222-40 |
| 8. Buy American Act – North American Free Trade Agreement – Israeli Trade Act (over \$25,000) | 52.225-3 |
| 9. Buy American Act North American Free Trade Agreement – Israeli Trade Act Certificate (over \$25,000) | 52.225-4 |

C. ORDERS OVER THE SIMPLIFIED ACQUISITION PROGRAM (SAP) THRESHOLD (or amounts as specified) ALSO INCLUDE THE FOLLOWING:

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| 1. Certificate of Independent Price Determination | 52.203-2 |
| 2. Covenant Against Contingent Fees (Apr 1984) | 52.203-5 |
| 3. Restrictions on Subcontractor Sales to the Government | 52.203-6 |
| 4. Anti-Kickback Procedures (less paragraph (c) (1)) | 52.203-7 |
| 5. Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity | 52.203.8 |
| 6. Price or Fee Adjustment for Illegal or Improper Activities | 52.203-10 |
| 7. Limitation on Payments to Influence Certain Federal Transactions | 52.203-12 |
| 8. Preventing Personal Conflicts of Interest for Contractor Employees Performing Acquisition Functions | 52.203-16 |
| 9. Women-Owned Business (Other than Small Business) | 52.204-5 |
| 10. Audit and Records – Negotiation | 52.215-2 |
| 11. Integrity of Units Prices | 52.215-14 |
| 12. Price Redetermination – Prospective (Oct 1997) | 52.216-5 |
| 13. Price Redetermination – Retroactive (Oct 1997) | 52.216-6 |
| 14. Incentive Price Revision – Firm Target (Oct 1997) Alternate I (Apr 1984) | 52.216-16 |
| 15. Incentive Price Revision – Successive Targets (Oct 1997) | 52.216-17 |
| 16. Utilization of Small Business Concerns | 52.219-8 |
| 17. Contract Work Hours and Safety Standards Act – Overtime Compensation | 52.222-4 |
| 18. Nondisplacement of Qualified Workers (Service Contracts) | 52.222-17 |
| 19. Equal Opportunity for Veterans (\$100K) | 52.222-35 |
| 20. Employment Reports Veterans (\$100K) | 52.222-37 |
| 21. Compliance with Veterans’ Employment Reporting Requirements | 52.222-38 |
| 22. Drug-Free Workplace | 52.223-6 |
| 23. Estimate of Percentage of Recovered Material Content for EPA-Designated Products | 52.223-9 |
| 24. Notice and Assistance Regarding Patent and Copyright Infringement | 52.227-2 |
| 25. Patent Rights – Ownership by the Government (Dec 2007) | 52.227-13 |
| 26. Federal, State, and Local Taxes | 52.229-3 |
| 27. Taxes – Foreign Fixed Price Contracts (June 2003) | 52.229-6 |
| 28. Taxes – Fixed Price Contracts with Foreign Governments (Jan 1991) | 52.229-7 |
| 29. Cost Accounting Standards (May 2012) | 52.230-2 |

