



A Textron Company

Bell Standard Purchase Order Terms and Conditions

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Clause 1 - DEFINITIONS

The following definitions apply unless otherwise specifically stated:

- 'Article(s)': Good(s) and service(s) described in the Order;
'Buyer': The legal entity issuing the Order, Bell Helicopter Textron Inc., Fort Worth, TX, a Subsidiary of Textron Inc. (BHTI);
'Contracting Officer': U.S. Government Contracting Officer for the Prime Contract;
'Manufacturing Materials': Supplies, materials, samples, tooling, dies, jigs, fixtures, plans, designs, specifications, software, drawings, technical information, and contract rights;
'Order': purchase order, change order, subcontract or contract for the Articles;
'Parties or parties': Buyer and Seller collectively.
'Prime Contract': U.S. Government contract under which an Order may be issued;
'Seller': Person or Company providing the Article.
'FAR': Federal Acquisition Regulation
'DFARS': Department of Defense Federal Acquisition Regulation Supplement

Clause 2 - ORDERS/CHANGE ORDERS

These Terms and Conditions are a part of each Order Buyer may issue to Seller. Each Order must contain a description of the Articles and identify the specifications, drawings, quantities, prices, delivery schedule, terms and place of delivery. EACH ORDER OR CHANGE TO AN ORDER MUST BE SIGNED (OR AUTHENTICATED IF THIS IS AN ELECTRONIC ORDER) BY BUYER'S AUTHORIZED PROCUREMENT REPRESENTATIVE TO BE VALID.

Clause 3 - AGREEMENT/ACCEPTANCE/MODIFICATIONS

An Order is Buyer's offer to Seller and acceptance is expressly limited to its

terms without additions, deletions, or other modifications. Seller's commencement of performance, delivery of any Articles or acknowledgment of the Order or electronic signature will conclusively evidence such acceptance. NO CHANGE OR MODIFICATION TO THE ORDER (INCLUDING ANY ADDITIONAL OR DIFFERENT TERMS IN SELLER'S ACCEPTANCE) WILL BE BINDING ON BUYER UNLESS SIGNED (OR AUTHENTICATED IF THIS IS AN ELECTRONIC ORDER) BY BUYER'S AUTHORIZED PROCUREMENT REPRESENTATIVE.

Clause 4 - CHANGES [Not applicable if Bell Standard Purchase Order Terms and Conditions - FAR/DFARS Clause Flow-Downs in Fulfillment of a U.S. Government Contract (Flow-Downs), Section III Applies.]

- (A) Buyer may by written notice make changes within the general scope of the Order in any one or more of the following:
(i) drawing, designs or specifications;
(ii) method of shipment or packaging;
(iii) place of inspection, delivery or acceptance;
(iv) amount of Buyer-furnished Manufacturing Materials;
(v) quantity.
(B) Seller shall proceed immediately to perform the Order as changed. If any such change causes a material increase or decrease in the cost of, or the time required for the performance of any part of the work in the Order, except as otherwise provided for in paragraph (C) below, Buyer will make an equitable adjustment in the purchase price or delivery schedule or both. Seller shall provide written notice of its intent to assert a claim within ten (10) calendar days from the date of receipt by Seller of such written notice of change. Seller shall proceed with the change pending resolution of any claim for adjustment. Failure to agree to any adjustment will be resolved in accordance with the Disputes clause of the Order.
(C) Notwithstanding paragraphs (A) and (B) above, Buyer may make changes to the Order delivery schedule without cost impact provided that:
(i) Buyer provides a minimum four (4) week notice to Seller for any delivery schedule acceleration; or
(ii) Buyer provides a minimum four (4) week notice to Seller for any delivery schedule deceleration.

Clause 5 - STOP WORK [Not applicable if Bell Standard Purchase Order Terms and Conditions - FAR/DFARS Clause Flow-Downs (Flow-Downs) in Fulfillment of a U.S. Government Contract, Section III Applies.]

- (A) When directed by written notice from Buyer, Seller will immediately stop all or part of the work relating to the Order to the extent specified in the notice for a period of up to one hundred-



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eighty (180) calendar days or longer if extended by mutual agreement. Seller shall take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Order during the period of the stop work.

- (B) Within such period, Buyer may either terminate or continue the work by written order to the Seller. If a Stop Work notice is cancelled or the period of the Stop Work notice or any agreed extension thereof expires, Seller must resume work and Buyer and Seller will agree upon a reasonable adjustment in the delivery schedule. In no event will such adjustment exceed the period of time in which the Stop Work notice was in effect. Except as otherwise provided herein, the total Order price will not be adjusted and Buyer will not incur any liability by the issuance of a Stop Work notice.

Clause 6 - TERMINATION FOR CONVENIENCE [Not applicable if Bell Standard Purchase Order Terms and Conditions - FAR/DFARS Clause Flow-Downs (Flow-Downs) in Fulfillment of a U.S. Government Contract, Section III Applies.]

- (A) Notwithstanding any other provisions of the Order, the Buyer may by written notice terminate for its convenience the whole or any part of the Order upon providing ten (10) calendar days notice thereof, except that the Buyer may immediately terminate for its convenience the whole or any part of the Order in those instances in which such action is reasonably required as a result of Buyer's customer taking action affecting all or part of the performance of work under the prime contract. Upon receipt of such notice, the Seller must immediately cease work, including but not limited to the manufacture and procurement of materials for the fulfillment of the terminated portion of the Order.
- (B) Buyer's only obligation shall be to pay Seller a percentage of the price reflecting the percentage of the work performed prior to the notice of termination. Seller shall not be paid for any work performed or costs incurred that reasonably could have been avoided.
- (C) In no event shall Buyer be liable for lost or anticipated profits, unabsorbed indirect costs or overhead, or any amount in excess of the total Order price.
- (D) Seller shall continue all work not terminated.
- (E) In the event Seller has a claim for adjustment, it must notify Buyer in writing of its intent to file a claim within twenty-one (21) calendar days from the effective date of termination. Seller's final termination claim must be submitted to Buyer within ninety (90) calendar days from the date that Seller's intent to file a claim was submitted to Buyer. Seller shall have no other remedies after this period.

Clause 7 - TERMINATION FOR DEFAULT [Not applicable if Bell Standard Purchase Order Terms and Conditions - FAR/DFARS Clause Flow-Downs (Flow-Downs) in Fulfillment of a U.S. Government Contract, Section III Applies.]

