

EXHIBIT AA TERMS AND CONDITIONS

Reference to these terms and conditions within the body of any Purchase Contract Agreement incorporates all applicable clauses of these provisions into the contract as if individually cited therein and set forth in full text, except to the extent expressly altered in this contract Order. This contract is subject to Federal Acquisition Regulations (FAR) *and* the Department of Defense Federal Acquisition Supplement (DFARS) clauses as set forth in these Terms and Conditions.

Where necessary to make the context of these clauses applicable to this subcontract/order, the term "contractor" shall mean the "Seller", the term "Contract Order" shall mean the "Subcontract" or "Purchase Order", and the terms "Government" or "Contracting Officer" and equivalent phrases shall mean "BAE Systems". In addition, the terms "Order", "Contract Order", "Subcontract" and "Purchase Order" are used interchangeably in this Exhibit.

Acknowledgment of this order, shipment of goods or rendering of any services pursuant to this order shall be deemed an acceptance of these terms and conditions. No modification of or release from this order shall be binding unless agreed to in writing and specifically identified as a modification or revision to this order. These Terms and Conditions supersede any submitted by the Seller in any proposal or acknowledgment. Any prior documents or verbal promises made by BAE Systems are hereby superseded.

Documents designated by BAE Systems, including supplemental Terms and Conditions, if any, are incorporated by reference the same as if set out in full herein.

The Seller represents, warrants, and certifies that in the performance of this subcontract, it shall comply with, when applicable, all federal, state, and local laws, and regulations including but not limited to:

- (1) Fair Labor Standards Act of 1938, as amended (29 USC 201-219)
- (2) Occupational Safety and Health Act of 1970 (OSHA), as amended
- (3) Civil False Claims Act (31 USC 3729 et seq.)
- (4) Criminal False Claims Statutes (18 USC 287)
- (5) Registration Requirements of the International Traffic in Arms Regulations**

** Requires registration with the Office of Defense Trade Controls if engaged in the United States in the business or either manufacturing or exporting defense articles or furnishing defense services. Manufacturers of such items must register, even if not engaging in the export of such items.

Seller agrees to indemnify and hold BAE Systems harmless to the full extent of any loss, damage, or expense incurred by BAE Systems resulting from violations by the Seller or its lower tier subcontractors of any federal, state or local law or regulation.

This Exhibit AA is current through FAC 2005-26, dated June 12, 2008 and DFARS Revision 20080513. In the event that any clause is required by law, regulation, or the prime contract, to be included in this subcontract, which is not already incorporated herein, or in the event that the prime contract is modified subsequent to the effective date of this subcontract so as to modify or add any additional such clause or requirement, The Seller agrees to enter into a modification of this subcontract to insert the substance of any such clause or requirement. If any such additional clause or requirement causes an increase or decrease in the cost of, or the time required for, the performance of any part of the work under this subcontract, an equitable adjustment will be made in the subcontract price or delivery schedule, or both, pursuant to the "Changes" clause of this subcontract.

1. PRICE

Unless otherwise indicated in the body of this order, this is a firm fixed price order. In the absence of an indication of price by BAE Systems, Seller must not fill the order at a price higher than last quoted or charged to BAE Systems, without BAE Systems' written consent. Seller represents that the price charged for the items or services covered by this order comply with applicable Government regulations in effect at the time of order placement, sale or delivery.

The Seller also represents and warrants that its price for the goods covered by this order are no higher than the price charged to other customers for goods of the same kind, in the same quantities and under similar terms and conditions.

2. TERMS OF PAYMENT

- a) For each shipment of goods or completed item of services, Seller shall submit an original invoice to the appropriate BAE Systems Accounts Payable Department. Taxes must be separately itemized. Order number and item number must appear on all shipping documents, invoices, quality certifications, and packing sheets.
- b) Unless otherwise stipulated in the body of this order, BAE Systems will pay discountable invoices within the discount period which will be calculated from the date the materials or services are received or the date the invoice is received, whichever is later. For tooling orders, the discount period will not commence until BAE Systems receives and approves the parts made from the tooling. BAE Systems will pay non-discountable invoices within 30 days of receipt of materials, services, or the invoice whichever is later. Invoice payment is subject to proof of delivery. If the payment due date falls on a Saturday, Sunday or corporate holiday, payment shall be made on the following business day. Payment shall be considered as made upon the day the check is dated.
- c) Delays in receiving, invoice errors or omissions, or lack of supporting documentation required by the contract, will be cause for withholding payment without losing discount privilege. Payment of invoice shall be subject to adjustment for errors, shortages, defects, or other failure of Seller to meet the requirements of the contract. Payment for goods delivered under this contract shall not constitute acceptance of the goods by BAE Systems.

3. TAXES (FAR Part.229)

If the goods furnished under this order are for resale (as indicated on the front of this order), BAE Systems will pay any sales or use tax imposed on such goods after delivery. Seller will pay all other taxes imposed before delivery to the destination point, including property taxes imposed on goods for which title has passed to BAE Systems.

4. CHANGES

- a) BAE Systems reserves the right to, at any time, to change by written notification any of the following: (1) specifications, drawings, designs, and other data incorporated in this order where the items to be furnished are to be specifically manufactured for BAE Systems, (2) quantity, (3) method of packaging or shipment. (4) place of delivery, (5) time of delivery, or (6) any other matters affecting this order.
- b) If any change made by BAE Systems causes an increase or decrease in the cost of, or the delivery of this order, BAE Systems shall make, in writing, an equitable adjustment in the order price or delivery schedule or both. Any claim by Seller for an adjustment under this clause shall be deemed waived unless asserted in writing within ten (10) days from Seller's receipt of the

change, and negotiations or adjustment in the price or delivery schedule, or both, shall not excuse the Seller from proceeding, with due diligence, to perform under the order as changed. Failure to agree to any adjustment shall be considered a dispute within the meaning of the "Disputes" clause of these terms and conditions. Any action taken by the Seller which effects any provisions of this order, including price or delivery, whether or not accomplished with the concurrence of BAE Systems' employees, shall not entitle Seller to an equitable adjustment in accordance with this paragraph, unless such action has been specifically directed by written notice issued by BAE Systems Purchasing Department and incorporated into this order.

