
**THE FEDERAL ACQUISITION REGULATION (FAR) GOVERNMENT
CONTRACT PROVISIONS AND THE DEPARTMENT OF DEFENSE FAR
SUPPLEMENT (DFARS) GOVERNMENT CONTRACT PROVISIONS
REQUIRED IN SUBCONTRACTS**

**To be appended to all subcontracts entered into by Actronix, Inc. under a
purchase order with DRS Technologies, Inc. and its affiliates.**

THE FOLLOWING REGULATIONS AND THE SUBSTANCE OF THE FOLLOWING CLAUSES OF THE FEDERAL ACQUISITION REGULATION (FAR) GOVERNMENT CONTRACT PROVISIONS ARE HEREBY INCLUDED IN THIS CONTRACT:

1. For the acquisition of commercial items under purchase orders placed in support of and charged to a U.S Government prime contract or subcontract, the only FAR clauses that are required are those annotated with *. For the definition of a commercial item see FAR 2.101.
2. In all clauses listed herein, the terms “Government” “Contracting Officer” and “Contractor” shall be deemed revised to suitably identify the contracting parties herein and effect the proper intent of the provision except where further clarified or modified below. In general, the term “Contractor,” however, shall mean the Actronix Subcontractor under the Purchase Order.
3. **The summaries of FAR provisions appearing in this appendix are provided for convenience only and not intended to be complete statements of the code provisions. For the full text of the code provisions, please see the code sections listed below.**

A. Applicable to All Purchase Orders:

1. **Security Requirements.** The Contractor shall comply with the Security Agreement for access to information classified “Confidential,” “Secret,” or “Top Secret.” *52.204-2*
2. **Personal Identity Verification of Contractor Personnel.** The Contractor shall comply with agency personal identity verification procedures identified in accordance with this clause. *52.204-9*
3. **Service Contract Act of 1965 (the “Act”), as amended.** This contract is subject to the provisions in this clause and to all other applicable provisions of the Act. The Contractor or any subcontractor shall pay at least the minimum monetary wages and provide fringe benefits to each employee performing work under the contract. The Contractor or subcontractor shall not permit services called for by this contract to be performed in buildings or surroundings or under working conditions which are unsanitary, hazardous, or dangerous. *52.222-41**
4. **Exemption From Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment--Requirements.** The items of equipment to be serviced under this contract are used regularly for other than Government purposes, and are sold or traded by the Contractor to the general public; and, the services shall be furnished at prices *52.222-51**

which are based on established catalog or market prices for the maintenance, calibration, or repair of equipment.

5. **Exemption From Application of the Service Contract Act to Contracts for Certain Services--Requirements.** The services under this contract are offered and sold regularly to non-Governmental customers, and are provided by the Contractor to the general public; the services are furnished at prices that are based on established catalog or market prices; and, each service employee who will perform the services under the contract will spend only a small portion of the time servicing the Government contract. 52.222-53*

6. **Notice of Radioactive Materials (“Government” means “Government and Buyer”).** The Contractor shall notify the Contracting Officer or designee, in writing, items containing radioactive material. 52.223-7

7. **Duty-Free Entry.** The Contractor shall not include in the contract price any amount for duties on supplies specifically identified in the Schedule to be accorded duty-free entry. The Contractor shall claim duty-free entry only for supplies to be delivered to the Government under the Contract. 52.225-8

8. **Restrictions on Certain Foreign Purchases.** The Contractor shall not acquire any supplies or services if such transaction is prohibited by any proclamation, Executive order, or statute administered by the Office of Foreign Assets Control (“OFAC”). 52.225-13

9. **Authorization and Consent - Alternate 1.** The Government authorizes and consents to all use and manufacture of any invention described in and covered by a United States patent. 52.227-1

10. **Refund of Royalties.** The Contractor shall furnish a statement of royalties paid to the Contracting Officer, which will be compensated to the extent that such royalties were included in the contract price. 52.227-9

11. **Filing of Patent Applications - Classified Subject Matter.** If patent filing involves disclosure of any subject matter of this contract classified “Secret,” “Confidential,” or “classified,” the Contractor shall transmit the proposed application to the Contracting Officer prior to filing. 52.227-10

12. **Patent Rights - Retention by the Contractor (Short Form).** The 52.227-11

Contractor may retain the entire right, title, and interest throughout the world to each “subject invention,” but the Federal Government has a nonexclusive, nontransferable, irrevocable, paid-up license to practice on behalf of the United States the subject invention. The Contractor shall disclose each subject invention to the Federal agency.

