



GENERAL PROVISIONS

1. CONTRACT FORMATION.

- a. This Purchase Order ("P.O.") or Blanket Purchase Agreement ("B.P.A."), as applicable (referred to hereafter as "Order") constitutes an offer by Aerojet Rocketdyne, Inc. (Aerojet Rocketdyne) to purchase the goods, products or materials ("Goods"), and/or services described in this Order (the "Work") from the supplier identified on the front of this Order (the "Seller"). If Seller accepts this offer, Aerojet Rocketdyne, Inc. and Seller will have formed a contract on the terms and conditions set forth below (the "Contract").
- b. Seller may accept this Order by signing and returning a copy of it either electronically or physically, commencing performance, or accepting payment.
- c. Aerojet Rocketdyne, Inc. limits acceptance of this offer to the terms and conditions contained in this Order, and objects to and rejects any terms and conditions that add to or differ from those set forth below unless accepted in writing by Aerojet Rocketdyne, Inc.

2. CONTRACT DIRECTION.

- a. The person authorized by Aerojet Rocketdyne, Inc.'s procurement organization to administer the Contract (the "Aerojet Rocketdyne, Inc. Buyer" or "Buyer") is the only person with authority to modify its terms.
- b. Occasionally, Aerojet Rocketdyne, Inc. engineering and technical personnel may provide assistance or technical advice, or exchange information with Seller's personnel concerning the Work. Such actions shall not be deemed a change under the Changes clause of the Contract and shall not provide a basis for an Equitable Adjustment. If Seller is in doubt as to whether it has received direction it is obligated to follow, it must promptly confirm with the Buyer in writing whether a change was intended. If Seller proceeds absent confirmation from the Buyer, Seller waives any right to request an Equitable Adjustment and is at risk of noncompliance with Contract requirements.
- c. Unless the Contract provides otherwise, all notices to be furnished by Seller shall be sent to the Aerojet Rocketdyne, Inc. Buyer, including notices of delays, and bankruptcy or insolvency.

- ## 3. TIMELY PERFORMANCE. Time is of the essence in the performance of this Contract. Seller shall immediately provide written notice to Aerojet Rocketdyne, Inc. of all pertinent details regarding any actual or potential cause or event that threatens the timely performance of the Contract. In the event of any actual or potential delay, Seller shall promptly notify Aerojet Rocketdyne, Inc. of the actions being taken to overcome or minimize the delay, provide Aerojet Rocketdyne, Inc. with a written recovery schedule, and unless Seller is excused from timely performance as provided in the *Force Majeure* or *Excusable Delay* clause of this Contract, ship via air or other expedited routing, without additional cost to Aerojet Rocketdyne, Inc., to avoid or minimize delay to the maximum extent possible.

- ## 4. NOTICE OF OBSOLESCENCE ISSUES. During the course of Contract performance, Seller shall monitor and report any and all obsolescence issues that can be reasonably anticipated to adversely affect the availability of items or materials currently used in production for Aerojet Rocketdyne, Inc. The Seller shall report this information in writing to the Aerojet Rocketdyne, Inc. Buyer promptly, and in no event later than seven (7) days of Seller's first knowledge, and subsequently as directed by the Aerojet Rocketdyne, Inc. Buyer.

5. CHANGES.

- a. The Aerojet Rocketdyne, Inc. Buyer may at any time, by written notice to Seller, and without notice to sureties or assignees, make changes and give Contract direction within the general scope of the Contract to any one or more of the following: (i) drawings, designs or specifications; (ii) method of shipping or packing; (iii) place of inspection, acceptance or point of delivery; (iv) property furnished by Aerojet Rocketdyne, Inc. or Aerojet Rocketdyne, Inc. customer; (v) time or place of performance; (vi) quantity; and (vii) delivery schedule.
- b. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the Contract, Aerojet Rocketdyne, Inc. shall make an Equitable Adjustment in the Contract price or delivery schedule, and modify the Contract accordingly. Changes to the delivery schedule will be subject to a price adjustment only.
- c. Seller waives a claim for an Equitable Adjustment under this Clause unless it submits such claim in writing to Aerojet Rocketdyne, Inc. within fifteen (15) days from the date of the notice of the change, unless Aerojet Rocketdyne, Inc. agrees in writing to a longer period.

- d. Failure to agree to any Equitable Adjustment shall be resolved in accordance with the Disputes clause of the Contract. However, nothing contained in this Clause shall excuse Seller from proceeding immediately in the performance of the Contract as changed.

- ## 6. PRICING OF ADJUSTMENTS. All price adjustments, including but not limited to Equitable Adjustments, under this Contract shall be based upon Seller's costs and a reasonable profit for work performed, unless profit is expressly excluded by terms of this Contract. Aerojet Rocketdyne, Inc. shall recognize costs that are reasonable, allowable and allocable under the standards of Part 31 of the Federal Acquisition Regulation ("FAR", Title 48, Code of Federal Regulations) in effect on the date of this Contract.

- ## 7. STOP WORK ORDER. As directed in writing by the Aerojet Rocketdyne, Inc. Buyer, Seller shall stop performance of all or part of the Work for up to ninety (90) days, or for such longer time as the parties may agree, and shall take all reasonable steps to minimize the incurrence of costs allocable to the stopped Work during the period of the Stop Work order. The Buyer shall either terminate or continue the stopped Work by giving written notice to Seller before the expiration of the Stop Work order. An Equitable Adjustment may be made, as provided by the Pricing of Adjustments and Changes clauses of the Contract, if the stopped Work is changed or continued, in whole or in part.

