

PURCHASE ORDER TERMS AND CONDITIONS

1. THE CONTRACT:

The documents ("Contract/Subcontract Documents") that form the contract (hereinafter the "Contract") between Buyer and Seller are the Buyer's purchase order (the "PO") issued to Seller; all documents referenced in the PO (including without limitation drawings, specifications, instructions, quality assurance requirements and any other referenced documents); all drawings, specifications, and other documents referenced in the Buyer's request for quotation/proposal issued to Seller for the Contract (unless and to the extent such documents are excluded from the Contract by express provisions in, and not by mere omission from, the PO); supplements to the PO issued to Seller by Buyer; these Terms and Conditions, No. 84-005-0807 ("-0807"); Buyer's Terms and Conditions documents, No. 84-005-0808 and 84-005--0809 ("-0808" and "-0809"); and all documents referenced in any Contract Documents. What is required in any one Contract Document shall be deemed required by all Contract Documents and the Contract. Where there is any conflict or inconsistency between the provisions in one or more of the Contract Documents, -0807 ¶ 38, ORDER OF PRECEDENCE, shall control and shall govern the Seller's performance obligations, unless otherwise agreed in a writing signed by Buyer's Authorized Procurement Representative (the issuer of the purchase order or another buyer or manager within Buyer's Supply Chain Management organization) who issued the PO as part of the Contract. The Seller shall flow down to its sub-tier suppliers the applicable Quality Clauses and Terms and Conditions requirements contained in the Contract, including key characteristics of the drawings and Technical Data Package (TDP) where required.

2. ACCEPTANCE:

The acceptance by Seller that forms the Contract shall be deemed conclusively to have occurred upon Seller's acknowledgement and acceptance of the PO, Seller's shipment of any goods, Seller's performance of any services, or Seller's commencement of any work on supplies or Goods covered by the Contract. For government Defense Priorities and Allocations System (DPAS) rated purchase orders, Seller shall accept or reject in writing DX-rated purchase orders within ten (10) working days and DO-rated purchase orders within fifteen (15) working days. By acceptance of the PO, Seller agrees to comply with all terms and conditions and specifications in the Contract Documents, including those contained in all documents incorporated into the PO or any other Contract Document by reference. These Terms and Conditions of Purchase (-0807) are hereby incorporated in the PO. Any acceptance by Seller on purported terms and conditions that differ in any way from the provisions of the Contract shall be effective to form and bind Seller to the Contract, but such terms and conditions shall not become part of, or in any way alter, amend or otherwise modify any of the provisions of, the Contract. Any shipment of goods, performance of services, or commencement of work on supplies by Seller shall be deemed to be only upon the terms and conditions contained in the Contract, except to the extent that Buyer may otherwise expressly consent in a writing signed by Buyer's Authorized Procurement Representative. Seller agrees that Buyer's acceptance or payment for any shipment of Goods or similar act of Buyer shall not be claimed or construed to constitute such consent. The Seller also certifies that the material being sold to Buyer is not now and has never been Government Surplus Material, unless the Seller receives Buyer's written consent.

3. DELIVERY:

(a) Purchase order delivery schedules must be strictly adhered to. early/late and/or over/under shipments to scheduled deliveries will not be tolerated. Any deviation to this policy, unless authorized by Buyer's Authorized Procurement Representative, will result in material being returned at the Seller's expense. Buyer does not recognize any "Industry Shipping Tolerances." Seller shall strictly adhere to the shipment or delivery schedules specified in the Contract and delivery shall be made by Seller at such times and places and of such items and quantities as Buyer may from time to time specify.

(b) In the event of any anticipated or actual delay, Seller shall:

3 (b) - Delivery (Cont.)

- (i) Promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay;
- (ii) Provide Buyer with a written recovery schedule; and
- (iii) If requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum extent possible, unless Seller is excused from prompt performance as provided in -0807 ¶ 16, EXCUSABLE DELAYS. Seller will pay the difference between the method of shipping specified and the actual expedited rate incurred.

The notification in (i) above shall be informational only in character and shall not be construed as a waiver by Buyer of any delivery schedule or date or of any Buyer's rights or remedies provided by law or the Contract.

(c) Seller shall be responsible for any additional charges resulting from deviation from Buyer's routing instructions (See -0807 ¶ 4, PACKAGING AND SHIPPING, below).

(d) If Seller fails to make delivery promptly and regularly, as required under the Contract, Buyer may, in addition to other remedies available at law, terminate the Contract in accordance with -0807 ¶ 19, TERMINATION FOR DEFAULT. Title and risk of loss shall remain in Seller until Goods are delivered to the F.O.B. point specified in the Contract. Notwithstanding such delivery, Seller shall bear risk of loss or damage to Goods purchased under the Contract from the time that Buyer gives notice of rejection of Goods pursuant to -0807 ¶5, INSPECTION.

(e) Parts fabricated in excess or in advance of Buyer's release are at Seller's risk. Buyer reserves the right, without loss of discount privileges, to pay invoices covering items shipped in advance of the schedule of the normal maturity after the date specified for delivery.

4. PACKAGING AND SHIPPING:

(a) Packaging and packing of items to be delivered by Seller under the Contract shall ensure safe arrival at their destination, secure lowest transportation cost, conform with requirements of common carriers and, in any event, comply with Buyer's minimum specifications set forth on specification GDLS-PIR-01 (Attach F), which can be found at the website www.gdls.com] (or the successor specification current at the time of delivery), and Government Packaging Instructions ASTM-D3951 (1998) (or the successor instructions current at the effective date of the Contract). Unless otherwise expressed on the purchase order or in related technical data. Packaging and identification requirements shall be in accordance with Attachment F of bidders instructions.

(b) Unless the Contract specifies otherwise, Seller will ship the Goods in accordance with the following instructions:

- (i) For complete freight routing instructions go to the General Dynamics Land Systems' website at www.gdls.com.
- (ii) Shipments by Seller or its subcontractors shall include packing slips containing Buyer's Prime Contract number, Seller's Contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections. Unauthorized (unstamped) shipments received will be returned at Seller's expense. A shipment containing hazardous and non-hazardous materials shall have separate packing

4 – Packing and Shipping (Cont.)

sheets for the hazardous and non-hazardous materials. Seller shall not include vermiculite or other hazardous substance in any packing material included with the Goods. Items shipped on the same day will be consolidated on one bill of lading or air bill unless Buyer's Authorized Procurement Representative authorizes otherwise. The shipping documents shall describe the Goods according to the applicable classification and/or tariff. The total number of shipping containers shall be referenced on all shipping documents. Originals of all Government bills of lading will be surrendered to the origin carrier at the time of shipment.

- (iii) For material shipped F.O.B. origin, the Seller shall not insure and not declare a value except when transportation rates are based on "released value", in which instance the Seller shall annotate on the bill of lading the lowest released value provided in applicable tariffs.
- (iv). Seller shall label each shipping container with the Buyer's barcode label as found on the website at <http://barcode.gdls.com/supplybarcode/index.html>. All fields must be complete as defined in the Supplier Shipment Packaging Identification Requirements GDLS-PIR-01 (Attachment F).
- (v) Wood Packing Requirements: All non-manufactured coniferous wood (soft woods from coniferous trees and hard woods from non-coniferous trees) shall be treated to ensure the wood is bug free. Material shall be heat treated (HT) material certified by an accredited agency and recognized by the American Lumber Standards Committee (ALSC) and marked with the HT stamp. HT lumber is lumber that has been heated to 56 degrees C (core temperature) for 30 minutes and marked with the appropriate quality mark. The material may also be fumigated with (MB) Methyl Bromide. The ALSC approved markings for boxes and crates shall be placed on both ends of the outer packaging between the end cleats or end battens in at least one inch high letters. Marks may be placed above required Mil-PSTD-129 markings. Internal blocking and bracing must comply also and be marked if at all possible. For products imported by a domestic Seller from an international source, it is the sole responsibility of the domestic source to insure that this standard (ISPM 15) is met.