- (A) If the Seller fails to comply with any of the terms of the Order, fails to make progress so as to endanger performance of the Order, fails to provide adequate assurance of future performance, files or has filed against it a petition in bankruptcy or becomes insolvent or suffers a material adverse change in financial condition, the Buyer shall, prior to termination of the whole or part of the Order, give the Seller notice of default. The Seller shall have ten (10) calendar days (or more if authorized in writing from the Buyer) from the date of receipt of such notice in which to cure the default or to satisfy the Buyer that such default shall be cured within a period of time acceptable to the Buyer. Upon failure to cure the default, Buyer may give the Seller written notice of Termination for Default.
- (B) Upon termination, the Seller will have no claim for further payment other than as provided in this Clause, but will be liable to the Buyer for all direct losses and direct damages which may be suffered by the Buyer by reason of the default, including any

increase in the costs incurred by the Buyer in procuring the Articles from another source. Nothing in this Clause affects any obligation of the Buyer under the law to mitigate damages and Seller must proceed with the portion of the Order not terminated under the provisions of this Clause.

- (C) If the Order is terminated for default, the Buyer may require the Seller to transfer the title and deliver, as directed by the Buyer any
- (i) completed Articles, and
 - (ii) Manufacturing Materials that the Seller and its subcontractors have specifically produced or acquired for the portion of the Order under notice of Termination for Default. Upon direction of the Buyer, the Seller shall also protect and preserve property in its possession in which the Buyer has an interest.
- (D) The Buyer shall pay the Order price for completed Articles delivered and accepted. The Seller and Buyer will agree on the amount of payment for Manufacturing Materials delivered and accepted. Failure to agree will be a dispute under the Disputes clause. The Buyer may withhold from these amounts any sum the Buyer determines to be necessary to protect the Buyer against loss because of outstanding liens or claims of former lien holders and Buyer's estimate of reprocurement costs due Buyer.
- (E) If, after termination, it is determined that the Seller was not in default, or that the default was excusable, as defined in the Excusable Delay clause, the rights and obligations of the parties will be the same as if the termination had been issued for the convenience of the Buyer and the provisions of the Termination for Convenience clause, will apply.
- (F) The rights and remedies of the Buyer in this clause or in any other clause of the Order are in addition to any other rights and remedies provided to Buyer by the law or under these Terms and Conditions.

Clause 8 - EXCUSABLE DELAY [Not applicable if Bell Standard Purchase Order Terms and Conditions - FAR/DFARS Clause Flow-Downs (Flow-Downs) in Fulfillment of a U.S. Government Contract, Section III Applies.]

- (A) A delay in the performance by the Seller of any obligations under the Order that is caused by an event which:
- (i) is an act of God, act of Government, fire, riot, war, terrorism or any other event which constitutes a superior force and is beyond the reasonable control of the Seller; and without any fault on the part of the Seller and interferes with the performance of Seller's obligations; and
 - (ii) the effects of which could not reasonably have been avoided by the Seller will, subject to the provisions of this Clause, constitute an Excusable Delay.
- (B) In addition to the events described in paragraph (A), a delay caused by the default of a subcontractor of the Seller may constitute an Excusable Delay if the event causing the default of such subcontractor is an event that meets the criteria set out in paragraph (A) and such delay has not been contributed to by the Seller, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Seller to meet the required delivery schedule.
- (C) Except as otherwise provided herein, the following will not be considered as events beyond the reasonable control of the Seller:
- (i) lack of financial resources of the Seller or its subcontractors; or
 - (ii) any labor disturbances including strikes/lock-outs experienced by the Seller or its subcontractors;
- (D) To claim an Excusable Delay, the Seller must, by written notice to the Buyer, describe in detail any excusable delay and provide the Buyer with an acceptable "work-around" plan within ten (10) calendar days of such facts coming to the attention of Seller. The Buyer may accept or reject such "work-around" plan in writing and, if accepted, the Seller must promptly implement such "work-around" plan at Seller's expense.



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- (E) In the event of an Excusable Delay, any affected delivery date will be postponed for such period as is reasonably necessary to offset the effects of the Excusable Delay. In no event will the delivery date be extended by a time period longer than the time period in that the Excusable Delay was in effect. No adjustment will be made to the Order price; adjustment to the delivery schedule is the exclusive remedy of the Seller in the case of an Excusable Delay.
- (F) Notwithstanding the above, after an Excusable Delay has continued for a period of thirty (30) calendar days in the aggregate the Buyer may, in the Buyer's absolute discretion, terminate the Order. In the event of such termination, the rights and obligations of Buyer and Seller shall be determined in accordance with the provisions of the Termination for Convenience clause herein.

Clause 9 – BUYER FURNISHED MANUFACTURING MATERIALS

The restrictions in this section do not apply to the Seller's performance of U.S. Government contracts to the extent the U.S. Government has unlimited rights in the Manufacturing Materials pursuant to DFARS 252.227-7013 "Rights in Technical Data-Non Commercial Items". The term "Buyer Furnished Manufacturing Material" includes, when applicable, Government Property furnished to or acquired by the Seller under the Order.

- (A) Except as otherwise provided herein, Seller must not use, reproduce, or disclose for the benefit of any party other than Buyer, any Manufacturing Materials furnished by Buyer. Seller must not use the Manufacturing Materials to produce or manufacture Articles, other than those required by the Order, without prior written authorization from Buyer.
- (B) Title to Manufacturing Materials furnished by Buyer will remain with Buyer or U.S. Government, as applicable, at all times. Seller must bear the risk of loss, damage or destruction of the Manufacturing Materials furnished by Buyer and shall promptly replace or repair, without expense to Buyer, any of the Manufacturing Materials which are lost, damaged, or destroyed unless such loss, damage or destruction is solely and directly caused by Buyer's negligence.
- (C) Seller is responsible for care, maintenance, use and records of Buyer Furnished Manufacturing Materials. Physical Inventories will be performed as required by Buyer.
- (D) All Buyer furnished Manufacturing Materials, together with spoiled and surplus materials and Articles must be returned to Buyer upon termination or completion of the Order unless Buyer will direct otherwise in writing. When Buyer approves Manufacturing Materials to be furnished to Seller's subcontractors for procurement of Articles by Seller for use in the performance of Buyer's Order, Seller must insert the substance of this clause in its subcontracts.
- (E) Seller acknowledges that Buyer's Manufacturing Materials are unique and proprietary and that monetary damages will be inadequate to compensate Buyer for Seller's breach of this provision. The parties agree that, in addition to any other remedies available to Buyer under the Order, or at law or in equity, Buyer will be entitled to seek injunctive relief to enforce the terms of this clause.
- (F) If the U.S. Government provides to the Seller Buyer's Manufacturing Materials with unlimited rights, or Buyer has authorized Seller to manufacture Articles for direct sale to the U.S. Government or a third party, Seller may use Manufacturing Materials provided:
 - (i) Seller provides to Buyer a notice of each such proposed use, identification of each Article being provided by Seller, and applicable U.S. government contract number;
 - (ii) Buyer's name and cage code number must not be used to identify Articles;
 - (iii) Seller makes no claim against Buyer, which arises out of Seller's use of the Manufacturing Materials;
 - (iv) Seller indemnifies and holds Buyer harmless from any and all claims and causes of action for wrongful death, bodily

injury or property damage based upon, but not limited to, theories of strict liability or negligence, actual or implied, which may arise out of such use and direct sale, and;

