



FN Manufacturing, LLC.
FIXED PRICE TERMS FOR GOVERNMENT CONTRACTING (April 2012)

1. **SOURCE APPROVAL.** No subcontract or purchase order shall be made by Seller with any other party for furnishing the whole or any substantial portion of the items or services herein contracted for without the prior written approval of the Purchaser. This paragraph shall not apply, however, to any subcontract or purchase order for the furnishing of standard or commercial articles or raw material.
2. **DEFINITIONS.** As used throughout this Attachment the following definitions apply unless otherwise specifically stated
 - a. "Buyer" or "Purchaser" means FN Manufacturing, LLC.
 - b. "Seller" means the legal entity herein entering This Order with Buyer.
 - c. "FAR" means the Federal Acquisition Regulation (CFR Title 48, Chapter 1).
 - d. "DFARS" means the Defense Federal Acquisition Regulation Supplement.
 - e. "DFARS" means the Department of Defense FAR Supplement (CFR Title 48, Chapter 2)
 - f. In FAR and DFARS clauses incorporated herein, unless the context of a clause requires otherwise, "Government" means Buyer, "Contracting Officer" means Buyer's Purchasing Representative or his authorized designee, "Contractor" means Seller, and the revision date of each clause shall be the same as contained in the Prime Contract.
 - g. "Prime Contract" means the Government contract identified in This Order and under which This Order was issued.
 - h. "Order" means an offer by FN Manufacturing to buy supplies or services upon specified terms and conditions.
3. **ENTIRE AGREEMENT.** Purchaser or Buyer, as used throughout this agreement, shall mean the FN Manufacturing, LLC authorized Procurement Department Representative. This Order is not binding upon Purchaser until accepted by Seller. Acceptance of all terms and conditions of this Order shall take place, at the election of the Purchaser, either by execution and return of the signed acknowledgment accompanying Purchaser's purchase order form or by part performance of this Order. None of the terms and conditions contained in this purchase order may be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized representative of the Purchaser and delivered by the Purchaser to Seller, and each shipment received by the Purchaser from Seller, shall be deemed to be only upon the terms and conditions contained in this purchase order. Buyer hereby expressly objects to and rejects any additions, modifications, or other alterations that may be contained in any acknowledgment, invoice, or other form issued by Seller and notwithstanding Purchaser's act of accepting or paying for any shipment or similar act by the Purchaser. All supplemental sheets, schedules, exhibits, specifications, drawings, data, or riders which may be annexed hereto or referenced herein are made a part of this Order. Seller acknowledges that it has available to it all specifications, drawings, and data incorporated in this Order and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.
4. **BUYER AND GOVERNMENT FURNISHED PROPERTY.** Title to, and the right of immediate possession of, all tooling and material furnished by Buyer to Seller shall remain in Buyer, provided, however, that title to such tooling and material which is identified as property of the Government shall remain in the Government. Buyer does not guarantee the quality or suitability of such tooling or material. If this Order specifies that the price includes jigs, dies, fixtures, tools, patterns, drawings, specifications, or other special equipment and manufacturing aids used in the manufacture of the articles, such items shall become the property of Buyer or its customer immediately upon their acquisition by Seller. Such items and any similar items furnished to Seller by Buyer are hereinafter referred to as "special equipment." Special equipment shall be kept in good condition and repair and from time to time replaced by Seller without expense of Buyer, except that the cost of changes due to Buyer's change of design or specifications shall be paid by Buyer if such changes are made prior to the exhaustion of the useful life thereof. Special equipment shall not, except with the written consent of Buyer, be used in the production, manufacturing or design of any articles other than those called for by this Order. Seller shall maintain adequate property control records and shall not make any disposition of special equipment except as directed by Buyer in writing. Notwithstanding the foregoing, upon written notice to Buyer and to the extent such use will not interfere with Seller's performance of this Order, or other orders from Buyer which are in effect at the time Seller enters into a direct contract with the United States Government, Seller shall have the right to use special equipment in the manufacture of end items to direct sale to the United States Government to the extent the Government has the right under its Prime Contract with Buyer to authorize such use by Seller, provided that, to the extent practicable, Seller prominently identifies such end items as being manufactured by Seller for direct sale to the United States Government.
5. **PURCHASER'S PROPERTY.** Unless otherwise agreed in writing, all tools, equipment, or material of every description furnished to Seller by purchaser or specifically paid for by Purchaser, and any replacement thereof or any material affixed or attached thereto, shall be and remains the personal property of Purchaser. Such property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as "Property of FN Manufacturing, LLC" and be safely stored separate and apart from Seller's property. Seller shall not substitute any property for Purchaser's property and shall not use such property except solely in filling Purchaser's orders, without the written consent of the Purchaser. Such property, while in Seller's custody or control, shall be held at Seller's risk; shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Purchaser; and shall be subject to removal at Purchaser's written request, in which event Seller shall prepare such property for shipment and shall redeliver it to Purchaser in the same condition as originally received by Seller, reasonable wear and tear excepted.
6. **SPECIAL TOOLING.** FAR 52.245-1 applies if this Order provides for delivery of Special Tooling, as defined in FAR 52.245-1, or if performance requires the use of such Special Tooling, the cost of which is, or is intended by Seller to be, included in the price of this Order. Such Special Tooling may be, or may become, the property of the Government; otherwise, of the Buyer. If such Special Tooling is not identified by type, kind, or number, or is not specifically described in this Order, Seller will furnish Buyer in writing, promptly after receipt of this Order, a description of the Special Tooling that Seller proposes to make or otherwise acquire and the portion of this Order



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price allocable thereto. Unless Buyer thereafter advises Seller in writing that the Special Tooling is to be Buyer property or unless the Schedule of this Order so provides, it will be treated in this Order as Government Special Tooling and FAR 52.245-1 will be applied as follows:

- a. Communications from Seller to Contracting Officer will be through Buyer unless Buyer requests otherwise, and the Contracting Officer may also communicate to Seller through Buyer; and
 - b. Adjustments in the price of this Order provided for in the clause will be made only to the extent the Government acts through Buyer and correspondingly adjusts the Prime Contract; otherwise, Seller is responsible for direct arrangements with the Government, including payments to be made by Seller or the Government.
 - c. Acceptability of Special Tooling will be determined by Buyer. One or more samples of each part to be manufactured from such tooling shall, if Buyer requests be fabricated from the tooling and submitted to Buyer for tryout inspection in sufficient time to permit correction of tooling defects and to meet delivery dates in this Order. Seller's certified tryout inspection reports shall be submitted to Buyer prior to acceptance of the tooling. Costs incurred by Seller in fabricating defective samples and in correcting tooling faults are included in the price of this Order.
 - d. Payment under this Order for Special Tooling shall be contingent upon Seller's furnishing Buyer satisfactory evidence that the tooling:
 - i. has been fabricated according to Buyer's specifications, if any; and
 - ii. is capable of producing acceptable parts.
 - e. Whether the tooling is or is not to become the property of Buyer or the Government, except when different arrangements are made between Seller and the Contracting Officer as to Government tooling, Seller bears risk of loss or damage to the tooling until delivered to Buyer, and at Buyer's request, Seller shall either:
 - i. deliver the tooling to Buyer F.O.B. rail car or truck at Seller's plant, protected, packed, and marked in accordance with requirements of carrier selected by Buyer; or
 - ii. deliver the tooling to Buyer at any location designated by Buyer, subject to Buyer paying Seller the transportation cost (at prevailing rates) of delivering the tooling to such location.
 - f. Any Special Tooling used by Seller in performance of this Order which belongs to the Government or to which the Government has the right to take title shall, at no increase in the price of this Order, be established in Seller's property accounts and be identified in accordance with FAR 45. Seller shall, within the price of this Order, keep any Buyer or Government Special Tooling utilized by Seller in performance of this Order in good condition and capable of producing acceptable parts. Buyer has the right to enter Seller's premises at reasonable times to inspect such tooling and Seller's control records pertaining thereto.
7. **SPECIAL TEST EQUIPMENT.** FAR 52.245.-1 applies if this Order provides for delivery of Special Test Equipment (STE), as defined in FAR 52.245-1, or if performance requires the use of such STE, the cost of which is, or is intended by Seller to be, included in the price of this Order. Such STE may be, or may become, the property of the Government; otherwise, of the Buyer. If such STE is not identified by type, kind, or number, or is not specifically described in this Order, Seller will furnish Buyer in writing, promptly after receipt of this Order, a description of the STE that Seller proposes to make or otherwise acquire and the portion of this Order price allocable thereto. Unless Buyer thereafter advises Seller in writing that the STE is to be Buyer property or unless the Schedule of this Order so provides, it will be treated in this Order as Government STE and FAR 52.245-1 will be applied as follows:
- a. Communications with the Government from Seller pursuant to the FAR clause shall be through Buyer;
 - b. Seller shall give Buyer 45 days advance written notice of intent to fabricate or acquire STE;
 - c. STE furnished by the Government to Seller shall be considered to be furnished through Buyer to Seller and is subject to clause "BUYER AND GOVERNMENT FURNISHED PROPERTY," herein, instead of a Government Property clause;
 - d. Equitable adjustment of This Order when STE is furnished by the Government shall correspond to and be no more favorable to Seller than the related equitable adjustment in the Prime Contract is to Buyer. If the Government will not agree to an adjustment in Buyer's Prime Contract which is adequate to include an adjustment acceptable to Seller, Seller will be invited to participate in the negotiation with the Government when feasible;
 - e. Any STE used in the performance of this Order which belongs to the Government or to which the Government has the right to take title shall at no increase in the price of this Order, be established in Seller's property accounts and identified in accordance with FAR 45; and
 - f. The Buyer or the Government shall have access at reasonable times to Seller's plant to inspect STE to which the Government holds title and to Seller's records pertaining thereto.
8. **DEFAULT.** Time is of the essence for this Order. With respect to default of Seller or Seller's subcontractors at any tier, except in instances of delays which are due to causes beyond Seller's reasonable control and without Seller's fault or negligence, Purchaser may, by written notice of default to Seller (a) terminate the whole or any part of this contract in any one of the following circumstances: (i) if Seller fails to make delivery of supplies or fails to perform the services within the time specified herein or any extension thereof; or (ii) if Seller fails to perform any of the other provisions of this Order, or so fails to make progress as to endanger performance of this Order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days (or such longer period as Purchaser may authorize in writing) after receipt of notice from Purchaser specifying such failure; and (b) upon such termination Purchaser may procure, upon such terms as it shall deem appropriate, supplies or services similar to those so terminated (i.e., "cover"), and charge these costs directly to Seller. Seller shall continue performance of this Order to the extent not terminated and shall be liable to Purchaser for any excess costs for such similar supplies or services. As an alternate remedy, and in lieu of termination for default, Purchaser, at its sole discretion, may elect (1)



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to extend the contract delivery schedule and/or (2) to waive other deficiencies in Seller's performance, in which case an equitable reduction in the Order price shall be negotiated. If the failure to perform is caused by the default of a subcontractor at any tier and if such default arises out of causes beyond the control of both the Seller and subcontractor, and without the fault or negligence of either of them, the Seller shall not be liable for any excess costs for the failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the required delivery schedule. The rights and remedies of the Purchaser provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Order.