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| 30. Disclosure and Consistency of Cost Accounting Practices (May 2012) | 52.230-3 |
| 31. Cost Accounting Standards – Educational Institution (May 2012) | 52.230-5 |
| 32. Administration of Cost Accounting Standards (Jun 2010) | 52.230-6 |
| 33. Bankruptcy | 52.242-13 |
| 34. Change Order Accounting | 52.243-6 |
| 35. Subcontracts (paragraphs (h) notice to L-3 and (i) only apply) | 52.244-2 |
| 36. Inspection of Supplies, Fixed Price Contracts | 52.246-2 |
| 37. Inspection of Services, Fixed Price Contracts | 52.246-4 |
| 38. Inspection of Research and Development – Fixed Price (Aug 1996) | 52.246-7 |
| 39. Responsibility for Supplies | 52.246-16 |
| 40. Value Engineering | 52.248-1 |
| 41. Termination for Convenience of the Government (Fixed-Price) – “Government : shall mean “Buyer”. In paragraph (c) the term “120 days” is changed to “60 days.” The term “one year” in Paragraph (e) is changed to “six months.” The term “90 days in paragraph (l) is changed to “forty-five days,” per 49.502(e) | 52.249-2 |
| 42. Default (Fixed Price Supply and Service) | 52-249-8 |
| D. ORDERS OVER \$550,000 ALSO INCLUDE THE FOLLOWING: | |
| 1. Pension Adjustment and Asset Reversions (\$700,000) | 52.215-15 |
| Reversion or Adjustment of Plans for Postretirement Benefits (PRB) other than Pensions | 52.215-18 |
| 2. Notification of Ownership Changes | 52.215-19 |
| 3. Small Business Subcontracting Plan (\$650,000) (Construction \$1.5M) | 52.219-9 |
| 4. Liquidated Damages – Subcontracting Plan | 52.219-16 |
| 5. Code of Business Ethics and Conduct (over \$5 million) | 52.203-13 |
| 6. Display of Hotline Poster (over \$5 million) | 52.203-14 |
| 7. Pre-award On-Site Equal Opportunity Compliance Evaluation (over \$10 million) | 52.222-24 |
| E. UNLESS OTHERWISE EXEMPT ALSO INCLUDE THE FOLLOWING: | |
| 1. Audit and Records – Sealed Bidding (exceeds \$700,000) | 52.214-26 |
| 2. Price Reduction for Defective Certified Cost or Pricing Data – Modifications – Sealed Bidding (\$700,000) | 52.214-27 |
| 3. Subcontractor Certified Cost or Pricing Data – Modifications – Sealed Bidding (exceeds \$700,000) | 52.214-28 |
| 4. Price Reduction for Defective Certified Cost or Pricing | 52.215-10 |
| 5. Price Reduction for Defective Certified Cost or Pricing Data – Modifications | 52.215-11 |
| 6. Subcontractor Certified Cost or Pricing Data | 52.215-12 |
| 7. Subcontractor Certified Cost of Pricing Data – Modifications | 52.215-13 |
| 8. Requirements for Certified Cost or Pricing Data or Information Other Than Cost or Pricing Data | 52.215-20 |
| 9. Requirements for Certified Cost or Pricing Data or Information Other Than Cost or Pricing Data – Modifications | 52.215-21 |
| 10. Contract Definitization | 52.216-25 |
| 11. Prospective Subcontractor Requests for Bonds | 52.228-12 |
| 12. Earned Value Management System | 52.234-4 |
| F. APPLICABLE TO COST REIMBURSEMENT, TIME & MATERIAL OR LABOR HOUR ORDERS: | |
| 1. Facilities Capital Cost of Money | 52.215-16 |
| 2. Waiver of Facilities – Capital Cost of Money | 52.215-17 |
| 3. Allowable Cost and Payment (cost reimbursement) – Seller agrees to execute assignment documents in order to meet subsection (d)(5) | 52.216-7 |
| 4. Fixed Fee – applicable if this is a cost plus fixed fee order | 52.216-8 |
| 5. Incentive Fee – applicable if this is a cost plus incentive fee order | 52.216-10 |
| 6. Cost Contract – No Fee – applicable if this is a cost no fee order | 52.216-11 |
| 7. Cost Sharing Contract – No Fee – applicable if this is a cost sharing, no fee order | 52.216-12 |
| 8. Payment for Overtime premiums – insert “0%” in paragraph (a) unless indicated otherwise on the face of this order | 52.222-2 |
| 9. Fair Labor Standards Act and Service Contract Act -- Price Adjustment (Multiple Year and Option Contracts) | 52.222-43 |
| 10. Fair Labor Standards Act and Service Contract Act -- Price Adjustment | 52.222-44 |
| 11. State of New Mexico Gross Receipts and Compensating Tax | 52.229-10 |
| 12. Limitation of Cost (if fully funded) | 52.232-20 |
| 13. Limitation of Funds (if incrementally funded) | 52.232-22 |
| 14. Changes – Cost-Reimbursement – applicable if this is a cost-reimbursement order | 52.243-2 |

15. Changes – Time and Material or Labor-Hours – applicable if this is a time and material or labor hour order 52.243-3
16. Inspection of Supplies (Cost-Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government or Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. 52.246-3
17. Inspection of Services (Cost –Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government”(provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government and Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. 52.246-5
18. Inspection – Time and Material and Labor Hour – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government and Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. 52.246-6
19. Submission of Transportation Documents for Audit 52.247-67
20. Termination (Cost-Reimbursement) – “Government” means “Buyer” and “Contracting Officer” means “Buyer’s purchasing representative.” In paragraph (d) change “15 days” and “45 days” to “30 days” and “90 days,” respectively. In paragraph (e) change “1 year” to “six months.” Alternate IV is applicable to time and material or labor-hour orders only. 52.249-6 Alt IV
21. Excusable Delay 52.249-14