- (v) Seller certifies that use of such Manufacturing Materials will be limited to manufacturing Articles for delivery to the U.S. Government or authorized third party and agrees to provide Buyer reasonable access to Seller's books and records to verify compliance with this provision.

Clause 10 - QUALITY CONTROL/INSPECTION

- (A) Seller must provide and maintain a Quality Control System in accordance with ISO-9001 or AS/EN-9100 or the most recent versions of ISO or AS/EN. Seller's system must also be in compliance with the requirements of the Seller's civil airworthiness authority (Transport Canada, the Federal Aviation Administration (FAA), or Foreign Air Worthiness Authority) and, as applicable, the Buyer's Quality Procurement Specification (QPS) referenced in the Order. Seller agrees to permit Buyer to review its procedures, practices, processes and related documents to determine such accessibility. This system accessibility requirement will remain applicable to Seller in addition to any special quality assurance provisions, which may be incorporated elsewhere in the Order. Seller must provide, at no charge to Buyer, appropriate facilities and assistance to allow the Buyer or U.S. Government, to perform quality control/inspection activities hereunder. If FAA surveillance is required, a bilateral agreement between FAA and a foreign civil air authority may apply.
- (B) All Articles are subject to final inspection and acceptance by Buyer at destination, notwithstanding any payment or prior inspection at source. The final inspection will be made within a reasonable time, not to exceed ninety (90) calendar days after receipt of the Articles. Buyer must notify Seller if any Articles delivered hereunder are rejected, and such Articles may be returned to Seller at Seller's risk and expense at Buyer's discretion. Inspection and tests by Buyer do not relieve the Seller of responsibility for defects or other failures to meet the Order's requirements. Acceptance will not be final with respect to latent defects, fraud, or gross mistakes amounting to fraud.
- (C) The Seller must have an effective program for investigation, corrective action, and follow-up for rejections initiated by the Seller or Buyer. When the Buyer discovers discrepancies for which the Seller is responsible, the Buyer may forward a request for corrective action to the Seller for action and response. The Seller's response must be returned to the Buyer within thirty (30) calendar days, and will include the causes of the discrepancy(s), the positive corrective action(s) taken to prevent recurrence, and the corrective action effective point by unit serial number or date.
- (D) The Seller is responsible for complying with Quality System requirements noted herein and for meeting Quality performance expectations. Failure to comply with Quality System requirements or to achieve an acceptable quality performance level may result in an on-site audit or additional source inspection oversight being initiated by Buyer, at Seller's expense. Buyer reserves the right to debit Seller accounts to compensate for inspection or related activities that take place as a result of Buyer directed inspections, including source inspections being by-passed by the Seller.

Clause – 11 SUSPECT/COUNTERFEIT PARTS

- (A) Seller shall supply Articles that are not and do not contain suspect/counterfeit parts. A suspect item is an item in which there is an indication by visual inspection, testing, or other information that it may not conform to established government or industry accepted specifications or national consensus standards. A suspect/counterfeit item is any item that is a copy or substitute without legal right or authority to do so, or one whose material, performance, characteristics or identity does not appear to be authentic. The term also includes approved Article that has reached a design life limit or has been damaged beyond possible



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repair, but are altered and deliberately misrepresented as acceptable. Failure by Seller to document material substitution or identify that an item has been refurbished or remanufactured is considered to be fraud, and the item then becomes suspect/counterfeit.

- (B) If it is determined by Buyer that a suspect/counterfeit part has been supplied, Buyer will impound the items pending a decision on disposition. Seller shall replace such items with items acceptable to Buyer and shall be liable for all costs relating to the impoundment, removal, and replacement. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions herein. Buyer may also notify the applicable Government representatives and reserves the right to withhold payment for the items pending results of the investigation.

Clause 12 –GENERAL TOOL DOCUMENT

When required, Buyer's latest revision of the General Tooling Document is applicable to the Order. All lost, damaged or destroyed tools will be charged to the Seller at replacement value. Invoices for tooling will not be processed until Buyer's inspection has accepted parts produced from such tools and a certified OMTR (Outside Manufacturing Tooling Requirement) has been submitted to and approved by Buyer. Where Bell-to-Furnish tooling is required for the performance of the Order, Seller must refer to Buyer's Outside Data Sheet for the list of tools to be supplied by Buyer.

Clause 13 – WARRANTY

- (A) Seller warrants that all Articles delivered under the Order will be free from defects in design; material and workmanship will conform to applicable descriptions, specifications and drawings and are suitable for the purpose intended. THIS WARRANTY SHALL BE IN ADDITION TO ALL WARRANTIES ARISING AS A MATTER OF LAW AND SHALL SURVIVE ACCEPTANCE AND PAYMENT.
- (B) Seller's warranties must be enforceable by Buyer's customers as well as Buyer and will be valid for thirty-six (36) months after delivery to Buyer's customers.
- (C) Defective Articles will be returned to Seller at Seller's expense for repair or replacement, at Buyer's option. If Buyer finds it impractical to return defective Articles, Buyer may perform necessary repair at its own facility and charge the reasonable cost thereof to Seller. In the event defective Articles are returned to Seller, the repaired or replacement Articles will be provided by Seller, F.O.B. Seller's plant, to Buyer within twenty-one (21) calendar days from receipt of the defective Article by Seller. If Seller is unable to repair or replace the defective Article within the time allotted herein, Buyer may repair or replace the same and charge or debit Seller's account for those costs. For valid warranty claims, Buyer will debit Seller's account for actual freight charges incurred both from and to the Buyer.

