

PURCHASE B

Purchase Order Terms and Conditions

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SECTION I: GENERAL PROVISIONS

1. ACCEPTANCE OF CONTRACT/TERMS AND CONDITIONS

- (a) This Contract integrates, merges, and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the Parties.
- (b) SELLER's acknowledgment, acceptance of payment, or commencement of performance, shall constitute SELLER's unqualified acceptance of this Contract.
- (c) Additional or differing terms or conditions proposed by SELLER or included in SELLER's acknowledgment hereof are hereby objected to by AAR Mobility Systems and have no effect unless accepted in writing by AAR Mobility Systems.

2. APPLICABLE LAWS

- (a) This Agreement shall be construed and governed according to the law of the State of Illinois. If the Vendor is from a country which has ratified the 1980 U.N. Convention on contracts for the International Sale of Goods, the rights and obligations of the parties shall not be governed by such Convention, but shall be governed by the law of the State of Illinois.
- (b) SELLER agrees to comply with all applicable laws, orders, rules, regulations, and ordinances.
 - (1) If: (i) AAR Mobility Systems' contract price or fee is reduced; (ii) AAR Mobility Systems' costs are determined to be unallowable; (iii) any fines, penalties or interest are assessed on AAR Mobility Systems; or (iv) AAR Mobility Systems incurs any other costs or damages; as a result of any violation of applicable laws, orders, rules, regulations, or ordinances by SELLER,

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its officers, employees, agents, suppliers, or subcontractors at any tier, AAR Mobility Systems may proceed as provided for in (2) below.

(2) Upon the occurrence of any of the circumstances identified in (1) above, AAR Mobility Systems may make a reduction of corresponding amounts (in whole or in part) in the price, or in the costs and fee, of this Contract or any other contract with SELLER, or may demand payment (in whole or in part) of the corresponding amounts. SELLER shall promptly pay amounts so demanded.

(c) SELLER represents that each chemical substance constituting or contained in Work sold or otherwise transferred to AAR Mobility Systems 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.

(d) SELLER shall provide to AAR Mobility Systems with each delivery any Material Safety Data Sheet applicable to the Work in conformance with and containing such information as required by the Occupational Safety and Health Act of 1970 and regulations promulgated there under, or its state approved counterpart.

3. ASSIGNMENT

Vendor may not assign any rights or obligations arising under this Order without the prior written consent of Buyer.

4. CHANGES

(a) The AAR Mobility Systems Procurement Representative may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of this Contract 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) If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of this Contract, AAR Mobility Systems shall make an equitable adjustment in the Contract price and/or delivery schedule, and modify the Contract accordingly. Changes to the delivery schedule will be subject to a price adjustment only.

(c) Any claim for an equitable adjustment by SELLER must be submitted in writing to AAR Mobility Systems within thirty (30) days from the date of notice of the change, unless the Parties agree in writing to a longer period.

(d) Failure to agree to any adjustment shall be resolved in accordance with the "Disputes" clause of this Contract. However, nothing contained in this "Changes" clause shall excuse SELLER from proceeding without delay in the performance of this Contract as changed.

5. COMMERCIAL COMPUTER SOFTWARE

(a) As used in this clause, "restricted computer software" means computer program, computer data base, or documentation thereof, that has been developed at private expense and either is a trade secret, is commercial or financial and confidential or privileged, or is published and copyrighted, and so marked when delivered or otherwise furnished.

(b) Notwithstanding any provisions to the contrary contained in any SELLER's standard commercial license or lease agreement, SELLER agrees that the restricted computer software delivered under this Contract shall provide the following rights to AAR Mobility Systems and the U.S. Government.

(1) The restricted computer software may be:

(i) Used or copied for use in or with the computer or computers for which it was acquired, including use at any Government installation to which such computer or computers may be transferred;

(ii) Used or copied for use in or with a backup computer if any computer for which it was acquired is inoperative;

(iii) Reproduced for safekeeping (archives) or backup purposes;

(iv) Modified, adapted, or combined with other computer software, provided that the modified, combined, or adapted portions of the derivative software incorporating any of the delivered, restricted computer software shall be subject to same restrictions set forth in this Contract;

(v) Disclosed to and reproduced for use by support service contractors or their subcontractors, subject to the same restrictions set forth in this Contract; and

(vi) Used or copied for use in or transferred to a replacement computer.

