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**STANDARD TERMS AND CONDITIONS AND FAR - DFAR FLOWDOWNS
FOR FIRM FIXED PRICE SUBCONTRACTS UNDER
FEDERAL GOVERNMENT PRIME CONTRACTS**

1. **PRODUCTS.** The term products (“Products”) as used herein shall include all Products, packaging, and containers, as well as any literature pertaining to such Products.
2. **ACCEPTANCE; ORDER CONSTITUTES ENTIRE AGREEMENT.** This Order constitutes Kaydon Corporation’s, through its representative subsidiary or division identified on the face of the Purchase Order, (“Kaydon” and/or “Buyer”) offer to purchase Products only in accordance with the terms and conditions contained herein. Any document of Seller containing additional or different terms and conditions or any attempt by Seller to vary to any degree, any of the terms and conditions expressed in this Contract shall not operate as a rejection of this contract, but shall be deemed a material alteration thereof and this contract shall be deemed accepted by Seller without such additional or different terms and conditions. All such different and/or additional terms and conditions which may be contained in any document furnished by seller in accepting this contract are hereby objected to and rejected and shall have no force and effect unless otherwise agreed to in writing by Buyer. This Order may be accepted by Seller by the commencement of work, shipment of goods, furnishing of services or by any written confirmation or acknowledgement made by Seller, such acceptance or confirmation being expressly conditioned on these terms and conditions.
3. **SPECIFICATIONS, DRAWINGS AND DATA.** All specifications, drawings and data referred to in this Order are incorporated herein by reference and made a part hereof. Seller acknowledges that it has available to it all specifications, drawings and data incorporated in this Order and that they are adequate to enable Seller to perform the work required of this Order in accordance with the delivery schedule.
4. **COMMUNICATION WITH BUYER’S CUSTOMER(S)”.** Buyer shall be solely responsible for all liaison and coordination with its customer(s) including the U.S. Government, as it affects the applicable prime contract, this Order or any related Order.
5. **PAYMENT.** Unless otherwise stated in this Contract, standard payment terms shall be sixty (60) days from date of receipt of a correct invoice from Seller, or the date of receipt of the Products by Buyer, whichever is later. All payments shall be made in U.S. dollars. The prices charged by Seller include all taxes including, without limitation, all state and federal taxes, sales, use or excise taxes as well as any import or export duties and tariffs. Buyer neither guarantees nor is responsible for any liabilities incurred by any Third Party Designees under this Contract.
6. **INVOICES.** All Seller invoices will reference, without limitation, Buyer’s Purchase Order number, a part number, part description and the agreed upon price. No additional charges are payable by Buyer for marking, packaging (including containers, crating, boxing, handling, dunnage, drayage, etc.) storage or shipping unless specifically stated on the face of Buyer’s Purchase Order.
7. **PRICING AND INVOICE DISPUTES.** All pricing and invoice disputes with Buyer must be identified by Seller to Buyer within six (6) months to the date of Buyer’s receipt of Seller’s shipment.

On disputes that have not been identified to Buyer by Seller in writing within this time, Seller agrees to accept whatever payment Buyer deems appropriate.

8. **SHIPMENT AND DELIVERY.** Unless otherwise agreed to in writing, shipments of Products must equal exact quantity ordered and must be delivered in strict conformance with the delivery schedule. Shipping schedules may contain authorization to Seller to fabricate, within a time specified, quantities of Products under this Contract, the delivery of which has not been specified. It may also contain authorization to Seller to acquire, within a specified period of time, materials necessary to fabricate a quantity of the Products under this Contract. All shipments are F.O.B. Buyer's designated facility as defined by INCOTERMS 2000.
9. **DEFENSE PRIORITIES AND ALLOCATIONS.** This Order may be a rated order under the Defense Priorities and Allocations System ("DPAS") as promulgated in 15 CFR 700. All such ratings will be indicated on the face of the Purchase Order or otherwise communicated to Seller. Seller is required to comply with the specified DPAS rating. In the event of a partial failure of Seller's sources of supply for the Products purchased, Seller will first meet all of Buyer's requirements hereunder prior to any allocation among customers. Failure to comply with the DPAS ratings is a material breach of this Order subject to immediate termination.
10. **LATE DELIVERY CHARGES AND EXPENSES.** If Buyer determines that Seller's deliveries are so far behind a given schedule that Buyer requires express shipments, then Seller will pay the express charges. If Seller's deliveries are so far behind a given schedule that Buyer is compelled to use material not according to Buyer's specification, or at a higher cost, then Seller will pay whatever additional costs, expenses, losses, or damages that Buyer sustains. The provisions of this paragraph are not intended to limit any other rights and remedies that Buyer may have against Seller.
11. **CANCELLATION.** Buyer reserves the right to cancel without charge or further liability to Buyer, if an order is not shipped or filled as specified. In case of an order calling for partial shipments, balance may be cancelled or suspended without charge or further liability to Buyer if shipments are not made on date specified. Seller will be responsible to Buyer for all costs of cover.
12. **CHANGES.** Buyer reserves the right at any time without notice to the sureties, if any, to make changes or modifications in drawings, specifications and/or delivery schedule as to any Products, materials, or work covered by this Contract. Buyer will issue such change in writing ("Change Order"). Any increase or decrease in price or time for performance resulting from such changes shall be equitably adjusted, and the Contract shall be modified in writing accordingly. Seller must assert its right to an adjustment under this provision in writing, delivered to Buyer's contracting representative within fifteen (15) days from Seller's receipt of the written Change Order. Failure to agree on the equitable adjustment shall be deemed a dispute under this Contract and such failure to agree or dispute will not excuse the Seller from continuing performance as changed.
13. **STOP WORK ORDER.** Buyer may at any time and by written order to Seller require the Seller to stop all, or any part of, the work being performed hereunder for a period not to exceed ninety (90) days, or for such period as the Buyer and its government customer may agree under the prime contract ("Stop Work Order"). Upon receipt of the Stop Work Order Seller will immediately comply with the terms of the Stop Work Order and will take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Stop Work Order. Within the ninety day period (or such other period as agreed to between Buyer and its customer) the Buyer will either (i) cancel the Stop Work Order; or (ii) terminate the work covered as provided in the Termination provisions of the Contract. If the Stop Work Order is canceled or the ninety day period expires, the Seller shall

resume work and an equitable adjustment as to cost and/or schedule shall be made in accordance with the Changes provision.