9. INSPECTION AND ACCEPTANCE.

- a. All facilities which will or may be used in the performance of this Order, and all supplies or deliverable items, including without limitation all raw and in-process materials, components, intermediate assemblies, and end items, shall be subject to inspection and test by the Purchaser and its customers (the term "customers" shall include the U.S. Government), to the extent practicable at any and all times and places including the period of manufacture and in any event prior to final acceptance by the Purchaser and its customer.
- b. If any inspection or test is made on the premises of Seller or its supplier, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspection and tests on the premises of Seller or its supplier shall be performed in such a manner as not to unduly delay the work. Purchaser may charge Seller any additional costs to the Purchaser or its customers of inspection or test when supplies are not ready at the time such inspection is requested by Seller, or when re-inspection or retest is necessitated by prior rejection.
- c. No such inspection or test, including an inspection or test performed by Seller under Purchaser's Quality Assurance Supplier Program, shall in any way relieve Seller of its obligation to furnish all supplies, services, or deliverable items in strict accordance with the terms and provisions of this Order. Nor shall the failure of Purchaser or its customer to inspect and accept or reject such supplies, services, or deliverable items relieve Seller from such obligations or impose any liabilities on Purchaser or its customers thereof.
- d. If any of the supplies, services, or other deliverable items are found at any time to be defective in material or workmanship, or otherwise not in conformity with the requirements of this Order, Purchaser, in addition to any other rights which it may have under warranties or otherwise, may at its option, correct or have corrected the non-conformity at Seller's expense, or reject and return such supplies or other deliverable items at Seller's expense. To defray the cost of shipping and handling, a service charge on rejected items will be billed to Seller. Such supplies or other deliverable items shall not thereafter be tendered for acceptance unless the former rejection or requirement of correction is disclosed. If the Seller fails promptly to remove such supplies or lots of supplies which are required to be removed, or promptly to replace or correct such supplies or lots of supplies, the Purchaser may either:
 - i. by contract or otherwise replace or correct such supplies and charge to the Seller the cost occasioned by the Purchaser thereby; or
 - ii. may terminate this contract for default, and in either event may charge Seller the costs or damages occasioned by the Purchaser thereby. Unless the Seller corrects or replaces such supplies within the delivery schedule, the Purchaser may require the delivery of such supplies at a reduction in price, which is equitable under the circumstances.
- e. Any travel and travel related expenses incurred by Buyer's personnel related to a Seller caused escape, will result in a chargeback to the supplier for the travel costs
- f. Seller shall provide and maintain an inspection and process control system acceptable to Purchaser and its customers covering the goods hereunder. Records of all inspection work by Seller shall be kept complete and available to Purchaser and its customers during the performance of this Order and for such longer periods as may be specified in this Order. **Government inspection standard has been changed from MIL-STD-105 and is now replaced with MIL-STD-1916 (C=0).**

10. WARRANTY.

- a. Seller warrants to Purchaser, its successors, and assigns, that all materials provided hereunder shall be:
 - i. merchantable;
 - ii. free from defects in material and workmanship;
 - iii. with regard to goods designed by seller, free from defects in design;
 - iv. suitable for the purposes intended whether expressed or reasonably implied; and
 - v. in compliance with all applicable specifications, drawings, and performance requirements.
- b. All services provided hereunder shall be:
 - i. suitable for the purposes intended whether expressed or reasonably implied; and
 - ii. in compliance with all applicable specifications, drawings, and performance requirements.
- c. If any nonconformity with this warranty appears within one (1) year after final acceptance of the materials or services, Seller shall properly correct such nonconformity at no cost to Purchaser.

11. NON-ASSIGNMENT. No right or interest in this Order shall be assigned by Seller without the written permission of the Purchaser and no delegation of any obligation owed, or of the performance of any obligation by Seller, shall be made without the written permission of the Purchaser. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes. Purchaser may refuse to recognize notice of any assignment of payments due or to become due hereunder unless such notice is signed by Seller and specifically refers to this Order.

12. COMPLIANCE WITH LAWS. Seller agrees to comply with the applicable provisions of any Federal, State, local law, or ordinance and all orders, rules, and regulations issued there under. All supplies delivered under this Order shall comply with applicable standards of the Occupational



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Safety and Health Act of 1970 ("OSHA") at the time of such delivery, and Seller shall, upon demand at any time, promptly furnish the Purchaser with data sufficient to demonstrate such compliance. If at any time it is determined that such supplies do not comply with applicable OSHA standards in effect at the time Such supplies were delivered, the Purchaser shall have all of the rights set forth in subparagraph (d) of the paragraph hereof titled "INSPECTION AND ACCEPTANCE," notwithstanding any prior inspection and acceptance of such supplies.

