



MICRO CRAFT, INC.

Procurement Terms and Conditions

This document contains requirements and Terms and Conditions under which Micro Craft, Inc. conducts its procurement activity. Many of the provisions contained herein are “flow-down” provisions from Micro Craft customer(s). Reference to these flow-down provisions, as well as all other provisions on the face of the purchase Order (PO), letter contract, or long form contract, incorporates all applicable clauses of this document as set forth in full text, except to the extent expressly altered in the Micro Craft PO, Contract, etc.

No date of issue or revision is listed for referenced Government clauses (FAR, DFARS, NASA FAR SUPPLEMENT, etc.). It is understood that from time to time these clauses are changed/updated/deleted. Unless specifically stated otherwise, the clause(s) incorporated into the contract are those in effect as of the date of the Memorandum of Agreement (MOA), Letter Contract, or issuance of the Micro Craft PO/Contract, whichever is earlier.

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SECTION 1 – GENERAL PROVISIONS

Section 1 is applicable for ALL contracts

1.1 DEFINITIONS

The following definitions apply unless otherwise specifically stated:

- (a) "Buyer" or "Micro Craft" - the legal entity issuing this Order.
- (b) "Purchasing" or "Procurement Representative" – Buyer or the delegated individual authorized to issue this order.
- (c) Contractor - the legal entity contracting with the Buyer.
- (d) "Order" or "Contract" – the Purchase Order (PO), this contractual instrument, including changes, general terms and conditions, special provisions, drawings, technical data, specifications, quality clauses, and all other documents incorporated herein.
- (e) "Product" or "Article" – goods and services material, supplies, parts, assemblies, technical data, drawings, or other items to be furnished by Contractor to Buyer, including raw materials, components, and intermediate assemblies of such items.
- (f) "FAR" - the Federal Acquisition Regulation
- (g) "DFARS" - the Defense Federal Acquisition Regulation Supplement
- (h) "Promise Date" or "Schedule Delivery Date" - the date of receipt at destination, not ship date, irrespective of FOB point.
- (i) "Property" – all tangible property including material that may be consumed or expended during the performance of a contract.

1.2 ENTIRETY OF AGREEMENT

The provisions of this Contract constitute the complete and exclusive agreement between the parties hereto and supersede all previous negotiations, discussions, communications, representations, or agreements, whether oral or written, between the parties hereto with respect to the subject matter hereof. Where applicable, the Agreements, Representations and Certifications as completed by the Contractor are hereby incorporated in their entirety by reference with the same force and effect as if they were given in full text. The terms of this Contract supersede any previous course of dealing or usage of trade. No agreement or understanding varying or extending the terms or conditions of this Contract will be binding unless in writing, signed by duly authorized representatives of both parties. Acceptance of this Order by the Contractor will be by any one of the following: (1) acknowledgment in writing, (2) commencement of performance by the Contractor or (3) delivery in whole or in part of the items or services called for hereunder. No condition stated by the Contractor in its acknowledgment of this Contract shall be binding upon Micro Craft if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein, unless expressly accepted in writing by an authorized Micro Craft Procurement Representative.

1.3 CONTRACT CHANGES

Micro Craft may at any time by a written order issued by an authorized Procurement Representative and without notice to sureties, if any, make changes within the general scope of this Contract, in any one or more of the following: (1) drawings, designs, or specifications; (2) method of shipment or packing; (3) time or place of performance, inspection, delivery, or acceptance; (4) reasonable increases or decreases in quantities; (5) reasonable changes in delivery schedules; (6) issue additional instructions or require modification in the work or services; and (7) the amount of Micro Craft or Government furnished property. Contractor shall proceed immediately to perform this Order as changed. If any such change causes an increase or decrease in the cost of or the time required for performance of this Contract, or otherwise affects any other provisions of this Contract, whether changed or not changed by any such order, an equitable adjustment shall be made in the purchase price, delivery schedule, or in such other provision of the Contract as may be so affected, and the Contract modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted in writing within twenty (20) days from the date of receipt by the Contractor of the notification of change; provided, however, that Micro Craft, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Contract. However, nothing in this clause shall excuse the Contractor from proceeding with the Contract as changed.

1.4 PRODUCT CHANGES/ PART OBSOLESCENCE

Contractor shall provide advanced notification in writing to the cognizant Micro Craft Procurement Representative of any changes to tooling, facilities, materials or processes at the contracting supplier or their sub-tier suppliers that could affect the Micro Craft-contracted product. This includes but is not limited to fabrication, assembly, handling, inspection, acceptance, testing, facility relocation, or introduction of a new manufacturer. Contractor shall notify Micro Craft of any pending or contemplated future action to discontinue articles purchased pursuant to this Contract and shall allow Micro Craft to submit a forecast of expected annual usage prior to Contractor finalizing its decision to discontinue the articles. Contractor shall provide Micro Craft with a "Last Time Buy Notice" at least twelve months prior to the actual discontinuance. Contractor shall extend opportunities to Micro Craft to place last time buys of such articles with deliveries not to exceed twelve months after the last time buy date.

1.5 SUPERSEDING SPECIFICATIONS

All references in Micro Craft, Micro Craft customer, or Government specification incorporated herein to other Micro Craft, Micro Craft customer, or Government specifications shall be deemed to include all specifications supplementary to or superseding the specifications so referenced, to the extent that such supplementary or superseding specifications are in effect at the date of

Contractor's latest quotation, if the Contractor was furnished or otherwise notified of the existence of such supplementary or superseding specifications at the time of said quotation.

1.6 SCHEDULE

(a) Deliveries are to be made both in quantities and at the time specified in this Contract or modification thereof. Contractor shall strictly adhere to this Contract's promise date(s), schedule delivery date(s), or completion schedule(s). Contractor shall not deliver articles more than fifteen (15) calendar days prior to these dates unless authorized in writing by Micro Craft through its cognizant Procurement Representative. Articles delivered to Micro Craft more than thirty (30) calendar days in advance of schedule may be returned at Contractor's expense and without any obligation to Micro Craft. Deliveries will be made even in the event of a strike at either the Buyer's or Seller's location, unless prior written consent is obtained from the other party, which shall not be unreasonably withheld.

(b) In the event of any anticipated or actual delay in the performance of this Contract, Contractor will promptly notify the cognizant Micro Craft Procurement Representative in writing of the reasons for the actual/anticipated delay and the actions being taken to overcome or minimize the delay and will provide Micro Craft with a written recovery schedule. If Micro Craft requests, Contractor shall, at Contractor's expense, ship via air or other expedited routing to avoid the delay or minimize it as much as possible.

Contractor agrees to flow this provision down to its Subcontractors, and notify Micro Craft when there are anticipated or actual delays at its Subcontractors that could affect performance under this Contract. Notification shall not be construed to relieve Contractor of its obligation to comply with Contract delivery requirements.

(c) Micro Craft will have no liability for payment for material or items delivered to Micro Craft that are in excess of the quantity specified in the delivery schedules, unless such excess is agreed upon by Micro Craft in writing by an authorized Procurement Representative. Micro Craft will be entitled to either an equitable price reduction for late deliveries, or the right to terminate this Contract for default for late deliveries. Failure of the parties to reach agreement on an equitable price reduction shall be a dispute under the "Disputes" clause. Contractor has a duty to continue performance under this Contract pending resolution of a dispute.

1.7 DISPUTES

In the event of any dispute or disagreement arising under or relating to this contract, the parties agree to make diligent and reasonable attempts to resolve through negotiations all such disputes or disagreements prior to resorting to any remedy available in law or equity. Either party may litigate any dispute arising under or relating to this Contract before a court of the state from which Buyer's Order is issued. Pending resolution of any such dispute by settlement or by final judgment, the parties shall proceed diligently with performance. Contractor's performance shall be in accordance with Micro Craft's written instructions. In the event litigation is pursued, the prevailing party shall be entitled to recover its reasonable costs and expenses including, without limitation, its reasonable attorneys' fees.

1.8 ON-SITE REPRESENTATION

The delivery of the contract products in strict accordance with the contract requirements is of paramount importance. To assure attainment of this requirement, the parties agree that Micro Craft may, at its option, assign representatives from Micro Craft and/or Micro Craft's customer's Engineering, Manufacturing, Quality Assurance, Procurement, or other specialties as necessary as resident or itinerant representatives to be located at Contractor's plant. Contractor shall at no cost to Micro Craft, provide adequate office space and equipment for these liaison personnel and provide for their safety while at its plant during the performance of this Contract.

The Contractor agrees that, when applicable, the Contracting Officer or his or her authorized representative (with the approval of Micro Craft) may visit the Contractor's production facility where this Contract is to be performed, in whole or in part, to review progress, discuss problems/failures and witness testing pertaining to the requirements of this Contract.

1.9 WAIVERS/APPROVALS

Failure of Micro Craft to enforce at any time any of the provisions of this Contract, or any rights in respect thereto, or to exercise any election therein provided, shall in no way be considered to be a waiver or relinquishment of the right to thereafter enforce such provisions or rights or exercise any subsequent elections. Any and all of the rights and remedies conferred upon Micro Craft under this Contract shall be cumulative and in addition to, and not in lieu of, the rights and remedies granted by law. If any provision of this contract becomes void or unenforceable by law, the remaining shall be valid and enforceable.

No waiver, alteration, or modification of any of the provisions of this Contract shall be binding on Micro Craft unless evidenced by a written change or modification to this Contract signed by the cognizant Micro Craft Procurement Representative. Micro Craft's approval of Contractor's design or article shall not relieve Contractor of the warranties or any other requirements of this Contract. Waivers by Micro Craft of any drawings or specification requirements for one or more articles shall not constitute a waiver of such requirements for the remaining articles unless so stated in writing by Micro Craft. The provisions of this clause shall not limit or affect the rights of Micro Craft acceptance.