5. INSPECTION:

Buyer (and, if a Government contract number appears on the PO, the Government) shall have the right to inspect any Goods supplied under the Contract at any time during the manufacture or fabrication thereof at Seller's facilities or elsewhere. Such inspection may include, without limitation, raw materials, components, work in process, and completed products as well as drawings, specifications, and released data. Final inspection and acceptance shall be after delivery to the delivery point designated by Buyer. If any inspection or test is made by Buyer at Seller's facility or elsewhere, Seller shall provide reasonable facilities and assistance for the inspection personnel. Buyer may reject all Goods supplied under the Contract that are found to be defective. Goods so rejected may be returned to Seller at Seller's expense. No inspection, examination or test, regardless of extensiveness or type, and no approval given in connection with any such inspection, examination or test, whether by Buyer or the Government and whether under the Contract or another contract for the same or similar goods, shall relieve Seller, or be claimed by Seller to relieve it, of any obligation to comply fully with all requirements of the Contract, including the obligation to produce Goods that conform to all requirements of the drawings, specifications, and other Contract Documents. At Buyer's request, Seller shall repair or replace defective Goods at Seller's expense. Failure to inspect goods, failure to discover defects in Goods or payment for Goods shall not constitute acceptance or limit any Buyer's rights, including, without limitation, those under -0807 ¶ 10, WARRANTY. In the event inspection reveals any defect and schedule urgency requires that the defect or defects be corrected by Buyer to support production, all cost of such correction, including, without limitation, installation and removal, will be charged to Seller; such charges will also include time and material and appropriate indirect and overhead expenses. Seller shall maintain an inspection system acceptable to Buyer

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5 – Inspection (Cont.)

covering the Goods furnished under the Contract. Seller shall permit Buyer to review procedures, practices, processes, and related documents to determine such acceptability. Seller shall keep records evidencing inspections and their results and shall make these records available to Buyer and the Government, where applicable, during Contract performance and for three years after final payment. Seller is expected to make the necessary commitments to achieve and maintain a 100% acceptance rate. In the event a Seller fails to maintain this rate, Buyer may elect to terminate the Seller's delegation privileges and recall or suspend the inspection delegate stamps. Buyer may also begin termination for default proceedings per -0807 ¶ 19, TERMINATION FOR DEFAULT.

6. SELLER'S NOTICE OF DISCREPANCIES:

Seller shall immediately notify Buyer in writing when discrepancies in Seller's process or Goods are discovered or suspected regarding Goods delivered or to be delivered under the Contract.

7. OVER SHIPMENT:

Contractual Goods (herein, "Goods") shall not be supplied in excess of quantities and shipping tolerances, if any, specified in the Contract. Seller shall be liable for handling charges and return shipment costs for any excess quantities, and unless Seller agrees to pay for such costs, the over shipped material will be retained by Buyer at no cost.

8. PRICES:

(a) Unless otherwise specified, prices are FCA (Incoterms 2010) the place shown on the face of the PO and are exclusive of state sales and use taxes (see -0807 ¶ 8 (b), TAXES, below). No charge will be allowed for packing, crating, drayage, or storage. Seller warrants that prices charged for the Goods are not higher than those charged to any other customer, including the Government, for goods of like grade and quality in similar or lesser quantities.

(b) **TAXES:** Buyer assumes liability for payment of state and local sales and use taxes for Goods delivered in the states of Michigan, Ohio, Pennsylvania, Alabama, Florida, California, and Virginia, and no such taxes shall be included in Seller's quotation. Michigan Direct Payment Permit Number: 54-0582680, Ohio Direct Payment Permit Number: 98-002244, Pennsylvania Direct Payment Permit Number: 00174. Alabama Direct Payment Permit Number: 725, Florida Annual Resale Certificate Number: 47-04-028201-66, Virginia Direct Payment Permit Number: 9980001331, California Blanket Resale Certificate Number: SR OHA 97097568. Except for the foregoing, the Contract price includes all other applicable taxes and no price adjustments may be claimed therefore.

9. PAYMENT:

(a) Seller shall be paid upon submission of properly prepared invoices in accordance with Buyer's invoicing instructions for services, materials and/or supplies delivered to and accepted by Buyer. Seller must invoice each line item exactly as shown on Purchase Order/Release to ensure prompt payment. Invoice must show: Seller's name, Purchase Order Number/Release, Line Item Number, Part Number, Quantity Shipped and Price. Each invoice shall include Buyer's Prime Contract number and Seller's Contract number. Any adjustments in Seller's invoice due to shortages, rejection or other failure to comply with the provisions of the Contract, or under any other order or contract between Buyer and Seller, may be made by Buyer before payment. Unless negotiated with Buyer and written within the PO, the Contract's standard payment terms establish that, on average, payment be made on the second day of the second month following the formal receipt of goods. No charges or changes will be honored unless specified on the face of the PO. Invoices must be accompanied by transportation receipt, if transportation is payable as a separate item. Payment shall be

9 - Payment (Cont.)

deemed to have been made on the date Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay to Buyer any amounts paid in excess of amounts due Seller.

(b) Payment for "Special Tooling or Special Test Equipment" assumes that parts made therefrom will be acceptable dimensionally and functionally, and Buyer reserves the right to withhold payment until samples from such "ST/STE" are fully approved. All parts made from such "ST/STE" are subject to and covered by -0807 ¶ 5, INSPECTION, and -0807 ¶ 10, WARRANTY.

(c) Under Cost Reimbursement Type Contracts, the following also applies:

Except as provided in this -0807 ¶ 9, payment will be made for reasonable, allowable, and allocable incurred costs in accordance with the following clauses of the Federal Acquisition Regulation (FAR), which are incorporated herein by reference. In each of the following clauses, "Contractor" means Seller, "Contracting Officer" and "Government" mean Buyer, and "Disputes Clause" means -0807 ¶ 28, DISPUTES, except that the terms "Contracting Officer" and "Government" shall retain their original meanings with respect to any clause that permits the Contracting Officer or Government to review, inspect, or audit the books and records of Seller.

- (i) FAR 52.216-7, Allowable Cost and Payment (JUN 2013);
- (ii) FAR 52.216-8, Fixed Fee (JUN 2011), if this is a Cost-Plus-Fixed Fee contract;
- (iii) FAR 52.216-10, Incentive Fee (JUN 2011), if this is a Cost-Plus-Incentive Fee contract, with Paragraph (e) of this clause being set forth elsewhere in the Contract;
- (iv) FAR 52.232-20, Limitation of Cost (APR 1984), if the Contract is fully funded; and
- (v) FAR 52.232-22, Limitation of Funds (APR 1984), if the Contract is incrementally funded.

(d) Seller's Business Systems: If Seller's Business Systems, including its accounting, billing, estimating, earned value management, property management, and purchasing systems, are or have been reviewed and approved by a Government agency, Seller shall provide prompt notice to Buyer whenever there is a material change in the status of the Government's approval or the determination of adequacy of any of Seller's Business Systems.

10. WARRANTY:

Seller warrants that Goods ordered to specifications will conform thereto and to any drawings, samples, or other description furnished or adopted by Buyer, and will be fit and sufficient for the purpose intended; and that all Goods are merchantable, of good material and workmanship, and free from defect. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the Goods and shall run to Buyer, its successors, assigns, customers at any tier, and ultimate user and joint users. Notices of any defects or nonconformity shall be given by the Buyer to the Seller within fifteen (15) months after acceptance by ultimate user. Buyer's rights and remedies concerning latent defects shall exist indefinitely and shall not be affected in any way by any terms and conditions of this Contract, including this -0807 ¶ 10. Buyer may, at its option, and in addition to other remedies available at law, either (i) return for credit, (ii) require prompt correction or replacement of the defective or nonconforming goods, or (iii) have the defective items corrected or replaced at Seller's expense and deduct the cost from any monies due Seller. The return to Seller of any defective or nonconforming Goods and delivery to Buyer of any corrected or replaced Goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to the provision of this -0807 ¶ 10 and –

10 – Warranty (Cont.)