- 13. Patent Rights - Retention by the Contractor (Long Form procurements).** *52.227-12*
 Substantively similar to item 12 above, except for the following subsections:
 (c): different terms regarding to the time period of disclosure and granting extension
 (e): different regulations apply for revoking or modifying the Contractor’s license
 (f): additional Contractor action to protect Government’s interest, (5) ~ (10)
 (l) ~ (o): these additional clauses are not in item 12
- 14. Rights in Data - General (Not applicable under Department of Defense Procurements).** *52.227-14*
 Except for the data that the Contractor may claim copyright, the Government shall have the right to “unlimited rights” in certain data specified in this clause. The Contractor shall have right to use, release, and publish any data first produced or specifically used by the Contractor in the performance of this contract.
- 15. Workers’ Compensation Insurance (Defense Base Act).** *52.228-3*
 The Contractor shall provide and maintain workers’ compensation insurance or security as the Defense Base Act (42 U.S.C. 1651 et seq.) requires.
- 16. Insurance - Work on a Government Installation.** *52.228-5*
 The Contractor shall provide at least the kinds and minimum amounts of insurance and notify the Contracting Officer that the required insurance has been obtained.
- 17. Industrial Resources Developed Under Defense Production Act Title III.** *52.234-1*
 The Contractor shall refer any request from a “Title III project contractor” for testing and qualification of a “Title III industrial resource” to the Contracting Officer and test “Title III industrial resources” for qualification and provide the test results to the Defense Production Act Office.

- 18. Accident Prevention.** The Contractor shall provide and maintain safe work environments and procedures and comply with any other additional requirements. 52.236-13
- 19. Subcontracts for Commercial Items.** The Contractor shall incorporate “commercial items” or nondevelopmental items as components of items to be supplied under the contract to the maximum extent practicable. 52.244-6
- 20. Government Property.** The Contractor shall establish and implement an adequate system to manage “Government property” in its possession. The Contractor shall use Government property, either furnished or acquired under the contract, only for performing this contract. 52.245-1
- 21. Special Tooling - In paragraph (c) “Government” means “Government or Buyer.”** The Government retains title to Government-owned “special tooling” and option to take title to all special tooling. The Contractor is responsible for risk of loss of special tooling. All Government-furnished special tooling is provided *as is*. 52.245-17
- 22. Special Test Equipment - In paragraph (b)(4) “Government” means “Government or Buyer.”** The Contractor may either acquire or fabricate “special test equipment” at Government expense if approved by and properly notified to the Contracting Officer. The Government may furnish such equipment instead of approving acquisition or fabrication. 52.245-18
- 23. Preference for U.S. Flag Air Carriers.** If available, all Federal agencies and Government contractors and subcontractors shall use U.S.-flag carriers for U.S. Government-financed international air transportation of personnel or property. 52.247-63
- 24. Preference for Privately Owned U.S.-Flag Commercial Vessels.** The Contractor shall use privately owned U.S.-flag commercial vessels to ship at least 50 percent of the gross tonnage. 52.247-64*

Orders Over \$10,000 Also Include the Following:

- 1. Prohibition of Segregated Facilities.** The Contractor shall not provide or maintain any “segregated facilities” and will not 52.222-21

permit its employees to perform their services at any location where segregated facilities are maintained.

2. **Equal Opportunity.** The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor agrees to take affirmative action to ensure that applicants are employed and treated without regard to their race, color, religion, sex, or national origin. 52.222-26*

3. **Affirmative Action for Workers with Disabilities.** The Contractor shall not discriminate against any employee or applicant because of physical or mental disability. The Contractor shall take affirmative action to employ, advance in employment, and otherwise treat qualified individuals with disabilities without discrimination. 52.222-36*

Orders Over \$25,000 Also Include the Following:

1. **Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans.** The Contractor shall not discriminate against the individual because the individual is a “special disabled veteran,” a “veteran of the Vietnam era,” or “other eligible veteran.” The Contractor shall take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled veterans, veterans of the Vietnam era, and other eligible veterans without discrimination. 52.222-35*

2. **Employment Reports on Disabled Veterans and Veterans of the Vietnam Era, and Other Eligible Veterans.** The Contractor shall report the information on the number of special disabled veterans, the number of veterans of the Vietnam era, and other eligible veterans in the workforce. 52.222-37

Orders Over \$100,000 Also Include the Following:

1. **Restrictions on Subcontractor Sales to the Government.** The Contractor shall not enter into any agreement with an actual or prospective subcontractor, nor act in any manner, which has or may have the effect of restricting sales by the subcontractors 52.203-6

directly to the Government.