8. CANCELLATION OR TERMINATION FOR BUYER CONVENIENCE.

- a. Aerojet Rocketdyne, Inc. may terminate the Contract for its convenience, in whole or in part, by giving Seller written notice of such termination. In the event of such a termination, Seller shall stop work immediately, and shall cause all of its suppliers and subcontractors to stop work immediately, on the terminated portion of the Contract. Seller shall continue all work that is not terminated.
- b. Seller shall be entitled to an Equitable Adjustment, including reasonable settlement expenses. Seller shall not be paid for any work performed or costs incurred that could have been reasonably avoided. Seller must submit its proposal to Aerojet Rocketdyne, Inc. for costs relating to the termination within sixty (60) days after the effective date of the termination. In no event shall Aerojet Rocketdyne, Inc. be liable for lost or anticipated profits, unabsorbed indirect costs or overhead, or for any sum in excess of the total Contract price.

- ## 9. TERMINATION FOR SELLER BREACH OR DEFAULT. Aerojet Rocketdyne, Inc. may terminate the Contract for default, in whole or in part, if Seller fails to comply with any of the material terms of the Contract, endangers performance of the Contract by failing to make progress, or, upon reasonable request by Aerojet Rocketdyne, Inc., fails to provide adequate assurances of future performance. Seller shall have ten (10) days, or such longer period as Aerojet Rocketdyne, Inc. may authorize in writing, to cure any such failure after receipt of notice from Aerojet Rocketdyne, Inc. However, Seller shall not be entitled to a cure notice for a default involving delivery schedule delays. Aerojet Rocketdyne, Inc. shall only be liable for Work accepted. Aerojet Rocketdyne, Inc. may require Seller to deliver to Aerojet Rocketdyne, Inc. any supplies, materials, tooling and drawings that Seller has specifically produced or acquired for the terminated portion of the Contract. Aerojet Rocketdyne, Inc. and Seller shall agree on the amount of payment for these manufacturing materials. Failure to agree to any such amounts shall result in a fair payment unilaterally determined by Aerojet Rocketdyne, Inc., and any remaining differences resolved in accordance with the Disputes clause of the Contract. However, nothing contained in this Clause shall excuse Seller from proceeding immediately in the performance of all work not terminated. If after termination under this Clause, it is later determined that Seller was not in default, the termination shall be deemed a Termination for Convenience.

- ## 10. FORCE MAJEURE OR EXCUSABLE DELAY. Seller shall not be in default or charged for any liability because of a failure to perform the Contract under its terms, or because of a failure to make progress so as to endanger performance, if the failure arises from causes beyond the control of and without the fault of Seller; provided, Seller gives to Aerojet Rocketdyne, Inc. prompt notice in writing as soon as it appears that such cause will delay performance of the Contract. Such causes shall include, without limitation, acts of God, acts or orders of any Governmental authority, natural disasters, unavoidable labor strikes, civil disturbances, freight embargoes and unusually severe weather. Correspondingly, Aerojet Rocketdyne, Inc. shall not be liable for any failure or delay in performance of the Contract due to causes or circumstances beyond its control and without its fault or negligence.

