

MEGGITT (NORTH HOLLYWOOD), INC.
TERMS AND CONDITIONS FOR SUPPLIER PURCHASE ORDERS
Revision 2011-07-25

1. **ACCEPTANCE.** This order becomes the exclusive agreement between the parties subject to the terms and conditions herein. Any of the following shall constitute Seller's unqualified acceptance of this order: (a) acknowledgment of this order, (b) furnishing of any Supplies under this order, (c) acceptance of any payment under this order, or (d) commencement of performance under this order. Additional or differing terms or conditions proposed by Seller or included in Seller's acknowledgment hereof, shall be void and have no effect unless accepted in writing by Buyer. No change in, modification of, or revision to, this order shall be valid unless in writing and signed by Buyer.
2. **ASSIGNMENT AND SUBCONTRACTING.** Neither this Purchase Order nor any interest under it shall be assignable nor any duties delegable by Seller, voluntarily or involuntarily, without Buyer's prior written consent. Any attempt to assign such interest or delegate such duties without Buyer's written consent shall be void. Any such consent given shall not be deemed to waive or prejudice Buyer's right to recoupment and/or set off of claims arising out of this or any other transactions with Seller, its divisions, affiliates or subsidiaries, or to settle or adjust matters with Seller without notice to assignees. Seller shall not subcontract the furnishing of any of the complete or substantially complete articles required by this Purchase Order without prior written approval of Buyer.
3. **WARRANTIES.** Seller warrants that the goods and services described herein shall be free from defects in workmanship and materials and shall conform strictly to applicable specifications, drawings and approved samples, if any, including performance specifications and, if of Seller's design, will be free from design defects. These warranties shall remain in effect for a period of twelve (12) months from date of acceptance by Buyer. All warranties shall run to Buyer, its customers and subsequent owners of the goods or end products of which they are a part. In the event of a breach hereunder, Buyer may require that the goods be repaired or replaced, or Buyer may return all or part of the goods to Seller for refund or Buyer may retain the goods. In the event Buyer retains the goods the price of this Purchase Order shall be equitably reduced and if the contract price has been paid a refund will be made to the Buyer. Seller agrees to indemnify Buyer, its customers or subsequent owners, for all liabilities, losses, costs and expenses, including costs of test performed by Buyer, its customers or subsequent owners in determining whether a breach has occurred, any and all costs of disassembly and reassembly incurred as a result of the breach and reasonable attorneys' fees and costs of litigation resulting from any breach of any or all of said warranties, express or implied. Notice of breach shall be deemed sufficient if given within 90 days after discovery thereof by Buyer. All warranties shall be construed as conditions as well as promises and shall not be deemed to be exclusive.
4. **CHANGES.** Buyer shall have the right at any time to make changes in the drawings, designs, specifications, quantities, delivery schedules, methods of shipment or packaging and place of inspection, acceptance and/or point of delivery of any item in this Purchase Order, and Seller agrees to be bound thereby. No change shall be effective unless authorized in writing by Buyer. If such changes result in delay or an increase or decrease in cost to Seller, Seller shall notify Buyer immediately and negotiate an equitable adjustment, provided, however, that Seller shall, in all events, proceed diligently to perform the work or services or supply the items contracted for under this Purchase Order as so changed. No claim by Seller for such equitable adjustment shall be valid unless submitted to Buyer in writing within 15 days from the date of such Change Notice, accompanied by an estimate of charges resulting from such change. Meggitt's engineering and technical personnel may, from time to time, render assistance or give technical advice to or effect an exchange of information with Seller's personnel in a liaison effort concerning the articles to be furnished hereunder. However, such exchange of information or advice shall not vest Seller with the authority to change the articles hereunder or the provisions of the contract, nor shall such change in articles or provisions of the contract be binding upon Meggitt unless incorporated as a change directed in writing by Meggitt.
5. **DELIVERY.** Time is of the essence in the performance of this Purchase Order. Buyer may accept or return to Seller at Seller's expense items received in advance of their required delivery date as specified on the face of this Purchase Order. No retention shall waive Buyer's right to return subsequent shipments that are delivered in advance of the required delivery date, nor shall said retention accelerate time for payment. Over-shipments may be returned at Seller's expense or retained by Buyer at no increase in unit price. Seller shall not, without Buyer's written consent, manufacture or procure materials in advance of Seller's normal flow time or deliver in advance of schedule. In the event of termination or change, no claims will be allowed for any such manufacture or material commitments in advance of the lead-time necessary to meet Buyer's firm delivery schedule and those planned schedules that are within Seller's lead-time unless there has been such prior written consent of Buyer.
6. **BUYER'S PROPERTY**
 - (a) All property used by Seller but owned, furnished, charged to or paid for by Buyer shall be the property of Buyer subject to removal and inspection by Buyer at any time without cost or expense to Buyer. All such property shall be identified and marked appropriately as Buyer's property, used only for this Purchase Order and insured in Buyer's name in the amount of its full replacement value as determined by Buyer. Seller shall maintain full liability insurance on Buyer's property while it is out of the possession of Buyer. Seller shall pay the premiums of all the aforesaid insurance policies. All insurance policies shall contain a provision whereby the insurance company agrees to give Buyer a thirty (30) day written notification prior to cancellation or reduction in coverage of any or all of the policies. Seller shall assume all liability for and maintain and repair such property and return the same to Buyer in as good condition as when received, reasonable wear and tear excepted and except for the utilization of the property in accordance with the provisions of the Purchase Order. Buyer does not guarantee the quality or suitability of any tooling or any material supplied by it. If this order is for tooling, such tooling, upon completion, shall become the property of Buyer.
 - (b) Seller shall not reproduce, use or disclose any data, designs or other information belonging to or supplied by or on behalf of Buyer, or developed as a result of the performance of this Purchase Order, except as necessary in the performance of orders for Buyer. Unless otherwise specified by Buyer, such data, designs or other information and any copies thereof shall be returned to Buyer upon completion or

