

AAR GOVERNMENT SERVICES, INC.
GENERAL PROVISIONS – FIXED PRICE FOR GOVERNMENT PROGRAMS

If any of the following General Provision standard clauses, any FAR/DFARS clauses, or supplemental clauses contained herein do not apply to a particular Order due to the nature of the work performed, such clauses are considered not applicable to that Order.

Except as may be expressly set forth in this Subcontract with the U.S. Government Contracting Officer's express consent, the Seller shall not acquire any direct claim or direct course of action against the U.S. Government. Seller shall include in each lower-tier subcontract the appropriate flow down clauses as required by the Federal Acquisition Regulation (FAR).

1. DEFINITIONS

- a. "AAR" or "Buyer" means AAR Government Services, Inc.
- b. "Government" means the United States of America.
- c. "Prime Contract" means the Contract existing between AAR Government Services, Inc. and the Government or AAR Customer and in the latter case includes the Subcontract under which this Purchase Order is issued (unless the context otherwise requires).
- d. "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate Contracts and make related determinations and findings on a Prime Contract. The term includes certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer.
- e. The terms "supplies," "materials," "items," "products," "articles" and "components" may be used interchangeably throughout these provisions and the Purchase Order to refer to products to be provided by the Seller.
- f. "FAR" means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations.
- g. "Subcontract" means Purchase Orders, Task Orders, and other similar instruments, including changes and modifications and these General Provisions hereto.
- h. "Seller" means Supplier, or Vendor, whom AAR is contracting under this Order.
- i. "Party/Parties" means AAR and Seller individually/collectively.
- j. DOD FAR Supplement or (DFARS) means Department of Defense Federal Acquisition Regulation Supplement.
- k. DOSAR means Department of State Federal Acquisition Regulation Supplement.

NOTE: Where necessary to make the content of the referenced FAR, DFARS, and DOSAR clauses applicable to this Order, the terms "Government, DOS, and Contracting Officer" and equivalent phrases shall mean AAR; the term "Contractor" shall mean Seller; and the term "Contract" shall mean this Purchase Order, Order, Repair Order, or Subcontract.

2. ENTIRE AGREEMENT

Seller agrees to the following General Provisions, and Seller further agrees that the terms and conditions of the Subcontract and any documents (including these General Provisions and any plans, specifications, schedules, regulations, etc.) attached to or incorporated by reference into the Subcontract shall constitute the entire agreement between the parties hereto and supersede all prior agreements relating to the subject matter hereof. Seller represents and warrants that in entering the Subcontract, Seller does not rely on any previous direct or implied representation, inducement, or understanding of any kind.

3. ORDER OF PRECEDENCE

To the extent there are any conflicts among the provisions within the Subcontract, such conflicting provisions shall prevail in the following order of precedence:

- a. Subcontract Change Order;
- b. Subcontract or Purchase Order;
- c. Supplemental Terms;
- d. These General Provisions
- e. Statement of Work or any other attachments when attached or incorporated by reference;
- f. Specifications/Drawings

4. ACCEPTANCE – MODIFICATION OF TERMS

The Purchase Order may be accepted only by Seller's agreement to all of the terms and conditions which are incorporated or added as supplements or attachments thereto. Acceptance may be made by signing the acknowledgment copy attached hereto and returning it to AAR or by part performance hereunder, and any such acceptance shall constitute an unqualified agreement to the terms and conditions set forth herein unless otherwise modified in writing by the parties. No charges beyond the Contract price herein specified shall be allowed except with the written consent of AAR. No additional or differing terms and conditions proposed by the Seller in accepting this Purchase Order shall be binding upon AAR unless accepted in writing by AAR, and no other addition, alteration or modification to, and no waiver of any of the provisions herein contained shall be valid unless made in writing and executed by AAR and Seller.

5. CHANGES

- a. AAR may, at any time, by written notice or Order:
 - 1) Make changes in the shipping and packing instructions;
 - 2) Increase or decrease the quantity ordered;
 - 3) Change the drawings, designs, or specifications;
 - 4) Change the place of inspection, delivery, or acceptance;

- 5) Change the amount of Government or AAR-furnished property.
- b. If any change causes a variation in the cost of performance or the time required for performance, an equitable adjustment shall be made in this Purchase Order price and/ or delivery schedule and this Purchase Order shall be modified in writing accordingly. Seller must assert its right to an adjustment under this clause within twenty-one (21) days from the date the change is ordered. Pending such adjustment, Seller shall proceed in accordance with such change notice or Order. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled "Disputes."
- c. AAR engineering and technical personnel may assist or give technical advice in an exchange of information with Seller's personnel concerning the articles to be furnished under this Purchase Order. Such exchange of information or advice shall not authorize the Seller to change any of the terms, conditions, or the provisions of this Purchase Order, nor shall such assistance or technical advice operate as a waiver or relinquishment of any rights reserved to AAR hereunder or at law. Except as otherwise provided in this Purchase Order, no changes shall be made unless such change is authorized in writing by the AAR Cognizant Contract Administration Officer.

6. SUBCONTRACTS AND PURCHASE ORDERS

Seller shall not subcontract without the prior written authorization of AAR for the design or development of the whole or any major component of any item ordered hereunder, and the Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on use of authorized distributors or industrial suppliers for components." AAR must approve in advance any Sellers who will be providing some or all of the services if the Purchase Order is primarily for the provision of services. AAR' authorization to Subcontract 1) shall not constitute a determination of the acceptability of any Subcontract terms or conditions or the acceptability of any Subcontract price or any amounts paid under the subcontract, and 2) shall not relieve Seller of any responsibility arising under the Purchase Order, regardless of whether certain work is performed directly by Seller or by its subcontractor.

7. INSPECTION AND ACCEPTANCE

- a. All work, including any services, ordered hereunder shall be subject to inspection and test at the Seller's or lower-tier subcontractor's plant by AAR or its designee. Notwithstanding prior test and inspection at Seller's plant, all articles shall be subject to final acceptance at the AAR plant. Acceptance shall be conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or as otherwise provided in this Purchase Order.
- b. The Seller shall provide and maintain an inspection system acceptable to AAR, but approval of this system does not relieve the Seller of the obligation to make complete and adequate tests. As part of the system, the Seller shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to AAR during Subcontract performance and for as long afterwards as the Contract requires. AAR reserves the right to inspect, test, and count at all times and places whether during or after manufacture. The Seller shall provide and shall require lower-tier subcontractors to provide all reasonable facilities for the safety and convenience of AAR personnel (including inspection and resident representatives) in the performance of their duties. AAR further reserves the right to reject lots of material when samples drawn are at variance with the provisions set forth herein.
- c. The Government, through any representative authorized by the Contracting Officer, has the right, at all reasonable times, to inspect or otherwise evaluate the work performed or being performed hereunder and the premises in which it is being performed. If any inspection or evaluation is made by the Government on the premises of the Seller or its subcontractor, the Seller shall provide and shall require its subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as shall not unduly delay the work. Inspection and evaluation of technical documentation as well as hardware items shall be performed. Deliverable hardware shall be made available to the Government to evaluate the Seller's performance in the preparation of technical documentation.
- d. Seller warrants that the supplies and services used or delivered in performance of this Purchase Order will conform to the applicable drawings, specifications, or other requirements of this Purchase Order, that the supplies delivered hereunder will be of good quality, material, and workmanship, merchantable and free of defects and that the services provided hereunder will be performed in a workmanlike manner and to the highest standards of the industry. Rejected work may, at the option of AAR, be returned to Seller at Seller's expense for outbound and inbound shipments with risk of loss or damage upon the Seller or be accepted with an equitable adjustment in price. Upon rejection, Seller shall immediately refund previous payments or issue a credit memorandum for rejected items. Rejected items shall not be resubmitted for acceptance without a concurrent notice of the prior rejection.
- e. AAR reserves the right to charge to the Seller any additional cost incurred by AAR due to inspection or tests when the articles are not ready at the time such inspection or tests are requested by the Seller, or when reinspection or retest is necessitated by prior AAR rejection of unacceptable articles.
- f. If, after request by AAR, the Seller fails to promptly replace or correct any rejected article, AAR (1) may replace or correct such article, and charge to the Seller the cost incurred by AAR thereby, or (2) may, without further notice, terminate this Purchase Order for default, in accordance with the Clause entitled "Default." The foregoing remedies shall in no way preclude or prejudice the exercise of any other right or remedy that AAR may have at law or in equity.
- g. Responsibility for and risk of loss of and damage to supplies to be delivered by Seller hereunder shall be upon Seller until final acceptance, except for loss or damage caused by negligence of AAR.
- h. The Seller agrees to include this Clause in any lower-tier Subcontracts, excluding Orders for standard commercial items or raw materials, issued in the performance of this Purchase Order.

8. INSURANCE

- a. Types of Insurance: Unless otherwise specified by AAR in writing, Seller shall maintain and cause Seller's subcontractors to maintain during the term of the Subcontract (a) workers' compensation insurance as prescribed by the law of the state in the United States in which the work is performed or Defense Base Act insurance if the work performed will be OCONUS; (b) employer's liability insurance with limits of at least \$1,000,000 for each occurrence; (c) automobile liability insurance if the use of motor vehicles is required hereunder, with limits of at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence; and (d) Commercial General Liability ("CGL") insurance, including, without limitation, Blanket Contractual Liability and Broad Form Property Damage, with limits of at least \$2,000,000 combined single limit for bodily injury and property damage per occurrence; (e) If the Seller will be providing aircraft parts, repairs, or maintenance: Comprehensive Aviation Liability insurance, including war risk coverage, with an aggregate limit of at least \$100,000,000 per occurrence, with

product liability, completed operations, contractual liability, and war risk coverages; (f) All-Risk Property Insurance covering any AAR materials, tools, and equipment that are in the Seller's care, custody, and control, with AAR as a loss-payee during such time as they remain in Seller's possession.

- b. The CGL, Automobile Liability and Aviation Liability insurance shall designate AAR, its affiliates, and its directors, officers, and employees (all referred to as "AAR") as additional insured and waive all rights of subrogation against AAR and the Government. . All such insurance must be primary and non-contributory and required to respond and pay prior to any other insurance or self-insurance available. Insurance companies providing coverage under the Subcontract must be rated by A-M Best with at least an AVII rating unless no such company is available in the local market. If specifically requested by AAR, Seller and Seller's subcontractors shall furnish, prior to the start of work or at such other time as AAR requires, certificates or adequate proof of the foregoing insurance, including, without limitation, endorsements, and policies. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the interest of AAR or AAR's Customer shall not be effective (1) for such period as the laws of the State in which this Subcontract is to be performed prescribe or (2) until thirty (30) days after the insurer or Seller gives written notice to AAR, whichever period is longer. Any other coverage available to AAR shall apply on an excess basis. Seller agrees that Seller, Seller's insurer(s) and anyone claiming by, through, under or on Seller's behalf shall have no claim, right of action or right of subrogation against AAR and AAR's Customer based on any loss or liability insured against under the foregoing insurance.
- c. No Effect on Indemnification Obligations: Seller's obligation to obtain the insurance specified in this Clause does not waive or release Seller's liabilities or duties to indemnify under this Subcontract.

9. INDEMNIFICATION

- a. General: Seller acknowledges that, as an independent contractor, it is furnishing Products or Services to AAR which may be subject to certain local, state, Federal, and foreign laws and regulations. Seller therefore agrees to indemnify and hold harmless AAR and their respective directors, officers, agents, and employees, and AAR's customer and against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Seller's failure to comply with all applicable local, state, Federal, and foreign laws and regulations in the performance of Seller's obligations under the Subcontract. Seller also agrees to indemnify and hold harmless AAR and their respective directors, officers, agents, and employees and AAR's customer, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Seller's failure to comply with the provisions of the Subcontract.
- b. Infringement: Seller shall indemnify, defend, and hold harmless, AAR, and their respective officers, directors, agents, and employees and AAR's customer against liability and losses including, without limitation, defense costs and attorneys' fees, for any allegation of or suit or action for infringement of any United States or foreign patent, copyright, trademark, or other intellectual property right arising out of the provision of Products or Services under the Subcontract or out of the use or disposal of such Products or Services by or for the account of AAR. Seller shall at its own expense either procure for AAR and/or for AAR's customer, as AAR shall require in its sole discretion, the right to continue using the alleged infringing Products or Services, replace the infringing Products or Services with non-infringing Products or Services, or modify the Products or Services so that the Products or Services become non-infringing. AAR shall inform Seller of the suit or action or other proceeding alleging infringement and give Seller the opportunity as is afforded by applicable laws, rules, or regulations, to participate in the defense thereof.
- c. Work on AAR Premises: If the Subcontract involves performance by Seller on the premises of AAR or AAR's customer, Seller agrees, in addition to any other indemnification obligations in the Subcontract, to assume entire responsibility and liability for any and all damage or injury of any kind or nature whatever to persons, whether employees of Seller or otherwise, and to all property, caused by, resulting from, or arising out of Seller's performance or that of its agents or employees; provided, however, that any such damage or injury shall not have been caused solely by the negligence of the agents, servants, or employees of AAR or AAR's customer. Seller also shall carry adequate insurance as provided in the clause entitled Insurance, to cover all such risks and to protect AAR and AAR's customer pursuant to this Clause.