Aerojet Rocketdyne, Inc. General Provisions, Continued

11. **DUTY OF COOPERATION.** Upon reasonable suspicion that Goods or services procured under this Contract may contribute to an Aerojet Rocketdyne, Inc. product failure of any type, the Seller shall immediately upon direction take reasonable actions and incur reasonable costs toward a cooperative failure cause investigation, for the duration of a reasonable investigation opportunity. The responsibility for costs incurred pursuant to this Clause will be determined in accordance with the terms of this Contract.
12. **INSPECTION.** All Work shall be subject to inspection, monitoring, and testing ("Inspection") by Aerojet Rocketdyne, Inc. and its customers at reasonable times and places. Seller shall provide information and access to facilities necessary for a safe and convenient Inspection at no additional charge, so long as the Inspection does not unduly delay work. No Inspection shall relieve Seller of any of its obligations to furnish all Work in accordance with requirements of the Contract.
13. **ACCEPTANCE AND REJECTION.**
- Neither receipt nor payment shall constitute final acceptance. Aerojet Rocketdyne, Inc. shall accept or reject the Work within a reasonable time after delivery. Aerojet Rocketdyne, Inc. will not be obligated to accept substitutions, untimely deliveries, deliveries in quantities other than those ordered by Aerojet Rocketdyne, Inc., or deliveries of Work failing to conform to Aerojet Rocketdyne, Inc.'s specifications or Seller's warranties described in the Contract. Acceptance by Aerojet Rocketdyne, Inc. of substitutions, untimely deliveries, partial deliveries or non-conforming Work shall not waive the delivery schedule or other requirements of the Contract.
 - If Seller delivers non-conforming Work, Aerojet Rocketdyne, Inc. may (i) accept all or part of such Work; (ii) return the Work for credit or refund; (iii) require Seller to promptly correct or replace the Work; (iv) correct, or have a third party correct, the Work; or (v) perform, or have a third party perform, replacement Work. Aerojet Rocketdyne, Inc. shall be entitled to an Equitable Adjustment for all costs, expenses, and loss of value incurred resulting from inspection, return, correction or replacement of non-conforming Work.
 - Seller shall not redeliver corrected or rejected Work without disclosing the corrective action taken. In the event non-conforming Work is re-delivered subsequent to corrective action, Aerojet Rocketdyne, Inc. may require Seller, at Seller's expense, to include an inspection report from a third-party inspector acceptable to Aerojet Rocketdyne, Inc. with any subsequent redelivery.
14. **PRICES AND TAXES.**
- Aerojet Rocketdyne, Inc. will not pay prices for Work higher than those prices stated in the Contract. Seller warrants that the prices of the items covered by this Contract are not in excess of Seller's lowest prices in effect on the date of this Contract for comparable quantities of similar items. If Seller reduces prices for this Work after formation of the Contract, but prior to payment, such price reductions will apply to this Contract. Unless otherwise specified, the prices include all charges for packaging, handling, storage and delivery.
 - Unless prohibited by law or otherwise specified, Seller shall pay and has included in the price of the Contract any federal, state or local tax, transportation tax, or other tax which is required to be imposed upon the items ordered hereunder, or by reason of their sale or delivery, except for applicable sales and use taxes that are listed separately on Seller's invoice. Prices shall not include any taxes, duties, tariffs or similar fees for which Aerojet Rocketdyne, Inc. has furnished a valid exemption certificate or other evidence of exemption.
15. **INVOICES.**
- All invoices must include the following: (i) Seller's name; (ii) invoice number and date; (iii) Contract number and line item number; (iv) description of the Work; (v) quantity, unit of measure, unit price, and extended total price; and (vi) name and address for remittance of payment. Seller shall deliver invoices to the address shown on the face of the Contract.
 - If invoicing at times other than at delivery, Seller shall substantiate invoices by evidence of actual payment and individual daily job timecards, or by other evidence approved by Aerojet Rocketdyne, Inc. Invoices shall not be submitted to Aerojet Rocketdyne, Inc. more frequently than once each month, unless otherwise agreed in writing.
 - Aerojet Rocketdyne, Inc. may audit, or cause to be made such audit, of the invoices and substantiating information at any time or times prior to final payment under the Contract. Each payment made by Aerojet Rocketdyne, Inc. shall be subject to reduction to the extent of amounts that are found by Aerojet Rocketdyne, Inc. not to have been properly payable, and shall be subject to reduction for overpayments or to increases for underpayments on preceding invoices.
16. **PAYMENT.**
- Unless provided otherwise in the Contract, payment shall be made in accordance with the terms of the Contract, and any applicable discount period shall begin, upon the later of (i) the scheduled delivery date; (ii) the actual delivery date; or (iii) the date of receipt of a proper invoice. Payment shall be deemed to have been made on the date Aerojet Rocketdyne, Inc.'s check is mailed or payment is otherwise tendered.
- Aerojet Rocketdyne, Inc. will take advantage of the most favorable discount incorporated in the Contract or found on individual invoices. Delays attributable to the fault of Seller, such as late invoices, errors or omissions on invoices, or lack of supporting documentation required by the Contract, will entitle Aerojet Rocketdyne, Inc. to withhold payment without losing any discount privileges or incurring any interest expense payable to Seller.
 - Aerojet Rocketdyne, Inc. shall not be obligated to pay Seller any amount in excess of the price set forth in the Contract, unless and until the Aerojet Rocketdyne, Inc. Buyer modifies the price for performance under the Contract. When and to the extent that the price set forth in the Contract has been increased, any hours expended and material costs incurred by Seller in excess of the price prior to the increase shall be payable to the same extent as if such hours expended and material costs had been incurred after such increase in the price.
17. **SET-OFFS.** Aerojet Rocketdyne, Inc. may set-off any amounts Aerojet Rocketdyne, Inc. in good faith claims to be due from Seller against any sums otherwise due to Seller whether such claims arise under or outside the Contract.
18. **PROPERTY.**
- Unless otherwise agreed herein, Seller at its cost shall supply all material, equipment, designs, drawings, tools, and facilities required to perform this Contract. Seller assumes, and shall ensure that its subcontractors assume, for it and its employees, the risk of loss and destruction of, and damage to any of its property, whether owned, rented, borrowed or otherwise. Seller waives, and shall ensure that its subcontractors waive, for it and its employees, all rights of recovery against Aerojet Rocketdyne, Inc., its subsidiaries, affiliates, parent, and their customers, successors, assigns, employees, officers, attorneys and agents for any such loss and destruction of, or damage to, any of its property. "Subcontractor" as used in this Contract shall include Seller's subcontractors at any tier.
 - Seller shall be responsible and accountable for all Aerojet Rocketdyne, Inc. and Aerojet Rocketdyne, Inc. customer-owned property ("Furnished Property"). Seller shall use, manage, maintain, protect, and preserve Furnished Property in accordance with good commercial practices, at Seller's risk and sole expense. Aerojet Rocketdyne, Inc. or its customer shall have access at all reasonable times to the premises at which Furnished Property is located for the purpose of inspecting the Furnished Property.
 - Seller shall maintain insurance covering the full replacement value of all Furnished Property and providing protection against all perils normally covered in an "all-risk" policy, including, but not limited to, fire, windstorm, explosion, riot, civil commotion, aircraft accident, earthquake, flood or other acts of nature. Seller is responsible for any loss, destruction or damage of Furnished Property while in Seller's possession, custody or control. Seller shall promptly, and in no event more than ten (10) days after first learning of such an event, inform Aerojet Rocketdyne, Inc. in writing of any loss or damage to Furnished Property. However, Seller is not responsible for reasonable wear and tear to Furnished Property or for Furnished Property that is properly consumed in performance of the Contract.
 - Unless Aerojet Rocketdyne, Inc. otherwise expressly permits in writing, Seller shall use Furnished Property only in the performance of the Contract. Seller shall mark, tag or segregate Furnished Property. Aerojet Rocketdyne, Inc. does not warrant the suitability of Furnished Property and all Work performed must be in strict accordance with drawings and specifications. As directed by Aerojet Rocketdyne, Inc., or upon completion or termination of the Contract, Seller shall provide Aerojet Rocketdyne, Inc., in acceptable form, an inventory list of Furnished Property and shall deliver such Furnished Property, to the extent not incorporated in delivered materials, to Aerojet Rocketdyne, Inc.
 - Title to Furnished Property shall remain in Aerojet Rocketdyne, Inc. or its customer and shall not be affected by its incorporation into or attachment to any property not owned by Aerojet Rocketdyne, Inc. or its customer, nor shall Furnished Property become a fixture or lose its identity as personal property by being attached to any real property. Title to all property (including material) purchased by Seller for which Seller is entitled to be reimbursed as a direct item of cost under this Contract shall pass to and vests in Aerojet Rocketdyne, Inc. upon Seller's delivery of such property. Title to property purchased by Seller, the cost of which is reimbursable to Seller, shall pass to and vest in Aerojet Rocketdyne, Inc. upon the earliest of (i) issuance of the property for use in performance of the Contract; (ii) commencement of processing of the property for use in performance of the Contract; or (iii) reimbursement of the cost of the property by Aerojet Rocketdyne, Inc.
19. **AEROJET ROCKETDYNE, INC. AND SELLER PROPRIETARY INFORMATION.**
- Information, including but not limited to technical information contained in documents, drawings, publications, specifications, schedules and the like, provided by Aerojet Rocketdyne, Inc. to Seller remains the property of Aerojet Rocketdyne,