14. **INSPECTION AND ACCEPTANCE OF PRODUCTS.** All Products shall be received subject to Buyer's inspection or rejection. Defective Products or Products not in accordance with Buyer's specifications will be held for Seller's instructions and at Seller's risk, and, if Seller so directs, will be returned at Seller's expense, including but not limited to, all inbound and outbound freight charges. Payment for Products prior to inspection shall not constitute an acceptance thereof. Returned Products will be deducted from total shipments.
15. **WARRANTY.** Seller warrants that all Products provided here under, materials, goods and services provided in support of the Products (i) will conform to the specifications, (ii) be free from defects in material and workmanship, (iii) be free from defects in design to the extent Seller has design responsibility, (iv) are fit and sufficient for the particular purpose intended, and (v) are merchantable for a period no less than 12 months from the date of Buyer's or its government customer's, as the case may be, inspection and acceptance. In the event the Products do not conform to the foregoing warranty, Buyer may, in addition to any other remedies it may have, return the Products to Seller at Seller's sole cost and expense, and Seller shall promptly (i) repair, (ii) replace, or (iii) refund all amounts Buyer may have paid for the nonconforming Product, such warranty remedy to be at Buyer's sole, but reasonable discretion and satisfaction. All repaired or replaced Product shall contain the initial warranty and warranty period as aforesaid. In the event Seller is unable to repair or replace the Product within the required time period so as to endanger Buyer's performance obligations under its contracts, Buyer may itself or on its behalf, correct or replace the nonconforming product with similar Product from another source and charge to Seller, the Buyer's costs associated therewith.
16. **BUYER IDENTITY REMOVAL.** At its own expense, Seller agrees to destroy or remove to Buyer's complete satisfaction, Buyer's corporate name, addresses, trademarks, patent numbers, and all other reference to Buyer from all Products rejected or canceled by Buyer, or purchased or produced by Seller in excess of quantities specified by Buyer, whether such Products are completed or partially completed, delivered, tendered for delivery, or undelivered, prior to disposition of such Products to parties other than Buyer; or to destroy such Products. Seller acknowledges that any sale of Products bearing Buyer's trade name and/or trademarks to any person or entity other than Buyer is an infringement of Buyer's proprietary rights in its trade name and/or trademarks and is an attempt by Seller to "pass off" Products of others as the Products of Buyer. Without first obtaining the written consent of Buyer, Seller agrees that it shall not in any manner make known the fact that Seller has furnished, or contracted to furnish, to Buyer the Products covered by this Order, or use the name of Buyer or any of its trademarks or trade names in Seller's advertising or other promotional material.
17. **ACCESS TO PREMISES-AUDIT.** Buyer shall have access to Seller's premises and records prior to or subsequent to payment to verify any charges. In addition, Seller will allow Buyer to inspect its books and records, including without limitation, any cost or pricing data, relating to the sale of the Products hereunder ordered. In lieu of Buyer inspecting such books and records, Seller may request that DCAA audit Seller's books and records related to its performance hereunder. Access to Seller's premise will also be granted for the purposes of Buyer inspecting any Buyer or Government furnished property or equipment.
18. **ELECTRONIC DATA INTERCHANGE (EDI).** Seller agrees to comply with all EDI requirements of Buyer. These basic requirements include Release and Receiving Suite documents. These conditions are subject to change and Seller will be given notice of new requirements. If Seller is unable to meet all the implementation requirements, then the Order is subject to either termination by the Buyer, or a daily assessment of US\$50, at Buyer's option, until the requirements have been

met. If Seller is unable to meet any of the EDI transaction requirements (ASN), Seller is subject to a US\$500 per occurrence charge. Seller agrees that any EDI will be deemed sufficient for enforceability under any state's statute of frauds or similar law.

