

Prime Contract F33657-95-C-2055

**LOCKHEED MARTIN CORPORATION
AERONAUTICS MATERIAL MANAGEMENT CENTER**

**APPENDIX 4
TERMS AND CONDITIONS OF PURCHASE
C-130J PROGRAM**

1. Definitions

As used herein "Buyer" means Lockheed Martin Corporation acting through its Aeronautics Material Management Center; "Seller" means the party identified on the face of this purchase order; "Items means all required articles, materials, supplies and services (singular "Item," plural "Items"); "PO" means this purchase order; "Buyer's Authorized Representative" means the person or persons authorized by Buyer to alter, modify or change the provisions of this PO; "Government" means the "Government of the United States of America and those authorized or delegated responsibility to act on its behalf," except where specifically stated to be the government of another country; and "Prime Contract" means the contract between Buyer and its customer under which this PO is issued.

2. Delivery

- (a) Delivery according to schedule is a material condition of this PO.
- (b) In the event of termination or change, no claim will be allowed for any manufacture or procurement by Seller in advance of reasonable flow time unless Buyer's prior written consent has been obtained by Seller for such advance manufacture or procurement. Buyer shall have the right to return or store at Seller's expense any Item delivered in advance of the scheduled delivery date specified for such Item unless Buyer has given such prior written consent for such advance delivery.
- (c) If, at any time, it appears to Seller that any delivery schedule cannot be met, Seller shall notify Buyer as soon as possible as to the cause or causes thereof, action being taken to remove such cause or causes and when on-schedule status will be achieved. Seller, at its 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 caused by Seller in meeting such schedule. Notification given and/or action taken by Seller under this clause shall in no way limit Buyer's rights under other provisions of this PO, at law, or in equity.

3. Variation in Quantity

Items shall not be supplied in excess of quantities specified herein, except for allowed shipping tolerances, if any. Seller shall be liable for handling charges and return shipment costs for any excess quantities; and, unless Seller agrees to pay and does pay such charges and costs within a reasonable time, the overshipped material will be retained by Buyer at no cost and shall become the property of Buyer.

4. Prices

Unless otherwise specified, prices are f.o.b. destination and shall include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government. The price includes all charges for boxing, packing, crating, drayage, storage, dunnage, and bundling. Seller warrants that prices charged for Items are not higher than those charged to any other customer, including the Government, for items of like grade and quality in similar or lesser quantities.

5. Invoices, Payments, and Discounts

Unless otherwise provided, terms of payment shall be Net 30 days from the later of the following:

- (a) Buyer's receipt of Seller's correct invoice;
- (b) scheduled delivery date, or scheduled completion of performance of the Items; or
- (c) actual delivery, or completion of performance of the Items.

Buyer shall have a right of setoff against payments due under this PO for any amounts at issue under this PO or other purchase orders between Buyer and Seller.

6. Warranty

- (a) Seller warrants for a period of one year from the date of delivery under this PO that all Items shall be free from defects in material and workmanship and shall conform to applicable specifications, drawings and all other requirements of this PO. If Seller is responsible for the design of the Items, Seller warrants for such period that all Items delivered under this PO shall

be free from defect in design, and if Seller is responsible for designing the Items to meet specified performance requirements of Buyer, Seller warrants for such period that all such Items shall be fit and sufficient for the purposes intended by Buyer. Buyer's approval of designs furnished by Seller shall not relieve Seller of its obligations under this warranty. Seller's warranties, together with its service guarantees, if any, shall run to Buyer and its customers.

- (b) In the event of a breach of any warranty hereinabove set forth, Buyer may require Seller to repair or replace at Buyer's election defective or nonconforming Items. Seller shall be liable for the payment of all packing and transportation costs attributable to the repair or replacement of defective or non-conforming Items.
- (c) If the Items delivered under this PO are, or are to be, incorporated in an end item(s) to be delivered to Buyer's customer(s), Seller's obligation under this clause shall be extended to one year after delivery of such end items to such customer(s).
- (d) Year 2000 compliant, as used in this clause, means that with respect to information technology, that the information technology accurately processes date/time data (including but not limited to, calculating, comparing, and sequencing) from, to, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it.

Any and all products provided hereunder will be Year 2000 compliant at the time of delivery to Lockheed Martin Corporation (Lockheed Martin), including but not limited to accurately inputting, storing, manipulating, comparing, calculating, updating, displaying, outputting, and transferring such dates and data unless otherwise expressly provided herein by Lockheed Martin.

This provision takes precedence over all other provisions of this agreement with respect to Year 2000 compliance. In the event of a discovery of any non-compliance, either before, concurrent with, or subsequent to delivery of a good or service under this agreement, the discovering party shall notify the other party within five (5) business days of discovery. If the defective good or service is being presented for acceptance or has already been delivered, at Lockheed Martin's option, the defective good or service shall be repaired or replaced within ten (10) business days of such notice at no cost to Lockheed Martin.