5. TERMINATION (FAR Part .249)

- a) BAE Systems may terminate this order in whole or in part at any time upon written or telegraphic notice to the Seller. Upon such receipt of such termination, the Seller shall within ninety (90) days, comply with the directions contained in such notice and shall, as required (1) take action necessary to terminate the work as provided in the notice, minimizing costs and liabilities for the terminated work, (2) protect, preserve and deliver in accordance with BAE Systems' instructions any property related to the order in the Seller's possession, and (3) continue the performance of any part of the work not terminated by the BAE Systems.
 - (1) BAE Systems may also, by written or telegraphic notice to the seller, terminate the whole or any part of this order for default [a] if the Seller fails to deliver items and material to perform the services required on schedule, or [b] if, at any time, reasonable grounds for insecurity arise as to the Seller's expected performance (including timely performance) within ten (10) days after BAE Systems written demand for adequate assurance.
- b) On termination for convenience, the Seller at the time of termination may have in stock or on firm order, completed or uncompleted items or raw, semi-processed or completed materials for use in fulfilling this order:
 - (1) For completed items or materials, BAE Systems shall either require delivery of all or part of the completed goods and make payment at the order price or, (without taking delivery) pay the Seller the difference, if any, between the order price and the market price (if lower) at the time of termination.
 - (2) For uncompleted items or raw or semi-processed materials, BAE Systems shall either require the Seller to deliver all or part of such goods at the portion of the order representing the stage of completion or, (without taking delivery) pay the Seller for such goods which are properly allocable to this order a portion of the order price representing the stage of completion, reduced by the higher of the market or scrap value of the goods at that stage of completion.
 - (3) For goods which the Seller has on firm order, BAE Systems may, at its option, either take an assignment of the Seller's right under the order or pay the cost, if any, of settling or discharging the Seller's obligation under the order.
- c) If BAE Systems terminates all or part of this order for default under paragraph 5a above, BAE Systems may procure, upon the terms and in a manner it deems appropriate, goods and services similar to those terminated. In addition, BAE Systems may require the Seller to deliver any completed or uncompleted goods related to this order by agreeing to pay the Seller as specified in 5b above.
 - (1) Additionally, if BAE Systems terminates for default, the Seller may be liable (unless excused under paragraph 7 - Excusable Delays) for additional costs, if any, for the procurement of such goods and services to cover such default.

- d) Payments to the Seller hereunder shall be the sole remedy available to the Seller in the event of a termination by BAE Systems. Payments, and the amount of payment, if any, are subject to the approval of the Government or BAE Systems' Termination Contracting Officer (TCO).
- e) BAE Systems' rights and remedies under paragraphs 5a-d inclusive shall not be exclusive and are in addition to any other rights and remedies provided by law, and equity and contract, or under this order.
- f) The rights of BAE Systems and Seller are covered by FAR 52.249 except that the FAR "Disputes" clause shall not apply.

6. DELIVERY

Time is of the essence. The Seller shall furnish sufficient labor and management, facilities and equipment, and shall work such hours (including night shift, overtime, weekend and holiday work) as may be required to assure timely delivery.

- a) Regardless of delivery or performance in installments, the Seller's obligation is not severable. Buyer will not accept shipments sent C.O.D. without its consent and such shipments will be returned at the Seller's risk and expense.
- b) Delivery shall occur at the place identified on the face of this purchase order. If, at any time, Seller believes that it may be unable to meet the delivery schedule, Seller shall immediately notify BAE Systems writing of the anticipated delay and the reasons for it. In the event of such notification or of an actual failure by Seller to comply with the delivery or completion schedule, BAE Systems may, in addition to any other remedies, require Seller, at Seller's expense, to ship goods via air freight or expedited routing to avoid or minimize delays.

7. WARRANTIES

- a) Duration: The Seller warrants that the goods and services furnished will be free of defects in material and workmanship for a period of one (1) year or after 200 hours of operation, whichever occurs first, after the acceptance of the item or parts thereof, by the Government, all parts furnished under this order will be free from defects in material and workmanship that will cause the item(s) to fail with the specification and all other requirements of this contract. With respect to Government-furnished property, the seller's warranty shall extend only to its proper installation, unless the Seller performs some modification or other work on such property, in which case the Seller's warranty shall extend to such modifications or other work.
- b) Remedies: In the event of a breach of the Seller's warranty in paragraph (1) above, BAE Systems may, at no increase (in the contract price), a) require the Seller, at the place of delivery specified in the contract (irrespective of the F.O. B. point or point of acceptance) or at the Seller's plant, to rework or replace, at the Seller's selection, defective or non-conforming supplies, or b) require the Seller to furnish at the Seller's plant such materials or parts and installation instructions as may be required to successfully accomplish the required correction. The Seller shall also prepare and furnish to BAE Systems, data and reports applicable to any correction required under this clause (including revision and updating of all affected data called for under this contract) at no increase in the contract price. When supplies are returned to the Seller, the Seller shall bear the transportation costs from the place of delivery specified in the contract (irrespective of the F.O.B. point or point of acceptance) to the Seller's plant. (2) If BAE Systems does not require the correction or replacement of defective or nonconforming supplies, BAE Systems shall be entitled to an equitable reduction in the price of such supplies.

