

**Defense Federal Acquisition Regulation Supplement Provisions
For Subcontracts/Purchase Orders to a U.S. Government Defense Contract
("DFARS Provisions")**

DFARS PROVISIONS

| | |
|---|--|
| A | Incorporation of DFARS Clauses |
| B | Government Subcontract |
| C | Notes |
| D | Amendments Required by Prime Contract |
| E | Preservation of the Government's Rights |
| F | Defense Federal Acquisition Regulation Supplement Provisions |

A. INCORPORATION OF DFARS CLAUSES

(a) The Defense Federal Acquisition Regulation Supplement (DFARS) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Contract. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. The Contracts Disputes Act shall have no application to this Contract. Any reference to a "Disputes" clause shall mean the "Disputes" clause of this Contract.

(b) Servo Kinetics may modify these DFARS Provisions with respect to Contracts at any time by posting revised terms to its web site at <http://www.servokinetics.com/home/vendor/DFARSVendor.html> , and such revised terms will apply to all Contracts currently issued and issued thereafter.

B. GOVERNMENT SUBCONTRACT

(a) This Contract is entered into by the parties in support of a U.S. Government contract.

(b) As used in the DFARS clauses referenced below and otherwise in this Contract:

1. "Commercial Item" means a commercial item as defined in FAR 2.101.

2. "Contract" means this contract.

3. "Contracting Officer" shall mean the U.S. Government Contracting Officer for SERVO KINETICS' government prime contract under which this Contract is entered.

4. "Contractor" and "Offeror" means the SELLER, which is the party identified on the face of the Contract with whom SERVO KINETICS is contracting, acting as the immediate subcontractor to SERVO KINETICS.

5. "Prime Contract" means the contract between SERVO KINETICS and the U.S. Government or between SERVO KINETICS and its higher-tier contractor who has a contract with the U.S. Government.

6. "Subcontract" means any contract placed by the Contractor or lower-tier subcontractors under this Contract.

C. NOTES

1. Substitute "SERVO KINETICS" for "Government" or "United States" throughout this clause.

2. Substitute "SERVO KINETICS Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.

3. Insert "and SERVO KINETICS" after "Government" throughout this clause.
4. Insert "or SERVO KINETICS" after "Government" throughout this clause.
5. Communication/notification required under this clause from/to the Contractor to/from the Contracting Officer shall be through SERVO KINETICS.
6. Insert "and SERVO KINETICS" after "Contracting Officer", throughout the clause.
7. Insert "or SERVO KINETICS PROCUREMENT REPRESENTATIVE" after "Contracting Officer", throughout the clause.

D. AMENDMENTS REQUIRED BY PRIME CONTRACT

SELLER agrees that upon the request of SERVO KINETICS it will negotiate in good faith with SERVO KINETICS relative to amendments to this Contract to incorporate additional provisions herein or to change provisions hereof, as SERVO KINETICS may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of amendments to such Prime Contract. If any such amendment to this Contract causes an increase or decrease in the cost of, or the time required for, performance of any part of the Work under this Contract, an equitable adjustment shall be made pursuant to the "Changes" clause of this Contract.

E. PRESERVATION OF THE GOVERNMENT'S RIGHTS

If SERVO KINETICS furnishes designs, drawings, special tooling, equipment, engineering data, or other technical or proprietary information (Furnished Items) which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that SERVO KINETICS, acting on its own behalf, may modify or limit any rights the Government may have to authorize the Contractor's use of such Furnished Items in support of other U. S. Government prime contracts.

F. DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS) PROVISIONS

1. The following DFARS clauses apply to this Contract:

- (a) DFARS 252.227-7013 RIGHTS IN TECHNICAL DATA - NON-COMMERCIAL ITEMS (NOV 1995) (Applicable in lieu of FAR 52.227-14.)
- (b) DFARS 252.227-7014 RIGHTS IN NON-COMMERCIAL COMPUTER SOFTWARE AND NON-COMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (JUN 1995) (Applicable in lieu of FAR 52.227-14.)
- (c) DFARS 252.227-7016 RIGHTS IN BID OR PROPOSAL INFORMATION (JUN 1995)
- (d) DFARS 252.227-7019 VALIDATION OF ASSERTED RESTRICTIONS - COMPUTER SOFTWARE (JUN 1995)
- (e) DFARS 252.227-7025 LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS (JUN 1995) (For paragraph (c)(1), note 3 applies.)
- (f) DFARS 252.227-7026 DEFERRED DELIVERY OF TECHNICAL DATA OR COMPUTER SOFTWARE (APR 1988) (Note 1 applies.)
- (g) DFARS 252.227-7027 DEFERRED ORDERING OF TECHNICAL DATA OR COMPUTER SOFTWARE (APR 1988) (Note 1 applies.)
- (h) DFARS 252.227-7028 TECHNICAL DATA OR COMPUTER SOFTWARE PREVIOUSLY DELIVERED TO THE GOVERNMENT (JUN 1995) (The definitions for "contract" and "subcontract" shall not apply herein, except for the first reference to contract. Note 4 applies.)

