

GOVERNMENT SUPPLEMENT TO SPARTON GENERAL PROVISIONS FOR SUBCONTRACTS AND PURCHASE ORDERS

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If this Order shows on its face that it is placed in support of a U.S. Government funded prime contract or subcontract, or if the Buyer otherwise notifies the Seller that this Order is placed under a U.S. Government prime contract or subcontract, the following clauses of the Federal Acquisition Regulations (FAR), and the Department of Defense Federal Acquisition Regulation Supplement (DFARS) apply and are incorporated herein by reference with the same force and effect as if set forth below in full text. These clauses apply to all firm-fixed price (FP), cost reimbursable (CR), and time & material/labor hour (TM/LH) purchase Orders, as appropriate. Full text versions of these clauses are available from the U.S. Government in searchable form on the World Wide Web (WWW) portion of the Internet. The sites to be contacted are: (1) For the FAR- <http://www.arnet.gov/far/>; and (2) For the DFARS- <http://www.acq.osd.mil/dp/dars/dfars.html>.

SECTION I: GENERAL PROVISIONS

- 1) **CONVICT LABOR.** In connection with the performance of work under this Order, Seller agrees not to employ any persons undergoing sentence of imprisonment at hard labor.
- 2) **DEFINITIONS.** For purposes of this Order, and unless otherwise indicated, the following terms have the meanings as set forth below:
 - a) FAR – Federal Acquisition Regulation
 - b) DFARS – Department of Defense (DOD) FAR Supplement
- 3) **DRAWINGS.** Buyer and the Government retain all rights in designs, drawings, specifications, and other data or papers furnished Seller in connection with this Order. To the extent directed by Buyer, upon completion of the work Seller shall promptly return to Buyer all designs, drawings, specifications, and other data or papers furnished by Buyer, together with all copies or reprints then in Seller's possession or control, and Seller shall thereafter make no further use either directly or indirectly of any thereof, or any information derived therefrom, without Buyer's prior written consent. When applicable, supplier will manufacture per customer part-drawing number and revision letter. Placement of this Purchase Order obligates your company to comply with the requirements of process specifications when called out in drawing notes.
- 4) **EXPORT CONTROL**
 - a) Export of information contained herein, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITARs), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.
 - b) For violation of export laws, the contractor, its employees, officials or agents are subject to:
 - i) Imprisonment and/or imposition of criminal fines; and
 - ii) Suspension or debarment from future government contracting actions.
 - c) The Government shall not be liable for any use or misuse of the information, technical data or specifications in this contract. It shall not be liable for any patent infringement or contributory patent infringement. The Government neither warrants the adequacy nor the completeness of the information, technical data, or specifications in this contract.
 - d) Seller shall immediately notify the Buyer if Seller is listed in any Denied Parties List or if Seller's export privileges are otherwise denied, suspended, or revoked in whole or in part, by any U.S. Government entity or agency.
- 5) **NOTICE TO THE GOVERNMENT OF LABOR DISPUTES.**
 - a) Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall give notice immediately thereof, including all relevant information with respect thereto, to Buyer.
 - b) Seller agrees to insert the substance of this clause, including this paragraph (b), in any subcontract hereunder as to which a labor dispute may delay the timely performance of this contract; except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify his next higher tier subcontractor, or Buyer, as the case may be, of all relevant information with respect to such dispute.
- 6) **PRIORITY RATING.** If so identified, this is a DO or a DX "rated Order" certified for national defense use under the Defense Priorities and Allocations System (DPAS) (15 CFR 700), and the Seller shall comply with all provisions of the Defense Priorities and Allocations System Regulations (15 CFR 700).
- 7) **TITLE AND RISK LOSS.**
 - a) Unless this contract specifically provides for earlier passage of title, title to supplies covered by this contract shall pass to Buyer upon formal acceptance, regardless of when or where Buyer takes physical possession. When the prime contract contains Progress payments Clause, title shall vest in the Government in accordance with said clause.
 - b) Unless this contract specifically provides otherwise, risk of loss or damage to supplies covered by this contract shall remain with the Seller until and shall pass to Buyer upon:
 - i) Delivery of the supplies to a carrier, if transportation is F.O.B. origin;
 - ii) Acceptance by Buyer or delivery of possession of the supplies to Buyer at the destination specified in this contract, whichever is later, if transportation is F.O.B. destination.
 - iii) Notwithstanding i) above, the risk of loss of or damage to supplies that so fail to conform to the contract as to give a right of rejection shall remain with Seller until cure or acceptance, at which time i) above shall apply.
 - c) Notwithstanding b) above, Seller shall not be liable for loss of or damage to supplies caused by the negligence of officers, agents, or employees of Buyer acting within the scope of their employment.
- 8) **TERMINATION FOR CONVENIENCE.**
 - a) After receipt of a Notice of Termination and except as otherwise directed by Buyer, Seller shall:
 - i) Stop Work under the contract on the date and to the extent specified in the Notice of Termination;