Aerojet Rocketdyne, Inc. General Provisions, Continued

Inc., and may not be disclosed to any person or organization by Seller, without the express prior written approval of Aerojet Rocketdyne, Inc.. Seller shall not use or reproduce such information except as necessary for the performance of this Contract, or as Aerojet Rocketdyne, Inc. may otherwise allow in writing. Seller will not use such designs, tools, patterns, drawings, information or equipment for the production of larger quantities than those specified herein or for customers other than Aerojet Rocketdyne, Inc.. Seller shall maintain data protection processes and systems sufficient to protect Aerojet Rocketdyne, Inc. information adequately.

- b. Unless otherwise agreed, within sixty (60) days after completion of work under this Contract, Seller shall return to Aerojet Rocketdyne, Inc. all information covered by this Clause, or destroy such information and certify to Aerojet Rocketdyne, Inc. in writing that such destruction has been completed.
- c. Seller agrees that failure to (i) comply with the terms of any and all proprietary information or nondisclosure agreements Seller may have with Aerojet Rocketdyne, Inc. or (ii) respect all "Proprietary Information," "Confidential," or similar markings and restrictive legends applied by Aerojet Rocketdyne, Inc. to any information provided to Seller, will constitute a material breach of this Contract.
- d. Seller shall not provide any proprietary information of Seller or any third party to Aerojet Rocketdyne, Inc. without prior execution of a proprietary information or nondisclosure agreement by the parties. Any knowledge or information that Seller has disclosed or may disclose to Aerojet Rocketdyne, Inc. incident to the award of this Contract or the performance of the Contract shall not, unless otherwise agreed in writing by Aerojet Rocketdyne, Inc., be considered confidential or proprietary to Seller and shall be acquired free from any restriction other than restrictions that may be imposed by intellectual property considerations such as patent rights, copyrights, and trademarks.

20. DATA RIGHTS, INTELLECTUAL PROPERTY INDEMNIFICATION AND INVENTIONS.

- a. This clause is not applicable for commercial off-the-shelf Work, unless such Work is modified or redesigned pursuant to this Contract.
- b. To the extent any pre-existing inventions, technology, designs, works of authorship, mask works, technical information, computer software, and other information or materials are used, included, or contained in the Work and not owned or otherwise licensed by Aerojet Rocketdyne, Inc., Seller grants to Aerojet Rocketdyne, Inc. an irrevocable, nonexclusive, world-wide, royalty-free license to use, sell, or offer for sale its pre-existing inventions, technology, designs, works of authorship, mask works, technical information, computer software, and other information or materials incorporated into Aerojet Rocketdyne, Inc. products.
- c. Seller shall indemnify, defend, and hold harmless Aerojet Rocketdyne, Inc., its subsidiaries, affiliates, parent, and their customers, successors, assigns, employees, officers, attorneys and agents from and against any and all losses, liabilities, damages, claims, demands, subrogation, suits, actions, proceedings, costs, and expenses, including attorneys' fees and costs of litigation related thereto or incident to establishing the right to indemnification, arising from any action by a third party that is based upon a claim that the Work performed under the Contract infringes, or otherwise violates, the intellectual property rights of any person or entity. Seller will have no obligation under this provision for infringement arising from (i) Seller's compliance with detailed specifications issued by Aerojet Rocketdyne, Inc. where infringement could not be avoided in complying with such specifications, or (ii) use or sale of Work by Aerojet Rocketdyne, Inc. in combination with products not delivered by Seller if such infringement would not have occurred from the use or sale of the Work solely for the purpose for which the Work was designed or sold to Aerojet Rocketdyne, Inc.
- d. Seller agrees that Aerojet Rocketdyne, Inc. shall be the owner of all inventions, technology, designs, works of authorship, mask works, technical information, computer software, copyrights, business information technical data, documents, drawings, publications, specifications, schedules or the like and other information conceived, developed or otherwise generated in the performance of this Contract by or on behalf of Seller. Seller shall disclose directly to Aerojet Rocketdyne, Inc., or cause its employees to so disclose, promptly and in written detail, all such inventions, discoveries and improvements. Seller agrees to maintain and disclose to Aerojet Rocketdyne, Inc. written records of, and otherwise provide Aerojet Rocketdyne, Inc. with full access to, the subject matter covered by this Clause and that all such subject matter will be deemed information of Aerojet Rocketdyne, Inc. and subject to the protection provisions of the Aerojet Rocketdyne, Inc. and Seller Proprietary Information clause. Seller hereby assigns and agrees to assign all right, title, and interest in the foregoing to Aerojet Rocketdyne, Inc., including without limitation all copyrights, patent rights and other intellectual property rights therein and further agrees to execute, at Aerojet Rocketdyne, Inc.'s request and expense, all documentation necessary to perfect title therein to Aerojet Rocketdyne, Inc.. Seller agrees to assist Aerojet Rocketdyne, Inc., at Aerojet Rocketdyne, Inc.'s request and expense, in every reasonable way, in obtaining, maintaining and

enforcing patent and other intellectual property protection on the subject matter covered by this clause. Seller shall take, or cause its employees to take, any and all actions required to effectuate the purpose of this Clause.