10. PACKAGING, DELIVERY AND ADVANCE COMMITMENTS

- a. No charges shall be allowed for boxing, crating, packaging, or any other handling unless such provisions are specifically agreed to in writing. All goods must be packaged appropriately to arrive at the specified destination without damage or degradation.
- b. Unless advance shipment has been authorized in writing by AAR, AAR may store or return, at Seller's expense, all work received materially in advance of the scheduled delivery date.
- c. If Seller becomes aware of difficulty in performing the work, Seller shall timely notify AAR, in writing, giving pertinent details. This notification shall not change any delivery schedule.
- d. Unless contrary terms appear on the face hereof, all items subject to this Order shall be Delivered Duty Paid (Incoterms 2010). No acts of AAR including, without limitation, modifications of this Order or acceptance of late deliveries shall constitute a waiver of this provision by AAR. For avoidance of doubt, risk of loss shall not pass to AAR until the goods actually have been received and accepted by AAR at the destination specified. All shipments shall be made as specified and strictly in accordance with the time or times for delivery specified in the Order. In the event that Supplier is actually or potentially unable to make delivery by the date required on the Order, it will immediately notify AAR in writing. AAR reserves the right to cancel or modify the Order and make arrangements for completion of performance and/or purchase of substitute goods elsewhere. In the event of late delivery, Seller shall be responsible for the loss to AAR including but not limited to the cost to cover any additional charges incurred as a result of the late delivery.

11. PAYMENT

- a. Seller shall submit invoices to AAR in accordance with the terms of the Subcontract, and such invoices shall contain at least the following information: Subcontract or Purchase order number, Product/part number, description of Products or Services, sizes, quantities, unit of measure, unit prices and extended totals, applicable currency, condition, and supporting documentation for the amount invoiced. Seller shall provide additional invoice detail and support as may be reasonably requested from time-to-time to ensure the invoice is properly payable. AAR will pay invoices properly submitted hereunder within forty-five (45) days after receipt of an acceptable invoice. If AAR's Prime Contract is subject to FAR 52.232-40, AAR will make payment to small business vendors within thirty (30) days after receipt of an acceptable invoice. Payment by AAR shall be deemed to have been made on the date AAR deposited the payment in the U.S. mail or with another recognized commercial carrier, or the date AAR made the electronic funds payment.

- b. AAR may make any adjustment or withhold any payment reasonably appropriate in Seller's invoices due to shortages, late delivery, rejections, or other failure to comply with the requirements of the Subcontract. Cash discounts, if applicable, will be taken from date of receipt of invoice for material received. Payment does not constitute final acceptance.
- c. The price set forth in the Subcontract covers all Products or Services ordered by AAR. The aggregate of the payments and reimbursements due the Seller by AAR shall not exceed the price for Seller's Products or Services in the Subcontract and Seller is not authorized to exceed nor is AAR obligated to pay Seller any amount exceeding the price of the Products or Services stated in the Subcontract. Any increase in the price for the Products or Services shall be made by a change order in accordance with the Clause entitled Changes.
- d. If so specified in the Subcontract, the Seller shall furnish a signed Certificate of Compliance to the requirements of the Subcontract with each shipment made to AAR; to substantiate the Certificate of Compliance; the Seller shall maintain inspection or test records which AAR or an AAR representative may audit from time to time.

12. QUALITY SPECIFICATION

Seller shall comply with Quality clauses or provisions specified in the Subcontract or Purchase Order.

13. INTELLECTUAL PROPERTY RIGHTS AND LICENSES

- a. Seller and AAR agree that if Seller exclusively used AAR monies (i.e. development was accomplished entirely with monies paid by AAR to Seller that did not originate as a direct cost allocated to a government contract) to develop any modifications, redesigns, improvements, or derivative works protectable by intellectual property rights, then, all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Seller in the course of Seller's Work under the Subcontract shall be AAR intellectual property and Seller hereby agrees to assign, convey, and transfer as necessary all such modifications, redesigns, improvements, or derivative works in said property to AAR without any further consideration and upon request shall execute any required papers and furnish all reasonable assistance to AAR to vest all right, title and interest in such modifications, redesigns, improvements, or derivative works to AAR. Seller also agrees that Seller shall only use AAR intellectual property during the term of this Subcontract and only for purposes of Seller's Work pursuant to the Subcontract.
- b. Except as otherwise expressly stated herein, Seller and AAR agree if Seller development of modifications, redesigns, improvements, or derivative works protectable by intellectual property rights was accomplished entirely with money that originated as a direct cost allocated to a government contract, that all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Seller in the course of Seller's Work under the Subcontract shall be Seller intellectual property, subject to, the Government's rights in the technical data, computer software, and inventions (as those terms are defined in the Federal Acquisition Regulation ("FAR") applicable to the Prime Contract) related to Seller's intellectual property. In addition to these Government rights, Seller agrees to grant and hereby grants to AAR, the following licenses:
 - 1) an irrevocable, paid-up, royalty-free, world-wide, license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Unlimited Rights under FAR 52.227-14 pursuant to this Subcontract, for performance of the Prime Contract and any follow on contract; and
 - 2) an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, copyrightable works, reports and works of authorship delivered to the Government with Limited Rights under FAR 52.227-14 pursuant to the Subcontract ("the Limited Rights Data") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Limited Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Limited Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Limited Rights Data subject to the limitations expressed in this subparagraph; and
 - 3) an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Government Purposes Rights under pursuant to this Subcontract ("the Government Purpose Rights Data") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Government Purpose Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Government Purpose Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Government Purpose Rights Data subject to the limitations expressed in this subparagraph; and
 - 4) an irrevocable, paid-up, royalty-free, world-wide license to use, reproduce, display, perform, disclose, and distribute any and all computer software delivered to the Government with Restricted Rights under FAR 52.227-14 or pursuant to the Subcontract ("the Restricted Rights Computer Software") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Restricted Rights Computer Software is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Restricted Rights Computer Software to third parties (other than the Government) if the third party is under a written obligation to hold and use the Restricted Rights Computer Software subject to the limitations expressed in this subparagraph; and
 - 5) an irrevocable, paid-up, royalty-free, world-wide license to use and execute, but not to make or have made, any and all inventions, discoveries, improvements, mask works and patents conceived, first actually reduced to practice, or required in order to use or execute Works delivered in performance of the Subcontract, the license being limited to uses necessary for AAR's performance of its Prime Contract obligation and any follow-on contract.
- c. Notwithstanding the provisions in paragraph (b), if Seller exclusively used AAR monies (i.e., development was accomplished entirely with money paid by AAR to Seller that did not originate as a direct cost allocated to a government contract) to develop the Work delivered to the Government with Limited Rights, Government Purposes Rights, or Restricted Rights, Seller agrees to grant and hereby grants to AAR, an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship for any purpose and in any manner.

14. WARRANTY

AAR release or approval of data or drawings shall not relieve Seller of any warranty hereunder. Should AAR determine the Product(s) or Service(s) do not meet the warranties and guarantees specified in the Subcontract or these General Provisions, AAR, may return such Product(s) to Seller at Seller's expense, for timely repair and correction, replacement, or credit. Should a Product be repaired or replaced, a new Warranty for the Product will commence. Failure to provide timely satisfactory Product(s) or Service(s) may, at AAR descension, allow for financial consideration.

Seller represents and warrants to AAR and AAR's customer as follows: (1) Products shall be free from defects in design, workmanship, and materials (including damage due to unsatisfactory packaging by Seller) for one (1) year from date of acceptance by AAR and shall comply with all referenced specifications. (2) the title of Products or Services ordered under the Subcontract and conveyed by Seller shall be good and the transfer rightful and that the Products or Services shall be delivered free from any security interest or other lien or encumbrance; (3) the Products or Services provided by Seller under the Subcontract do not infringe upon the rights of any third party. Seller also agrees to and hereby provides any manufacturer's warranties the Seller extends to its commercial customers of supplies or services like those purchased under this Subcontract; (4) for any Services provided, Seller shall perform the Services using personnel of required skill, experience, and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote adequate resources to meet its obligations under this Agreement.

15. DEFAULT

- a. Time is of the essence in this Purchase Order.
- b. AAR may, by written notices of default to the Seller, terminate this Purchase Order or any part thereof if the Seller fails: (1) to deliver the articles in accordance with the delivery schedule specified herein or any extension thereof, by Change Order or Amendment; or (2) to replace or correct defective articles in accordance with the provisions of Paragraph 5, "Inspection and Acceptance," or (3) to perform any of the other provisions of this Purchase Order or to make progress so as to endanger performance of this Purchase Order in accordance with its terms and in either of the circumstances specified in (2) or (3), does not correct such failure within a period of ten (10) days (or such longer period as AAR may authorize in writing) after receipt of notice from AAR specifying such failure. In the event that this Order provides for the furnishing of items in more than one lot, AAR may terminate the entire Order for default upon Seller's failure as described in (1), (2), or (3) above in connection with any one lot or part thereof. In the event of termination pursuant to this clause, AAR may
 - 1) Purchase similar articles elsewhere on such terms and in such manner as AAR may deem appropriate and the Seller shall be liable to AAR for any excess costs occasioned by AAR thereby, or
 - 2) Provide such materials, supplies, equipment, and labor as may be necessary to complete said work, pay for same, and deduct the amount so paid from any money then or thereafter due Seller, or
 - 3) Order all work under this Purchase Order stopped immediately, enter upon the premises and take possession, for use in completing the work, of all the materials, regardless of the stage of completion, supplies, tools, equipment, and appliances of the Seller thereon and complete the work, or have same completed by others, and be liable to Seller for no further payment under the agreement until final payment is due and then only if, and to the extent that, the unpaid balance of the amount to be paid under this Subcontract exceeds the damages and expense of AAR in finishing the work, or
 - 4) Require the Seller to transfer title and deliver to AAR as directed by AAR any (1) completed supplies, and (2) partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and Contract rights (collectively referred to as "manufacturing materials" in this clause) that the Seller has specifically produced or acquired for the terminated portion of this Contract. Upon direction of AAR, the Seller shall also protect and preserve property in its possession in which AAR or the Government has an interest.
- c. If, after notice of default under the provisions of b. above, it is determined that Seller was not in default, said notice shall be deemed to have been issued pursuant to the clause hereof entitled "Termination," and the rights and obligations of the parties hereto shall be governed by that clause.
- d. Failure of AAR to enforce any right under this clause shall not be deemed a waiver of any right hereunder. The rights and remedies of AAR under this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Purchase Order.
- e. If the damages and amount expended by AAR under 2) or the damages and cost of completing the work under 3) above exceed the unpaid balance of the Purchase Order price herein stated, Seller shall pay AAR such excess within a thirty (30)-day period after submission to Seller of invoice.
- f. Should Seller default in any of the provisions of this Subcontract and should AAR employ an attorney to enforce any provision hereof or to collect damages for breach of the Purchase Order, Seller agrees to pay AAR such reasonable fees as the attorney expends. As against the obligations herein contained, Seller waives all rights of exemption.

16. TERMINATION

The clause set forth in FAR 52.249-2 is incorporated and made a part hereof, except that in Paragraph (e) the reference to a "year" period for submission of a final termination proposal is changed to "three months," and where used therein, the term "Contractor" shall mean "Seller," the term "Contract" shall mean "Purchase Order," and the term "Government/Contracting Officer" shall mean "AAR." The reference to "Disputes clause" in Paragraph (j) of FAR 52.249-2 shall mean the Disputes clause in this Purchase Order.

17. TERMINATION FOR CAUSE

AAR may terminate this Subcontract, or any part hereof, for cause in the event of any default by the Subcontractor, or if the Subcontractor fails to comply with any contract terms and conditions, or fails to provide AAR, upon request, with adequate assurances of future performance. In the event of termination for cause, AAR shall not be liable to the Subcontractor for any amount for supplies or services not accepted, and the Subcontractor shall be liable to AAR for any and all rights and remedies provided by law. If it is determined that AAR improperly terminated this Subcontract for default, such termination shall be deemed a termination for convenience.