Nothing in this provision shall be construed to limit any other rights or remedies under this contract, at law or in equity that Lockheed Martin may have with respect to Year 2000 compliance.

- (e) The rights and remedies of Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided at law, in equity, or under this PO.

7. Compliance with Laws

- (a) Seller shall comply with the applicable provisions of all Federal, state, and local laws and ordinances and all lawful orders, rules and regulations promulgated thereunder including without limitation the Arms Export Control Act; and such compliance shall be a material requirement of this PO. Seller agrees to indemnify Buyer against any loss, cost, damage or liability by reason of Seller's violation of this clause.
- (b) Seller warrants that each chemical substance constituting or contained in Items sold or otherwise transferred to Buyer hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to The Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.) as amended.
- (c) Seller shall provide to Buyer with each delivery any Material Safety Data Sheet applicable to the Items and containing such information as required by the Occupational Safety and Health Act of 1970 and regulations promulgated thereunder.
- (d) This paragraph 7(d) contains certifications and representations that are material representations of fact upon which Buyer will rely in making awards to Seller. By submitting its written offer, or providing oral offers/quotations at the request of Buyer, or accepting any PO, including oral orders from Buyer, Seller represents and certifies as set forth below in this clause. Seller shall immediately notify Buyer of any change of status with regard to these certifications and representations.
 - (1) Previous Contracts and Compliance Reports. Seller represents that if Seller has participated in a previous contract or subcontract subject either to the Equal Opportunity clause (FAR 52.222-26) of this solicitation/PO, the clause originally contained in Section 310 of Executive Order No. 10925, or the clause contained in Section 201 of Executive Order No. 11114, (i) that Seller has filed all required compliance reports and (ii) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

- (2) Affirmative Action Compliance. Seller represents (1) that Seller has developed and has on file at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (2) that in the event such a program does not presently exist, Seller will develop and place in operation such a written Affirmative Action Compliance Program within 120 days form the award of this PO.
- (3) FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, And Other Responsibility Matters (Applicable to solicitations/ POs in excess of \$25,000)
 - (i) Contractor certifies that, to the best of its knowledge and belief, that Contractor and/or any of its Principals, (as defined in FAR 52.209-5,) are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.
 - (iii) Contractor shall provide immediate written notice to Lockheed Martin if, any time prior to award of any contract, it learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

8. Responsibility for Property

Unless otherwise specified, Seller shall be liable for any loss or destruction of or damage to property of Buyer or of any customer property Seller whether furnished to Seller by any such customer or Buyer; and, Seller shall be responsible for returning any such property in as good condition as when received except for reasonable wear and tear and for the utilization of it in accordance with the provisions of this PO. Upon request of Buyer, such property will be delivered to Buyer at Seller's expense. Seller shall promptly notify Buyer if such property is lost, destroyed or damaged. Title thereto shall not be affected by the incorporation or attachment to any property not owned by Buyer, nor shall any such property, or any part thereof, be or become a fixture or lose its identity as personally by reason of affixation to any realty. All property furnished by Buyer shall be used solely in the performance of this PO or other POs issued by Buyer.

9. Special Tooling and Test Equipment

Except as may be otherwise provided for in this PO, jigs, dies, fixtures, molds, patterns, special gages, and other items of special tooling (including software) and special test equipment, shall be furnished by and at the expense of Seller. Special tooling and test equipment shall be kept in good condition by Seller and replaced

as necessary by Seller, without expense to Buyer. Title to special tooling and test equipment shall remain in Seller, except that Buyer may, at any time, reimburse Seller for the cost of part or of all special tooling and test equipment, and upon payment therefor shall become the sole owner thereof. Buyer shall at all times have unrestricted access to all such tooling, equipment, and information pertinent thereto for purposes of quality control, evaluation and verification.