- c) Notification: The Seller shall be notified in writing of any breach of warranty in paragraph (b) above within thirty (30) days after discovery of the defect by BAE Systems. Within thirty (30) days thereafter, the Seller shall submit to BAE Systems a written recommendation of the corrective action required to remedy the breach. After the notice of breach, but no later than thirty (30) days after the receipt of the Seller's recommendation for corrective action, BAE Systems may in writing direct the correction or replacement as set forth in paragraph (b) above, and the Seller shall, notwithstanding and disagreement regarding the existence of a breach of warranty comply with such direction. In the event it is later determined that the Seller did not breach the warranty in paragraph (a) above, the contract price will be equitably adjusted.
- d) Correction of Defects: Any supplies or parts thereof corrected or furnished in replacement pursuant to this clause shall also be subject to all the provisions of this clause and to the same extent as supplies initially delivered. The warranty with respect to such supplies or parts thereof shall be equal in duration to that set forth in (a) above and shall run from the date of such correction or replacement.
- e) Should Seller fail to provide prompt correction or replacement, BAE Systems may, upon notice to Seller, undertake either correction or replacement and deduct the cost of said work from any of Sellers' invoices against any outstanding contract.

8. EXCUSABLE DELAYS

The Seller shall not be liable for any procurement costs for the failure or delay in making deliveries when such failures or delay is due to any cause beyond the control and without the fault or negligence of the Seller and/or its subcontractors at any tier, provided that the Seller gives to BAE Systems prompt notice, in writing, when it appears that such cause will delay deliveries under this order.

- a) Such causes may include, but are not restricted to: accidents, shortages, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, lockouts, freight embargoes, and unusually severe weather, but in every case the failure to perform is beyond the control of the parties and without the fault or negligence of the Seller which prevents the Seller from delivering or BAE Systems from receiving any of the goods or services specified in this order. BAE Systems shall suspend the deliveries until such time as the cause is removed.
- b) If the failure to perform is caused by the failure of a lower tier subcontractor to perform or make progress and if such failure arises out of causes beyond the control of the Seller and the lower tier subcontractor, and without the fault or negligence of either of them, the Seller shall not be deemed in default, unless: (1) the supplies or services to be furnished by the lower tier subcontractor were obtainable from other sources, (2) BAE Systems had ordered the Seller in writing to procure such supplies or services from such other sources, and (3) the Seller had failed to comply reasonably with such an order.
- c) Upon request of the Seller, BAE Systems shall ascertain the facts and extent of such failure and, if BAE Systems determines that any failure to perform was occasioned by any one or *more* of said causes, the delivery schedule shall be revised accordingly, subject to the rights of BAE Systems and/or the Government under paragraph 5 of these Terms and Conditions entitled, "Termination".

9. SHIPPING AND RECEIVING

- a) Seller shall be responsible for proper packaging, loading and tie-down of materials to prevent damage during transportation. BAE Systems' weight and count will be accepted as final and conclusive on all shipments not accompanied by a packing list. Seller must bill all returnable containers on a separate invoice, and return transportation charges will be debited from the Seller's account.
- b) If freight is prepaid but chargeable to BAE Systems under the terms of this order, Seller shall submit a copy of the freight bill.
- c) In the event that this order requires the Seller to make delivery of goods direct to the Government, Seller agrees to prepare a "Material and Receiving Inspection Report" (form DD-250 or equal) in the manner and to the extent required by DFARS 252.246-7000 and the Contracting Officer, and copy is to be furnished to BAE Systems.
- d) If the order requires Government Source Inspection, DFARS, Appendix I applies if the goods are to be shipped to BAE Systems or to any other non-Government installation.

10. INSPECTION (FAR Part.246)

- a) The goods covered by this order may be subject to inspection and test by BAE Systems and the Government at all times and places and, when practicable, during the manufacturing process. The mechanics of inspection and the rights of BAE Systems and Seller with respect to inspection are as specified in the Federal Acquisition Regulations.
- b) All goods and services furnished hereunder are subject to the BAE Systems' final inspection and approval within ninety (90) days after delivery, irrespective of payment date. BAE Systems may accept or reject goods based on BAE Systems normal Inspection Plan for the items furnished. BAE Systems may reject goods not in accordance with instructions, specifications, drawings, data or Seller's warranty (expressed or implied). BAE Systems may return rejected goods to the Seller at the Seller's expense and BAE Systems shall have no further obligation for such goods. Payment for any article shall not be deemed acceptance and in no event shall BAE Systems incur any liability for payment of rejected goods. Inspection of goods or work by BAE Systems prior to acceptance shall not release Seller of its responsibility for any nonconformity. Acceptance by BAE Systems shall not waive any rights that BAE Systems might otherwise have at law or by express reservation in this contract with respect to any nonconformity.
- c) BAE Systems shall have a reasonable amount of time [not less than ten (10) days from the date of receipt] to submit a claim for discrepancies of count, weight, quantity, loss or damage to delivered goods. BAE Systems will calculate damages on claims and deduct the amount from the Seller's invoice. If the invoice has been paid, the Seller will reimburse BAE Systems the amount of the damages.
- d) Seller shall assume responsibility for and will have to pay any and all costs associated with loss, damage, and other expenses, including attorney fees, and the cost of replacement incurred by BAE Systems attributed to BAE Systems' rejection of goods due to nonconformance to specification or untimely delivery.
- e) Any tender of goods or services which is nonconforming shall be deemed to impair substantially the value of this contract as a whole to BAE Systems. In the event of a nonconforming tender, BAE Systems shall be entitled to all remedies as provided by law, and in addition thereto shall have the right to do any or all of the following: Hold nonconforming goods for a reasonable period pending a determination to accept or reject any or all thereof, return nonconforming goods to Seller for replacement or correction as BAE Systems may

elect, accept nonconforming goods and services subject to an equitable price reduction, replace or correct nonconforming goods and service and charge to Seller the cost occasioned to BAE Systems, require Seller to correct nonconforming services at no increase in the price of this contract, recover by offset or otherwise any and all expenses, costs, price reductions and damages paid, incurred, or suffered by BAE Systems as a result of such holding, return, replacement, correction, reductions, or rejections of nonconforming goods and services, terminate this contract as provided in Article 5b hereof. The rights and remedies of BAE Systems herein are cumulative, and are in addition to any other rights or remedies that BAE Systems may have at law or in equity.