- ii) Place no further Orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work under the Contract as may not be terminated.
 - iii) Terminate all Orders and subcontracts to the extent that they relate to the performance of any work terminated by the Notice of Termination;
 - iv) Assign to Buyer, in the manner and to the extent directed by Buyer, all of the right, title, and interest of Seller under the Orders or subcontracts so terminated;
 - v) Settle all outstanding liabilities and all claims arising from such termination of Orders and subcontracts subject to the approval of ratification of Buyer to the extent he may require, which approval or ratification shall be final for all purposes of this clause;
 - vi) Transfer title and deliver in the manner, to the extent, and at the times directed by Buyer
 - (1) the fabricated or un-fabricated parts, work in process, completed work, supplies, and other material produced as a part of, of acquired in connection with the performance of, the work terminated by the Notice of Termination and
 - (2) the completed or partially completed plans, drawings, information, and other property that if the contract had been completed, would be furnished to Buyer.
 - vii) Use his best efforts to sell in the manner, to the extent, at the time, and at the price directed or authorized by Buyer, any property of the types referred to in vi) above; provided, however, that Seller
 - (1) shall not be required to extend credit to any purchaser, and
 - (2) may acquire any property under the conditions prescribed by and at a price or prices approved by Buyer; and provided further that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by Buyer to Seller under this contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as Buyer may direct;
 - viii) Complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and
 - ix) Take such action as may be necessary or as Buyer may direct for protection and preservation of the property related to this contract that is in the possession of Seller and in which Buyer may acquire interest.
- b) After receipt of a Notice of Termination, Seller shall submit to Buyer his termination claim, in the form and with the certification prescribed by Buyer. Such claim shall be submitted promptly, but not later than three (3) months from the effective date of termination, unless one or more extensions in writing is granted by Buyer, upon request of Seller made in writing within such three month period or authorized extensions thereof. However, if Buyer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such three-month period or any extension thereof. Upon failure of Seller to submit his termination claim within the time allowed, Buyer may determine, on the basis of information available to him, the amount, if any, due to Seller in respect to the termination and such determination shall be final. After Buyer has made a determination under this paragraph, he shall pay Seller the amount so determined.
- c) Subject to the provisions of paragraph a), Seller and Buyer may agree upon the whole or any part of the amount or amounts to be paid to Seller by reason of the total or partial termination of work pursuant to this clause, which amount or amounts may include a reasonable allowance for profit on work done, and Buyer shall pay the agreed amount or amounts; provided, that such agreed amount or amounts, exclusive of settlement costs, shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Nothing in paragraph d) below prescribing the amount to be paid to Seller in the event of the failure of Seller and Buyer to agree upon the whole amount to be paid to Seller by reason of the termination of work pursuant to this clause shall be deemed to limit, restrict, or otherwise determine or affect the amount or amounts that may be agreed upon to be paid to Seller pursuant to this paragraph c).
- d) In the event of the failure of Seller and Buyer to agree as provided in paragraph c) upon the whole amount to be paid to Seller by reason of the termination of work pursuant to this clause, Buyer shall pay to Seller the amounts determined by Buyer as follows, but without duplication of any amounts agreed upon in accordance with paragraph c):
- i) For completed supplies accepted by Buyer (or sold or acquired as provided in paragraph a)vii) above and not therefore paid for, forthwith a sum equivalent to the aggregate price for such supplies computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges.
 - ii) The total of:
 - (1) The cost of such work, including initial costs and preparatory expenses allocable thereto, exclusive of any costs attributable to supplies paid or to be paid for under d)i) above; and
 - (2) The cost of settling and paying claims arising from the termination of work under subcontracts or Orders as provided in paragraph a)v) above, exclusive of the amounts paid or payable on account of supplies or materials delivered or services furnished by the subcontractor before the effective date of the Notice of Termination of work under this contract, which amount shall be included in the cost on account of which payment is made under (1) above; and
 - (3) The sum, as profit on (1) above, determined by Buyer pursuant to 8-303 of the Defense Acquisition Regulation in effect as of the date of execution of this contract, to be fair and reasonable; provided, however, that if it appears that the Seller would have sustained a loss if the entire contract had been completed, no profit shall be included or allowed under this subdivision (3) and an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated rate of loss; and
 - (4) The reasonable cost of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claim and support data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of the property allocable to this contract.
- The total sum to be paid to Seller under i) and ii) above shall not exceed the total contract price reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage and except to the extent that Buyer shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to Seller under i) and ii) (1) above the fair value as determined by Buyer of property that is destroyed, lost, stolen, or damaged so as to become undeliverable to Buyer or to a purchaser pursuant to paragraph a)vii).
- (a) The obligation of Buyer to make any payments under this clause shall be subject to deductions with respect to (i) all unliquidated advance or other payments on account theretofore made to Seller applicable to the terminated portion of this contract, (ii) and claim that Buyer may have against Seller, in connection with this contract, and (iii) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things retained by Seller, or sold, and not otherwise recovered by or credited to Buyer.
 - (b) If the termination hereunder be partial, before the settlement of the terminated portion of this contract, Seller may file with Buyer a request in writing that an equitable adjustment be made in the price or prices specified in the contract for the work in connection with the continued portion not terminated by the