G. APPLICABLE TO CONSTRUCTION ORDERS

1. Subcontracts (Labor Standards). 52.222-11
2. Affirmative Action Compliance Requirements for Construction (over \$10,000) 52.222-27
3. Notice of Requirement for Project Labor Agreement 52.222-33
4. Project Labor Agreement 52.222-34
5. Affirmative Procurement of Biobased Products Under Service and Construction Contracts 52.223-2
6. Buy American Act – Construction Materials 52.225-9
7. Notice of Buy American Act / Balance of Payments Program Requirement – Construction Materials 52.225-10
8. Buy American Act – Construction Materials Under Trade Agreements 52.225-11
9. Required Use of American Iron, Steel, and Manufactured Goods, Buy American Act – Construction Materials 52.225-21
10. Notice of Required Use of American Iron, Steel, and Manufactured Goods – Buy American Act – Construction Materials 52.225-22
11. Required Use of American Iron, Steel, and Manufactured Goods, Buy American Act – Construction Materials Under Trade Agreements 52.225-23
12. Notice of Required Use of American Iron, Steel, and Manufactured Goods – Buy American Act – Construction Materials Under Trade Agreements 52.225-24
13. North Carolina State and Local Sales and Use Tax 52.229-2
14. Prompt payment for construction contracts 52.232-27
15. Inspection of Construction 52.246-12
16. Value Engineering – Construction over \$65K 52.248-3

3. CERTIFICATIONS

The offeror, by signing its offer, hereby certifies compliance with the following clauses and is, therefore eligible for award.

- A. Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (over \$150,000) 52.203-11
- B. Certification for Federal Funding Accountability and Transparency Act (FFATA) 52.204-10
- C. Certification Regarding Responsibility Matters 52.209-5
- D. Protecting the Government’s Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (over \$30,000) 52.209-6
- E. Certification Regarding Knowledge of Child Labor for Listed End Products 52.222-18
- F. Previous Contracts and Compliance Reports (over \$10,000 and includes 52.222-26) 52.222-22
- G. Affirmative Action Compliance 52.222-25

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| H. Affirmative Action for workers with Disabilities (over \$15K) | 52.222-36 |
| I. Bio-based Product Certification | 52.223-1 |
| J. Recovered Material Certification | 52.223-4 |
| K. Prohibition on Conducting Restricted Business Operations in Sudan Certification 52.225-20 | |
| L. Prohibition on Contracting with Entities Engaging in Certain Activities Relating to Iran | 52.225-25 |
| M. Cost Accounting Standards Notices and Certifications | 52.230-1 |
4. **Applicable to all contracts that are funded in whole or in part by the American Recovery and Reinvestment Act of 2009 (“Recovery Act”):**
- | | |
|---|-----------|
| 1. Whistleblower Protections under the Recovery Act | 52.203-15 |
| 2. Reporting Requiring | 52.204-11 |
| 3. Audit and Records (Sealed Bidding) | 52.214-26 |

5. **ADDITIONAL CLAUSES**

A. **COST ACCOUNTING STANDARDS (Applicable unless otherwise exempt)**

Seller shall communicate and otherwise deal directly with the Contracting Officer to the extent practicable and permissible as to all matters relating to Cost Accounting Standards. Seller shall provide Buyer with copies of all communications between Seller and the Contracting Officer respecting Cost Accounting Standards, FAR 52.230-2; Disclosure and Consistency of Cost Accounting Practices, FAR 52.230-3; and Administration of Cost Accounting Standards, FAR 52.230-6, provided Seller shall not be required to disclose to Buyer such communications containing information which is privileged and confidential to Seller. In addition to any other remedies provided by law or under this Order, Seller agrees to indemnify and hold Buyer harmless to the full extent of any loss, damage, or expense if Buyer is subject to any liability as the result of a failure of the Seller or its lower-tier subcontractors to comply with the requirements of FAR 52.230-2, 52.230-3, 52.230-5 or 52.230-6. Paragraph (b) is deleted in each of the foregoing clauses.

