

**FN Manufacturing LLC,  
FIXED PRICE TERMS FOR GOVERNMENT CONTRACTING (July 2010)**

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.
  1. "Buyer" means FN Manufacturing, LLC.
  2. "Seller" means the legal entity herein entering This Order with Buyer;
  3. "FAR" means the Federal Acquisition Regulation (CFR Title 48, Chapter 1);
  4. "DFARS" means the Department of Defense FAR Supplement (CFR Title 48, Chapter 2);
  5. 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; and
  6. "Prime Contract" means the Government contract identified in This Order and under which This Order was issued.
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 copy 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 None of the terms and conditions contained in this purchase order may be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized representative of the Purchaser and delivered by the Purchaser to Seller, and each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to be only upon the terms and conditions contained in this purchase order except as they may be added to, modified, superseded or otherwise altered, notwithstanding any terms and conditions that may be contained in any acknowledgment, invoice or other form issued by Seller (Purchaser hereby objects to said terms and conditions and notifies Seller that they are rejected) 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 to 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.

**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 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
5. **SPECIAL TOOLING:** The clause, 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 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:

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1. 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
2. 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.
3. 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 in any event 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.
4. Payment under This Order on account of Special Tooling shall be contingent upon Seller's furnishing Buyer satisfactory evidence that the tooling:
  - a. has been fabricated according to Buyer's specifications, if any; or
  - b. is capable of producing acceptable parts.
5. 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:
  - a. 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
  - b. deliver same to Buyer at any location designated by Buyer, subject to Buyer paying Seller the transportation cost (as prevailing rates) of delivering the tooling to such location.
6. 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 for inspect such tooling and Seller's control records pertaining thereto.
6. **SPECIAL TEST EQUIPMENT:** The clause, 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:
  1. Communications with the Government from Seller pursuant to the FAR clause shall be through Buyer.
  2. Seller shall give Buyer 45 days advance written notice of intent to fabricate or acquire STE.
  3. 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;
  4. 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;
  5. 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;
  6. 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 Seller's records pertaining thereto.
7. **DEFAULT.** Time is of the essence for this Purchase 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 contract, or so fails to make progress as to endanger performance of this contract 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, in which case 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

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or services. As an alternate remedy, and in lieu of termination for default, Purchaser, at its sole discretion, may elect (1) 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 purchase 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 purchase order.

#### 8. **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 reinspection 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, however, 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 failure of Purchaser or its customer to inspect and accept or reject such supplies, services or 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, 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 either (i) may by contract or otherwise replace or correct such supplies and charge to the Seller the cost occasioned 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. To defray the cost of shipping and handling, a service charge on rejected items will be billed to Seller.

(e) 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 to this order. Government inspection standard has been changed from MIL-STD-105 now replaced with MIL-STD-1916 (C=0).

(f). **WARRANTY.** (a) Seller warrants to Purchaser, its successors, and assigns that all materials provided hereunder shall be (1) merchantable, (2) free from defects in material and workmanship, (3) with regard to goods designed by seller, free from defects in design, (4) suitable for the purposes intended whether expressed or reasonably implied, and (5) in compliance with all applicable specifications, drawings, and performance requirements; and that all services provided hereunder shall be (1) suitable for the purposes intended whether expressed or reasonably implied and (2) in compliance with all applicable specifications, drawings, and performance requirements. (b) 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.

9. **NON-ASSIGNMENT.** No right or interest in this contract shall be assigned by Seller without the written permission of the Purchaser and no delegation of any obligation owed, nor 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 purchase order.

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

11. **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, including Sections 12 (a) and 15 (a) thereof.

12. **INFORMATION DISCLOSED TO PURCHASER.** Any knowledge or information which the Seller shall have disclosed or may hereafter disclose to the Purchaser in connection with the purchase of the goods or services covered by this order shall not be deemed to be

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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.

13. **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.
14. **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.
15. **PUBLIC RELEASE OF INFORMATION.** No public release (including, without limitation, photographs, films, announcements and denials or confirmations of the placing of this order) 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.
16. **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 contract 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.
17. **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, contract clause 52.249-1 of the Federal Acquisition Regulations (FAR) if this order is a fixed price type under \$100,000 or clause FAR 52.249-2 if this order is a fixed price type over \$100,000 or clause FAR 52.249-6, FAR Clause 52-212-4 (I) applies 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, or in applicable portions of FAR Part 49, to the "Government" or the "Contracting Officer" shall mean Purchaser.**
18. **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 and will be governed by the Uniform Arbitration Act, South Carolina Code Sections 15-48-10 through 15-48-240. 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."
  1. 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.
  2. 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 of 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.
  3. 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.