Clause 14 – INTELLECTUAL PROPERTY RIGHTS & INDEMNITY

- (A) Except for Orders funded by the U.S. Government, any copyright, trademark, trade secret, software, data, idea, concept, process, formula, invention, system, report or other intellectual property resulting from any Seller work performed for the Order and funded by Buyer, will be the sole property of Buyer. Seller agrees to assign and hereby assigns to Buyer any interest Seller may have in such intellectual property right or invention(s) conceived by Seller or reduced to practice by Seller.
- (B) With respect to Articles delivered under the Order, Seller shall save Buyer, its agents, customers, and users of its products harmless from all loss, damage and liability incurred on account of any infringement or alleged infringement of a Patent, copyright, or trademark or misappropriation of a trade secret or other violation of an intellectual property right of a third party, arising out of the manufacture, sale, or use of such Articles by Seller, Buyer, Buyer's agents, customers, or users of its products. Seller shall at

its own expense defend all claims, suits and actions against Buyer, its agents, customers or users of its products in which such infringement or other violation of an intellectual property right of any third party is alleged, provided Seller is notified of such claims, suits and actions. This indemnification does not apply to articles manufactured to detailed designs developed and furnished by Buyer.

Clause 15 - BOOKS AND RECORDS

Seller must provide authorized representatives of Buyer, reasonable access to its books, records and data which will permit the adequate evaluation of cost data, direct materials, labor hours and incorporated rates used to arrive at a price. In addition, any proposals submitted by the Seller, pursuant to the Changes, Termination for Default, or Termination for Convenience clauses shall also include sufficient cost data and reasonable access to Seller's books, records and data as indicated herein. At Buyer's request, Seller shall provide copies of collective labor agreements, if any, and audited company financial statements.

Clause 16 - PRICES, PAYMENT AND DISCOUNT

Payment by Buyer will be made net thirty (30) days from the later of the following: (i) the date of acceptance of the Articles or (ii) from Buyer's receipt of an acceptable invoice. Any payment discounts will be calculated from the same date. Discount terms shall be clearly stated on the face of each invoice. Prices will be in U.S. dollars.

Clause 17 - INVOICING, PACKING AND SHIPPING

- (A) Separate invoices indicating Order number, line item number(s), quantity, Harmonized Tariff Schedule (HTS) number, country of origin, unit price and extended value are required for each Order unless Pay Upon Receipt has been established with the Seller. On date of shipment(s) Seller shall mail one copy of each invoice to the address below, unless a different address is provided in the face of the Purchase Order:
- Textron Finance Shared Services Center
ATTN: Bell Helicopter Accounts Payable
P.O. Box 77007
Fort Worth, TX 76177-0007
- (B) Seller must comply with the routing instructions shown on the Order. Premium transportation will be paid by Buyer only when specifically authorized. If delays caused by the Seller result in the need for premium transportation, the additional costs for the premium transportation is the sole responsibility of the Seller. Seller must not prepay, insure, or declare value of any shipment made F.C.A. shipping point.
- (C) Separate packing lists are required for each Order and must accompany each shipment. The location of the packing slip must be clearly marked on the container. The complete Order number must appear on all documents.
- (D) Single Article containers will be identified with Order, part number, and quantity. When multiple Orders or Articles are combined in one container, they must be separately packaged inside that container and the packages identified as to Order, part number and quantity.
- (E) All Articles shall be prepared and packaged for export shipment in a manner acceptable to buyer and in compliance with carrier regulations so as to prevent damage or deterioration. All documents and markings on containers shall be in English. Loads greater than 150 pounds that can fit within a 44" X 44" X 30" footprint shall be secured, banded or stretch-wrapped, onto a Bell Standard Pallet. Freight that contains castings & forgings, weights more than 150 pounds, and is required to be on a Bell Standard Pallet shall be packaged as follows: 1. Must be in an ASTM 5118 triple wall half slotted fiberboard box with cover (HSCC) 2. The shipping container must be secured to a 44"x44" two-way, non-reversible Bell Standard Pallet with a minimum of two ¾" metal bands 3. The combined weight of the shipping container and



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- pallet shall not exceed a maximum gross weight of 2,500 lbs.
- (F) Test reports, x-rays, certificates and other supporting documents must accompany each shipment when required by the Order.
- (G) Seller will not combine shipments destined for different BHTI facilities on the same Bill of Lading or in the same container.
- (H) Articles will be marked in such a manner as to be readily identifiable with the part number reflected on the Order. Kits, assemblies and all parts consisting of multiple Articles, that is, hardware, pins, gaskets, etc., must be unit packaged as a complete unit and so identified. If the Article is individually packaged, the package will be so marked. Single Articles too small to be separately identified will be separated into lots and tagged or bagged. Proper markings corresponding to the Order description and part number must be applied to the tags or bags for handling and storage purposes.
- (I) When required by Buyer, Seller will provide bar coded shipping labels with each shipment.
- (J) With each shipment to Buyer the Seller must include on the packing slip a "Statement of Product Conformity". Unless otherwise required by contract, the Seller must include a statement declaring compliance to all requirements specified in applicable standards or specification documents. This certification of compliance must be signed by Seller's authorized Quality representative.
- (K) Unless otherwise specified, the price stated in the Order includes the costs of preparing and packing for shipment, container marking, and furnishing packing lists and test reports.
- (L) In addition to the above, for foreign Seller:
- (i) Seller shall pay all taxes and import or export duties of any kind outside of the U.S.A., including those taxes or duties that may be imposed or assessed on any property furnished by the buyer (data, information, materials, components or tooling), and all fines or penalties imposed by reason of seller's failure to pay such taxes or duties. All such taxes and duties, existing, new, or increased, are included in the price stated in the Order.
- (ii) Seller shall, at its expense, obtain all necessary export licenses, approvals, and authorizations required to export articles. Seller shall notify Buyer, without delay, of any obstacles or requirements which may delay Seller's exportation of articles.
- (iii) The following categories of Articles may require an import license in the U.S.: articles made of steel, firearms, artillery projectors, ammunition, launch vehicles, guided missiles, ballistic missiles, rockets, torpedoes, bombs, mines, vessels of war and special naval equipment, tanks and military vehicles, aircraft and spacecraft, toxicological agents and equipment, and radiological equipment, nuclear weapons design and test equipment, submersible vessels, oceanographic and associated equipment, and other equipment which has substantial military applicability and which has been specifically designed or modified for military purposes. Aircraft components, although specifically designed for use on military aircraft, do not require an import license. If Articles covered by the Order fall into any of these categories, Seller must verify with Buyer that a valid U.S. import license is in effect prior to shipment. Should the Seller have any questions as to the applicability of an import license, please contact Buyer's Global Trade Compliance Department at the following e-mail or fax number: importcompliance@bellhelicopter.textron.com (817) 278-8888.
- (iv) All wood packaging material must conform to ISPM 15 Standards as required by U.S. Customs. All containers must undergo a seven point inspection prior to stuffing to verify physical integrity. The seven point inspection includes: front wall, left side, right side, floor, ceiling, inside/outside doors, outside/undercarriage. Containers must be sealed using high security seals, and the seal number must be noted on the commercial invoice and packing lists.
- (v) Each package in the shipment shall contain the following, in English, on the outside of the container, for the purposes of clearing U.S. Customs: (1) A packing list listing the contents of that package. (2) The commercial invoice as detailed in Clause 16 (A). (3) Certificates of origin as described in Clause 26 (B), if applicable. If the Articles covered by the Order are build-to-print and the Seller requires assistance in determining the Harmonized Tariff Schedule number, they should request assistance from Buyer's Global Trade Compliance Department at the contacts listed above prior to preparing the invoice and shipping documents to ensure the correct information is placed on these documents, as required by U.S. and international law.
- (vi) A complete set of documents, including the items listed in (iii) above, as well as the international air waybill or bill of lading should be provided to Buyer's Global Trade Compliance Department prior to shipment at the contacts listed above.
- (vii) In order to comply with Importer Security Filing requirements for ocean shipments under U.S. Customs regulations, the following information must also be emailed or faxed to Buyer's Global Trade Compliance Department, at least 72 hours prior to loading the shipment onto the vessel: (1) Seller name and address, (2) Buyer name and address, (3) Importer of Record number, (4) Consignee number(s), (5) Manufacturer/Supplier name and address (if different from Seller), (6) Ship to Party name and address (if different than Buyer), (7) Country of Origin/Country of Manufacture, (8) Commodity Harmonized Tariff Schedule of the United States (HTS or HTSUS) number, (9) Container stuffing location, and (10) Consolidator (who stuffed the container). The manufacturer/supplier, country of origin, and HTS number must be linked to one another at the line item level. Contact Buyer's Global Trade Compliance Department for the appropriate form.
- (viii) For broker information and routing instructions, please consult www.routingguides.com.