earlier termination of this Purchase Order. Buyer shall be considered the person for whom the work was prepared for the purpose of authorship in any copy-rightable work created by Seller pursuant to this order. Any information which Seller may disclose to Buyer with respect to the design, manufacture, sale or use of the items covered by this Purchase Order shall be deemed to have been disclosed as part of the consideration for this Purchase Order, and Seller shall not assert any claim against Buyer by reason of Buyer's use or disclosure thereof.

- (c) Where payment is made for experimental, developmental or research work performed hereunder, Seller agrees that title to and all other rights and legal interests in all data, analyses, graphs, reports, physical property, or other subject matter prepared, procured, or produced in the performance of this Purchase Order shall vest in Buyer. Seller further agrees to execute an assignment in a form satisfactory to Buyer giving it title to any such data and all property produced, procured, or prepared. All such materials shall be delivered to Buyer promptly upon expiration or termination of the Agreement. Seller agrees to have agreements with its employees and agents adequate to be able to convey by such assignment all such title, rights and legal interests. Seller agrees to disclose promptly and in writing to Buyer all inventions, improvements, or discoveries (whether or not patentable) which Seller conceives or reduces to practice during the period of performance of this Purchase Order and to assign all of Seller's rights, title, and interest in and to such inventions, improvements, or discoveries to Buyer. Seller further agrees to execute and deliver to Buyer all documents and perform all lawful acts which Buyer deems necessary for the preparation, prosecution, issuance, procurement, defense and maintenance of patent applications and patents of the United States or foreign countries covering said inventions, improvements, or discoveries and to execute all documents which shall be requested or necessary to vest title in Buyer in said inventions, improvements, discoveries, patent applications, patents, and interest therein.
- (d) Seller shall not otherwise use Buyer's tooling, equipment, materials, gauges, patterns, designs, drawings, blueprints, sketches, engineering data, technical data, manufacturing data or other proprietary information, disclose to others or reproduce for any other purpose than performing Buyer's purchase orders, including, but not limited to, the design, manufacture or repair of parts outside the scope of this purchase order for third parties or to obtain Federal Aviation Administration, ("FAA") or other Government approval to do so.
7. **DISPUTES.** Any dispute arising under this order which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending any decision, appeal or judgment in such proceedings or the settlement of any dispute arising under this order, Seller shall proceed diligently with the performance of this order in accordance with the decision of Buyer.
8. **INTERPRETATION AND APPLICABLE LAW.** Irrespective of the place of performance of this order, this order shall be interpreted in accordance with the laws of the State of California. If a United States Government prime contract number or other Government designation appears on the face of this order, the provisions of this order shall be governed by and construed in accordance with the law of United States Government Contracts as set forth by statute and applicable regulations and decisions of the appropriate Courts and Boards of Contract Appeals. To the extent that the law referred to in the foregoing sentence is not determinative of an issue recourse then shall be first to the law of the State of California and then to the Uniform Commercial Code.
9. **QUALITY CONTROL AND INSPECTION**
- (a) Seller shall provide and maintain a quality control system acceptable to Buyer and, if this Purchase Order is under a Government Contract, to the Government covering work hereunder. Records of all inspection work performed by Seller shall be kept complete and available to Buyer's and Government's representatives. The Buyer reserves the right to perform lot sampling inspection in accordance with MIL-STD-105 and accept or reject materials supplied hereunder on a lot basis.
- (b) Seller shall permit Buyer's inspectors and inspectors of the Government and/or Buyer's Customer to have access to Seller's plant at all reasonable hours for the purpose of inspecting any items covered by this Purchase Order or work in process for production of said items. Seller, without additional cost to Buyer, shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of inspections, Seller shall make available to the inspectors copies of all drawings, specifications and processes, preservation and packaging data applicable to the articles ordered herein. Seller shall promptly furnish to Buyer an inspection certificate. Unless otherwise specified, all supplies will be subject to final inspection and acceptance by Buyer at Buyer's plant notwithstanding any prior payment or inspection and acceptance. Buyer may, at its option (1) hold the rejected items for Seller's instructions and at Seller's risk (2) return them to Seller at Seller's expense and require their correction, (3) retain said supplies and make expenditures for improvements, changes and alterations to said supplies as it may deem necessary in order to bring them into conformity with the contract requirements at Seller's expense and the contract price shall be reduced accordingly, or if payment has already been made, Seller shall promptly reimburse Buyer for any such expenditures, and/or (4) terminate this order for default in which case Seller shall promptly reimburse Buyer for any and all damages sustained by Buyer as a result of said failure of supplies to meet contract requirements. Buyer may charge to Seller any and all costs of inspection and test when supplies tendered to first inspection and acceptance do not comply with the requirements of this Purchase Order. No replacement or correction of rejected supplies shall be made unless otherwise specified on Buyer's returned material orders. All rejects will be charged back at full billing price plus the cost of inbound freight and handling. No item rejected by Buyer will be resubmitted for acceptance by Seller without prior written consent of Buyer. If such consent is given by Buyer, the resubmitted items must be designated as having been previously rejected. Subject to Paragraph 3 Warranties, acceptance by the Buyer will be considered conclusive except for latent defects, fraud or such gross mistakes as amount to fraud. Seller shall ensure that the inspection rights provided to the Buyer, Government and/or Customer in this clause shall be included in all lower tier subcontracts.
10. **INDEMNIFICATION AND INSURANCE.** Seller shall indemnify and hold Buyer harmless from and against any suits, liabilities, losses, damages, claims, causes of action and expenses (including attorneys' fees) arising out of or connected with any act or omission of Seller, its agents, employees or subcontractors, excepting only such injury or damage due solely and directly to Buyer's negligence, provided, however, that Seller specifically agrees to defend, indemnify and hold Buyer harmless from and against any suits, liabilities, losses, damages, claims, causes of action and expenses (including attorneys' fees) that may be made or incurred by Seller's employees, or by employees of any of its subcontractors, which are alleged to be attributable to the act, omission, fault or negligence of Buyer, its agents or employees, or to any