18. STOP WORK ORDERS

- a. AAR may at any time, by written order to the Seller, require the Seller to stop all, or part, of the work called for by this Purchase Order for a period of up to ninety (90) days after the Stop Order is delivered to the Seller, and for any further period to which the parties may agree. Any such Order shall be specifically identified as a Stop Work Order issued pursuant to this article. Upon receipt of such an order, the Seller shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Order during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to the Seller, or within any extension of that period to which the parties shall have agreed, AAR shall either:
 - 1) Cancel the Stop Work Order, or
 - 2) Terminate the work covered by such Order as provided in the Termination article of this Purchase Order.
- b. If a Stop Work Order issued under this article is cancelled or the period of the Order or any extension thereof expires, the Seller shall resume work. An equitable adjustment shall be made in the delivery schedule, the Purchase Order price, or both, and the Purchase Order shall be modified in writing accordingly, if
 - 1) The Stop Work Order results in an increase in the time required for, or in the Seller's cost properly allocable to, the performance of any part of this Purchase Order and
 - 2) The Seller asserts its rights for such adjustment within fifteen (15) days after the end of the period of work stoppage; provided that, if AAR decides the facts justify such action, it may receive and act upon any such claim asserted at any time prior to final payment under this Purchase Order. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the disputes clause of this Purchase Order.
- c. If a Stop Work Order is not cancelled and the work covered by the Order is terminated for the convenience of AAR, the reasonable costs resulting from the Stop Work Order shall be allowed in arriving at the Termination settlement.

19. DISPUTE RESOLUTION

- a. Any dispute concerning issues arising under this Purchase Order, which is not resolved by agreement of the parties to the Purchase Order, may be settled by appropriate legal action at law or in equity or by such other procedure as may be agreed to by the parties. As an alternative to the foregoing, the parties may settle disputes in accordance with b. below.
- b. Notwithstanding any provision herein to the contrary, if a dispute under this Purchase Order involves issues which can be included in a claim by AAR pursuant to the "Disputes" provisions of its higher-tier Contract:
 - 1) AAR may include such issues in a claim against the Government or higher-tier Contractor pursuant to the disputes procedure of the AAR higher-tier Contract and AAR may invite the Seller to participate in the prosecution and share in the expense of such dispute; or
 - 2) The Seller may at its own expense and subject to AAR approval and in the name of AAR, submit such issues to the higher-tier Contracts procedure. Seller shall provide to AAR a certification in accordance with FAR 52.233-1 and a copy of the claim package prior to AAR approval.
 - 3) If, in accordance with 1) or 2) above, the Seller prosecutes or participates in the prosecution of such higher-tier Contract dispute, it shall not resort to other means for settling the related issues involved under the Purchase Order; and it shall abide by the final decision of such higher-tier disputes procedure, provided AAR, if it chooses not to exhaust its right of appeal under such procedure, gives the Seller the opportunity to take any available appeal.
- c. Pending any prosecution, appeal, or final decision referred to in this Article, or the settlement of any dispute arising under this agreement, the Seller shall proceed diligently, as directed by AAR, with performance of the Purchase Order.
- d. If a dispute arises out of or relates to this Purchase Order, and cannot be resolved through good faith negotiations by the parties, the parties agree to submit the dispute to a sole mediator selected by the parties or, if the parties are unable to agree to the sole mediator, the parties agree to submit the dispute to mediation under the Rules of the Supreme Court of the State of Florida or the Commercial Mediation rules of the American Arbitration Association ("AAA"). If not thus resolved and if both parties agree to binding arbitration, the dispute will be referred to arbitration.
- e. Arbitration – All disputes arising out of or in connection with this Purchase Order including its existence, validity or termination shall be administered by the American Arbitration Association (AAA) in accordance with its Commercial Arbitration Rules (including the Emergency Interim Relief Procedures) which rules are deemed to be incorporated herein by reference. There shall be a panel of three arbitrators who shall be appointed by agreement between the parties or failing such agreement in accordance with AAA rules. The parties will be entitled to conduct discovery pursuant to the Federal Rules of Civil Procedure and Evidence. The chairperson of the arbitration panel shall, among other things: (a) have authority to resolve discovery disputes and issue appropriate subpoenas and orders to facilitate discovery; (b) rule on dispositive motions; and (c) conduct the arbitration according to the Federal Rules of Evidence. The arbitration panel shall have authority to award injunctive and other emergency relief, which shall be enforceable by either the panel or any court with jurisdiction over the enjoined party or its assets. Either party may also, without waiving any remedy under this Agreement, seek from any court having jurisdiction over the parties or its assets any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral panel (or pending the arbitral panel's determination of the merits of the controversy). The arbitration panel shall not have authority to award punitive, special or consequential damages.
- f. Each party shall bear its own expenses incurred in any mediation or arbitration, but any expenses related to the compensation and the costs of any mediator or arbitrator shall be borne equally by the parties.

20. USE OF INFORMATION

- a. Seller agrees to secure and keep confidential and not to disclose to any other person information related to this Purchase Order. Seller further agrees to use any such information only for purposes necessary for performing this Purchase Order, except with the prior written consent of AAR.
- b. Seller may disclose such information to its subcontractors as required for performance of this Purchase Order, provided that each such subcontractor first assumes by written agreement the same confidentiality and non-disclosure obligations imposed on Seller under the Purchase Order related to such information.

- c. AAR does not grant the Seller any reproduction rights to data or supplies provided under this Purchase Order, or any rights to use designs, drawings, or other information belonging to or supplied by AAR in the manufacture or design of articles or materials for anyone other than AAR, except with AAR' prior written consent.
- d. Seller shall not refer to any related award, change order, business, or the like via any public or private advertising without prior written approval from the Cognizant Contract Administration Officer.

21. GRATUITIES

Seller agrees not to offer or provide any Gratuities to any officers, employees, agents, or representatives of AAR. AAR may terminate the Subcontract for default as provided in the clause entitled Default, if AAR discovers that Gratuities were offered or given by Seller, or any agent or representative of Seller, to any officer, employee, agent or representative of AAR with a view toward securing a Subcontract or securing favorable treatment with respect to the awarding or the making of any determinations with respect to the performing of the Subcontract. In the event AAR terminates the Subcontract for cause as provided herein, AAR may pursue any of the remedies set forth in Clause entitled, Default, in addition to any other rights or remedies provided by law, in equity, or the Subcontract.

22. ADVERSE MATERIAL CHANGE

- a. In the event Seller experiences or reasonably expects to experience a Material Adverse Change in its business operations, Seller will promptly notify AAR in writing of such Material Adverse Change no later than five (5) days after such change occurs. For purposes of this section, "Material Adverse Change" will mean any change (whether related to financial considerations or otherwise) that negatively affects:
 - 1) Seller's ability to perform its obligations under the Subcontract or these General Provisions;
 - 2) AAR's rights and remedies under the Subcontract or these General Provisions;
 - 3) Inability to pay creditors when due; and/or
 - 4) The validity or enforceability of the Subcontract or these General Provisions.
- b. If, in the reasonable opinion of AAR, Seller's Material Adverse Change is likely to negatively affect Seller's performance of its obligations hereunder, AAR will be entitled to request reasonable assurances of performance from Seller, which Seller will provide in writing within seven (7) days of AAR's written request. If such assurances are not adequate, AAR will be entitled to immediately terminate the Subcontract for cause upon written notice to Seller.

23. TAXES

The price set forth in this purchase order is hereby understood and agreed to include all applicable Federal, state, and local taxes, including any sales and use taxes. No liability shall accrue to AAR for any such taxes.

24. SURVIVAL

The General Provisions of the Subcontract, which by their very nature would continue beyond the termination, cancellation, or expiration of the Subcontract, including, without limitation the clauses entitled, Definitions, Indemnification, Inspection & Acceptance, Intellectual Property Rights and Licenses, Warranty, Default, Termination for Convenience, Dispute Resolution, Disclosure of Information, Survival, Severability, Notice, Prohibited Software, Compliance With Laws, Applicable Law, and Compliance With International Environmental Requirements on Hazardous Substances And Waste Recycling Laws, shall continue as valid and enforceable rights and obligations of the parties and survive termination, cancellation, or expiration of the Subcontract.

25. SEVERABILITY

In the event any portion of the Subcontract-conflicts with governing law or if any arbitration panel or court of competent jurisdiction holds invalid any portion of the Subcontract, such portion (and only such portion) shall be deemed severed or modified to reflect as nearly as possible the parties' intent. The remainder of the Subcontract shall remain in full force and effect.

26. ASSIGNMENT AND SETOFF

Seller shall not assign this Purchase Order or any rights, claims, or obligations under this Order without prior written consent of AAR, and any such attempted assignment shall be void. All claims for monies due or to become due from AAR shall be subject to deduction by AAR for any setoff or claims which AAR may have against Seller arising out of this or any other of the AAR Purchase Orders with Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller. In no event shall copies of this Purchase Order, specifications or other similar documents relating to work under this Purchase Order if marked "Top Secret," "Secret," or "Confidential" be furnished to any assignee of any claim arising under this Purchase Order without the prior written consent of the Cognizant Contract Administration Officer.

27. NOTICE

Any notices required or permitted to be given under the Subcontract shall be in writing and-delivered by hand delivery, U.S. mail, or a recognized commercial carrier to the address, or, by facsimile or email, to the point of contract identified on the front page of the Subcontract or to such other address as may be furnished for such purpose by notice duly given under the Subcontract. Such notice shall be deemed to have been given when delivered by hand or five (5) days after deposit with the courier or mail service. Any party may change its address for such communications by giving such notice to the other party in conformance with this Clause.

28. FORCE MAJEURE

Notwithstanding any other provision of the Subcontract, neither AAR nor Seller shall be liable for delay or failure of performance occasioned by causes beyond its control, including, but not limited to, acts of God or the public enemy, -civil unrest, riots, acts of terrorism, declared or undeclared war, fire, floods, unusually severe weather, earthquakes, or volcanoes ("Force Majeure Event"). If either Party is affected by a Force Majeure Event, the affected party shall give the other written notice, which shall cause, without penalty to either Party, all obligations under this Subcontract to be immediately suspended for a period of sixty (60) days. If the period of suspension caused by the Force Majeure Event exceeds that first sixty-day

period, AAR either may terminate the Subcontract for convenience in accord with the Termination clause, or suspend the Subcontract for an additional period under Stop Work Order.

29. REMEDIES AND NONWAIVER

No waiver or discharge hereof shall be valid unless in writing and signed by an authorized representative of the party against which such waiver or discharge is sought to be enforced. A waiver of any provision of the Purchase Order shall not be construed to be a waiver of any succeeding breach of that provision or of any other provision.

30. FOREIGN TRANSACTIONS

The Seller shall comply with all laws and regulations of the United States related to exports, imports, and foreign transactions, including, but limited to, the International Traffic in Arms Regulations (ITAR) (22 C.F.R. §§ 120-130), the Export Administration Regulations (EAR) (15 C.F.R. §§ 730-774), and the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220.22-M). Seller shall obtain all required authorizations from the U.S. Government before transferring or otherwise disclosing technical data or technology (as those terms are defined in 22 C.F.R. §§ 120.10 and 15 C.F.R. § 722, respectively), to any Foreign Person (as defined in 22 C.F.R. § 120.16). Seller also shall provide written notification to AAR before assigning or granting access to a Foreign Person to any work, equipment, supplies, or technical data related to this Purchase Order.

31. EXPORT CONTROL COMPLIANCE

The Seller agrees to comply with all U.S. Government regulations, as found in 22 CFR 120-130, International Traffic in Arms Regulations (ITAR), and 15 CFR 730-774, Export Administration Regulations (EAR). Whenever granting access to equipment or technology to a foreign vendor/Subcontractor, or before assigning any Foreign Person (as defined in 22 CFR 120.16) to perform work under this Contract, the Seller also agrees to notify AAR in writing prior to assigning or granting access to a Foreign Person to any work, equipment, or technical data in performance of this Contract. Failure to comply may be deemed a material failure to perform under this Subcontract or Purchase Order and shall subject Seller to termination in accordance with the Default clause.