B. **TRUTH IN NEGOTIATIONS**

Certified Cost or Pricing Data (applicable only if certified cost or pricing data has been provided). The clause entitled “Subcontractor Certified Cost or Pricing Data” is a part of this Order if the Seller was required to furnish cost and pricing data and a Certification of Current Cost or Pricing Data for this Order. If it was not required to furnish such data and Certificate, the clause entitled “Subcontractor Cost or Pricing Data-Modification” is a part of this Order. Seller shall update its proposal and re-certify its cost or pricing data whenever costs, factors, or prices change such that cost or pricing data previously furnished is no longer, accurate, current, or complete.

1. **Indemnification**

If any price (including profit or fee) negotiated in connection with the prime contract between the Government and the Buyer or any cost that is reimbursable under said contract is reduced because cost or pricing data furnished by the Seller in connection with any proposal submitted by the Buyer relating to said contract or in connection with this Order was not accurate, complete, or current, the Seller shall indemnify the Buyer in the amount of said reduction.

The phrase “certified cost or pricing data” as used herein shall be deemed to include any such data, which related to a lower-tier prospective or actual subcontract, at any level, which was submitted by the Seller or which it procured by submission of, in connection with the aforesaid proposal or this Order in support of its cost estimate.

If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable and shall pay the Buyer at the time such overpayment is repaid:

- i. Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date the Buyer is repaid by the Seller at that applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C 6621(a)(2); and
- ii. For Department of Defense contracts only, a penalty equal to the amount of the overpayment, if the Seller knowingly submitted cost or pricing data which were incomplete, inaccurate, or non-current.

2. **Certified Cost or Pricing Data for Changes**

Prior to the pricing of any change or other modification to this Order which involves, increases and/or decreases in costs plus applicable profit in excess of the contractually required threshold (e.g. \$100,000, \$500,000, \$550,000 or \$700,000) and resulting from a change in the prime contract, subcontractors shall submit cost or pricing data and shall certify that the data, as defined in Federal Acquisition Regulation 15.406-2, submitted either actually or by specific identification in writing are accurate, complete, and current as of the date of completion of negotiations. When required to obtain certified cost or pricing data or "Other Cost and Pricing Data" from its subcontractors, pursuant to the provisions of this Order, Seller shall provide such data.

6. DISPUTES – GOVERNMENT CONTRACTS

Any reference to the "Disputes clause" in any applicable FAR Clause under paragraph 2 above shall mean this paragraph 6, Disputes – Government Contracts

i. Any dispute arising under this purchase order relating to any decision of the Contracting Officer under the prime contract shall be resolved in accordance with Paragraph (ii) below. All other disputes will be resolved under the Article entitled, "DISPUTES", as found in Corporate Form CC008 of the Subcontract.

ii. 1. Notwithstanding any other provisions in this purchase order, any decision of the Contracting Officer under the prime contract which binds Buyer shall bind both Buyer and Seller to the extent that it relates to this purchase order –provided that:

- a. The Buyer notifies with reasonable promptness the Seller of such decision
- b. The Buyer, at its sole discretion, authorizes in writing the Seller to appeal in the name of the Buyer such decision at its own expense, or
- c. If Buyer should appeal such decision, Buyer at its sole discretion offers to the Seller the opportunity at its own expense to join Buyer in such appeal.

2. Any decision upon such appeal, when final, shall be binding upon the Seller.

3. The Seller shall keep Buyer informed of any appeal it makes by providing copies of all pertinent documents to Buyer.

4. The Seller shall indemnify and save harmless from any and all liability of any kind incurred by or imputed to Buyer under Section 5, "Fraudulent Claims," of the Contract Disputes Act of 1978, as amended, if Seller is unable to support any part of its claim and it is determined that such inability is attributable to fraud or misinterpretation of fact on the part of Seller.

iii. Pending any prosecution, appeal, or final decision or settlement of any dispute arising under this purchase order, the Seller shall proceed diligently, as directed by Buyer, with the performance of this purchase order.

iv. Nothing in this clause nor any authorization or offer that may be made shall be deemed to constitute acceptance or acknowledgement by Buyer of the validity of Seller's claim or any part thereof, nor be deemed to limit or in any way restrict Buyer from taking any actions, included available remedies, it deems appropriate to protect its own interests.

v. As used in this clause, the word "appeal" means an appeal taken under the contract Disputes Act of 1978, as amended.