0807 ¶ 5, INSPECTION, in the same manner and to the same extent as Goods originally delivered under this Contract. In addition to correcting or replacing any defective or nonconforming goods, Seller shall also reimburse Buyer for all costs and expenses incurred by Buyer in connection with inspection and discovery of the defects, identifying and correcting the cause of such defects, and all other activities reasonably undertaken by Buyer to obtain conforming Goods or attempting to obtain from the ultimate user a waiver to permit the defective Goods to be used with all or part of the defective conditions.

11. BUYER'S ASSISTANCE AND COOPERATION:

During Seller's performance of this Contract, Buyer may, but has no obligation to, provide assistance to, or cooperate with, Seller in activities that facilitate the proper performance and completion of this Contract by Seller. Such assistance and cooperation may include without limitation:

- (i) providing engineering or other analysis or advice on correcting manufacturing deficiencies or other problems;
- (ii) acquiescing in a change of manufacturing facilities or location;
- (iii) refraining from strict enforcement of time schedule requirements under the Contract;
- (iv) permitting use of test materials or documentation not performed or produced under this Contract. Such assistance or cooperation by Buyer shall not be construed, and Seller agrees that it will not claim that any such assistance or cooperation operates, to relieve Seller from complete, proper and punctual performance of all of Seller's obligations under this Contract.

12. BUYER'S FURNISHED PROPERTY:

Buyer may from time to time furnish property to Seller for performance of this Contract. Any equitable adjustment of this Contract occasioned thereby shall be made pursuant to -0807 ¶ 14, CHANGES. Unless otherwise provided in this Contract or agreed to in writing by Buyer's Authorized Procurement Representative, property of every description including all tools, equipment, and material furnished or made available to Seller, title to which is in Buyer, and any replacement shall be and remain the property of Buyer, and Seller shall indemnify and save harmless Buyer from all liens and claims upon said property arising from any cause. Property other than material shall not be modified without Buyer's written consent. Such property shall be plainly marked or otherwise adequately identified by Seller as property of Buyer (by name) and shall be safely stored separately and apart from Seller's property. Seller shall not use such property except for performance of work under the Contract or as authorized in writing by Buyer's Authorized Procurement Representative. Such property while in Seller's possession or control shall be kept in good condition, shall be held at Seller's risk, and shall be kept insured by Seller, at its expense, in an amount equal to the replacement cost with loss payable to Buyer. To the extent such property is not material consumed in the performance of this Contract, it shall be subject to inspection and removal by Buyer, and Buyer shall have the right of entry for such purposes without any additional liability whatsoever to Seller. As and when directed by Buyer, Seller shall disclose the location of such property and/or prepare it for shipment and ship F.O.B. its plant to Buyer (or a Buyer designated location) in as good condition as originally received by Seller, reasonable wear and tear excepted. Buyer may at any time reimburse Seller for the cost of part or all special tooling and special test equipment paid for by Seller and, upon payment, Buyer shall become the owner, entitled to possession at the completion of this Contract or at such earlier date as the parties may agree.

The offal (scrap) from Buyer furnished property shall be segregated from Seller's material and placed in a separate area or in a container from a Buyer approved source. Before removal of this container, when full, the

12–Buyer's Furnished Property (Cont.)

Seller shall request directions from Buyer's By-Products Department. The Seller will prepare shipping documents denoting date, contents, weight, and recipient of the offal material. These shipping documents shall be sent directly to the Buyer's By-Products Department and a copy shall be retained for Seller's records.

At no time will the offal material be removed from Seller's premise without prior approval from the Buyer's By-Products Department.

13. SPECIAL TOOLING/SPECIAL TEST EQUIPMENT:

(a) "Special Tooling" (ST) means jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacements of these items that are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or performing particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items. Special tooling, for the purpose of this Contract, does not include any item acquired by Seller before the effective date of this Contract, or replacement of such items, whether or not altered or adapted for use in performing this Contract, or items specifically excluded elsewhere in this Contract.

(b) "Special Test Equipment," (STE) as used in this -0807 ¶ 13, means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment, including standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

(c) Title to Special Tools/Special Test Equipment (ST/STE) acquired by Seller under this Contract will vest in Buyer or the Government, as applicable, upon payment by Buyer. Seller will maintain such ST/STE in serviceable condition and will preserve and administer it for the exclusive use of Buyer, except that Seller may use such ST/STE on a rent-free, noninterference basis in the performance of Government contracts with Buyer's prior written consent. If the STE is attached to or made part of any other equipment or facility, Seller will be responsible for its removal and delivery in serviceable condition to Buyer upon written notification from Buyer.

(d) Any ST/STE required and authorized under this order, may have all the ST/STE costs and hardware segregated into a separate "Tooling Order". The Tooling Order will include requirements such as: a Buyer tool number; a picture or drawing of each tool; and evidence that the tool successfully worked for the part or process that the special tool was needed prior to payment.

14. CHANGES:

(a) Buyer may at any time, by a written notice to Seller, and without notice to sureties or assignees, make changes within the general scope of this Contract in any of the following:

- (i) technical requirements and descriptions, specifications, statement of work, drawings or designs;
- (ii) shipment or packing methods;

14 – Changes (Cont.)

- (iii) place of delivery, inspection or acceptance;
- (iv) reasonable adjustments in quantities or delivery schedules or both;
- (v) amount of Buyer-furnished property;
- (vi) if this Contract includes services, a description of services to be performed, the time of performance (e.g., hours of the day, days of the week, etc.), and the place of performance;
- (vii) terms and conditions of this Contract required to meet Buyer's obligations under Government prime contracts or subcontracts. Seller shall comply immediately with any such directions.

(b) If such change increases or decreases the cost or time required to perform this Contract, the parties shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this Contract in writing accordingly. Unless directed otherwise in writing, Seller must assert any claim for adjustment to Buyer's Authorized Procurement Representative in writing within twenty (20) days of receiving directions from the Buyer and deliver a fully supported proposal to Buyer's Authorized Procurement Representative within sixty (60) days after Seller's receipt of such direction. Buyer may, at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer shall have the right to prescribe the manner of disposition of such property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. If the Contract is awarded under a Government contract, any information necessary to evaluate and negotiate Seller's proposal that is not provided to Buyer shall be provided to the appropriate U.S. Government Agency for assist audit purposes. Failure of the parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Buyer's direction. The amount of any price increase from a change shall be based on the actual reasonable and allowable cost to perform the change. The amount of any price decrease from a change shall be based on the reduction in the Seller's cost that reasonably should have occurred as a result of the change. Seller shall maintain complete and accurate accounting records properly documenting the foregoing cost and such records shall be produced for examination and copying by Buyer within ten (10) days of a request by Buyer or the appropriate U.S. Government Agency. Failure to agree to any adjustment shall be a dispute under -0807 ¶ 28, DISPUTES. However, nothing in this paragraph 14 shall excuse the Seller from proceeding with the Contract as changed. Any action taken by Seller which affects any provision of this Contract, including delivery and price, whether or not accomplished with the concurrence of Buyer's employees, shall not entitle Seller to an equitable adjustment in accordance with this paragraph 14, unless such action has been specifically directed by Buyer's Authorized Procurement Representative's written notice.

(c) If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change. If Buyer's Authorized Procurement Representative directs Seller to proceed, then Seller must seek any adjustment through the procedures and timelines set forth in -0807 subparagraph 14(b), above.