32. PACKAGING

- a. MARKING OF SHIPMENTS - The contract and task order number shall be placed on or adjacent to all exterior mailing or shipping labels of deliverable items. If not otherwise specified, interior packages and exterior shipping containers shall be marked in accordance with the following standards. (1) Deliveries to civilian activities. Supplies shall be marked in accordance with Federal Standard 123. (2) Deliveries to military activities. Supplies shall be marked in accordance with Military Standard 129.
- a. PACKING OF SUPPLIES FOR DOMESTIC SHIPMENT -Supplies shall be packed for shipment in a manner that will ensure acceptance by common carriers and safe delivery at destination. Containers and closures shall comply with the Interstate Commerce Commission Regulations, Uniform Classification Rules, and regulations of other carriers as applicable to the mode of transportation.
- b. PACKING LIST(S) - A packing list or other suitable shipping document shall accompany each shipment and shall include the following information: (1) Name and address of consignor;(2) Name and address of consignee;(3) Government contract number and task order number;(4) Requisition number;(5) Government bill of lading number covering the shipment, if any; and (6) Description of the items shipped, including item number, quantity, number of containers, and package number, if any. This information will be included on the Purchase Order that will be provided to the Subcontractor.
- c. MARKING OF REPORTS - All reports become the property of the Department. Reports shall not contain any markings or legends which will restrict the Department's use of such reports in any way. All reports delivered by the Subcontractor to the Government under this contract shall prominently show on the cover of the report: (1) Name and Business address of the Subcontractor;(2) Contract number and task order number;(3) Date of report;(4) Program office (s); and (5) Deliverable number.
- d. DATA PACKAGING REQUIREMENTS - All unclassified data shall be prepared for shipment in accordance with best commercial practices.
- e. REQUIREMENTS FOR TREATMENT OF WOOD PACKAGING MATERIAL - (Applies when Wood Packaging Material is used to make shipments under this contract and/or when Wood Packaging Material is acquired under this contract) (a) Wood packaging material (WPM) means wood pallets, skids, load boards, pallet collars, wooden boxes, reels, dunnage, crates, frame and cleats. The definition excludes materials that have undergone a manufacturing process, such as corrugated fiberboard, plywood, particleboard, veneer, and oriented strand board (OSD). (b) All WPM must meet requirements of International Standards for Phytosanitary Measures Publication No. 15: "Guidelines for Regulating Wood Packaging Material in International Trade" (ISPM 15). (1) All WPM shall comply with the official quality control program for heat treatment (HT) or kiln dried heat treatment (KD HT) in accordance with American Lumber Standard Committee, Incorporated (ALSC) wood packaging material program and WPM enforcement regulations (see <http://www.alsc.org/>). (2) All WPM shall include certification/quality markings in accordance with the ALSC standard. Markings shall be placed in an unobstructed area that will be readily visible to inspectors. Pallet markings shall be applied to the stringer or block on diagonally opposite sides of the pallet and be contrasting and clearly visible. All containers shall be marked on a side other than the top or bottom, contrasting and clearly visible. All dunnage used in configuring and/or securing the load shall also comply with ISPM 15 and be marked with an ALSC approved dunnage stamp. (c) Failure to comply with these requirements may result in refusal, destruction, or treatment of materials at the point of entry.
- f. PACKAGING, PACKING, MARKING AND LABELING OF HAZARDOUS MATERIAL SHIPMENTS -(a) Packaging, packing, marking and labeling hazardous materials to be shipped by any mode or combination of transportation modes shall be prepared (properly classed, described, packages, marked, labeled, placarded, etc.) for shipment in accordance with all applicable laws and regulations in effect at the time of shipment. The minimum packaging acceptable for packaging Department of Transportation regulated hazardous materials shall be those in 49 CFR 173. (b) Applicable regulations include, but are not necessarily limited to the following:
 - 1) Federal Hazardous Materials Act, as amended (15 U.S.C. 1261-1276)
 - 2) 49 CFR 100-199.
 - 3) Official Air Transport Restricted Articles Tariff Number 6-D C.A.B.82.
 - 4) Official Air Transport Restricted Articles Circular Number 6-D.
 - 5) International Air Transport Association Restricted Articles Regulations.
 - 6) International Maritime Dangerous Goods Code.

- 7) Export shipments are also subject to the domestic regulations indicated for the port of embarkation.

33. PROHIBITED SOFTWARE

- a. This clause only applies to Work/Product that includes the delivery of software.
- b. As used herein, "Prohibited License" means the General Public License ("GPL") or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License, the Sun Industry Standards License, or variations thereof, including without limitation licenses referred to as "GPL-Compatible, Free Software License."
- c. As used herein, "Prohibited Software" means software that incorporates or embeds software in, or integrates software in connection with, as part of, bundled with, or alongside any (1) open source, publicly available, or "free" software, library or documentation, or (2) software that is licensed under a Prohibited License, or (3) software provided under a license that (a) subjects the delivered software to any Prohibited License, or (b) requires the delivered software to be licensed for the purpose of making derivative works or be redistributable at no charge, or (c) obligates AAR to sell, loan, distribute, disclose or otherwise make available or accessible to any third party (i) the delivered software, or any portion thereof, in object code and/or source code formats, or (ii) any products incorporating the delivered software, or any portion thereof, in object code and/or source code formats.
- d. Unless SELLER has obtained AAR's prior written consent, which AAR may withhold in its sole discretion, SELLER shall not use in connection with this Contract, or deliver to AAR, any Prohibited Software.
- e. SELLER agrees to defend, indemnify, and hold harmless AAR, its customers and suppliers from and against any claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, to the extent caused by AAR's use in connection with the Subcontract or the delivery of Prohibited Software.

34. COMPLIANCE WITH LAWS

Subcontractor agrees in the performance of the Subcontract to comply with all applicable International, Federal, state, and local laws, regulations, rules and orders, and any applicable Executive Orders. Seller shall procure all licenses, permits, and pay all fees, and other required charges, and shall comply with all applicable guidelines.

35. APPLICABLE LAW AND VENUE

- a. This Purchase Order, irrespective of the place of performance, shall be governed by the laws of the State of Florida, excluding its choice of law rules, except that any provision of this Purchase Order that incorporates in text or by reference a provision of the FAR or DFARS shall be construed and interpreted according to the federal common law of government contracts, as interpreted by federal judicial bodies, boards of contract appeals, and other quasi-judicial agencies of the federal government. Unless otherwise agreed to in writing by the parties, venue and jurisdiction for all legal proceedings of any kind or nature regarding this Purchase Order shall lie within the 18th Judicial Circuit of the State of Florida or the U.S. District Court for the Middle District of Florida (Orlando Division).
- b. **The parties further agree, to the extent permitted by law, to waive all rights to a trial by jury of any action relating to any dispute or interpretation of this Purchase Order. The parties specifically acknowledge that this waiver is made knowingly and voluntarily after an adequate opportunity to negotiate its terms.**

36. INDEPENDENT CONTRACTOR

Each party hereto is an independent contractor and nothing contained in the Subcontract shall be construed to be inconsistent with this relationship or status. As an independent contractor, each party has relied on its own expertise or the expertise of its legal, financial, technical, or other advisors. Neither party owes a fiduciary duty to the other. Nothing in the Subcontract shall be deemed to represent that Seller or any of Seller's employees or agents, are the agents, representatives, or employees of AAR. Seller assumes full and sole responsibility for the payment of all compensation, expenses, benefits (including, but not limited to, workers' compensation, and medical benefits) of its employees and for all state and United States income tax, unemployment insurance, social security, disability insurance, and other applicable withholdings or taxes. Seller shall also pay any expenses normally paid by an employer in connection with its employees.

37. CERTIFICATION

Refer to AAR's Exhibit 107, "Certification, Traceability, Shipping and Packaging Requirements for AAR Suppliers/Vendors" for additional details.

Wherever appropriate to the goods or services purchased with this Order, Seller shall provide certification meeting the standards and requirements of the Federal Aviation Administration's AC 00-56 (latest revision), applicable Federal Aviation Administration regulations, EASA, CAA regulations, specified Purchase Order requirements and generally accepted industry standards, including but not limited to: Certificates of Conformance, Test Reports, Manufacturer's Certifications, and FAA Airworthiness Release Documentation. All manufacturers' certificates of conformance, airworthiness releases, logs, and other documents shall be signed originals or certified true copies. For all documents not in English, Sellers shall provide, at Seller's expense, a certified English translation. Condition of part must be notated on packing slip and invoice (i.e. New, New Surplus, OH, Repaired, etc.). A Certificate of Conformity from manufacturer must accompany new parts or new surplus parts. Repaired, overhauled parts must include an 8130-3 or equivalent Certificate of Airworthiness and must be dual release, if applicable. If calibrated equipment is shipped, it must be with a current Certificate of Calibration. Material Safety Data Sheets must accompany all HAZMAT items. Burn Certificates/Analysis Reports must be included with shipment when applicable. Additionally, Seller shall provide a certified statement disclosing whether parts or material were or were not:

- a. Subjected to conditions of extreme stress, corrosive agents, heat, environment or operation outside normal parameters or OEM limits; and
- b. Obtained from the U.S Government or military sources. Note that AAR will not accept any military surplus parts unless pre-approved in writing by AAR's customer.

Note that all parts shipped must have a remaining shelf life of 75% or greater. Also, all part numbers shipped must match the part number on the purchase order, packing slip and invoice. Purchase order number must also be referenced on the air waybill.

38. HOLD HARMLESS

AAR and Seller agree to indemnify and hold harmless the other, its agents, and employees from and against all damages, claims, losses, expenses, and liabilities arising out of or in connection with presence on the other's premises pursuant to this Purchase Order; provided, however, that such

damage and liability shall not have been caused by the negligence of the agents, servants, or employees of the indemnified parties. AAR and Seller shall carry adequate insurance to cover such risks.

39. SELLER AND SUBCONTRACTOR COST AND PRICING DATA PROVISIONS

a. SELLER AND SUBCONTRACTOR COST AND PRICING DATA

- 1) Before award of any Subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, or before pricing any Subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Seller shall submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
- 2) The Seller shall certify in substantially the form prescribed in Subsection 15.406-2 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph 1) above were accurate, complete, and current as of the date of agreement on the negotiated price of the Subcontract or Subcontract modification.
- 3) In each Subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, the Seller shall insert either—
 - a) The substance of this clause, including this paragraph 3), if paragraph 1) above requires submission of cost or pricing data for the Subcontract; or
 - b) The substance of the clause at FAR 52.215-13, Subcontractor Cost or Pricing Data – Modifications.

b. SELLER COST AND PRICE DATA – MODIFICATIONS

- 1) The requirements of paragraphs 2) and 3) of this clause shall (1) become operative only for any modification to this Contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at (FAR) 15.403-4; and (2) be limited to such modifications.
- 2) Before award of any Subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any Subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Seller shall submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
- 3) The Seller shall certify in substantially the form prescribed in Subsection 15.406-2 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph 2) above were accurate, complete, and current as of the date of agreement on the negotiated price of the Subcontract or Subcontract on the date of agreement on price or the date of award, whichever is later.
- 4) The Seller shall insert the substance of this clause, including this paragraph 4), in each Subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4 on the date of agreement on price or the date of award, whichever is later.

c. INDEMNITY FOR DEFECTIVE PRICING

The Seller shall indemnify AAR for any liability or other cost incurred including attorneys' fees which may arise under FAR Clauses 52.215-10 or 52.215-11, hereby incorporated by reference, which results from or by reason of submittal of defective cost or pricing data to AAR by Seller. In the event that determination is made under AAR Contract with its customer that incomplete, not current, or inaccurate cost or pricing data was furnished by Seller and that as a consequence of such determination that AAR Contract Price is reduced, AAR shall in turn reduce Seller's Purchase Order price by a corresponding amount (less AAR's fee) and submit written notification thereof to the Seller within fifteen (15) days of AAR receipt of notice from the Contracting Officer. In the event the Seller disagrees with the determination, and if the Seller (1) timely requests AAR to appeal from such determination under the "Disputes" clause of the Prime Contract, and (2) timely furnishes to AAR reasonable grounds for taking such appeal, then AAR agrees, to the extent the Prime Contract allows and at the Seller's expense, to appeal from such determination in the AAR name and on Seller's behalf pursuant to the "Disputes" clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment had already been made on the Purchase Order in question, the Seller would be required to repay to AAR the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by AAR. Failure to repay said amount within thirty (30) days shall subject Seller to payment of interest based on the then prevailing legal interest rate.

d. COST OR PRICING DATA REQUIREMENTS

FAR 52.215-21, Requirements for Cost or Pricing Data – Modifications, is hereby incorporated by reference.

e. WAIVER OF FACILITIES CAPITAL COST OF MONEY

If the Seller did not include facilities capital cost of money as a proposed cost of the contract, it shall be an unallowable cost under this Contract.

40. GOVERNMENT AND AAR FURNISHED PROPERTY

If AAR or AAR' Customer furnishes property to Seller under the Purchase Order, FAR 52.245-2 shall be incorporated herein, with the following modifications:

- The term "Contractor" shall mean "Seller."
- The term "Government" shall mean "Government or AAR."
- The term "Contracting Officer" shall mean "AAR."
- Subparagraphs (g)(1)–(g)(4) shall be deleted and replaced with the following:

(g) Risk of loss (1) Unless otherwise provided in this Purchase Order, Seller assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government or AAR property while in Seller's possession or control.