21. GENERAL INDEMNIFICATION FROM SELLER NEGLIGENCE.

- a. Seller shall be solely responsible for the safe conduct of the work under the Contract and for the protection of all persons, premises, or facilities involved in the performance of the Contract. Seller shall take all precautions to prevent the occurrence of any accident, injury, death or loss to any person or property in the performance of the Contract, whether on Seller's property, Aerojet Rocketdyne, Inc.'s property or elsewhere.
- b. Seller shall indemnify, defend, and hold harmless Aerojet Rocketdyne, Inc., its subsidiaries, affiliates, parent, and their customers, successors, assigns, employees, officers, attorneys and agents from and against any and all losses, liabilities, damages, claims, demands, subrogation, suits, actions, proceedings, costs, and expenses, including attorneys' fees and costs of litigation related thereto or incident to establishing the right to indemnification, for property damage, or for personal injury to, or death of, any person, including, but not limited to, employees of Seller or its subcontractors, arising from or relating to the performance of the Contract. This indemnity shall apply only to the extent of the negligence or misconduct of Seller, its subcontractors or any of their respective employees.

22. INSURANCE.

- a. Seller shall, at its own expense, maintain, with insurers which are rated A- or better by A.M. Best, insurance fully covering, in amounts customary for prudent and conservative businesses, all liabilities, whether to Aerojet Rocketdyne, Inc. or others, that might be incurred in any way related to this Contract. If requested by Aerojet Rocketdyne, Inc., Seller shall cause Aerojet Rocketdyne, Inc. and Aerojet Rocketdyne, Inc.'s Customer to be added to Seller's insurance as additional insured. Seller's insurance shall be primary to any insurance coverage procured by Aerojet Rocketdyne, Inc. On Aerojet Rocketdyne, Inc.'s request, Seller shall furnish Aerojet Rocketdyne, Inc. evidence of Seller's compliance with any aspect of this Clause.
- b. Seller shall provide Aerojet Rocketdyne, Inc. thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of any of Seller required insurance, provided however such notice shall not relieve Seller of its obligations to procure and maintain the required insurance. Seller's obligations for procuring and maintaining insurance coverage are freestanding and are not affected by any other language in this Contract.
- c. Without in any way limiting the foregoing undertaking, Seller and its Subcontractors at any tier shall maintain public liability and property damage insurance in reasonable limits covering the obligations set forth and shall maintain proper Worker's Compensation insurance or an Aerojet Rocketdyne, Inc.-approved self-insurance program covering all employees performing this Contract.

23. GOVERNING LAW AND AUDITS.

- a. Seller warrants that it is familiar with all federal, state and local laws, regulations and other governmental directives that may relate to this Contract and performance under it, and that Seller has complied, and will comply, with such laws, regulations and directives in every respect that may be relevant to this Contract. Seller agrees to indemnify and hold Aerojet Rocketdyne, Inc. harmless to the full extent of any loss, damage or expense (including attorneys' fees) which Aerojet Rocketdyne, Inc. may incur as a result of Seller's violation of any applicable laws.
- b. This Order and the Contract created by its acceptance, will be governed by the provisions of the Uniform Commercial Code in effect in the state of California on the date of this Contract, except to the extent that the provisions of the Uniform Commercial Code are modified or supplemented by the terms set forth elsewhere in this Contract, and will be construed in accordance with the laws of the state of California, exclusive of any conflict of law provisions. Any provision of this Contract that is (i) incorporated in full text or by reference from the FAR, or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR, or (iii) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, Boards of Contract Appeals and quasi-judicial agencies of the federal Government. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Contract.
- c. Upon written request, Aerojet Rocketdyne, Inc. is entitled to conduct a timely compliance audit of Seller. The audit shall be for the purpose of determining compliance with this Contract, or in response to actions of the U.S. Government or Aerojet Rocketdyne, Inc. Customers. The compliance review may include document review, on-site visits, and employee and subcontractor interviews, and may encompass review of direct and indirect ("corporate") functions. Information and material obtained from the compliance review will only be used in furtherance

Aerojet Rocketdyne, Inc. General Provisions, Continued

of this Contract, but shall be provided to Government personnel without limitation. Without limitation on the scope or frequency of compliance reviews, Aerojet Rocketdyne, Inc. will make reasonable efforts to minimize disruption and cost to Seller. Seller shall include a substantially identical audit provision in all subcontracts in support of this Contract.