1.10 TECHNICAL DIRECTION AND CONTRACTOR RESPONSIBILITIES

- (a) All communication between Contractor and Micro Craft affecting the Contract Statement of Work or Description of Supplies or Services to be furnished shall be through the cognizant Micro Craft Procurement Representative. Micro Craft technical personnel may provide written technical direction. However, technical direction and management surveillance shall not impose tasks and requirements upon the Contractor that are additional to or different from the general tasks and requirements established in the Contract. The Technical Direction, to be valid:
 - (1) Must be issued in writing consistent with the general scope of the work as set forth in this Contract;
 - (2) Shall not commit Micro Craft to any adjustment of the cost or other contract provisions.
- (b) If any Technical Direction is interpreted by the Contractor to fall within the clause entitled "Changes", the Contractor shall not implement such direction, but shall notify the cognizant Micro Craft Procurement Representative in writing of such interpretation within ten (10) working days after Contractor receipt of such direction. Such notice shall (1) include the reason upon which the Contractor bases its belief that the Technical Direction falls within the purview of the "Changes" clause; and (2) include the Contractor's best estimate as to revision in estimated cost, fee, performance time, delivery schedules and any other contractual provisions that would result from implementing the Technical Direction.
 - (1) If, after reviewing the information presented pursuant to subparagraph (b) above, the Micro Craft Procurement Representative is of the opinion that such direction is within the purview of the "Changes" clause and he/she considers such changes desirable, he/she will issue unilateral direction to proceed pursuant to the authority granted under the clause.
 - (2) In the event the cognizant Micro Craft Procurement Representative determines that it is necessary to avoid a delay in performance of the Contract, he/she may, in writing, direct the Contractor to proceed with the implementation of the Technical Direction pending receipt of the information to be submitted under paragraph (b) above. Should the cognizant Micro Craft Procurement Representative later determine that Change direction is appropriate; the written direction issued hereunder shall constitute the required Change direction.
- (c) Failure of the Contractor and the cognizant Micro Craft Procurement Representative to agree on whether direction is Technical Direction or a Change within the purview of the "Changes" clause shall be a dispute concerning a question of fact within the meaning of the clause entitled "Disputes."
- (d) Any action taken by the Contractor in response to any direction which falls within the purview of the "Changes" clause given by any person other than the cognizant Micro Craft Procurement Representative shall be at the Contractor's own risk.

1.11 ASSURANCE OF PERFORMANCE

This Contract imposes an obligation of each party that the other's expectation of receiving due performance will not be impaired. The Contractor will, by acceptance of this Contract, actively promote among its employees improved productivity, quality enhancement and an awareness of the Micro Craft program. The effectiveness and results of these programs will be subject to review at Micro Craft's option.

1.12 INDEMNIFICATION

Contractor agrees to indemnify and hold Micro Craft, its officers, employees, agents, and representatives, harmless from any and all claims, fines, penalties, offsets, liabilities, judgments, losses, damages, costs and profit disallowed, or expenses (including reasonable attorney's fees) for:

- (a) Property damage or personal injury including death, of whatever kind or nature arising out of, as a result of, or in connection with Contractor, its employees', agents', Subcontractors', and lower-tier Subcontractors' performance pursuant to this Contract,
- (b) Any liability which arises as the result of failure of Contractor or its lower-tier Subcontractors to comply with any law, regulation, or clause whose terms are part of this Contract, and/or
- (c) Claims from any person and for whatever reason, including negligence, due to any first aid or ambulance services provided or not provided by Micro Craft.
- (d) Liability from any actual or alleged patent, copyright, trademark, or trade secret infringement by reason of any manufacture, use, or sale of any articles delivered by Contractor under this Contract, or for any items manufactured from reports, drawings, blueprints, data, or technical information delivered by Contractor under this Contract.

1.13 TITLE TO DRAWINGS, SPECIFICATIONS AND WORK PRODUCT

Micro Craft and/or its customers shall at all times have title to all drawings and specifications (1) furnished by Micro Craft to Contractor, and (2) shall have title to all drawings, specifications and work product generated by Contractor under this Contract. Contractor agrees to use all drawings and specifications, either provided by Micro Craft or generated by Contractor under this Contract, solely in connection with this Contract and shall not disclose such drawings and specifications to any person, firm or corporation other than those employees of Micro Craft and/or its customers, the Contractor, or approved Subcontractors that have a need to know. The Contractor shall, upon Micro Craft's request or upon completion of this Contract, promptly return or deliver all drawings, specifications and work product to Micro Craft.

The Contractor hereby assigns and agrees to assign to Micro Craft the Contractor's entire right, title and interest in and to (1) any and all drawings, specifications and work product referred to above, (2) any and all applications for patent, domestic and foreign, that may be filed on said work product, (3) any and all patents that may issue or be granted on such applications, and (4) any and all trademarks and copyrights in material related to said drawings, specifications and work product. Contractor shall, upon request by Micro Craft, immediately sign and deliver to Micro Craft, without further consideration, any and all documents necessary to perfect the assignments granted in this paragraph.

1.14 INTELLECTUAL PROPERTY

- (a) All technical work product, including, but not limited to, ideas, information, data, documents, drawings, software, software documentation, designs, specifications, and processes produced by or for Contractor, either alone or with others, in the course of or as a result of any work performed by or for Contractor which is covered by this Contract using funds paid for by Micro Craft under this Contract shall be the exclusive property of Micro Craft and be delivered to Micro Craft promptly upon request.
- (b) All inventions conceived, developed, or first produced by or for Contractor, either alone or with others, in the course of or as a result of any work performed by or for Contractor which is covered by this Contract using funds paid for by Micro Craft under this Contract, and any patents based on any such inventions (both domestic and foreign), shall be the exclusive property of Micro Craft. Contractor shall promptly disclose all such inventions to Micro Craft in written detail, and execute all papers, cooperate with Micro Craft, and perform all acts necessary or appropriate in connection with the filing, prosecution, maintenance, or assignment of related patents or patent applications to Micro Craft.
- (c) All works of authorship, including, but not limited to, documents, drawings, software, software documentation, photographs, video tapes, sound recordings, and images, created by or for Contractor, either alone or with others, in the course of or as a result of any work performed by or for Contractor which is covered by this Contract using funds paid for by Micro Craft under this Contract, together with all copyrights subsisting therein, shall be the sole property of Micro Craft. To the extent permitted under United States copyright law, all such works shall be works made for hire, with the copyrights therein vesting in Micro Craft. The copyrights of all other such works, including all of the exclusive rights therein, shall be promptly transferred and formally assigned free of charge to Micro Craft.
- (d) In the event of any inconsistency between this clause and any Government clause incorporated by reference into this Contract, the incorporated Government clause shall govern.

1.15 RIGHTS IN COMPUTER SOFTWARE

Contractor hereby assigns to Micro Craft all rights, title and interest in computer software, including computer programs, data bases and documentation thereof, developed in the performance of this Contract, including the right to apply for and register copyrights and patents in the United States and any other country, the right to all extensions and renewals thereof, and unrestricted and complete rights of publication or reproduction, the right to use and license others to use said software, and the right to exclude others from reproducing said software. Contractor shall obtain from its Subcontractors all rights aforementioned necessary to fulfill the Contractor's obligation to Micro Craft under this Contract. Contractor agrees to execute any and all documents Micro Craft may require to perfect the above assignment.

1.16 CONFIDENTIAL OR PROPRIETARY INFORMATION AND PROPERTY

Contractor shall keep confidential and otherwise protect from disclosure all information and property obtained from Micro Craft in connection with this Order and identified as confidential or proprietary. Unless otherwise expressly authorized herein or by Micro Craft, Contractor shall use such information and property, and the features thereof, only in the performance and for the purpose of this Order. Upon Micro Craft's request, and in any event upon the completion, termination or cancellation of this Order, Contractor shall return all such information and property to Micro Craft or make such other disposition thereof as is directed by Micro Craft. Contractor shall not sell or dispose of any scrap or any completed or partially completed or defective proprietary property before receiving written authorization from Micro Craft and before rendering such property unsuitable for use. In all subcontracts and purchase orders issued by Contractor and involving Subcontractor receipt of such information or property, Contractor shall flow down to its Subcontractors these requirements in order to provide to Micro Craft the same rights and protection as contained in this clause.

1.17 RELEASE OF INFORMATION

The Contractor shall not, without the prior written consent of Micro Craft, release any information of any part of the subject matter of this Order. Nothing in the foregoing shall affect compliance with U.S. Government security requirements. This includes but is not limited to advertisements, brochures, news releases (including photographs, films, public announcements, or denial or confirmation of the same, or interviews with news media representatives) and the like. Contractor shall not, at any time during or subsequent to performance of this Contract, disclose to others the terms of this Contract or any other information, knowledge, or data, including business, technical, financial, or information that are of a proprietary or trade secret nature, that Contractor may receive from Micro Craft during the course of this Contract. This provision shall apply equally to Subcontracts and Contractor shall include the substance of this provision, including this sentence, in all of its subcontracts.

1.18 ENVIRONMENTAL, OCCUPATIONAL, HEALTH AND SAFETY PROTECTION LAWS

The Contractor hereby warrants to Micro Craft that (1) all materials and/or products supplied or to be supplied to Micro Craft hereunder, and (2) all manufacturing and producing phases used by the Contractor in the production and/or assembly of the supplies and/or services rendered and/or to be delivered to Micro Craft hereunder are in compliance with all local, state, and federal environmental protection and occupational, health and safety laws. Contractor agrees, at its expense, to repair, modify, or replace any articles not in compliance with OSHA standards, and to hold harmless and indemnify Micro Craft and its Customers from any liability and expense (including attorney's fees) by reason of property damage or personal injury (including death) occasioned in whole or part from a violation of OSHA standards. No approval of the Contractor's facilities and/or production methods by Micro Craft shall in any way nullify or modify the compliance by the Contractor with all local, state and federal environmental protection and occupational health and safety laws. The Contractor also warrants that it will accurately label consistent with the requirements of 40 CFR Part 82 "Protection of Stratospheric Ozone; Labeling."