(2) Seller shall return all Government or AAR property in as good a condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the Purchase Order.

41. TITLE TO TOOLING

Designs, tools, jigs, dies, fixtures, molds, taps, gauges, templates, patterns, drawings, and other equipment and aids (hereinafter collectively called tools) paid for or furnished by AAR shall be AAR property and Seller shall not encumber or dispose of them in any way. Seller shall maintain such

tools in first-class condition. Such tools shall be used exclusively for production under the AAR Contract provided that Seller may, upon prior written notice to AAR and if such use shall not interfere with the performance of this or other AAR orders, use such tooling in the manufacture of end items for direct sale to the Government to the extent that the Government has the right under its Prime Contracts with AAR to authorize such use, but Seller must permanently identify each such end item as having been manufactured by Seller for direct sale to the Government. Listings of Tools, Property Control, Maintenance, Disposition of Tooling, and AAR/Government's rights and title to tooling shall be in accordance with provisions of FAR 52.245-17, Special Tooling, except that references therein to Government or Contracting Officer shall include AAR.

42. LABOR PROVISIONS

a. EQUAL OPPORTUNITY

- 1) If, during any 12-month period (including the 12 months preceding the award of this contract), the Seller has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Seller shall comply with subparagraphs 2) a) through k) of this clause. Upon request, the Seller shall provide information necessary to determine the applicability of this clause.
- 2) During the performance of this contract, the Seller agrees as follows:
 - a) The Seller shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Seller to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.
 - b) The Seller shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to—
 - (ii) Employment;
 - (iii) Upgrading;
 - (iv) Demotion;
 - (v) Transfer;
 - (vi) Recruitment or recruitment advertising;
 - (vii) Layoff or termination;
 - (viii) Rates of pay or other forms of compensation; and
 - (ix) Selection for training, including apprenticeship
 - c) The Seller shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Cognizant Contract Administration Officer that explain this clause.
 - d) The Seller shall, in all solicitations or advertisements for employees placed by or on behalf of the Seller, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
 - e) The Seller shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Cognizant Contract Administration Officer advising the labor union or workers' representative of the Seller's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
 - f) The Seller shall comply with Executive Order 11246, as amended, and the implementing rules, regulations, and orders of the Secretary of Labor.
 - g) The Seller shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Seller shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Seller has filed within the 12 months preceding the date of contract award, the Seller shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.
 - h) The Seller shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Seller shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.
 - i) If the OFCCP determines that the Seller is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Seller may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Seller as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.
 - j) The Seller shall include the terms and conditions of subparagraphs 2) a) through k) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.
 - k) The Seller shall take such action with respect to any subcontract or purchase order as the Cognizant Contract Administration Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Seller may request the United States to enter into the litigation to protect the interests of the United States.
- 3) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

b. NOTICE TO AAR OF LABOR DISPUTES

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Purchase Order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to AAR. Seller shall include this Paragraph b. in each lower-tier Subcontract under this Purchase Order.

43. UTILIZATION OF SMALL BUSINESS CONCERNS

The following clause is incorporated by reference.

- a. Utilization of Small Business Concerns FAR 52.219-8.

44. SMALL BUSINESS SUBCONTRACTING PROGRAM

In the event this Purchase Order, or any modification thereto, exceeds five hundred thousand dollars (\$500,000) the provisions of the following FAR clauses in the Prime Contract on the effective date of the Purchase Order are incorporated herein by reference.

- a. Small Business Subcontracting Plan FAR 52.219-9, if this Purchase Order award was negotiated, or Alternate 1, if this Purchase Order award was the result of a sealed bidding, DFARS 252.219-7003 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (DOD Contracts).
- b. Pursuant to the clause entitled "Small Business Subcontracting Plan," the Seller agrees to report on Standard Forms 294 and 295 as required in accordance with the instructions on the forms.

45. COST ACCOUNTING STANDARDS

a. COST ACCOUNTING STANDARDS

- 1) Unless the Subcontract is exempt under 48 CFR 9903.201-1 and 9903.201-2, the provisions of 48 CFR Part 9903 are incorporated herein by reference and the Seller, in connection with this Subcontract, shall—
 - a) (CAS-covered Contracts Only) By submission of a Disclosure Statement, disclose in writing the Seller's cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this Contract shall be the same as the practices currently disclosed and applied on all other Contracts and Subcontracts being performed by the Seller and which contain a Cost Accounting Standards (CAS) clause. If the Seller has notified the Cognizant Contract Administration Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.
 - b) Follow consistently the Seller's cost accounting practices in accumulating and reporting Contract performance cost data concerning this Contract. If any change in cost accounting practices is made for the purposes of any Contract or Subcontract subject to CAS requirements, the change must be applied prospectively to this Contract and the Disclosure Statement must be amended accordingly. If the Contract price or cost allowance of this Contract is affected by such changes, adjustment shall be made in accordance with subparagraph 1)d) or 1)e) of this clause, as appropriate.
 - c) Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR Part 9904, in effect on the date of award of this Contract or, if the Seller has submitted cost or pricing data, on the date of final agreement on price as shown on the Seller's signed certificate of current cost or pricing data. The Seller shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a Contract or Subcontract of the Seller. Such compliance shall be required prospectively from the date of applicability to such Contract or Subcontract.
 - d) (i) Agree to an equitable adjustment as provided in the Changes clause of this Contract if the Contract cost is affected by a change which, pursuant to subparagraph 1)c) of this clause, the Seller is required to make to the Seller's established cost accounting practices.
(ii) Negotiate with the Cognizant Contract Administration Officer to determine the terms and conditions under which a change may be made to a cost accounting practice, other than a change made under other provisions of subparagraph 1)d) of this clause; provided, that no agreement may be made under this provision that will increase costs paid by the United States.
(iii) When the parties agree to a change to a cost accounting practice, other than a change under subdivision 1)d)(i) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this Contract.
 - e) Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Seller or a subcontractor fails to comply with an applicable Cost Accounting Standard, or to follow any cost accounting practice consistently and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States, together with interest thereon computed at the annual rate established under Section 6621 of the Internal Revenue Code of 1986 (26 U.S.C. 6621) for such period, from the time the payment by the United States was made to the time the adjustment is affected. In no case shall the Government recover costs greater than the increased cost to the Government, in the aggregate, on the relevant contracts subject to the price adjustment, unless the Seller made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to the Government.
- 2) The Seller shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.
- 3) The Seller shall include in all negotiated Subcontracts which the Seller enters into, the substance of this clause, and shall require such inclusion in all other Subcontracts, of any tier, including the obligation to comply with all CAS in effect on the Seller's award date or if the Seller has submitted cost or pricing data, on the date of final agreement on price as shown on the Seller's signed Certificate of Current Cost or Pricing Data. If the Subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in subsection 30.201-4 of the FAR shall be inserted. This requirement shall apply only to negotiated Subcontracts in excess of \$500,000, except that the requirement shall not apply to negotiated Subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

b. ADMINISTRATION OF COST ACCOUNTING STANDARDS

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this Contract, the Seller shall take the steps outlined in Paragraphs 1) through 7) of this clause:

- 1) Submit to the Cognizant Contract Administration Officer a description of any cost accounting practice change, the total potential impact of the change on Contracts containing a CAS clause, and a general dollar magnitude of the change which identifies the potential shift of costs between CAS-covered Contracts by Contract type (i.e., firm-fixed-price, incentive, cost-plus fixed fee, etc.) and other Seller business activity. As related to CAS-covered Contracts, the analysis should identify the potential impact on funds of the various

Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:

- a) For any change in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.2305, Cost Accounting Standards-Educational Institution; within 60 days (or such other date as may be mutually agreed to) after award of a Contract requiring this change.
 - b) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.
 - c) For any failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by subparagraph (a)(5) at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices):
 - (i) Within 60 days (or such other date as may be mutually agreed to) after the date of agreement with the initial finding of noncompliance, or
 - (ii) In the event of Seller disagreement with the initial finding of noncompliance, within 60 days of the date the Seller is notified by the Cognizant Contract Administration Officer of the determination of noncompliance.
- 2) After the Contracts Director or cognizant Contract Administration Officer, determination of materiality, submit a cost impact proposal in the form and manner specified by the Cognizant Contract Administration Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to Paragraph 1) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered Contract and Subcontract.
- a) Cost impact proposals submitted for changes in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution; shall identify the applicable standard or cost principle and all Contracts and Subcontracts containing the clauses entitled Cost Accounting Standards or Cost Accounting Standards-Educational Institution, which have an award date before the effective date of that standard or cost principle.
 - b) Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices; shall identify all Contracts and Subcontracts containing the clauses at FAR 52.230-2, Cost Accounting Standards, FAR 52.230-5, Cost Accounting Standards-Educational Institution, and FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.
 - c) Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify the cost impact on each separate CAS covered Contract from the date of failure to comply until the noncompliance is corrected.
- 3) If the submissions required by paragraphs 1) and 2) of this clause are not submitted within the specified time, or any extension granted by the Cognizant Contract Administration Officer, an amount not to exceed 10 percent of each subsequent amount determined payable related to the Seller's CAS-covered Prime Contracts, up to the estimated general dollar magnitude of the cost impact, may be withheld until such time as the required submission has been provided in the form and manner specified by the Cognizant Contract Administration Officer.
- 4) Agree to appropriate Contract and Subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the clauses at FAR 52.230-2 and 52.230-5; or with subparagraphs (a)(3) or (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230-3.
- 5) For all Subcontracts subject to the clauses at FAR 52.230-2, 52.230-3, or 52.230-5—
- a) So state in the body of the Subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and
 - b) Include the substance of this clause in all negotiated Subcontracts. In addition, within 30 days after award of the Subcontract, submit the following information to the Seller's cognizant contract administration office for transmittal to the Contract administrative office cognizant of the Seller's facility:
 - (i) Subcontractor's name and Subcontract number.
 - (ii) Dollar amount and date of award.
 - (iii) Name of Contractor making the award.
- 6) Notify the Cognizant Contract Administration Officer in writing of any adjustments required to Subcontracts under this Contract and agree to an adjustment, based on them, to this Contract price or estimated cost and fee. This notice is due within 30 days after proposed Subcontract adjustments are received and shall include a proposal for adjusting the higher-tier Subcontract or the Prime Contract appropriately.
- 7) For Subcontracts containing the clauses at FAR 52.230-2 or 52.230-5, require the Seller to comply with all standards in effect on the date of award or of final agreement on price, as shown on the Seller's signed Certificate of Current Cost or Pricing Data, whichever is earlier.
- c. DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES
- 1) The Seller, in connection with this Contract, shall—
 - a) Comply with the requirements of 48 CFR 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs; 48 CFR 9904.402, Consistency in Allocating Costs Incurred for the Same Purpose; 48 CFR 9904.405, Accounting for Unallowable Costs; and 48 CFR 9904.406, Cost Accounting Standard-Cost Accounting Period, in effect on the date of award of this Contract as indicated in 48 CFR Part 9904.
 - b) (CAS-Covered Contracts Only). If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5. If the Seller has notified the Cognizant Contract

Administration Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.

- c) (i) Follow consistently the Seller's cost accounting practices. A change to such practices may be proposed, however, by either the Government or the Seller, and the Seller agrees to negotiate with the Cognizant Contract Administration Officer the terms and conditions under which a change may be made. After the terms and conditions under which the change is to be made have been agreed to, the change must be applied prospectively to this Contract, and the Disclosure Statement, if affected, must be amended accordingly.
(ii) The Seller shall, when the parties agree to a change to a cost accounting practice and the Cognizant Contract Administration Officer has made the finding required in 48 CFR 9903.201-6(b), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this Contract. In the absence of the required finding, no agreement may be made under this Contract clause that will increase costs paid by the United States.
 - d) Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Seller or a subcontractor fails to comply with the applicable CAS or to follow any cost accounting practice, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the annual rate of interest established under the Internal Revenue Code of 1986 (26 U.S.C. 6621), from the time the payment by the United States was made to the time the adjustment is effected.
- 2) The Seller shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause. 3) The Seller shall include in all negotiated Subcontracts, which the Seller enters into, the substance of this clause, and shall require such inclusion in all other Subcontracts of any tier, except that—
- a) If the subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in subsection 30.201-4 of the Federal Acquisition Regulation shall be inserted.
 - b) This requirement shall apply only to negotiated subcontracts in excess of \$500,000.
 - c) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.
- d. The Seller shall indemnify AAR from any liability, cost, including all legal expense, or price adjustment which AAR experiences under these clauses as a result of Seller's failure in any way to comply with the provisions of such clauses. In the event that a determination is made that the Seller has failed to comply with any of the applicable Cost Accounting Standards, Rules, and Regulations or has failed to comply with any disclosed accounting practice as submitted in a Disclosure Statement and that as a consequence of such determination the AAR Contract price or cost is reduced, AAR shall in turn reduce Seller's Purchase Order price by a corresponding amount. In the event the Seller disagrees with the determination, and if the Seller (1) timely requests AAR to appeal from such determination under the "Disputes" clause of the Prime Contract and (2) timely furnishes to AAR reasonable grounds for taking such appeal, then AAR agrees, to the extent the Prime Contract allows and at the Seller's expense, to appeal from such determination in the AAR name and on Seller's behalf pursuant to the "Disputes" clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment has already been made to Seller for the Purchase Order in question, the Seller is required to repay to AAR the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by AAR. Failure to repay said amount within thirty (30) days shall subject Seller to payment of interest based on the then prevailing legal interest rate.
- e. The applicable Cost Account Standards clauses shall be inserted by the Seller in all negotiated lower-tier Purchase Orders exceeding five hundred thousand dollars (\$500,000) except when the price is based on established catalog or market prices of commercial items sold in substantial quantities to the general public or is set by law or regulation.