condition of Buyer's property, facilities, materials or equipment. If Seller's agents, employees, or subcontractors enter upon premises occupied by or under the control of Buyer or any of its customers or suppliers in the course of the performance of this Purchase Order, Seller shall take all necessary precautions to prevent the occurrence of any injury (including death) to any person or any damage to any property arising out of any acts or omissions of Seller's agents, employees or subcontractors. Seller shall maintain such public liability, property damage insurance and worker's compensation insurance as will protect Buyer from any of said risks and from any claims under any applicable worker's compensation acts. Buyer reserves the right to establish the limits of insurance coverage applicable to this Purchase Order and to require Seller to secure and maintain said coverage.

11. **ADVERTISING.** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has supplied or contracted to supply to Buyer the items herein mentioned.
12. **ALLOWABLE OVERRAGES ON PURCHASE ORDER.**
 - (a) Castings and Forgings: To be furnished, as near as possible to the exact quantity specified. However, unless otherwise stipulated, Buyer will accept an overrun of not to exceed _____ % above quantity specified on the Purchase Order. When the Purchase Order is scheduled for staggered deliveries, the _____ % allowable overage will apply only on the last shipment.
 - (b) Metals, All hardware, paper products, automatic machine parts, such as stampings, springs, etc.: To be furnished, as near as possible to the exact quantity or weight specified. However, unless otherwise stipulated, Buyer will accept an overage of not to exceed _____ % above quantity specified on the Purchase Order.
 - (c) Processed Machine Parts: No overage allowed. Deliveries on any other items not listed in the above categories will be accepted only as quantity shown on the Purchase Order.
13. **COMPLIANCE WITH LAWS.** Seller shall comply with all applicable federal, state, and local laws, Government orders and regulations in performing this Purchase Order. Seller shall defend, indemnify, and hold Buyer harmless from any and all claims, costs, damages, and expenses (including attorneys' fees) suffered or occasioned to it directly or indirectly through any failure of Seller to comply with any such law, regulation or order.
14. **FAIR LABOR STANDARDS ACT.** Seller shall, at time of delivery or invoicing, certify that goods sold hereunder were manufactured or produced in full compliance with the Fair Labor Standards Act, as amended, to the date of certification and all applicable United States Department of Labor Regulations promulgated thereunder.
15. **SUSPENSION OF WORK.** Buyer may order Seller in writing to suspend, delay or interrupt all or any part of the work for a period not to exceed 90 consecutive days. An adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused thereby. Adjustment shall also be made in the delivery or performance dates and any other contractual provisions affected thereby. However, no adjustment shall be made for any suspension, delay or interruption to the extent that performance would have been so suspended, delayed or interrupted by any other cause including the fault of negligence of Seller. Also, no adjustment shall be made under this clause for any suspension, delay or interruption for which an equitable adjustment is provided for or excluded under any other provision of this contract. No claim under this clause shall be allowed unless the claim, in an amount stated, is asserted in writing within 15 days after the termination of such suspension, delay or interruption.
16. **TERMINATION.**
 - (a) Buyer may terminate the order in whole or in part for Seller's default without liability to Buyer,
 - (i) if deliveries are not made at the time or in the quantities specified,
 - (ii) in the event of a breach of applicable specification requirements or any of the other terms and conditions hereof, or
 - (iii) in the event of the institution of any proceedings by or against Seller in bankruptcy or insolvency under any provisions of the Bankruptcy Act or for the appointment of a receiver or trustee or any assignment for the benefit of creditors.
 - (b) Buyer may terminate this order in whole or in part at any time for its convenience by notice to Seller in writing. On receipt by Seller of such notice, Seller shall immediately comply with Buyer's instructions and, to the extent specified therein, stop work and the placement of subcontracts hereunder, terminate work under subcontracts outstanding hereunder, and take any action necessary to protect property in Seller's possession in which Buyer has or may acquire an interest. Within thirty (30) days of receipt by Seller of such notice, Seller shall advise Buyer of the actions taken by Seller to comply with Buyer's instructions and Seller shall also notify Buyer of Seller's intent to file a termination claim. In the event Buyer terminates and Seller submits a termination claim, Buyer shall pay to Seller the following:
 - (i) amounts due for Supplies delivered and accepted or services completed in accordance herewith, and not theretofore paid for prior to the effective date of termination,
 - (ii) actual work in process costs incurred by Seller if properly allocable to apportionable under generally acceptable accounting principles and practices to the termination portion of the contract, including liabilities to subcontractors which are so allocable, excluding any and all costs of supplies which either can be diverted to other orders of Seller or retained by Seller for his own use or future orders, and exclusive of any costs attributable to Seller's supplies paid or to be paid for under (8) above, and a reasonable settlement. The total settlement shall not exceed the purchase order price and if it appears the Seller would have sustained a loss on the entire contract, had it been completed, an appropriate adjustment shall be made reducing the amount of the claim to reflect the indicated percentage of loss.