13. **FAIR LABOR STANDARDS ACT.** By acceptance of this Order Seller represents that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended. Unless otherwise agreed in writing, Seller shall insert a certificate on all invoices submitted in connection with this Order stating that the goods covered by the invoice were produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended.
14. **INFORMATION DISCLOSED TO PURCHASER.** Any knowledge or information which the Seller disclosed or hereafter may disclose to the Purchaser in connection with the purchase of the goods or services covered by this Order shall not be deemed to be copyrighted, confidential or proprietary information, and shall be acquired free from any restrictions, or liability by Purchaser to Seller or third parties, as part of the consideration of this Order. No employee of the Purchaser has authority to make any agreement, express or implied, limiting the use or publication of, or providing for confidential treatment of, information or suggestions of whatever kind received by him unless such agreement is made in writing and signed by the Purchaser's President or Vice President. The mere disclosure of information shall not be deemed to convey any right or license under any patent or copyright concerning such information.
15. **WORK ON PURCHASER'S OR ITS CUSTOMER'S PREMISES.** If Seller performs any work under this Order on premises controlled by the Purchaser or its customer, Seller shall take all necessary precautions to prevent injury to persons or property during the progress of such work and shall defend, indemnify, and hold harmless the Purchaser or its customer, as the case may be, against all judgments, penalties, damages, and losses (including all costs, fees, and expenses in connection therewith or incident thereto) which may result in any way from any act or omission of the Seller, its agents, employees, or subcontractors (or any allegation thereof). Seller shall provide and maintain, until the work is completed, workmen's' compensation, employer's liability, and public liability insurance with limits and coverage acceptable to Purchaser, and upon request of Purchaser from time to time Seller shall promptly furnish certificates or policies evidencing such coverage. Seller shall instruct its agents, employees, and subcontractors to comply with all applicable safety rules and standards of the Purchaser, or its customer, as the case may be, governing work on the Purchaser's or its customer's premises and all applicable rules and standards established by OSHA regulations, and, upon Seller's receipt of written notice from the Purchaser that any of Seller's agents, employees, or subcontractors have failed or refused to comply with such rules and standards, Seller shall forthwith cause such person to leave such premises.
16. **INSOLVENCY.** If Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature), or if any proceeding under the bankruptcy or insolvency laws is brought by or against Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by the Seller, Purchaser may terminate this Order without liability, except for deliveries previously made or for goods covered by this Order then completed and subsequently delivered in accordance with the terms of the Order.
17. **PUBLIC RELEASE OF INFORMATION.** No public release (including, without limitation, photographs, films, announcements, denials or confirmations) with respect to this Order, the subject matter hereof, or any phase of any program hereunder, shall be made without the prior written approval of Purchaser.
18. **NON WAIVER.** Failure of Purchaser to insist upon strict performance of any terms and conditions herein shall not be deemed a waiver of any rights or remedies that Purchaser shall have and shall not be deemed a waiver of any subsequent default. No claim or right arising out of a breach of this Order can be waived, discharged, or renounced in whole or in part unless such waiver, discharge, or renunciation is in writing, supported by consideration, and signed by the aggrieved party. The Purchaser's rights under this Order are cumulative and are in addition to any other rights available at law.
19. **TERMINATION.** Notwithstanding any other article in this Order, Purchaser may terminate work under this Order in whole or in part at any time when it is in Purchaser's interest. Any such termination shall be governed by, and Purchaser shall make payment for incurred costs and fee in accordance with:
 - a. contract clause 52.249-1 of the Federal Acquisition Regulations (FAR) if this order is a fixed price type under \$100,000;
 - b. clause FAR 52.249-2 if this order is a fixed price type over \$100,000; or
 - c. clause FAR 52.249-6, FAR Clause 52-212-4 (I) if this order is a cost type contract.

The applicable paragraphs in effect on the date of this order being incorporated herein by reference. Any references in the foregoing FAR clauses to the "Government" or the "Contracting Officer" shall mean Purchaser.

20. **DISPUTES.** Any dispute arising between the Buyer and Seller in connection with this Order shall be resolved in accordance with the following:
 - a. **ARBITRATION.** The parties shall attempt amicably to resolve all disputes relating to this Order. Disputes should be settled by arbitration when the parties are not able to resolve their dispute within a reasonable time. The arbitration shall occur in Columbia, South Carolina



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- and will be governed by the Uniform Arbitration Act, South Carolina Code Sections 15-48-10, et seq. Arbitration award is binding upon the parties and the arbitration judgment should be entered in a court of competent jurisdiction.
- b. **DISPUTES.** Any actions for vacating an arbitration award, for modification or correction of arbitration awards, or appeals from arbitration awards, shall be adjudicated in a court of competent jurisdiction in the State of South Carolina applying the law of the State of South Carolina, as well as, when applicable, the law of federal contracts as annunciated in decisions of administrative board of contract appeals and the federal courts.
- i. Notwithstanding any other provisions herein, any decisions of the Contracting Officer under the Prime Contract which binds the Buyer shall also bind Seller to the extent that it relates to this Order, provided Buyer shall have notified Seller promptly of such decision, and if requested by Seller, shall have appealed the decision in accordance with the Disputes clause of the Prime Contract and taken any further actions as may be required under this clause. Certification of Seller's claim by Buyer pursuant to the Prime Contract's Disputes clause shall occur only after the execution of a hold harmless agreement by Seller.
 - ii. Any decision on appeal, or any other decision of the government under the Prime Contract which cannot be appealed under the Disputes clause of the Prime Contract, if binding on Buyer, shall also bind Seller to the extent that it relates to this Order; provided Buyer shall have promptly notified Seller or such decision and, if requested by Seller, shall have brought suit or filed a claim, as appropriate, against the Government. A final judgment in any such suit or final disposition of such claim shall be conclusive upon Buyer and Seller.
 - iii. If any appeal, suit, or claim is prosecuted by Buyer under this clause, Seller shall be permitted at Seller's expense, to participate fully in such prosecution for the purpose of protecting Seller's interest. If requested by Buyer, Seller shall prosecute any appeal, suit, or claim initiated by Buyer at Seller's request. Each party shall cooperate fully in assisting the other party in such proceedings. Buyer agrees that after Seller has commenced to participate in any claim or proceeding against the Government pursuant to this clause, Buyer will not enter into a settlement agreement with the Government or take any other action which would prejudice Seller's rights in such claim or proceeding without Seller's consent.
 - iv. During pendency of any dispute, decision, appeal, suit, or claim covered by the clause, Seller shall proceed diligently with performance. All costs and expenses incurred by Seller and Buyer in prosecuting any appeal, suit, or claim initiated by Buyer solely at Seller's request shall be paid by Seller; otherwise each party shall bear its allocable share of the expense. The rights and obligations of Buyer and Seller under this clause survive completion of, and final payment under, this Order.
21. **APPLICABLE LAW.** This Order shall be governed in all aspects by South Carolina law, as well as when applicable, the law of federal contracts as enunciated in decisions of administrative boards of contract appeals and the federal courts.
22. **INFORMATION DISCLOSED TO SELLER.** Seller shall keep confidential all information; drawings, specifications, or data furnished by Purchaser, or prepared by Seller specifically in connection with the performance of this order, and shall not divulge or use such information, drawings, specifications, or data to or for the benefit of any other party. Except as required for the efficient performance of this order, Seller shall not make copies or permit copies to be made without the prior written consent of Purchaser. Seller shall thereafter make no further use, either directly or indirectly, of any such information, drawings, specifications, data, or of any derivation there from, without obtaining Purchaser's prior written consent. This provision shall not apply to information in the public domain; nor shall it limit any rights the Government may have in such information. Upon completion or termination of this purchase order, Seller shall completely destroy all information and documents referred to herein, and shall certify in writing to the Purchaser that all documents were destroyed. In the alternative, Seller shall return all such documents to the Purchaser.
23. **DISPOSITION OF DRAWINGS AND SPECIFICATIONS.**
- a. Documents and all information thereon that are identified as proprietary shall not be reproduced, duplicated, or copied in whole or in part, disclosed, or made available to any other person, firm, or corporation, or otherwise used except to the extent necessary for, and only in connection with, the preparation and/or submission of bids or proposals related to a procurement being affected by FN Manufacturing or the United States Government, or in connection with the manufacture of items under contract with FN Manufacturing or the United States Government.
 - b. It is required that the Seller must maintain the proprietary legend intact and will be required to certify to the use made and disposition of the documents. If distribution of these documents is made by the Seller, the same requirements are imposed on any Subcontractors.
 - c. Upon completion of the purposes for which these documents have been issued, the Seller is required to destroy, or have destroyed, all documents bearing a proprietary legend, including all reproductions, duplications, or copies thereof, as may have been further distributed by the Seller. Immediately after destruction thereof, a Certificate of Destruction will be furnished to the Buyer, which will include identification of the documents and quantity thereof, as well as the date of destruction.
 - d. The Seller's attention is specifically directed to the fact that, under an issued contract, any technical data which is restricted as to use by a proprietary legend shall not be furnished to others in connection with manufacture or procurement activities unless it is clearly and indelibly marked to restrict its use and/or reproduction and shall include the proprietary legend.
24. **TOXIC SUBSTANCES CONTROL ACT (PL 94-469).** Seller warrants that each and every chemical substance constituting or contained in the product(s) sold or otherwise transferred to purchaser under this order is on the list (in a document entitled "Candidate List of Chemical Substances." Volumes I, II, & III) of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (PL 94-469).