2. **Anti-Kickback Procedures (less paragraph (c)(1)).** The Contractor is prohibited from offering, providing, soliciting, or accepting any “kickback,” and the Contractor shall promptly report possible violations. 52.203-7

3. **Limitation on Payments to Influence Certain Federal Transactions.** The Contractor is prohibited from using funds appropriated from a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing a federal employee in connection with the award of this contract. The Contractor shall disclose information regarding its lobbying activities. 52.203-12

4. **Audit and Records - Negotiation.** The Contractor shall maintain and the Contracting Officer shall have the right to examine and audit all “records” related to costs. The Comptroller General of the United States shall have access to and the right to examine any pertinent records involving transactions related to this contract 52.215-2

5. **Integrity of Unit Prices (less paragraph (b)).** Any proposal submitted for the negotiation of prices for items of supplies shall distribute costs within contracts on a basis that ensures that unit prices are in proportion to the items’ base cost. 52.215-14

6. **Contract Work Hours and Safety Standards Act - Overtime Compensation.** No Contractor or subcontractor employing laborers or mechanics shall require or permit them to work over 40 hours in a workweek unless they are paid adequate overtime compensation. 52.222-4

7. **Equal Opportunity for Special Disabled Veterans and Veterans of Vietnam Era and other Eligible Veterans.** The Contractor shall not discriminate against the individual because the individual is a “special disabled veteran,” a “veteran of the Vietnam era,” or “other eligible veteran.” The Contractor shall take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled veterans, veterans of the Vietnam era, and other eligible veterans without discrimination. 52.222-35

8. **Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era and other Eligibility Veterans.** The Contractor shall report the information on the number of special disabled 52.222-37

veterans, the number of veterans of the Vietnam era, and other eligible veterans in the workforce.

- 9. **Notification of Employee Rights Concerning Payment of Union Dues and Fees.** The Contractor shall post a poster notice informing employees of their rights concerning union membership and payment of union dues and fees. 52.222-39*

- 10. **Notice and Assistance Regarding Patent and Copyright Infringement.** The Contractor shall promptly report each notice or claim of patent or copyright infringement based on the performance of this contract. 52.227-2

- 11. **Value Engineering.** The Contractor is encouraged to develop, prepare, and submit value engineering change proposals voluntarily, and the Contractor shall share any net “acquisition savings” realized from the accepted Value Engineering Change Proposals, in accordance with the incentive sharing rates. 52.248-1

Orders Over \$650,000 Also Include the Following:

- 1. **Pension Adjustments and Asset Reversions.** The Contractor shall promptly notify the Contracting Officer when it determines that it will terminate a defined-benefit pension plan or otherwise recapture such pension fund assets. 52.215-15

- 2. **Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other Than Pensions.** The contractor shall promptly notify the Contracting Officer when the Contractor determines that it will terminate or reduce the benefits of a PRB plan. 52.215-18

- 3. **Notification of Ownership Changes.** The Contractor shall notify the Administrative Contracting Officer when the change in ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets, asset valuations, or any other cost. 52.215-19

- 4. **Small Business Subcontracting Plan.** The offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan that separately addresses subcontracting with small business, veteran-owned small business, HUBZone small business concerns, small disadvantaged business, and woman-owned small business concerns. 52.219-9

Unless Otherwise Exempt Also Include the Following:

1. **Contractor Code of Business Ethics and Conduct.** The Contractor shall have a written “code of business ethics and conduct” and promote compliance with its code of business ethics and conduct. *52.203-13*

2. **Display of Hotline Posters.** The Contractor shall prominently display any agency fraud hotline poster or Department of Homeland Security fraud hotline poster identified by the Contracting Officer. *52.203-14*

3. **Subcontractor Cost or Pricing Data.** Before awarding any subcontract or before pricing any subcontract modification involving a pricing adjustment, the Contractor shall require the subcontractor to submit cost or pricing data and to certify that the submitted data were accurate, complete, and current. *52.215-12*

4. **Subcontractor Cost or Pricing Data - Modifications.** If any modification to the contract involves a pricing adjustment expected to exceed the threshold for submission of cost or pricing data, the Contractor shall require the subcontractor to submit cost or pricing data and to certify that the submitted data were accurate, complete, and current as of the date of modification. *52.215-13*

Additional Clauses: Cost Accounting Standards

1. **Cost Accounting Standards (CAS).** The Contractor shall disclose the Contractor’s cost accounting practices by submission of a Disclosure Statement. The disclosed cost accounting practices for this contract shall be the same as the practices disclosed and applied on all other contracts. *52.230-2*

2. **Disclosure and Consistency of Cost Accounting Standards.** The Contractor shall comply with the requirements specified in this provision and consistently follow the Contractor’s cost accounting practices. *52.230-3*