(d) This subparagraph (d) applies if the Purchase Order is a cost-reimbursement order. Notwithstanding the foregoing provisions of -0807 ¶ 14, the estimated or target cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance shall not be increased or deemed to be increased except by specific written modification of this Contract indicating the new contract estimated cost and the new amount allotted to this Contract. Until such modification is made, Seller shall not be obligated to continue performance or incur cost beyond the point established in FAR 52.232-20, Limitation of Cost (APR 1984), and FAR 52.232-22, Limitation of Funds (APR 1984).

(e) Consistent with -0807 ¶ 28, DISPUTES, if the Contract is entered into under a federal government contract, for any claims seeking an equitable adjustment or other relief exceeding \$100,000 submitted by Seller under the

14 – Changes (Cont.)

(f) Contract, Seller shall submit to Buyer a signed certificate that states as follows, substituting Seller's legal name where indicated:

I certify that the claim is made in good faith that the supporting data are accurate and complete to the best of my knowledge and belief, that the amount requested accurately reflects the Contract adjustment for which [Seller] believes Buyer is liable, and that I am duly authorized to certify the claim on behalf of [Seller].

If requested by Buyer, Seller shall identify that portion of its claim for which it believes the Government is responsible and shall execute the certifications above, substituting "the Government" for "Buyer" as to that amount.

15. STOP WORK ORDER:

Buyer may at any time, by written notice to Seller, require Seller to stop all or any part of the work called for by this Contract for a period of up to ninety (90) days after the notice is delivered to Seller ("Stop Work Order"). Upon receipt of the Stop Work Order, Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to Seller, or within any extension of that period to which the parties shall have agreed, Buyer shall either cancel the Stop Work Order, or terminate the work covered by the Contract as provided in -0807 ¶ 19, TERMINATION FOR DEFAULT, or -0807 ¶ 20, TERMINATION FOR CONVENIENCE, whichever may be deemed appropriate in Buyer's sole discretion. Seller shall resume work upon cancellation or expiration of any Stop Work Order. If Seller delivers to Buyer a request for equitable adjustment to the Contract's delivery schedule or price (or both) within the period set forth in -0807 ¶ 14, CHANGES, Buyer may agree to an adjustment if the Stop Work Order has resulted in an increase in the time required for the performance of the PO or in Seller's costs properly allocable to the PO, and shall modify the Contract accordingly. The amount of any adjustment in the Contract price shall be determined as provided in -0807 ¶ 14, CHANGES.

16. EXCUSABLE DELAYS:

AR 52.249-14, Excusable Delays (APR 1984), is incorporated into this Contract by reference with the following terms substituted: "Contractor" means Seller, "Government" and "Contracting Officer" mean Buyer and "Subcontractor", shall mean "Seller's Subcontractor". Seller is strongly encouraged to develop and maintain a Business Continuity Disaster Recovery (BC/DR) plan. A typical BC/DR plan takes into account risk analysis, stakeholder expectations covering critical business operations, systems and processes for customer deliveries, and could include provisions for (a) a risk assessment and business impact analysis, (b) a prevention/mitigation plan, and (c) a resumption of services plan, including a recovery/restoration plan. Seller is requested to notify the Buyer if a risk has occurred or seems likely to materialize that could impact Seller's delivery or performance and provide recovery plans as applicable.

17. NOTICE TO BUYER OF LABOR DISPUTES:

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Contract, Seller shall immediately give notice, including all relevant information, to Buyer.

18. CONTRACT CANCELLATION:

By written notice, Buyer may cancel the whole or any part of this Contract in the event of Seller's default of any or all of the requirements of this Contract or in the event of suspension of Seller's business, insolvency of Seller,

18 – Contract Cancellation (Cont.)

institution of bankruptcy, liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business or any assignment, reorganization or arrangement by Seller for the benefit of creditors.

19. TERMINATION FOR DEFAULT:

(a) Buyer may, subject to the provisions of subparagraph 19 (c) below, by written notice of default to Seller, terminate the whole or any part of this Contract in any one of the following circumstances: (i) if Seller fails to make delivery of the Goods or to perform this Contract within the time specified by this Contract 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 does not cure such failure within a period of ten (10) days or longer period (as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure.

(b) In the event Buyer terminates this Contract in whole or in part as provided in subparagraph 19 (a) above, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies or services similar to those so terminated, and Seller shall be liable to Buyer for any excess costs for the same, including without limitation all costs and expenses of the type specified -0807 ¶ 10, WARRANTY; provided, that Seller shall continue the performance of this Contract to the extent not terminated in accordance with this -0808 ¶ 19.

(c) Except with respect to defaults of subcontractors, Seller shall not be liable for any excess costs if the failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of Seller. Such causes are outlined in -0807 ¶ 16, EXCUSABLE DELAYS. In every case the failure to perform must be beyond the control and without the fault or negligence of Seller.

If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the Seller were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedule. The term(s) "subcontractor(s)" shall mean Seller's subcontractor(s) at any tier.

(d) If this Contract is terminated as provided in subparagraph 19 (a) above, Buyer, in addition to any other rights provided in this Contract, may require Seller to transfer title and deliver to Buyer or the Government, in the manner and to the extent directed by Buyer, (i) any completed Goods, and (ii) such partially completed Goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") as Seller has specifically produced or specifically acquired for the performance of such part of this Contract as has been terminated; and Seller shall, upon direction of Buyer, protect and preserve property in Seller's possession in which Buyer or the Government has an interest. Payment for completed Goods delivered to and accepted by Buyer shall be at the Contract price. Payment for manufacturing materials delivered to and accepted by Buyer and for the protection and preservation of property shall be in an amount agreed to by Buyer and Seller; failure to agree to such amount shall be a dispute concerning a question of fact within the meaning -0807 ¶ 28, DISPUTES. Buyer may withhold from amounts otherwise due Seller for such completed Goods, supplies, or manufacturing materials such sum as Buyer determines to be necessary to protect Buyer or the Government against loss because of outstanding liens or claims of former lien holders or for damages otherwise caused by Seller's failure to perform its obligations under this Contract.

(e) If, after notice of termination of this Contract under the provisions of this -807 ¶ 19, it is determined for any reason that Seller was not in default under the provisions above, or that the default was excusable under -0807 ¶ 16, EXCUSABLE DELAYS, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to -0807 ¶ 20, TERMINATION FOR CONVENIENCE.

19 – Termination for Default (Cont.)

(f) The rights and remedies of Buyer provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

(g) If this PO is issued under Buyer's Government Contract, and Buyer notifies Seller in writing that the termination was directed by the U.S. Government, termination will be in accordance with applicable provisions of Part 49 of the Federal Acquisition Regulation.

20. TERMINATION FOR CONVENIENCE:

(a) Buyer may at any time by written notice terminate all or any part of this Contract for Buyer's convenience. If this Contract is terminated, in whole or in part, for Buyer's convenience, Seller shall be paid an amount, to be mutually agreed upon, which shall be adequate to cover the actual reasonable cost paid by Seller for the actual labor and material reasonably used by Seller to perform the work under this Contract to the effective date of termination, plus a reasonable profit thereon; provided that no amount shall be paid to Seller for (i) any anticipatory profits related to work under this Contract not yet performed, or (ii) costs incurred due to Seller's failure to terminate work as ordered on the effective date of termination. In no event shall the total amount paid under the provisions of this paragraph exceed the prices set forth in this Contract for the work terminated.

(b) If this PO is issued under Buyer's Government Contract, and Buyer notifies Seller in writing that the termination was directed by the U.S. Government, termination will be in accordance with applicable provisions of Part 49 the Federal Acquisition Regulation.