1.19 ELIMINATION OF OZONE-DEPLETING SUBSTANCES

In accordance with Public Law 102-484, this Contract or related subcontracts shall not use or contain any specification or requirement that can only be met by, or require the use of, a Class I ozone-depleting substance unless such use is specifically authorized in writing by Micro Craft. The 1990 clean air act, title 40, code of federal regulations part 82, requires placement of warning labels on all products containing or manufactured with class I ozone depleting substances (ODS). Class I substances are cfc's, halons, methyl chloroform, and carbon tetrachloride effective 15 may 1993, all shipments received at buyer from your firm must meet the aforementioned regulation.

1.20 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

Prior to shipment of any hazardous material or chemical (as determined by OSHA regulation at 29 CFR Section 1910.1200[d] or Federal Standard No. 313) onto Micro Craft property or work sites, Contractor shall provide to Micro Craft one copy of OSHA Form 20 or 174, Material Safety Data Sheet or equivalent, for each such material or chemical. The form shall include the Micro Craft stock number or the material specification number as defined in this Contract and all of the information required by 29 CFR Section 1910.1200 (g).

The packaging, labeling, handling, and shipping of all hazardous items must conform with all current federal, state, and local laws and regulations, including carrier regulations. In addition to application of proper shipping labels on the outside container, each container of hazardous items shall be marked with the appropriate precautionary label according to the Code of Federal Regulations. Any failure to comply with the above submission requirement shall be grounds for withholding payments due the Contractor hereunder.

1.21 INSPECTION AND TITLE PASSAGE

Contractor shall provide and maintain an inspection system in accordance with sound business practices and as otherwise provided in this Contract. Records of all inspection work by Contractor shall be kept complete and available to Micro Craft during the performance of this Contract and for four (4) years after final payment, and in such manner as may be specified elsewhere in this Contract. Final inspection and acceptance of items delivered hereunder shall be made after delivery at the Micro Craft designated point, notwithstanding any prior payment or inspection. In the event the supplies and/or work are subsequently rejected by Micro Craft for reasons other than loss or damage caused in transit, title will be delivered from Micro Craft or the Government and will revert immediately to the Contractor.

During performance of this Contract, the Contractor's quality control or inspection system and manufacturing processes are subject to review, verification and analysis by authorized Micro Craft or Micro Craft customer representatives. Contractor shall inform Micro Craft when the work is ready for inspection.

Supplier shall promptly notify the cognizant micro craft buyer if any nonconforming material is to be presented for delivery, or if a nonconforming condition is detected after delivery.

1.22 ACCEPTANCE

Micro Craft shall accept articles or give Contractor notice of rejection within a reasonable time, notwithstanding any payment or prior test or inspection. No inspection, test, delay or failure to inspect or test, or failure to discover any defect or other nonconformance shall relieve Contractor of any obligations under this Contract or impair any rights or remedies of Micro Craft or its customer.

In case any article or lot of articles is defective in material or workmanship, or otherwise not in strict conformance with the requirements of this Contract, Micro Craft shall have the right either to reject it, require its correction, or accept it with an equitable adjustment in price or other consideration. Micro Craft acceptance of a nonconforming article does not release Contractor from its warranty or latent defect obligations. Any article that has been rejected or requires correction shall be replaced or corrected by, and at the expense of Contractor, including transportation charges, promptly after notice. If, after notice by Micro Craft, Contractor fails to promptly replace or correct any defective article within the contractual delivery schedule, Micro Craft may:

- (a) By contract or otherwise, replace or correct such article and charge to Contractor the cost occasioned by Micro Craft;
- (b) Without further notice terminate this Contract in accordance with the Termination for Default clauses established herein;
- (c) Require a reduction in price that is equitable under the circumstances.

1.23 PACKING, MARKING, AND SHIPPING

- (a) All articles shall be packed, marked, and shipped in accordance with the requirements specified in the Purchase Order. If no specific instructions are provided, utilize good commercial practices to ensure protection in shipment and storage and compliance with applicable federal, state, and local laws and regulations. Any expense incurred by Micro Craft as a result of improper preservation, packaging, packing, marking, or method of shipment shall be reimbursed by Contractor. No separate or additional charge is payable by Micro Craft for containers, crating, boxing, bundling, dunnage, drayage, or storage unless specifically stated in the Contract. Contractor shall forward to Micro Craft, with invoice, the express receipt of bill of lading, signed by the carrier evidencing the fact that shipment was made.
- (b) Contractor shall strictly comply with the delivery requirements of this Contract. In the event of Contractor's failure to so comply with the delivery requirements, Micro Craft may, in addition to all other remedies, require Contractor, at Contractor's expense, to ship articles via air freight or expedited routing to avoid or minimize delay.

1.24 SHIPMENT ROUTING AND FREIGHT PROVISIONS

Contractor is to adhere strictly to Micro Craft's routing instructions. Any losses or additional expense incurred by Micro Craft that results from deviations from Micro Craft's routing instructions contained herein shall be charged to the Contractor. Contractor will contact the Micro Craft Procurement Representative if routing instructions are questionable.

Unless otherwise specified, F.O.B. point of items called for herein shall be made F.O.B. carrier's equipment at city of origin, nearest airport, or nearest rail siding. If this Contract has been awarded to the Contractor on the basis of F.O.B. Shipping Point-Freight Allowed (SPFA), the total amount paid by Micro Craft for the freight shipment(s) of the item(s) called for herein shall be deducted from the Contractor's invoice(s) when payment is made by Micro Craft.

1.25 WARRANTY

In addition to all other warranties expressed or implied in law, the Contractor warrants that the items delivered hereunder will conform to all applicable specifications, drawings, samples, symbols or other descriptions furnished by Micro Craft and will be merchantable, of good material and workmanship and free from defects. In case any such item shall be defective or otherwise not in conformity herewith, Contractor shall at Micro Craft's option and in addition to all other remedies of Micro Craft, either credit Micro Craft for any such nonconformity or defects, or at Contractor's expense replace, repair, or correct any such article. Contractor agrees to make all corrections to the satisfaction of Micro Craft and/or the Government. Should the Government require acceptance of items not conforming to all specifications or other description, payment will be made at an equitable reduction in price. This warranty shall survive acceptance and run to Micro Craft, its successors, assigns, customers and users of its products.

1.26 INVOICES AND PAYMENT

Contractor shall prepare at time of shipment full and complete invoices for the work performed and shall deliver two (2) copies of said invoices by mail or otherwise to Micro Craft. Contractor shall be paid the prices stipulated herein for supplies delivered and accepted, less applicable deductions, if any. Payment due date, including prompt payment discounts, shall be based on the date articles are received or services completed, or the date a correct invoice is received, whichever is later. For purposes of earning the discount, payment is deemed made on the date of mailing Micro Craft's check. Micro Craft may, at its option, make payment to the Contractor prior to the delivery and/or acceptance of supplies and/or services.

Each Contractor invoice shall be for delivery/completion of articles on only one PO. When there are several items to be invoiced during a given month, Contractor shall limit the number of submitted invoices on this Contract to one per month when possible, with multiple items on a given invoice. Each Contractor invoice shall contain as a minimum the PO number, PO line item for each article, article description (including serial numbers, if required), quantity delivered of each article, invoiced amount for each article, and the total amount of the submitted invoice. Master/Blanket Orders will require the Micro Craft release number for each line item. Invoice and packing list must show quantity, unit of measure, and unit price for each line item. Suppliers who supply a service must provide their federal tax number and form of business organization (i.e. corporation, partnership, or proprietorship). Only one purchase order number per invoice. Do not invoice sales tax. For prepay and add freight, a copy of the freight bill must be provided with invoice for all shipping charges in excess of \$250.00. Freight charges cannot be paid without compliance. Unless otherwise stated in the PO, invoiced amounts for each article must exactly match what is in the PO. Micro Craft shall be entitled at all times to set-off any amounts owed by Contractor to Micro Craft against any amount payable by Micro Craft to Contractor. Except as otherwise provided for in this PO, no payment for extras shall be made unless such extras and the price therefore have been authorized in writing by Micro Craft.

Submit invoices to:

Micro Craft, Inc.
207 Big Springs Ave.
Tulahoma, TN 37388
Attn: Accounts payable

Failure to provide this information will result in the invoice being returned for the required information and payment will be withheld until the information is supplied. Questions concerning invoicing may be addressed to accounts payable at (931) 455-2617 ext. 411 or the buyer listed on the purchase order.

