

NOTE 2 – Non-Commercial Item Terms and Conditions

This contract includes the appropriate flow-down clauses as required by FAR/DFAR. The FAR and DFARS clauses cited below are incorporated herein by reference. The listed FAR and DFARS clauses are incorporated herein as if set forth in full text unless made inapplicable by its corresponding note or dollar threshold, if any. In no event shall the “Seller” acquire any direct claim or course of action against the United States Government.

Where necessary to derive proper meaning in a subcontract situation from these clauses, “Contractor” means “Seller,” “Contracting Officer” means “Buyer,” “Contract” means this Purchase Order/Subcontract and “Government” means “Buyer or the Government.” However, the words “Government” and “Contracting Officer” do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the prime contract Contracting Officer or duly authorized representative, (2) when title to property is to be transferred directly to the Government, and (3) in FAR 52.227-1, 52.227-2, and DFARS 252.227-7013 and 252.227-7014.

FAR Clauses Applicable to All Purchase Orders/Subcontracts:

- 52.202-1 Definitions (JAN 2012)
- 52.204-2 Security Requirements (AUG 1996) (applicable if the Agreement involves access to classified information)
- 52.204-9 Personal Identity Verification of Contractor Personnel (JAN 2011) (applicable only if performance of this Agreement requires Subcontractor to have routine (as opposed to intermittent) physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system.
- 52.211-5 Material Requirements (AUG 2000)
- 52.215-16 Facilities Capital Cost of Money (JUN 2003) (applies to cost-type Purchase Orders/Subcontracts)
- 52.222-1 Notice to the Government of Labor Disputes (FEB 1997)
- 52.222-26 Equal Opportunity (APR 2015) (applies when Subcontractor has been awarded federal contracts or subcontracts in any 12- month period that exceed \$10,000 in total)
- 52.222-21 Prohibition of Segregated Facilities (APR 2015) (applies when 52.222-26 applies)
- 52.222-36 Affirmative Action for Workers with Disabilities (JUL 2014) (applies when 52.222-26 applies)
- 52.222-41 Service Contract Act (NOV 2007) (applicable only T&M or FP/LOE subcontracts for services)
- 52.222-50 Combating Trafficking in Persons (MAR 2015)
- 52.222-51 Exemption from Application of Service Contract Act for Maintenance,

- Calibration, or Repair or Certain Equipment – Requirements (NOV 2007) (Applicable only if this Agreement requires maintenance, calibration or repair of equipment)
- 52.222-53 Exemption from Application of Service Contract Act for Certain Services – Requirements (FEB 2009)
- 52.222-54 Employment Eligibility Verification (OCT 2015) (Applies to Orders over \$3,000)
- 52.223-3 Hazardous Material Identification and Material Safety Data (JAN 1997) (Alternate I applies only to Non-DoD Contracts)
- 52.223-7 Notice of Radioactive Materials (JAN 1997) (In paragraph (a), insert "thirty (30)" in the blank.)
- 52.223-11 Ozone-Depleting Substances (MAY 2001)
- 52.223-18 Contractor Policy to Ban Text Messaging while Driving (AUG 2011)
- 52.225-13 Restrictions on Certain Foreign Purchases (JUN 2008)
- 52.226-1 Utilization of Indian Organizations and Indian–Owed Economic Enterprises (JUN 2000)
- 52.227-9 Refund of Royalties (APR 1984) (Applicable only if price includes payment of royalties >\$250)
- 52.227-10 Filing of Patent Applications - Classified Subject Matter (DEC 2007)
- 52.228-5 Insurance-Work on a Government Installation (JAN 1997) (Applicable only if Purchase Order/Subcontract requires work on a government installation)
- 52.232-17 Interest (OCT 2010) (Applicable when any amounts due to government by Buyer are caused by Seller's actions under this Agreement)
- 52.233-3 Protest After Award (AUG 1996)
- 52.233-4 Applicable Law for Breach of Contract Claim (OCT 2004)
- 52.242-17 Government Delay of Work (APR 1984)
- 52.243-1 Changes – Fixed Price (AUG 1997)
- 52.245-1 Government Property (APR 2012) (Applicable to any Purchase Order/Subcontract where Government Property is provided to Seller. In the phrases "Government Property", "Government furnished Property", and in the references to title to property, "Government" shall not mean "Buyer". The following is added: "Seller shall provide Buyer immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of its Government Property Management System")