21. DATA:

All drawings and specifications, furnished or paid for by Buyer shall be the property of Buyer, shall be subject to removal at any time without additional cost upon demand by Buyer, shall be used only in filling orders from Buyer, and shall be kept separate from other drawings and specifications, and identified as the property of Buyer. The information contained in reports, drawings, documents or other records which are furnished to Seller by Buyer relative to this Contract, to the extent that such information is not in the public domain, shall not be disclosed to others, except to subcontractors as necessary for completion of this Contract, in which event the Seller shall have the same obligation of nondisclosure. Upon completion, termination, or cancellation of this Contract, Seller shall return all data, including without limitation, drawings and specifications to Buyer, in the event Buyer requests return of any such items, within thirty (30) days after the effective date of completion, termination, or cancellation of this Contract. Any such data of Buyer retained by Seller shall remain subject to the foregoing restrictions on use, reproduction, and disclosure. Upon termination of this Contract, either for default or convenience (as prescribed in -0807 ¶ 19, TERMINATION FOR DEFEAULT, and -0807 ¶ 20, TERMINATION FOR CONVENIENCE), Buyer may, at Buyer's option, use, on a non-exclusive basis, all drawings, documents or other records related to this Contract whether created by Buyer or Seller without further compensation to Seller.

Seller may not disclose the existence of this Contract or the items to be supplied under the Contract without Buyer's Authorized Procurement Representative's written consent, except to subcontractors who shall have the same non-disclosure responsibility.

22. U.S. EXPORT CONTROL LAWS (ITAR AND EAR COMPLIANCE):

Technical data, as defined in 22 CFR 120.10 and the Export Administration Regulation 799.1 Supplement 3, which may be acquired or generated under this Contract, may be subject to either the International Traffic in Arms Regulations (ITAR), 22 C.F.R. parts 120-130, or Export Administration Regulations (EAR), 15 C.F.R. parts 730-780, ("export-controlled data") and may require authorization from the Department of State, Directorate of Defense Trade Controls (DDTC), or Department of Commerce, Bureau of Industry and Security (BIS), or other applicable

22 – U.S. Export Control Laws (ITAR and EAR Compliance) (Cont.)

authority, before it may be released or disclosed to a foreign person. Seller shall comply with all applicable laws and regulations regarding export-controlled items, including, but not limited to, the requirement for contractors to register with the Department of State in accordance with the ITAR. Seller shall consult with the Department of State regarding any questions relating to compliance with the ITAR and shall consult with the Department of Commerce regarding any questions relating to compliance with the EAR.

23. PATENTS AND COPYRIGHTS:

Seller agrees to defend, indemnify, and hold harmless Buyer, its customers and agents, against any liability, including without limitation costs, expenses and attorney's fees, for or by reason of any actual or alleged infringement of any patent or copyright arising out of the manufacture, use, sale, delivery or disposal of Goods furnished under this Contract and not attributable to Seller's compliance with specific written instructions issued by Buyer's Authorized Procurement Representative. The provisions of this -0807 ¶ 23 shall apply to each notice or claim of patent or copyright infringement relating to the performance of this Contract of which Seller has knowledge, regardless of whether or not Buyer has given Seller notice of such claim.

24. WORK ON BUYER'S DESIGNATED PREMISES:

In the event that Seller, Seller's employees, agents' or subcontractors enter Buyer's designated premises for any reason in connection with this Contract, Seller and such other parties shall observe all military security requirements and all plant safety, plant protection, and traffic regulations. Seller shall defend, indemnify, and hold Buyer harmless from all claims, actions, demands, loss, and causes of action, arising from injury, including death, to any person, or damage to any property, when such injury or damage results in whole or in part from the acts or omissions of Seller, Seller's employees, agents, or subcontractors, save and except for damage caused by the sole negligence of Buyer. Seller, and any subcontractor used by Seller in connection with this Contract, shall carry Workmen's Compensation and Employees' Liability Insurance to cover Seller's and subcontractor(s)' legal liability on account of accidents to their employees. Seller and its subcontractor(s) shall carry adequate Comprehensive General Liability and adequate Comprehensive Automobile Liability Insurance covering accidents to their employees. Seller and its subcontractor(s) shall carry adequate Comprehensive General Liability and adequate Comprehensive Automobile Liability Insurance covering legal liability of Seller and the subcontractor(s) on account of accidents arising out of the operations of Seller or the subcontractor(s) and resulting in bodily injury, including death, being sustained by any person or persons, or in any damage to property. At Buyer's request, Seller shall furnish to Buyer certificates from Seller's insurers showing such coverage in effect and agreeing to give Buyer ten (10) days' prior written notice of cancellation of the coverage.

25. ASSIGNMENT AND SUBCONTRACTING:

Seller shall not assign this Contract or any portion of this Contract, nor shall Seller subcontract for completed or substantially completed Goods or services purchased under the Contract without the prior express written consent of the Buyer's Authorized Procurement Representative. No assignment or subcontract by Seller, including any assignment or subcontract to which Buyer consents, shall in any way relieve Seller from complete and punctual performance of this Contract, including without limitation all Seller's obligations under -0807 ¶ 10, WARRANTY.

26. NOTICES:

All notices required or permitted to be given under the Contract shall be deemed properly given if delivered in writing personally or sent by United States certified or registered mail addressed to Seller or Buyer, as the case may be, at the addresses set forth on the face of the PO, with postage fully prepaid. The effective time of notice shall be at the time of mailing.

27. WAIVER:

No waiver by Buyer of any breach of any term in this Contract or grant of an extension for performance under the Contract shall be deemed to be a waiver of any other or subsequent breach. Seller agrees that it will not claim that Buyer has waived any of Seller's performance requirements under this Contract, and no such waiver shall be effective to relieve Seller from complete and punctual performance of such requirements, unless such waiver is expressly stated in writing and signed by Buyer's Authorized Procurement Representative.

28. DISPUTES:

Pending resolution of any dispute between Buyer and Seller related to the Contract in accordance with -0807 ¶ 30, ARBITRATION, Seller shall proceed diligently with the performance of work under the Contract, including the delivery of Goods in accordance with Buyer's direction.

If this Contract is under Buyer's prime contract with the U.S. Government (USG), Seller shall not acquire any direct claim or course of action against the U.S. Government, except as expressly set forth within the applicable terms and conditions with the USG Contracting Officer's express consent. Notwithstanding paragraphs 29, "Applicable Law and Venue", and 30, "Arbitration", within these terms and conditions, if this Contract is under Buyer's prime contract with the U. S. Government, disputes involving the USG shall be governed solely by federal law.

29. APPLICABLE LAW AND VENUE:

The validity, performance and construction of this Contract shall be governed by and construed in accordance with the laws of the State of Michigan, excluding its choice of law rules, jurisdiction and venue for any suit between the parties arising out of or connected with this Contract, or the Goods furnished under the Contract shall lie only in the United States District Court, Eastern District of Michigan or the Macomb County Circuit Court in Mt. Clemens, Michigan. If this Contract is under Buyer's prime contract with the U. S. Government, disputes involving the USG shall be governed solely by federal law.