(c) Release from liability. The SELLER agrees that the Government and AAR Mobility Systems, and other persons to whom the Government or AAR Mobility Systems may have released or disclosed commercial computer software delivered or otherwise furnished under this Contract, shall have no liability for any release or disclosure of such commercial computer software that are not marked to indicate that such software are licensed data subject to use, modification, reproduction, release, performance, display, or disclosure restrictions.

6. COMMUNICATION WITH AAR MOBILITY SYSTEMS CUSTOMER

AAR Mobility Systems shall be solely responsible for all liaison and coordination with the AAR Mobility Systems customer, including the U. S. Government, as it affects the applicable Prime Contract, this Contract, and any related contract.

7. CONTRACT DIRECTION

(a) Only the AAR Mobility Systems Procurement Representative, has authority to amend this Contract. Such amendments must be in writing.

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(b) AAR Mobility Systems engineering and technical personnel may from time to time render assistance or give technical advice or discuss or effect an exchange of information with SELLER's personnel concerning the Work hereunder. Such actions shall not be deemed to be a change under the "Changes" clause of this Contract and shall not be the basis for equitable adjustment.

(c) Except as otherwise provided herein, all notices to be furnished by the SELLER shall be sent to the AAR Mobility Systems Procurement Representative.

8. DEFAULT

(a) AAR Mobility Systems, by written notice, may terminate this Contract for default, in whole or in part, if SELLER fails to comply with any of the terms of this Contract, fails to make progress so as to endanger performance of this Contract, or fails to provide adequate assurance of future performance. Seller shall have ten (10) days (or such longer period as AAR Mobility Systems may authorize in writing) to cure any such failure after receipt of notice from AAR Mobility Systems. Default involving delivery schedule delays shall not be subject to the cure provision.

(b) AAR Mobility Systems shall not be liable for any Work not accepted; however, AAR Mobility Systems may require SELLER to deliver to AAR Mobility Systems any supplies and materials, manufacturing materials, and manufacturing drawings that SELLER has specifically produced or acquired for the terminated portion of this Contract. AAR Mobility Systems and SELLER shall agree on the amount of payment for these other deliverables.

(c) SELLER shall continue all Work not terminated.

(d) If after termination under paragraph (a), it is later determined that SELLER was not in default, such termination shall be deemed a Termination for Convenience in accordance with the Termination for Convenience clause.

9. DEFINITIONS

The following terms shall have the meanings set forth below:

(a) "Contract" means the instrument of contracting, such as this "PO", "Purchase Order", or other such type designation, including all referenced documents, exhibits and attachments. If these terms and conditions are incorporated into a "master" agreement that provides for releases, (in the form of a Purchase Order or other such document) the term "Contract" shall also mean the Release document for the Work to be performed.

(b) "FAR" means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations.

(c) "DFAR" means the Defense Federal Acquisition Regulation Supplement; DFARS provides Department of Defense implementation and supplementation of the Federal Acquisition Regulation.

- (d) "AAR Mobility Systems" means AAR Mobility Systems, Inc., as identified on the face of the Contract. If a subsidiary or affiliate of AAR Mobility Systems, Inc. is identified on the face of the Contract then "AAR Mobility Systems" means that subsidiary or affiliate.
- (e) "AAR Mobility Systems Procurement Representative" means the person authorized by AAR Mobility Systems' cognizant procurement organization to administer and/or execute this Contract.
- (f) "PO" or "Purchase Order" as used in any document constituting a part of this Contract shall mean this "Contract."
- (g) "SELLER" means the Party identified on the face of the Contract with whom AAR Mobility Systems is contracting.
- (h) "Work" means all required articles, materials, supplies, goods, and services constituting the subject matter of this Contract.

10. DISPUTES

All disputes under this Contract which are not disposed of by mutual agreement may be decided by recourse to an action at law or in equity. Until final resolution of any dispute hereunder, SELLER shall diligently proceed with the performance of this Contract as directed by AAR Mobility Systems.

11. EXPORT CONTROL

- (a) SELLER agrees to comply with all applicable U.S. export control laws and regulations. Without limiting the foregoing, SELLER agrees that it will not transfer any export controlled item, data or services, to include transfer to foreign persons employed by or associated with, or under contract to SELLER or SELLER's lower-tier suppliers, without the authority of an Export License or applicable license exception.
- (b) SELLER agrees to notify AAR Mobility Systems if any deliverable under this Contract is restricted by export control laws or regulations.
- (c) SELLER shall immediately notify the AAR Mobility Systems Procurement Representative if SELLER is listed in any Denied Parties List or if SELLER's export privileges are otherwise denied, suspended or revoked in whole or in part by any U. S. Government entity or agency.