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Buyer agrees that after Seller has commented 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.

4. 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.
19. **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.
20. (A) **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 therefrom without obtaining Purchaser's written consent. This provision shall not apply to information in the public domain otherwise than as a result of a breach of this provision, 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."
  - (B) **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 then only in connection with the preparation and/or submission of bids or proposals related to a procurement being affected by FN Mfg. LLC or the United States Government or in connection with the manufacture of items under contract with FN Mfg. LLC or the United States Government.
    - (b) It is required that the Contractor 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 Contractor, the same requirements are imposed on any Subcontractors.
    - (c) Upon completion of the purposes for which these documents have been issued, the Contractor is required to destroy or have destroyed all documents bearing the proprietary legend, including all reproductions, duplications or copies thereof as may have been further distributed by the Contractor. 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 Contractor'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.
21. **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).
22. **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.
23. **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.
24. **DEMILITARIZATION CLAUSE/SMALL ARMS WEAPONS AND PARTS, AND ACCESSORIES (CATEGORY 1 - MUNITIONS LIST) 52.2100-1 AMC FAR SUPPLEMENT.**
  1. Where the items called for by contract being military items, the following provision as to the disposal of completed or partially completed parts, components, subassemblies, and end items will apply. Property (whether title to the property is in the Government or not, and including parts, components, subassemblies, and assemblies to the extent indicated below) of the type covered under contract for which the Contractor does not claim or is refused payment (including, but not limited to, rejects or overruns) under the provisions of contract, but which is manufactured, fabricated, assembled, or produced in connection with the manufacture, fabrication, assembly or production of items covered by contract, and which is manufactured, fabricated, assembled or produced on the basis of or with the aid of drawings, specification, facilities, equipment, or material furnished or specified by the Government pursuant to contract, will be completely destroyed or mutilated (whichever is prescribed) prior to final payment in the manner and the extent herein below set forth in order that such property will be unusable or non-reclaimable for its original purpose, and to preclude the possibility of reconditioning such property to make it saleable as implements of war:

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- a. All non-automatic, semiautomatic, and automatic guns and other weapons up to and including 50 caliber; shotguns, shoulder fired grenade launchers; recoilless rifles up to and including 106mm, mortars up to and including 81mm; rocket launchers man portable; individually operated weapons which are portable and/or can be fired without special mounts or firing devices and which have potential use in civil disturbances and are vulnerable to theft; pyrotechnic pistols and other ground signal projectors; component parts for the aforementioned items; accessories, i.e. silencers and mufflers, rifle grenade launchers, riflescopes and all types of telescopic and optical sights including those designed for night sighting and viewing, bayonets and gun mounts (including bipods and tripods); and trench knives, hunting and survival knives, switch blade knives and brass knuckles.
- b. Key points to be demilitarized; entire items and parts thereto (except wooden stocks, leather products and nonmetallic material, which may be disposed of without demilitarization).
- c. Method and degree of demilitarization.
  1. For items listed in paragraph (a) above (except accessories, trench knives, hunting and survival knives, switch blade knives and brass knuckles), the preferred (normal) method of demilitarization under local expanded demilitarization procedures is by torch cutting utilizing a cutting tip that displaces at least 1/2 inch of metal. All cuts will be made in accordance with instructions applicable to the items being demilitarized. Shearing, crushing, deep water dumping or melting may be utilized when such methods of demilitarization are deemed more cost effective and/or practicable and are authorized by appropriate authority.
    - a. Receivers will be demilitarized by torch cutting in a minimum of two places utilizing a cutting tip that displaced at least 1/2 inch of metal or crushed to the extent necessary to preclude restoration to a usable condition.
    - b. Bolts and barrels will be demilitarized by torch cutting in a minimum or two places utilizing a cutting tip that displaces at least 1/2 inch of metal or crushed to the extent necessary to preclude restoration to a usable condition.
    - c. Other metallic parts, including M2 conversion kits will be mutilated by crushing, cutting or melting.
  2. Machine guns will be demilitarized by torch cutting utilizing a cutting tip that displaced at least 1/2 inch of metal or shearing the receiver in a minimum of two places or by crushing in a hydraulic or similar type press. The barrel will be torch cut, sheared or crushed in the chamber area and in two or more places to the extent necessary to prevent reconstitution. If the shearing or crushing method is used, the trunnion block and side frame must be completely cut through, broken, or distorted to preclude reconstruction.
  3. Magazines will be demilitarized by cutting, shearing or crushing. Clips for 5.56MM and 7.62MM rifles and .30 cal. Carbine and M1 rifle do not require demilitarization.
  4. Accessories i.e. silencers and mufflers, rifle grenade launchers, riflescopes and all types of telescopic and optical sights including those designed for night sighting and viewing, bayonets, gun mounts (including bipods and tripods); and trench knives, hunting and survival knives, switch blade knives and brass knuckles will be demilitarized by breaking, crushing or cutting in a manner which precludes restoration to a usable condition in accordance with instructions applicable to the items being demilitarized.
2. The contractor agrees that no items demilitarized, as stated above, will be disposed of by the Contractor other than as scrap.
3. Upon completion of production under this contract, the Contractor shall certify to the Administrative Contracting Officer that demilitarization, as prescribed above, has been accomplished.
4. The Contractor further agrees that it will include the aforesaid provisions in any subcontracts for the aforesaid items.
5. The Contractor further agrees that it will maintain written records of demilitarization and provide said records to FN Mfg. LLC and/or Administrative Contracting Officer upon request.