1.27 INSURANCE – WORK ON Micro Craft PREMISES

In the event the Contractor, its agents, and/or employees are required to perform this Contract or any part thereof on the premises of Micro Craft, or any premises under Micro Craft's control or responsibility, the Contractor will be required to provide insurance coverage as follows:

- Worker's Compensation Insurance or qualification as a self-insurer to satisfy the laws of the state in which the work is being performed. Seller's Worker's Compensation Insurer or Seller, if self-insured, agrees to waive rights of subrogation against Micro Craft except for claims caused solely by Micro Craft's negligence.
- Employer's Liability Insurance for Bodily Injury per accident with limits of not less than \$1,000,000 and Bodily Injury by Disease with limits of not less than \$1,000,000 per occurrence.
- Comprehensive General Liability - \$2,000,000 combined single limit any one occurrence and shall include the following coverage providing coverage for bodily injury and property damage:
 - 1) Owner's and Contractor's Protective - required when Subcontractors are involved,
 - 2) Contractual Liability Insurance for assumed liabilities specifically covering the contract with Micro Craft, and
 - 3) Products, completed operations coverage.
- Comprehensive Automobile Liability Insurance - \$1,000,000 combined single limit per occurrence for personal injury and property damage.
- UMBRELLA LIABILITY: Providing limits which, in addition to the primary limits described in subparagraphs (1) and (2) above, shall total, for each such coverage respectively, a minimum of two million dollars (\$2,000,000) per occurrence and two million dollars (\$2,000,000) annual aggregate. This coverage may be subject to a retained limit of one hundred thousand dollars (\$100,000) per occurrence for those losses it covers which are not covered by the policies obtained in accordance with subparagraphs (2) and (3) above. The above policy(ies) shall include Micro Craft as an additional insured with respect to any claims arising out of, resulting from, or in consequence of the performance of work under this contract.
- Such other insurance as will furnish reasonable protection against claims which may arise from operations under this Contract, whether such operations be by the Contractor or others whose services are engaged by the Contractor or anyone directly or indirectly employed by either of them.

Micro Craft, Micro Craft joint ventures and subsidiary companies will be named as an additional insured with full waiver of subrogation. These insurance coverages of Contractor will be primary to all coverages of Micro Craft, Micro Craft joint ventures and subsidiary companies. The policy(s) will be endorsed to contain a cross-liability endorsement. Worker's Compensation is excluded from these requirements with the exception that full waiver of subrogation will be required under Worker's Compensation Insurance.

Certificates of such insurance shall be filed with Micro Craft and shall be subject to the approval of Micro Craft before work is commenced under this Contract. Provision shall be made for thirty (30) days advance written notice, by mail to Micro Craft, of changes in or cancellation of any such insurance. If a self-insurer, the Contractor will be required to furnish evidence that it has been qualified by the appropriate State Insurance Department in place of furnishing a Certificate of Insurance.

Failure on the part of the Contractor to furnish this Certificate of Insurance prior to the commencement of work or failure to continue to maintain such insurance during the performance of this Contract shall be cause for the Contractor to be declared in default under this Contract. Contractor shall, upon request, provide certified copies of the required policies.

1.28 SAFETY AND ACCIDENT PREVENTION

In performing any work under this Contract on premises which are under the direct control of Micro Craft, the Contractor shall (1) conform to all safety rules and requirements set forth in the laws of the State(s) where this Contract is being performed which are in effect on the date of this Contract, and which are incorporated herein by reference, and (2) take such additional precautions as Micro Craft may reasonably require for safety and accident prevention purposes, including safety training when specified in the Request for Proposal or Contract. The Contractor agrees to take all reasonable steps and precautions to prevent accidents and preserve the life and health of Contractor and Micro Craft, Government, or Micro Craft customer personnel performing or in any way coming in contact with the performance of this Contract on such premises. Any violation of such rules and requirements, unless promptly corrected as directed by Micro Craft, shall be grounds for termination of this Contract in accordance with the default provisions hereof.

Contractor delivery personnel may not bring firearms, matches or lighters, cameras, alcohol, illegal drugs, or unauthorized passengers into Micro Craft secured areas or premises. If deliveries are to be made to other than the receiving dock, delivery personnel may be required to obtain a Micro Craft Visitor badge at the main lobby and may also require a Micro Craft escort.

1.29 HOLD HARMLESS – WORK ON Micro Craft PREMISES

In the event the Contractor, its agents, and/or employees are required to perform this Contract or any part thereof on Micro Craft premises or any premises under Micro Craft's control or responsibility, the Contractor agrees to save harmless and defend Micro Craft from and against any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorney's fees arising out of claims on account of, or in any manner predicated upon loss of, or damage to the property of, the injuries to, or the death of, any or all persons whatsoever, in any manner caused or contributed to by the Contractor, its agents or employees while in, upon, or about Micro Craft's premises, and to indemnify and save Micro Craft harmless, from and on account of damages of any kind which Micro Craft may suffer as a result of the acts of any of the Contractor's agents or employees in or about the area involved. Micro Craft reserves the right to participate in the defense of any such claims, demands and actions.

1.30 HAZARDOUS WASTE DISPOSAL

Contractor will use reasonable effort to reduce generation and discharge of waste to avoid subsequent handling and disposal. Hazardous waste generated on Micro Craft property in the performance of this Contract will be accepted by Micro Craft who will arrange for and pay for disposal, unless otherwise provided for in this Contract. The hazardous waste is to be correctly identified and delivered to defined sites during regular business hours. The Contractor is expressly prohibited to take any hazardous waste off of Micro Craft property without specific written direction. Nothing contained in this clause shall relieve the Contractor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations in connection with hazardous material/hazardous waste.

1.31 ILLEGAL DRUGS OR ALCOHOL

Contractor agrees to advise its employees and the employees of its Subcontractors and agents that: (1) it is the policy of Micro Craft that the use, possession, sale, transfer, or purchase of illegal or unauthorized prescription drugs or alcohol on Micro Craft property is prohibited; (2) entry onto Micro Craft property constitutes consent to an inspection of the employee and the employee's personal effects, including testing for illegal or unauthorized prescription drugs or alcohol when entering, on, or leaving Micro Craft property; and (3) any employee who is found in violation of the policy, or who refuses to permit or submit to an inspection or test may be removed and barred from Micro Craft property at the discretion of Micro Craft. Contract labor employees must be certified as drug-free and will be subject to post-incident, reasonable-suspicion, and random screening tests.

1.32 SECURITY

The Contractor is responsible to assure that Contractor's employees entering Micro Craft facilities are properly badged and made aware of the posted and other applicable security requirements. Contractor shall require that each of its employees engaged in work on premises owned, occupied, or under the control of Micro Craft display such identification as may be approved and directed by Micro Craft. The Contractor is responsible for the immediate return of all badges at the completion or termination of this Contract as well as the immediate return of badges from those Contractor employees who complete activities at Micro Craft during the course of this Contract. In addition, the Contractor is required to notify Micro Craft's cognizant Procurement Representative of the specific details when one of its Micro Craft badged employees is terminated for cause, a Micro Craft badge is lost, or if in any manner or degree a problem develops in the course of compliance with security requirements. In order to be badged, contractor's employees must be able to demonstrate they are capable of reading and understanding English. Exceptions for work performed in non-explosive areas can be made with prior approval by Micro Craft's Purchasing, Safety, and Security departments.

1.33 SAFETY REPORTING

Any accident, incident or exposure resulting in fatality, lost-time occupational injury, occupational disease, contamination or damage of property or parts which may affect the performance of this Contract shall be reported immediately to the cognizant Micro Craft Procurement Representative and the Micro Craft Safety Office if Contract performance is on Micro Craft premises.

1.34 CODE OF CONDUCT; ANTI-HARASSMENT AND OFFENSIVE BEHAVIOR POLICY

While on Micro Craft premises all Contractors and their employees are subject to the applicable rules and regulations governing Micro Craft visitors and contractors, including, but not limited to, Micro Craft's Anti-Harassment and Offensive Behavior Policy and Micro Craft's Code of Business Ethics and Conduct.

1.35 ASSIGNMENT AND SUBCONTRACTING

Neither this Order nor the rights, duties, or interests therein may be delegated, assigned, or otherwise transferred in whole or in part by either party without the prior written consent of the other party, which shall not be unreasonably withheld. None of the articles to be delivered under this Contract shall be acquired by Contractor from a Subcontractor or third party in completed or substantially completed form without the prior written consent of Micro Craft. However, either party shall have the right to assign this Order without prior consent if such assignment is to a successor of the assigning party by way of merger, consolidation or acquisition of all the business and assets of the assigning party. In the event that an assignment without consent is made consistent with this paragraph, the successor shall expressly assume all of the obligations and liabilities of the assigning party under this Order, and the assigning party shall remain liable and responsible to the other party hereto for the performance and observance of all such obligations.

Notwithstanding the foregoing, any amounts due or to become due hereunder may be assigned by the Contractor provided that such assignment shall not be binding upon Micro Craft unless and until the assignment agreement is received by Micro Craft.

1.36 FINANCIAL RESPONSIBILITY

Contractor shall, prior to commencing work under this Contract, furnish such financial data and related information as may be required by Micro Craft to permit a determination of financial capability and financial responsibility under this Contract. Contractor shall, at no increase in Contract price, promptly submit interim financial data as may be requested by Micro Craft to determine continuing financial capability and responsibility during the progress of work under this Contract.

If Contractor's financial capability and responsibility are determined by Micro Craft to be such as may jeopardize performance hereunder, Micro Craft shall have the right to request, and Contractor shall promptly deliver at no increase in contract price, a complete and current manufacturing data package sufficient to enable Micro Craft to complete or have completed the work hereunder. Upon such request by Micro Craft, Contractor thereby grants to Micro Craft a non-exclusive royalty-free license and rights under such data and patents, if furnished hereunder. Micro Craft agrees that, so long as Contractor is not in default, Micro Craft will not use the drawings for such manufacture. Upon completion and acceptance by Micro Craft of the work required to be performed hereunder, Micro Craft shall redeliver to Contractor such manufacturing data package.

1.37 BANKRUPTCY

In the event of the appointment of a trustee, receiver, or liquidator for all or a portion of Contractor's property, or for any act or petition in bankruptcy, whether voluntary or involuntary, as defined in the Bankruptcy Reform Act of 1978, Title 11, United States Code, as amended, Micro Craft may terminate the right of Contractor to proceed with the further performance of this Contract without further obligation, except that Micro Craft shall be obliged to pay for any article accepted prior to any of the foregoing occurrences at the prices specified in the Contract. This Contract may be terminated by Micro Craft in accordance with the Termination for Default provisions herein whenever Contractor's financial condition may jeopardize performance.