10. Data Rights

- (a) Rights and Reservations. The information contained in reports, drawings, documents or other records which are furnished to Seller by Buyer (hereinafter referred to as "property") relative to this PO, to the extent that such information is not in the public domain, shall not be disclosed to others, except to subcontractors as necessary for completion of this PO, in which event the subcontractors shall have the same obligation of nondisclosure and restriction on use. Such information shall not be used or reproduced for any purpose whatsoever except in the performance of work under this PO. Upon completion, termination or cancellation of this PO, Seller shall, if requested by Buyer, return all property to Buyer thirty (30) days after the effective date of such completion, termination or cancellation. Any such property of Buyer retained by Seller shall remain subject to the foregoing restrictions on use, reproduction and disclosure.
- (b) Rights in Seller Data.
 - (1) In addition to any other provision of this PO providing Buyer and/or Buyer's customers rights in Data delivered under this PO, Seller grants to Buyer:
 - (i) A worldwide, perpetual, royalty-free, nonexclusive right and license to: (A) utilize and have utilized on Buyer's behalf the Data delivered under this PO for Buyer's own internal purposes in connection with the development, certification, validation and production of the Hercules (C-130J/382J) Aircraft, and (B) disclose the Data delivered under this PO, in confidence, to any third party for accomplishing such internal purposes, providing any such disclosure is made pursuant to a written understanding precluding unauthorized use and disclosure by provisions no less restrictive than those imposed on the Parties hereunder; and
 - (ii) A worldwide, perpetual, royalty-free, nonexclusive right and license to grant to Buyer's customers the right to: (A) utilize and have utilized by Buyer's customer, the Data delivered under this PO for the operation, maintenance and repair of Hercules

Aircraft, and (B) disclose the Data delivered under this PO, in confidence, to any third party for the operation, maintenance, and repair of the Hercules Aircraft, providing any such disclosure is made pursuant to a written understanding precluding unauthorized use and disclosure by provisions no less restrictive than those imposed on the parties hereunder.

- (2) Seller further agrees to negotiate in good faith with Buyer's customers and potential customers such further rights to Data of Seller, should Buyer's customers or potential customers so desire.
 - (3) "Data" as used in this paragraph (b) means recorded information regardless of form or the method of recording. Data includes, but is not limited to, computer software and copyrightable works.
- (c) With respect to any design or development work required to be performed at Buyer's expense under this PO, Seller hereby sells, assigns, and transfers to Buyer all right, title and interest in and to all trade secrets, inventions, intellectual property rights, data, design rights, drawings, reports and documentation relating to items developed as a result of said work.

11. Patent Indemnity, Trademarks, Trade Secrets and Copyrights

To the extent that Items 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 warrants that the sale or use of such Items or the use of such processes or methods hereunder will not infringe any United States or foreign patents, trademarks, trade secrets, copyrights or other property rights. Seller shall defend, indemnify and hold Buyer and its customers harmless from any loss, including without limitation, cost, damage, expense (including attorney's fees) or liability which may be incurred on account of infringement or alleged infringement of patent rights, trademarks, trade secrets, copyrights or other property rights with respect to such Items and defend at its own expense any action or claim in which such infringement is alleged by third parties, provided Seller is notified of such actions or claims against Buyer and/or its customers. Indemnification shall not apply to infringements arising from use by Buyer of an Item supplied by Seller in combination with other items where infringement would not have occurred from the normal use of which such Item was designed.

12. Entry on Buyer's Property; Insurance

- (a) In the event that Seller or Seller's employees, subcontractors, or agents enter onto Buyer's premises for any reason in connection with this PO,

Seller and such other parties shall observe all security requirements and all plant safety, plant protection, and traffic regulations.

- (b) Seller, and any subcontractors used by Seller in connection with this PO, shall carry Worker's Compensation and Employee's Liability Insurance to cover Seller's and such subcontractors' legal liability on account of accidents to their respective employees. Seller and its subcontractors shall carry adequate Comprehensive General Liability and adequate Comprehensive Automobile Liability Insurance covering the legal liability of Seller and such subcontractors on account of accidents arising out of the operations of Seller or such subcontractors and resulting in bodily injury, including death, being sustained by any person or persons, or in any damage to property. At Buyer's request, Seller shall furnish to Buyer certificates from Seller's insurers showing such coverage in effect and agreeing to give Buyer ten (10) days' prior written notice of cancellation of such coverage.

13. Amendments Required by the Prime Contract

Seller agrees that upon Buyer's request, it will from time to time enter into amendments of this PO to incorporate additional provisions herein or to change the provisions hereof, as Buyer may reasonably deem necessary in order to comply with the provisions of the prime contract(s) or with the provisions of amendments to the prime contract(s) under which this PO is issued. If any such amendment to this PO causes an increase or decrease in the cost of this PO, or the time required for performance of this PO, an equitable adjustment shall be made in the price or delivery schedule, or both, in accordance with the provisions of the "Changes" clause of this PO.

14. Remedies/Waiver

- (a) The rights and remedies provided under this PO shall be cumulative and in addition to any other rights and remedies provided by law or equity.
- (b) Failure by Buyer either to enforce at any time the provisions hereof or to protest at any time any breach or default hereof shall not be construed as evidence to interpret the requirements of this PO, nor as a waiver of the requirements of such provisions, nor of the right of Buyer thereafter to enforce each and every such provision. Buyer's approval of documents shall not relieve Seller from compliance with specifications related to this PO.