25.

**52.203-7 Anti-Kickback Procedures. As prescribed in [3.502-3](#), insert the following clause:**

**Anti-Kickback Procedures (Jul 1995)**

*(a) Definitions.*

"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.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"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.

"Prime Contractor" as used in this clause, means a person who has entered into a prime contract with the United States.

"Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose

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of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

"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.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) The Anti-Kickback Act of 1986 ([41 U.S.C. 51-58](#)) (the Act), prohibits any person from—

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) 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.

(c)(1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.

(2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) 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 (b) 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 (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(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 (c)(5) but excepting paragraph (c)(1), in all subcontracts under this contract which exceed \$100,000.

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

#### All Orders

1. Definitions	52.202.1	(Jul 2004)
2. Gratuities	52.203-3	(April 1984)
3. Covenant Against Contingent Fees	52.203-5	(April 1984)
4. Price of Fee Adjustment for Illegal or Improper Activity	52.203-10	(Jan 1997)
5. Security Requirement (Exclude all references to Changes Clause)	52.204-2	(Aug 1996)
6. Reserved	52.208-1	
7. Required Sources for Helium and Helium Usage Data	52.208-8	(Apr 2002)
8. Material Requirements	52.211-5	(Aug 2000)
9. Notice of Priority Rating for National Defense Use (See PO for Fill-Ins)	52.211-14	(Apr 2008)
10. Defense Priority and Allocation Requirements	52.211-15	(Apr 2008)
11. Notice to Government of Labor Disputes	52.222-1	(Feb 1997)
12. Prohibition of Segregated Facilities	52.222-21	(Feb 1999)
13. Affirmative Action Compliance	52.222-25	(Apr 1984)
14. Equal Opportunity	52.222-26	(Mar 2007)
15. Hazardous Material Identification and Material Safety Data	52.223-3	(Jan 1997)
16. Recovered Material Certification	52.223-4	(May 2008)
17. Pollution Prevention and Right-to-Know Information	52.223-5	(Aug 2003)
18. Drug-Free Workplace	52.223-6	(May 2001)
19. Notice of Radioactive Materials	52.223-7	(Jan 1997)
20. Ozone-Depleting Substances	52.223-11	(May 2001)
21. Privacy Act	52.224-2	(Apr 1984)
22. Buy American Act – Supplies	52.225-1	(Feb 2009)
23. Buy American Act – Certificate	52.225-2	(Feb 2009)
24. Buy American Act – Free Trade Agreements – Israeli Trade Act	52.225-3	(Feb 2009)
25. Buy American Act – Free Trade Agreement – Israeli Trade Act Certificate	52.225-4	(Jun 2009)
26. Trade Agreements	52.225-5	(Aug 2009)
27. Trade Agreements Certificate	52.225-6	(Jan 2005)
28. Duty-Free Entry	52.225-8	(Feb 2000)
29. Restrictions on Certain Foreign Purchases	52.225-13	(Jun 2008)
30. Authorization and Consent	52.227-1	(Dec 2007)
31. Refund of Royalties	52.227-9	(Apr 1984)
32. Filing of Patent Applications-Classified Subject Matter	52.227-10	(Dec 2007)
33. Patent Rights—Retention by the Contractor (Short Form)	52.227-11	(Dec 2007)
34. Reserved	52.227-12	
35. Patent Rights—Acquisition by the Government	52.227-13	(Dec 2007)
36. Rights in Data—General	52.227-14	(Dec 2007)
37. Taxes – Foreign Fixed-Price Contracts	52.229-6	(Jun 2003)
38. Taxes –Fixed-Price Contracts with Foreign Governments	52.229-7	(Jan 1991)
39. Interest	52.232-17	(Oct 2008)
40. Industrial Resources Developed Under Defense Production Act Title III	52.234-1	(Dec 1994)