Clause 18 – DELIVERY

- (A) Seller is responsible for the Articles covered by the Order until they are delivered to the designated F.C.A. point specified on the Order. The Order will be governed by the provisions of Incoterms as published by the International Chamber of Commerce 2000, Paris, France. If Articles are received more than fifteen (15) calendar days ahead of specified schedule, Buyer reserves the right to keep the Articles and make payment as if the delivery was made per the specified delivery schedule, return the Articles to Seller at Seller's expense or place the Articles in a Foreign Trade Zone ("FTZ") at Seller's expense until the specified delivery schedule. Buyer may debit Seller's account for actual freight charges incurred both from and to Buyer or for any applicable FTZ charges. The delivery dates contained in the Order are the dates that the Articles are required on dock at Buyer's facilities.
- (B) Time is of the essence in performing the Order. Should Seller experience or anticipate any delay in performing the Order, Seller must immediately notify Buyer in writing of such delay, it's expected duration and the reasons thereof. Neither such notification nor an acknowledgment by Buyer will constitute a waiver of the Order's specified delivery schedule. Seller shall be liable for any direct or indirect damages resulting from a delay in delivery.
- (C) Seller, as applicable, shall pay all taxes and import or export duties of any kind outside of the U.S.A. or Canada, including those taxes or duties that may be imposed or assessed on any property furnished by Buyer (data, information, materials, components or tooling), and all fines or penalties imposed by reason of Seller's failure to pay such taxes or duties. All such taxes and duties,



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existing, new or increased, are included in the price stated in the Order.

Clause 19 – ASSIGNMENT

Neither the Order nor any interest herein nor any claim hereunder will be assigned by Seller without the prior written consent of Buyer. An assignment without Buyer's written consent is ineffective and void. No such consent will be deemed to relieve Seller of its obligations to comply fully with the requirements of the Order. Seller may, however, without Buyer's consent, assign the rights to be paid monies due or to become due to a financing institution if the following conditions are met:

- (i) Buyer must continue to have the right to exercise any and all of its rights under, settle any and all claims arising out of, and enter into amendments hereto, without notice to or consent of the assignee;
- (ii) the entire amount of said monies is assigned to a single assignee and
- (iii) Buyer is given notice of the assignment and all invoices submitted by Seller contain adequate reference to the assignment.

Clause 20 - SALES LIMITATION

Without the prior written consent of Buyer, Articles carrying Buyer's part numbers may not be sold to third parties, other than the U.S. Government, in the event the U.S. Government has unlimited rights in the Manufacturing Materials pursuant to DFARS 252.227-7013 "Rights in Technical Data-Non Commercial Items."

Clause 21 - PUBLIC RELEASE OF MATERIAL

Seller shall not advertise or publicize without Buyer's prior written consent, in any medium, including, without limitation, any print, broadcast, direct mailing, or any internet web site maintained by or for Seller, the fact that Seller is a supplier of products or services to Buyer. Neither Seller nor its subcontractors, suppliers or agents shall without Buyer's prior written consent (i) use Buyer's name, photographs, logos, trademarks, or any other identifying information in any such medium; (ii) use (except to communicate with Buyer) or its affiliates) any internet domain names, metatags, or electronic mail addresses containing the names, "Bell Helicopter", "Textron" or the names of any product or service for which Buyer owns the trademark; or (iii) provide a link to any domain name or internet address registered to Buyer or any of its affiliates.

Clause 22 – SET-OFF AND WITHHOLDING

Buyer has the right of set-off against any payments due or at issue under the Order or any Order between Buyer and Seller. Buyer may withhold from payment to Seller in an amount sufficient to reimburse Buyer for any loss, damage, expense, cost or liability relating to Seller's failure to comply with any requirements of the Order.

Clause 23 – DRAWINGS

- (A) All drawings, specifications and data furnished by the Buyer to the Seller shall remain the property of the Buyer and shall not be disclosed by the Seller and shall be used by Seller only as and to the extent required for the performance of the Order, unless otherwise approved by Buyer in writing.
- (B) If the performance of the Order, Seller is obligated to manufacture Seller-designed Bell part numbered Articles to the Seller's drawing revision level as specified in the Order or approved by Buyer, in cases where manufacturing will be to a different revision level, Seller will provide Buyer released updated drawings with explanation as to how the present configuration differs from the specified or approved revision level configuration. Seller must receive Buyer's approval of updated drawing prior to the manufacturing and shipment of Articles to Buyer.
- (C) No review or approval by the Buyer of any work hereunder or of any designs, drawings, specifications or other documents prepared by Seller will be construed to relieve Seller, in any way from design responsibility for the Articles to be delivered

hereunder, or from responsibility to comply with the requirements of the Order.