(i) DFARS 252.227-7030 TECHNICAL DATA - WITHHOLDING OF PAYMENT (MAR 2000) (Notes 1 and 2 apply to (a); Note 4 applies to (b).)

(j) DFARS 252.227-7037 VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA (SEP 1999)

(k) DFARS 252.228-7005 ACCIDENT REPORTING AND INVESTIGATION INVOLVING AIRCRAFT, MISSILES, AND SPACE LAUNCH VEHICLES (DEC 1991) (In paragraph (a) note 5 applies. In paragraph (b) note 3 applies.)

(l) DFARS 252.231-7000 SUPPLEMENTAL COST PRINCIPLES (DEC 1991)

(m) DFARS 252.243-7001 PRICING OF CONTRACT MODIFICATIONS (DEC 1991)

(n) DFARS 252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA (MAR 2000) (Applicable if this Contract meets the criteria set forth in paragraph (b) (2) (ii) of the clause. Notes 1 and 2 apply.)

2. The following DFARS clauses apply to this Contract if the value of this Contract equals or exceeds \$100,000:

(a) DFARS 252.203-7001 PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE CONTRACT-RELATED FELONIES (DEC 2004) (In this clause, the terms “contract,” “contractor,” and “subcontract” shall not change in meaning in paragraphs (a) and (d). Delete paragraph (g). Note 5 applies.)

(b) DFARS 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (MAY 2002) (Applicable in lieu of FAR 52.247-64 in all Contracts for ocean transportation of supplies. In the first sentence of paragraph (g), insert a period after “Contractor” and delete the balance of the sentence. Paragraph (f) and (g) shall not apply if this Contract is at or below \$100,000. Notes 1 and 2 apply to paragraph (g).)

3. The following DFARS clauses apply to this Contract if the value of this Contract equals or exceeds \$550,000:

(a) DFARS 252.225-7006 QUARTERLY REPORTING OF ACTUAL CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (MAY 2007) (Paragraph (f) is deleted)

(b) DFARS 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (DEC 1996) (Note 2 applies. Delete paragraph (d) (1) and the first five words of paragraph (d) (2).)

4. The following DFARS clauses apply to this Contract if the value of this Contract equals or exceeds \$1,000,000:

(a) DFARS 252.211-7000 ACQUISITION STREAMLINING (DEC 1991) (Note 1 applies.)

5. The following DFARS clauses apply to this Contract as indicated:

(a) DFARS 252.211-7003 ITEM IDENTIFICATION AND VALUATION (JUN 2005) (Applicable if this Contract requires the Work to contain unique item identification. In (c)(3)(i), (c)(4)(i), (d), (e), and (f) “Contractor” shall mean “Subcontractor;” all reports required to be submitted under this clause shall be submitted to SERVO KINETICS at a location to be provided; delete paragraph (g) and insert the following in lieu thereof: (g) Lower-Tier Subcontracts. SELLER shall include this clause, including this paragraph(g), in all lower tier subcontracts issued under this Subcontract for the acquisition of components identified herein as requiring UID.)

(b) DFARS 252.211-7007 ITEM UNIQUE IDENTIFICATION OF GOVERNMENT PROPERTY (SEP 2007) (Applicable if this Contract requires Government property in Seller's possession to contain unique item identification)

(c) DFARS 252.215-7000 PRICING ADJUSTMENTS (DEC 1991) (Applicable if FAR 52.215-12 or 52.215-13 applies to this Contract.)

(d) DFARS 252.215-7004 EXCESSIVE PASS-THROUGH CHARGES (APR 2007) (Applicable unless this contract is a fixed price contract, including fixed-price subcontracts with economic price adjustment, awarded on the basis of adequate

price competition. Note 5 applies. In paragraph (e) Note 6 applies. If the Contracting Officer determines excessive pass-through charges are included in Seller's prices, SERVO KINETICS shall make an adjustment to this contract to exclude such charges.