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41. Accident Prevention	52.236-13	(Nov 1991)
42. Stop-Work Order	52.242-15	(Aug 1989)
43. Government Delay of Work	52.242-17	(Apr 1984)
44. Changes—Fixed Price	52.243-1	(Aug 1987)
45. Subcontracts	52.244-2	(Jun 2007)
46. Subcontracts for Commercial Items	52.244-6	(Jun 2010)
49. Limitation of Liability	52.246-23	(Feb 1997)
50. Preference for U.S. Flag Air Carriers	52.247-63	(Jun 2003)
51. Termination for Convenience of the Government (Fixed Price)	52.249-2	(May 2004)
52. Default (Fixed-Price Supply and Service)	52.249-8	(Apr 1984)
53. Solicitation Provisions Incorporated by Reference	52.252-1	(Feb 1998)
54. Disclosure of Information.	252.204-7000	(Dec 1991)
55. Intent to Furnish Precious Metals as Government Furnished Materials	252.208-7000	(Dec 1991)
56. Changes	252.217-7003	(Dec 1991)
57. Restrictions on Employment of Personnel	252.222-7000	(Mar 2000)
58. Safety Precautions for Ammunition and Explosives	252.223-7002	(May 1994)
59. Safeguarding Sensitive Conventional, Arms, Ammunition, and Explosives	252.223-7007	(Sep 1999)
60. Buy American Act – Balance of Payments Program Certificate	252.225-7000	(Dec 2009)
61. Buy American Act and Balance of Payments Program	252.225-7001	(Jan 2009)
62. Qualifying Country Sources as Subcontractors	252.225-7002	(Apr 2003)
63. Identification of Expenditures in the United States	252.225-7005	(Jun 2005)
64. Preference for Certain Domestic Commodities	252.225-7012	(Jun 2010)
65. Preference for Domestic Specialty Metal (Alternative I)	252.225-7014	(Jun 2005)
66. Restriction on Acquisition of Ball and Roller Bearings	252.225-7016	(Mar 2006)
67. Trade Agreements	252.225-7021	(Nov 2009)
68. Restriction on Acquisition of Forgings.	252.225-7025	(Dec 2009)
69. Buy American Act –Free Trade Agreements – Balance of Payments Program Certificate	252.225-7035	(Dec 2009)
70. Buy American Act – Free Trade Agreements – Balance of Payments Program	252.225-7036	(Jul 2009)
71. Evaluations of Offers for Air Circuit Breaker	252.225-7037	(Jun 2005)
72. Rights in Technical Data-Noncommercial Items	252.227-7013	(Nov 1995)
73. Rights in Noncommercial Computer Software and Documentation	252.227-7014	(Jun 1995)
74. Technical Data - Commercial Items	252.227-7015	(Nov 1995)
75. Rights in Bid or Proposal Information	252.227-7016	(Jun 1995)
76. Identification and Assertion of Use, Release, or Disclosure Restrictions	252.227-7017	(Jun 1995)
77. Validation of Asserted Restrictions - Computer Software	252.227-7019	(Jun 1995)
78. Limitations of the Use of Disclosure of Government-Furnished Information Marked with Restricted Legends	252.227-7025	(Jun 1995)
79. Deferred Delivery of Technical Data or Computer Software	252.227-7026	(Apr 1988)
80. Deferred Ordering of Technical Data or Computer Software	252.227-7027	(Apr 1988)
81. Technical Data or Computer Software Previously Delivered to the Government	252.227-7028	(Jun 1995)
82. Technical Data-Withholding of Payment	252.227-7030	(Mar 2000)
83. Validation of Restrictive Markings of Technical Data	252.227-7037	(Sep 1999)
84. Indemnification Under 10 U.S.C. 2354--Fixed Price	252.235-7000	(Dec 1991)
85. Frequency Authorization	252.235-7003	(Dec 1991)
86. Pricing of Contract Modifications	252.243-7001	(Dec 1991)
87. Material Inspection and Receiving Report	252.246-7000	(Mar 2008)
88. Warranty of Data	252.246-7001	(Dec 1991)
89. Notification of Anticipated Contract Termination or Reduction	252.249-7002	(Dec 2006)

#### All Orders \$10,000 or Above

90. Walsh-Healey Public Contracts Act	52.222-20	(Dec 1996)
91. Previous Contracts and Compliance Reports	52.222-22	(Feb 1999)
92. Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	52.222-35	(Sep 2006)
93. Affirmative Action for Workers with Disabilities	52.222-36	(Jun 1998)
94. Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	52.222-37	(Sep 2006)