46. PRODUCT SUPPORT CLAUSE

- a. The Seller warrants that the items supplied under this Subcontract, including subassemblies and spare parts, shall be available to AAR during the operational life of the equipment or ten (10) years after the date of final shipment under this Subcontract, whichever is later.
- b. In the event the Seller discontinues manufacture of the aforementioned items, subassemblies, and spare parts, or no longer supports the items purchased and does not provide for another qualified source, the Seller shall make available to AAR data necessary to manufacture or procure said items, subassemblies, and spare parts under a royalty-free license which is hereby granted.
- c. The Seller agrees to support the items purchased hereunder during the operational life of the equipment or for a period of ten (10) years from date of final shipment under this Subcontract, whichever is later. Said support includes, but is not limited to, technical service, repairs, and maintenance of Seller's recommended subassemblies and spare parts required to support the operational life of the equipment.

47. ASSIGNMENT AND SETOFF

Seller shall not assign this Purchase Order or any rights, claims or obligations under this order without prior written consent of AAR, and any such attempted assignment shall be void. All claims for money due or to become due from AAR shall be subject to deduction by AAR for any setoff or claims which AAR may have against Seller arising out of this or any other of the AAR Purchase Orders with Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller. In no event shall copies of this Purchase Order, specifications, or other similar documents relating to work under this Purchase Order if marked "Top Secret," "Secret," or "Confidential" be furnished to any assignee of any claim arising under this Purchase Order without the prior written consent of the Cognizant Contract Administration Officer.

48. BANKRUPTCY

AAR may, without incurring any liability whatsoever except for articles delivered and accepted, terminate this Purchase Order by notice in writing in the event that:

- a. Seller makes an assignment for the benefit of creditors, or
- b. Admits in writing inability to pay debts as they mature. Seller shall notify AAR of any threatened or impending bankruptcy.

49. REMEDIES AND NONWAIVER

No waiver or discharge hereof shall be valid unless in writing and signed by an authorized representative of the party against which such waiver or discharge is sought to be enforced. A waiver of any provision of the Purchase Order shall not be construed to be a waiver of any succeeding breach of that provision or of any other provision.

50. RETURN OF DEFECTIVE MATERIAL

Should it become necessary for AAR to return any rejected material hereunder, AAR shall return it collect, uninsured except as provided herein, FOB Palm Bay, Florida, at Seller's expense. AAR shall notify the Seller upon rejection of defective material. Should the Seller desire to provide shipping instructions contrary to the above, it shall notify AAR within a reasonable time and in any event, prior to date of shipment.

51. AAR MONITORING OF THE WORK

In addition to provisions contained in the clause entitled "Inspection and Acceptance," throughout the period of performance of the work, including work at Seller's lower-tier subcontractors and suppliers, AAR may at its option assign a representative(s) to be in residence at the Seller's facility to perform such monitoring, and the Seller shall provide adequate office space, support items, and secretarial assistance for the AAR representative(s). Nothing in this clause shall give cause for a variation in the agreed-to price and delivery schedule as contained in the Purchase Order.

52. ADVERTISING AND/OR NEWS RELEASES

Seller shall not, without the prior written consent of AAR, release to the public in any media, information relating to the requirements set forth in this Purchase Order. Seller may request a release by formally transmitting to the cognizant AAR Buyer or Administrator a written request including the exact wording and any sketches or photographs which may form a part of the release. Under no circumstances shall releases be requested relating to Government Classified work.

53. STATE OF FLORIDA CERTIFICATE OF REGISTRATION

AAR certifies that any material purchased hereunder, unless otherwise specified, and until this notice is revoked in writing by AAR, shall be considered to be purchased for resale as tangible personal property or as component parts thereof, for resale.

54. NOTIFICATION OF DEBARMENT/SUSPENSION STATUS

Seller shall provide immediate notice to AAR in the event Seller 1) is suspended, debarred, or declared ineligible to receive contracts by any federal, state, or local government entity, or 2) receives notice of proposed or threatened debarment or suspension.

55. GOVERNMENT SOURCE INSPECTION

If specified in this Purchase Order, the supplies on this Purchase Order are subject to Government source inspection at the point of manufacture prior to shipment from Seller's plant in accordance with DOD, NASA, or Government regulations. A Government representative should be notified at least two (2) workdays in advance of the time articles or processes are ready for inspection if the Government representative is in residence and seven (7) workdays otherwise. A copy of this Order must be furnished to the Government inspector who normally services Seller's plant so appropriate planning for Government inspection can be accomplished or to the nearest Army, Navy, Air Force, or NASA inspection office in Seller's locality. In the event the inspector or office cannot be located, AAR should be notified immediately.

56. COMPLIANCE WITH SPECIFICATIONS

Upon acceptance of this Purchase Order, the Seller agrees to supply AAR all materials, products, or services, in the quantities listed, in conformance with all Purchase Order requirements, including applicable Government, AAR, or other specifications or drawings, to extent specified. The required test and/or inspection reports/data resulting from Seller's compliance with applicable Purchase Order requirements shall be kept on file at the Seller's facility and made available for review by AAR representatives or Government inspectors at any reasonable time.

57. CERTIFICATE OF COMPLIANCE

If so specified in this Order, but only if so specified, a Certificate of Compliance as follows is required:

- a. The Seller shall furnish a signed Certificate of Compliance to the requirements of this Purchase Order with each shipment made to AAR.
- b. To substantiate this Certificate of Compliance, the Seller shall maintain inspection or test records which may be audited by an AAR representative from time to time.

58. CONTRACTOR NOTICE REGARDING LATE DELIVERY

- a. Time is of the essence in the Purchase Order.
- b. In the event the Seller encounters difficulty in meeting performance requirements, or when it anticipates difficulty in complying with the delivery schedule or date, it shall immediately notify AAR, in writing, giving pertinent details; provided, however, that this data shall be informational only in character and that this provision shall not be construed as a waiver by AAR of any delivery schedule or date or of any rights or remedies provided by law or under this Contract.

59. FACILITIES, SPECIAL TOOLING, AND TEST EQUIPMENT

- a. Unless specifically provided to the contrary in this Purchase Order, Seller warrants that the price set forth herein does not include as a direct charge to this Purchase Order the cost of any special tooling, test equipment, or industrial facilities. Any such special tooling, test equipment, or facilities to be charged to AAR will be specifically identified, proposed, and will be covered by a separate Purchase Order as mutually determined acceptable. The Seller shall not make or buy any special tooling or test equipment without AAR's written consent.
- b. The Seller represents that it now has or can readily procure without the assistance of AAR or the Government all facilities necessary for the performance of this Purchase Order.
- c. Special Tooling, FAR 52.245-17, is hereby incorporated herein by reference.

- d. Special Test Equipment, FAR 52.245-18, is hereby incorporated by reference.

60. MINIMUM BUYS

AAR is not responsible or liable in any way for the restocking, handling, disposal, etc., of any "Minimum Buy" quantities of chemicals or hazardous materials that exceed AAR needed quantities and are not required to be physically delivered by the Purchase Order, notwithstanding the fact that the Purchase Order provides for payment of the total "Minimum Buy Quantity."

61. DUTY-FREE ENTRY

- a. Definition. Customs territory of the United States means the States, the District of Columbia, and Puerto Rico.
- b. Except as otherwise approved by the Contracting Officer, the Seller shall not include in the contract price any amount for duties on supplies specifically identified in the Schedule to be accorded duty-free entry.
- c. Except as provided in paragraph d. of this clause or elsewhere in this contract, the following procedures apply to supplies not identified in the Schedule to be accorded duty-free entry:
 - 1) The Seller shall notify the Cognizant Contract Administration Officer in writing of any purchase of foreign supplies (including, without limitation, raw materials, components, and intermediate assemblies) in excess of \$10,000 that are to be imported into the customs territory of the United States for delivery to the Government under this contract, either as end products or for incorporation into end products. The Seller shall furnish the notice to the Cognizant Contract Administration Officer at least 20 calendar days before the importation. The notice shall identify the—
 - a) Foreign supplies;
 - b) Estimated amount of duty; and
 - c) Country of origin.
 - 2) The Cognizant Contract Administration Officer will determine whether any of these supplies should be accorded duty-free and will notify the Seller within 10 calendar days after receipt of the Seller's notification.
 - 3) Except as otherwise approved by the Cognizant Contract Administration Officer, the contract price shall be reduced by (or the allowable cost shall not include) the amount of duty that would be payable if the supplies were not entered duty-free.
- d. The Seller is not required to provide the notification under paragraph c. of this clause for purchases of foreign supplies if—
 - 1) The supplies are identical in nature to items purchased by the Seller or any subcontractor in connection with its commercial business; and
 - 2) Segregation of these supplies to ensure use only on Government contracts containing duty-free entry provisions is not economical or feasible.
- e. The Seller shall claim duty-free entry only for supplies to be delivered to the Government under this contract, either as end products or incorporated into end products, and shall pay duty on supplies, or any portion of them, other than scrap, salvage, or competitive sale authorized by the Cognizant Contract Administration Officer, diverted to non-Governmental use.
- f. The Government will execute any required duty-free entry certificates for supplies to be accorded duty-free entry and will assist the Seller in obtaining duty-free entry for these supplies.
- g. Shipping documents for supplies to be accorded duty-free entry shall consign the shipments to the contracting agency in care of the Seller and shall include the—
 - 1) Delivery address of the Seller (or contracting agency, if appropriate);
 - 2) Government prime contract number;
 - 3) Identification of carrier;
 - 4) Notation "UNITED STATES GOVERNMENT, _____ [agency], _____ Duty-free entry to be claimed pursuant to Item No(s) _____ [from Tariff Schedules] _____, Harmonized Tariff Schedules of the United States. Upon arrival of shipment at port of entry, District Director of Customs, please release shipment under 19 CFR part 142 and notify [cognizant contract administration office] for execution of Customs Forms 7501 and 7501-A and any required duty-free entry certificates";
 - 5) Gross weight in pounds (if freight is based on space tonnage, state cubic feet in addition to gross shipping weight); and 6) Estimated value in United States dollars.
- h. The Seller shall instruct the foreign supplier to—
 - 1) Consign the shipment as specified in paragraph g. of this clause;
 - 2) Mark all packages with the words "UNITED STATES GOVERNMENT" and the title of the contracting agency; and
 - 3) Include with the shipment at least two copies of the bill of lading (or other shipping document) for use by the District Director of Customs at the port of entry.
- i. The Seller shall provide written notice to the cognizant contract administration office immediately after notification by the Cognizant Contract Administration Officer that duty-free entry will be accorded foreign supplies or, for duty-free supplies identified in the Schedule, upon award by the Seller to the overseas supplier. The notice shall identify the—
 - 1) Foreign supplies;
 - 2) Country of origin;
 - 3) Contract number; and
 - 4) Scheduled delivery date(s).
- j. The Seller shall include the substance of this clause in any subcontract 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 into the customs territory of the United States.