12. EXTRAS

Work shall not be supplied in excess of quantities specified in the Contract. SELLER shall be liable for handling charges and return shipment costs for any excess quantities.

13. FURNISHED PROPERTY

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- (a) AAR Mobility Systems may provide to SELLER property owned by either AAR Mobility Systems or its customer (Furnished Property). Furnished Property shall be used only for the performance of this Contract.
- (b) Title to Furnished Property shall remain in AAR Mobility Systems or its customer. SELLER shall clearly mark (if not so marked) all Furnished Property to show its ownership.
- (c) Except for reasonable wear and tear, SELLER shall be responsible for, and shall promptly notify AAR Mobility Systems of, any loss or damage. Without additional charge, SELLER shall manage, maintain, and preserve Furnished Property in accordance with good commercial practice.
- (d) At AAR Mobility Systems' request, and/or upon completion of this Contract the SELLER shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposal as may be directed by AAR Mobility Systems.
- (e) The Government Property clause contained in Section II shall apply in lieu of paragraphs (a) through (d) above with respect to Government Furnished Property, or property to which the Government takes title under this Contract.

14. GRATUITIES/KICKBACKS

- (a) No gratuities (in the form of entertainment, gifts or otherwise) or kickbacks shall be offered or given by SELLER, to any employee of AAR Mobility Systems with a view toward securing favorable treatment as a supplier. SELLER will comply with all applicable laws, statutes and regulations, orders and rules, including the Foreign Corrupt Practices Act (FCPA).
- (b) By accepting this Contract, SELLER certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41 USC 51-58), both of which are incorporated herein by this specific reference, except that paragraph (c)(1) of FAR 52.203-7 shall not apply.

15. INDEPENDENT CONTRACTOR RELATIONSHIP

- (a) SELLER is an independent contractor in all its operations and activities hereunder. The employees used by SELLER to perform Work under this Contract shall be SELLER's employees exclusively without any relation whatsoever to AAR Mobility Systems.
- (b) SELLER shall be responsible for any costs or expenses including attorneys' fees, all expenses of litigation and/or settlement, and court costs, arising from any act or omission of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Contract.

16. INFORMATION OF AAR MOBILITY SYSTEMS

Information provided by AAR Mobility Systems to SELLER remains the property of AAR Mobility Systems. SELLER agrees to comply with the terms of any Proprietary Information Agreement with

AAR Mobility Systems and to comply with all Proprietary Information markings and Restrictive Legends applied by AAR Mobility Systems to anything provided hereunder to SELLER. SELLER agrees not to use any AAR Mobility Systems provided information for any purpose except to perform this Contract and agrees not to disclose such information to third parties without the prior written consent of AAR Mobility Systems.

17. INFORMATION OF SELLER

SELLER shall not provide any Proprietary Information to AAR Mobility Systems without prior execution by AAR Mobility Systems of a Proprietary Information Agreement.

18. INSPECTION AND ACCEPTANCE

(a) AAR Mobility Systems and its customer may inspect all Work at reasonable times and places, including, when practicable, during manufacture and before shipment. SELLER shall provide all information, facilities, and assistance necessary for safe and convenient inspection without additional charge.

(b) No such inspection shall relieve SELLER of its obligations to furnish all Work in accordance with the requirements of this Contract. AAR Mobility Systems' final inspection and acceptance shall be at destination.

(c) If SELLER delivers non-conforming Work, AAR Mobility Systems may; (i) accept all or part of such Work at an equitable price reduction; (ii) reject such Work; or (iii) make, or have a third party make all repairs, modifications, or replacements necessary to enable such Work to comply in all respects with Contract requirements and charge the cost incurred to SELLER.

(d) SELLER shall not re-tender rejected Work without disclosing the corrective action taken.