#### All Orders of \$25,000 or Above

95. Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment.	52.209-6	(Sep 2006)
96. Child Labor-Cooperation with Authorities and Remedies	52.222-19	(Jul 2010)

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**All Orders of \$50,000 or Above**

97. Affirmative Action Compliance	52.222-25	(Apr 1984)
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**All Orders of \$100,000 or Above**

98. Restriction of Subcontractor Sales to the Government	52.203-6	(Sep 2006)
99. Anti-Kickback Procedures (except Subparagraph (c)(1))	52.203-7	(Jul 1995)
100. Limitation of Payments to Influence Certain Federal Transactions	52.203-12	(Sep 2007)
101. Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions.	52.203-11	(Sep 2007)
102. Audit and Records - Negotiations	52.215-2	<b>(Mar 2009)</b>
103. Integrity of Unit Prices	52.215-14	(Oct 1997)
104. Utilization of Small Business Concerns	52.219-8	<b>(May 2004)</b>
105. Contract Work Hours and Safety Standards Act-Overtime Compensation	52.222-4	(Jul 2005)
106. Certificate of Toxic Chemical Release Reporting	52.223-13	(Aug 2003)
107. Toxic Chemical Release Reporting	52.223-14	(Aug 2003)
108. Notice and Assistance Regarding Patent and Copyright Infringement	52.227-2	(Dec 2007)
109. Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies	252.203-7001	(Dec 2008)
110. Representation of Extent of Transportation by Sea	252.247-7022	(Aug 1992)
111. Transportation of Supplies by Sea	252.247-7023	(May 2002)
112. Notification of Transportation of Supplies by Sea	252.247-7024	(Mar 2000)

**All Orders of \$500,000 or Above**

113. Audit and Records—Sealed Bidding	52.214-26	<b>(Mar 2009)</b>
114. Price Reduction for Defective Cost or Pricing Data—Modifications—Sealed Bidding	52.214-27	(Oct 1997)
115. Subcontractor Cost or Pricing Data--Modifications—Sealed Bidding	52.214-28	(Oct 1997)
116. Price Reduction for Defective Cost or Pricing Data	52.215-10	(Oct 1997)*
117. Price Reduction for Defective Cost or Pricing Data—Modifications	52.215-11	(Oct 1997)*
118. Subcontractor Cost or Pricing Data	52.215-12	(Oct 1997)*
119. Subcontractor Cost or Pricing Data—Modifications	52.215-13	(Oct 1997)*
120. Pension Adjustments and Asset Reversions.	52.215-15	(Oct 2004)
121. Reversion or Adjustment of Plans for Postretirement Benefits Other Than Pensions (PRB)	52.215-18	(Jul 2005)
122. Notification of Ownership Changes	52.215-19	(Oct 1997)
123. Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data.	52.215-20	(Oct 1997)*
124. Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data—Modifications	52.215-21	(Oct 1997)*
125. Small Business Subcontracting Plan	52.219-9	<b>(July 2010)</b>
126. Pre-award On-Site Equal Opportunity Compliance Evaluation (\$10 million)	52.222-24	(Feb 1999)
127. Utilization of Indian Organizations and Indian-Owned Economic Enterprises	52.226-1	(Jun 2000)
128. Acquisition Streamlining (over \$1 million)	252.211-7000	(Dec 1991)
129. Pricing Adjustments	252.215-7000	(Dec 1991)
130. Small, Small Disadvantaged and Women-Owned Business Subcontracting Plan (DOD Contracts)	252.219-7003	(Apr 2007)
131. Waiver of United Kingdom Levies	252.225-7032	(Apr 2003)
132. Report of Intended Performance Outside the United States	252.225-7003	(Dec 2006)
133. Reporting of Contract Performance Outside the United States	252.225-7004	(May 2007)

\* Previous version of the clause maybe applicable, if the prime contract was issued prior to October 1997.

137. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA: 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:

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

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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.

#### Cost Account/Cost Standards

If sub-contractor is subject to cost accounting standards, the P-200A supplement applies to this order.

*Employee Notification Requirements for Federal Contractors and Subcontractors.* 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.

**\*Note: Anti-kickback Enforcement Act of 1986 as referenced in FAR 52.203-7 is hereby incorporated into this purchase order or request for quotation 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 the Director of Human Resources, (803) 736-0522 Extension 310, of FN Mfg. LLC. Your report will be held in complete anonymity.**