DFAR Clauses

Unless stated otherwise on the face of this order, the following provisions shall apply in addition to the General Terms and Conditions and the FAR provisions. In the event of a conflict between these DFARS provisions and the General Terms and Conditions or the FAR provisions, the DFARS provisions shall control.

The following clauses set forth in the DFARS in effect as of the date of the applicable prime contract are incorporated herein by reference. In all clauses listed herein, the terms "Government", "Contracting Officer" and "Contractor" shall be revised to suitably identify the contracting parties under this purchase order and effect the proper intent of the provision except where further clarified or modified below. "Subcontractor", however, shall mean "Seller's Subcontractor" under this purchase order. The Seller, by signing its offer, hereby certifies compliance with the following clauses and is, therefore, eligible for award.

APPLICABLE TO ALL ORDERS:

- 1. Disclosure of Information 252.204-7000
- 2. Alternate A, Central Contractor Registration 252.204-7004

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| 3. Alternate A, Annual Representations and Certifications | 252.204-7007 |
| 4. Requirements for Contracts Involving Export-Controlled Items | 252.204-7008 |
| 5. Requirement for Contractor to Notify DOD if the Contractor's Activities are Subject to Reporting Under the U.S. International Atomic Energy Agency Additional Protocol (Jan 2009) | 252.204-7010 |
| 6. Intent to Furnish Precious Metals as Government-Furnished Material | 252.208-7000 |
| 7. Disclosure of ownership of control by a foreign government | 252.209-7002 |
| 8. Limitations on Contractors Acting as Lead System Integrators | 252.209-7006 |
| 9. Prohibited Financial Interests for Lead System Integrators | 252.209-7007 |
| 10. Representation by Corporations Regarding an Unpaid Delinquent Tax Liability or a Felony Conviction Under a Federal Law | 252.209-7999 |
| 11. Item Identification and Valuation | 252.211-7003 |
| 12. Radio Frequency Identification | 252.211-7006 |
| 13. Reporting of Government Furnished Equipment in DoD Item Unique Identification (IUID) Registry | 252.211-7007 |
| 14. Contract Terms and Conditions required to implement statutes or Executive Orders applicable to Defense acquisitions of commercial items (Class Deviation 2009-O0005 expires on April 30, 2014). | 252.212-7001 |
| 15. Pricing Adjustments | 252.215-7000 |
| 16. Cost Estimating System Requirements | 252.215-7002 |
| 17. Award Fee Reduction or Denial for Jeopardizing the Health or Safety of Government Personnel (applicable to Award Fee Orders only) | 252.216-7004 |
| 18. Restrictions on Employment of Personnel | 252.222-7000 |
| 19. Hazard Warning Labels (fill in State where this purchase order will be performed) | 252.223-7001 |
| 20. Safety Precautions for Ammunition and Explosives | 252.223-7002 |
| 21. Change in Place of Performance - Ammunition and Explosives | 252.223-7003 |
| 22. Drug-Free Work Force | 252.223-7004 |
| 23. Prohibition on Storage and Disposal of Toxic and Hazardous Materials | 252.223-7006 |
| 24. Safeguarding Sensitive Conventional Arms, Ammunition and Explosives | 252.223-7007 |
| 25. Prohibition of Hexavalent Chromium | 252.223-7008 |
| 26. Buy American Act – Balance of Payments Program Certificate | 252.225-7000 |
| 27. Buy American Act and Balance of Payments Program | 252.225-7001 |
| 28. Quarterly Reporting of Actual Contract Performance Outside the United States | 252.225-7006 |
| 29. Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies | 252.225-7007 |
| 30. Restriction on Acquisition of Specialty Metals (prime contracts at \$150K or more requiring delivery of specialty metals as end items) | 252.225-7008 |
| 31. Restriction on Acquisition of Certain Articles Containing Specialty Metals (prime contracts at \$150K or more; excludes para (d); see other exceptions; and compliance to 10USC2533b) | 252.225-7009 |
| 32. Commercial Derivative Military Article – Specialty Metals Compliance Certificate (prime contracts at \$150K or more, see clause for exceptions) | 252.225-7010 |
| 33. Preference of Certain Domestic Commodities (Jun 2012) | 252.225-7012 |
| 34. Duty Free Entry | 252.225-7013 |
| 35. Restriction on Acquisition of Ball and Roller Bearings | 252.225-7016 |
| 36. Photovoltaic Devices (Jun 2012) | 252.225-7017 |
| 37. Photovoltaic Devices – Certificate (May 2012) | 252.225-7018 |
| 38. Restriction on Acquisition of Foreign Anchor and Mooring Chain | 252.225-7019 |
| 39. Trade Agreements Certificate | 252.225-7020 |
| 40. Trade Agreements | 252.225-7021 |
| 41. Trade Agreements Certificate – Inclusion of Iraqi End Products | 252.225-7022 |
| 42. Restriction on the Acquisition of Forgings | 252.225-7025 |
| 43. Restriction on Contingent Fees for Foreign Military Sales (blank is filled in “zero”) | 252.225-7027 |
| 44. Exclusionary Policies and Procedures of Foreign Governments | 252.225-7028 |
| 45. Restriction on Acquisition of Carbon Alloy and Armor Steel Plate | 252.225-7030 |
| 46. Secondary Arab Boycott of Israel | 252.225-7031 |
| 47. Waiver of United Kingdom Levies | 252.225-7033 |
| 48. Buy American Act – Free Trade Agreements – Balance of Payments Program Certificate | 252.225-7035 |
| 49. Buy American Act – Free Trade Agreements – Balance of Payments Program | 252.225-7036 |
| 50. Contractors Performing Private Security Functions (applicable in areas of Contingency Operations or as otherwise designated) | 252.225-7039 |
| 51. Contractor personnel Authorized to Accompany U.S. Armed Forces Deployed Outside the United States | 252.225-7040 |
| 52. Antiterrorism / force Protection Policy for Defense Contractors Outside the United States | 252.225-7043 |
| 53. Balance of Payments Program – Construction Material | 252-225-7044 |