19. **MATERIAL SAFETY DATA SHEETS (MSDS).** Seller will properly classify, describe, package, mark, label, and provide MSDS for approval by Buyer prior to shipment of all Products. Seller will prepare all such Products for transportation, accompanied by an approved MSDS, in accordance with all applicable local, state, and federal laws, ordinances, or regulations. Seller will defend, indemnify, and hold harmless Buyer from any claims, penalties, or damages incurred by Buyer as a result of any Products received from Seller not in accordance herewith.
20. **EQUIPMENT MAINTENANCE.** Unless otherwise agreed in writing, Seller shall furnish at its own expense, keep in good condition, and replace when necessary, all dies, tools, gauges, fixtures, and patterns necessary for the production of the Products ordered. Title to all property, including equipment, furnished at no charge to Seller by Buyer or the United States Government ("GFE") for Seller's performance of its obligations under this Contract, shall at all times vest in Buyer or the United States Government in the case of GFE, and Seller assumes all liability for any loss, damage, or shortage and/or for Seller's failure to return such property to Buyer on request. Seller shall promptly notify Buyer of any such loss, damage, or shortage
21. **CONFIDENTIAL INFORMATION.** Seller agrees not to disclose to any third party, or use, except in connection with the furnishing of the Product or service under this Order, any confidential information relating to Buyer's business, including business and marketing plans, processes, products, equipment, or trade secrets, as well as confidential information resulting from the performance of this Order. Any information not available to the public shall be considered confidential for the purposes of this Order; but should any of this information be published or otherwise made available by the public by Buyer or by third parties without breach of this Order, Seller shall be free to use for its own purposes only that information which is actually publicly available. Confidential information that is owned by the U.S. Government or in which the U.S. has the right to use and which is provided to Seller either by Buyer or by the U.S. Government under this Order and unless otherwise directed in writing, shall be used by Seller only in performance of its obligations pursuant to this Order. All rights title and interest in said confidential information shall remain with and vest in the U.S. Government. Seller will have no ownership rights in said confidential information nor shall Seller have any right to license or sublicense such confidential information without the expressed prior permission of the U.S. Government.
21. **INTELLECTUAL PROPERTY-OWNERSHIP OF MATERIALS.** All materials, including without limitation, documents, drawings, models, sketches, designs, software, computer tapes and disks, and lists furnished to Seller by Buyer or by the U.S. Government, shall remain the property of Buyer or the U.S. Government as the case may be and shall be returned promptly upon completion of the assigned project, or at any time upon written request of Buyer or the U.S. Government. Seller agrees not to make any copies of any such materials without Buyer's permission and to return any copies authorized with the original materials.

Seller agrees to communicate to Buyer all inventions, discoveries, computer programs, algorithms, technical data, copyrights and information resulting from this Order made or conceived by Seller or its employees on behalf of Buyer, solely or in collaboration with Buyer personnel during performance hereunder and they will become and remain the property of Buyer. Seller agrees that all drawings, graphics, technical analyses, models, prototypes, writings, algorithms, copyrights and other materials first conceived and reduced to practice by Seller during performance of this Order are considered to be "works for hire" and will become and remain the property of Buyer. At the request of Buyer,

Seller will execute or cause its agents or employees to execute, any and all documents which Buyer may deem necessary to assign to it, its successor or assigns, the sole and exclusive right to such drawings, graphics, technical analyses, models, prototypes, writings, algorithms, and other materials, as well as to design registrations, design patents and copyrights relating thereto.

Seller agrees that neither it nor its agents or employees will sue Buyer, Buyer's customers, or its suppliers for infringement of patents, copyrights, trade secrets or other proprietary rights arising from the sale or use of the Products, processes or software utilizing the information, design, or the Products furnished by Seller pursuant to this Order. Seller further agrees that Seller will not knowingly infringe the patent, copyright, or trade secret rights of third parties in the performance of this Order and agrees to advise Buyer promptly if Seller is or becomes aware that Buyer's use of the results of this Order would violate rights of third parties.

Further, Seller represents and warrants that the sale or use by Buyer of the Products provided hereunder, in any combination, will not infringe the intellectual property rights of a third party. Seller grants to Buyer a non-exclusive, irrevocable, royalty free, perpetual and not subject to termination, worldwide right and license to use the intellectual property rights of Seller for the purposes of Buyer performing its obligations under its Prime Contract.

22. INTELLECTUAL PROPERTY INDEMNIFICATION. Seller agrees to defend, at its expense, any claim or suit against Buyer or Buyer's customers, or either of their officers, directors, employees, agents, and affiliates based on an assertion or claim that the Products furnished by Seller to Buyer hereunder or the sale or the use by Buyer or its customers in the manner contemplated by this Order infringes any patent or copyright or other intellectual property right or is a wrongful use of third-party trade secret or proprietary information, and further agrees to indemnify and hold Buyer, or their officers, directors, employees, agents, and affiliates harmless from any losses, including attorneys' fees, settlements associated with said claim, or any losses, including attorneys' fees or costs, finally awarded in any such claim. If the use or sale of the Product furnished pursuant to the Order is enjoined as a result of such suit, Seller, at its option and at no expense to Buyer, shall obtain for Buyer and its customers the right to use and sell the Product or shall substitute an equivalent Product acceptable to Buyer and extend this indemnity thereto. This indemnity does not extend to any claim or suit based on any infringement of any patent by the combination of the Product furnished by Seller with other components added thereto by Buyer, except when the Product is a material part of the invention of an asserted patent and the components furnished by Buyer to complete the claimed combination, such as an engine, sensor, or vehicle frame, are not novel within the meaning of the patent or are specified or approved by Seller. This indemnity does not extend to any infringement or alleged infringement arising solely out of Seller's compliance with Buyer-required specifications, designs, or instructions that (i) are created solely by Buyer, and (ii) are thereafter furnished to Seller in writing.

23. TERMINATION.

(A) Termination for Default: Buyer may terminate, either in whole or in part, this Order by written notice to Seller in the event Seller fails to (i) deliver the Products within the time specified or in accordance with the specifications, (ii) makes progress so as to endanger performance under this Order, or (iii) perform any of the other provisions of the Order. Buyer may terminate this Order if Seller does not cure such failure within ten (10) days after receipt of written notice of default. In the event Buyer terminates this Contact in accordance with this subparagraph, Seller will be liable to Buyer for any costs associated with Buyer's purchase of Products similar to those terminated. In the case of a partial termination for default, Seller will continue with performance of the un-terminated portion of this Order.

(B) Termination for Convenience: Buyer shall have the right at any time, and for any reason, without any penalty, to terminate, in whole or in part, this Order or the deliveries specified and the authorizations contained in any shipping schedule given to Seller by Buyer, provided Buyer shall provide Seller thirty written notice of such termination specifying the extent of termination and the effective date. Seller will immediately proceed to stop all work, place no further subcontracts or orders for materials, services or facilities except as reasonably necessary to complete the continued un-terminated portion of this Subcontract and shall continue performance of the work not terminated. Seller will take all reasonable precautions including as directed by Buyer, for the preservation and protection of the terminated work. Except as otherwise set forth in this provision, Buyer will have no further liability to Seller for said termination.