FAR Clauses Applicable If This PO/Subcontract Exceeds \$10,000

- 52.222-27 Affirmative Action Compliance Requirements for Construction (APR 2015)

FAR Clauses Applicable If This PO/Subcontract Exceeds \$15,000.

- 52.222-20 Walsh-Healey Public Contracts Act (MAY 2014)
- 52.222-21 Prohibition of Segregated Facilities (APR 2015)
- 52.222-36 Affirmative Action for Workers with Disabilities (JUL 2014)
- 52.222-40 Notification of Employee Rights Under the National Labor Relations Act (DEC 2010)

FAR Clauses Applicable If This PO/Subcontract Exceeds \$25,000.

- 52.204-10 Reporting Executive Compensation and First-Tier Subcontract Reporting (OCT 2015)
- 52.225-3 Buy American Act – Free Trade Agreement – Israeli Trade Act (MAR 2012)

FAR Clauses Applicable If This Purchase Order/Subcontract Exceeds \$35,000

- 52.209-6 Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (OCT 2015)

FAR Clauses Applicable If This Purchase Order/Subcontract Exceeds \$100,000 (Exceptions as noted).

- 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (SEP 2010)
- 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (SEP 2010)

FAR Clauses Applicable If This Purchase Order/Subcontract Exceeds \$150,000 (Exceptions as noted).

- 52.203-3 Gratuities (APR 1984)
- 52.203-6 Restrictions on Subcontractor Sales to the Government (SEP 2006)
- 52.203-5 Covenant Against Contingent Fees (MAY 2014)
- 52.203-7 Anti-Kickback Procedures (MAY 2014) (Seller shall immediately notify Buyer of any alleged violations involving any of Buyer's or Seller's employees)
- 52.203-8 Cancellation, Rescission and Recovery of Funds for Illegal or Improper Activity (MAY 2014)
- 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity (MAY 2014)
- 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (SEP 2011)
- 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (OCT 2010)
- 52.203-17 Contractor Employee Whistleblower Rights and Requirement to Inform

- Employees of Whistleblower Rights (APR 2014)
- 52.222-4 Contract Work Hours and Safety Standards Act -- Overtime Compensation (JUL 2005), (applicable when the contract may require or involve more than incidental employment of laborers or mechanics- applies in accordance with paragraph (e) of the clause)
- 52.222-37 Employment Reports on Veterans (OCT 2015)
- 52.222-54 Employment Eligibility Verification (OCT 2015)
- 52.215-2 Audit and Records – Negotiation (OCT 2010)
- 52.215-14 Integrity of Unit Prices (OCT 2010)
- 52.219-8 Utilization of Small Business Concerns (OCT 2014)
- 52.223-6 Drug Free Workplace (MAY 2001)
- 52.223-15 Limitations on Pass-Through Charges (OCT 2009)
- 52.242-13 Bankruptcy (JUL 1995)
- 52.247-63 Preference for U.S.-Flag Air Carriers (JUN 2003) (applicable to this Agreement and all lower-tier subcontracts that involve international air transportation)
- 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels (FEB 2006) (if transportation by ocean vessels is anticipated)

FAR Clauses Applicable If This Purchase Order/Subcontract Exceeds \$750,000.