11. PATENTS

- a) The Seller shall, at its own expense, defend any suit or proceeding brought against BAE Systems, its successors and assigns, based on claim that goods or any component furnished hereunder infringes any U.S. or Foreign letter patents (except infringement necessarily resulting from adherence to BAE Systems' drawing), providing that BAE Systems notifies the Seller in writing and assists the Seller, as and if required, in defending the suit or proceeding. The Seller shall pay at damages, costs and attorney fees awarded in any suit or proceedings.
- b) The Seller shall promptly report any claims of patent or copyright infringement relating to the performance of this order which comes to its attention, and shall assist, to the extent of evidence and information in its possession, in connection with any suit against BAE Systems or the Government on account of alleged patent or copyright infringement (FAR 52.227-2).
- c) Except for infringement resulting from adherence to BAE Systems' furnished drawings, any goods or any component parts furnished hereunder which are held to infringe shall have their use enjoined. The Seller shall, at its option and own expense, (1) procure for BAE Systems and its successors and assigns, the right to continue using the goods, (2) replace them with a substantially equivalent non-infringement product, or (3) modify them so they become non-infringing with substantially equivalent performance. Absent (1), (2) (3), BAE Systems reserves its rights at law and equity and contract, or its option may return the infringing goods to the Seller at the Seller's expense and the Seller will promptly refund the order price to BAE Systems.

12. SPECIAL TOOLING AND BAE SYSTEMS FURNISHED PROPERTY

- a) In the event that "special tooling" (as defined in FAR 52.245-17) is required in the performance of this order and the cost of such tooling is included in the price of the end item supplied to BAE Systems by the Seller, the same shall be held and used by the Seller as bailee, and shall be returned to BAE Systems in the condition in which it was acquired (reasonable wear and tear expected), or disposed of as directed by BAE Systems and the scrap value shall be credited to BAE Systems' account upon the completion or termination of this order. Such special tooling as may be supplied to the Seller by BAE Systems without charge shall be held and used by the Seller on the same terms as special tooling manufactured or acquired by the Seller. Use of such tooling shall be restricted to performance of this order unless otherwise authorized, in writing, by BAE Systems.
- b) All special dies, molds, patterns, jigs, fixtures, and any other property which BAE Systems furnishes to the Seller or specifically pays for, for use in the performance of this order, shall be and remain the property of BAE Systems, shall be subject to removal upon BAE Systems' instruction, shall be for BAE Systems' exclusive use, shall be held at the Seller's risk, and shall be kept insured by the Seller at the Seller's expense while in its custody or control in an

amount equal to the replacement cost, with loss payment to BAE Systems. The Seller shall furnish to BAE Systems on demand, copies of policies or certification of insurance.

- c) Nothing in this clause shall be interpreted as preventing the Seller from using such special tooling for manufacturing items for direct sale to the Government if the Government has title to or a vested interest or data rights to such special tooling. If the Seller wishes to make use of such items in connection with direct sales to the Government, the Seller shall obtain a written statement from BAE Systems of the Government's title or vested interest and BAE Systems shall give written authority where the Government has title or vested interest, provided that the delivery schedule under this order is not adversely affected.

13. UTILIZATION OF SMALL, SMALL DISADVANTAGED, VETERAN/SERVICE DISABLED VETERANS, WOMEN-OWNED SMALL BUSINESS, AND HUB ZONE BUSINESS CONCERNS

It is the policy of the Government as declared by Congress that a fair portion of purchases and contracts for goods and services for the Government be placed with "Small Business Concerns", to include; Small Disadvantaged Business, Veteran and Service Disabled Veteran, Women Owned, and Hub-Zone Business concerns.

The Seller agrees to accomplish the maximum amount of subcontracting to those concerns that the Seller finds to be consistent with the effective performance of this order.

14. CUMULATIVE REMEDIES

The remedies provided in these "Terms and Conditions" shall be cumulative to all other rights or remedies now or hereafter given to BAE Systems by law and BAE Systems may enforce one or more such remedies successively or concurrently.

15. WAIVER AND SEVERABILITY

BAE Systems' failure to insist on the Seller's strict performance to the terms and conditions of the order at any time shall not be construed as a waiver by BAE Systems for performance in the future. A determination that any portion of this contract is unenforceable or invalid shall not affect the enforceability of validity of any of the remaining portions of this contract.

16. TITLE AND RISK OF LOSS

- a) Risk of loss of all goods shall remain with the Seller until receipt of the goods at the BAE Systems location identified on the front of this purchase order.
- b) Title shall pass to BAE Systems upon BAE Systems' acceptance of goods at BAE Systems location. If progress payments are a part of this order, title to the goods shall be transferred to the Government at such time as the goods become allocable or may be properly chargeable to the government contract shown on the face of this purchase order.

- c) Notwithstanding restrictive legends to the contrary, title to plans, drawings and specifications for goods shall be vested in and remain with BAE Systems or the Government and may be used by BAE Systems or the Government for any purpose.

17. ASSIGNMENT

The Seller shall not assign, transfer, or subcontract this order or any right or obligation hereunder without BAE Systems written consent. Any purported assignment, transfer or subcontract shall be void and ineffective. This limitation shall not apply to Seller's purchases of standard commercial supplier, standard off-the-shelf attachment hardware or raw materials.

18. INDEMNITY AND INSURANCE

- a) The Seller agrees to defend, indemnify and save BAE Systems harmless against all liabilities, claims or demands whether in tort or in contract for injuries or damages to any person or property arising out of the Seller's acts or omissions in the performance of this order.
- b) Seller agrees to indemnify and hold harmless BAE Systems against any expense, loss, or liability for any actual or alleged infringement of any patent, trademark or copyright arising from or related to the use, sale, manufacture or disposal of goods provided hereunder, except to the extent they are manufactured in accordance with designs or drawings provided by BAE Systems hereunder.
- c) Seller shall maintain at a minimum Worker's Compensation, Automobile Liability and Commercial General Liability Insurance with limits of not less than \$1,000,000.