Within forty-five (45) days following receipt of the termination notice, Seller will prepare and submit to Buyer, Seller's termination inventory schedules. The disposition of, but not limited to, inventory, work in process and finished goods of the terminated work will be at the direction of the Buyer. Further, Seller shall use all reasonable efforts as directed by Buyer, to sell, use or otherwise dispose of all goods or materials remaining in inventory the proceeds of which, will be applied to reduce any payments to be made by the Buyer under this Order. If the Seller fails to submit the proposal within the time allowed, the Buyer may reasonably determine on the basis of information available, the amount, if any, due Seller because of the termination and shall pay the amount determined.

Subject to the foregoing, Buyer will be paid the agreed price of the Products inspected and accepted by Buyer and for any inventory and work in process reasonably procured in advance to meet the delivery schedules of Buyer provided, however, Seller is unable to utilize such inventory or work in process in other activities of Seller or for which Seller cannot otherwise dispose in accordance with Buyer's direction as set forth above. The amount to be paid will not exceed the original contract price for said Product as reduced by (i) the amount of payments previously made and (ii) the contract price of work not terminated. This Order shall be so modified, and the Seller shall be paid the agreed amount. All amounts to be paid shall be determined in accordance with generally accepted accounting principles. Buyer reserves the right to examine all books and records of Seller relevant to Seller's termination claim.

24. **INSURANCE.** Seller will purchase and maintain commercial general liability insurance in the amount of at least US\$5,000,000 and provide Buyer with a Certificate of Insurance identifying Buyer as an additional insured. Failure to provide such certificate of insurance shall void this Order, at Buyer's sole option. Seller will notify Buyer of any changes in coverage or Notice of Cancellation of such coverage.
25. **PUBLIC RELEASE.** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish Buyer with the Products as described herein.
26. **ITAR COMPLIANCE.** Some Products are controlled by the International Traffic in Arms Regulations (ITAR). To ensure Buyer and Seller's compliance with the ITAR and to avoid imposition export licensing requirements, Seller will ensure that each person with access to Technical Data, as defined in 22 CFR Section 120.10, Defense Services as defined in 22 CFR Section 120.9, and Defense Articles as defined in 22 CFR Section 120.6 (collectively "ITAR Materials") is eligible to be granted access to such ITAR Materials pursuant to 22 CFR Section 120.1(c) or is a U.S. Person as defined in 22 CFR Section 120.15. In instances where Foreign Persons, as defined in 22 CFR Section 120.16 have access to ITAR Materials, the Seller shall immediately provide Buyer with a

copy of the license or approval at the time that Seller provides such Foreign Person with access to the ITAR Materials. For those instances where Seller employs, retains, or contracts with any Foreign Persons without a license or approval described above, Seller shall immediately notify Buyer and if requested, provide Buyer with a detailed explanation of the steps undertaken to ensure that these persons are not gaining access to the ITAR Materials.

27. **NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA).** Seller will provide annually to Buyer by the specified due date, an accurate and complete NAFTA Certificate of Origin for those parts that qualify for NAFTA and an accurate and complete Country of Origin affidavit for all parts. The NAFTA Certificate of Origin must be completed in accordance with regulations published by the U.S. Department of Treasury in 19 C.F.R. Sec. 181.11 et seq. and any amendments thereto, and in accordance with instructions issued annually to Seller by Buyer. In the event that Seller fails to comply with this requirement, Buyer will charge back to Seller and Seller will promptly reimburse Buyer for all import duties, penalties, and taxes paid by the Buyer as a result of Seller's non-compliance. Buyer reserves the right to charge Seller a U.S. \$250 non-compliance per Product part number charge.
28. **UTILIZATION OF SMALL BUSINESS CONCERNS.** Seller agrees to actively seek out and provide the maximum practicable opportunities for small businesses, small disadvantaged businesses, women-owned small businesses, minority business enterprises, Historically Underutilized Business Zone ("HUB Zone") small business concerns and U.S. Veteran and Service Disabled Veteran Owned small business concerns to participate in the subcontracts of Seller.
29. **APPLICABLE LAW AND JURISDICTION.** This Order and all conflicts, disputes or actions arising out of or as a result of the respective rights and obligations of the parties as herein contained, shall be governed by the laws of the State of Buyer's issuing office. All disputes and actions shall be brought before a State or Federal court of competence located in the State of Buyer's issuing office.. The Seller consents to the venue and jurisdiction of a State or Federal court located in the State of Buyer's issuing office and waives any claim of forum nonconveniens and a trial by jury.
30. **INDEMNIFICATION BY SELLER.** Seller agrees to protect, defend, hold harmless, and indemnify Buyer against all claims, actions, liabilities, losses, costs, and expenses, including, without limitation, reasonable legal cost and fees, punitive damages, consequential damages, and penalties arising out of any actual or alleged death of, or injury to, any person and/or damage to any property, by whosoever suffered, resulting or claimed to result, in whole or in part, from any actual or alleged defect in the supplied Products, including actual or alleged improper design, manufacture, or assembly of such Products, or arising out of any actual or alleged violation by such Products, or their manufacture, possession, use or sale, or any law, statute, or ordinance, or any governmental administrative order, rule, or regulation.
31. **RIGHTS AND REMEDIES.** The provisions of each paragraph of this Order are not intended to limit any rights and remedies of Seller or Buyer. No modifications of, or additions to, the provisions or conditions of this Order will become a part of it until accepted in writing by Buyer. The foregoing notwithstanding, in no event shall Seller acquire any direct claim or direct course of action against the United States Government relating to or in any way arising out of the subject matter of this Order. In addition to the foregoing, Buyer reserves the right to setoff against any amounts which may become payable hereunder amounts which Seller may owe to Buyer hereunder or under any other agreement or arrangement.
32. **ASSIGNMENT.** This Order nor the rights and obligations of the Seller as contained herein, will not be assigned without the express prior permission of Buyer.