3. **Administration of Cost Accounting Standards.** For the purpose of administering the CAS requirements, the Contractors shall take the steps outlined in this provision. *52.230-6*

THE FOLLOWING REGULATIONS AND THE SUBSTANCE OF THE FOLLOWING CLAUSES OF THE DEPARTMENT OF DEFENSE FAR SUPPLEMENT (DFARS) GOVERNMENT CONTRACT PROVISIONS ARE HEREBY INCLUDED IN THIS CONTRACT:

1. For the acquisition of commercial items under purchase orders placed in support of and charged to a DOD prime contract or subcontract, the only DFARS clause that are required are those annotated with *. For the definition of a commercial item, see FAR 2.101.
2. In all clauses listed herein, the terms “Government” “Contracting Officer” and “Contractor” shall be deemed revised to suitably identify the contracting parties herein and effect the proper intent of the provision except where further clarified or modified below. In general, the term “Contractor,” however, shall mean the Actronix Subcontractor under the Purchase Order.
3. **The summaries of DFARS provisions appearing in this appendix are provided for convenience only and not intended to be complete statements of the code provisions. For the full text of the code provisions, please see the code sections listed below.**

Applicable to All Purchase Orders: DFARS

1. **Disclosure of Information.** The Contractor shall not release any unclassified information pertaining to this contract to anyone outside the Contractor’s organization. *252.204-7000*
2. **Intent to Furnish Precious Metals as Government-Furnished Material.** The Government intends to furnish precious metals required in the manufacture of items to be delivered under the contract if the Contracting Officer determines it to be in the Government’s best interest. The Offeror shall cite the type and quantity of precious metals required in the performance of this contract. *252.208-7000*
3. **Excessive Pass-Through Charges.** The Government will not pay “excessive pass-through charges,” which will be determined by the Contracting Officer. *252.215-7004*
4. **Restrictions on Employment of Personnel.** The Contractor shall employ individuals who are residents and who possess the necessary skills to perform the contract. *252.222-7000*
5. **Safety Precautions for Ammunition and Explosives.** The Contractor shall comply with the requirements of the DoD Contractors’ Safety manual for Ammunition and Explosives and any other additional requirements included in the schedule of the Contract. *252.223-7002*

6. **Prohibition on Storage and Disposal of Toxic and Hazardous Materials.** 252.223-7006
The Contractor is prohibited from storing or disposing of non-DoD-owned “toxic or hazardous materials” on a DoD installation.
7. **Safeguarding Sensitive Conventional Arms, Ammunition and Explosives.** 252.223-7007
The Contractor shall comply with the requirements of DoD 5100.76-M with regard to “arms, ammunition, and explosives” subject to those requirements.
8. **Quarterly Reporting of Actual Contract Performance Outside the United States.** 252.225-7006
The Contractor shall submit quarterly reports on any subcontract, purchase, or intracompany transfer that will be or has been performed outside the United States.
9. **Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies.** 252.225-7007
Any supplies or services covered by the “United States Munitions List” that are delivered under this contract may not be acquired, directly or indirectly, from a “Communist Chinese military company.
10. **Duty-Free Entry.** 252.225-7013
The price of this contract shall not include any amount for duty on the items listed in this provision. The Contractor shall claim duty-free entry only for supplies that the Contractor intends to deliver to the Government under this contract.
11. **Preference for Domestic Specialty Metals (Alt 1).** 252.225-7014*
Any “specialty metals” incorporated in articles delivered under this contract shall be melted in the United States or its outlying areas.
12. **Restriction on Acquisition of Ball and Roller Bearings.** 252.225-7016
All ball and roller bearings and their components delivered under this contract shall be wholly manufactured in the United States, its outlying areas, or Canada.
13. **Restriction on Acquisition of Foreign Anchor and Mooring Chain.** 252.225-7019
Welded shipboard anchor and mooring chain delivered under this contract shall be manufactured in the United States or its outlying areas.
14. **Restriction on Acquisition of Forgings.** 252.225-7025
End items and their components delivered under this contract shall contain “forging

items” that are of “domestic manufacture” only.