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25. **CERTIFICATES.** Seller shall furnish to Purchaser any certificate required to be furnished by any provision of this Order, including any clauses incorporated by reference herein, and any certificate required by any future law, ordinance, or regulation with respect to Seller's compliance with the terms and provisions of such laws, ordinances, or regulations. As used in this article, the word "Certificate" shall include any plan or course of action or record keeping function.
26. **SEVERABILITY.** If any provision of this order is determined by a court of competent jurisdiction or board of contract appeals to be unenforceable, such provision shall be reformed and construed so as to be valid, operative, and enforceable to the maximum extent permitted by law or equity while preserving its original intent. The invalidity of all or any part of this order shall not render invalid the remainder of this order.
27. **DEMILITARIZATION AND TRADE SECURITY CONTROL ("TSC") REQUIREMENTS.** This Order has a demil and/or TSC consideration requirements. These protocols implement the policy and requirements of the Arms Export Control Act (22 USC § 2778), the International Traffic in Arms Regulations ("ITAR") (22 CFR 120-130), the Export Administration Regulations ("EAR") (15 CFR 730-734), and the Export Administration Act. Regulatory requirements and guidance are contained in FAR 45.6 and DFARS 245.604. Demil and TSC policy is promulgated via Department of Defense regulations in DoD 4160.28 and is hereby incorporated by reference, and its terms, conditions, and procedures are valid and enforceable as contractual requirements. In general, the demil requirements must be met upon completion of the Order.
- a. This contract requires the manufacture, assembly, test, maintenance, repair, and/or delivery of military/defense items. This clause sets forth the requirements for the control and corresponding certifications and verifications of disposition of contract excess property. The requirements under this clause are applicable to any contract or subcontract who perform work under this Order. **THIS CLAUSE IS A MANDATORY FLOW-DOWN CLAUSE;** accordingly, Seller must include this clause in subcontracts for work under this Order.
 - b. The demil and TSC requirements apply to all materials, special tools, special test equipment, manufactured parts in whatever stage of assembly, and associated technical data including technical manuals, drawings, process sheets, and working papers, bought, assembled, produced, or provided by Buyer under this Order regardless of who has title to the material. The intent is to control military/defense items in accordance with statutory and regulatory requirements.
 - c. Seller is responsible for maintaining an inventory control system capable of recording, safeguarding, and tracking all materials, work in progress, components associated or related to the performance of this Order for the purpose of enabling the Seller to fulfill its demil obligations under this clause. Seller will provide a copy of demil certificates to the Buyer within 30 days after completion of this Order.
 - d. Seller may request a demil waiver; however, all requests for demil waivers must be submitted in writing to Buyer and must be approved prior to Seller disposition of the items. Seller is not entitled to a demil waiver. Contact Buyer for specific guidance.
 - e. Seller agrees that all demil performed under this Order will be conducted in accordance with DoD 4160.28.
28. **ANTI-KICKBACK PROCEDURES.** (FAR 52.203-7, Oct 2010)
- a. Definitions
 - i. "Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.
 - ii. "Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.
 - iii. "Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.
 - iv. "Prime Contractor" as used in this clause, means a person who has entered into a prime contract with the United States.
 - v. "Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.
 - vi. "Subcontract," as used in this clause, means a contract or contractual action entered into by a Prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.
 - vii. "Subcontractor," as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.
 - viii. "Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.
 - b. Anti-Kickback Act of 1986 ([41 U.S.C. 51-58](#)) (the Act), prohibits any person from:
 - i. Providing or attempting to provide or offering to provide any kickback;
 - ii. Soliciting, accepting, or attempting to accept any kickback; or
 - iii. Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.
 1. The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (iii) of this clause in its own operations and direct business relationships.