Clause 24 - DISPUTES

- (A) In the event of a dispute arising between Buyer and Seller, which is not disposed of by agreement, Seller must request a final written decision from Buyer's Procurement Manager. If the parties can't agree on a dispute resolution process or otherwise resolve a dispute, the said dispute may be filed in the proper court for disposition pursuant to the Applicable Law and Venue clause hereof.
- (B) Pending final resolution of any dispute or appeal hereunder, the Seller shall proceed diligently with the performance of the Order as directed by the Buyer. If the dispute arises out of a difference in interpretation between the parties as to the performance requirements of the Order, then Seller shall continue performance as determined by the Buyer.

Clause 25 – GRATUITIES

- (A) Seller (or any agent or representative of Seller) will not offer or provide gratuities to any employee of Buyer. Failure of Seller to honor this commitment may, at Buyer's option, result in immediate termination of the Order in accordance with the Termination for Default clause, without provision for cure.
- (B) Seller is prohibited from providing, offering, or attempting to offer kickbacks or soliciting or accepting kickbacks. Seller must have and follow procedures designed to prevent and detect possible violations, shall report in writing and telephonically any violation to the Buyer's Ethics Department (800) 94-ETHICS, and shall cooperate fully with any Government agency investigating a possible violation. The substance of this clause shall be included in all subcontracts issued under the Order.
- (C) Seller, by accepting the Order or any long-term contract from Buyer or performing against such Order or contract, hereby certifies, to the best of their knowledge and belief, that:
 - (i) No United States government ("Federal") appropriated funds have been paid or will be paid, by or on behalf of the Seller to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.
 - (ii) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, Seller shall completed and submit Standard Form-LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions.
 - (iii) Seller shall required that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under subgrants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
 - (iv) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C.

Clause 26 - COMPLIANCE WITH LAWS

Seller shall comply with all applicable federal, state, provincial and local



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laws, including, but not limited to, laws with respect to the protection of the environment, and Seller hereby certifies that it is in compliance with all such laws and regulations in the production of the Articles, and that the Articles themselves are compliant with all applicable laws. Seller will indemnify and hold Buyer harmless to the full extent of any loss, damage or expense, including lost profit, attorneys' fees and court costs, for any failure or alleged failure of Seller to comply with the requirements of this clause or for any release or threat of release of any hazardous substance, hazardous or solid waste, pollutant or contaminate from any site now, or in the past, owned or operated by Seller, or any site where Seller disposed of or arranged for the disposal of any hazardous substance, hazardous or solid waste, pollutant or contaminate.

Clause 27 - PRODUCT ORIGIN

- (A) Prior to or with the first shipment of Articles to Buyer, Seller must provide Buyer a statement specifying the Country of Origin, the Article name and description, Buyer and Seller part number, Harmonized Tariff Schedule (HTS) number, and manufacturer name and location. Seller will also provide, as requested, any other documentation that is required for U.S. Customs and other Government agency compliance.
- (B) If the Articles provided under the Order qualify for preferential duty treatment under a Free Trade Agreement such as the North American Free Trade Agreement (NAFTA), Seller must provide Buyer's Global Trade Compliance Department with a NAFTA or other Certificate of Origin to enable Buyer to claim preferential duty treatment at the time of entry. Seller acknowledges that the Certificate will be used by Buyer as proof of eligibility for preferential duty treatment, and agrees to provide full cooperation to Buyer for any U.S. or foreign Customs inquiries into preferential duty claims that arise out of any Article furnished under the Order. Unless Buyer requests individual Certificates for each shipment, Seller may provide annual blanket Certificates to cover multiple shipments during the calendar year.
- (C) Seller will send Certificates of Origin or statements specifying Country of Origin to Buyer's Global Trade Compliance Department at the following e-mail, address, or fax numbers:

ImportCompliance@bellhelicopter.textron.com
ATTN: Global Trade Compliance
Bell Helicopter Textron, Inc.
P.O. Box 482
Fort Worth, TX 76101
FAX: (817) 278-3886 or (817) 278-8888

- (D) Seller must notify Buyer in writing of any change in the Origin of the Article.
- (E) Buyer will notify Seller in writing if Seller fails to supply documentation required under Paragraphs (A) through (D) of this Clause, and Seller agrees to provide Buyer the relevant documentation within 30 days of receipt of notice from Buyer.
- (F) Seller shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

Clause 28 - HAZARDOUS MATERIAL

Seller certifies it is in compliance with any federal, state or provincial laws, including but not limited to the U.S. Occupational Safety and Health Act of 1970 (OSHA) or the Canadian Hazardous Products Act as applicable. Furthermore, if the Articles purchased herein are considered toxic or hazardous as defined in the above set of regulations, Seller shall provide a copy of the Material Safety Data Sheet (MSDS) with each shipment or as otherwise specified on the Order.

Clause 29 - INDEMNIFICATION

Seller shall hold harmless and unconditionally indemnify Buyer, its directors, officers and employees to the full extent of any liability, loss, cost, claim, damage or expense including, but not limited to, reasonable attorneys' fees for the defense of all liabilities, costs, claims, damages and expenses by reason of any alleged or actual property damage or personal injury arising out of, as a result of, or in connection with the work performed hereunder due to:

- (i) any act or omission of Seller or its employees, agents, subcontractors, or lower tier subcontractors; or
- (ii) any act or omission of Buyer or its officers, agents, employees, subcontractors, or lower tier subcontractors, including, but not limited to, any negligent act or omission of Buyer or its respective officers, agents, employees, subcontractors or lower tier subcontractors.

Clause 30 - APPLICABLE LAW AND VENUE

If the Order is issued pursuant to a U.S. Government prime contract, the Order including these terms and conditions will be construed and applied in accordance with the Federal common law of Government contracts. To the extent that the Federal common law of Government contracts is not dispositive or the Order is not issued pursuant to a U.S. Government contract, the Order including these Terms and Conditions are governed by and construed exclusively under the laws of the State of Texas, USA, excluding its choice of laws rules. Both Buyer and Seller hereby submit to the exclusive jurisdiction and venue of:

- (A) The Courts of General Jurisdiction of the State of Texas in the County of Tarrant, or
- (B) The Federal District Court for the Northern District of Texas, Fort Worth Division, in any lawsuit involving the Order. Buyer and Seller hereby agree that the above sets forth the sole and exclusive jurisdiction and venue in which any lawsuit involving the Order may be filed.