33. **ENTIRE AGREEMENT** These terms and conditions and those contained on the purchase order into which these terms and conditions are incorporated by reference, contain the entire agreement and understandings of the parties and supersedes all prior understandings or agreements or the parties, whether written or oral. No modification or amendment to this Order will be made without the prior written consent of the duly authorized representatives of both the Buyer and Seller.
34. **WAIVER**. The failure of Buyer at any time or from time to time to promptly enforce any provision herein contained or any rights it may have in law or in equity, shall not be construed as a waiver of such provisions or rights with respect to Seller's actions or failure to act to which such failure to enforce related, or to any subsequent act or failure to act.
35. **SEVERABILITY**. If any provision of this Agreement is deemed to be invalid by a court of competent jurisdiction, or is otherwise found to be unenforceable the invalidity or unenforceability of such provision shall be stricken from this Agreement and all other provisions of this Agreement which shall remain in full force and effect.
36. **ORDER OF PRECEDENCE**. Conflicting provisions hereof, if any shall prevail in the following descending order of precedence; (1) provisions on the face Buyer's Order; (2) Buyer's purchase order attachments, including these terms and conditions and the provisions and clause referenced and incorporated in this document; (3) other specifications or documents incorporated by reference; (4) the statement of work referenced on the face of the purchase order.
37. **GOVERNMENTAL REQUIREMENTS**. Seller agrees to comply with all applicable statutes, regulations, laws, and other Government requirements. The following FAR and DFAR provisions referenced below are incorporated herein by reference with the same force and effect as if they were given in full text and are applicable, including any notes following the clause citation, to this Order. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. *Seller shall include in each lower-tier subcontract the appropriate flow-down clauses as required by FAR and DFARs.*

PRESERVATION OF THE GOVERNMENT'S RIGHTS

If PRIME CONTRACTOR furnishes designs, drawings, special tooling, equipment, engineering data, or other technical or proprietary information ("Furnished Items") which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that PRIME CONTRACTOR, acting on its own behalf, may modify or limit any rights the Government may have to authorize the Contractor's use of such Furnished Items in support of other U. S. Government prime contracts.

NOTES: When interpreting the following FAR and DFAR provisions substitute the following:

1. Substitute "PRIME CONTRACTOR" for "Government" or "United States" throughout this clause.
2. Substitute "PRIME CONTRACTOR Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
3. Insert "and PRIME CONTRACTOR" after "Government" throughout this clause.

4. Insert “or PRIME CONTRACTOR” after “Government” throughout this clause.
5. Communication/notification required under this clause from/to the Contractor to/from the Contracting Officer shall be through PRIME CONTRACTOR.
6. Insert “and PRIME CONTRACTOR” after “Contracting Officer” throughout the clause.
7. Insert “or PRIME CONTRACTOR PROCUREMENT REPRESENTATIVE” after “Contracting Officer” throughout the clause.
8. Insert “and PRIME CONTRACTOR” after “agency head” throughout the clause.
9. Insert “and PRIME CONTRACTOR’S RIGHTS” after “Government’s rights” throughout the clause.

MODIFICATIONS REQUIRED BY PRIME CONTRACT

Contractor agrees that upon the request of PRIME CONTRACTOR it will negotiate in good faith with PRIME CONTRACTOR relative to modifications to this Contract to incorporate additional provisions herein or to change provisions hereof, as PRIME CONTRACTOR may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of modifications to such Prime Contract. If any such modification to this Contract causes an increase or decrease in the cost of, or the time required for, performance of any part of the Work under this Contract, an equitable adjustment shall be made pursuant to the “Changes” clause of this Contract.

52.202-1	Definitions	Jul 2004
52.203-3	Gratuities (n.8 and 3 apply to paragraph (d))	Apr 1984
52.203-5	Covenant Against Contingent Fees (n.1 applies)	Apr 1984
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (n.1 applies)	Jan 1997
52.203-10	Price of Fee Adjustment for Illegal or Improper Activity (n.1 applies)	Jan 1997
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions	Sep 2007
52.204-2	Security Requirements (n.2 applies) (Applicable to subcontracts at all tiers that involve access to classified information; exclude reference to the Changes clause)	Aug 1996
52.204-9	Personal Identity Verification of Contractor Personnel (Applicable to subcontractors who have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system)	Sep 2007
52.211-5	Material Requirements (n. 5 and 6 apply)	Aug 2000
52.211-15	Defense Priority and Allocation Requirements (Applicable to	Apr 2008

subcontracts that are rated orders certified for national defense, emergency preparedness, and energy program use)