19. NONDISCLOSURES

If BAE Systems discloses or grants to the Seller access to any research and development, technical, economic *or* other business information or "know how" of a confidential nature, whether reduced to writing or not, the Seller will not use or disclose any such information to any other person at any time, except as may be necessary in the performance of this order, without BAE Systems' written consent. BAE Systems shall give similar protection to the Seller providing the Seller's documents are marked or stamped with the appropriate legend to indicate protection to be afforded.

20. RESOLUTION OF CONFLICTS

It is the Seller's responsibility to comply with these and all referenced documents and to clarify with the BAE Systems any inconsistencies or conflicts in any part of this order, such as those provisions contained in this document, *additional terms and conditions*, general specifications, detailed specifications, etc. Should the Seller fail to contact BAE Systems to resolve these conflicts or inconsistencies, the Seller will be solely responsible for errors resulting from those conflicts or inconsistencies.

21. DISPUTES

Except as otherwise provided in this order, any dispute not disposed of by agreement shall be finally decided by BAE Systems. The Seller has no rights under the FAR "Disputes" clause, 52.233-1. Pending resolution of any dispute, the Seller shall proceed diligently with the performance at work in accordance with the Buyer's direction.

22. COMPLETION CERTIFICATE

At the appropriate time, BAE Systems may request that the Seller furnish a certificate pertaining to deliverables, disposition of classified documents, Government and/or contractor property, final invention reports (DD Form 882), royalty fees, and releases. A blank copy of said certificate shall be furnished to the Seller by BAE Systems upon request or when BAE Systems determines the need for one exists.

23. SECURITY

If form DD 254 - Security Requirements is attached hereto, the Seller shall comply with the requirements of FAR 52.204-2. If the work contracted hereunder includes research and development, FAR 52.227-10 shall apply.

24. For Contractors Providing Services for BAE Systems (Reference: International Traffic in Arms Regulation/22 CFR120-130.

Clause 1: *(Applies where the Contractor is not required to use or evaluate BAE Systems' technical data, but where the Contractor will nevertheless be exposed to or otherwise be in proximity to BAE Systems' technical data. Note: This section does not apply to work to be performed outside of the United States)*

Contractor will ensure that each individual performing this contract, who has access to BAE Systems' manufacturing or technical data, is either a citizen of the United States, a lawful permanent resident as defined by 8 USC 1101(a)(20) or a protected individual as defined by 8 USC 1324(a)(3). This contract requirement is a direct result of the requirements levied on BAE Systems by the U.S. Department of State through its International Traffic in Arms Regulations (22 CFR Parts 120 through 130)

Clause 2: *(Applies where the Contractor is required to use or evaluate BAE Systems' technical data. However it is not applicable where the contract services are to be performed overseas)*

The Contractors will ensure that each individual it uses to perform the Contract is –

- (i) a citizen of the United States,
- (ii) a lawful permanent resident as defined by 8 USC 1101(a)(20),
- (iii) a protected individual as defined by 8 USC 1324(a)(3), or
- (iv) a foreign national for whom a current and directly relevant license or approval has been obtained from the US Department of State, as set forth in the International Traffic in Arms Regulations at 22 CFR Sections 120 through 130, which license or approval is directly relevant to the work to be performed under this Contract.

For those instances where Contractor is using persons who fall within the requirements of (iv), above, the Contractor shall provide *BAE Systems* with a copy of the license or approval at the time that the Contractor assigns the individual to perform any portion of the Contract.

For those instances where Contractor is using foreign nationals without a license or approval, the Contractor shall so notify BAE Systems and, if requested, provide BAE Systems with a detailed explanation of the steps undertaken to ensure that these persons are not gaining access to BAE Systems' technical data, as that term is defined in the International in Arms Regulations, at 22 CFR Section 120.10.

This contract requirement is a direct result of the requirements levied on BAE Systems by the U.S. Department of State through its International Traffic in Arms Regulations (22 CFR Parts 120 through 130).

The Contractor will flow down this clause to those of its subcontractors who will be assigned to perform any portion of the work set forth in the Contract.”

25. FINANCING

Progress Payments (in accordance with FAR 52.232-16 or 52.232 -16 ALT 1) or any other method of Contract Financing are not a part of any Order, unless specified in the Order. Contract Financing may be granted to entitled, eligible, and financially sound companies with an adequate accounting system to administer the Progress Payments. Factors considered for entitlement and eligibility: The amount of the Order; the size of the company (large or small business); the amount of time after work must begin and delivery will occur; the expenditures during the pre-delivery period and its impact on the contractor’s working capital and; the demonstration of financial need or unavailability of private financing.

26. SUBCONTRACTING

Seller shall not subcontract without BAE Systems’ prior written consent for the design, development, or procurement of the whole or any substantial portion of any goods and/or services ordered hereunder. This limitation shall not apply to Seller’s purchases of standard commercial supplies or raw material.

27. CHANGES TO SELLER’S PRODUCTS OR PROCESSES

In the event that Seller changes any products or processes to manufacture products delivered pursuant to this contract, Seller shall notify BAE Systems within fifteen (15) days of such change. In the event that Seller fails to make such notification and it is subsequently determined that such change caused BAE Systems to experience failures or to incur additional costs, then Seller shall be liable to BAE Systems for all additional costs. This limitation shall not apply to Seller’s ordinary purchases of standard commercial supplier of raw materials.

28. PROPERTY CONTROL

Seller shall not, without the written consent of BAE Systems, either during or after the performance of the work required hereunder, use, other than for such performance, or disclose to any person other than a duly authorized representative of BAE Systems, any information, data, material or exhibit created, developed, produced or otherwise obtained in the course of the work required hereunder, or any information contained in BAE Systems provided reports, drawings, documents, or other records bearing a restrictive legend.

29. APPLICABLE LAW

Seller and BAE Systems agree to submit to the jurisdiction of the laws and the Courts of Alabama and agree that venue for any action relating to any dispute arising under this contract shall be in an Alabama Circuit Court in the 7th or 10th Judicial District or the United States District Court for Northern Alabama.