62. DUTY-FREE ENTRY—ADDITIONAL PROVISIONS

- a. The requirements of this clause supplement the Duty-Free Entry clause of this contract. Both of these clauses apply to this contract and subcontracts, including purchase orders, that involve supplies to be accorded duty-free entry whether placed—
 - 1) Directly with a foreign concern as a prime contract; or
 - 2) As a Seller purchase order under a contract with a domestic concern.
- b. The Seller shall send the notification required by paragraph c.1) of the Duty-Free Entry clause of this contract to the Cognizant Contract Administration Officer administering this contract.
- c. In addition to any data required by paragraph c.1) of the Duty-Free Entry clause, the Seller shall furnish the following for all foreign supplies to be imported pursuant to paragraph a. or b. of the Duty-Free Entry clause. The Seller shall furnish this information to the Cognizant Contract Administration Officer administering the prime contract immediately upon award of any contract or subcontract involving supplies to be accorded duty-free entry.
 - 1) Seller's name, address, and CAGE code;
 - 2) Seller's contract number plus delivery order number, if applicable;
 - 3) Total dollar value of the contract or delivery order;
 - 4) Expiration date of the contract or delivery order;
 - 5) Foreign supplier's name and address;
 - 6) Number of the subcontract/purchase order for foreign supplies;
 - 7) Total dollar value of the subcontract for foreign supplies;
 - 8) Expiration date of the subcontract for foreign supplies;
 - 9) List of items purchased; and
 - 10) An agreement by the Seller that duty shall be paid by the Seller to the extent that such supplies, or any portion (if not scrap or salvage), are diverted to nongovernmental use other than as a result of a competitive sale made, directed, or authorized by the Cognizant Contract Administration Officer.
- d. The Seller agrees to incorporate the substance of this clause, including this paragraph d., in any subcontract (including purchase orders) in accordance with paragraph i. of the Duty-Free Entry clause of this contract. The Seller agrees that the name and address of the Cognizant Contract Administration Officer administering the prime contract (name and address of the contract administration office cognizant of the prime contract and its activity address number (Appendix G of the Defense FAR Supplement)) and the information required by paragraphs c.1), 2), and 3) of this clause will be included in applicable subcontracts.
- e. To properly complete the shipping document instructions as required by paragraph g. of the Duty-Free Entry clause, the Seller shall insert Defense Contract Management Command (DCMC) New York, ATTN: Customs Team, DCMDN-GNIC, 207 New York Avenue, Staten Island, New York 10305-5013, as the cognizant contract administration office (for paragraph g. only) in those cases when the shipment is consigned directly to a military installation. When the shipment will be consigned to a location other than a military installation, e.g., a domestic Seller's plant, change the shipping document notation required by paragraph g. of the clause to insert the name and address of the Seller, agent or broker that will prepare the customs documentation for execution of the Duty-Free Entry certificates. In either case, the shipping documents will contain the following items in addition to those required by paragraph g. of the Duty-Free Entry clause:
 - 1) Delivery order number on the Government prime contract, if applicable;
 - 2) Number of the subcontract/purchase order for foreign supplies, if applicable;
 - 3) Activity address number of the contract administration office actually administering the prime contract, e.g., for DCMC Dayton, S3605A.
- f. Except for shipments consigned to a military installation, the Seller shall prepare, or authorize an agent to prepare, any customs forms required for the entry into the United States, its possessions, or Puerto Rico of foreign supplies in connection with DoD contracts. The Seller shall submit the completed customs forms to the District Director of Customs with a copy to DCMC New York for execution of any required duty-free entry certificates. For shipments containing both supplies which are to be accorded duty-free entry and supplies which are not, the Seller shall identify on the customs forms those items which are eligible for duty-free entry under the provisions of the Duty-Free Entry clause. Shipments consigned directly to a military installation will be released in accordance with paragraphs 10.101 and 10.102 of the U.S. Customs regulations.
- g. The Seller shall ensure that all exterior containers are marked in accordance with paragraph g. of the Duty-Free Entry clause, including the following additional data—
 - 1) "UNITED STATES GOVERNMENT, DEPARTMENT OF DEFENSE;" and
 - 2) The activity address number for the contract administration office actually administering the prime contract.

63. TAXES

The price set forth in this subcontract is hereby understood and agreed to include all applicable Federal, state, and local taxes, including any sales and use taxes. No liability shall accrue to AAR for any such taxes.

64. ANTI-KICKBACK INDEMNITY

The Seller shall comply in all respects with the Federal Anti-Kickback Act of 1986 and shall indemnify AAR from any liability which may arise under FAR 52.203-7 which results from or by reason of any activity prohibited by the Anti-Kickback Act of 1986. In the event that the AAR Contract price is reduced as a result of such violation by the Seller, or any sub-tier subcontractor, AAR shall in turn reduce Seller's Purchase Order price by corresponding amount. AAR will submit written notification thereof to the Seller within fifteen (15) days of AAR receipt of notice of any required withholding by the Cognizant Contract Administration Officer.

65. INDEMNIFICATION FOR VIOLATION OF LAWS AND REGULATIONS

Seller acknowledges that as an independent Contractor, it is performing work for AAR and is subject to certain local, state, and Federal laws and regulations. Seller therefore agrees to indemnify and hold harmless AAR, its affiliates, subsidiaries, agents, directors, officers, and employees, against all claims, damages, losses, causes of action, liabilities, penalties, and expenses of any kind or nature, including reasonable attorney's fees, which

arise out of or relate to Seller's failure to comply with all applicable local, state, and Federal laws and regulations in the performance of Seller's obligations under this Contract.

66. HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

- a. Hazardous material, as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the Contract).
- b. The offeror must list any hazardous material, as defined in Paragraph a. of this clause, to be delivered under this Contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This information shall also be included on the Material Safety Data Sheet submitted under this Contract.

Material (If none, insert *None*)

Identification No.

- c. This list must be updated during performance of the Contract whenever the Seller determines that any other material to be delivered under this Contract is hazardous.
- d. The apparently successful offeror agrees to submit, for each item as required prior to award, a Material Safety Data Sheet, meeting the requirements of 29 CFR 1910.1200(g) and the latest version of Federal Standard No. 313, for all hazardous material identified in Paragraph b. of this clause. Data shall be submitted in accordance with Federal Standard No. 313, whether or not the apparently successful offeror is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful offeror being considered non-responsible and ineligible for award.
- e. If, after award, there is a change in the composition of the item(s) or a revision to Federal Standard No. 313, which renders incomplete or inaccurate the data submitted under Paragraph d. of this clause, the Seller shall promptly notify the Cognizant Contract Administration Officer and resubmit the data.
- f. Neither the requirements of this clause nor any act or failure to act by AAR shall relieve the Seller of any responsibility or liability for the safety of Government, AAR, or Seller personnel or property.
- g. Nothing contained in this clause shall relieve the Seller from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations (including the obtaining of licenses and permits) in connection with hazardous material.
- h. The Government's rights in data furnished under this Contract with respect to hazardous material are as follows:
 - 1) To use, duplicate and disclose any data to which this clause is applicable. The purposes of this right are to—
 - a) Apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials;
 - b) Obtain medical treatment for those affected by the material; and
 - c) Have others use, duplicate, and disclose the data for the Government for these purposes.
 - 2) To use, duplicate, and disclose data furnished under this clause, in accordance with subparagraph h.1) of this clause, in precedence over any other clause of this Contract providing for rights in data.
 - 3) The Government is not precluded from using similar or identical data acquired from other sources. Alternate I (July 1995) (Applicable if other than DoD)
- i. If the prime contract is awarded by an agency other than the Department of Defense, the following is applicable. Except as provided in Paragraph i.2) the Seller shall prepare and submit a sufficient number of Material Safety Data Sheets (MSDSs), meeting the requirements of 29 CFR 1910.1200(g) and the latest version of Federal Standard No. 313, for all hazardous materials identified in Paragraph b. of this clause.
 - 1) For items shipped to consignees, the Seller shall include a copy of the MSDS with the packing list or other suitable shipping document which accompanies each shipment. Alternatively, the Seller is permitted to transmit MSDSs to consignees in advance of receipt of shipment by consignees, if authorized in writing by the Cognizant Contract Administration Officer.
 - 2) For items shipped to consignees identified by mailing address as agency depots, distribution centers or customer supply centers, the Seller shall provide one copy of the MSDSs in or on each shipping container. If affixed to the outside of each container, the MSDS must be placed in a weather resistant envelope.

67. DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS

To the extent this is a rated order certified for national defense use, the Seller shall follow all the requirements of the Defense Priorities and Allocations System regulation (15 CFR Part 700).

68. QUALITY SPECIFICATION

The Seller's quality system shall be compliant to the requirements of ISO 9001 unless otherwise specified in the Purchase Order. MRB delegation to the Seller is not authorized unless specifically stated in the Purchase Order. Calibration System for measuring and Process Control Equipment shall comply with ANSI/NCSLZ540-1 or ISO 10012-1. If this Purchase Order is issued under a NASA Prime Contract, NASA NPD 8730.3 Inspection System provisions shall apply in lieu of ISO 9001, except as otherwise directed.

69. DISCLOSURE OF INFORMATION

- a. The Seller shall not release to anyone outside the Seller's organization any unclassified information, regardless of medium (e.g., film, tape, document), pertaining to any part of this Contract or any program related to this Contract, unless: 1) AAR has given prior written approval; or 2) The information is otherwise in the public domain before the date of release.
- b. Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose for the release. The Sellers shall submit its request to AAR at least 60 days before the proposed date for release.
- c. The Seller agrees to include a similar requirement in each Subcontract under this Contract. Sellers shall submit requests for authorization to release through the Seller to AAR.

70. CONTACTS WITH CUSTOMERS AND SUPPLIERS OF AAR

All contacts with customers and other vendors of AAR pertaining to work and services under this Purchase Order shall, unless otherwise expressly provided herein or otherwise authorized in writing by AAR, be through AAR Excepted from this contact with the supplier's Government audit and administrative personnel.

71. INFORMATION DISCLOSED

No information of knowledge, heretofore or hereinafter disclosed to AAR, in the performance of or in connection with this Purchase Order, shall be deemed to be confidential or propriety, unless otherwise expressly agreed to in writing by AAR and so marked by the Seller.

72. NOTICES AND MODIFICATIONS

- a. No notice, order, direction, determination, requirements, consent, approval, or ratification under this Purchase Order shall be any effect unless signed by cognizant AAR Material or Subcontracts Department personnel.
- b. No oral statement of any person whosoever shall in any manner or degree modify or otherwise affect the terms of this Purchase Order and except as otherwise herein provided, no charge may be made for any extra work or material unless the same has been ordered in writing by AAR in strict accordance with the provisions of Clause 4 hereof, entitled "Changes."

73. ADDITIONAL PROVISIONS

- a. The following clauses in the FAR and DOD FAR SUP (DFARS), in the Prime Contract on the effective date of the Subcontract/Purchase Order, are incorporated herein by reference with the same force and effect as if they were given in full text:
 - 1) Gratuities, FAR 52.203-3
 - 2) Covenant Against Contingent Fees, FAR 52.203-5
 - 3) Restrictions on Subcontractor Sales to the Government, FAR 52.203-6
 - 4) Anti-Kickback Procedures, FAR 52.203-7 (Less Par. (c)(1))
 - 5) Price or Fee Adjustment for Illegal or Improper Activity, FAR 52.203-10
 - 6) Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, FAR 52.203-11
 - 7) Limitation on Payments to Influence Certain Federal Transactions, FAR 52.203-12
 - 8) Security Requirements, FAR 52.204-2
 - 9) Material Requirements, FAR 52.211-5
 - 10) Defense Priority and Allocation Requirements, FAR 52.211-15
 - 11) Audit- and Records-Negotiation, FAR 52.215-2
 - 12) Integrity of Unit Prices (Less Par. (b)), FAR 52.215-14
 - 13) Pension Adjustments and Asset Reversions, FAR 52.215-15
 - 14) Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other Than Pensions, FAR 52.215-18
 - 15) Notification of Ownership Changes, FAR 52.215-19
 - 16) Contract Work Hours and Safety Standards Act— Overtime Compensation, FAR 52.222-4
 - 17) Child Labor— Cooperation With Authorities and Remedies, FAR 52.222-19
 - 18) Walsh-Healey Public Contracts Act, FAR 52.222-20
 - 19) Prohibition of Segregated Facilities, FAR 52.222-21
 - 20) Equal opportunity for special Disabled Veterans and Veterans of Vietnam Era and other eligible veterans, FAR 52.222-35
 - 21) Affirmative Action for Workers With Disabilities, FAR 52.222-36
 - 22) Employment Reports on Disabled Veterans and Veterans of the Vietnam Era, FAR 52.222-37
 - 23) Service Contract Act of 1965, as amended, FAR 52.222-41
 - 24) Notice of Radioactive Materials, FAR 52.223-7
 - 25) Ozone Depleting Substances, FAR 52.223-11
 - 26) Refrigeration Equipment and Air Conditioners, FAR 52.223-12
 - 27) Toxic Chemical Release Reporting, FAR 52.223-14 (Less Par. (e))
 - 28) Privacy Act, FAR 52.224-2
 - 29) Buy American Act—Supplies, FAR 52.225-1
 - 30) Buy American Act—North American Free Trade Agreement— Israeli Trade Act, FAR 52.225-3
 - 31) Trade Agreements, FAR 52.225-5
 - 32) Restrictions on Certain Foreign Purchases, FAR 52.225-13
 - 33) Authorization and Consent, FAR 52.227-1