15. Assignment

Neither this PO nor any duty or right under it shall be delegated or assigned by Seller without the prior written consent of Buyer, except that claims for monies due

or to become due under this PO may be assigned to a bank, trust company or other financing institution, including any Federal lending agency, by Seller without such consent. Seller shall furnish Buyer with two signed copies of any such assignment. Payment to an assignee of any such claim shall be subject to set-off or recoupment for any present or future claim or claims which Buyer may have against Seller. Buyer shall have the right to make direct settlements or adjustments in price, or both, with Seller under the terms of this PO notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.

16. Ozone Depleting Substances (“ODS”)

If Seller has not obtained specific authorization from Buyer or the Government to continue the use of Class I Ozone Depleting Substances (“ODS”), then Seller shall notify Buyer if any of such ODS have been required in the performance of this PO or will be delivered as part of the Item(s) under this PO.

17. Adjustment or Termination for Illegal or Improper Activity

Seller agrees to pay Buyer the amount Buyer's price or fee is reduced by the Government pursuant to FAR clause 52.203-10, entitled “Price or Fee Adjustment for Illegal or Improper Activity,” to the extent such reduction results from Seller's violation of the Office of Federal Procurement Policy Act (the “Act”), as amended (41 U.S.C. 423), and as implemented in the FAR. In the event the Government terminates for default any of Buyer's prime contracts under which this PO is issued, as a result of Seller violation of the Act, Buyer shall have the right to terminate this PO for default in whole or in part.

18. Consideration

Seller shall, for the consideration hereinafter mentioned and within the time specified, accomplish all required services, testing, manufacturing and other work; deliver to Buyer the Items provided for in this PO; and grant to Buyer the right to exercise the options, if any, provided for in this PO.

19. Technical Surveillance

Buyer and authorized representatives of Buyer's customers shall have direct access to all areas of Seller's and Seller's subcontractors' plants where work under this PO is being performed, to review progress and witness testing of the Items related to this PO. Seller shall include this clause in all of Seller's subcontracts under this PO.

20. Governing Law

If this PO specifies that the Items furnished or performed hereunder are procured for a single specified buyer facility, the laws, excluding choice of state law rules, of the state where such Buyer facility is located shall apply to the interpretation and construction of this PO. In all other circumstances, the laws of the state of Texas, excluding choice of state law rules, shall apply.

21. Acceptance of Order

This PO is the entire agreement between the Buyer and Seller in respect of the subject matter of this PO and is subject to the terms and conditions herein. This PO supersedes all communications, representations or agreements, oral or written, between Buyer and Seller with respect to the subject matter of this PO. Either: (a) acknowledgment of this PO, (b) furnishing of Items under this PO, (c) acceptance of payment under this PO, or (d) commencement of performance of this PO, shall constitute Seller's unqualified acceptance of this PO. Additional or differing terms or conditions proposed by Seller or included in Seller's acknowledgment hereof shall be void and have no effect unless accepted in writing by Buyer.

22. Packing, Shipment and Shipping Instructions

- (a) Unless otherwise specified by Buyer, Seller shall assure that all packing and packaging shall comply with good commercial practice and applicable carrier's tariffs. The use of commercial practices shall not relieve Seller of responsibility for packaging in a manner that will insure receipt of Items in an acceptable condition at the destination specified in this PO.
- (b) Seller shall assure the packaging, labeling and shipping of all HAZARDOUS SUBSTANCES including DANGEROUS MATERIALS, conforms to all applicable international, federal, state and local laws and regulations.
- (c) Seller shall mark on the outside of each exterior container: (i) the PO number(s) or numbers of the Items packed in that container; (ii) the sequence and quantity of each exterior container in each shipment (such as "1 of 3"); (iii) the bill of lading/express receipt number. If shipments against more than one purchase order are packed in one exterior container, mark each intermediate container with its applicable purchase order number.
- (d) Seller shall properly describe Seller's Less than Truckload shipments in accordance with the National Motor Freight Classification to insure the

correct classification rate. Include this PO number on all carrier bills of lading and shipping labels. Combine on the same bill of lading, all shipments consigned to the same Buyer address and ship on the same day. No C.O.D. (Collect on Delivery) shipments will be received by Buyer. There shall be no deviation from these routing instructions unless such deviation is approved prior to shipping by Buyer's Authorized Procurement Representative or Buyer's Traffic Department.

- (e) Seller shall be responsible to Buyer for any increased costs to Buyer which result from Seller's failure to follow Buyer's routing instructions if such instructions are specified on the face of this order.

23. Public Release of Information

No public release (including, without limitation, photographs, films, announcements, denials or confirmations of same) on any part of the subject matter of this PO or any phase of any program hereunder shall be made without the prior written approval of Buyer.