1.38 LIENS

Contractor agrees that no liens or property rights of any kind shall lie or attach upon or against the contract products, or any part thereof, for or on account of any work performed, provided, or service furnished by Contractor pursuant to this Contract. If any lien or encumbrance is asserted against these products/services, or any part thereof, Micro Craft shall have the right to discharge the same by filing a bond or security, or in its discretion, by paying the amount of such claim, and in such event, Micro Craft shall have the right to deduct from the contract price the amount thus paid. If the contract price has been paid, Contractor shall repay to Micro Craft, upon demand, the amount thus paid by Micro Craft for the purpose of discharging such claim, plus all administrative and legal expenses incurred by Micro Craft in this connection.

1.39 APPLICABLE LAWS

Irrespective of the place of performance, this Contract shall be governed by and construed according to the laws of the State from which it is issued, except that when Federal law of Government contracts exists on substantive matters requiring construction under the Contract, such Federal law shall apply in lieu of state law. Contractor will comply with all applicable Federal, State, and Local laws in the performance of this Contract.

1.40 FEDERAL LABOR LAWS

In the production and/or delivery of the goods and/or services under this Contract, the Contractor shall comply with all applicable requirements of Federal, State and Local labor and employment laws, as may be amended, and any applicable regulations and orders issued there under. The Contractor will hold Micro Craft harmless and indemnify Micro Craft from any and all expenses of whatever nature associated with or caused by the Contractor's non-compliance with such laws and regulations.

Work under this Contract may be in a hazardous environment. Consistent with Utah Law, no person under the age of 18 will be allowed access to work on this Contract if work is performed in Utah. It is the Contractor's responsibility to adhere to this requirement and to insure this clause is flowed down to any and all Subcontractors or Suppliers working on this Contract in Utah.

1.41 RECORDS

Unless a different period is set forth elsewhere in this Contract, Contractor shall retain all pertinent books, documents, papers, and records involving transactions related to this Contract for a period of four (4) years after final payment on this Contract. At the conclusion of this time period, Contractor shall make written request to Micro Craft, addressed to the cognizant Procurement Representative, for permission to (1) destroy such records; or (2) package and ship same to Micro Craft; or (3) maintain said records at Contractor's facilities; or (4) any combination of the above.

1.42 SUSPENSION OF WORK

(a) Micro Craft's Purchasing Representative may, by written order, suspend all or part of the work to be performed under this Contract for a period of up to six (6) months. Within such period of any suspension of work, Micro Craft's Purchasing Representative shall, in writing:

- (1) Cancel the order suspending work, or
 - (2) Terminate this Contract in accordance with clause 1.43 Termination for Convenience, or clause 1.44 Termination for Default, or
 - (3) Extend the stop work period.
- (b) Upon receipt of such an order, Contractor shall immediately comply with its terms and take all reasonable steps to mitigate its damages, including but not limited to stand-by costs, allocable to the work covered by the order during the work stoppage.
 - (c) Contractor shall resume work whenever a suspension is canceled or the stop work period or its extension expires.
 - (d) Micro Craft and the Contractor shall negotiate an equitable adjustment in Contract price or schedule or both, if:
 - (1) This Contract is not terminated,
 - (2) The suspension results in a change in Contractor's cost of performance or ability to meet Contract delivery schedule, and
 - (3) Contractor submits a claim for adjustment within thirty (30) calendar days after the suspension is canceled.

1.43 TERMINATION FOR CONVENIENCE

- (a) Micro Craft may terminate performance of work under this Contract in whole or, from time to time, in part when it is in Micro Craft's best interest to do so. Micro Craft shall terminate by issuing to the Contractor a Notice of Termination specifying the extent of termination and the effective date.
- (b) After receipt of a Notice of Termination, and except as directed by Micro Craft, the Contractor shall immediately proceed with the following obligations:
 - (1) Stop work as specified in the Notice of Termination.
 - (2) Place no further subcontracts or orders except as necessary to complete the continued portion of this Contract.
 - (3) Terminate all subcontracts to the extent they relate to the work terminated.
 - (4) Complete performance of the work not terminated.
 - (5) As directed by Micro Craft, transfer title and deliver to Micro Craft:
 - (i) The fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated, and
 - (ii) The completed or partially completed plans, drawings, information, and property that, if the contract had been completed, would be required to be furnished to Micro Craft.
 - (6) Comply with the instructions by Micro Craft in the Notice of Termination and any subsequent written instructions.
- (c) After termination, Contractor shall submit a final termination settlement proposal for equitable adjustment to Micro Craft in the form and with the certifications prescribed by Micro Craft. Contractor shall submit the proposal promptly, but no later than ninety (90) calendar days of the Notice of Termination, unless extended in writing by the Micro Craft Procurement Representative upon written request of the Contractor within the 90-day period. If Micro Craft determines that the circumstances justify it, a termination settlement proposal may be received and acted on after the 90 days or any extension. If the Contractor fails to submit the proposal within the time allowed, Micro Craft may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined. Such determination shall be conclusive.
- (d) Subject to paragraph (c) of this clause, the Contractor and Micro Craft may agree upon the whole or any part of the amount to be paid or remaining to be paid because of the termination. The amount may include a reasonable allowance for profit on work completed; however, the agreed amount may not exceed the total Contract price as reduced by (1) The amount of payments previously made and (2) The Contract price of work not terminated. The Contract shall be modified and the Contractor paid the agreed amount.
- (e) If the Contractor and Micro Craft fail to agree on the entire amount to be paid because of the termination of work, Micro Craft shall pay the Contractor the amount determined by Micro Craft to be due the Contractor. Failure of the parties to reach agreement shall be a dispute under clause 1.7 DISPUTES. A dispute shall not excuse continued performance on the non-terminated portion of this Contract.
- (f) When applicable, FAR 52.249-2 Termination for Convenience of the Government (Fixed-Price) or FAR 52.249-6 Termination (Cost-Reimbursement) in Section 2 – SPECIAL PROVISIONS take precedence over this clause

1.44 TERMINATION FOR DEFAULT

- (a) Micro Craft may, subject to paragraphs (d) and (e) of this clause, by written notice of default to the Contractor, terminate this Contract in whole or in part if the Contractor fails to:
 - (1) Deliver the articles or to perform the services within the time specified in this Contract or any extension,
 - (2) Make progress, so as to endanger performance of this Contract [but see paragraph (b) of this clause], or
 - (3) Perform any of the other provisions of this Contract [but see paragraph (b) of this clause].

- (b) Micro Craft's rights to terminate this Contract under paragraphs (a) (2) and (a) (3) of this clause may be exercised if the Contractor does not cure such failure within 10 days (or more if authorized in writing by Micro Craft) after receipt of the notice from Micro Craft specifying the failure.
- (c) If Micro Craft terminates this Contract in whole or in part, it may acquire, under the terms and in the manner Micro Craft considers appropriate, articles or services similar to those terminated, and the Contractor will be liable to Micro Craft for any excess costs of those articles or services. However, the Contractor shall continue the work not terminated.
- (d) Except for defaults of Subcontractors at any tier, the Contractor shall not be liable for any excess costs if the failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the Federal Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance the failure to perform must be beyond the control and without the fault or negligence of the Contractor.
- (e) If the failure to perform is caused by the default of a Subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess costs for failure to perform, unless the subcontracted articles or services were obtainable from other sources in sufficient time for the Contractor to meet the required delivery schedule.
- (f) If this Contract is terminated for default, Micro Craft may require the Contractor to transfer title and deliver to Micro Craft, as directed by Micro Craft, any (1) completed articles, and (2) partially completed articles that the Contractor has specifically produced or acquired for the terminated portion of this Contract. Upon direction of Micro Craft, the Contractor shall also protect and preserve property in its possession in which Micro Craft has an interest.
- (g) Micro Craft shall pay contract price for completed articles delivered and accepted. Contractor and Micro Craft shall agree on the amount of payment for articles delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under clause 1.7 DISPUTES. Micro Craft may withhold from these amounts any sum Micro Craft determines to be necessary to protect Micro Craft against loss because of outstanding liens or claims of former lien holders.
- (h) If, after termination, it is determined that the Contractor was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of Micro Craft.
- (i) Contractor agrees that any assistance given them by Micro Craft on this Contract or any acceptance of delinquent or nonconforming items will be solely for the purpose of mitigating damages. It is not the intention of Micro Craft to condone any delinquency, waive any defect, or waive any rights Micro Craft has under this Contract.
- (j) The rights and remedies of Micro Craft in this clause are in addition to any other rights and remedies provided by law or under this contract.
- (k) When applicable, FAR 52.249-6 Termination (Cost-Reimbursement) and FAR 52.249-8 Default (Fixed-Price Supply and Service) in Section 2 – SPECIAL PROVISIONS take precedence over this clause.

1.45 MICRO CRAFT OR CUSTOMER OWNED PROPERTY

- (a) Micro Craft shall furnish to Contractor, at the time(s) and location(s) stated in the Order of Contract, any Micro Craft/Customer furnished property described in the Order of Contract. Unless specifically stated elsewhere in the Contract, all property furnished shall be "as is". If that property, suitable for its intended use, is not delivered to Contractor, Micro Craft shall equitably adjust the affected provisions of the Order or Contract in accordance with clause 1.3 CHANGES when:
 - (1) Contractor submits a timely written request for an equitable adjustment, and
 - (2) The facts warrant an equitable adjustment.
- (b) Title to Micro Craft-furnished property shall remain with Micro Craft. Contractor shall use the Micro Craft/Customer furnished property only in connection with the Order of Contract. In the event that any change will require another use or in addition to that previously indicated, the Contractor will immediately inform Micro Craft in writing.
- (c) Upon delivery of Micro Craft or Customer furnished property to Contractor or the acquisition of property under the Order or Contract, contractor shall receive, use, manage, maintain, repair, protect, preserve, report, redistribute, and dispose of the property in accordance with the following requirements. Contractor assumes the risk and responsibility for its loss or damage, except:
 - (1) For reasonable wear and tear;
 - (2) To the extent property is consumed in performing the Order or Contract; or
 - (3) As otherwise provided for by the provisions of this Contract.
- (d) Any modifications to Micro Craft/Customer owned property (i.e. tooling, special test equipment, and plant equipment) require prior written authorization from Micro Craft.