Clause 31 - PARTIAL INVALIDITY; WAIVER

If any provisions of the Order including these Terms and Conditions become void or unenforceable, the other provisions will remain valid and enforceable. Waiver of one or more provisions of these Terms and Conditions by Buyer will in no way act as a waiver of any other provision herein.

Clause 32 - ORDER OF PRECEDENCE

In the event of any inconsistency among the provisions of the Order hereunder, such inconsistency will be resolved by giving precedence in the following sequence:

- (A) Provisions typed on the face of the Order including mandatory flowdowns in Buyer's Prime Contract,
- (B) Long Term or Multiyear Agreement/Contract between Buyer and Seller (If applicable)
- (C) Terms and Conditions,
- (D) Statement of Work,
- (E) Specifications,
- (F) Other documents, exhibits, and attachments to the Order.

Clause 33 - OFFSET CREDIT/FOREIGN SUBCONTRACTS

- (A) Buyer represents that its business base consists, in part, of international orders, and that it must, from time to time, enter into international offset agreements to secure such orders. To the extent that the Articles ordered hereunder are components of Buyer's products/systems sold to a foreign nation or concern or are non-recurring activities, tooling, equipment, engineering, etc. associated with Buyer's products/systems sold to a foreign nation or concern, and in the event such foreign sale includes an offset requirement, Seller will enter into good faith discussions with Buyer regarding the Seller's assumption of a proportionate share of such offset obligations..
- (B) Buyer reserves the right and declares its intention to claim credit for the value of the Order or any related or follow-on orders against any offset or industrial cooperation commitment, either



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present or future, that Buyer may undertake in the Seller's country. The Seller agrees to provide all necessary information in such form as may be required to enable Buyer to obtain the aforementioned offset credits.

Clause 34 – OUTSOURCING

Notwithstanding any other provision of the Order, Seller must not procure any of the completed or substantially completed Articles described herein without the prior written consent of Buyer.

Clause 35 - ELECTRONIC DATA INTERCHANGE AND SUPPLIER PORTAL

- (A) The Parties agree that if an Order is transmitted electronically neither party shall contest the validity of the Order, or any acknowledgement thereof, on the basis that the Order or acknowledgement contains an electronic signature.
- (B) Buyer and Seller agree that in the event any part of the purchase and sale of Articles covered by these Terms and Conditions will hereafter be effected using electronic data interchange, these Terms and Conditions shall continue to apply thereto.
- (C) Supplier Portal www.sell2bell.com:
Supplier shall use the Sell2Bell supplier portal to conduct business with Buyer.

Clause 36 – GOVERNMENT REGULATIONS RELATING TO EXPORT/IMPORT OF GOODS AND TECHNICAL DATA

- (A) Goods and Technical Data provided under the Order may be subject to the United States (U.S.) Export Administration Act (50 USC 2401-2420) and the Export Administration Regulations (EAR) (15 CFR 768-799) promulgated thereunder; the U.S. Arms Export Control Act (22 USC 2751-2779) and the International Traffic in Arms Regulations (ITAR) (22 CFR 120-130) promulgated thereunder; the Regulations of the Office of Foreign Assets Control of the U.S. Treasury Department (31 CFR 500-599); the Regulations of the Bureau of Alcohol, Tobacco, and Firearms (ATF) (27 CFR 447-555); the Homeland Security Act of 2002 and the U.S. Customs Regulations (19 CFR 1-199) promulgated thereunder; Canadian Export and Import Permits Act (RS Chapter E-19) and the Export Permits/Import Permits Regulations promulgated thereunder; the Canadian Defense Production Act and the Canadian Controlled Goods Regulations promulgated thereunder; the Canada Customs Act/Special Import Measures Act and the Canada Customs Regulations promulgated thereunder; and the US Foreign Corrupt Practices Act, as well as such export or import restrictions of any other jurisdiction as may apply to the export or import of such Goods or Technical Data.
- (B) The parties acknowledge that the above-referenced laws, rules, and regulations impose restrictions on the import, export, re-export, or transfer to third countries or parties of certain categories of Goods and Technical Data. The parties acknowledge that licenses or permits from the U.S. State Department, U.S. Commerce Department, U.S. Department Treasury, or the Canadian Department of Foreign Affairs and International Trade and Canadian Controlled Goods Directorate may be required before Buyer is permitted to provide Technical Data to Seller or before Seller is permitted to export Goods to Buyer. Additionally, licenses from the U.S. Bureau of Alcohol, Tobacco, and Firearms (ATF), Canadian Department of Foreign Affairs and International Trade (DFAIT), or other jurisdictions may be required before Buyer is permitted to permanently import Goods from Seller. The parties acknowledge that such licenses or permits may impose restrictions on use of Goods and Technical Data.
- (C) Seller shall comply with all applicable export and import laws and regulations and any requirements of Buyer with respect to the import, export, re-export, or transfer of Goods and Technical Data including restrictions against sanctioned countries and denied parties. Upon placement of Buyer's Order, Seller must provide all required U.S. and Canadian export and import classification

information including but not limited to Harmonized Tariff Schedule (HTS) numbers and country of origin information for compliance purposes. All technical data subject to either the ITAR or the EAR must be appropriately marked in accordance with DOD Directive 5230.24, as well as marked with the specific applicable export classification(s). Seller must immediately notify Buyer of any change to the export or import classification or country of origin information. Seller must notify Buyer in writing in advance of any change in manufacturing location during Seller's performance. Seller shall comply with all U.S. Customs Department Trade Partnership Against Terrorism (C-TPAT) requirements.