30. COMPLIANCE WITH LAW

In the performance of this contract Seller shall comply with all applicable statutes and governmental rules, regulations, orders, International Traffic in Arms and the Toxic Substance Control Act. Seller

shall indemnify, save harmless and defend BAE Systems from and against all losses, costs, fees and damages arising, directly or indirectly, from any actual or alleged failure by Seller to comply with any applicable statute, rule regulation or order.

In addition to the clauses and terms set forth in the contract/order Terms and Conditions, including those set forth above, the following clauses, as set forth in the Federal Acquisition Regulation (FAR) and the Department of Defense Federal Acquisition Supplement (DFARS), are incorporated herein and are applicable hereto by this reference; unless not required by the FAR/DFARS based upon Order value, type or end-item(s).

All referenced FAR and DFARS paragraph numbers refer to current paragraphs and revisions in effect as of that date of the Government prime contract reference on this order.

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, BAE Systems will make their full text available. Also, the full text of a clause may be accessed electronically at this address: www.arnet.gov/far/ OR <http://farsite.hill.af.mil/> OR <http://www.acq.osd.mil/dpap/dars/index.htm>.

FAR CLAUSES

FAR “on-line” : www.arnet.gov/far/ OR <http://farsite.hill.af.mil/>

- 52.202-1 Definitions (July 2004)
- 52.203-3 Gratuities (Apr 1984)
- 52.203-5 Covenant Against Contingent Fees (Apr 1984)
- 52.203-6 Restrictions on Subcontractor Sales to the Government (Sept 2006, Alternate I (Oct 1995)
- 52.203-7 Anti-Kickback Procedures (Jul 1995)
- 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997)
- 52.203-10 Price of Fee Adjustment for Illegal or Improper Activity (Jan 1997)
- 52.203-11 Certification and Disclosures Regarding Payments to Influence Certain Federal Transactions (Sept 2007)
- 52.203-12 Limitations on Payments to Influence Certain Federal Transactions (Sept 2007)
- 52.204-2 Security Requirements (Aug 1996)
- 52.204-4 Printing/Copying Double-Sided on Recycled Paper (Aug 2000)
- 52.204-9 Personal Identity Verification of Contractor Personnel (Sep 2007)
- 52.209-5 Certification Regarding Responsibility Matters (formerly Certificate Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters) (May 2008)
- 52.209-6 Protecting the Government’s Interest When Subcontracting with Contractors Debarred, Suspended or Proposed for Debarment (Sept., 2006)
- 52.211-5 Material Requirements (Aug 2000)
- 52.211-15 Defense Priority and Allocation Requirements (Sep 1990)

- 52.215-2 Audit and Records - - Negotiations (Jun 1999)
- 52.215-8 Order of Precedence –Uniform Contract Format (Oct 1997)
- 52.215-10 Price Reduction for Defective Cost or Pricing Data (Oct 1997)
- 52.215-11 Price Reduction for Defective Cost or Pricing Data - - Modifications (Oct 1997)
- 52.215-12 Subcontractor Cost or Pricing Data (Oct 1997)
- 52.215-13 Subcontractor Cost or Pricing Data - - Modifications (Oct 1997)
- 52.215-14 Integrity of Unit Prices (Alternate I) (Oct 1997)
- 52.215-15 Pension Adjustments and Asset Reversions (Oct. 2004)
- 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (July 2005)

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- 52.215-19 Notification of Ownership Changes (Oct 1997)
- 52.215-20 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (Oct 1997)
- 52.215-21 Requirements for Cost or Pricing Data or Information other than Cost or Pricing Data—Modification ‘’ Alternate III (Oct 1997)
- 52.216-7 Allowable Cost and Payment (Dec 2002)
- 52.216-8 Fixed Fee (Mar 1997)

- 52.219-8 Utilization of Small Business Concerns (May 2004)
- 52.219-9 Small Business Subcontracting Plan (Apr 2008)
- 52.219-16 Liquidated Damages - Subcontracting Plan (Jan 1999)
- 52.219-17 Section 8(a) Award (Dec 1996)
- 52.222-1 Notice to the Government of Labor Disputes (Feb 1997)
- 52.222-2 Payment of Overtime Premium (Jul 1990)
- 52.222-4 Contract Work Hours and Safety Standards Act-Overtime Compensation (July 2005)
- 52.222-19 Child Labor—Cooperation with Authorities and Remedies (Jan 2006)
- 52.222-20 Walsh-Healy Public Contracts Act (Dec 1996)
- 52.222-21 Prohibition of Segregated Facilities (Feb 1999)
- 52.222-22 Previous Contracts and Compliance Reports (Feb 1999)
- 52.222-26 Equal Opportunity (March 2007)
- 52.222-29 Notification of VISA Denial (June 2003)
- 52.222-35 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)
Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans ((Sept. 2006)
- 52.222-36 Affirmative Action for Workers with Disabilities (Jun 1998) (29 U.S.C. 793)
- 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sept. 2006)
- 52.222-39 Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec. 2004)
- 52.223-3 Hazardous Material Identification and Material Safety Data (Jan 1997)
- 52.223-5 Pollution Prevention and Right-To-Know Information (Aug 2003)
- 52.223-4 Recovered Material Certification (Oct 1997)
- 52.223-6 Drug Free Workplace (May 2001)
- 52.223-7 Notice of Radioactive Materials (Jan 1997)
- 52.223-9 Estimate of Recovered Material Content (Aug 2000)
- 52.223-11 Ozone-Depleting Substances (May 2001) (42 U.S.C. 7671j(b), (c) and (d) and 40 CFR Part 82, Subpart E
- 52.223-14 Toxic Chemical Release Reporting (Aug 2003)
- 52.225-8 Duty Free Entry (Feb. 2000)
- 52.225-13 Restrictions on Certain Foreign Purchases (Feb 2006)
- 52.226-1 Utilization of Indian Organizations and Indian-Owned Economic Enterprises (Jun 2000)
- 52.226-2 Historically Black College or University and Minority Institution Representation (May 2001)
- 52.227-1 Authorization and Consent (Jul 1995)
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (Aug 1996)
- 52.227-14 Rights in Data - General (Jun 1987)
- 52.227-16 Additional Data Requirements (Jun 1987)
- 52.228-3 Workers’ Compensation Insurance (Defense Base Act) (Apr 1984)
- 52..228-4 Workers’ Compensation and War-Hazard Insurance Overseas (Apr 1984)
- 52.228-5 Insurance-Work on a Government Installation (Jan 1997)
- 52.228-7 Insurance – Liability to Third Persons (Mar 1996)
- 52.229-3 Federal, State, and Local Taxes (Apr 2003)