24. Disputes

Except as otherwise provided in this PO, Buyer and Seller shall have the right to redress any dispute arising under or related to this PO, which is not disposed of by agreement, by pursuing any right or remedy which Buyer or Seller, as the case may be, may have at law, in equity or under this PO in any United States court of competent jurisdiction. Pending resolution of any dispute, Seller shall proceed diligently with the performance of work, including the delivery of Items in accordance with Buyer's direction. Upon resolution of any such dispute, this PO shall be equitably adjusted, if necessary, to reflect such resolution.

25. Severability of Provisions

Any provision of this PO that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, and shall be unenforceable in that jurisdiction without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

26. Contractual Commitments

The parties agree that there shall be no adjustment in the price, time for performance or any other provision of this PO unless Buyer's authorized representative shall have issued a written order directing a change hereto.

27. Changes

- (a) Buyer's Authorized Representative may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of this PO 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.
- (b) Except as may otherwise be expressly provided in this PO, if any such change under paragraph (a)(i), (ii), or (iii) above causes an increase or decrease in the time required for performance of any part of this PO, whether or not directed by such change, Buyer shall make an equitable adjustment in the delivery schedule and the PO shall be modified accordingly in writing.
- (c) Except as may otherwise be expressly provided in this PO, if any change under paragraph (a) above causes an increase or decrease in the cost or performance of any part of this PO, whether or not directed by such change, Buyer shall make an equitable adjustment in the PO price, and the PO shall be modified accordingly in writing.
- (d) Such equitable adjustment, if any, shall be calculated in a manner similar to that used to originally price the PO and shall be for the net increase or decrease in the cost for the changed portion only. In no event shall Seller reprice any portion of the Items unaffected by the change. Seller must assert its right to an adjustment under this clause within thirty (30) days from the date of the change to which such adjustment is attributable.
- (e) Seller agrees that its failure to submit such claim or claims within the applicable time period shall constitute a waiver thereof unless, for good cause, Seller requests in writing, prior to expiration of the applicable time period that a time extension for filing its claim or claims be granted by Buyer and Buyer grants such extension. Any such extensions, if approved, shall be effective only if authorized in writing by Buyer's authorized procurement representative. Prior to final settlement of any timely filed claim or claims, Seller may submit revisions to such claims or claims provided that such revisions do not introduce different areas of costs or claim elements.
- (f) Nothing contained in this clause shall relieve Seller from proceeding without delay in the performance of this PO as changed.

28. Notification of Changes

- (a) Only Buyer's Authorized Representative may direct or redirect Seller's effort hereunder. In the event, however, Seller considers any conduct including

any action, inaction, written or oral communication by Buyer or Buyer's customer to constitute a change to this PO, other than a written change order issued by Buyer's Authorized Representative, Seller shall notify Buyer as soon as possible but in no event later than fifteen (15) days from the date Seller identifies the conduct considered to constitute a change to this PO. On the basis of the most accurate information available to Seller, the notice shall state: (1) the date, nature and circumstances of the conduct regarded as a change; (2) the name, function, and activity of each Buyer employee, customer employee and Seller employee involved in or knowledgeable about such conduct; (3) the identification of any documents and the substance of any oral communication involved in such conduct; (4) the particular elements of contract performance which Seller considers to be affected by the conduct, including an estimate of any cost or schedule impact; (5) Seller's estimate of the time by which Buyer must respond to Seller's notice to minimize cost, delay or disruption of performance.

- (b) Seller shall take no action in reliance on the conduct considered to constitute a change unless and until Buyer's Authorized Representative issues a written change order covering the conduct in question.

29. Change and Follow-On Proposals

Circumstances may arise during the course of performance under this PO where Buyer may request Seller to submit to Buyer technical and cost proposals relating to (1) anticipated changes or modifications to this PO prior to the implementation of the change or modification under the Changes clause of this PO, or (2) potential follow-on POs for the Items furnished hereunder. In such cases, Seller agrees to furnish to Buyer a technical and/or cost proposal as requested within thirty (30) days of the request. Seller agrees to furnish current information to Buyer in sufficient detail for Buyer to determine price reasonableness and cost realism. Information furnished by Seller shall be submitted in the manner and in the detail specified in the pricing instructions included in Buyer's request for proposal.

30. Inspection

- (a) Buyer and Buyer's customer may inspect the Items supplied hereunder before, during or after the manufacture, fabrication or performance thereof at facilities which will or may be used in the performance of this PO. No such inspection or test shall in any way relieve Seller of its obligations to furnish all Items in strict accordance with the requirements of this PO. If inspection and test is made on the premises of Seller or any of its suppliers, Seller shall furnish, or cause to be furnished, without additional charge, all reasonable facilities and assistance for safety and convenience of the

inspectors in the performance of their duties. All inspections and tests shall be performed in such a manner as not to delay the work unduly. All Items are subject to final inspection and acceptance at Buyer's facility (or at any other location specified in writing by Buyer) notwithstanding any payments or prior inspections. Such final inspection shall be made within a reasonable time after delivery.