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2. When the Contractor has reasonable grounds to believe that a violation described in paragraph (iii) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.
 3. The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (iii) of this clause.
 4. The Contracting Officer may (i) offset the amount of the kickback against any monies owed by the United States under the prime contract and/or (ii) direct that the Prime Contractor withhold from sums owed a subcontractor under the prime contract the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision (b)(iii)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (b)(iii)(4)(i) of this clause. In either case, the Prime Contractor shall notify the Contracting Officer when the monies are withheld.
 5. The Contractor agrees to incorporate the substance of this clause, including paragraph (iii)(5) but excepting paragraph (iii)(1), in all subcontracts under this contract which exceed \$150,000.
29. **REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS.** (FAR 52.204-10)
- a. Definitions
 - i. "Executive" means officers, managing partners, or any other employees in management positions.
 - ii. "First-tier subcontract" means a subcontract awarded directly by a Contractor to furnish supplies or services (including construction) for performance of a prime contract, but excludes supplier agreements with vendors, such as long-term arrangements for materials or supplies that would normally be applied to a Contractor's general and administrative expenses or indirect cost.
 - iii. "Total compensation" means the cash and noncash dollar value earned by the executive during the Contractor's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):
 1. Salary and bonus.
 2. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Financial Accounting Standards Board's Accounting Standard Codification (FASB ASC) 718, Compensation-Stock Compensation. No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
 3. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization, or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
 4. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
 5. Above-market earnings on deferred compensation which is not tax-qualified.
 6. Other compensation, if the aggregate value of all such other compensation (e.g., severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.
 - b. Section 2(d)(2) of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. 110-252), requires the Contractor to report information on subcontract awards. The law requires all reported information be made public; therefore, the Contractor is responsible for *notifying its subcontractors* that the required information will be made public.
 - c. Unless otherwise directed by the contracting officer, by the end of the month following the month of award of a first-tier subcontract with a value of \$25,000 or more, (and any modifications to these subcontracts that change previously reported data), the Contractor shall report the following information at <http://www.frs.gov> for each first-tier subcontract. (The Contractor shall follow the instructions at <http://www.frs.gov> to report the data.):
 - i. Unique identifier (DUNS Number) for the subcontractor receiving the award and for the subcontractor's parent company, if the subcontractor has a parent company.
 - ii. Name of the subcontractor.
 - iii. Amount of the subcontract award.
 - iv. Date of the subcontract award.
 - v. A description of the products or services (including construction) being provided under the subcontract, including the overall purpose and expected outcomes or results of the subcontract.
 - vi. Subcontract number (the subcontract number assigned by the Contractor).
 - vii. Subcontractor's physical address including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
 - viii. Subcontractor's primary performance location including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
 - ix. The prime contract number, and order number if applicable.
 - x. Awarding agency name and code.
 - xi. Funding agency name and code.
 - xii. Government contracting office code.
 - xiii. Treasury account symbol (TAS) as reported in FPDS.



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- xiv. The applicable North American Industry Classification System code (NAICS).
- d. By the end of the month following the month of a contract award, and annually thereafter, the Contractor shall report the names and total compensation of each of the five most highly compensated executives for the Contractor's preceding completed fiscal year in the Central Contractor Registration (CCR) database via <http://www.acquisition.gov>, if:
 - i. In the Contractor's preceding fiscal year, the Contractor received:
 - 1. 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
 - 2. \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
 - ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 ([15 U.S.C. 78m\(a\), 78o\(d\)](#)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
- e. Unless otherwise directed by the contracting officer, by the end of the month following the month of a first-tier subcontract with a value of \$25,000 or more, and annually thereafter, the Contractor shall report the names and total compensation of each of the five most highly compensated executives for each first-tier subcontractor for the subcontractor's preceding completed fiscal year at <http://www.fsr.gov>, if:
 - i. In the subcontractor's preceding fiscal year, the subcontractor received:
 - 1. 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
 - 2. \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
 - ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
- f. If the Contractor in the previous tax year had gross income, from all sources, under \$300,000, the Contractor is exempt from the requirement to report subcontractor awards.
 - i. If a subcontractor in the previous tax year had gross income from all sources under \$300,000, the Contractor does not need to report awards to that subcontractor.
- g. Phase-in of reporting of subcontracts of \$25,000 or more.
 - i. Until September 30, 2010, any newly awarded subcontract must be reported if the prime contract award amount was \$20,000,000 or more.
 - ii. From October 1, 2010, until February 28, 2011, any newly awarded subcontract must be reported if the prime contract award amount was \$550,000 or more.
 - iii. Starting March 1, 2011, any newly awarded subcontract must be reported if the prime contract award amount was \$25,000 or more.

30. FAR AND DFARS CLAUSES.

- a. The following clauses, as modified herein, contained in the FAR and DFARS are incorporated herein by reference and made a part hereof:

ALL ORDERS		
Title	FAR/DFARS Reference	Date
Definitions	52.202-1	Jan 2012
Gratuities	52.203-3	Apr 1984
Covenant Against Contingent Fees	52.203-5	Apr 1984
Price of Fee Adjustment for Illegal or Improper Activity	52.203-10	Feb 2012
Security Requirement	52.204-2	Aug 1996
Required Sources for Helium and Helium Usage Data	52.208-8	Feb 2012
Updates of Publicly Available Information Regarding Responsibility Matters	52.209-9	Feb 2012
Material Requirements	52.211-5	Aug 2000
Notice of Priority Rating for National Defense Use	52.211-14	Apr 2008
Defense Priority and Allocation Requirements	52.211-15	Apr 2008
Notice to Government of labor Disputes	52.222-1	Feb 1997
Child Labor – Cooperation with Authorities and Remedies	52.222-19	Mar 2012
Prohibition of Segregated Facilities	52.222-21	Feb 1999
Affirmative Action Compliance	52.222-25	Apr 1994
Equal Opportunity	52.222-26	Mar 2007
Employment Eligibility Verification	52.222-54	Jan 2009