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| 54. Balance of Payments Program – Construction Material Under Trade Agreements | 252.225-7045 |
| 55. Exports By Approved Community Members in Response to the Solicitation | 252.225-7046 |
| 56. Export by Approved Community Members in Performance of the Contract | 252.225-7047 |
| 57. Preference for Certain Domestic Commodities (prime contracts at \$150K or more for the acquisition of food, clothing, or cloth materials) | 252.225-7012 |
| 58. Rights in Technical Data - Noncommercial Items | 252.227-7013 |
| 59. Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation | 252.227-7014 |
| 60. Restriction on Acquisition of Hand or Measuring Tools (prime contracts at \$150K or more and both the prime contract and subcontract are for the acquisition of hand or measuring tools either commercial or non-commercial as prime end items) | 252.225-7015 |
| 61. Technical Data - Commercial Items | 252.227-7015 |
| 62. Rights in Bid or Proposal Information | 252.227-7016 |
| 63. Identification and Assertion of Use, Release, or Disclosure Restrictions | 252.227-7017 |
| 64. Rights in Noncommercial Technical Data and Computer Software – Small Business Innovation Research (SBIR) Program | 252.227-7018 |
| 65. Validation of Asserted Restrictions - Computer Software | 252.227-7019 |
| 66. Limitations on the Use or Disclosure of Government Furnished Information Marked with Restrictive Legends | 252.227-7025 |
| 67. Delivery of Technical Data or Computer Software | 252.227-7026 |
| 68. Deferred Ordering of Technical Data or Computer Software | 252.227-7027 |
| 69. Technical Data or Computer Software Previously Delivered to the Government | 252.227-7028 |
| 70. Technical Data--Withholding of Payment | 252.227-7030 |
| 71. Rights in Shop Drawings | 252.227-7033 |
| 72. Validation of Restrictive Markings on Technical Data | 252.227-7037 |
| 73. Patents – Reporting of Subject Inventions | 252.227-7039 |
| 74. Ground and Flight Risk | 252.228-7001 |
| 75. Reserved | 252.228-7002 |
| 76. Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles | 252.228-7005 |
| 77. Reporting of Foreign Taxes – U.S. Assistance Programs | 252.229-7011 |
| 78. Supplemental Cost Principles (first tier subcontractors only) | 252.231-7000 |
| 79. Frequency Authorization | 252.235-7003 |
| 80. Frequency Authorization (ALT I) | 252.235-7003 |
| 81. Protection of Human Subjects | 252.235-7004 |
| 82. Requirement for Competition Opportunity for American Steel Producers, Fabricators | 252.236-7013 |
| 83. And Manufacturers (For Construction Subcontracts) Training for Contract personnel Interacting with Detainees | 252.237-7019 |
| 84. Continuation of Essential Contractor Services | 252.237-7023 |
| 85. Notice of Continuation of Essential Contractor Services | 252.237-7024 |
| 86. Protection Against Compromising Emanations | 252.239-7000 |
| 87. Information Assurance Contractor Training and Certification | 252.239-7001 |
| 88. Telecommunications Security Equipment, Devices, Techniques, and Services | 252.239-7016 |
| 89. Pricing of Contract Modifications | 252.243-7001 |
| 90. Subcontracts for Commercial Items and Commercial Components (DoD contracts) | 252.244-7000 |
| 91. Tagging, Labeling, and Marking Government Furnished Property | 252.245-7001 |
| 92. Reporting Loss of Government Property | 252.245-7002 |
| 93. Material Inspection and Receiving Report | 252.246-7000 |
| 94. Warranty of Data (Dec 1991) Alternate II (Dec 1991) | 252.246-7001 |
| 95. Notification of Potential Safety Issues | 252.246-7003 |
| 96. Safety of Facilities, Infrastructure, and Equipment for Military Operations | 252.246-7004 |
| 97. Sources of Electronic Parts | 252.246.7008 |
| 98. Pass-Through of Motor Carrier Fuel Surcharge Adjustment to the Cost Bearer | 252.247-7003 |