19. INSURANCE/ENTRY ON AAR MOBILITY SYSTEMS PROPERTY

In the event that SELLER, its employees, agents, or subcontractors enter the site(s) of AAR Mobility Systems or its customers for any reason in connection with this Contract, then SELLER and its subcontractors shall procure and maintain worker's compensation, comprehensive general liability, bodily injury and property damage insurance in reasonable amounts, and such other insurance as AAR Mobility Systems may require. In addition, SELLER and its subcontractors shall comply with all site requirements. SELLER shall indemnify and hold harmless AAR Mobility Systems, its officers, employees, and agents from any losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expenses of litigation and/or settlement, and court costs, by reason of property damage or loss or personal injury to any person caused in whole or in part by the actions or omissions of SELLER, its officers, employees, agents, suppliers, or subcontractors. SELLER shall provide AAR Mobility Systems thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of any of SELLER's required insurance. If requested, SELLER shall send a "Certificate of Insurance" showing SELLER's compliance with these requirements. SELLER shall name AAR Mobility Systems as an additional insured for the duration of this Contract. Insurance maintained pursuant to this clause shall be considered primary as respects

the interest of AAR Mobility Systems and is not contributory with any insurance which AAR Mobility Systems may carry. "Subcontractor" as used in this clause shall include SELLER's subcontractors at any tier.

20. INTELLECTUAL PROPERTY

(a) SELLER warrants that the Work performed and delivered under this Contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. SELLER agrees to defend, indemnify and hold harmless AAR Mobility Systems and its customers from and against any claims, damages, losses, costs and expenses, including reasonable attorneys' fees, arising out of any action by a third party that is based upon a claim that the Work performed or delivered under this Contract infringes or otherwise violates the intellectual property rights of any person or entity.

(b) With regard to any modifications that SELLER makes to any Work in the performance of this Contract, AAR Mobility Systems and the Government shall have a nonexclusive, irrevocable, worldwide license and right under any intellectual property right obtained to cover such modifications to make, have made, use, sell, copy, distribute, make derivative works or compilations, display publicly, or perform publicly such modifications.

21. NEW MATERIALS

The Work to be delivered hereunder shall consist of new materials, as defined in FAR 52.211-5 not used, or reconditioned, remanufactured, or of such age as to impair its usefulness or safety.

22. OFFSET CREDIT/COOPERATION

All offset or countertrade credit value resulting from this Contract shall accrue solely to the benefit of AAR Mobility Systems. SELLER agrees to cooperate with AAR Mobility Systems in the fulfillment of any foreign offset/countertrade obligations.

23. PACKING AND SHIPMENT

(a) Unless other-wise specified, all Work is to be packed in accordance with good commercial practice.

(b) A complete packing list shall be enclosed with all shipments. SELLER shall mark containers or packages with necessary lifting, loading, and shipping information, including the AAR Mobility Systems Contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include this Contract number.

(c) Unless otherwise specified, delivery shall be FOB Destination.

(d) The SELLER shall provide for adequate facilities and instructions for handling, packaging, and shipping to protect the products and prevent damage during storage and transit.

24. PAYMENTS, TAXES, AND DUTIES

(a) Unless otherwise provided, terms of payment shall be net forty-five (45) days from the latest of the following: (i) AAR Mobility Systems' receipt of the SELLER's proper invoice; (ii) Scheduled delivery date of the Work; or (iii) Actual delivery of the Work. AAR Mobility Systems shall have a right of setoff against payments due or at issue under this Contract or any other contract between the Parties.

(b) Payment shall be deemed to have been made as of the date of mailing AAR Mobility Systems' payment or electronic funds transfer.

(c) Unless otherwise specified, prices include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice.

25. PRECEDENCE

Any inconsistencies in this Contract shall be resolved in accordance with the following descending order of precedence: (1) Face of the Purchase Order, Release document or Schedule, (which shall include continuation sheets), as applicable, including any Special Provisions; (2) Any master-type agreement (such as corporate, sector or blanket agreements); (3) these General Provisions; and (4) Statement of Work.

26. PRIORITY RATING

If so identified, this Contract is a "rated order" certified for national defense use, and the SELLER shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).

27. QUALITY CONTROL SYSTEM

(a) SELLER shall provide and maintain a quality control system to an industry recognized Quality Standard and in compliance with any other specific quality requirements identified in this Contract.

(b) Records of all quality control inspection work by SELLER shall be kept complete and available to AAR Mobility Systems and its customers.

28. RELEASE OF INFORMATION

Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this Contract or the subject matter hereof, will be made by SELLER without the prior written approval of AAR Mobility Systems.