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Notification of Employee Rights Under the National Labor Relations Act	52.222-40	Dec 2010
ALL ORDERS		
Title	FAR / DFARS Reference	Date
Hazardous Material Identification and Material Safety Data	52.223-3	Jan 1997
Recovered Material Certification	52.223-4	May 2008
Pollution Prevention and Right to Know Information	52.223-5	May 2011
Drug Free Workplace	52.223-6	May 2001
Notice of Radioactive Materials	52.223-7	Jan 1997
Ozone-Depleting Substances	52.223-11	May 2001
Privacy Act	52.224-2	Apr 1984
Buy American Act – Supplies	52.225-1	Feb 2009
Buy American Act – Certificate	52.225-2	Feb 2009
Buy American Act – Free Trade Agreements – Israeli Trade Act	52.225-3	Feb 2012
Buy American Act – Free Trade Agreement – Israeli Trade Act Certificate	52.225-4	Jun 2009
Trade Agreements	52.225-5	Mar 2012
Trade Agreements Certificate	52.225-6	Jan 2005
Duty-Free Entry	52.225-8	Oct 2010
Restrictions on Certain Foreign Purchases	52.225-13	Jun 2008
Authorization and Consent	52.227-1	Dec 2007
Refund of Royalties	52.227-9	Apr 1984
Filing of Patent Applications-Classified Subject Matter	52.227-10	Dec 2007
Patent Rights—Retention by the Contractor (Short Form)	52.227-11	Dec 2007
Patent Rights—Acquisition by the Government	52.227-13	Dec 2007
Taxes – Foreign Fixed-Price Contracts	52.229-6	Jun 2003
Taxes –Fixed-Price Contracts with Foreign Governments	52.229-7	Jan 1991
Interest	52.232-17	Oct 2010
Industrial Resources Developed Under Defense Production Act Title III	52.234-1	Dec 1994
Accident Prevention	52.236-13	Nov 1991
Bankruptcy	52.242-13	Jul 1995
Stop-Work Order	52.242-15	Aug 1989
Government Delay of Work	52.242-17	Apr 1984
Changes—Fixed Price	52.243-1	Aug 1987
Subcontracts	52.244-2	Oct 2010
Subcontracts for Commercial Items	52.244-6	Dec 2010
Limitation of Liability	52.246-23	Feb 1997
Preference for U.S. Flag Air Carriers	52.247-63	Jun 2003
Termination for Convenience of the Government (Fixed Price)	52.249-2	May 2004
Default (Fixed-Price Supply and Service)	52.249-8	Apr 1984
Solicitation Provisions Incorporated by Reference	52.252-1	Feb 1998
Requirements Relating to Compensation of Former DOD Officials	252.203-7000	Sep-2011
Prohibition on Person Convicted of Fraud or other Defense-Contract- related Felonies	252-203-7001	Dec 2008
Disclosure of Information.	252.204-7000	Dec 1991
Intent to Furnish Precious Metals as Government Furnished Materials	252.208-7000	Dec 1991
Changes	252.217-7003	Dec 1991
Restrictions on Employment of Personnel	252.222-7000	Mar 2000
Safety Precautions for Ammunition and Explosives	252.223-7002	May 1994
Safeguarding Sensitive Conventional, Arms, Ammunition, and Explosives	252.223-7007	Sep 1999
Buy American Act – Balance of Payments Program Certificate	252.225-7000	Dec 2009
Buy American Act and Balance of Payments Program	252.225-7001	Oct 2011
Qualifying Country Sources as Subcontractors	252.225-7002	Apr 2003
Identification of Expenditures in the United States	252.225-7005	Jun 2005
Restriction on Acquisition of Certain Articles Containing Specialty Metals	252.225-7009	Jan 2011
Preference for Certain Domestic Commodities	252.225-7012	Jun 2010
Duty-Free Entry.	252.225-7013	Dec 2009
Restriction on Acquisition of Ball and Roller Bearings	252.225-7016	Jun 2011
Trade Agreements	252.225-7021	Jan 2012
Restriction on Acquisition of Forgings.	252.225-7025	Dec 2009
Buy American Act –Free Trade Agreements – Balance of Payments Program Certificate	252.225-7035	Dec 2010



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Buy American Act – Free Trade Agreements – Balance of Payments Program	252.225-7036	Oct 2011
ALL ORDERS		
Title	FAR / DFARS Reference	Date
Evaluations of Offers for Air Circuit Breaker	252.225-7037	Jun 2005
Rights in Technical Data-Noncommercial Items	252.227-7013	Feb 2012
Rights in Noncommercial Computer Software and Documentation	252.227-7014	Feb 2012
Technical Data - Commercial Items	252.227-7015	Dec 2011
Rights in Bid or Proposal Information	252.227-7016	Jan 2011
Identification and Assertion of Use, Release, or Disclosure Restrictions	252.227-7017	Jan 2011
Limitations of the Use of Disclosure of Government-Furnished Information Marked with Restricted Legends	252.227-7025	Mar 2011
Deferred Delivery of Technical Data or Computer Software	252.227-7026	Apr 1988
Deferred Ordering of Technical Data or Computer Software	252.227-7027	Apr 1988
Technical Data or Computer Software Previously Delivered to the Government	252.227-7028	Jun 1995
Technical Data-Withholding of Payment	252.227-7030	Mar 2000
Validation of Restrictive Markings of Technical Data	252.227-7037	Sep 2011
Indemnification Under 10 U.S.C. 2354--Fixed Price	252.235-7000	Dec 1991
Frequency Authorization	252.235-7003	Dec 1991
Pricing of Contract Modifications	252.243-7001	Dec 1991
Material Inspection and Receiving Report	252.246-7000	Mar 2008
Warranty of Data	252.246-7001	Dec 1991
Notification of Anticipated Contract Termination or Reduction	252.249-7002	Dec 2006
ALL ORDERS \$10,000 or Above		
Title	FAR / DFARS Reference	Date
Walsh-Healey Public Contracts Act	52.222-20	Oct 2010
Previous Contracts and Compliance Reports	52.222-22	Feb 1999
Equal Opportunity for Veterans	52.222-35	Sep 2010
Affirmative Action for Workers with Disabilities	52.222-36	Oct 2010
Employment Reports on Veterans	52.222-37	Sept 2010
ALL ORDERS \$30,000 or Above		
Title	FAR / DFARS Reference	Date
Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment	52.209-6	Dec 2010
Child Labor-Cooperation with Authorities and Remedies	52.222-19	Jul 2010
ALL ORDERS \$50,000 or Above		
Title	FAR / DFARS Reference	Date
Affirmative Action Compliance	52.222-25	Apr 1984
ALL ORDERS \$100,000 or Above		
Title	FAR / DFARS Reference	Date
Restriction of Subcontractor Sales to the Government	52.203-6	Sep 2006
Anti-Kickback Procedures (except Subparagraph (c)(1))	52.203-7	Oct 2010
Limitation of Payments to Influence Certain Federal Transactions	52.203-12	Oct 2010
Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions.	52.203-11	Sep 2007
Audit and Records - Negotiations	52.215-2	Oct 2010
Integrity of Unit Prices	52.215-14	Oct 2010
Utilization of Small Business Concerns	52.219-8	Jun 2011
Contract Work Hours and Safety Standards Act--Overtime Compensation	52.222-4	Jul 2005
Certificate of Toxic Chemical Release Reporting	52.223-13	Aug 2003
Toxic Chemical Release Reporting	52.223-14	Aug 2003
Notice and Assistance Regarding Patent and Copyright Infringement	52.227-2	Dec 2007
Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies	252.203-7001	Dec 2008
Representation of Extent of Transportation by Sea	252.247-7022	Aug 1992
Transportation of Supplies by Sea	252.247-7023	May 2002
Notification of Transportation of Supplies by Sea	252.247-7024	Mar 2000
ALL ORDERS \$500,000 or Above		
Title	FAR / DFARS Reference	Date
Audit and Records—Sealed Bidding	52.214-26	Oct 2010
Price Reduction for Defective Cost or Pricing Data—Modifications— Sealed Bidding	52.214-27	Aug 2011