- d. Except for permits and/or licenses required by statute or regulation to be obtained by Aerojet Rocketdyne, Inc., Seller agrees to obtain and maintain - at its own expense - all permits, licenses and other forms of documentation required by Seller in order to comply with all existing laws, ordinances, and regulations of the United States and of any state, county, township, or municipal subdivision thereof, or other governmental agency, which may be applicable to Seller's performance of the Work. Aerojet Rocketdyne, Inc. reserves the right to review and approve all applications, permits, and licenses prior to the commencement of any work hereunder.
- 24. REPRESENTATIONS OF MATERIAL FACTS.** The award of this Contract was in reliance on the facts reflected in certifications and representations made by Seller prior to the award. Those same facts can determine whether the intended end use of Seller's Work is lawful. If, at any time during the performance of this Contract, Seller discovers that any information contained in these certifications and representations is erroneous or is no longer current, Seller must provide immediate written notice of the correction and current information to the Aerojet Rocketdyne, Inc. Buyer. Seller and its subcontractors at all tiers are also required to notify their respective buyers, up to and including the Aerojet Rocketdyne, Inc. Buyer if any of them at any tier becomes suspended, debarred or otherwise determined ineligible to participate in contracts. This obligation is a material term of this Contract and must be included in all subcontracts at all tiers. The corrected and current facts could lead Aerojet Rocketdyne, Inc. to divert Seller's Work from the intended use, terminate continued performance, or other business decision. A breach of this obligation is grounds for a default termination.
- 25. EXPORT CONTROL.**
- a. Seller shall comply with the most current export control and sanctions laws, regulations, and orders applicable at the time of any and all exports or re-exports of Goods or Defense Articles, as that term is defined in 22 C.F.R. § 120.6 of the ITAR, (collectively for this article, "Goods") or services or Defense Services, as that term is defined in 22 C.F.R. § 120.9 of the ITAR, (collectively for this article, "Services"), including, without limitation, the (i) United States Export Administration Regulations ("EAR"), (ii) the International Traffic in Arms Regulations ("ITAR"), (iii) regulations and orders administered by the Treasury Department's Office of Foreign Assets Control and (iv) laws and regulations of other countries (collectively, "Export Control Laws").
- b. Seller shall notify the Buyer of any Goods or Services that are controlled by the ITAR ("ITAR Items") and shall, upon request, provide the Buyer with the applicable U.S. Munitions List category for the Goods and Services being rendered.
- c. For Goods and Services not identified as required above, Supplier represents that (i) the Services, Goods and any components or parts thereof (collectively "Components") it is providing are not Defense Articles and (ii) the Services it is providing under this Agreement are not Defense Services. Seller acknowledges that this representation means that an official capable of binding the Seller knows or has otherwise determined that the Goods, Services and Components are not on the U.S. Munitions List at 22 C.F.R. §121.1 of the ITAR. Seller shall provide the Buyer, upon the Buyer's reasonable request, with any documentation and other information that supports or confirms this representation. Seller shall, upon request, provide the Buyer with the applicable Export Control Classification Numbers ("ECCNs") of Goods, Services, or Components, if the Component ECCNs are different from the ECCN of the Goods or Services. To the extent that such Goods, Services or Components ("Items") were specifically designed, developed, configured, adapted or modified for a military application, Seller shall notify the Buyer of this fact and shall provide the Buyer with written confirmation from the United States Department of State that such Items are not subject to the jurisdiction of the ITAR.
- d. If Seller is or has been engaged in the United States in the business of either exporting, manufacturing or brokering ITAR Items, Seller represents that it is registered with the Directorate of Defense Trade Controls ("DDTC"), as may be required by 22 C.F.R. 122.1 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.
- e. Seller agrees to notify Aerojet Rocketdyne, Inc. if any deliverable under this Contract is restricted by Export Control Laws. Seller shall immediately notify the Aerojet Rocketdyne, Inc. Buyer if Seller is, or becomes, listed in any Denied Parties List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any Government entity or agency. Where Seller is a signatory under a Aerojet Rocketdyne, Inc. export license or export agreement (e.g., Technical Assistance Agreement, Manufacturing License Agreement), Seller shall provide prompt notification to the Aerojet Rocketdyne, Inc. Buyer in the event of changed

circumstances including, but not limited to, ineligibility, a violation or potential violation of the ITAR, or the initiation or existence of a U.S. Government investigation that could affect the Seller's performance under this Order.