- 52.230-2 Cost Accounting Standards (Large Businesses only) (MAY 2014)
- 52.230-3 Disclosure and Consistency of Cost Accounting Practices (Large Business only) (MAY 2013)
- 52.230-6 Administration of Cost Accounting Standards (Large Businesses only) (JUN 2010)

FAR Clauses Applicable If This Purchase Order/Subcontract Exceeds \$750,000.

- 52.214-26 Audit and Records-Sealed Bidding (OCT 2010)
- 52.215-10 Price Reduction for Defective Cost or Pricing Data (AUG 2011)
- 52.215-11 Price Reduction for Defective Cost or Pricing Data – Modifications (AUG 2011)
- 52.215-12 Subcontractor Cost or Pricing Data (OCT 2010)
- 52.215-13 Subcontractor Cost or Pricing Data – Modifications (OCT 2010)
- 52.215-15 Pension Adjustments and Asset (OCT 2010) (Applicable when cost or pricing data are required or if any pre-award or post-award cost determinations will be subject to FAR Part 31)
- 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (JUL 2005) (Asset (Applicable when cost or pricing data are required or if any pre-award or post-award cost determinations will be subject to FAR Part 31)

- 52.215-19 Notification of Ownership Changes Asset (OCT 1997) (Applicable when cost or pricing data are required or if any pre-award or post-award cost determinations will be subject to FAR Part 31)
- 52.215-20 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (OCT 2010) (Paragraph (a)(2) Contracting Officer shall only mean Government Contracting Officer)
- 52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data – Modifications (OCT 2010) (Paragraph a) (2) Contracting Officer shall only mean Government Contracting Officer)

FAR Clauses Applicable If This Purchase Order/Subcontract Exceeds \$1,000,000 (Exceptions as noted).

- 52.243-7 Notification of Changes (APR 1984) (Insert "10 calendar days" in the spaces provided in paragraphs (b) and (d))

FAR Clauses Applicable If This Agreement Exceeds \$5,500,000 and the Performance Period is 120 days or more.

- 52.203-13 Contractor Code of Business Ethics and Conduct (OCT 2015)
- 52.203-14 Display of Hotline Poster(s) (DEC 2007) Does not apply if the PO/Subcontract is performed overseas.

FAR Clauses Applicable if This Purchase Order/Subcontract Exceeds \$10,000,000

- 52.222-24 Pre-award On-Site Equal Opportunity Compliance Evaluation (FEB 1999)

DFARS Clauses

(Applicable only if this Order/Subcontract is a lower-tier contract under a DOD Agency contract)

- 252.203-7000 Requirements Relating to Compensation of Former DoD Officials (SEP 2011)
- 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract-Related Felonies (DEC 2008)
- 252.203-7002 Requirements to Inform Employees of Whistleblower Rights (SEP 2013)
- 252.203-7004 Display of Hotline Poster (s) (JAN 2015) (applies in accordance with subparagraph (e) of the clause)
- 252.204-7000 Disclosure of Information (AUG 2013)
- 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting

NOTE 2 NON-COMMERCIAL ITEM TERMS AND CONDITIONS

252.208-7000	Intent to Furnish Precious Metals as Government Furnished Material (DEC 1991)
252.211-7003	Item Identification and Valuation (DEC 2013)
252.222-7000	Restrictions on Employment of Personnel (MAR 2000)
252.222-7007	Representation Regarding Combating Trafficking in Persons (JUN 2015)
252.223-7001	Hazard Warning Labels (applicable when Agreement requires delivery of hazardous materials)
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials (APR 2012)
252.225-7001	Buy American Act and Balance of Payments Program (NOV 2014)
252.225-7002	Qualifying Country Sources as Subcontractors (DEC 2012)
252.225-7006	Quarterly Reporting of Actual Contract Performance Outside the United States (OCT 2010)
252.225-7007	Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies (SEP 2006)
252.225-7008	Restriction on Acquisition of Specialty Metals (MAR 2013)
252.225-7010	Commercial Derivative Military Article – Specialty Metals Compliance Certificate (JUL 2009)
252.225-7012	Preference for Certain Domestic Commodities (FEB 2013)
252.225-7013	Duty-Free Entry – Qualifying Country Supplies (End Products and Components) (NOV 2014)
252.225-7015	Restriction on Acquisition of Hand or Measuring Tools (JUN 2005)
252.225-7016	Restrictions on Acquisition of Ball and Roller Bearings (applicable if product contains ball or roller bearings)
252.225-7021	Trade Agreements (OCT 2013)
252.225-7025	Restrictions on Acquisitions of Forgings (DEC 2009) (Applicable if this Agreement is for forging items or for other items that contain forging items)
252.225-7030	Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate (DEC 2006)
252.225-7033	Waiver of United Kingdom Levies (APR 2003)
252.225-7036	Buy American Act - Free Trade Agreement - Balance of Payments Program (DEC 2012)
252.225-7038	Restriction on Acquisition of Air Circuit Breakers (JUN 2005)
252.225-7048	Export Controller Items (JUN 2013)
252.227-7013	Rights in Technical Data – Noncommercial Items (FEB 2014)
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (FEB 2014)

- 252.227-7025 Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends (MAY 2013)
- 252.231-7000 Supplemental Cost Principles (DEC 1991)
- 252.235-7003 Frequency Authorization and Alternate 1 (MAR 2014) (Applicable when this Agreement requires the development, production, construction, testing, or operation of a device for which a radio frequency authorization is required.)
- 252.239-7000 Protection Against Compromising Emanations (Applicable when Agreement involves information technology requiring protection of compromising emanations)
- 252.239-7016 Telecommunications Security Equipment, Devices, Techniques, and Services (DEC 1991) (Applicable when performance requires secure telecommunications)
- 252.243-7001 Pricing of Contract Modifications (DEC 1991)

DFARS Clauses Applicable If This Purchase Order/Subcontract Exceeds \$100,000.

- 252.247-7023 Transportation of Supplies by Sea (APR 2014) (Applies only where Seller, or its lower-tier suppliers, will ship supplies by sea. Seller agrees to indemnify and hold the Buyer harmless against any loss, damage or expense suffered by the Buyer as a result of Seller's failure to comply with the requirements of this clause.)
- 252.247-7024 Notification of Transportation of Supplies by Sea (MAR 2000)

DFARS Clauses Applicable If This Agreement Exceeds \$150,000.

- 252.209-7004 Subcontracting with Firms that are Owned or Controlled by the Government of a Terrorist Country (MAR 2014)
- 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals (JUN 2013) (Applicable for Agreements requiring delivery of components of the following items, if such components contain specialty metal: aircraft, missile or space systems, ships, tank or automotive items, weapon systems, ammunition).

DFARS Clauses Applicable If This Agreement Exceeds \$500,000.

- 252.226-7001 Utilization of Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (SEP 2004)

DFARS Clauses Applicable If This Agreement Exceeds \$700,000.

- 252.249-7002 Notification of Anticipated Contract Termination or Reduction

DFARS Clauses Applicable If This Agreement Exceeds \$750,000.

252.215-7000 Pricing Adjustments (Applicable when FAR 52.215-11, -12, -13 are included)

DFARS Clauses Applicable If This Agreement Exceeds \$1,000,000.

252.225-7033 Waiver of United Kingdom Levies (Applies only if this is an award to a UK organization)

DFARS Clauses Applicable If This Purchase Order/Subcontract Exceeds \$1,500,000.