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ALL ORDERS \$500,000 or Above		
Title	FAR / DFARS Reference	Date
Subcontractor Cost or Pricing Data--Modifications—Sealed Bidding	52.214-28	Oct 2010
Price Reduction for Defective Cost or Pricing Data	52.215-10	Aug 2011
Price Reduction for Defective Cost or Pricing Data—Modifications	52.215-11	Aug 2011
Subcontractor Cost or Pricing Data	52.215-12	Oct 2010
Subcontractor Cost or Pricing Data—Modifications	52.215-13	Oct 2010
Reversion or Adjustment of Plans for Postretirement Benefits Other Than Pensions (PRB)	52.215-18	Jul 2005
Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data.	52.215-20	Oct 2010
Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data—Modifications	52.215-21	Oct 2010
Small Business Subcontracting Plan (\$650,000)	52.219-9	Jan 2011
Pre-award On-Site Equal Opportunity Compliance Evaluation (\$10 million)	52.222-24	Feb 1999
Utilization of Indian Organizations and Indian-Owned Economic Enterprises	52.226-1	Jun 2000
Acquisition Streamlining (over \$1 million)	252.211-7000	Oct 2010
Pricing Adjustments	252.215-7000	Dec 1991
Small, Small Disadvantaged and Women-Owned Business Subcontracting Plan (DOD Contracts)	252.219-7003	Oct 2010
Waiver of United Kingdom Levies	252.225-7032	Apr 2003
Report of Intended Performance Outside the United States and Canada after Award.	252.225-7004	Oct 2010

31. **PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA.** (FAR 52.215-10)
 - a. If Buyer requires Seller to execute and furnish a "Certificate of Current Cost or Pricing Data" as set forth in FAR 15.406-2, the following shall apply:
 - i. If the Contracting Officer of the Government Prime Contract determines that any price, including profit or fee, negotiated in connection with the Government's Prime Contract with Buyer, or that any cost reimbursable under such Government Prime Contract or any change or modification thereto was increased by any significant sums because Subcontractor or any of his lower-tier subcontractors furnished any data which was not accurate as submitted or any cost or pricing data which was not current, accurate and complete as required by Buyer or certified to by Subcontractor or his lower-tier subcontractors. Seller agrees to indemnify the Buyer in the amount that any cost or price is reduced to Buyer and further agrees that the price or cost of this subcontract shall be reduced accordingly and the subcontract shall be modified in writing as may be necessary to reflect such reduction. Seller will be responsible for any fines or penalties assessed against buyer as a result of such cost or pricing data.

32. **COST ACCOUNT/COST STANDARDS.**
 - a. If sub-contractor is subject to cost accounting standards, the P-200A supplement applies to this Order (Order exceeds \$650,000)

33. **NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR ACT** (FAR 52.222-40, Dec 2010)
 - a. On May 20, 2010, the Department of Labor issued a Final Rule requiring Federal government contractors and their subcontractors to post a notice informing employees of their rights under the National Labor Relations Act (NLRA) and to include the provisions of the notice in government contracts, subcontracts and purchase orders. (See <http://edocket.access.gpo.gov/2010/pdf/2010-11639.pdf>) The required notice/poster is to be in place as of June 21, 2010. Contractors and subcontractors who post notices to employees electronically must also post it electronically According to the OFCCP, "The notice to employees required by the regulations inform employees about their rights under the NLRA to form, join, and assist a union and to bargain collectively with their employer; provides examples of unlawful employer and union conduct that interferes with those rights; and indicates how employees can contact the National Labor Relations Board, the Federal agency that enforces those rights, with questions or to file complaints. Contractors that violate the Labor Department's regulations requiring employee notification of these rights may be subject to sanctions, including suspension or cancellation of the contract." Contractors and subcontractors may also be declared ineligible for future contracts. These posting requirements do not apply to prime contracts under \$100,000 and subcontracts below \$10,000.

34. Anti-kickback Enforcement Act of 1986, as referenced in FAR 52.203-7, is hereby incorporated into this purchase order or request for quotation and as a condition of acceptance. If you have reasonable grounds to believe that a violation, as described in paragraph (B) of FAR 52.203-7 may have occurred, you should report this suspected violation to FN Manufacturing's Vice President of Human Resources: (803) 736-0522 Extension 310. Your report will be held in complete anonymity.