- (c) Should there be an overpayment by Buyer to Seller as determined in accordance with (b) above, as the result of a termination, Seller shall promptly reimburse Buyer for all sums overpaid. Such termination claim shall be submitted within six (6) months after the effective date of the termination on forms provided by Buyer and Buyer shall not be required to make any determination on any late claim.
- (d) SELLER AGREES THAT ITS FAILURE TO SUBMIT SUCH A CLAIM WITHIN THE SIX MONTH TIME PERIOD SET FORTH IN (c) ABOVE, SHALL CONSTITUTE A WAIVER THEREOF UNLESS SELLER REQUESTS IN WRITING PRIOR TO EXPIRATION OF SUCH TIME PERIOD THAT A TIME EXTENSION FOR FILING THIS CLAIM OR CLAIMS BE GRANTED BY BUYER, ANY SUCH EXTENSIONS, IF APPROVED, SHALL BE EFFECTIVE ONLY IF AUTHORIZED IN WRITING BY BUYER.
- (e) Buyer shall have the right to audit in accordance with Article 17 as set forth herein.
17. **BUYER AUDIT RIGHTS.** Seller agrees to provide access to the plants and facilities and to maintain its books, records, documents, computerized records, projections and other supporting data in accordance with generally accepted accounting principles and practices which properly reflect all direct and indirect elements of cost of whatever nature whether incurred or anticipated to be incurred for the performance of any work hereunder or anticipated work hereunder for same or similar Supplies; such shall be made available for inspection, audit, reproduction and retention by any authorized representative of Buyer or, if applicable, at Buyer's option, the Government Department or Agency having jurisdiction.
18. **EQUAL OPPORTUNITY.** The Equal Employment Opportunity clause in Section 202 of Executive Order (E.O.) 11246, as amended, and the implementing rules and regulations in Title 41, Code of Federal Regulations, Part 60 are incorporated herein by reference, unless this order is exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of E.O. 11246 or provisions of any superseding E.O. As used in said clause "Contractor" means Seller. Seller agrees to provide Buyer with an executed Equal Employment Opportunity Certificate indicating Seller's compliance or exempt status on an annual basis when requested by Buyer. In the event Seller has a current Certificate on file with Buyer, it is incorporated herein by reference and shall be valid until the next annual request by Buyer.
19. **AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS.** The Affirmative Action clause of Title 41, Code of Federal Regulations, Part 60, Subsection 7414 and the implementing rules and regulations of the Department of Labor associated therewith are incorporated herein by reference unless this order is under \$2,500. As used in said clause "Contractor" means Seller and "Contract" means order.
20. **AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF VIETNAM AREA.** The Affirmative Action clause of Title 41, Code of Federal Regulations, Part 60, Subsection 2504 and the implementing rules and regulations of the Department of Labor associated therewith are incorporated herein by reference unless this order is under \$10,000. As used in said clause "Contractor" means Seller and "contract" means this order.
21. **CLEAN AIR AND WATER.** The Clean Air Act, as amended, 42 USC 1857 of seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., Executive Order (E.O.) 11738, dated September 10, 1973, as amended, and Environmental Protection Agency (EPA) Regulation 40 CRF, Part 15, as amended, are incorporated herein by reference unless this order is for \$100,000 or less or is otherwise exempt. Unless otherwise exempt, if this order has been awarded by Buyer in reliance upon a prior Clean Air and Water Certification executed by Seller and submitted to Buyer, said Certification is by this reference herein, incorporated in this order. Seller shall obtain a like Certification from the Suppliers prior to the award of nonexempt orders hereunder and shall incorporate the Clean Air and Water clause and Certification requirements in such orders.
22. **GRATUITIES, GIFTS AND KICKBACKS.** Buyer may, by written notice to Seller, terminate for default the right of Seller to proceed under this order if Buyer has reasonable cause to believe that gratuities (in the form of entertainment, gifts or otherwise) or kickbacks were offered or given by Seller, or any agent or representative of Seller, to any officer, employee or representative of buyer with a view toward securing this order or securing favorable treatment with respect to the award of amendment of this order or the making of any determination with respect to the performance of this order. The rights and remedies of Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law under this order.
23. **WAIVER.** The failure of Buyer in any one or more instances to enforce one or more of the terms or conditions of this order or to exercise any right of privilege in this order or the waiver by Buyer of any breach of the terms or conditions of this order shall not be construed as a waiver of such term, condition, right or privilege or thereafter waiving any such terms, conditions, rights or privileges, and the same shall continue and remain in force and effect as if no such failure to enforce had occurred.
24. **SET-OFF.** Buyer shall have the right at any time to set-off any amount owing by Seller to Buyer or its divisions or affiliated companies against any amounts due and owing to Seller on this order.
25. **ENTIRE AGREEMENT.** This Purchase Order and the attachments and documents incorporated herein constitute the complete and exclusive statement of the terms of the agreement between Buyer and Seller and it supersedes all prior representations, understandings and communications.
26. **COST ACCOUNTING.** Seller agrees that if its certified cost or pricing data is found to be inaccurate, incomplete or otherwise defective, then upon demand by Buyer, such amount shall be refunded forthwith by the Seller or Buyer shall have the right to deduct such amount from future payments due Seller under this order or Subcontract placed by Buyer with Seller or any of its affiliated companies. Seller agrees to indemnify and hold Buyer harmless to the full extent of any loss, damage or expense if Buyer is subjected to any liability as the result of a failure by Seller or its lower tier subcontractors to comply with the requirements of FAR 52.230-3 and FAR 52.230-4 covering Cost Accounting Standard.
27. **HAZARDOUS MATERIALS**
The Seller must advise upon receipt of this order if the Goods to be supplied contain any hazardous or harmful materials requiring special handling or treatment. Seller shall comply with all applicable requirements contained in laws, regulations and directives including but not limited to national, EU, United States, state/provincial and local environmental, health and safety laws, regulations, relating to the supply of Goods and Hazardous Materials, All Goods and Hazardous Materials shall comply with the requirements set forth in the Montreal Protocol on Ozone depleting substances. Upon delivery of Goods to Buyer, Seller shall notify Buyer in writing of all Substances of Very High Concern (SVHC) as