- f. Seller acknowledges that any technical data furnished by the Buyer in connection with this Order may be subject to Export Control Laws. In regard to United States Export Control Laws, Seller shall not export, re-export or re-transfer technical data controlled by Export Control Laws ("Technical Data"), and shall not disclose Technical Data to any foreign persons or foreign commercial entities, including employees, consultants, subcontractors, vendors or Sellers, unless Seller receives advance, written confirmation from the Buyer that such export, re-export or re-transfer complies with Export Control Laws. Seller shall also abide by any restrictions contained in any of the Buyer's export licenses pertinent to Seller's export or re-export of technical data. Technical Data provided to Seller in connection with this Order is to be utilized only for the manufacture of the articles required by this Order. The transfer or disclosure of the data to any other foreign person or to Seller's employees who are citizens or dual citizens of a country other than the country, in which Seller is performing the Order, is prohibited without the Buyer's advance, written authorization. The acquisition of any rights in Technical Data by any foreign person is prohibited. Any subcontracts between foreign persons in the approved country for manufacture of Goods or provision of Services shall contain all the limitations of this paragraph. Upon completion of its performance under this Order, Seller and its subcontractors shall destroy or return to the Buyer all Technical Data.
- g. Begin Delivery of any ITAR Items shall only be made to the Buyer in the United States, to an agency of the U.S. Government or as otherwise authorized under the Buyer's export licenses as the Buyer may direct. Compliance with export laws and regulations (including license application requirements, delays thereof, or revocation or non-renewal of licenses) does not relieve Seller of its obligations under any other terms and conditions of this Order and shall not constitute a *force majeure* or give rise to an excusable delay hereunder. end
- 26. BUSINESS ETHICS AND COMPLIANCE.** Seller agrees to act consistently with the principles set forth in the Aerojet Rocketdyne Supplier Code of Conduct (www.rocket.com). Seller agrees that it will not engage in, and shall take appropriate steps to reasonably ensure that anyone working on its behalf in connection with performance under this Order does not engage in activity that would expose Aerojet Rocketdyne to a risk of criminal, civil, or administrative penalties under any applicable laws and regulations, including but not limited to, law and regulations pertaining to corruption, bribery, antitrust, and trafficking in human persons.
- 27. PROHIBITION OF GRATUITIES.**
- a. Seller warrants that its officers, directors, employees, agents and representatives have not offered or given, and will not offer or give, any gratuities in the form of entertainment, gifts, or otherwise, to any officer or employee of Aerojet Rocketdyne, Inc. or Aerojet Rocketdyne, Inc.'s Customer with a view toward (i) securing this or any other Contract issued by Aerojet Rocketdyne, Inc., (ii) any favorable treatment with respect to the awarding or amending of this or any other Contract issued by Aerojet Rocketdyne, Inc. or (iii) the making of any determination with respect to Seller's rights or duties under this or any other Contract issued by Aerojet Rocketdyne, Inc..
- b. For any breach of Seller's warranty under this Clause Aerojet Rocketdyne, Inc. shall have, in addition to any other rights provided by this Contract, the right to terminate all Contracts with Seller for default, and to recover from Seller the amount of any gratuity paid together with all damages (including the amount of any penalty or fine) that are incurred by Aerojet Rocketdyne, Inc. as a result of Seller's breach, plus all reasonable costs (including attorney fees) expended by Aerojet Rocketdyne, Inc. in seeking such recovery. (Seller is also advised that, if this Contract is issued under a prime contract or subcontract of the U.S. Government, any gratuity covered by this Clause may also entail further liabilities of Seller under applicable statutes or other provisions.)
- 28. PUBLICITY.** Seller shall not release any publicity, advertisement, news release, or denial or confirmation of information regarding the Contract or the Work without the prior written approval of Aerojet Rocketdyne, Inc., which approval shall not be unreasonably withheld.
- 29. RIGHTS AND REMEDIES.** The rights and remedies of Aerojet Rocketdyne, Inc. in the Contract are cumulative and in addition to any other rights and remedies that Aerojet Rocketdyne, Inc. may have at law or in equity. **IN NO EVENT SHALL AEROJET ROCKETDYNE, INC. BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOST PROFITS).**
- 30. DISPUTES.** Any dispute not settled between the parties may be decided by recourse to an action at law or in equity and will be referred to a court of competent jurisdiction in the state of California or the state where the Aerojet Rocketdyne, Inc. Buyer is