- 34) Notice and Assistance Regarding Patent and Copyright Infringement, FAR 52.227-2
- 35) Patent Indemnity, FAR 52.227-3
- 36) Refund of Royalties, FAR 52.227-9
- 37) Filing of Patent Applications—Classified Subject Matter, FAR 52.227-10
- 38) Rights in Data—General, FAR 52.227-14
- 39) Additional Data Requirements, FAR 52.227-16
- 40) Rights in Data—Existing Works, FAR 52.227-18
- 41) Commercial Computer Software—Restricted Rights, FAR 52.227-19
- 42) Insurance—Work on a Government Installation, FAR 52.228-5
- 43) Industrial Resources Developed Under Defense Production Act Title III, FAR 52.234-1
- 44) Protection of Government Buildings, Equipment and Vegetation, FAR 52.237-2
- 45) Bankruptcy, FAR 52.242-13
- 46) Change Order Accounting, FAR 52.243-6
- 47) Notification of Changes, FAR 52.243-7
- 48) Subcontracts for Commercial Items FAR 52.244-6
- 49) Preference for U.S.-Flag Air Carriers, FAR 52.247-63
- 50) Preference for Privately Owned U.S.-Flag Commercial Vessels, FAR 52.247-64
- 51) Value Engineering, FAR 52.248-1
- 52) Prohibition of Persons Convicted of Fraud or Other Defense— Contract Related Felonies, DFARS 252.203-7001
- 53) Acquisitions From Subcontractors Subject to Onsite Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty, DFARS 252.209-7000
- 54) Acquisition Streamlining, DFARS 252.211-7000 55) Pricing of Adjustments, DFARS 252.215-7000
- 55) Hazard Warning Labels, DFARS 252.223-7001
- 56) Prohibition on Storage and Disposal of Toxic and Hazardous Materials, DFARS252.223-7006
- 57) Buy American Act and Balance of Payments Program, DFARS 252.225-7001
- 58) Buy American Act—Trade Agreements—Balance of Payments) Program, DFARS 252.225-7007
- 59) Duty-Free Entry—Qualifying Country Supplies (End Products and Components), DFARS 252.225-7009
- 60) Restriction on Acquisition of Supercomputers, DFARS 252.225-7011
- 61) Preference for Certain Domestic Commodities, DFARS 252.225-7012
- 62) Preference for Domestic Specialty Metals, DFARS 252.225-7014
- 63) Preference for Domestic Hand or Measuring Tools, DFARS 252.225-7015
- 64) Restriction on Acquisition of Ball and Roller Bearings, DFARS 252.225-7016
- 65) Trade Agreement, DFARS 252.225–7021
- 66) Restriction on Acquisition of Polyacrylonitrile (PAN) Based Carbon Fiber, DFARS 252.225-7022
- 67) Restriction on Acquisition of Night Vision Image Intensifier Tubes and Devices, DFARS 252.225-7024
- 68) Restriction of Acquisition of Forgings, DFARS 252.225-7025
- 69) Reporting of Contract Performance Outside the U.S., DFARS 252.225-7026
- 70) Buy American Act—North American Free Trade Agreement Implementation Act—Balance of Payments Program, DFARS 252.225-7036
- 71) Duty-Free Entry—Eligible End Products, DFARS 252.225-7037
- 72) Utilization of Indian Organizations and Indian Owned Economic Enterprises—DOD Contracts, DFARS 252.226-7001
- 73) Rights in Technical Data—Noncommercial Items, DFARS 252.2277013
- 74) Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation, DFARS 252.227-7014
- 75) Technical Data—Commercial Items, DFARS 252.227-7015
- 76) Rights in Bid or Proposal Information, DFARS 252.227-7016
- 77) Validation of Asserted Restrictions—Computer Software, DFARS 252.227-7019
- 78) Limitations on the use or disclosure of Government Furnished Information Marked with Restrictive Legends, DFARS 252.227-7025
- 79) Deferred Delivery of Technical Data or Computer Software, DFARS 252.227-7026
- 80) Deferred Ordering of Technical Data or Computer Software, DFARS 252.227-7027
- 81) Technical Data—Withholding of Payment, DFARS 252.227-7030
- 82) Declaration of Technical Data Conformity, DFARS 252.227-7036
- 83) Validation of Restrictive Markings on Technical Data, DFARS 252.227-7037
- 84) Accident Reporting and Investigation Involving Aircraft, Missiles and Space Launch Vehicles, DFARS 252.228-7005
- 85) Supplemental Cost Principles, DFARS 252.231-7000
- 86) Frequency Authorization, DFARS 252.235-7003
- 87) Telecommunications Security Equipment, Devices, Techniques, and Services, DFARS 252.239-7016
- 88) Pricing of Contract Modifications, DFARS 252.243-7001
- 89) Subcontracts for Commercial Items and Commercial Components, DFARS 252.244-7000
- 90) Reports of Government Property, DFARS 252.245-7001
- 91) Warranty of Data, DFARS 252.246-7001

- 92) Transportation of Supplies by Sea, DFARS 252.247-7023
- 93) Notification of Transportation of Supplies by Sea, DFARS 252.247-7024
- 94) Notification of Proposed Program Termination or Reduction, DFARS 252.249-7002
- 95) 96. Dodd Frank Act Section 1502 Compliance with the Acquisition of Conflict Minerals

74. RIGHTS IN DATA

All noncommercial technical data and noncommercial computer software and computer software documentation that is required to be delivered under this contract shall be provided to the Government with unlimited rights in accordance with DFARS 252.227-7013 and 252.227-7014 incorporated herein by reference.

The Seller grants to AAR unlimited, non-exclusive, royalty free, transferable, assignable license to all computer software and technical data, as defined in FAR 52.227-14, that is developed by the Seller during the performance of this subcontract solely for use in performing this or any other Government contract.

Nothing in these terms and conditions shall be construed or interpreted to limit or in any way restrict the rights of the Government in regard to data, tooling and other information it owns or has a right to use, including the right to authorized the supplier's use of such data, tooling or other information in direct contracts between the supplier and the Government.

75. RIGHTS TO CONTRACT PERFORMANCE

Seller shall insert a provision in all subcontracts or purchase orders awarded pursuant to this subcontract whereby in the event of default on the part of Seller, AAR has the right at its sole election, to assume all Seller's rights and obligations as purchaser and to take delivery of products subject to the purchase order or subcontract.

By acceptance of this subcontract, Seller recognizes and agrees that any and all materials purchased pursuant to this subcontract and compensated for by means of payment by AAR are the property of AAR. Said materials shall be segregated within the Seller's facility, and shall be surrendered to AAR upon demand.

76. PARTS OBSOLESCENCE AND COUNTERFEIT PARTS

AAR may desire to place additional orders for items purchased hereunder. Subcontractor shall provide AAR with a "Last Time Buy Notice" as soon as reasonably possible prior to any action to discontinue sale or manufacture of any item purchased under this Subcontract

Subcontractor, at a minimum shall have a counterfeit parts prevention plan. Subcontractor and its sub-tier suppliers shall ensure that only non-counterfeit parts and products are delivered to AAR. For further prevention of inadvertent use of counterfeit parts, Subcontractor shall only procure directly from the OEM, Original component manufacturer (OCM) or through OEM/OCM authorized distribution chain unless first approved in writing by AAR through the submission and approval of a request. Subcontractor must obtain written approval to use non-franchised distributors/brokers and must present complete and compelling support of all actions to ensure parts procured are legitimate, authentic, non-counterfeit parts.

77. ASSUMPTION OF RISK

Each party hereto acknowledges (i) the risks of its undertaking hereunder, (ii) the uncertainty of the benefits and obligations hereunder, and (iii) its assumption of such risks and uncertainty. Each party has conducted its own due diligence and requested and reviewed any contracts, business plans, financial documents and other written material as in such party's opinion shall be the basis of that party's decision to enter into this contract.

78. RELIANCE ON COUNSEL AND OTHER ADVISORS

Each party has consulted such legal, financial, technical, or other expert it deems necessary or desirable before entering into this contract. Each party represents and warrants that it has read, knows, understand and agrees with the terms and conditions of this contract. Neither party has relied upon any oral representation of the other party in entering into this contract. All discussions, estimates or projections developed by a party during the course of negotiating the terms and conditions of this contract are by way of illustration only, and unless specifically contained in this contract or one of its Exhibits or Attachments, are not binding or enforceable against the other party in law or in equity.

79. INDEPENDENT CONTRACTOR

Each party hereto is an independent contractor and nothing contained in this contract shall be construed to be inconsistent with this relationship or status. Neither party owes a fiduciary duty to the other. Nothing in this contract shall be in any way construed to constitute either party as the agent, employee or representative of the other. As an independent contractor, each party has relied on its own expertise or the expertise of its legal, financial, technical, or other advisors.

80. INDEMNITY FOR INFRINGEMENT

The Seller shall, at its expense, hold harmless and defend AAR, its customers, and all persons claiming under AAR, against any claim, demand, action or suit alleging or arising from the infringement of any patent, copyright, or trademark or any misappropriation of trade secrets, and shall indemnify the aforesaid parties against all damages, costs, and expenses, including all legal expenses, arising therefrom by reason of the manufacture, sale, or the normal and intended use of the articles covered by this Purchase Order. Seller shall be given adequate notice of such claims and will assume full and exclusive control in the defense thereof. AAR will provide reasonable cooperation to Seller by supplying relevant documents and making AAR employees available for consultation and testimony. Seller will compensate AAR for such cooperation.

81. ENTIRE AGREEMENT

This Purchase Order constitutes the entire agreement between the parties with respect to its subject matter and to all transactions related thereto and supersedes all proposals, oral or written, or negotiations, and all other communications, prior or contemporaneous thereto, between the parties with respect to such subject matter or such transactions including, without limitation, any prior or contemporaneous course of dealing, usage of trade or course of performance. The parties acknowledge and agree that entering into this transaction they have not relied upon any representations other than those explicitly set forth in this Purchase Order and each party acknowledges and agrees that the representatives or agents of the other party

cannot make any warranties or representations not specifically included within the written provisions of this Purchase Order. Any item or condition which is, or may be, asserted as material by any party, and which is not expressly stated in this Purchase Order, shall not be within this Purchase Order or binding on the parties hereto. Each party waives all defenses with regard to any such term and condition and no amendment to this Purchase Order shall be valid and binding unless in writing and signed by each party hereto.

82. DEBARRED/SUSPENDED CERTIFICATION

- a. The Seller hereby certifies by acknowledgement or acceptance of this order to the best of its knowledge and belief, that:
- 1) The Seller and/or any of its Principals—
 - a) Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;
 - b) Have not, within a three-year period preceding this award, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and
 - c) Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in this provision.
 - 2) The Seller has not, within a three-year period preceding this award, had one or more contracts terminated for default by any Federal agency.
"Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions). THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER SECTION 1001, TITLE 18, UNITED STATES CODE.
- b. This certification is a material representation of fact. If it is later determined that the Supplier knowingly rendered an erroneous certification, in addition to other remedies available to AAR, AAR may terminate the contract for default.

83. SUPPLEMENTAL TERMS

In addition to the General Provisions set forth above, certain special clauses may be applicable to this Purchase Order. These special clauses will be included either by reference in the Order or by attachment to the General Provisions, or both, and will include any applicable patent and/or additional data rights clauses.

84. SUPPLIER CODE OF CONDUCT

AAR's Supplier Code of Conduct Policy can be found on our website at: <http://www.aarcorp.com/terms-and-conditions/supplier-code-of-conduct>

85. COMMUNICATIONS WITH AAR CUSTOMERS

All communications (preliminary, unofficial, or official) with the Government Customer shall be submitted via AAR. All meetings with the Government Customer shall be arranged by AAR. Failure to abide by this clause will be considered a material breach of this contract and AAR will seek remedies under the law for this breach.

86. CLAIMS

Except as may be expressly set forth in this Subcontract and with the Cognizant Contract Administration Officer's express consent, the Seller shall not acquire any direct claim or direct course of action against the U.S. Government.

87. FLOW DOWN CLAUSES

Seller shall include in each lower-tier subcontract the appropriate flow down clauses as required by FAR, DFARS and other federal acquisition regulation supplements.

88. DATA RIGHTS

Nothing in these terms and conditions shall be construed or interpreted to limit or in any way restrict the rights of the Government in regard to data, tooling and other information it owns or has a right to use, including the right to authorize the supplier's use of such data, tooling or other information in direct contracts between the supplier and the Government.