- (e) Contractor shall maintain adequate property control records in accordance with sound industrial practice and shall make such records available for Micro Craft inspections at all reasonable times. Micro Craft and all its designees shall have access at all reasonable times to the premises in which any Micro Craft property is located, for the purpose of inspecting the Micro Craft property or performing on-site reviews of Contractor's property management practices.
- (f) Annually, any contractor possessing Micro Craft/Customer property accountable to Micro Craft will be required to provide a report of physical inventory results.
- (g) Contractor shall promptly notify the Micro Craft Procurement Representative if Micro Craft/Customer furnished property is lost, damaged, or destroyed.
- (h) Upon competing this Contract, Contractor shall follow the instructions of Micro Craft regarding the disposition of Micro Craft/Customer furnished property not consumed in performing this Contract or previously delivered to Micro Craft.
- (i) For use of Micro Craft/Government property on Government funded programs, Section 3 – PROVISIONS FOR THE CONTROL OF Micro Craft OR GOVERNMENT PROPERTY AT SUPPLIERS takes precedence over this clause.

1.46 EXPORT COMPLIANCE

Contractor represents and warrants that it shall comply with all U.S. export and import laws and regulations. Further, by acceptance of this Order, the Contractor certifies that they are registered in accordance with the U.S. Department of State as required by the International Traffic in Arms Regulations (ITAR) (22 C.F.R. Parts 120-130), if required. Any commodities, technical data and/or services provided by the Buyer to the Contractor in connection with this Order (hereinafter referred to as "Items Provided by Buyer"), as well as any commodities, technical data and/or services developed or produced therefrom by the Contractor (hereinafter referred to as "Items Produced by Contractor for Buyer under the terms of this Purchase Order"), may be subject to the requirements of the ITAR, 22 C.F.R. Part 120, et seq., the Export Administration Regulations (EAR), 15 C.F.R. Part 730, et seq., and/or DOD Directive 5230.25, withholding of Unclassified Technical Data from Public Disclosure (DOD Directive). The Contractor represents and warrants that neither the drawings, technical data, specifications, and all other documents and information provided by Buyer, nor the Articles, Goods or Services provided by Contractor for Buyer under the terms of this Purchase Order, will be exported, transferred or disclosed outside the United States or to any foreign person, as defined under ITAR and the EAR, unless any necessary United States Government export license or other authorization has been obtained.

The Contractor shall obtain the written consent of the Buyer prior to exporting, transferring or disclosing any Items Provided by the Buyer or Produced by the Contractor outside the United States or to any foreign person, and also shall obtain the written consent of the Buyer prior to submitting any application for a license or other authorization under ITAR and/or EAR. The Contractor shall indemnify and hold Micro Craft harmless for all claims, demands, damages, costs, fines, penalties, attorney's fees, and all other expenses arising from Contractor's failure to comply with this clause and stated Statutes and Regulations, as they may be amended.

For Export compliance purposes, the Contractor shall obtain written approval from the Micro Craft Procurement Representative prior to providing any personnel who are not U.S. Citizens.

1.47 EEO AND AFFIRMATIVE ACTION OBLIGATIONS

Micro Craft is an equal opportunity and affirmative action employer. Contractor shares Micro Craft's commitment to diversity and equal employment and will assign personnel to perform hereunder without regard to race, color, creed, religion, sex, national origin, disability, age, status as a covered veteran, or any other legally protected characteristic. Contractor and its subcontractors are notified that they may be subject to the provisions of 41 CFR Section 60-1.40, 41 CFR Section 60-250.4, and 41 CFR Section 60-741.4 with respect to affirmative action program requirements.

1.48 RELATIONSHIP OF PARTIES

The parties understand and acknowledge that Contractor shall perform under this Contract as Micro Craft's independent contractor and that this Contract does not create a joint venture, partnership, employment, or agency relationship between Contractor and Micro Craft. Contractor is solely responsible for any and all taxes (employment or otherwise) and insurance liability arising under this Contract. Neither Micro Craft nor Contractor (or their respective employees or agents) may, in the name or upon the credit of the other party, (a) purchase goods or equipment, or (b) incur debts, liabilities, obligations, or contracts of whatsoever kind.

1.49 ADDITIONAL FLOWDOWN CLAUSES

In the event that any clause which is not already incorporated herein is required to be included in this Contract by law, regulation, the Prime Contract, or higher-tier Subcontract, or in the event that Micro Craft's Prime Contract or higher-tier Subcontract is modified subsequent to the effective date of this Contract so as to modify or add any additional such clause or requirement,

Contractor agrees to enter into a modification of this Contract to insert the clause or any such clause or requirements. If any such additional clause or requirement causes an increase or decrease in the cost of, or the time required, for the performance of any part of the work under this Contract, an equitable adjustment shall be made in the Contract price or delivery schedule, or both, pursuant to clause 1.3 Contract Changes.

1.50 COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS ON GOVERNMENT CONTRACTS

FAR 52.244-6 Subcontracts for Commercial Items and Commercial Components in its entirety is incorporated herein by reference and is applicable only for procurement of commercial items or commercial components on Government funded contracts.

1.51 CONFLICT MINERALS

Micro Craft supports section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July, 2010. This act imposes new supply chain reporting requirements to promote transparency and consumer awareness regarding the use of "conflict minerals". The term "conflict minerals" is defined as a mineral such as tantalum, tin, gold or tungsten that originates in the Democratic Republic of the Congo (DRC). "Conflict free" means that that the product does not contain tantalum tin, gold or tungsten that directly or indirectly finances or benefits armed groups in the Democratic Republic of Congo or an adjoining country.

Micro Craft supports these requirements to further the humanitarian goal of ending violent conflict in the Democratic Republic of the Congo (DRC), and its surrounding countries.

- (1) Support the objectives of the U.S. legislation on the supply of "conflict minerals".
- (2) Do not knowingly procure metals that originate from facilities in the "Conflict Region" that are not certified as being "conflict free".
- (3) Ensure compliance with these requirements, and ask our suppliers to assume due diligence in asking their supply chains to comply as well. Our suppliers will be requested to confirm that specified metals are being sourced only from "conflict free" certified mines and smelters or outside of the "Conflict Region".

Micro Craft's objective is to ensure that only "conflict free" materials and components are used in products we procure. If we discover that there are "non-conflict free" minerals in materials we procure we will take immediate and appropriate action to transition it to a product that is "conflict free".

SECTION 2 – SPECIAL PROVISIONS

Section 2 is applicable for all Government funded contracts and as applicable for Commercial items.

The following contract clauses are incorporated by reference from the Federal Acquisition Regulations (FAR), the Department of Defense FAR Supplement (DFARS), or NASA FAR Supplement (NFS) as applicable to the Contract. Unless otherwise noted, "Government" means "Micro Craft and/or Government of the United States", and "Contracting Officer" means "Micro Craft". All clauses incorporated herein are those in effect on the date of "Micro Craft's Contract" and carry the same force and effect as if they were given in full text. Upon request, the Procurement Representative will make their full text available.

2.1 FAR CLAUSES

- 52.203-3 GRATUITIES
- 52.203-5 COVENANT AGAINST CONTINGENT FEES
- 52.203.6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (Applies if this Contract exceeds \$100,000)
- 52.203.7 ANTI-KICKBACK PROCEDURES (Applies if this Contract exceeds \$100,000)
- 52.203.8 CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (Applies if this Contract exceeds \$100,000)
- 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (Applies if this Contract exceeds \$100,000)
- 52.203-11 CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS
- 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (Applies if Contract exceeds \$100,000).
- 52.204-2 SECURITY REQUIREMENTS
- 52.211-5 MATERIAL REQUIREMENTS
- 52.211.15 DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS
- 52.214.26 AUDIT AND RECORDS – SEALED BIDDING (Applies if this Contract exceeds \$650,000)