identified on the "candidate list" as published by the European Chemicals, Agency (ECHA) in accordance with Article 59.1 of the European Regulation (EC) no 1907/2006 concerning the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) as amended from time to time. Unless supplier notifies Buyer in writing and obtains Buyer's prior written consent, no Goods shall contain any of the Hazardous Materials pursuant to Article 2.1 and identified in Article 4.1 of the European Parliament Directive 2002/95/EC (RoHS Directive) as that directive is amended from time to time. Supplier shall be responsible for all costs and liabilities' relating to the recycling of Goods pursuant to the most current version of the European Parliament directive 2002/96/EC (WEEE Directive) and such Directive is implemented in each country to which said Goods are supplier to the Buyer. All Goods and Hazardous Materials supplied to the Buyer shall comply with all applicable requirements under the Toxic Substance Control Act (TSCA), 15 U. S. C. 2601 et seq., and implementing regulations there under.

28. GOVERNMENT CONTRACTS In the event this Purchase Order bears a U.S. Government contract number or the designation "Government" on the face hereof, this Purchase Order and the contract resulting there from shall be subject to all applicable provisions of, and will contain all clauses and agreements required by, the terms of any U.S Government contract under which or for which this Purchase Order is issued and federal laws and regulations, and the clauses set forth in the following paragraphs of the Federal Acquisition Regulation are incorporated herein by reference.