29. STOP WORK ORDER

(a) SELLER shall stop Work for up to ninety (90) days in accordance with the terms of any written notice received from AAR Mobility Systems, or for such longer period of time as the parties may agree

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and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work during the period of Work stoppage.

(b) Within such period, AAR Mobility Systems shall either terminate or continue the Work by written order to SELLER. In the event of a continuation, an equitable adjustment in accordance with the principles of the "Changes" clause, shall be made to the price, delivery schedule, or other provision affected by the Work stoppage, if applicable, provided that the claim for equitable adjustment is made within thirty (30) days after such continuation.

30. SEVERABILITY

Each paragraph and provision of this Contract is severable, and if one or more paragraphs or provisions are declared invalid, the remaining provisions of this Contract will remain in full force and effect.

31. SURVIVABILITY

If this Contract expires, is completed, or is terminated, SELLER shall not be relieved of those obligations contained in the following provisions:

- (a) Applicable Laws
Export Control
Independent Contractor Relationship
Information of AAR Mobility Systems
Insurance/Entry on AAR Mobility Systems Property
Intellectual Property
Release of Information
Warranty
- (b) Those U. S. Government flowdown provisions that by their nature should survive.

32. TERMINATION FOR CONVENIENCE

(a) For specially performed Work: AAR Mobility Systems may terminate part or all of this Contract for its convenience by giving written notice to SELLER. AAR Mobility Systems' only obligation shall be to pay SELLER a percentage of the price reflecting the percentage of the Work performed prior to the notice of termination, plus reasonable charges that SELLER can demonstrate to the satisfaction of AAR Mobility Systems, using generally accepted accounting principles, have resulted from the termination. SELLER shall not be paid for any Work performed or costs incurred which reasonably could have been avoided.

(b) In no event shall AAR Mobility Systems be liable for special, incidental or consequential damage or for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Contract price. SELLER's termination claim shall be submitted within ninety (90) days from the effective date of the termination.

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(c) For other than specially performed Work: AAR Mobility Systems may terminate part or all of this Contract for its convenience by giving written notice to SELLER and AAR Mobility Systems' only obligation to SELLER shall be payment of a mutually agreed-upon restocking or service charge.

(d) In either case, SELLER shall continue all Work not terminated.

33. TIMELY PERFORMANCE

(a) SELLER's timely performance is a critical element of this Contract.

(b) Unless advance shipment has been authorized in writing by AAR Mobility Systems, AAR Mobility Systems may store at SELLER's expense, or return, shipping charges collect, all Work received in advance of the scheduled delivery date.

(c) If SELLER becomes aware of difficulty in performing the Work, SELLER shall timely notify AAR Mobility Systems, in writing, giving pertinent details. This notification shall not change any delivery schedule.

(d) In the event of a termination for convenience or change, no claim will be allowed for any manufacture or procurement in advance of SELLER's normal flow time unless there has been prior written consent by AAR Mobility Systems.

34. WAIVER, APPROVAL, AND REMEDIES

(a) Failure by AAR Mobility Systems to enforce any of the provision(s) of this Contract shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of AAR Mobility Systems thereafter to enforce each and every such provision(s).

(b) AAR Mobility Systems' approval of documents shall not relieve SELLER from complying with any requirements of this Contract.

(c) The rights and remedies of AAR Mobility Systems in this Contract are cumulative and in addition to any other rights and remedies provided by law or in equity.

35. WARRANTY

SELLER warrants that all Work furnished pursuant to this Contract shall strictly conform to applicable specifications, drawings, samples, and descriptions, and other requirements of this Contract and be free from defects in design, material and workmanship. The warranty shall begin upon final acceptance and extend for a period of i) the manufacturer's warranty period or one (1) year, whichever is longer, if SELLER is not the manufacturer and has not modified the Work or ii) one (1) year or the manufacturer's warranty period, whichever is longer if the SELLER is the manufacturer of the Work or has modified it. If any non-conformity with Work appears within that time, SELLER shall promptly repair, replace, or reperform the Work. Transportation of replacement Work and return of non-conforming Work and repeat performance of Work shall be at SELLER's expense. If repair or replacement or reperformance of Work is not timely, AAR Mobility Systems may elect to return the nonconforming Work or repair or

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replace Work or reprocur the Work at SELLER's expense. All warranties shall run to AAR Mobility Systems and its customer(s). Any implied warranty of merchantability and fitness for a particular purpose is hereby disclaimed.