- (D) Upon placement of Buyer's Order, Seller must provide in a form satisfactory to Buyer, certification as to whether the Goods or Technical Data are subject to the U.S. State Department's ITAR, and if so subject, certification as to the applicable U.S. Munitions List (USML) category; or, if they are not so subject, certification as to whether the Goods or Technical Data are subject to the U.S. Commerce Department's EAR, and if so subject, certification as to the applicable Export Control Classification Number (ECCN); or, if they are not so subject, certification as to whether the Goods or Technical Data are subject to Canada's Department of Foreign Affairs and International Trade Export and Import Permits Act, and if so subject, certification as to the applicable Export or Import Control List Group item number. Seller shall indemnify and hold Buyer harmless to the full extent of any loss, damage, cost, expense, or liability including lost profits, attorney's fees and court costs for any failure or alleged failure of Seller to comply with such export or import laws and regulations, and for any false statements or material omissions by Seller with respect thereto, including without limitation export or import classification and country of origin data of Goods or Technical Data under applicable regulations.
- (E) Seller must not, without Buyer's prior written consent, export, transfer, re-export, or re-transfer any Technical Data Provided by Buyer, including Buyer's Technical Data that has been integrated by Seller into Seller's Data. Seller shall not export, transfer, re-export, or re-transfer any Goods or Technical Data to any U.S. or Canadian Government sanctioned countries, denied, or designated parties. These restrictions apply to Seller, its employees, and any third party including, but not limited to Seller's suppliers and subcontractors. Upon completion of performance or termination of Buyer's Order, Buyer furnished Goods or Technical Data will, at Buyer's option, be returned to Buyer or destroyed by Seller. Seller must provide written verification of destruction to Buyer.

Clause 37 - ENTIRE AGREEMENT/SEVERABILITY/SURVIVAL

- (A) The Order, including attachments hereto, constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes all prior representations and understandings, whether oral or written. However, nothing herein will be construed as a limitation or exclusion of any right or remedy available to Buyer by law. Buyer and Seller agree that the U.N. Convention on Contracts for the International Sale of Goods will not apply to any purchase and sale of Articles governed by these Terms and Conditions.
- (B) If any provision of the Order is invalid or is prohibited by applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions, terms or conditions or of such Order.
- (C) The provisions of the Order which by their nature are intended to survive the termination, cancellation, completion or expiration of the Order, including any indemnities, warranties and expressed limitations of or releases from liability, shall continue as valid and enforceable obligations of the parties notwithstanding any such termination, cancellation, completion or expiration.



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Clause 38 - INDEPENDENT CONTRACTOR

Seller is an independent contractor in all its operations and activities under the Order and all personnel furnished by Seller or used by Seller in the performance of the Order will be Seller's employees exclusively without any relation whatsoever to Buyer. Seller is responsible for all obligations and reporting requirements covering social security, unemployment insurance, worker's compensation, income tax, and any other reports, payments or deductions required by local, state, or federal law or regulation. Seller is not granted, expressly or impliedly, any right or authority to create any obligation or liability on behalf of or in the name of Buyer.

Clause 39 - INFORMATION ON POLITICAL CONTRIBUTIONS AND FEES OR COMMISSIONS IN CONNECTION WITH THE SALE OF DEFENSE ARTICLES OR SERVICES

Seller agrees to furnish information, within seven (7) days of Buyer's request, regarding any payment, offer or agreement to pay "political contributions" or "fees or commissions" (as those terms are defined at 22 CFR Sec. 130) with respect to any sale by the Buyer for which a license or approval from the Office of Defense Trade Controls, Department of State, is required or any sale pursuant to a contract with the Department of Defense under Section 22 of the Arms Export Control Act (22 USC Sec. 2762).

Clause 40 - BUYER INFORMATION

Seller agrees to comply with the terms of any Proprietary Information Exchange Agreement(s) with Buyer and to comply with all proprietary information markings and restrictive legends on information provided hereunder by Buyer to Seller. Seller agrees not to use any Buyer-provided information for any purpose except to perform the Order and agrees not to disclose such information to third parties without the prior written consent of the Buyer.

Clause 41 - RESCISSION, ADJUSTMENT, AND TERMINATION FOR ILLEGAL OR IMPROPER ACTIVITY

For Orders in fulfillment of a U.S. Government contract:

- (A) If the Government pursues action under FAR 52.203-8, "Cancellation, Rescission and Recovery of Funds for Illegal or Improper Activity" and cancels the solicitation or rescinds the prime contract to which the Order relates, and such action results from Seller's violation of the Procurement Integrity Act, 41 U.S.C. 423, Buyer may 1) rescind the Order; 2) recover from Seller all amounts paid by Buyer to Seller related to the Order; 3) recover from Seller any amounts including any penalty prescribed by law, which Buyer is required to pay ; and, 4) recover from Seller any other costs, expenses, liabilities incurred by Buyer in connection with Seller's violation of the Procurement Integrity Act.
- (B) Seller agrees to pay Buyer the amount that Buyer's price or fee is reduced pursuant to FAR clause 52.203-10, "Price or Fee Adjustment for Illegal or Improper Activity" to extent such reduction results from Seller's violation of the Procurement Integrity Act and as such act is implemented in the FAR. In the event the Government terminates for default any Buyer prime contracts under which the Order is issued, as a result of Seller's violation of the Procurement Integrity Act, Buyer shall have the right to terminate the Order in whole or part.
- (C) Buyer's rights and remedies under this clause are in addition to any other rights and remedies provided by law, regulation, or under the Order.

Clause 42 - FEDERAL ACQUISITION REGULATION (FAR)

- (A) If the Order contains a U.S. Government Prime Contract Number or if any of the Articles to be supplied under the Order (or any other Orders placed under the Agreement under which the Order is placed) are to be used on a U.S. Government contract, the FAR and, if applicable, DFARS clauses listed under the **Bell Standard Purchase Order Terms and Conditions - FAR and DFARS Clause Flow-downs in Fulfillment of a U.S. Government Contract (Flow-Downs)** is incorporated herein by reference and

made a part of these Terms and Conditions. The Parties agree that Sections I and III of the Flow-Downs shall be incorporated in all Orders in support of a U.S. Government Prime Contract until Seller provides sufficient documentation that the Article(s) qualifies for Commercial Item status in accordance with FAR 2.101. If and when Buyer determines the Article to be a Commercial Item, then Section II will be incorporated into all Orders for that particular Article.

- (B) The dates of these clauses are the dates in effect in the U.S. Government Prime Contract issued to Buyer. Unless specified otherwise, the term "Contractor" will mean "Seller," the term "Contract" will mean "Order," and the term "subcontractor" will mean Seller's subcontractors. Seller agrees to negotiate with Buyer to incorporate additional provisions beyond those identified in the Flow-Downs or to change provisions as Buyer reasonably deems necessary to comply with the applicable Prime Contract or with amendments or modifications to the applicable Prime Contract. Seller shall accept mandatory flow-down clauses in Buyer's Prime Contract or modifications thereto at no additional cost to Buyer.