30. ARBITRATION:

Any and all claims, disputes, or other matters in question arising out of, or relating to, this Contract or the breach shall be decided by arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association (the "AAA Rules"). Notice of the demand for arbitration shall be filed in writing with the American Arbitration Association and served on the other party in accordance with the AAA Rules within one (1) year after final delivery under the Contract. All arbitration proceedings shall be heard and decided by one (1) arbitrator, who shall be an attorney with experience and familiarity with government contracts and government contract law, appointed in accordance with the AAA Rules. The hearing shall be closed to all persons except the arbitrator, the parties, their attorneys, and witnesses (only while testifying). The arbitrator's compensation, together with the time and manner of payment, shall be determined by the arbitrator and may be assessed against the Parties in such proportions as the arbitrator may deem fair and equitable. Any award made by the arbitrator may be enforced by entry of a judgment in any court having proper jurisdiction and in accordance with applicable law. Unless otherwise directed in writing by Buyer's Authorized Procurement Representative in accordance with -0807 ¶ 10, STOP WORK ORDER, Seller shall carry on the work and maintain its performance of the Contract during any arbitration proceedings. Either party to the arbitration may avail itself of discovery procedures in accordance with the then current AAA rules. The arbitrator shall decide the questions in dispute in accordance with the law applicable under the provisions of this Contract, subject to review by the courts in accordance with Section 10 (d) of the United States Arbitration Act (9 U.S.C. § 10 (d)). Arbitration under this paragraph shall be conducted in the AAA office in the venue specified in the Contract. Notwithstanding the above, any final decision by the Government contracting officer having cognizance over the prime contract under which this Contract is issued, and concerning any matter which would otherwise be subject to arbitration under this -0808 ¶ 30, shall be binding upon Seller if it is binding on Buyer, regardless of whether that decision is appealed by Buyer, or as a sponsored appeal, by Seller. Arbitration under this -0808 ¶ 30 shall be stayed during the pendency of any such

30 – Arbitration (Cont.)

appeal. Additionally, if this Contract is under Buyer's prime contract with the U. S. Government, disputes involving the USG shall be governed solely by federal law.

31. GOVERNMENT CONTRACTS:

(a) If this Contract is issued under a United States Government prime contract or subcontract, the Federal Acquisition Regulation ("FAR") and Department of Defense FAR Supplement ("DFARS") clauses (and any other supplemental FAR clauses) listed or incorporated by reference in Contract Document -0808 (and any attachments) shall apply to the Contract. As set forth in -0807 ¶ 39, ORDER OF PRECEDENCE, the terms and conditions of the FAR and DFARS clauses listed or incorporated by reference in the -0808 document shall control over any conflicting terms and conditions set forth in this Contract.

(b) Seller warrants that it has completed the Annual Representations and Certifications in Document (SCM Form 072), and that as of the date of this Contract, Seller's representations and certifications remain accurate. Seller shall provide immediate written notification to Buyer if Seller learns that any of its representations or certifications were erroneous when submitted, and at any time during the course of performance of the Contract or any resulting Purchase Order Contract, should Seller's circumstances change with respect to any of its representations and certifications. Seller shall update its Annual Representations and Certifications at least on annual basis, or as may be requested by Buyer.

(c) If a Seller/subcontractor becomes in possession of government owned property, the Seller/subcontractor will comply with the applicable FARs/DFARs and Buyer's instructions for control of government-owned property in the possession of Seller/subcontractors.

(d) Seller shall furnish military standard hardware to the drawing revision level contained in the technical data package(s) issued to Seller for performing the Contract. If no revision level is specified, parts must be supplied to the latest revision level established by government agencies as of the date of this purchase order.

32. INDEMNIFICATION:

If this Contract is issued under a Government prime contract or subcontract, Seller shall indemnify Buyer against and hold Buyer harmless from all claims, expenses, and losses, arising out of Seller's failure to comply with applicable rules, regulations, and standards of the Cost Accounting Standard Board in connection with any covered contracts, including, without limitation, TINA certification required pursuant to -0808.

Seller will defend, indemnify and hold harmless GDLS and its employees, officer, agents and permitted assigns against any loss, liability, or damage (including paying reasonable attorney's fees) incurred in connection with any claim for death, bodily injury or damage to any real or personal property that arises out of the Seller's negligence in the performance of this Contract. Seller also will defend, indemnify and hold harmless GDLS and its employees, officer, agents and permitted assigns against any loss, liability, or damage (including paying reasonable attorney's fees) incurred in connection with or as a result of Seller's breach of any of the terms, conditions or obligations set forth in this Contract, or for any violation of any applicable statutes, rules, regulations and orders of the United States, and of any State or political subdivision thereof (including but not limited to the Service Contract Act and related implementing regulations) by Seller, its employees, officers, agents or lower-tiered sub-contractors in connection with this Contract.

This provision for indemnification is in addition to any other provision for indemnification in any document made part of this Contract.

33. CONFIGURATION CONTROL:

Seller shall make no change in design, materials, manufacturing location, manufacturing process or assembly processes or source of supply, after approval of the first production test item or after acceptance of the first completed end item, without Buyer's written approval. Seller agrees that any approval by Buyer of the first production test item or any acceptance by Buyer of the first completed end item shall not in any way relieve Seller from performing all requirements of this Contract, including Seller's obligations under -0807 ¶ 10, WARRANTY.

34. FOREIGN OFFSET:

This PO, if issued to a non-U.S./foreign Seller and/or if being performed by a non U.S./foreign Seller in whole or in part, has been awarded with the cognizance of General Dynamics Corporation Industrial Participation Programs. All Offset Credits resulting from this PO are the sole property of General Dynamics Corporation to be applied to the Offset Program of its choice. Seller agrees, at no cost, to assist General Dynamics Corporation in securing appropriate Offset Credits from the respective government authorities.

35. EVIDENCE OF CITIZENSHIP OR IMMIGRANT STATUS:

Seller is required to provide information concerning citizenship or immigrant status of Seller's personnel and/or Seller's subcontractor's personnel entering Buyer's premises. Seller agrees to furnish this information before Seller's or its subcontractor's personnel enter onto Buyer's premises.

36. GRATUITIES:

Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents, or representatives for the purpose of securing this Contract, and that Seller will not make or solicit kickbacks in violation of FAR 52.203-7, Anti-Kickback Procedures (MAY 2014), or the Anti-Kickback Act of 1986 (41 U.S.C. 51, et. seq.), both of which are incorporated into the Contract by reference.

37. PUBLICITY:

Without prior written approval from Buyer's Authorized Procurement Representative, Seller shall not, and Seller's subcontractor(s) at any tier shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding the Contract or the Goods, Services, or program to which it pertains. Seller shall be liable to Buyer for any breach of such obligation by Seller and/or any of its subcontractors.

38. ORDER OF PRECEDENCE:

The Contract constitutes the entire, fully integrated agreement of the parties as to the subject matter hereof. In the event of any inconsistency among the Contract Documents, the inconsistency shall be resolved by giving precedence in the following order: (i) the Purchase Order for the Contract; (ii) the terms and conditions listed and incorporated in the -0808 document; (iii) the terms and conditions in this -0807 document; (iv) the terms and conditions in the -0809 document (v) other applicable terms and conditions, such as 84-005-1032 for time and material subcontracts/POs or Contract Labor (CL) terms and conditions for CL type subcontracts/POs; (vi) the drawings included among the Contract Documents; (vii) the specifications included among the Contract Documents; and (viii) any other documents incorporated into any Contract Document by reference.

39. BILLING RATES:

If Seller is operating under a Flexibly Priced and/or Progress Payment contract/ subcontract. Seller must send its request of any proposed changes in billing rate to Buyer's Authorized Procurement Representative at least sixty

39 – Billing Rates (Cont.)

(60) days prior to using that rate on invoices to Buyer. Buyer will review the request and notify the Seller of Buyer's decision prior to expiration of this period. If the rate is rejected, a DCAA audit of Seller's rate will be requested, through Buyer's Contracts Department, to determine the allowable rate going forward.

40. HAZARDOUS MATERIAL:

(a) A current safety data sheet for all hazardous products must be on file with General Dynamics Land Systems Health and Safety Department. If Seller changes manufacturing for this product or is shipping this product for the first time, a current safety data sheet must be provided by Seller to Buyer's Health and Safety Department prior to shipment. Additionally, all initial shipments of hazardous materials must include a copy of the current safety data sheet.

