

L-3 Communications Corporation

General Terms and Conditions

Supplement 1 – Government Contract Provisions from the Federal Acquisition Regulation (FAR)

1. When the materials or products furnished are for use in connection with a Government contract or subcontract, in addition to the General Provisions, the following provisions shall apply, as required by the terms of the prime contract or by operation of law or regulation. In the event of a conflict between these FAR provisions and the General Provisions, the FAR provisions shall control.

2. The following clauses set forth in the FAR in effect as of the date of the prime contract are incorporated herein by reference. In all clauses listed herein, the terms “Government”, “Contracting Officer” and “Contractor” shall be revised to suitably identify the contracting parties herein and effect the proper intent of the provision except where further clarified or modified below. “Subcontractor”, however, shall mean “Seller’s Subcontractor” under this purchase order.

A. APPLICABLE TO ALL ORDERS:

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| 1. Certificate of Independent Price Determination | 52.203-2 |
| 2. Price or Fee Adjustment for Illegal or Improper Activities | 52.203-10 |
| 3. Security Requirements | 52.204-2 |
| 4. material Requirements | 52.211-5 |
| 5. Defense Priority and Allocation Requirements | 52.211-15 |
| 6. Small Business Program Representations | 52.219-1 |
| 7. Utilization of Small Business Concerns | 52.219-8 |
| 8. Notice to the Government of Labor Disputes | 52.222-1 |
| 9. Hazardous Material Identification and Material Safety Data – “Government” means “Government and Buyer | 52.223-3 |
| 10. Drug-Free Workplace | 52.223-6 |
| 11. Notice of Radioactive Materials | 52.223-7 |
| 12. Ozone Depleting Substances | 52.223-11 |
| 13. Privacy Act | 52.224-2 |
| 14. Buy American Act – Balance of Payments Program - Supplies | 52.225-1 |
| 15. Buy American Act – North American Free Trade Agreement – Israeli Trade Act- | 52-225-3 |
| 16. Balance of Payments Program | |
| 17. Duty-Free Entry | 52.225-8 |
| 18. Restrictions on Certain Foreign Purchases | 52.225-13 |
| 19. Authorization and Consent – Alternate I | 52.227-1 |
| 20. Royalty Information | 52.227-6 |
| 21. Refund of Royalties | 52.227-9 |
| 22. Filing of Patent Applications – Classified Subject Matter | 52.227-10 |
| 23. Patent Rights – Retention by the Contractor (Short Form) | 52.227-11 |
| 24. Patent Rights – Retention by the Contractor (Long Form) | 52.227-12 |
| 25. Rights in Data – General | 52.227-14 |
| 26. Commercial Computer Software – Restricted Rights | 52.227-19 |
| 27. Insurance – Work on a Government Installation | 52.228-5 |
| 28. Protest After Award | 52.233-3 |
| 29. Industrial Resources Developed Under Defense Production Act Title III | 52.234-1 |
| 30. Accident Prevention | 52.236-13 |
| 31. Protection of Government Buildings, Equipment, and Vegetation | 52.237-2 |
| 32. Stop Work Order | 52-242-15 |
| 33. Changes - Fixed Price Contracts | 52-243-1 |
| 34. Competition in Subcontracting | 52.244-5 |
| 35. Subcontracts for Commercial Items and Commercial Components | 52.244-6 |
| 36. Government Property (Fixed-Price Contracts) – “Government means “Government” and/or “Buyer.” The fourth sentence of paragraph (h) is changed to read: “Neither the Government nor the Buyer shall be liable...” | 52.245-2 |
| 37. Special Tooling – In paragraph (c) “Government” means “Government or Buyer” | 52.245-17 |
| 38. Special Test Equipment – In paragraph (b) (4) “Government” means “Government or Buyer” | 52.245-18 |
| 39. Government Property Furnished “As Is” | 52.245-19 |
| 40. Preference for U.S. – Flag Air Carriers | 52.247-63 |
| 41. Termination for Convenience of the Government (Fixed-Price) – “Government: shall mean “Buyer”. In paragraph (c) the term “45 days” is changed to “90 days.” The term “one year” in paragraph (b) is changed to “six months.” The term “90 days” is paragraph (k) is changed to “forty-five days.” | 52.249-2 |