52.217-9	Option to Extend the Term of the Contract	Mar 2000
52.222-1	Notice of Government Labor Disputes (n. 1 applies)	Feb 1997
52.222-3	Convict Labor	Jun 2003
52.222-18	Certification Regarding Knowledge of Child Labor for Listed Products (n.1 applies)	Feb 2001
52.222-19	Child Labor-Cooperation with Authorities and Remedies	Aug 2009
52.222-20	Walsh-Healy Public Contracts Act	Dec 1996
52.222-21	Prohibition of Segregated Facilities (Applicable to subcontracts subject to the Equal Opportunity clause, § 52.222-26)	Feb 1999
52.222-22	Previous Contracts and Compliance Reports (Applicable to subcontracts subject to the Equal Opportunity clause, § 52.222-26)	Feb 1999
52.222-26	Equal Opportunity (n.3, 5 and 7 apply)(Applies to all subcontracts that are not exempt by the Secretary of Labor under Executive Order 11246)	Mar 2007
52.222-41	Service Contract Act of 1965, as Amended (Applicable to all subcontracts subject to the Act, 41 U.S.C. 351, et seq.)	Nov 2007
52.222-50	Combating Trafficking in Persons	Feb 2009
52.222-51	Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration or Repair of Certain Equipment—Requirements (Applicable to subcontracts at all tiers for exempt services under the Service Contract Act, 41 U.S.C. 351, et seq.)	Nov 2007
52.222-53	Exemption from Application of the Service Contract Act to Contracts for Certain Services—Requirements (Applicable to subcontracts at all tiers for exempt services under the Service Contract Act, 41 U.S.C. 351, et seq.)	Feb 2009
52.223-3	Hazardous Material Identification and Material Safety Data (n. 4, 5, 6 and 9 apply)	Jan 1997
52.223-4	Recovered Material Certification	May 2008
52.223-7	Notice of Radioactive Material (n.5 and 6 apply)(Applicable to subcontracts at all tiers involving radioactive material)	Jan 1997
52.223-11	Ozone-Depleting Substances	Mar 2001

52.225-1	Buy American Act – Supplies (n.2 applies)	Feb 2009
52.225-3	Buy American Act-Free Trade Agreements-Israeli Trade Act (Applicable if value of subcontract exceeds \$25,000)	Jun 2009
52.225-5	Trade Agreements (Applicable if subcontract work contains other than U.S. made or designated country end products as specified in this clause)	Aug 2009
52.225-8	Duty-Free Entry (n.3, 5 and 6 apply)(Applicable to subcontracts if (1) supplies identified in the Schedule to be accorded duty-free entry will be imported into the customs territory of the United States; or (2) other foreign supplies in excess of \$10,000 may be imported in the customs territory of the United States)	Feb 2000
52.225-13	Restrictions on Certain Foreign Purchases (Applicable to subcontracts at all tiers)	Jun 2008
52.227-9	Refund of Royalties (n. 3, 5 and 6 apply)(Applicable to subcontracts at any tier in which the amount of royalties reported during negotiation of the subcontract exceeds \$250)	Apr 1984
52.227-11	Patent Rights—Ownership by the Contractor (Short Form) (Applicable to subcontracts at any tier for experimental, developmental, or research work (see paragraph (k) for detailed requirements))	Dec 2007
52.227-13	Patent Rights—Ownership by the Government (Applicable to subcontracts at any tier for experimental, developmental, or research work (see paragraph (i) for detailed requirements))	Dec 2007
52.227-14	Rights in Data—General (n.5 applies) (Applicable to subcontracts at any tier unless the government contracting officer authorizes otherwise)	Dec 2007
52.227-16	Additional Data Requirements (n.2 applies)	Jun 1987
52.227-17	Rights in Data—Special Works (n. 3, 5 and 6 apply)	Dec 2007
52.227-18	Rights in Data—Existing Works (n.3 applies)(Applicable to subcontractors at any tier)	Dec 2007
52.227-19	Commercial Computer Software License (n.3 applies)(Applicable to subcontractors at any tier)	Dec 2007
52.227-20	Rights in Data—SBIR Program (n.3 applies)(Applicable to subcontracts at any tier unless the government contracting officer authorizes otherwise)	Dec 2007
52.227-21	Technical Data Declaration, Revision, and Withholding of Payment—Major Systems (n.1 and 2 apply)(Applicable to	Dec 2007

	subcontractors at any tier)	
52.227-22	Major System—Minimum Rights (n.3 applies)(Applicable to subcontractors at any tier)	June 1987
52.227-23	Rights to Proposal Data (n.3 applies)(Applicable to subcontractors at any tier)	Jun 1987
52.228-3	Worker’s Compensation Insurance (Defense Base Act) (Applicable to subcontracts at any tier covered by the Defense Base Act)	Apr 1984
52.228-4	Worker’s Compensation and War-Hazard Insurance Overseas (Applicable to subcontracts at any tier when the Defense Base Act applicability has been waived by the Secretary of Labor)	Apr 1984
52.229-3	Federal, State, and Local Taxes (n.2 and 5 apply)	Apr 2003
52.229-4	Federal, State, and Local Taxes – State and Local Adjustments (n.2 and 5 apply)	Apr 2003
52.229-6	Taxes-Foreign Fixed-Price Contracts (n.2 applies)(Applicable to subcontracts at any tier)	Jun 2003
52.229-7	Taxes—Fixed-Prices Contracts with Foreign Governments (Applicable to subcontracts at any tier)	Jan 1991
52.232-17	Interest (n.1 applies)	Oct 2008
52.233-1	Disputes	Jul 2002
52.233-3	Protest After Award (n.1 and 2 apply)	Aug 1996
52.234-1	Industrial Resources Developed Under Defense Production Act Title III (n.5 applies)(Applicable flow down to subcontracts at any tier)	Dec 1994
52.237-3	Continuity of Services (note 2 applies) (recommend flowing down clause to subcontracts at all tiers)	Jan 1991
52.242-1	Notice of Intent to Disallow Costs (n.5 and 7 apply)(Applicable to cost reimbursement subcontracts at all tiers)	Apr 1984
52.242-15	Stop-Work Order (n.2 applies)(Applicable to subcontracts at any tiers)	Aug 1989
52.242-17	Government Delay of Work (n.5 applies and n.6 applies only to paragraph (b) and is Applicable to subcontracts at any tier)	Apr 1984
52.243-1	Changes—Cost Fixed-Price (n.2 applies)(Applicable to subcontracts at any tiers)	Aug 1987