36. RECORD RETENTION

Records/documents providing objective evidence of conformance to drawings, standards, and other applicable specifications considered essential to the effective operation of the purchase order shall be maintained. They shall be legible, dated, clean, readily identifiable and maintained in an orderly manner. They shall provide traceability to specific products and use actual data, as required by applicable specifications, to indicate acceptability of the product. Records/documents may be either hard copy or computer media. While in storage, records/documents shall be protected from damage, loss and deterioration due to environmental conditions. Records shall be maintained for five (5) years. At the end of five (5) years, the Seller shall provide AAR Mobility Systems with the option of having the records forwarded to AAR for further retention, as required by the contract, or authorizing disposal of the records/documents at the Seller's location. Disposition shall be done in a timely and appropriate manner. AAR shall be notified when disposition has taken place.

37. COUNTERFEIT/USED PARTS

The Seller shall establish, implement and maintain documented procedures, which shall detect and/or preclude the use of counterfeit/used parts.

38. CORRECTIVE ACTION

The Seller is responsible for providing corrective action responses as requested by AAR Mobility Systems. For a nonconformance deemed to be caused by the supplier, AAR will generate a SCAR (Supplier Corrective Action Response) to the supplier. It is the supplier's responsibility to complete the entire SCAR and submit to AAR for review and approval, the SCAR will stay open until such approval from AAR is achieved. AAR is committed to providing quality products to our customers and we expect supplier's participating on this program to display the same commitment in the materials they are providing to AAR. AAR Mobility Systems tracks SCAR turnaround time as a key metric in the monthly supplier scorecard provided to each supplier.

39. CONFIGURATION STATEMENT

The item described on our drawing is the only configuration approved by AAR Mobility Systems. No changes shall be made to this part or sub-component, processes and/or manufacturing location without the prior notification and approval from AAR. All requests for change shall include the reason for change and written assurance that the change will not affect fit, form, or function, supported by testing and/or analysis. Any cost incurred by AAR for unauthorized changes will result in a debit to your account.

40. PARTS OBSOLESCENCE



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AAR Mobility Systems may desire to place additional orders for items purchased hereunder. SELLER shall provide AAR Mobility Systems with a "Last Time Buy Notice" at least twelve (12) months prior to any action to discontinue any item purchased under this Contract.

SECTION II: FAR FLOWDOWN PROVISIONS

A. INCORPORATION OF FAR CLAUSES

The Federal Acquisition Regulation (FAR) clauses 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 Contract. If the date or substance of any of the clauses listed below is different than 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.

B. GOVERNMENT SUBCONTRACT

This Contract is entered into by the Parties in support of a U.S. Government contract.

As used in the clauses referenced below and otherwise in this Contract:

1. "Commercial Item" means a commercial item as defined in FAR 2.101.
2. "Contract" means this contract.
3. "CONTRACTOR" means the SELLER, as defined in this PURCHASE 2, acting as the immediate (first tier) subcontractor to AAR Mobility Systems.
4. "Prime Contract" means the contract between AAR Mobility Systems and the U.S. Government or between AAR Mobility Systems and its higher-tier contractor who has a contract with the U.S. Government.
5. "Subcontract" means any contract placed by the CONTRACTOR or lower-tier subcontractors under this Contract.

C. NOTES

1. Substitute "AAR Mobility Systems" for "Government" or "United States" as applicable throughout this clause.
2. Substitute "AAR Mobility Systems Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.

3. Insert “and AAR Mobility Systems” after “Government” or “Contracting Officer”, as appropriate, throughout this clause.
4. Insert “or AAR Mobility Systems” after “Government” throughout this clause.
5. Communication/notification required under this clause from/to the CONTRACTOR to/from the Contracting Officer shall be through AAR Mobility Systems.

D. AMENDMENTS REQUIRED BY PRIME CONTRACT

CONTRACTOR agrees that upon the request of AAR Mobility Systems it will negotiate in good faith with AAR Mobility Systems relative to amendments to this Contract to incorporate additional provisions herein or to change provisions hereof, as AAR Mobility Systems may reasonably deem necessary in order to comply with the provisions of the applicable Prime contract or with the provisions of amendments to such Prime contract. If any such amendment to this Contract causes an increase or decrease in the estimated 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.