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- B. ORDERS OVER \$10,000 ALSO INCLUDE THE FOLLOWING:
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| 1 | Employment Reports on Disabled Veterans and Veterans of the Vietnam Era | 52.222-37 |
| 2 | Walsh-Healy Public Contracts Act | 52.222-20 |
| 3 | Prohibition of Segregated Facilities (over \$10,000) | 52.222-21 |
| 4 | Equal Opportunity | 52.222-26(b) |
| 5 | Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era | 52.222-35 |
- C. ORDERS OVER \$100,000 ALSO INCLUDE THE FOLLOWING:
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| 1 | Restrictions on Subcontractor Sales to the Government | 52.203-6 |
| 2 | Anti-Kickback Procedures (less paragraph (c) (1)) | 52.203-7 |
| 3 | Limitation on Payments to Influence Certain Federal Transactions | 52.203-12 |
| 4 | Audit and Records – Negotiation | 52.215-2 |
| 5 | Integrity of Units Prices | 52.215-14 |
| 6 | Contract Work Hours and Safety Standards Act – Overtime Compensation | 52.222-4 |
| 7 | Affirmative Action for Workers with Disabilities | 52.222-36 |
| 8 | Certification of Toxic Chemical Release Reporting | 52.223-13 |
| 9 | Toxic Chemical Release Reporting (Less paragraph (e)) | 52.223-14 |
| 10 | Notice and Assistance Regarding Patent and Copyright Infringement | 52.227-2 |
| 11 | Bankruptcy | 52.242-13 |
| 12 | Change Order Accounting | 52.243-6 |
| 13 | Subcontracts (paragraphs (h) and (l) only apply) | 52.244-2 |
| 14 | Inspection of Supplies, Fixed Priced Contracts | 52.246-2 |
| 15 | Inspection of Services, Fixed Price Contracts | 52.246-4 |
| 16 | Preference for Privately Owned U.S. – Flag Commercial Vessels | 52.247-64 |
| 17 | Value Engineering | 52.248-1 |
| 18 | Default | 52-249-8 |
- D. ORDERS OVER \$500,000 ALSO INCLUDE THE FOLLOWING:
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| 1 | Small Business Subcontracting Plan | 52.219-9 |
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- E. ORDERS OVER \$550,000 ALSO INCLUDE THE FOLLOWING:
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| 1 | Pension Adjustment and Asset Reversions | 52.215-15 |
| 2 | Reversion or Adjustment of Plans for Postretirement Benefits (PRB) other than Pensions | 52.215-18 |
| 3 | Notification of Ownership Changes | 52.215-19 |
- F. UNLESS OTHERWISE EXEMPT ALSO INCLUDE THE FOLLOWING:
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| 1 | Price Reduction for Defective Cost or Pricing | 52.215-10 |
| 2 | Subcontractor Cost or Pricing Data | 52.215-12 |
| 3 | Subcontractor Cost of Pricing Data – Modifications | 52.215-13 |
| 4 | Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data | 52.215-20 |
| 5 | Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data – Modifications | 52.215-21 |
| 6 | Administration of Cost Accounting Standards | 52.230-6 |
| 7 | Cost Accounting Standards | 52.230-2 |
| 8 | Disclosure and Consistency of Cost Accounting Practices | 52.230-3 |
| 9 | Cost Accounting Standards – Educational Institution | 52.230-5 |
- G. APPLICABLE TO COST REMINBURSEMENT, TIME & MATERIAL OR LABOR HOUR ORDERS:
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| 1 | Facilities Capital Cost of Money | 52.215-16 |
| 2 | Allowable Cost and Payment (cost reimbursement) – Seller agrees to execute assignment documents in order to meet subsection (h) | 52.216-7 |
| 3 | Fixed Fee – applicable if this is a cost plus fixed fee order | 52.216-8 |
| 4 | Incentive Fee – applicable if this is a cost plus incentive fee order | 52.216-10 |
| 5 | Cost Contract – No Fee – applicable if this is a cost no fee order | 52.216-11 |
| 6 | Cost Sharing Contract – No Fee – applicable if this is a cost sharing, no fee order | 52.216-12 |
| 7 | Payment for Overtime Premiums – insert “0%” in paragraph (a) unless indicated otherwise on the face of this order | 52.222-2 |
| 8 | Limitation of Cost (if fully funded) | 52.232-20 |