52.244-6	Subcontracts for Commercial Items and Commercial Components (Applicable to subcontractors at any tier)	Dec 2009
52.245-2	Government Property Installation Operation Services (n.5 applies)	Jun 2007
52.245-9	Use and Charges (n.5 applies)	Jun 2007
52.246-2	Inspection of Supplies—Fixed-Price (n.2, 3 and 5 apply)	Aug 1996
52.246-4	Inspection of Services—Fixed-Price (n.3 and 5 apply)	Aug 1996
52.246-7	Inspection of Research and Development—Fixed-Price (n.2, 3 and 5 apply)(Applicable to R&D activities only and then, flow down clause to subcontracts at all tiers)	Aug 1996
52.246-9	Inspection of Research and Development (Short Form) (n.3 and 5 apply)Applicable to R&D activities only and then, flow down clause to subcontracts at all tiers)	Apr 1984
52.246-16	Responsibilities for Supplies (n.3 and 5 apply)(Applicable to subcontracts at any tier)	Apr 1984
52.246-17	Warranty of Supplies of a Noncomplex Nature (n. 2, 3 and 5 apply)(Applicable to subcontracts at any tier)	Jun 2003
52.246-18	Warranty of Supplies of a Complex Nature (n.2, 3 and 5 apply) (Applicable to subcontracts at any tier)	May 2001
52.246-20	Warranty of Services (n.2, 3 and 5 apply)(Applicable to subcontracts at any tier)	May 2001
52.247-63	Preference for U.S.-Flag Air Carriers	Jun 2003
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels (Applicable to subcontracts at all tiers)	Feb 2006
52.249-1	Termination for Convenience of the Government Fixed-Price, Short Form (n.1 and 2 apply)(Applicable to subcontracts at any tier)	Apr 1984
52.249-2	Termination for Convenience of the Government-Fixed-Price	May 2004
52.249-4	Termination for Convenience of the Government (Services)(Short Form)(n. 1 and 2 apply)(Applicable to subcontracts for services at any tier)	Apr 1984
52.250-1	Indemnification Under Public Law 85-804 (Requires the Government Contracting Officer's prior written approval to flow	Apr 1984

down this clause to a subcontract)

FOR SUBCONTRACTS THAT EXCEED \$10,000 THE FOLLOWING CLAUSES ALSO APPLY:

52.222-36	Affirmative Action for Workers with Disabilities (Applicable unless exempted by rules, regulations or orders of the Secretary of Labor)	Jun 1998
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FOR SUBCONTRACTS THAT EXCEED \$30,000 THE FOLLOWING CLAUSES ALSO APPLY:

52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (n.5 applies)	Sep 2006
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FOR SUBCONTRACTS THAT EXCEED \$100,000 THE FOLLOWING CLAUSES ALSO APPLY:

52.203-6	Restrictions on Subcontractor Sales to Government (Applicable clause required in subcontracts at all tiers)	Sep 2006
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52.203-7	Anti-Kickback Procedures (Applicable to subcontracts at all tiers, excluding paragraph (c)(1))	Jul 1995
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52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Applicable to subcontracts at any tiers)	Sep 2007
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52.215-2	Audit and Records—Negotiation (Applicable to subcontracts at Any tier)	Mar 2009
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52.215-14	Integrity of Unit Prices (n.2 applies)(Applicable excluding paragraph (b), except for subcontracts for construction or engineer services under FAR § 36, utility services under FAR § 41; services where supplies are not required, and petroleum products)	Oct 1997
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52.219-8	Utilization of Small Business Concerns (Applicable to subcontracts at any tier)	May 2004
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52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (n.3 applies) (Applicable unless exempt by rules, regulations or orders of the Secretary of Labor)	Sep 2006
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52.222-37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and other Eligible Veterans (Applicable unless exempt by rules, regulations or orders of the Secretary of Labor)	Sep 2006
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52.222-54	Employment Eligibility Verification (Applicable to subcontracts at any tier)	Jan 2009
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52.223-14	Toxic Chemical Release Reporting (n.2 applies)	Aug 2003
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52.227-1	Authorization and Consent (subcontractor liability to the U.S. government for the infringement of a U.S. patent shall be determined solely by the indemnity clause, if any, included in this Contract (see 52.227-3)) (Applicable to subcontracts at any tier)	Dec 2007
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (n.5 applies)(Applicable to subcontracts at any tier)	Dec 2007
52.227-3	Patent Indemnity (n.1 and 2 apply)(Applicable to subcontracts at any tier)	Apr 1984
52.248-1	Value Engineering (n.2, 3 and 5 apply)	Feb 2000
252.225-7008	Restriction on Acquisition of Specialty Metals	Jul 2009
252.255-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals	Jul 2009
252.225-7014	Preference for Domestic Specialty Metals (Applicable only to subcontracts for performance under Prime Contracts issued prior to July 29, 2009)	Jun 2005
252.255-7016	Restriction on Acquisition of Ball and Roller Bearings	Mar 2006

FOR SUBCONTRACTS THAT EXCEED \$550,000 THE FOLLOWING CLAUSES ALSO APPLY:

52.219-9	Small Business Subcontracting Plan (n.2 applies)(Applicable to subcontracts at any tier)	Apr 2008
52.219-16	Liquidated Damages – Subcontracting Plan (n.1 and 2 apply)	Jan 1999

FOR SUBCONTRACTS THAT EXCEED \$650,000 THE FOLLOWING CLAUSES ALSO APPLY:

52.214-26	Audit and Records-Sealed Bidding (n.6 applies)(Applicable to all sealed bid subcontracts at any tier. Clause is operative only in connection with the submission of subcontractor cost or pricing data for modifications to sealed bid contracts)	Mar 2009
52.214-27	Price Reduction for Defective Cost or Pricing Data-Modifications-Sealed Bidding (n.1 and 6 apply)(Applicable only in connection with the submission of subcontractor cost or pricing data for modifications)	Oct 1997
52.214-28	Subcontractor Cost or Pricing Data-Modifications-Sealed Bidding (Clause is modified in paragraph (b) to state "...Contractor shall submit and require the subcontractor to submit cost or pricing data..." and modified at paragraph (c) to state "The Contractor <u>shall certify and</u> require the subcontractor to certify in substantially the form prescribed in subsection 15.406-2 of the Federal Acquisition	Oct 1997

Regulation that, to the best of its knowledge and belief, the data submitted under paragraph (b) above were accurate, complete, and current as of the date of the agreement on the negotiated price of the subcontract or subcontract modification.”)(Applicable to subcontracts at any tier for sealed bidding; clause becomes operative only in connection with the submission of subcontractor cost or pricing data for modifications to sealed bid subcontracts)

52.215-10	Price Reduction for Defective Cost or Pricing Data (n.1 and 6 apply)	Oct 1997
52.215-11	Price Reduction for Defective Cost or Pricing Data Modifications (Applicable to subcontracts at all tiers)	Oct 1997
52.215-12	Subcontractor Cost or Pricing Data (clause is modified at paragraph (a) to state “...the Contractor <u>shall submit and</u> require the subcontractor to submit cost or pricing data...” and modified at paragraph (b) to state “The Contractor <u>shall certify and</u> require the subcontractor to certify in substantially the form prescribed in subsection 15.406-2 of the Federal Acquisition Regulation that, to the best of its knowledge and belief, the data submitted under paragraph (a) above were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.”) (Applicable to subcontracts at all tiers)	Oct 1997
52.215-13	Subcontractor Cost or Pricing Data – Modifications (Applicable to all subcontracts expected to exceed the threshold in FAR § 15.403-4(a)(1) for the submission of cost or pricing data on the date of price agreement or the date of award, whichever is later. Clause becomes operative only for <u>modifications</u> to this subcontract that exceed the threshold for submission of cost or pricing data at FAR § 15-403-4)	Oct 1997
52.215-15	Termination of Defined Benefit Pension Plans (n.1,5 and 6 apply) (Applicable to all subcontracts that are either (1) expected to exceed the threshold in FAR § 15.403-4 for the submission of cost or pricing data; or (2) expected to be subject to pre-award or post award cost determinations subject to FAR § 31)	Oct 2004
52.215-18	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other Than Pensions (n.1, 5 and 6 apply)(Applicable to all subcontracts that are either (1) expected to exceed the threshold in FAR § 15.403-4(a)(1) for the submission of cost or pricing data; or (2) expected to be subject to pre-award or post award cost determinations subject to FAR § 31)	Jul 2005
52.215-19	Notification of Ownership Changes (n.5 and 6 apply)(Applicable to subcontracts that are either (1) expected to exceed the threshold in FAR § 15.403-4(a)(1) for the submission of cost or pricing data; or (2) expected to be subject to preaward or postaward cost determinations subject to FAR § 31)	Oct 1997

52.230-2	Cost Accounting Standards (note 1 applies except to paragraph (a)(1) and note 5 applies) (paragraph (b) is deleted; paragraph (a)(4)(i) and (iii) are modified to state "...equitable adjustment as provided in this contract..." and paragraph (d) is modified to state "...This requirement shall apply only to negotiated subcontracts in excess of \$650,000...") (Applicable to <u>negotiated</u> subcontracts at any tier not exempt from the Cost Accounting Standards as specified in 48 C.F.R. § 9903.201-1 and where the business unit is required to comply with all the Cost Accounting Standards ("CAS") at 48 C.F.R. § 9904)	Oct 2008
52.230-3	Disclosure and Consistency of Cost Accounting Practices (note 1 applies except to paragraph (a)(2) and note 5 applies) (paragraph (b) is deleted; paragraph (a)(3)(ii) is modified to state "...equitable adjustment as provided in this contract..."; and paragraph (d)(2) is modified to state "...This requirement shall apply only to negotiated subcontracts in excess of \$650,000...") (Applicable to <u>negotiated</u> subcontracts at any tier that are not exempt from the Cost Accounting Standards as specified in 48 C.F.R. § 9903.201-1 and where the business unit is required to comply with CAS 401, 402, 405 and 406)	Oct 2008
52.230-6	Administration of Cost Accounting Standards (n.5 and 6 apply) (Applicable to subcontracts at any tier which contain FAR §§ 52.230-2, 52.230-3, and 52.230-5)	Mar 2008

FOR SUBCONTRACTS THAT EXCEED \$5,000,000 THE FOLLOWING CLAUSES ALSO APPLY:

52.203-13	Contractor Code of Business Ethics and Conduct (note 2 applies) (Applicable to subcontracts at all tiers where period of performance is greater than 120 days)	Dec 2008
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DFAR PROVISIONS WITH GENERAL APPLICABILITY:

252.204-7000	Disclosure of Information	Dec 1991
252.209-7001	Disclosure of Ownership or Control by a Government of a Terrorist Country	Jan 2009
252.225-7013	Duty-free Entry	Dec 2009
252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises and Native Hawaiian Small Business Concerns	Sep 2004
252.247-7023	Transportation of Supplies by Sea	May 2002
252.247-7024	Notification of Transportation of Supplies by Sea	Mar 2000

END OF DOCUMENT