E. PRESERVATION OF THE GOVERNMENT’S RIGHTS

If AAR Mobility Systems furnishes designs, drawings, special tooling, equipment, engineering data or other technical or proprietary information (Furnished Items) to which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that AAR Mobility Systems, 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.

F. FAR FLOWDOWN CLAUSES

1. The following FAR clauses apply to this Contract:

52.203-6 RESTRICTIONS OF SUBCONTRACTOR SALES TO THE GOVERNMENT (SEPT 2006)

52.203-15, WHISTLEBLOWER PROTECTIONS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (JUN 2010) (SECTION 1553 OF PUB. L. 111-5), IF THE SUBCONTRACT IS FUNDED UNDER THE RECOVERY ACT.

52.203-19, PROHIBITION ON REQUIRING CERTAIN INTERNAL CONFIDENTIALITY AGREEMENTS OR STATEMENTS (JAN 2017).

52.204-2 SECURITY REQUIREMENTS (AUG 1996) (Applicable if the Work involves access to classified information. Delete paragraph (c) of the clause.)

52.204-21 BASIC SAFEGUARDING OF COVERED CONTRACTOR INFORMATION

52.204-23 PROHIBITION ON CONTRACTING FOR HARDWARE, SOFTWARE, AND SERVICES DEVELOPED OR PROVIDED BY KASPERSKY LAB AND OTHER COVERED ENTITIES (JUL 2018)

52.204-25 PROHIBITION ON CONTRACTING FOR CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT

52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 2010)

52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA - MODIFICATIONS (OCT 2010)

52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2018)

52.222-21 PROHIBITION OF SEGREGATED FACILITIES (APRIL 2015)

52.222-26 EQUAL OPPORTUNITY (SEP 2016)

52.222-37, EMPLOYMENT REPORTS ON VETERANS (FEB 2016) (38 U.S.C.4212)

52.222-40, NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT (Dec 2010) (E.O. 13496)

52.222-50 COMBATING TRAFFICKING IN PERSONS (JAN 2019)
(2) ALTERNATE I (MAR 2015) of 52.222-50 (22 U.S.C. CHAPTER 78 and E.O. 13627)

52.222-55 MINIMUM WAGES UNDER EXECUTIVE ORDER 13658 (DEC 2015)

52.222-62 PAID SICK LEAVE UNDER EXECUTIVE ORDER 13706 (JAN 2017)

52.223-18 ENCOURAGING CONTRACTOR POLICIES TO BAN TEXT MESSAGING WHILE DRIVING (AUG 2011)

52.223-7 NOTICE OF RADIOACTIVE MATERIALS (JAN 1997) (Applicable to Work containing covered radioactive material. In the blank insert "30". See Notes 1 and 2.)

52.223-11 OZONE-DEPLETING SUBSTANCES AND HIGH GLOBAL WARMING POTENTIAL HYDROFLUOROCARBONS (JUN 2016) (Applicable if the Work was manufactured with or contains ozone-depleting substances.)

52.224-3, PRIVACY TRAINING (JAN 2017) (5 U.S.C. 552A) IF FLOW DOWN IS REQUIRED IN ACCORDANCE WITH 52.224-3(F). ALTERNATE I (JAN 2017) OF 52.224-3, IF FLOW DOWN

IS REQUIRED IN ACCORDANCE WITH 52.224-3(F) AND THE AGENCY SPECIFIES THAT ONLY ITS AGENCY-PROVIDED TRAINING IS ACCEPTABLE).

52.225-1 BUY AMERICAN ACT – SUPPLIES (MAY 2014)

52-225-3 BUY AMERICAN ACT – FREE TRADE AGREEMENTS – ISRAELI TRADE ACT (MAY 2014)

52.225-9 BUY AMERICAN ACT-CONSTRUCTION MATERIALS (MAY 2014)

52.225-13 RESTRICTION ON CERTAIN FOREIGN PURCHASES (JUNE 2008)

52.225-26, CONTRACTORS PERFORMING PRIVATE SECURITY FUNCTIONS OUTSIDE THE UNITED STATES (OCT 2016) (SECTION 862, AS AMENDED, OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2008

52.232-40 PROVIDING ACCELERATED PAYMENTS TO SMALL BUSINESS SUBCONTRACTORS (DEC 2013), IF FLOW DOWN IS REQUIRED IN ACCORDANCE WITH PARAGRAPH (C) OF FAR CLAUSE 52.232-40.