(b) Effective May 5, 2011, Buyer requires that all items procured through the Contract to be free of the following materials, **unless otherwise specified on Buyer-controlled Drawings:**

- (i) Hexavalent chromium
- (ii) Cadmium
- (iii) Beryllium
- (iv) Asbestos
- (v) Mercury
- (vi) Lead

(a) lead contained on electronic components and lead-containing solder are exempt from this requirement

(vii) Highly toxic materials as defined in 29 CFR 1910.1200 Appendix A

(viii) Carcinogenic Materials as defined in 29 CFR 1910.1200 Appendix A

(ix) Class I and Class II ozone depleting substances as defined in section 602 of the Clean Air Act

Certification to these requirements must be provided to Buyer's Supply Chain Management Department (SCM). Any issues with respect to compliance with these requirements must be raised with SCM. Buyer's Materials Engineering is available to give technical assistance with determining alternatives.

(c) Each smallest container must be marked with the General Dynamics assigned MSDS number, shelf life expiration date (if shelf life is indefinite, then it must state the word 'indefinite), and the product lot/batch number.

41. TOXIC SUBSTANCES CONTROL ACT (TSCA):

The Seller hereby certifies that all chemicals to be delivered under the Contract comply with the requirements of the Toxic Substance Control Act (TSCA) 15 USCA 2601-2629.

42. DRUG-FREE WORKPLACE/ WORK FORCE POLICY:

The Seller shall establish a work force policy and maintain a drug-free workplace consistent with FAR 52.223-6, Drug-Free Workplace (MAY 2001) and DFARS 252.223-7004, Drug-Free Work Force (SEP 1988).

43. COUNTERFEIT PARTS PREVENTION:

a. Definitions:

(1) Authentic – shall mean (A) genuine; (B) purchased from the Original Equipment Manufacturer ("OEM"), Original Component Manufacturer ("OCM") or through the OEM's/OCM's authorized dealers; and (C) manufactured by, or at the behest and to the standards of, the manufacturer that has lawfully applied its name and trademark for that model/version of the material.

43 – Counterfeit Parts Prevention (Cont.)

(2) Authorized Dealer – A dealer or distributor that purchases directly from the OEM or OCM and is authorized or franchised by the OEM or OCM to sell or distribute the OEM's/OCM's products.

(3) Counterfeit Part - means an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

(4) Electronic Part – an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode, or a circuit assembly (Section 818(f)(2) of Pub. L. 112-81). The term “electronic part” includes any embedded software or firmware.

(5) Obsolete Electronic Part – means an electronic part that is no longer in production by the original manufacturer or an aftermarket manufacturer that has been provided express written authorization from the current design activity or original manufacturer.

(6) Original Component Manufacturer (OCM), Original Equipment Manufacturer (OEM). - An organization that designs and/or engineers a part or equipment and is pursuing or has obtained the intellectual property rights to that part or equipment.

(7) Non-Franchised Source – Any source that is not authorized by the OEM or OCM to sell its product lines. Non-franchised sources may also be referred to as brokers or independent distributors.

(8) Suspect Counterfeit Part – An electronic part for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the electronic part is authentic.

b. Terms and Conditions:

(1) Seller represents and warrants that only new and authentic materials are used in products required to be delivered to Buyer and that the Work delivered contains no Counterfeit Parts. No material, part, or component other than a new and authentic part is to be used unless approved in advance in writing by Buyer. To further mitigate the possibility of the inadvertent use of Counterfeit Parts, Seller shall only purchase authentic parts/components directly from the Original Equipment Manufacturers (“OEMs”), Original Component Manufacturers (“OCMs”) or the OEM's/OCM's authorized dealers. Seller represents and warrants to Buyer that all parts/components delivered under the Contract are traceable back to the OEM/OCM. Seller must maintain and make available to Buyer, at Buyer's request, OEM/OCM documentation that authenticates traceability of the parts/components to the applicable OEM/OCM. Purchase of parts/components from Non-Franchised Sources is not authorized unless first approved in writing by Buyer's Authorized Procurement Representative. Seller must present complete and compelling support for its request and include in its request all actions to ensure the parts/components thus procured are legitimate parts. Buyer's approval of Seller request(s) does not relieve Seller's responsibility to comply with all Contract requirements, including the representations and warranties in this paragraph.

(2) Seller shall maintain a documented system (policy, procedure, or other documented approach) that provides for prior notification and Buyer approval before parts/components are procured from sources other than OEMs/OCMs or the OEM's/OCM's authorized dealers. Seller shall provide copies of such documentation for its system for Buyer's inspection upon Buyer's request.

(3) Seller, if supplies electronic part(s), and/or component(s), which include software as applicable, must maintain a counterfeit detection process that complies with SAE standard AS5553, Counterfeit Electronic Parts, Avoidance, Detection, Mitigation, and Disposition.

43 – Counterfeit Parts Prevention (Cont.)

(4) If it is determined that counterfeit parts or suspect counterfeit parts were delivered to Buyer by Seller, the suspect counterfeit parts will not be returned. Buyer reserves the right to quarantine any and all suspect counterfeit parts it receives and to notify the Government Industry Data Exchange Program (GIDEP) and other relevant government agencies. Seller shall promptly reimburse Buyer for the full cost of the suspect counterfeit parts and Seller assumes responsibility and liability for all costs associated with the delivery of suspect counterfeit parts, including, but not limited to, costs for identification, testing, and any corrective action required to remove and replace the suspect counterfeit parts. The remedies in this section shall apply regardless of whether the warranty period or guarantee period has ended, and are in addition to any remedies available at law or in equity.

(5) If the procurement of materials under the Contract is pursuant to, or in support of, a contract, subcontract, or task order for delivery of Goods or services to the Government, the making of a materially false, fictitious, or fraudulent statement, representation or claim or the falsification or concealment of a material fact in connection with the Contract may be punishable, as a Federal felony, by up to five years' imprisonment and/or substantial monetary fines. In addition, trafficking in counterfeit goods or services, to include military goods or services, constitutes a Federal felony offense, punishable by up to life imprisonment and a fine of fifteen million dollars.

(6) Seller shall flow the requirements of this clause ("Counterfeit Parts Prevention") to its suppliers at any tier who render performance or supplies to be used in support of the Contract, even if Seller itself or its suppliers are (i) exempt from Cost Accounting Standards; (ii) are a small business; or (iii) offer commercial items for Electronic Parts or assemblies containing Electronic Parts.

(7) Seller agrees to provide records, including traceability records, to Buyer to substantiate Seller's compliance upon Buyer's request. Seller agrees to cooperate in good faith in the event Buyer or Buyer's customer(s) have a need to audit Seller's compliance.

(8) Seller agrees to provide assurance that no malware or viruses contained in embedded software / firmware.

44. SERVICE CONTRACT ACT COMPLIANCE

If this Contract is pursuant to a prime contract with the Federal Government that is principally for services, the Seller's work under this Contract will be subject to the requirements of the Service Contract Labor Standards, also known as the Service Contract Act (the "Act" or "SCA"). This Act outlines the minimum monetary wages and fringe benefits that must be paid to employees according to the applicable United States Department of Labor ("DoL") Wage Determination(s) ("WD"). In the event that a wage determination is not included as an attachment to this Contract, it is Seller's responsibility to request a copy of the wage determination from Buyer. The failure to include any wage determination as an attachment or to incorporate any clauses related to compliance with the SCA, or Seller's failure to request a copy of the wage determination shall not excuse Seller from its obligations under the SCA or operate as a defense to the Seller's indemnity obligations in the event it fails to comply with the Act's requirements. Revised wage determinations only become applicable to this Contract after the occurrence of both of the following events: (1) the revised wage determination has been incorporated in Buyer's prime contract; and (2) Buyer incorporates the revised wage determination into this Contract. Seller is cautioned that there are severe financial penalties imposed by the DoL for any non-adherence to the Service Contract Act.