- 52.229-4 Federal, State, and Local Taxes (State & Local Adjustments) (April 2003)
- 52.229-7 Taxes - - Fixed-Price Contracts with Foreign Government (Jan 1991)
- 52.229-9 Taxes - - Cost Reimbursement Contracts with Foreign Governments (Mar 1990)
- 52.230-1 Cost Accounting Standards Notices and Certification (Jun 2000)

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- 52.230-2 Cost Accounting Standards (Apr 1998)
- 52.230-3 Disclosure and Consistency of Cost Accounting Practices (Apr 1998)
- 52.230-6 Administration of Cost Accounting Standards (April 2005)
- 52.232-1 Payments (Apr 1984)
- 52.232-8 Discounts for Prompt Payment (Feb 2002)
- 52.232-9 Limitation on Withholding of Payments (Apr 1984)
- 52.232-11 Extras (Apr 1984)
- 52.232-16 Progress Payments (Apr 2003)
- 52.232-16 Progress Payments (Alt I) (Mar 2000)
- 52.232-17 Interest (Jun 1996)
- 52.232-20 Limitation of Cost (Apr 1984)
- 52.232-23 Assignment of Claims – (Jan 1986)
- 52.232-25 Prompt Payment (Oct 2003)
- 52.232-33 Payment by Electronic Funds Transfer – Central Contractor Registration (Oct. 2003)
- 52.232-34 Payment by Electronic Funds Transfer – Other Than (May 1999)
- 52.233-1 Disputes (Alternate I, dated Dec 1991) (July 2002)
- 52.233-3 Protest After Award (Aug 1996)
- 52.234-1 Industrial Resources Developed Under Defense Production Act Title III (Dec 1994)
- 52.236-13 Accident Prevention (Nov 1991)
- 52.242-1 Notice of Intent to Disallow Costs (Apr 1984)
- 52.242-2 Production Progress Reports (Apr 1991)

- 52.242-4 Certification of Indirect Cost (Jan 1997)
- 52.242-13 Bankruptcy (Jul 1995)

- 52.242-15 Stop-Work Order (Aug 1989)
- 52.242-17 Government Delay of Work (Apr 1984)
- 52.243-1 Changes – Fixed Price (Aug 1987)
- 52.243-2 Changes – Cost Reimbursement (Aug 1987)
- 52.243-4 Changes (Jun 2007)
- 52.243-5 Changes and Changed Conditions (Apr 1984)
- 52.243-6 Change Order Accounting (Apr 1984)
- 52.243-7 Notification of Changes (Apr 1984)
- 52.244-2 Subcontracts (June 2007) (Alt I) (Jan 2006) *if an approved purchasing system*
- 52.244-5 Competition in Subcontracting (Dec 1996)
- 52.244-6 Subcontracts for Commercial Items (Mar 2007)
- 52.245-1 Government Property (June 2007)
- 52.245-2
- 52.245-4
- 52.245-5
- 52.245-17
- 52.245-18
- 52.246-2 Inspection of Supplies-Fixed Price (Aug 1996)
- 52.246-23 Limitation of Liability (Feb 1997)
- 52.246-24 Limitation of Liability - High Value Items (Feb 1997)
- 52.247-1 Commercial Bill of Lading Notation (Feb 2006)
The notation set forth in paragraph (a) of the clause applies in this contract. The agency name in line one of the notation shall read: US ARMY TANK –AUTOMOTIVE & ARMAMENTS COMMAND)
- 52.247-63 Preference for U. S. Flag Air Carriers (June 2003)
- 52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels (Feb 2006)(46 U.S.C. Appx 1241 (B))

- 52.248-1 Value Engineering (Feb 2000)
- 52.249-1 Termination for Convenience of the Government-(Fixed Price)(Short Form) (Apr 1984)
- 52.249-2 Termination for Convenience of the Government – Fixed Price (May 2004)
- 52.249-6 Termination (Cost Reimbursement) (May 2004)

- 52.249-8 Default – (Fixed Price Supply and Service) (Apr 1984)
- 52.249-14 Excusable Delays (Apr 1984)
- 52.251-1 Government Supply Sources (Apr 1984)
- 52.253-1 Computer Generated Forms (Jan 1991)

DFARS CLAUSES [HTTP://WWW.ACQ.OSD.MIL/DPAP/DARS/INDEX.HTM](http://www.acq.osd.mil/dpap/dars/index.htm).