ORDERS OVER THE SIMPLIFIED ACQUISITION THRESHOLD ALSO INCLUDE THE FOLLOWING:

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| 1. Prohibition on persons convicted of Fraud or other Defense – Contract- related felonies | 252.203-7001 |
| 2. Disclosure of ownership or control by the government of a Terrorist County | 252.209-7001 |
| 3. Patent Rights – Ownership by the Contractor (Large Businesses) (Jun 2012) | 252.227-7038 |
| 4. Requests for Equitable Adjustment | 252.243-7002 |
| 5. Contractor Purchasing System Administration | 252.244-7001 |
| 6. Representation of Extent of Transportation by Sea | 252.247-7022 |
| 7. Transportation of Supplies by Sea | 252.247-7023 |

- 8. Notification of Transportation of Supplies by Sea 252.247-7024
- 9. Notification of Anticipated Contract Termination or Reduction 252.249-7002

ORDERS OVER \$ 500,000 ALSO INCLUDE THE FOLLOWING:

- 1. Small Business Subcontracting Plan (DoD Contracts) – Over \$650K 252.219-7003
- 2. Report of Intended Performance Outside the United States & Canada – Submission After Award (\$650K) 252.225-7004
- 3. Report of Intended Performance Outside the United States and Canada – Submission with Offer (over \$650K) 252.225-7003
- 4. Quarterly Reporting of Actual Contract Performance Outside the United States (over \$650K) 252.225-7006
- 5. Utilization of Indian Organizations, Indian- Owned Economic Enterprises, and Native Hawaiian Small Business Concerns) 252.226-7001

ORDERS OVER \$1,000,000 OR AS SPECIFIED ALSO INCLUDE THE FOLLOWING:

- 1. Agency Office of the Inspector General (\$5M) 252.203-7003
- 2. Display of Fraud Hotline Posters (over \$5M) 252.203-7004
- 3. Acquisition Streamlining (\$1.5M) 252.211-7000
- 4. Waiver of United Kingdom Levies – Evaluation of Offers 252.225-7032
- 5. Waiver of United Kingdom Levies 252.225-7033
- 6. Restrictions on the Use of Mandatory Arbitration Agreements 252.222-7006

ORDERS FOR MAJOR DEFENSE ACQUISITION PROGRAMS INCLUDE THE FOLLOWING:

- 1. Notice of Prohibition Relating to Organizational Conflict of Interest – Major Defense Acquisition Program 252.209-7008
- 2. Organizational Conflict of Interest – Major Defense Acquisition Program 252-209-7009
- 3. Notice of Cost and Software Data Reporting System 252.234-7003
- 4. Earned Value Management System (Orders over \$50M) 252.234-7002
- 5. Cost and Software Data Reporting System 252.234-7004