- (b) Seller shall provide and maintain an inspection and process control system acceptable to Buyer and its customers covering the Items hereunder. Records of all inspection work by Seller shall be kept complete and available to Buyer and its customers during the performance of this PO and of such longer periods as may be specified in this PO.
- (c) Buyer shall have the right to reject and hold at Seller's expense subject to Seller's reasonable disposal instructions, Items which do not conform to applicable specifications, drawings, samples, descriptions or other requirements of this PO, which are defective in material, workmanship or design (unless such design is Buyer's detailed design). Without limiting any other rights Buyer may have, Buyer at its option shall have the right to require Seller to (i) repair or replace or reperform at Seller's expense any Items which fail to meet the requirements of applicable design, specifications, drawings, samples, descriptions or other requirements of this PO, or (ii) to refund the price of any such Item. Previously rejected Items reworked to specification or replaced shall not be returned to Buyer by Seller unless Buyer has consented to such return. Seller shall notify Buyer of past rejections of all returned Items.

31. Offset/Countertrade Cooperation

Buyer is currently involved in a number of foreign offset/countertrade arrangements in various foreign countries in connection with the sale of Buyer's products to foreign countries. All offset or countertrade credit value resulting from this PO shall accrue solely to the benefit of Buyer for its use on the offset/countertrade program of Buyer's choice. Seller agrees to cooperate with Buyer in the fulfillment of such foreign offset/countertrade obligations which Buyer may have undertaken or may undertake in the future. In the event Seller solicits bids, procures or offers to procure any goods or services relating to the work to be performed under this PO, Buyer shall be entitled, to the exclusion of all others, to all offset credits or other similar benefits which may result from such activity. In addition, Seller agrees to provide to Buyer, at no additional cost, a report every six months during the performance of this PO summarizing by country Seller's lower tier proposal and procurement activity related to this PO.

32. Notification of Debarment/Suspension Status

Seller shall provide immediate notice to Buyer in the event of being suspended, debarred or declared ineligible by any Department or other Federal Agency, or upon receipt of a notice of proposed debarment from any agency, during the performance of this PO.

33. Incorporation of Certifications and Representations

All certifications and representations provided by Seller to Buyer in connection with this PO and the solicitation to which this PO relates are incorporated herein by reference. Seller acknowledges that Buyer has relied on such certifications and representations in making the award of this PO.

34. Lower-Tier Subcontracts

- (a) Notwithstanding any other provision of this PO, Seller shall not procure any of the completed or substantially completed Items described herein from any other party, by subcontract or otherwise, without the prior written consent of Buyer.
- (b) In the event Seller contemplates making an award to a lower-tier subcontractor which is a foreign concern, or a domestic concern where any defense articles or technical data may be disclosed to foreign nationals, Seller shall ensure that all necessary U.S. export licenses are obtained prior to the transfer of any defense articles or technical data or other information to the prospective lower-tier subcontractor.

35. Gifts, Gratuities, and Kickbacks

- (a) Buyer may, by written notice to Seller, terminate this PO for default if Buyer has reasonable cause to believe that gratuities or kickbacks were offered or given by Seller, or any agent or representative of Seller, to any officer, employee or representative of Buyer with a view toward securing this PO or securing favorable treatment with respect to awarding, amending or the making of any determinations with respect to the performance of this PO.
- (b) Buyer complies with the Anti-Kickback Act of 1986, 41 U.S.C. 51-58, ("the Act") and related laws and regulations. By acceptance of this PO Seller agrees:
 - (1) to comply with the Act;

- (2) to report possible violations of the Act to and cooperate with Buyer and/or the Government in connection with the investigation of any actual or alleged violation of the Act;
 - (3) to indemnify Buyer against any loss, cost, damage or liability by reason of Seller's violation of the Act including, but not limited to, any amount that Buyer is directed by the Contracting Officer to withhold from Seller; and
 - (4) that Buyer may terminate this PO for default in the event of Seller's violation of the Act in connection with this PO.
- (c) The rights and remedies of Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided at law, in equity, or under this PO.

36. Defense Security Assistance Agency Requirements

The Items furnished under this PO may be used in performance of a contract between Buyer and Buyer's customer which will be financed in whole or in part with United States Government Foreign Military Sales (FMS) credits administered by the Defense Security Assistance Agency (DSAA). If Buyer notifies Seller that the Items furnished under this PO are intended for use on a DSAA financed contract, Seller agrees to furnish to Buyer, at no additional cost to Buyer, the certifications and representations required by the DSAA which are applicable to the Items furnished by Seller.