29. SMALL BUSINESS

- (a) To support Government policy as declared by the Congress, and as consistent with the efficient performance of this order, Seller agrees to accomplish a maximum amount of subcontracting to small business, small disadvantaged business, women-owned small business, HUBZone small business, veteran-owned small business and service disabled veteran-owned small business concerns, and to use its best efforts to place subcontracts hereunder with subcontractors who will perform such subcontracts substantially in areas of persistent or substantial labor surplus when it can be done at prices no higher than are obtainable elsewhere observing exemptions and preferential order established by applicable Government regulations.
- (b) In the event this Purchase Order bears a U.S. Government contract number or the designation "Government" on the face hereof, FAR Clause 52.219-8, Utilization of Small Business Concerns shall be applicable in all subcontracts that offer further subcontracting opportunities.
- (c) In the event this Purchase Order bears a U.S. Government contract number or the designation "Government" on the face hereof and the Purchase Order value exceeds \$500,000.00, Buyer (excluding small business concerns), agrees to adopt a Small Business Subcontracting Plan that complies with the requirements of FAR Clause 52.219-9, Small Business Subcontracting Plan.
- (d) In accordance with FAR Clause 52.219-9(e)(4), prospective subcontractors are placed on notice concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.

30. DISCLOSURE OF BUYER'S TECHNICAL DATA TO FOREIGN PERSONS AND FOREIGN ENTITIES

- (a) Seller shall not disclose or export Buyer's technical data, including but not limited to, design, development, production, manufacture, assembly, operation, repair, testing or maintenance data in the form of blueprints, drawings, photographs, instructions and documentation to any foreign person or foreign subcontractor. The Parties will comply with all U.S. export control laws and regulations. The information that the Parties may wish to disclose pursuant to this Agreement may be subject to the provisions of the Export Administration Act of 1979 (50 USC 2401-2410), the Export Administration Regulations promulgated there under (15 CFR 768-799), the International Traffic in Arms Regulations (22 CFR 120-128 and 130) and the Foreign Corrupt Practices Act. The Parties acknowledge that these statutes and regulations impose restrictions on import, export and transfer to third countries of certain categories of data and articles, and that licenses from the United States Department of State and/or the United States Department of Commerce may be required before such data and articles can be disclosed hereunder, and that such licenses may impose further restrictions on use and further disclosure of such data and articles. Disclosure of such data and articles to foreign persons is subject to the above regulations regardless if the export occurs in the United States or abroad. The Parties agree to comply with all United States governmental regulations mentioned above as they relate to the import, export, and re-export of data. Responsibility for compliance with the provisions of this Section resides with the Receiving Party, who indemnifies the Disclosing Party fully for any violations of the provisions of this Section as to any of Disclosing Party's Confidential Information.
- (b) If Seller intends to conduct quotation work for this RFQ or purchase order using anyone other than U.S. citizens or permanent resident aliens (i.e., green card holders), Seller must provide advance written notice to Purchaser. In any event, Seller is responsible for compliance with applicable export control laws and regulations.

31. COUNTRY OF ORIGIN – PART MARKING

Seller shall mark every article of foreign origin (or its container) imported into the United States in a conspicuous place as legible, indelibly, and permanently as the nature of the article (or container) will permit, in such manner as to indicate to an ultimate purchaser in

the United States, the English name of the Country of Origin of the article, at the time of importation into the customs territory of the United States. Containers of articles excepted from marking shall be marked with the name of the Country of Origin of the article unless the container is also excepted from marking. (19 U.S.C. 304/19 C.F.R. 134.11).

SECTION II: FAR and DOD FAR SUPPLEMENT FLOWDOWN PROVISIONS

In the event this Purchase Order bears a U.S. Government contract number or the designation "Government" on the face hereof, this Purchase Order and the contract resulting therefrom shall be subject to the Section II: FAR and DOD FAR Supplement Flowdown Provisions.

A. INCORPORATION OF FAR CLAUSES

The Federal Acquisition Regulation (FAR) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Contract. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. The Contracts Disputes Act shall have no application to this Contract. Any reference to a "Disputes" clause shall mean the "Disputes" clause of this Contract.

B. GOVERNMENT SUBCONTRACT

This Contract is entered into by the parties in support of a U.S. Government contract. As used in the FAR clauses referenced below and otherwise in this Contract:

1. "Commercial Item" means a commercial item as defined in FAR 2.101.
2. "Contract" means this contract.
3. "Contracting Officer" shall mean the U.S. Government Contracting Officer for Meggitt (North Hollywood), Inc.'s government prime contract under which this Contract is entered.
4. "Contractor" and "OFFEROR" means the SELLER acting as the immediate (first tier) subcontractor to MEGGITT CONTROLS.
5. "Prime Contract" means the contract between Meggitt (North Hollywood), Inc. and the U.S. Government or between Meggitt (North Hollywood), Inc. and its higher-tier contractor who has a contract with the U.S. Government.
6. "Subcontract" means any contract placed by the contractor or lower-tier subcontractors under this Contract.