- 52.214-28 SUBCONTRACTOR COST OR PRICING DATA – MODIFICATIONS – SEALED BIDDING (Applies if this Contract exceeds \$650,000)
- 52.215-2 AUDIT AND RECORDS - NEGOTIATION (Applies if Contract exceeds \$100,000 and is a cost-reimbursement, incentive, time and material, labor hour or price redeterminable contract or if cost or pricing data are required).
- 52.215.10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (Applies if cost or pricing data is required from the Contractor or any Subcontractor)
- 52.215.11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA – MODIFICATIONS (Applies if cost or pricing data is required from the Contractor or any Subcontractor for Contract modification pricing)
- 52.215.12 SUBCONTRACTOR COST OR PRICING DATA (Applies if cost or pricing data is required from the Contractor or any Subcontractor)
- 52.215.13 SUBCONTRACTOR COST OR PRICING DATA – MODIFICATIONS (Applies if cost or pricing data is required from the Contractor or any Subcontractor for Contract modification pricing)
- 52.215-14 INTEGRITY OF UNIT PRICES (excluding paragraph b. Applies if Contract exceeds \$100,000)
- 52.215-15 PENSION ADJUSTMENTS AND ASSET REVERSIONS (Applicable when FAR 52.215-12 applies OR for which any preaward or postaward cost determinations will be subject to FAR Part 31)
- 52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS OTHER THAN PENSION (Applicable when FAR 52.215-12 applies OR for which any preaward or postaward cost determinations will be subject to FAR Part 31)
- 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (Applicable when FAR 52.215-12 applies OR for which any preaward or postaward cost determinations will be subject to FAR Part 31)
- 52.216-5 PRICE REDETERMINATION – PROSPECTIVE (Paragraphs “h” and “i” apply if the Contract is fixed price with prospective price redetermination – FAR 16.205-4)
- 52.216.6 PRICE REDETERMINATION – RETROACTIVE (Paragraphs “g” and “h” apply if the Contract is fixed-ceiling price with retroactive price redetermination – FAR 16.206-4)
- 52.216.7 ALLOWABLE COST AND PAYMENT
- 52.216.8 FIXED FEE (Applies if Contract is Cost-Plus-Fixed-Fee)
- 52.216-10 INCENTIVE FEE (Applies only to CPIF Contracts. Variables in paragraph “e” will be identified in the Contract.)
- 52.216.16 INCENTIVE PRICE REVISION – FIRM TARGET (Paragraphs “g” and “h” apply if the Contract is Incentive Price Revision – Firm Target per FAR 16.403-1(a))
- 52.216.17 INCENTIVE PRICE REVISION – SUCCESSION TARGETS (Paragraphs “i” and “j” apply if the Contract is Incentive Price Revision – Successive Targets per FAR 16.403-2(a))
- 52.216-26 PAYMENTS OF ALLOWABLE COSTS BEFORE DEFINITIZATION (Applies only to Letter Contracts)
- 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (Applies if Contract exceeds \$100,000 when subcontracting opportunities exist)
- 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (applies only if this Contract exceeds \$550,000; \$1,000,000 for construction of any public facility)
- 52.219-16 LIQUIDATED DAMAGES – SUBCONTRACTING PLAN (Applicable if FAR 52.219-9 applies)
- 52.222.1 NOTICE TO THE GOVERNMENT OF LABOR DISPUTES
- 52.222.2 PAYMENT FOR OVERTIME PREMIUMS (Applies for cost-reimbursable Contracts over \$100,000. Unless otherwise stated in the contract, the overtime premium authorized in paragraph (a) shall be “zero”).
- 52.222-3 CONVICT LABOR
- 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT-OVERTIME COMPENSATION (Applies only if this Contract exceeds \$100,000).
- 52.222.20 WALSH-HEALEY PUBLIC CONTRACT ACT (Applies if Contract exceeds \$10,000)
- 52.222.21 PROHIBITION OF SEGREGATED FACILITIES
- 52.222-26 EQUAL OPPORTUNITY (Only paragraphs (b)(1) through (b)(11) of this clause apply.
- 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERAN, VETERANS OF THE VIETNAM ERA AND OTHER ELIGIBLE VETERANS (Applies only if this Contract is or is expected to be \$10,000 or more)
- 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (Applies if this Contract exceeds \$10,000)
- 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA AND OTHER ELIGIBLE VETERANS (Applicable only if FAR 52.222-35 applies)
- 52.222-41 SERVICE CONTRACT ACT OF 1965, AS AMENDED
- 52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA
- 52.223.7 NOTICE OF RADIOACTIVE MATERIALS (Applies only if this Contract is for radioactive material meeting the criteria outlined in this clause).
- 52.223-14 TOXIC CHEMICAL RELEASE REPORTING (Applies only for non-commercial items and if this Contract is expected to exceed \$100,000. Delete paragraph e)
- 52.225-8 DUTY-FREE ENTRY
- 52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES
- 52.227-1 AUTHORIZATION AND CONSENT (Applies if Contract exceeds \$100,000; ALTERNATE 1 if applicable)
- 52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (Applies only if this Contract is over \$100,000).
- 52.227-6 ROYALTY INFORMATION (Applicable when FAR 52.215-12 applies and royalty costs exceed \$250)
- 52.227-9 REFUND OF ROYALTIES (Applicable when FAR 52.215-12 applies and royalty costs exceed \$250)
- 52.227-10 FILING OF PATENT APPLICATIONS - CLASSIFIED (Applies only if this Contract covers or is likely to cover classified subject matter).

- 52.227-11 PATENT RIGHTS - RETENTION BY THE CONTRACTOR (Short Form) (Applies if this Contract is for experimental, developmental, or research work and (1) the Contractor is a small business or (2) this Contract is with a non-profit organization.)
- 52.227.12 PATENT RIGHTS - RETENTION BY THE CONTRACTOR (Long Form) (Applies if this Contract is for experimental, developmental, or research work and FAR Clause 52.227-11 above does not apply.)
- 52.227.13 PATENT RIGHTS – ACQUISITION BY THE GOVERNMENT
- 52.227-14 RIGHTS IN DATA - GENERAL, including Alternate I, II, III, IV
- 52.227-16 ADDITIONAL DATA REQUIREMENTS
- 52.228-5 INSURANCE – WORK ON A GOVERNMENT INSTALLATION
- 52.229.8 TAXES – FOREIGN COST-REIMBURSEMENT CONTRACTS
- 52.229-10 STATE OF NEW MEXICO GROSS RECEIPTS AND COMPENSATING TAX
- 52.230-2 COST ACCOUNTING STANDARDS (This clause, except paragraph (b), applies to all negotiated contracts in excess of \$500,000 UNLESS otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1. In addition to any other remedies provided by law or under this Contract, Contractor agrees to indemnify and hold Micro Craft harmless to the full extent of any loss, damage, or expense incurred by Micro Craft as a result of failure of the Contractor.)
- 52.230.3 DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (This clause, except paragraph (b), applies to all negotiated contracts in excess of \$500,000 but less than \$25 million, and the Contractor certifies it is eligible for and elects to use modified CAS coverage (see 48 CFR 9903.201-2). In addition to any other remedies provided by law or under this Contract, Contractor agrees to indemnify and hold Micro Craft harmless to the full extent of any loss, damage, or expense incurred by Micro Craft as a result of failure of the Contractor.)
- 52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS (This clause applies if FAR 52.230-2 or FAR 52.230-3 is applicable.)
- 52.232.7 PAYMENTS UNDER TIME AND MATERIAL AND LABOR HOUR CONTRACTS (Including Alternate II)
- 52.232-16 PROGRESS PAYMENTS (Applies only if Contract specifically provides for progress payments.)
- 52.232.17 INTEREST
- 52.232.20 LIMITATION OF COST (Does not apply if clause 52.232-22 is applicable)
- 52.232-22 LIMITATION OF FUNDS (Applies only if this Contract is incrementally funded)
- 52.234-1 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III
- 52.237.3 CONTINUITY OF SERVICES
- 52.242-1 NOTICE OF INTENT TO DISALLOW COSTS (Applies when a cost-reimbursable contract, a fixed-price incentive contract, or a contract providing for price redetermination is contemplated.)
- 52.242-3 PENALTIES FOR UNALLOWABLE COSTS (Applies if this Contract exceeds \$650,000 and is NOT a fixed-price contract without incentives.)
- 52.242.15 STOP-WORK ORDER
- 52.243-6 CHANGE ORDER ACCOUNTING
- 52.244-2 SUBCONTRACTS (Including Alternate I)
- 52.244.5 COMPETITION IN SUBCONTRACTING
- 52.244.6 SUBCONTRACTS FOR COMMERCIAL ITEMS
- 52.246.2 INSPECTION OF SUPPLIES (Fixed-Price) (Applies if Contract exceeds \$100,000. Applies equally to Micro Craft, its Customer, and the Government. Takes precedence over clause 1.21 Inspection and Title Passage in Section 1 – General Provisions.)
- 52.246.3 INSPECTION OF SUPPLIES (Cost-Reimbursement) (Applies equally to Micro Craft, its Customer, and the Government. Takes precedence over clause 1.21 in Section 1 – General Provisions.)
- 52.246-5 INSPECTION OF SERVICES – COST REIMBURSEMENT
- 52.246-6 INSPECTION - TIME AND MATERIAL AND LABOR HOUR
- 52.246-16 RESPONSIBILITY FOR SUPPLIES
- 52.247-63 PREFERENCE FOR U.S. - FLAG AIR CARRIERS
- 52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S. FLAG COMMERCIAL VESSELS (Applies only if this Contract exceeds \$100,000).
- 52.248.1 VALUE ENGINEERING (Applies only if this Contract is or is expected to exceed \$100,000)
- 52.249-1 TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (Fixed-Price) (Short Form) (Applies only if at the time of termination the Contract does not exceed \$100,000)
- 52.249.2 TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (Fixed-Price) (Applies only if at the time of termination the Contract is FP and exceeds \$100,000. Delete paragraph d. In paragraph e, the Contractor shall submit the proposal no later than ninety (90) calendar days from the effective date of termination. This clause takes precedence over clause 1.43 Termination for Convenience in Section 1 – General Provisions.)
- 52.249-6 TERMINATION (Cost-Reimbursement)
- 52.249.8 DEFAULT (Fixed Price Supply and Service)
- 52.249-12 TERMINATION (Personal Services, and Alternate IV)
- 52.249.14 EXCUSABLE DELAYS

2.2 DFARS CLAUSES

- 252.204-7000 DISCLOSURE OF INFORMATION
- 252.209-7000 ACQUISITION FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY
- 252.211-7000 ACQUISITION STREAMLINING (Applies if this Contract exceeds \$1 million).