Notice of Termination, and the appropriate equitable adjustment shall be made in such price or prices.

- (c) Buyer may, at his option, from time to time under such terms and conditions as he may prescribe, make partial payments and payments on account against costs incurred by Seller in respect to the terminated portion of the contract whenever in the opinion of Buyer the aggregate of such payments shall be within the amount to which Seller will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed upon or determined to be due under this clause, such excess shall be payable by Seller to Buyer upon demand, together with interest computed at the rate of a 6 percent per annum for the period from the date such excess payment is received by Seller to the date on which such excess payment attributable to a reduction in Seller's claim by reason of retention or other disposition of termination inventory until ten days after the date of such retention or disposition, or such later date as determined by Buyer by reason of the circumstances.
- (d) For the purposes of paragraphs (b) and (c) above, the amounts of the payments to be made by Buyer to Seller shall be determined in conformity with the policies and principles set forth in Section VIII of the

Defense Acquisition Regulation in effect at the date of the contract. Unless otherwise provided in this contract, or by applicable statute, Seller, for a period of three years after final payment under the prime contract, shall make available to Buyer and the Government at all reasonable times at the office of Seller all his books, records, documents, or other evidence bearing on the costs and expenses of Seller under the contract and in respect of the termination of work hereunder or, to the extent approved by the Government, photographs, microphotographs, or other authentic reproductions thereof.

- 9) **WORK ON BUYER OR GOVERNMENT PREMISES.** If Seller's work under this Order involves operations by Seller on Buyer's premises, Seller shall take all necessary precautions or such additional precautions as Buyer may prescribe to prevent the occurrence of any damage to person or property during the progress of such work and shall indemnify Buyer against all loss that may result in any way from an act or omission on the part of the Seller, its agents, employees, or subcontractors, except to the extent that such damage is due solely and directly to the negligence of Buyer, and Seller shall maintain such public liability, property damage, and employee's liability and compensation insurance as will protect Buyer from said risks and from any claim under any applicable workman's compensation and occupational disease acts.

SECTION II: FAR AND DFARS FLOWDOWN PROVISIONS

The Federal Acquisition Regulations (FAR) clauses and Defense Federal Acquisition Regulation Supplement (DFARS) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Contract. If the date or substance of any of the clauses listed below is different than the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. In the application of such provisions, the term "Contractor" shall mean "Seller", the term "Government" shall mean "Government and/or Purchaser," and the term "Contract" shall mean "this Order." Seller agrees to comply with the following clauses as well as any other clauses that Buyer prime contract requires to be flowed down.