FAR FLOWDOWN CLAUSES

1. The following FAR clauses apply to this Order :

<u>FAR Clause</u>	<u>Title</u>
52.203-3	Gratuities
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions.
52.204-5	Women-Owned Business (Other Than Small Business)
52.209-5	Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment
52.211-5	Material Requirements
52.211-14	Notice of Priority Rating for National Defense Use
52.211-15	Defense Priority and Allocation Requirements
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.215-20	Requirements For Cost Or Pricing Data Or Information Other Than Cost Or Pricing Data
52.215-21	Requirements For Cost Or Pricing Data Or Information Other Than Cost Or Pricing Data – Modifications
52.219-8	Utilization of Small Business Concerns
52.219-22	Small Disadvantaged Business Status
52.222-1	Notice to the Government of Labor Disputes
52.222-2	Payment for Overtime Premiums
52.222-3	Convict Labor
52.222-4	Contract Work Hours and Safety Standards Act-Overtime Compensation
52.222-11	Subcontracts (Labor Standards)
52.222-12	Contract Termination—Debarment
52.222-18	Certification Regarding Knowledge of Child Labor for Listed End Products
52.222-26	Equal Opportunity
52.222-41	Service Contract Act of 1965, as Amended
52.222-43	Fair Labor Standards Act and Service Contract Act--Price Adjustment (Multiple Year and Option Contracts).
52.222-44	Fair Labor Standards Act and Service Contract Act--Price Adjustment

<u>FAR Clause</u>	<u>Title</u>
52.222.50	Combating Trafficking in Persons
52.223-3	Hazardous Material Identification and Material Safety Data

52.223-4	Recovered Material Certification
52.223-7	Notice of Radioactive Materials
52.223-14	Toxic Chemical Release Reporting
52.223-11	Ozone-Depleting Substances
52.224-2	Privacy Act
52.225-1	Buy American Act—Supplies
52.225-5	Trade Agreements
52.225-2	Buy American Act Certificate
52.225-8	Duty-Free Entry
52.225-9	Buy American Act Construction Materials
52.225-13	Restriction on Certain Foreign Purchases
52.226-1	Utilization of Indian Organizations and Indian-Owned Economic Enterprises
52.227-1	Authorization and Consent
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.227-9	Refund of Royalties
52.227-11	Patent Rights – Retention by the Contractor (Short Form)
52.227-12	Patent Rights – Retention by the Contractor (Long Form)
52.227-19	Commercial Computer Software-Restricted Rights
52.228-5	Insurance – Work on a Government Installation
52.232-17	Interest
52.234-1	Industrial Resources Developed Under Defense Production Act Title III
52.236-13	Accident Prevention
52.242-13	Bankruptcy
52.242-15	Stop Work Order
52.243-1	Changes--Fixed-Price
52.244-5	Competition in Subcontracting
52.244-6	Subcontracts for Commercial Items and Commercial Components
52.245-2	Government Property (If provided under this order)
52.245-17	Special Tooling (Applicable to any order that involves special tooling)
52.245-18	Special Test Equipment (Applicable to any order which involves the acquisition or fabrication of special test equipment)
52.246-2	Inspection of Supplies
52.246-4	Inspection for Services-Fixed Price
52.247-63	Preference for U.S. Flag Air Carriers
52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels

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

<u>FAR Clause</u>	<u>Title</u>
52.223-18	Contractor Policy to Ban Text Messaging While Driving

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

<u>FAR Clause</u>	<u>Title</u>
52.222-21	Prohibition of Segregated Facilities
52.222-22	Previous Contracts and Compliance Reports
52.222-38	Compliance with Veterans' Employment Reporting Requirements

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

<u>FAR Clause</u>	<u>Title</u>
52.222-20	Walsh-Healy Public Contracts Act
52.222-25	Affirmative Action Compliance
52.222-36	Affirmative Action for Workers With Disabilities

4. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$30,000:

<u>FAR Clause</u>	<u>Title</u>
52.209-6	Protecting the Government's Interest when Subcontractors With Contractors Debarred, Suspended, or Proposal for Debarment.

5. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$100,000:

<u>FAR Clause</u>	<u>Title</u>
52.215-15	Pension Adjustments and Asset Reversions
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
52.222.37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
52.223-6	Drug-Free Workplace
52.223-13	Certification of Toxic Chemical Release Reporting
52.223-14	Toxic Chemical Release Reporting
52.225-3	Buy American Act--North American Free Trade Agreement--Israeli Trade Act
52.225-4	Buy American Act North American Free Trade Agreement--Israeli Trade Act Certificate
52.232-19	Certificaiton for Toxic Chemicals Release Reporting

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

<u>FAR Clause</u>	<u>Title</u>
52.203-5	Covenant Against Contingent Fees
52.219-16	Liquidated Damages--Subcontracting Plan
52.203-7	Anti-Kickback Procedures
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.215-2	Audit and Records-Negotiation
52.215-14	Integrity of Unit Prices
52.248-1	Value Engineering

7. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$650,000:

<u>FAR Clause</u>	<u>Title</u>
52.219-9	Small Business Subcontracting Plan (Applicable if the Contractor is not a small business)
52.219-16	Liquidated Damages--Subcontracting Plan

8. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$650,000:

<u>FAR Clause</u>	<u>Title</u>
52.230-1	Cost Accounting Standards Notices and Certification
52.230-2	Cost Accounting Standards
52.230-3	Disclosure and Consistency of Cost Accounting Practices
52.230-4	Consistency in Cost Accounting Practices
52.230-5	Disclosure and Consistency of Cost Accounting Practices
52.230-6	Administration of Cost Accounting Standards

9. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$650,000:

<u>FAR Clause</u>	<u>Title</u>
52.214-26	Audit and Records-Sealed Bidding
52.214-28	Subcontractor Cot or Pricing Data-Modifications Sealed Bidding
52.215-2	Audit and Records--Negotiation
52.215-7	Waiver of Facilities Capital Cost of Money
52.215-10	Price Reduction for Defective Cost or Pricing Data.
52.215-11	Price Reduction for Defective Cost or Pricing Data – Modifications
52.215-12	Subcontractor Cost or Pricing Data
52.215-13	Subcontractor Cost or Pricing Data – Modifications
52.215-16	Facilities Capital Cost of Money
52.215-18	Reversion or Adjustment of Plans for Post Retirement Benefits Other than Pensions (PRB)
52.215-19	Notification of Ownership Changes
52.215-21	Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data - Modifications

DOD FAR SUPPLEMENT FLOWDOWN CLAUSES

10. The following DOD FAR Supplement clauses apply to this Order:

DOD FAR Supplement

<u>Clause</u>	<u>Title</u>
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies
252.204-7008	Requirements for contracts involving export-controlled items
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material
252.209-7004	Subcontracting with Firms That Are Owned or Controlled by the Government of a Terrorist Country
252.211-7000	Acquisition Streamlining
252.211-7003	Item identification and Valuation
252.215-7000	Pricing Adjustments (Applicable when cost or pricing data is required)
252.219-7000	Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Applicable to any Order equal to or greater than \$650K)
252.223-7001	Hazard Warning Labels
252.225-7001	Buy American Act
252.225-7002	Qualifying Country Sources as Subcontractors
252.225-7006	Quarterly reporting of actual contact performance outside the United States (applicable over \$550,000)
252.225-7007	Prohibition on Acquisition of United States Munitions list items from communist Chinese military companies
252.225-7012	Preference for Certain Domestic Commodities
252.225-7013	Duty Free Entry

DOD FAR Supplement

Clause Title

252.225-7008 Restriction on Acquisition of Certain items Containing Specialty Metals

******Material Certifications must be sent with each shipment of product containing Specialty Metals.******

252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals

Any specialty metals (as defined in DFARS 252.225-7009), incorporated in Articles delivered under this purchase order shall be melted in the United States or its outlying areas. This clause is not applicable to specialty metals that are:

- Melted in a qualifying country
- Incorporated in an article manufactured in a qualifying country.

The Supplier shall insert the substance of this clause, including this paragraph, in all subcontracts for items containing specialty metals.

******Material Certifications must be sent with each shipment of product containing Specialty Metals.******

252.225-7015	Preference for Domestic Hand or Measuring Tools
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings
252.225-7022	Restriction on Acquisition of Polyacrylonitrile (PAN)
252.225-7025	Restriction on Acquisition of Forgings
252.225-7026	Reporting of Contract Performance Outside of the United States
252.225-7027	Restriction on Contingent Fees for Foreign Military Sales
252.225-7028	Exclusionary Policies and Practices of Foreign Governments
252.225-7030	Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate
252.225-7031	Secondary Arab Boycott of Israel
252.226-7001	Utilization of Indian Organizations and Indian Owned Economic Enterprises and Native Hawaiian Small Business Concerns
252.227-7013	Rights in Technical Data--Noncommercial Items
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
252.227-7015	Technical Data – Commercial Items
252.227-7016	Rights in Bid or Proposal Information
252.227-7019	Validation of Asserted Restriction – Computer Software

Meggitt (North Hollywood), Inc.
Terms and Conditions for Supplier Purchase Orders
REVISION 2011-07-25

252.227-7025	Limitations on the Use or Disclosure of Government-furnished Information Marked with Restrictive Legends
252.227-7026	Deferred Delivery of Technical Data or Computer Software
252.227-7027	Deferred Ordering of Technical Data or Computer Software
252.227-7028	technical data or computer software previously delivered to the Government
252.227-7030	Technical Data Withholding of Payment
252.227-7036	Declaration of Technical Data Conformity
252.227-7037	Validation of Restrictive Markings on Technical Data
252.227-7039	Patents – Reporting of Subject Inventions
252/228-7005	Accident reporting and investigating involving aircraft, missiles and space launch vehicles
252.231-7000	Supplemental Cost Principles
252.243-7001	Pricing of Contract Modifications
252.246-7001	Warranty of Data
252.247-7023	Transportation of Supplies by Sea
252.247-7024	Notification of Transportation of Supplies by Sea
252.249-7002	Notification of Anticipated Contract Termination or Reduction (applicable over \$550,000)