52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS (AUG 2019)

52.245-1 GOVERNMENT PROPERTY (JAN 2017) (Applicable if Government property is furnished in the performance of the Contract. Note 1 applies except in the phrases "Government property," "Government-furnished property," and in references to title to property. See Note 2. The following is added as paragraph (m) "Seller shall provide to AAR Mobility Systems immediate notice of any disapproval, withdrawal of approval, or nonacceptance by the Government of its property control system.")

52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S. FLAG COMMERCIAL VESSELS (FEB 2006)

2. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$10,000:

52.222-40 NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT

3. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$15,000:

52.222-36 EQUAL OPPORTUNITY FOR WORKERS WITH DISABILITIES (JULY 2014)

4. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds



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\$25,000

52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (DEC 2007) ("Contracting Officer" means Buyer and "Government" means Government or Buyer)

5. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$150,000:

52.222-54 EMPLOYMENT ELIGIBILITY VERIFICATION (OCT 2015)

52.222-35 AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VIETNAM ERA VETERANS (OCT 2015)

6. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$700,000:

52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (AUG 2018) (Applicable if the CONTRACTOR is not a small business)

52.230-2 COST ACCOUNTING STANDARDS (DEVIATION 2018-O0015)

52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS

7. The following FAR clauses apply to this Contract if the value of this Contract equal or exceeds \$5,500,000:

52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (OCT 2015)

G. CERTIFICATIONS AND REPRESENTATIONS

1. This clause contains certifications and representations that are material representations of fact upon which AAR Mobility Systems will rely in making awards to CONTRACTOR. By submitting its written offer, or providing oral offers/quotations at the request of AAR Mobility Systems, or accepting any Contract, CONTRACTOR certifies to the representations and certifications as set forth below in this clause. These certifications shall apply whenever these terms and conditions are incorporated by reference in any Contract, agreement, other contractual document or any quotation, request for quotation (oral or written), request for proposal or solicitation (oral or written), issued by AAR Mobility Systems. CONTRACTOR shall immediately notify AAR Mobility Systems of any change of status with regard to these certifications and representations.

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2. The following clauses of the Federal Acquisition Regulation (FAR) are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable to any order, agreement, or subcontract. In each clause incorporated below, substitute "AAR Mobility Systems" for "Government" and "Contracting Agency" and "AAR Mobility Systems Procurement Representative" for "Contracting Officer" throughout.

(a) FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions. CONTRACTOR certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract. (Applicable to solicitations and contracts exceeding \$100,000)

(b) FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters.

(c) 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.

(d) CONTRACTOR shall provide immediate written notice to AAR Mobility Systems 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.

(e) FAR 52.222-22 Previous Contracts and Compliance Reports. CONTRACTOR represents that if CONTRACTOR has participated in a previous contract or subcontract subject to Equal Opportunity clause (FAR 52.222-26) (i) CONTRACTOR 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.

(f) FAR 52.222-25 Affirmative Action Compliance. CONTRACTOR represents (1) that CONTRACTOR 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, CONTRACTOR will develop and place in operation such a written Affirmative Action Compliance Program within 120 days from the award of this Contract.

H. DFAR FLOWDOWN CLAUSES

1. The following DFAR clauses apply to this Contract:



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252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS (JUN 2013)

252.203-7002 REQUIREMENTS TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS
(SEP 2013)

252.203-7004 DISPLAY OF FRAUD HOTLINE POSTER(S) (AUG 2019)

252.223-7008 PROHIBITION OF HEXAVALENT CHROMIUM (JUN 2013)

252.204-7012 SAFEGUARDING COVERED DEFENSE INFORMATION AND CYBER
INCIDENT REPORTING (OCT 2016)

252.225-7030 RESTRICTION ON ACQUISITION OF CARBON, ALLOY, AND ARMOR STEEL
PLATE (DEC 2006)

252.225-7052 RESTRICTION ON ACQUISITION OF CERTAIN MAGNETS AND TUNGSTEN
(APR 2019)

2. The following DFAR clauses apply to this Contract if over \$500,000:

252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS, INDIAN-OWNED ECONOMIC
ENTERPRISES, AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS (APR 2019)

I. GOVERNMENT CLAUSES.

Government clauses applicable to this Contract from Buyer's contract with its customer, if any, are incorporated elsewhere in this Contract either by attachment or by some other means of reference.