(e) DFARS 252.219-7003 SMALL BUSINESS SUBCONTRACTING PLAN (DoD CONTRACTS) (APR 2007) (Applicable if FAR 52.219-9 applies to this Contract. Delete paragraph (g).)

(f) DFARS 252.223-7001 HAZARD WARNING LABELS (DEC 1991) (Applicable if this Contract requires the delivery of hazardous materials.)

(g) DFARS 252.223-7002 SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES (MAY 1994) (Applicable only if the articles furnished under this Contract contain ammunition or explosives, including liquid and solid propellants. Notes 2, 3, and 5 apply to paragraphs g(1)(i) and e(1)(ii). Note 3 applies. Delete 'prime' in g(1)(ii) and add "and SERVO KINETICS Procurement Representative." Delete in g(1)(ii) "substituting its name for references to the Government.")

(h) DFARS 252.223-7003 CHANGE IN PLACE OF PERFORMANCE - AMMUNITION AND EXPLOSIVES (DEC 1991) (Applicable if DFARS 252.223-7002 applies to this Contract. Notes 2 and 4 apply.)

(i) DFARS 252.223-7007 SAFEGUARDING SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES (SEP 1999) (Applicable if this Contract is for the development, production, manufacture, or purchase of arms, ammunition, and explosives or when arms, ammunition, and explosives will be provided to Contractor as Government Furnished Property.)

(j) DFARS 252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (JUN 2005) (Applicable if the Work contains other than domestic components. Applicable in lieu of FAR 52.225-1.)

(k) DFARS 252.225-7007 PROHIBITION ON ACQUISITION OF UNITED STATES MUNITIONS LIST ITEMS FROM COMMUNIST CHINESE MILITARY COMPANIES (SEP 2006)(Applicable if Seller is supplying items on the U.S. Munitions list.)

(l) DFARS 252.225-7013 DUTY-FREE ENTRY (JUN 2006) (Notes 1 and 2 apply in subparagraph (c). Applies in lieu of FAR 52-225-8. The prime contract number and identity of the Contracting Officer are contained elsewhere in this contract. If this information is not available, contact SERVO KINETICS' procurement representative.)

(m) DFARS 252.225-7014 PREFERENCE FOR DOMESTIC SPECIALTY METALS (JUN 2005) and ALT I (APR 2003) (DEVIATION) (Applicable if the Work to be furnished contains specialty metals.)

(n) DFARS 252.225-7016 RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS (MAR 2006) (Applicable if Work supplied under this Contract contains ball or roller bearings. Note 1 applies to subparagraph (a) (2).)

(o) DFARS 252.225-7021 TRADE AGREEMENTS (MAR 2007) (Applicable if the Work contains other than U.S.-made, qualifying country, or designated country end products. Applicable in lieu of FAR 52.225-5.)

(p) DFARS 252.225-7033 WAIVER OF UNITED KINGDOM LEVIES (APR 2003) (Applicable if this Contract is with a United Kingdom firm. Note 2 applies. Note 3 applies to (c)(3).)

(q) DFARS 252.225-7043 ANTI-TERRORISM/FORCE PROTECTION POLICY FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (JUN 1998) (Applicable where Contractor will be performing or traveling outside the U.S. under this Contract. For paragraph (c), see applicable information cited in DFARS 225.7401.)

(r) DFARS 252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS, INDIAN-OWNED ECONOMIC ENTERPRISES AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS (SEP 2004) (This clause is applicable only when included in SERVO KINETICS' Prime Contract and if this Contract is more than \$500,000. In f(1), "Contractor" shall mean "SERVO KINETICS." Note 2 applies to (c) the first time "Contracting Officer" appears.)

(s) DFARS 252.227-7038 PATENT RIGHTS - OWNERSHIP BY THE CONTRACTOR (LARGE BUSINESS) (DEC 2007) (Applicable if (1) Contractor is not small business or nonprofit organization subject to FAR 52.227-11, and (2) the contract is for experimental, developmental, or research work.)

(t) DFARS 252.235-7003 FREQUENCY AUTHORIZATION (DEC 1991) (Applicable if this Contract requires developing, producing, constructing, testing, or operating a device requiring a frequency authorization. Note 2 applies.)

(u) DFARS 252.246-7003 NOTIFICATION OF POTENTIAL SAFETY ISSUES (JAN 2007) (Applicable if this Contract is for (i) parts identified as critical safety items; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; or (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system. Contractor shall provide notifications to SERVO KINETICS and the contracting officer identified to Contractor.