37. Product Support Requirements

- (a) In consideration of the award of this PO, Seller undertakes to support the Items from the date of acceptance of the Items: (i) until twenty five years after final acceptance by Buyer's customer of the last aircraft containing Seller's Items; or (ii) as long as there are at least five (5) C-130J aircraft in operation in the world; whichever is the later, by providing or maintaining facilities for the supply of quantities of spare parts and support equipment as are necessary to meet orders by Buyer and its customers to maintain the Items in effective operation.
- (b) Seller shall undertake during the support period described above to meet orders placed by Buyer or its customers for Items of spare parts and support equipment at prices no greater than those applying to Seller's most favored customer for like quantities and under like terms and conditions.
- (c) Where during the support period described above Seller intends to close a facility for the supply of any spare parts or support equipment, Seller upon

final decision to do so shall provide Buyer with forty-eight (48) months a notice in writing of the closure, and shall specify in the notice the latest date on which Buyer may place orders for the final production run. In the event that Seller during the support period described above decides to close its facilities for manufacture of Items relevant to the Items and in respect of which it has a proprietary interest or is for any other reason unable to continue to supply such Items, Seller shall grant to Buyer and its customers a royalty free, non-exclusive, irrevocable license to manufacture or perform, or have manufactured or performed such Items to maintain the Items in effective operation; and also to supply such data as Seller may possess and as may be necessary for the manufacture or performance of such Items.

- (d) Seller shall make reasonable efforts to include the rights of Buyer contained in this clause in all lower tier subcontracts.
- (e) Neither Buyer nor its customers shall be bound to order any spare parts and support equipment from Seller.

38. Reliance

Seller represents and acknowledges that it is, and that Buyer absolutely relies upon Seller as an expert, fully competent in all areas of the requirements of this PO. Seller expressly agrees that it will not deny any responsibility or obligation to Buyer on the basis that such was originated, approved, reviewed, or accomplished by Buyer. In addition, Seller expressly agrees and acknowledges that it has received and reviewed all drawings, specifications and documents referred to in this PO either prior to or simultaneous with the execution of this PO, and Seller represents that it has the capability and resources to design and produce all such goods or services described herein. Seller agrees that it hereby assumes all risks of impossibility of performance, and commercial impracticability, under this PO.

39. Compliance with Regulations

The following Federal Acquisition Regulation ("FAR") and DoD FAR Supplement ("DFARS") clauses are incorporated herein by reference, subject to the modifications/ applications indicated and the following definitions: "Contract" and "scheduler" means "this PO," "Contractor" means "Seller," except in the phrase "prime contractor," "Subcontractor(s)" means lower-tier subcontractor(s) and "Supplies" means "Item(s)."

Part I. FAR Clauses

<u>Citation</u>	<u>Clause Name</u>
52.203-6	Restrictions on Subcontractor Sales to the Government (OCT 1995) Alternate I - Applies if this PO exceeds \$100,000
52.204-2	Security Requirements (AUG 1996) - Applies if access to classified Information is required. The reference to the Changes clause in paragraph (c) shall mean the Changes clause of this PO.
52.211-15	Defense Priority and Allocation Requirements (SEP 1990).
52.219-8	Utilization of Small, Small Disadvantaged and Women Owned Small Business Concerns (OCT 1995).
52.219-9	Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Aug 1996) - Applies if this PO exceeds \$500,000, unless Seller is a small business concern. Contracting Officer" means "Buyer" in the first sentence of paragraph (c).
52.222-26	Equal Opportunity (APR 1984).
52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans (APR 1984) - Applies if this PO exceeds \$10,000.
52.222-36	Affirmative Action for Handicapped Workers (APR 1984) - Applies if this PO exceeds \$2,500.
52.222-37	Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era - Applies if this PO is for \$10,000 or more except does not apply if this PO is for a commercial item.
52.225-10	Duty-Free Entry (APR 1984) - Except where noted herein, "Contracting Officer" and "contract administration office" mean "Buyer," and "foreign" means "non-U.S." In Paragraph (b)(1), change "20 days" to "30 days," and "contract" means "the prime contract(s)." In Paragraph (b)(2), delete the fifth word "determines" and substitute the words "has been notified" in lieu thereof. In Paragraph (d), "Contracting Officer" means "Contracting Officer," and "this contract" means "the prime contract(s) under which this PO is issued." In Paragraph (e), "this contract" means "the prime contract(s)," and "Contracting Officer" means "Contracting Officer." In Paragraph (h), "contract administration office" means "contract administration office," and "Contracting Officer" means "Contracting Officer."
52.225-11	Restrictions on Certain Foreign Purchases (MAY 1992) - "Contracting Officer" means "Buyer."
52.233-3	Protest After Award (OCT 1995) - "Protest" means "protest under the prime contract," "Contracting Officer" and "Government" mean "Buyer." "30 days" is changed to "20 days."
52.242-15	Stop Work Order (AUG 1989) - "Government" and "Contracting Officer" mean "Buyer."
52.245-2	Government Property (Fixed-Price Contracts) (DEC 1989) - Applies to existing Government property in the possession of Seller.