252.215.7000 PRICING ADJUSTMENTS
252.215-7002 COST ESTIMATING SYSTEM REQUIREMENTS (Applies if cost or pricing data is required)
252.219-7003 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN
252.222-7000 RESTRICTIONS ON EMPLOYMENT OF PERSONNEL
252.223-7001 HAZARD WARNING LABELS
252.223-7002 SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES
252.223.7003 CHANGE IN PLACE OF PERFORMANCE AMMUNITION AND EXPLOSIVES.
252.223.7006 PROHIBITION ON STORAGE AND DISPOSAL OF TOXIC AND HAZARDOUS MATERIALS
252.223.7007 SAFEGUARDING SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES
252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (This clause is substituted in lieu of FAR 52.225-3 and FAR 52.225-7)
252.225-7002 QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS
252.225.7004 REPORT OF INTENDED PERFORMANCE OUTSIDE THE US & CANADA (amount over \$500,000)
252.225-7006 BUY AMERICAN ACT - TRADE AGREEMENTS - BALANCE OF PAYMENTS PROGRAM CERTIFICATE
252-225-7007 BUY AMERICAN ACT - TRADE AGREEMENTS – BALANCE OF PAYMENTS PROGRAM
252.225-7009 DUTY-FREE ENTRY -- QUALIFYING COUNTRY SUPPLIES
252.225-7010 DUTY-FREE ENTRY -- ADDITIONAL PROVISIONS
252-225-7012 PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES
252.225.7014 PREFERENCE FOR DOMESTIC SPECIALTY METALS (including Alt. I) (Applies if Contract exceeds \$100,000 and requires delivery of an article containing specialty metals.)
252.225-7022 RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) CARBON FIBER
252.225-7028 EXCLUSIONARY POLICIES AND PRACTICES OF FOREIGN GOVERNMENTS
252.225-7032 WAIVER OF UNITED KINGDOM LEVIES (Applies if Contract exceeds \$1 Million with a United Kingdom firm.)
252.225-7036 BUY AMERICAN ACT -NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION ACT - BAL. OF PAYMENTS
252.225-7037 DUTY FREE ENTRY-- ELIGIBLE END PRODUCTS
252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC ENTERPRISES – DOD CONTRACTS (Applies if Contract exceeds \$100,000 and is for other than commercial items.)
252.227-7013 RIGHTS IN TECHNICAL DATA - NONCOMMERCIAL ITEMS
252.227-7014 RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION
252.227-7015 TECHNICAL DATA - COMMERCIAL ITEMS
252.227-7016 RIGHTS IN BID OR PROPOSAL INFORMATION
252.227-7018 RIGHTS IN NONCOMMERCIAL TECHNICAL DATA AND COMPUTER SOFTWARE – SMALL BUSINESS INNOVATIVE RESEARCH (SBIR) PROGRAM
252.227-7019 VALIDATION OF ASSERTED RESTRICTIONS - COMPUTER SOFTWARE
252.227-7026 DEFERRED DELIVERY OF TECHNICAL DATA OR COMPUTER SOFTWARE
252.227-7027 DEFERRED ORDERING OF TECHNICAL DATA OR COMPUTER SOFTWARE
252.227-7030 TECHNICAL DATA - WITHHOLDING OF PAYMENT
252.227-7034 PATENTS - SUBCONTRACTS
252.227-7036 DECLARATION OF TECHNICAL DATA CONFORMITY
252.227-7037 VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA
252.227-7039 PATENTS - REPORTING OF SUBJECT INVENTIONS
252.228-7005 ACCIDENT REPORTING AND INVESTIGATION INVOLVING AIRCRAFT, MISSILES, AND SPACE LAUNCH VEHICLES
252.231-7000 SUPPLEMENTAL COST PRINCIPLES
252.235-7003 FREQUENCY AUTHORIZATION
252.236-7000 MODIFICATION PROPOSALS - PRICE BREAKDOWN
252.242.7005 COST/SCHEDULE STATUS REPORT (Applies if Contract is other than FFP, over 12 months, and for critical or significant tasks as defined between Micro Craft and the Contractor.)
252.243-7001 PRICING OF CONTRACT MODIFICATIONS
252.246-7001 WARRANTY OF DATA (AND ALTERNATE II)
252.247-7022 REPRESENTATION OF EXTENT OF TRANSPORTATION BY SEA
252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (Applies if Contract exceeds \$25,000).
252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA
252-249-7002 NOTIFICATION OF PROPOSED PROGRAM TERMINATION OR REDUCTION (Applies if Contract exceeds \$100,000)

2.3 NASA FAR SUPPLEMENT (NFS) CLAUSES

1852.208-81 RESTRICTIONS ON PRINTING AND DUPLICATING (Applies only if printing or duplicating exceeds the limits defined in paragraph (c) of the clause.)
1852.219-74 USE OF RURAL AREA SMALL BUSINESSES
1852.219-75 SMALL BUSINESS SUBCONTRACTING REPORTING
1852.223-70 SAFETY AND HEALTH (Applies only if Contract: a) equals \$1 Million or more, b) is for construction, alteration or repair of real property and exceeds \$100,000, or c) involves the use of hazardous items or operations.)
1852.227-70 NEW TECHNOLOGY (Applies if Contract is for experimental, developmental, research, design or engineering work and the Contractor is other than a small business or non-profit organization.)

1852.227-71	REQUESTS FOR WAIVER OF RIGHTS TO INVENTIONS
1852.227-72	DESIGNATION OF NEW TECHNOLOGY REPRESENTATIVE AND PATENT REPRESENTATIVE The following are designated to administer the New Technology or Patent Rights per NFS 1827.305-370: <u>New Technology Representative</u> : Chief, Technology Utilization Office LA01, George C. Marshall Space Flight Center, Marshall Space Flight Center, AL 35812 <u>Patent Representative</u> : Chief, Intellectual Property Counsel CC01, George C. Marshall Space Flight Center, Marshall Space Flight Center, AL 35812
1852.228-72	CROSS-WAIVER OF LIABILITY FOR SPACE SHUTTLE SERVICES
1852.228-76	CROSS-WAIVER OF LIABILITY FOR SPACE STATION ACTIVITIES
1852.244-70	GEOGRAPHIC PARTICIPATION IN THE AEROSPACE PROGRAM (Applies on R&D Contract of \$500,000 or more)
1852.245-70	CONTRACTOR REQUESTS FOR GOVERNMENT-OWNED EQUIPMENT
1852.245-73	FINANCIAL REPORTING OF NASA PROPERTY IN THE CUSTODY OF CONTRACTORS
1852.247-71	PROTECTION OF THE FLORIDA MANATEE (Applicable for work in Florida's critical habitat)

SECTION 3 – PROVISIONS FOR THE CONTROL OF Micro Craft OR GOVERNMENT PROPERTY AT SUPPLIERS

Section 3 is applicable when Micro Craft or Government property is provided to the Contractor. Section 3 takes precedence over clause 1.45 Micro Craft FURNISHED PROPERTY in Section 1- GENERAL PROVISIONS when Micro Craft/Government property is used on Government funded programs.

3.1 GENERAL

Contractor shall receive, use, manage, maintain, repair, protect, preserve, report, redistribute, and dispose of Government property in accordance with FAR 45.5 – GOVERNMENT PROPERTY, which is incorporated herein by reference. FAR and DFARS clauses called out below are incorporated by reference. Unless otherwise noted, "Government" means "Micro Craft and/or Government" and "Contracting Officer" means "Micro Craft".

3.2 PROPERTY CONTROL SYSTEM

The Contractor shall establish and maintain a property system in accordance with FAR 45.5. When the Contractor has a Government approved Property Control System, the Contractor shall keep Micro Craft informed of the status of Government approval of its Property Control System. In the event that Contractor's approved system becomes "unsatisfactory", or the Government determines more than five separate categories of the system to be "unsatisfactory", Contractor shall notify Micro Craft immediately and provide a copy of the findings and the proposed Corrective Action Plan.

3.3 ADDITIONAL PROPERTY

If/when new Government property items are added to the Contractors records, the Contractor shall furnish Micro Craft with copies of purchase orders, work orders, receiving reports, or other pertinent data needed to facilitate the process of adding items to the official Government property records.

3.4 FAR 52.245-2 Government Property (Fixed-Price Contracts)

This clause applies if a fixed-price (FP) type contract is contemplated. Alternate I Limited Risk of Loss shall apply only when Micro Craft has received approval in writing from its customers for each subcontract issued. When Alt I applies, authorization will be specified in the body of the Purchase Order.

3.5 FAR 52.245-5 Government Property (Cost Reimbursement, Time-and-Material, or Labor-Hour Contracts)

This clause is applicable if a cost reimbursement, T&M, or labor-hour contract is contemplated. FAR 52.245--5(g), Limited Risk of Loss. shall apply only when Micro Craft has received approval in writing from its customers for each subcontract issued. When clause (g) applies, authorization will be specified in the body of the Purchase Order.

3.6 FAR 52.245-17 Special Tooling

This clause is applicable when a fixed-price contract is contemplated, and either the contract will include special tooling provided by the Government or the Government will acquire title or right to title in special tooling to be acquired or fabricated by the Contractor for the Government, other than special tooling to be delivered in support of end items under the Contract. This clause shall apply to all special tooling accountable to the Contract.

3.7 FAR 52.245-18 Special Test Equipment

This clause applies when the Contractor will acquire or fabricate special test equipment for the Government but the exact identification of the special test equipment to be acquired or fabricated is unknown.

3.8 FAR 52.245-19 Government Property Furnished "As Is"

Unless specifically stated elsewhere in the Contract, all Government property furnished shall be "as is".

3.9 DFARS 252.245-7001 Reports of Government Property

3.10 Upon delivery of Micro Craft/Government-furnished property to Contractor, Contractor assumes the risk and responsibility for its loss or damage, except:

- (1) For reasonable wear and tear;
- (2) To the extent property is consumed in performing this Contract; or
- (3) As otherwise provided for by the provisions of this Contract.

Contractor shall promptly notify the Micro Craft Procurement Representative if Micro Craft -furnished property is lost, damaged, or destroyed.