- 15. Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns.** The Contractor shall use its best efforts to give “Indian organizations,” “Indian-owned economic enterprise,” and “Native Hawaiian small business concerns” the maximum opportunity to participate in the subcontracts it awards. *252.226-7001*
- 16. Rights in Technical Data - Noncommercial items.** The Contractor grants or shall obtain for the Government royalty free, world-wide, non-exclusive, irrevocable license rights in “technical data” listed in this provision. All rights not granted to the Government are retained by the Contractor. *252.227-7013*
- 17. Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation.** The Contractor grants or shall obtain for the Government royalty free, world-wide, non-exclusive, irrevocable license rights in “non-commercial computer software” or “computer software documentation” listed in this provision. *252.227-7014*
- 18. Rights in Bid or Proposal Information (No substitutions for “Government” or “Contracting Officer” are made).** By submission of its offer, the Offeror agrees that the Government may reproduce or use the information contained in the bid or proposal to evaluate the offer. Subsequent to contract award, the Contractor agrees that the Government shall have the right to use, modify, reproduce, release, perform, display or disclose information contained in the Contractor’s bid or proposal within the Government. *252.227-7016*
- 19. Validation of Asserted Restrictions - Computer Software.** The Contractor shall maintain records sufficient to justify the validity of any markings that assert restrictions on the Government’s rights to use, modify, reproduce, perform, display, release, or disclose computer software delivered under this contract. The Government has the right to review and challenge the validity of any restrictions asserted by the Contractor. *252.227-7019*

- 20. Validation of Restrictive Markings on Technical Data.** The Contractor or subcontractor at any tier is responsible for maintaining records sufficient to justify the validity of its markings that impose restrictions on the Government to use, duplicate, or disclose technical data delivered under the contract. The Contracting Officer may challenge the justification for restrictive markings. 252.227-7037
- 21. Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles.** The Contractor shall promptly report all pertinent facts relating to each accident involving an aircraft, missile, or space launch vehicle being manufactured, modified, repaired, or overhauled in connection with this contract. 252.228-7005
- 22. Frequency Authorization.** The Contractor shall obtain authorization for radio frequencies required in support of this contract. 252.235-7003
- 23. Training for Contractor Personnel Interacting with Detainees.** The “Combatant Commander” responsible for the area where a detention or interrogation facility is located will arrange for training for contractor personnel interacting with detainees. 252.237-7019*
- 24. Telecommunications Security Equipment, Devices, Techniques and Services.** To provide security for classified and sensitive information during telecommunications, the Contractor shall use Government-approved telecommunications equipment, devices, techniques or services. 252.239-7016
- 25. Earned Value Management System (Applicable only when specifically stated on the Purchase Order).** The Contractor shall use an earned value management system (EVMS) that has been recognized by the cognizant Administrative Contracting Officer as complying with the criteria provided in Operation of the Defense Acquisition System. 252.242-7002
- 26. Subcontracts for Commercial Items and Commercial Components.** In addition to the clauses listed in FAR 52.244-6, the Contractor shall include the terms of the clauses listed in this provision in subcontracts for commercial items or commercial components awarded at any tier under this contract. 252.244-7000
- 27. Notification of Potential Safety Issues.** The Contractor shall provide notification of all nonconformances for parts identified as “critical safety items” acquired by the Government and all nonconformances or deficiencies that may result in a “safety impact” for systems or assemblies acquired by or serviced for 252.246-7003

the Government under this contract.

- 28. Notification of Transportation of Supplies by Sea.** If the Contractor has indicated that it did not anticipate transporting by sea any supplies but learns that supplies will be transported by sea, the Contractor shall notify the Contracting Officer and comply with all the terms and conditions of the Transportation of Supplies by Sea clause of this contract. *252.247-7024**

B. Orders Over \$100,000 Also Include the Following:

- 1. Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies.** Any individual who is convicted of fraud or any other felony arising out of a contract with the DoD is prohibited from serving in a management or supervisory capacity on this contract, on the board of directors of the Contractor, or as a consultant, agent, or representative for the Contractor. *252.203-7001*
- 2. Transportation of Supplies by Sea.** The Contractor shall use U.S.-flag vessels when transporting any supplies by sea under this contract. *252.247-7023**
- 3. Notification of Anticipated Contract Terminations or Reductions.** After the Contractor receives the Contracting Officer’s notice of the anticipated termination or reduction, the Contractor shall provide notice of the anticipated termination or reduction to its employees, state and local officials, and first-tier subcontractors. *252.249-7002*

C. Orders Over \$650,000 Also Include the Following: N/A

D. Orders Over \$1,000,000 Also Include the Following:

- 1. Acquisition Streamlining.** The Contractor shall prepare and submit acquisition streamlining recommendations in accordance with the statement of work of this contract, and the Government has the right to accept, modify, or reject the Contractor’s recommendations. *252.211-7000*
- 2. Waiver of United Kingdom Levies.** The U.S. Government may attempt to obtain a waiver of any commercial exploitation levies included in the price of this contract from the United Kingdom, *252.225-7033*

and the U.S. Government reserves the right to reduce the contract price by the amount of the levy waived if a waiver is granted.