- 1) **GOVERNMENT SUBCONTRACT.** The Parties in support of a U.S. Government contract enter into this Contract. As used in the FAR clauses referenced below and otherwise in this Contract:
- "Commercial Item" means a commercial item as defined in FAR 2.101.
 - "Contract" means this Contract.
 - "Contractor" means the Seller as defined previously in the "Definitions" provisions of this document, acting as the immediate (first-tier) subcontractor to Sparton.
 - "Prime Contract" means the Contract between Sparton and the U.S. Government or between Sparton and its higher-tier contractor who has a contract with the U.S. Government.
 - "Subcontract" means any Contract placed by the Contractor or lower-tier subcontractors under this Contract.
- 2) **NOTES.**
- Substitute "Sparton" for "Government" or "United States" as applicable throughout this clause.
 - Substitute "Buyer" for "Contracting Officer," "Administrative Contracting Officer," and "ACO" throughout this clause.
 - Insert "and Sparton" after "Government" or "Contracting Officer," as appropriate, throughout this clause.
 - Communication and notification required under this clause from or to the Seller and to or from the Contracting Officer shall be through Sparton.
- 3) **AMENDMENTS REQUIRED BY PRIME CONTRACT.** Seller agrees that upon the request of Sparton, it will negotiate in good faith with Sparton relative to amendments to this Contract to incorporate additional provisions herein or to change provisions hereof, as Sparton may reasonably deem necessary in Order to comply with the provisions of amendments to such prime contract or with the provisions of amendments to such prime contract. If any such amendment to this Contract causes an increase or decrease in the estimated cost or, or the time required for, performance of any part of the work under this Contract, an equitable adjustment shall be made pursuant to the "Changes" clause of this Contract.

- 4) **FAR FLOWDOWN CLAUSES.** The following FAR clauses apply to this Contract:

52.203-2 Certification of Independent Price Determination
52.203-3 Gratuities
52.203-5 Covenant Against Contingent Fees (*Orders in excess of \$100,000*)
52.203-6 Restrictions On Subcontractor Sales to Government (*Orders in excess of \$100,000*)
52.203-7 Anti-Kickback Procedures (*Orders in excess of \$100,000*)
52.203-11 Certification And Disclosure Regarding Payments To Influence Certain Federal Transactions (*Orders in excess of \$100,000*)
52.204-2 Security Requirements (*Applicable if the Work involves access to classified information; delete paragraph (c) of the clause.*)
52.209-6 Protecting The Government's Interest When Subcontracting With Contractors Debarred, Suspended, Or Proposed For Debarment (*Orders in excess of \$25,000*)
52.211-5 Material Requirements (non-commercial items)
52.211-11 Liquidated Damages – Supplies, Services or Research and Development
51.212-5 Contract Terms and Conditions Required to Implement Statutes or Executive Orders – Commercial Items
52.215-2 Audit - Negotiation (*Orders in excess of \$100,000*)
52.215-10 Price Reduction for Defective Cost or Pricing
52.215-11 Price Reduction for Defective Cost on Pricing Data Modifications
52.215-12 Subcontractor Cost And Pricing Data
52.215-13 Subcontractor Cost And Pricing Data - Modification
52.215-14 Integrity Of Unit Prices
52.219-8 Utilization Of Small Business Concerns and Small Disadvantaged Business Concerns (*Orders in excess of \$1,000*)
52.219-9 Small Business and Small Disadvantaged Business Subcontracting Plan (*Applicable if the Seller is not a small business*)
52.219-16 Liquidated Damages – Small Business Subcontracting Plan (*Orders in excess of \$500,000*)
52.222-1 Notice to the Government of Labor Disputes
52.222-4 Contract Work Hours and Safety Standards Act – Overtime Compensation – General (*Orders in excess of \$100,000*)
52.222-20 Walsh-Healy Public Contracts
52.222-21 Prohibition Of Segregated Facilities
52.222-25 Affirmative Action Compliance
52.222-26 Equal Opportunity
52.222-35 Affirmative Action For Special Disabled Veterans, Veterans Vietnam Era and other Eligible Veterans (*Orders in excess of \$25,000*)
52.222-36 Affirmative Action For workers With Disabilities (*Orders in excess of \$1,000*)
52.222-37 Employment Reports On Disabled Veterans And Veterans Of The Vietnam Era (*Orders in excess of \$1,000*)
52.222-41 Service Contract Act for 1965, As Amended (*Orders in excess of \$100,000*)