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| 9 | Limitation of Funds (if incrementally funded) | 52.232-22 |
| 10 | Changes – Cost-Reimbursement – applicable if this is a cost-reimbursement order | 52.243-2 |
| 11 | Changes – Time and Material or Labor-Hours – applicable if this is a time and material or labor hour order | 52.243-3 |
| 12 | Government Property (Cost-Reimbursement, Time and Material or Labor Hour Contracts) – “Government” means “Government and Buyer.” The following is substituted for paragraph (g) in cost reimbursable orders only: “Seller shall return all Government-furnished property in as good condition as when received, except for reasonable wear and tear for use of the property in accordance with the provisions hereof” | 52.245-5 |
| 13 | Inspection of Supplies (Cost-Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government or Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. | 52.246-3 |
| 14 | Inspection of Services (Cost-Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government and Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. | 52.246-5 |
| 15 | Inspection – Time and Material and Labor Hour – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government and Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. | 52.246-6 |
| 16 | Termination (Cost-Reimbursement) – “Government” means “Buyer” and “Contracting Officer” means “Buyer’s purchasing representative.” In paragraph (d) change “15 days” and “45 days” to “30 days” and “90 days,” respectively. In paragraph (e) change “1 year” to “six months.” Alternate IV is applicable to time and material or labor-hour orders only. | 52.249-6 Alt IV |
| 17 | Excusable Delay | 52.249-14 |
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| 3. | Certifications | |
| The offeror, by signing its offer, hereby certifies compliance with the following clauses and is, therefore eligible for award. | | |
| A | Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (over \$100,000) | 52.203-11 |
| B | Certification Regarding Debarment, Suspension, Proposed Debarment and Other Responsibility Matters (all) | 52.209-5 |
| C | Protecting the Government’s Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (over \$25,000) | 52.209-6 |
| D | Previous Contracts and Compliance Reports (over \$10,000) | 52.222-22 |
| E | Affirmative Action Compliance – Statement of Affirmative Action | 52.222-25 |
| F | Clean Air and Water Certification (over \$100,000) | 52.223-1 |
| G | Certification of Toxic Chemical Release Reporting | 52.223-13 |
| H | Cost Accounting Standards Notices and Certifications | 52.230-1 |
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| 4. | Additional Clauses: | |
| A | COST ACCOUNTING STANDARDS (Applicable unless otherwise exempt) Seller shall communicate and otherwise deal directly with the Contracting Officer to the extent practicable and permissible as to all matters relating to Cost Accounting Standards. Seller shall provide Buyer with copies of all communications between Seller and the Contracting Officer respecting Cost Accounting Standards, FAR 52.230-2 and Administration of Cost Accounting Standards, FAR 52.230-6, provided Seller shall not be required to disclose to Buyer such communications containing information which is privileged and confidential to the Seller. In addition to any other remedies provided by law or under this Order, Seller | |

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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 of the Seller or its lower-tier subcontractors to comply with the requirements of FAR 52.230-2, 52.230-3, 52.230-5 or 52.230-6. Paragraph (b) is deleted in each of the foregoing clauses.

B TRUTH IN NEGOTIATIONS

Cost or Pricing Data (applicable only if certified cost or pricing data has been provided).