By executing this Contract, Seller certifies that it will adhere to all requirements set forth in the FAR 52.222-41 clause incorporated into this Contract, including all incorporated SCA implementing regulations including, but not limited to:

(a) Paying all SCA- covered personnel at wage rates equal to or higher than the relevant rates specified in the applicable wage determination(s) incorporated into this Contract as attached;

44 – Service Contract Act Compliance (Cont.)

(b) Providing the fringe benefits at equal to or higher than those wage rates specified in the applicable wage determination(s) incorporated into this Contract as attached.

Seller further agrees to make any payments required by the SCA (and its implementing regulations) and also agrees to hold Buyer harmless for any failure on the part of the Seller to comply with the SCA (and its implementing regulations) for any failure to comply with the requirements of FAR 52.222-41 and agrees to make any payments required and to hold Buyer harmless for any failure on the part of the Seller to comply with these regulations.

To ensure Seller's compliance with the requirements of the SCA, Buyer reserves the right for Seller and/or the U.S. Government to conduct an audit of Seller's employee time and payroll records, which Seller must maintain under the recordkeeping requirements of the SCA at 29 C.F.R. § 4.6 and FAR 52.222-41. To support such audit, and as requested by Buyer, Seller agrees to provide the following information as a minimum to Buyer within five (5) calendar days of any such request from Buyer: Employee Name; Payroll period; Hours Worked; SCA Labor Category and wage rate; Base Hourly Rate; Hourly fringe benefits (i.e. "health & welfare," vacation, holiday) paid; copies of timesheets showing the days and hours worked; and, copies of actual employee pay stubs. If employees are assigned to multiple contracts during a given workweek, Seller agrees to provide a breakdown of the foregoing information by contract. Failure to provide these documents and any related information related to Service Contract Act compliance may be deemed grounds for, but not limited to, a termination of this Contract for Default.

45. SMALL BUSINESS SUBCONTRACTING PLANS REQUIRED BY LARGE US BUSINESSES:

Any U.S. Large Business Subcontractors with purchase orders over \$700,000 which require Small Business Plans per FAR 52.219-9, Small Business Subcontracting Plan (NOV 2016), and FAR 19.702 shall submit applicable Small Business Plan(s) to Buyer's Authorized Procurement Representative. Individual Subcontract Report(s) (ISRs) must be entered into the Electronic Subcontracting Reporting System (www.esrs.gov) addressed to sb@gdls.com.

46. ANTI-CORRUPTION COMPLIANCE:

Seller agrees that in pursuing the Contract and performing under it, it will fully comply with the Foreign Corrupt Practices Act, the Corruption of Public Officials Act, the United Kingdom Bribery Act, and local anti-corruption laws in the jurisdictions in which services pursuant to the Contract are performed. Without limiting the generality of the foregoing, Seller represents that:

(a) It has not and will not directly or indirectly offer, give, promise or authorize the payment or giving of money or anything of value to any government official, United Nations official, political party, party official or candidate for office ("Public Official") for the purpose of obtaining or retaining business or gaining any competitive advantage;

(b) It has not and will not directly or indirectly, offer, pay, promise to pay, or authorize the payment or giving of money, or anything of value to any individual (1) to induce the individual to perform improperly any function or activity in the course of the individual's employment, business, trade, or profession or (2) to reward an individual for the improper performance of any such function or activity.

(c) No Public Official has nor will benefit, directly or indirectly, from the compensation that the Seller may receive in connection with this Order or proceeds of any Contract/subcontract related thereto; and

(d) Compensation that the Seller may receive in connection with the Contract or proceeds of any subcontract related thereto has not been used, and will not be used, for any activity or purpose that would violate any applicable anti-bribery law; and

46 – Anti-Corruption Compliance (Cont.)

(e) Seller will cause their employees, directors and subcontractors to comply with the provisions of this Article in connection with this Contract.

47. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) COMPLIANCE:

The Seller shall register within thirty (30) days of award of a Contract/Purchase Order with the System for Award Management (SAM), available at www.sam.gov, if the Contract/Purchase Order has a value of \$30,000 or more and the Seller, during its preceding fiscal year, received:

- 1) 80 percent or more of its annual gross revenues from Federal contracts (and Purchase Orders), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; **and**
- 2) \$25,000,000 or more of its annual gross revenues from Federal contracts (and Purchase Orders), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance.

If the Seller is required to register with SAM pursuant to this -0808 ¶ 47, the Seller shall report in SAM the compensation of its five (5) most highly compensated executives as determined under subsection (a) of FAR 52.204-10 (OCT 2015). The Seller shall update the executive compensation information in SAM annually.

The Seller is hereby advised that executive compensation information, as well as certain past performance information, entered in SAM will be made publicly available by the Government.

48. CONFLICT MINERALS DISCLOSURE

Seller certifies that, regardless of whether Seller is publicly traded or not, Seller does not procure Conflict Minerals from Covered Countries, as those terms are defined by and consistent with the Securities and Exchange

Commission's final rule on Conflict Minerals, 17 CFR Parts 240 and 249(b), promulgated pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. (the "Rule").

Seller certifies and warrants that all products that [have been or] will be delivered to GDLS by Seller under this Order [since January 31, 2013,] are DRC Conflict Free, as defined by and consistent with the Rule.

Seller agrees that, if required by the Rule, it has made, and will continue to make, good faith inquiries reasonably designed to determine whether any Conflict Mineral that is included in any product delivered to GDLS pursuant to this Order originated in the DRC or an Adjoining Country, or is from Recycled or Scrap Sources, as defined in the Rule. Seller further agrees that, if required by the Rule, it has performed, and will continue to perform, due diligence on the source and chain of custody of any Conflict Mineral that is included in any product delivered to GDLS pursuant to this Order, and that such due diligence conforms to a nationally or internationally recognized due diligence framework, if such a framework is available for the Conflict Mineral. Seller agrees that all inquiries and diligence performed shall be consistent with the requirements of the Rule.

Seller agrees that it shall require its own subcontractors and suppliers (at any tier in the supply chain for a product delivered to GDLS under this Order) to furnish information to Seller necessary to support Seller's obligations under this Section 48.

Seller will maintain records reviewable by GDLS to support its certifications above.

Seller acknowledges that GDLS may utilize and disclose Conflict Minerals information provided by Seller in order

48 – Conflict Minerals Disclosure (Cont.)

to satisfy its disclosure obligations under the Rule.

If GDLS determines that any certification made by Seller under this Section 48 is inaccurate or incomplete in any respect, then GDLS may terminate this Order pursuant to the provision per -0807 ¶ 19 TERMINATION FOR DEFAULT.

49. COMMODITY CLASSIFICATION (EXPORT CONTROL REFORM)

For any Seller providing a non-GDLS designed part, component, accessory, attachment or software to GDLS for use in or with a defense article ("item") or other physical commodity, the Seller shall provide a completed Supplier Commodity Classification Worksheet (SCM 075) for each individual item.

The Seller's technically qualified representative shall complete, sign and submit the worksheet to exportcontrolreform@gdls.com.

The worksheet may be found at <http://www.gdls.com/index.php/suppliers/transportation-and-trade-compliance>.

50. FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

Seller shall provide a current withholding certificate, executed on the latest version of the applicable IRS form, to document Seller's status for purposes of both Foreign Account Tax Compliance Act ("FATCA") and non-resident alien ("NRA") withholding. Generally the withholding certificate will be in the form of a W-9 (if a U.S. individual, partnership, or a corporation), a W-8BEN (if a foreign individual), a W-8BEN-E (if a foreign entity), or a W-8ECI (if a foreign entity with effectively connected US income). The most current form applicable to Seller's situation may be obtained from the IRS at <http://www.irs.gov>. Seller's failure to provide a current US withholding certificate may result in potential delays of payment processing and / or US tax withholding under FATCA or NRA provisions which otherwise may be unnecessary.

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