- 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract-Related Felonies (Dec. 2004)
- 252.203-7002 Display of DOD Hotline Poster (Dec 1991)
- 252.204-7000 Disclosure of Information (Dec 1991)
- 252.204-7003 Control of Government Personnel Work Product (Apr 1992)
- 252.205-7000 Provision of Information to Cooperative Agreement Holders (Dec 1991)
- 252.209-7004 Subcontracting with firms that are owned or controlled by the Government of a Terrorist Country (Dec 2006)
- 252.211-7000 Acquisition Streamlining (Dec 1991)
- 252.211-7003 Item Identification and Valuation (June 2005)
(applicable only if specified for line items in the ORDER)
ALT I applies if no criteria for unique identifier applies
- 252.211-7006 Radio Frequency Identification (Feb 2007)
(applicable only if specified for line items in the order)
- 252.211-7005 Substitutions for Military or Federal Specifications and Standards (Nov 2005)
- 252.215-7000 Pricing Adjustment (Dec 1991)
- 252.215-7002 Cost Estimating System Requirements (Dec 2006)
- 252.215-7003 Excessive Pass-Through Charges - Identification of Subcontract Efforts (Apr 2007) *(does not apply to competitive FFP contracts or acquisition of commercial items)*
- 252.215-7004 Excess Pass-Through Charges (Apr 2007) *(does not apply to competitive FFP contracts or acquisitions of commercial items)*
- 252.217-7003 Changes (Dec 1991)
- 252.219-7003 Small, Business Subcontracting Plan (DOD Contracts) (Apr 2007)
- 252.219-7004 Small Business Subcontracting Plan (Test Program) (Apr 2007)
- 252.222-7000 Restrictions on Employment of Personnel (Mar 2000)
(applicable for constructions or services in states non-contiguous to ALABAMA)
- 252.222-7006 Combating Trafficking in Persons (Oct. 2006)
- 252.223-7001 Hazard Warning Labels (Dec 1991)
- 252.223-7004 Drug Free Work Force (Sep 1988)
- 252.223-7006 Prohibition on Storage and Disposal of Toxic and Hazardous Materials (Apr. 1993) ALT I (Nov 1995)
- 252.225.7000 Buy American Act Balance of Payments Program Certificate (Jun 2005)
- 252.225-7001 Buy American Act and Balance of Payments Program (Jun 2005)
- 252.225-7002 Qualifying Country Sources as Subcontractors (April 2003)
- 252.225-7003 Report of Intended Performance Outside the United States or Canada-Submission with Offer (Dec 2006) *(applies if value is over \$550K)*
- 252.225-7004 Reporting of Contract Performance Outside of the United States and Canada – Submission after award (Dec 2006) *(applies if value is over \$550K)*
- 252.225-7005 Identification of Expenditures in the United States (Jun 2005)
- 252.225-7006 Quarterly Reporting of Actual Contract Performance Outside of the U.S. (May 2007)
- 252,225-7007 Prohibition on Acquisition of United States Munitions List Item from Communist Chinese Military Companies (Sep 2006)
- 252.225-7011 Restriction on Acquisition of Super Computers (Jun 2005)

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252.225-7012	Preference for Certain Domestic Commodities (Jan 2007)
252.225-7013	Duty-Free Entry (Oct 2006)
252.225-7014	Preference for Domestic Specialty Metals (Jun 2005) (Deviation); ALT I (Apr 2003) (Deviation) and Deviation 2006-O0004 per Dec 6, 2006 Director, Defense Procurement and Acquisition Policy Memorandum
252.225-7015	Restriction on Acquisition of Hand or Measuring Tools (Jun 2005)
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings (Mar 2006)
252.225-7018	Notice of Prohibition of Certain Contracts with Foreign Entities for the Conduct of Ballistic Missile Defense Research, Development, Test, and Evaluation (Jun 2005)
252.225.7019	Restriction on Acquisition of Anchor and Mooring Chain (Jun 2005)
252.225-7021	Trade Agreements (Mar 2007)
252.225-7023	Restriction on Acquisition of Vessel Propellers (Sept 2006)
252.225-7025	Restrictions on Acquisition of Forgings (Jul 2006)
252.225.7027	Restriction on Contingent Fees for Foreign Military Sales (April 2003)
252.225.7028	Exclusionary Policies and Practices of Foreign Governments (April 2003)
252.225-7030	Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate (Dec 2006)
252.225-7031	Secondary Arab Boycott of Israel (Jun 2005)
252.225.7033	Waiver of United Kingdom Levies (April 2003)
252.225-7036	Buy American Act – Free Trade Agreements – Balance of Payments Program (Mar 2007) ALT I (Oct 2006) <i>(for items identified in 225.401-70 if \$25K - \$193K: ALT I applies if \$25K to \$64,786)</i>
252.225-7038	Restriction on Acquisition of Air Circuit Breakers (Jun 2005)
252.225-7040	Contractor Personnel Authorized to Accompany U.S. Armed Forces Deployed Outside the U.S. (June 2006)
252.225-7042	Authorization to Perform (April 2003)
252.225-7043	Antiterrorism /Force Protection for Defense Contractors outside the United States (Mar 2006)
252.225-7044	Balance of Payments Program-Construction Material (June 2005) <i>(applies to construction contracts outside the U.S. for \$100K to \$7.407M)</i>
252.225-7045	Balance of Payments Program – Construction Material Under Trade Agreements (Oct 2006) ALT 1 (Mar 2007) <i>(applies to construction contracts outside the U.S. valued over \$7.407M. ALT 1 applies if value \$7.407M to \$8,422,165)</i>
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises-and Native Hawaiian small Business Concerns (Sept. 2004)
252.227-7013	Rights in Technical Data Noncommercial Items (Nov 1995)
252.227-7016	Rights in Bid or Proposal Information (Jun 1995)
252.227-7017	Identification and Assertion of Use, Release, or Disclosure Restrictions (Jun 1995)
252.227-7033	Rights in Shop Drawings (Apr 1966)
252.227-7037	Validation of Restrictive Markings on Technical Data (Sep 1999)
252.228-7000	Reimbursement for War-Hazard Losses (Dec 1991)
252.231-7000	Supplemental Cost Principles (Dec 1991)
252.236-7000	Modification Proposals-Price Breakdown (Dec 1991)
252.242-7004	Material Management and Accounting System (Nov 2005))
252.243-7001	Pricing of Contract Modifications (Dec 1991)
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts) (Jan 2007)
252.245-7001	Reports of Government Property (May 1994)

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252.246-7001 Warranty of Data (Dec 1991) ALT II (Dec 1991)
252.246-7003 Notification of Potential Safety Issues (Jan 2007) (*applies to repairables & consumables, and the acquisition of or the repair, maintenance, logistics support or overhaul of systems, subsystems, assemblies, subassemblies or parts integral to a system*)
252.247-7023 Transportation of Supplies by Sea (May 2002)
252.247-7024 Notification of Transportation of Supplies by Sea (Mar 2000)
252.249-7002 Notification of Anticipated Contract Termination or Reduction (Dec 2006)