“Contracting Officer” means “Buyer;” “Government” means “Buyer” except (1) in the terms “Government-furnished property” and “Government property;” (2) the second time it appears in Paragraph (b)(l)(ii); (3) in Paragraph (c)(1). In paragraph (f), and in paragraph (j) and subparagraph (j)(1), “Government” means “Buyer/Government.” The fourth sentence of paragraph (h) is changed to read: “Neither the Government nor Buyer shall be liable...” The following is added as paragraph (m): “Seller agrees to provide Buyer immediate notice of any disapproval, withdrawal of approval, or nonacceptance by the Government of Seller's property control system.”

52.245-17 **Special Tooling (APR 1984)** - Applies to existing Government owned special tooling in the possession of Seller. “Contracting Officer” means “Buyer,” “Government” means “Buyer or the Government” except in paragraph (c) where it means “Buyer.” The time period set forth in paragraph (i) is changed to 180 days.

52.245-18 **Special Test Equipment (FEB 1993)** - Applies to existing Government-owned special test equipment in the possession of Seller. “Contracting Officer” means “Buyer,” and “Government” means “Buyer or Government” except in the third sentence of paragraph (c) where it means “Buyer.” The time period set forth in paragraphs (b) and (c) is changed to sixty (60) days.

52.249-2 **Termination for Convenience (Fixed-Price) (APR 1984)** - “Government” and “Contracting Officer” mean “Buyer” except in paragraph (m) where “Government” means “Buyer and the Government” and “Contracting Officer” means “Buyer and the Contracting Officer.” In paragraph (d) the reference to “one year” is changed to “six months,” and in paragraph (k) the reference to “90 days” is changed to “forty-five (45) days.” Paragraph (i) is deleted.

52.249-8 **Default (APR 1984)** - “Government” and “Contracting Officer” mean “Buyer” except in paragraph (c) where “Government” means “Government.”

Part II. DFARS Clauses

<u>Citation</u>	<u>Clause Name</u>	<u>Date</u>
252.205-7000	Provision of Information to Cooperative Agreement Holders (DEC 1991).	
252.225-7001	Buy American Act and Balance of Payments Program (JAN 1994).	
252.225-7002	Qualifying Country Sources as Subcontractors (DEC 1991).	
252.225-7009	Duty-Free Entry -- Qualifying Country End Products and Supplies (DEC 1991) - Applies if this PO is for supplies.	
252.225-7010	Duty-Free Entry (DEC 1991) - Additional Provisions.	
252.225-7012	Preference for Certain Domestic Commodities (NOV 1995) – Does not apply if this PO is for a commercial item.	

- 252.225-7014 **Preference for Domestic Specialty Metals (NOV 1995)** - Does not apply if this PO is for a commercial item.
- 252.225-7027 **Limitation on Sales Commissions and Fees (DEC 1991)** - The blanks in the clause are completed with the following: Australia, Taiwan, Egypt, Greece, Israel, Japan, Jordan, Republic of Korea, Kuwait, Pakistan, Philippines, Saudi Arabia, Turkey, Thailand, or Venezuela (Air Force)
- 252.225-7028 **Exclusionary Policies and Practices of Foreign Governments (DEC 1991).**
- 252.225-7032 **Waiver of United Kingdom Levies (OCT 1992)** - Applies if this PO exceeds \$1,000,000 and Seller is a United Kingdom firm.
- 252.227-7015 **Technical Data - Commercial Items (JUN 1995)** - Applies to all Items furnished under this PO.
- 252.227-7037 **Validation of Restrictive Markings of Technical Data (JUN 1995)** - Does not apply if this PO is for a commercial item.
- 252.233-7000 **Certification of Claims and Requests for Adjustment or Relief (MAY 1994)** - Applies if this PO exceeds \$100,000. "Government" means "Buyer or the Government"
- 252.247-7023 **Transportation of Supplies by Sea (NOV 1995)** - Does not apply if this PO is for a commercial item.
- 252.249-7002 **Notification of Substantial Impact on Employment (DEC 1991)** - Applies if this PO is for \$500,000 or more. "Contracting Officer" means "Buyer."