52.222-44 Service Contract Act – Price Adjustment (*Orders in excess of \$100,000*)
52.223-3 Hazardous Material Identification and Material Safety Data
52.223-6 Drug-Free Workplace (*Orders in excess of \$25,000*)
52.223-11 Ozone Depleting Substances
52.223-13 Certification of Toxic Chemical Release Reporting
52.223-14 Toxic Chemical Release Reporting (*Orders in excess of \$100,000*)
52.225-8 Duty Free Entry
52.225-13 Restrictions On Certain Foreign Purchases
52.227-1 Authorization And Consent
52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (*Orders in excess of \$25,000*)
52.227-10 Filing of Patent Applications Classified Subject Matter
52.227-12 Patent Retention by Contractor (Long Form)
52.230-2 Cost Accounting Standards
52.230-3 Disclosure and Consistency of Cost Accounting Practices
52.230-6 Administration of Cost Accounting Standards
52.232-16 Progress Payments
52.243-1 Changes – Fixed Price
52.243-2 Changes – Cost-Reimbursement
52.244-2 Subcontracts under Cost-Reimbursement and Letter Contracts
52.244-6 Subcontracts for Commercial Items (*Orders in excess of \$100,000*)
52.245-2 Government Property (Fixed Price)
52.245-5 Government Property (Cost-Reimbursement Time-and-Material or Labor-Hour Contracts)
52.246-23 Limitation of Liability (*Orders in excess of \$25,000*)
52.247-63 Preference For U.S.-Flag Air Carriers (*Orders in excess of \$25,000*)
52.247-64 Preference For Privately-Owned U.S. Flagged Commercial Vessels (*Orders in excess of \$1,000*)
52.248-1 Value Engineering
52.249-1 Termination for the Convenience of the Government (Firm Fixed Price)
5) **DFARS FLOWDOWN CLAUSES.** If this Contract is placed under a U.S. Government Department of Defense (DOD) contract, the following additional DoD FAR Supplement (DFARS) clauses apply.
252.203-7001 Prohibition On Persons Convicted Of Fraud Or Other Defense-Contract-Related Felonies
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)

a) of the U.S. Government.

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252.225-7014 Preference For Domestic Specialty Metals, Alternate I (10 U.S.C. 2241 Note)
252.225-7026 Reporting Of Contract Performance Outside The United States (*Orders in excess of \$500,000*)
252.227-7013 Rights in Technical Data and Computer Software (*Orders in excess of \$500,000*)
252.244-7000 Subcontracts For Commercial Items And Commercial Components (DOD Contracts)
252.247-7023 Transportation Of Supplies by Sea (10 U.S.C. 2631)
252.247-7024 Notification Of Transportation Of Supplies By Sea (10 U.S.C. 2631)

6) **CERTIFICATIONS AND REPRESENTATIONS.**

- a) The clauses listed below contain certifications and representations that are material representations of fact upon which Sparton will rely in making awards to Seller. By submitting its written offer, providing oral offers or quotations at the request of Sparton, or accepting any Contractor, Seller certifies to the representations and certifications as set forth in each of the clauses listed below. These certifications shall apply whenever these terms and conditions are incorporated by reference in any Contract, agreement, other contractual document or any quotation, request for quotation (oral or written), request for proposal, or solicitation (oral or written) issued by Sparton. Seller shall immediately notify Sparton of any change of status with regard to these certifications and representations.
- b) The following clauses of the FAR are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable to any Order, agreement, or subcontract. In each clause incorporated below, substitute “Sparton” for “Government” and “Contracting Agency” and “Buyer” for “Contracting Officer” throughout.
 - i) **FAR 52.209-5, “Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters”**
- c) The following FAR clauses apply to this Contract if Work under the contract will be performed in the United States or Contractor is recruiting employees in the United States to work on the Contract.
 - i) **FAR 52.222-22, “Previous Contracts And Compliance Reports”**
 - ii) **FAR 52.222-25, “Affirmative Action Compliance”**