The clause entitled "Subcontractor Cost or Pricing Data" is a part of this Order if the Seller was required to furnish cost and pricing data and a Certification of Current Cost or Pricing Data for this Order. If it was not required to furnish such data and Certificate, the clause entitled "Subcontractor Cost or Pricing Data-Modification" is a part of this Order. Seller shall update its proposal and re-certify its cost or pricing data whenever costs, factors, or prices change such that cost or pricing data previously furnished is no longer accurate, current, or complete.

1. Indemnification

If any price (including profit or fee) negotiated in connection with the prime contract between the Government and the Buyer or any cost that is reimbursable under said contract is reduced because cost or pricing data furnished by the Seller in connection with any proposal submitted by the Buyer relating to said contract or in connection with this Order was not accurate, complete, or current, the Seller shall indemnify the Buyer in the amount of said reduction.

The phrase "cost or pricing data" as used herein shall be deemed to include any such data which related to a lower-tier prospective or actual subcontract, at any level, which was submitted by the Seller or which it procured by submission of, in connection with the aforesaid proposal or this Order in support of its cost estimate.

If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable and shall pay the Buyer at the time such overpayment is repaid:

i. Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date the Buyer is repaid by the Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and

ii. For Department of Defense contracts only, a penalty equal to the amount of the overpayment, if the Seller knowingly submitted cost or pricing data which were incomplete, inaccurate, or non-current.

2. Cost or Pricing Data for Changes

Prior to the pricing of any change or other modification to this Order which involves increases and/or decreases in costs plus applicable profit in excess of the contractually required threshold (e.g. \$100,000, \$500,000 or \$550,000) and resulting from a change in the prime contract, subcontractors shall submit cost or pricing data and shall certify that the data, as defined in Federal Acquisition Regulation 15.406-2, submitted either actually or by specific identification in writing are accurate, complete, and current as of the date of completion of negotiations.

When required to obtain cost or pricing data from its subcontractors, pursuant to the provisions of this Order, Seller shall obtain such data.

5. DISPUTES – GOVERNMENT CONTRACTS

Any reference to the "Disputes clause" in any applicable FAR Clause under paragraph 2 above shall mean this paragraph 5, Disputes – Government Contracts

i. Any dispute arising under this purchase order relating to any decision of the Contracting Officer under the prime contract shall be resolved in accordance with Paragraph (ii) below. All other disputes will be resolved by the Section 6, Disputes in the General Terms and Conditions Of Purchase.

ii. 1. Notwithstanding any other provisions in this purchase order, any decision of the Contracting Officer under the prime contract which binds Buyer shall bind both Buyer and Seller to the extent that it relates to this purchase order—provided that:

- a. The Buyer notifies with reasonable promptness the Seller of such decision and
- b. The Buyer, at its sole discretion, authorizes in writing the Seller to appeal in the name of the Buyer such decision at its own expense, or

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- c. If Buyer should appeal such decision, Buyer at its sole discretion offers to the Seller the opportunity at its own expense to join Buyer in such appeal.
- 2. Any decision upon such appeal, when final, shall be binding upon the Seller.
- 3. The Seller shall keep Buyer informed of any appeal it makes by providing copies of all pertinent documents to Buyer.
- 4. The Seller shall indemnify and save harmless from any and all liability of any kind incurred by or imputed to Buyer under Section 5, "Fraudulent Claims," of the Contract Disputes Act of 1978, as amended, if Seller is unable to support any part of its claim and it is determined that such inability is attributable to fraud or misrepresentation of fact on the part of Seller.
- iii. Pending any prosecution, appeal, or final decision or settlement of any dispute arising under this purchase order, the Seller shall proceed diligently, as directed by Buyer, with the performance of this purchase order.
- iv. Nothing in this clause nor any authorization or offer that may be made shall be deemed to constitute acceptance or acknowledgment by Buyer of the validity of Seller's claim or any part thereof, nor be deemed to limit or in any way restrict Buyer from taking any actions, including available remedies, it deems appropriate to protect its own interests.
- v. As used in this clause, the word "appeal" means an appeal taken under the contract Disputes Act of 1978, as amended.