252.211-7000 Acquisition Streamlining (OCT 2015)

NASA Clauses

(Applicable only if this Purchase Order/Subcontract is a lower-tier contract under a NASA contract)

1852.203-71 Requirement to Inform Employees of Whistleblower Rights (AUG 2014)

1852.204-75 Security Classification Requirements (SEP 1989)

1852.204-76 Security Requirements for Unclassified Information Technology Resources (JAN 2011)

1852.204-81 Restrictions on Printing and Duplicating (NOV 2004)

1852.209-70 Product Removal from Qualified Products List (DEC 1988)

1852.209-71 Limitation of Future Contracting (DEC 1988)

1852.211-70 Packaging Handling and Transportation (SEP 2005)

1852.215-78 Make or Buy Program Requirements (FEB 1988)

1852.215-79 Price Adjustments for "Make-or-Buy" Changes (DEC 1988)

1852.219-74 Use of Rural Area Small Businesses (SEP 1990)

1852.219-75 Small Business Subcontracting Reporting (MAY 1999)

1852.219-76 NASA 8 Percent Goal (JUL 1997)

1852.223-70 Safety and Health (APR 2002)

1852.223-71 Frequency Authorization (DEC 1998)

1852.223-73 Safety and Health Plan (NOV 2004)

1852.223-74 Drug and Alcohol-Free Workforce (MAR 1996)

1852.223-75 Major Breach of Safety or Security (FEB 2002)

1852.225-70 Export Licenses (FEB 2000)

1852.225-71 Restriction on Funding Activity with China (APR 2011)

1852.227-70	New Technology (MAY 2002)
1852.227-71	Requests for Waiver of Rights to Inventions (APR 1984)
1852.227-84	Patent Rights Clauses (DEC 1989)
1852.228-75	Minimum Insurance Coverage (OCT 1988)
1852.231-71	Determination of Compensation Reasonableness (MAR 1994)
1852.242-70	Technical Direction (SEP 1993)
1852.242-73	NASA Contractor Financial Management Reporting (NOV 2004)
1852.243-70	Engineering Change Proposals (OCT 2001)
1852.243-72	Equitable Adjustments (APR 1998)
1852.245-70	Contractor Requests for Government-Owned Property (JAN 2011)
1852.245-71	Installation-Accountable Government Property (JAN 2011)
1852.245-72	Liability for Government Property Furnished for Repair or Other Services (JAN 2011)
1852.245-73	Financial Reporting of NASA Property in the Custody of Contractors (JAN 2011)
1852.245-74	Identification and Marking of Government Equipment (JAN 2011)
1852.245-75	Property Management Changes (JAN 2011)
1852.245-76	List of Government Furnished Property (JAN 2011)
1852.245-77	List of Installation-Accountable Property and Services (JAN 2011)
1852.245-79	Records and Disposition Reports for Government Property with Potential Historic or Significant Real Value (JAN 2011)
1852.245-80	Government Property Management Information (JAN 2011)

AS9100D / AS9110C FLOWDOWN:

External Providers selected by KAI shall meet or provide the following, as applicable:

1. External Provider will be in compliance or certified to at least one of the following Quality Management Standards (QMS) (e.g., AS9100, AS9110, AS9120, ISO 9001, and AS9003)
2. As part of the QMS, External Providers must ensure their personnel are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.
3. External Providers must prevent the use or distribution of unapproved or counterfeit parts.
4. External Providers will notify KAI of any changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain KAI's approval.

NOTE 2 NON-COMMERCIAL ITEM TERMS AND CONDITIONS

5. External Providers will verify that articles conform to all applicable requirements for materials, processing, inspection, test, non-destructive examination, marking, packaging, preservation and transportation.
6. External Providers will provide the implementation status of each applicable FAA Airworthiness Directive and Manufacturer's Service Bulletin.
7. KAI reserves the right to request access to facilities and/or applicable documented information to ensure and/or validate product and process conformity. This may include the request to provide test specimens for design approval, inspection/verification, investigation, or auditing at any level of the supply chain.
8. External Providers are required to retain documented information related to the products/services purchased for a minimum of 7 years.
9. KAI reserves the right to notify appropriate stakeholders or regulatory authorities if unapproved parts, product malfunctions, defects, and unairworthy conditions are determined to be caused by External Providers products or services.