Aerojet Rocketdyne, Inc. General Provisions, Continued

- located. Pending final resolution of any dispute between the parties, Seller shall diligently proceed with performance of the Contract, as directed by Aerojet Rocketdyne, Inc., as though no dispute existed.
31. **HEADINGS.** Descriptive headings used in this Contract are for convenience of reference only and shall not be considered in its construction.
32. **PRECEDENCE.** Any inconsistencies in any parts of the Contract shall be resolved by giving precedence in the following descending order: (i) front of this Contract, including any continuation sheets, and its General Provisions or any specially negotiated Terms and Conditions incorporated by reference; (ii) Statement of Work; (iii) specifications and drawings; and (iv) other referenced documents. All requirements contained in these documents are cumulative if not contradictory.
33. **NONWAIVER AND SEVERABILITY.** The failure of a party to enforce any provision of the Contract shall not constitute a waiver of the provision or prejudice that party's right to enforce that or another provision later. If any provision of the Contract is or becomes void or unenforceable by law, the remaining provisions shall remain valid and enforceable.
34. **CALCULATING TIME.** Except as otherwise expressly stated, all "days" referred to in this Contract shall be calendar days. If the last day of any period falls on a weekend day, federal holiday or other day that Aerojet Rocketdyne, Inc. is closed, the period shall expire the next working day after the weekend or holiday.
35. **INTEGRATED AGREEMENT.** The Contract constitutes the entire agreement of the parties and integrates, merges, and supersedes all prior offers, negotiations, agreements, understandings, and arrangements between the parties related to the subject matter of the Contract. The Parties agree that this Contract has been drafted by both.
36. **ASSIGNMENT.** Seller may not assign any of its rights or interest in the Contract or delegate any of its duties or obligations under the Contract without the prior written consent of Aerojet Rocketdyne, Inc., except as provided in the Contract. Seller may assign its right to money due, or to become due, provided Aerojet Rocketdyne, Inc. is provided a true copy of the instrument of assignment reasonably in advance of the due date for payment of such amounts, the assignment is not subject to further assignment, and the assignment is made subject to setoff or recoupment for any present or future claims of Aerojet Rocketdyne, Inc. against Seller. Aerojet Rocketdyne, Inc. may make settlements and adjustments in price with Seller without notice to the assignee.
37. **SURVIVABILITY.** Certain obligations of the Seller shall continue beyond the execution of this Contract, as follows: Duty of Cooperation; Aerojet Rocketdyne, Inc. and Seller Proprietary Information; Data Rights, Patent Indemnification and Inventions; General Indemnification from Seller Negligence; Governing Law and Audits; Export Control; Prohibition of Gratuities; Publicity; Rights and Remedies; Disputes; and Assignments.
38. **WARRANTY (applicable if the Work includes the delivery of Goods).**
- a. Seller warrants that all Goods furnished under the Contract shall conform to all specifications and requirements of the Contract and shall be free from defects in materials and workmanship. To the extent Goods are not manufactured pursuant to detailed designs and specifications furnished by Aerojet Rocketdyne, Inc., Seller warrants that the Goods shall be free from design and specification defects.
- b. This warranty shall begin after final acceptance by Aerojet Rocketdyne, Inc. and shall extend for a period of (i) the manufacturer's warranty period or six (6) months, whichever is longer, if Seller is not the manufacturer and has not modified the Goods; or (ii) one (1) year or the manufacturer's warranty period, whichever is longer if Seller is the manufacturer of the Goods or has modified them. Aerojet Rocketdyne, Inc. shall give written notice of any warranted defect or nonconformance of Goods. Aerojet Rocketdyne, Inc., at its option, may require Seller to promptly correct or replace warranted Goods at no expense to Aerojet Rocketdyne, Inc.. If correction or replacement by Seller is not timely, Aerojet Rocketdyne, Inc. may, at Seller's expense, return the Goods to Seller, correct or replace the Goods, or have a third party correct or replace the Goods. Seller shall comply with Aerojet Rocketdyne, Inc.'s direction under this provision. If it is later determined that Seller did not breach this warranty, the parties shall equitably adjust the contract price.
- c. Counterfeit Parts Prevention
- (i) For purposes of this Order, Counterfeit Part means a product produced or altered to resemble a product without authority or right to do so, with the intent to mislead or defraud by presenting the imitation as the original or genuine or a new item. Such parts may be of new manufacture, but are misleadingly labeled to provide the impression they are of a different class or quality or from a different source than is actually the case. A part is a suspect Counterfeit Part if visual inspection, testing, or other information provides reason to believe that the part may be a Counterfeit Part.
- (ii) Seller represents and warrants that only new and authentic materials are used in Products to be delivered to Buyer under this Order and that the Products delivered contain no Counterfeit Parts or suspect Counterfeit Parts.
- (iii) Seller shall only purchase products to be delivered or incorporated as Products to Buyer directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Such products shall not be acquired from independent distributors or brokers unless approved in advance in writing by Buyer. Seller must make available to Buyer, at Buyer's request, OCM/OEM documentation that authenticates traceability of the components to that applicable OCM/OEM.
- (iv) If this Order is issued under a U.S. Government contract, Seller shall maintain a documented system (policy, procedure, or other documented approach), consistent with applicable industry standards for the detection and avoidance of counterfeit electronic parts and suspect counterfeit electronic parts, including policies and procedures for training personnel, designing and maintaining systems to mitigate risks associated with parts obsolescence, making sourcing decisions, prioritizing mission critical and sensitive components, ensuring traceability of parts, developing lists of trusted and untrusted suppliers, flowing down requirements to subcontractors, inspecting and testing parts, reporting and quarantining suspect counterfeit electronic parts and counterfeit electronic parts, and taking corrective action.
- (v) Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware that it has furnished Counterfeit Parts or suspect Counterfeit Parts to Buyer. Additionally, if this Order is issued under a U.S. Government contract, for confirmed counterfeit electronic parts, notification must also be made not later than 60 days after discovery to the Government – Industry Data Exchange Program (GIDEP). Seller shall cooperate with Buyer in any investigation relating to such Counterfeit Electronic Parts or suspect Counterfeit Electronic Parts, including the impounding by Buyer or government agencies of the Counterfeit Electronic Parts or suspect Electronic Counterfeit Parts for purposes of investigation.
- (vi) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Order addressing the authenticity of Products. To the extent such provisions conflict with this clause, this clause prevails.
- (vii) In the event that Products delivered under this Order constitute or include Counterfeit Parts or suspect Counterfeit Parts, Seller shall, at its expense, promptly replace such Products so as to conform to the requirements of this Order. Notwithstanding any other provision in this Order, Seller shall be liable for all costs relating to Counterfeit Parts or suspect Counterfeit Parts and the cost of rework or corrective action that may be required to remedy the use or inclusion such parts, including without limitation Buyer's costs of removing Counterfeit Parts, of installing replacement Products and of any testing necessitated by the reinstallation of the Products after Counterfeit Parts have been exchanged. All such costs shall be deemed direct damages. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of this Order.
- (viii) Seller shall include the requirements of this paragraph or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Products to Buyer.
- d. This warranty shall survive inspection, test, acceptance of and payment for Goods, and shall run to Aerojet Rocketdyne, Inc. and its successor, assigns, and customers. If the Contract expires, is completed or is terminated, Seller shall not be relieved of the continuing obligations of this warranty.
39. **RESPONSIBILITY FOR GOODS, TITLE AND RISK OF LOSS (applicable if the Work includes the delivery of Goods).**
- a. Title to Goods furnished under this Contract shall pass to Aerojet Rocketdyne, Inc. upon final acceptance by Aerojet Rocketdyne, Inc., regardless of when or where Aerojet Rocketdyne, Inc. takes physical possession, unless the Contract specifically provides for earlier passage of title.
- b. Unless the Contract specifically provides otherwise, risk of loss of or damage to Goods shall remain with Seller, and shall not pass to Aerojet Rocketdyne, Inc., until: (i) delivery of the Goods to a carrier, if transportation is F.O.B. origin; or, (ii) delivery of the Goods to Aerojet Rocketdyne, Inc. at the destination specified in the Contract, if transportation is F.O.B. destination. The risk of loss of or damage to Goods that Aerojet Rocketdyne, Inc. has a right to reject remains with the Seller until final acceptance or until all non-conformances are cured.
40. **PACKING AND SHIPPING (applicable if the Work includes the delivery of Goods).**
- a. Seller shall pack Goods in accordance with good commercial practice to prevent damage and deterioration.
- b. Seller shall include a complete packing list with all shipments. Packing lists will include the Aerojet Rocketdyne, Inc. Contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Seller shall mark containers and packages with necessary lifting, loading, and handling instructions, and ensure the Aerojet Rocketdyne, Inc. Contract number is referenced on exterior container labels.

Aerojet Rocketdyne, Inc. General Provisions, Continued

- 41. HAZARDOUS MATERIALS (applicable if the Work includes the delivery of Goods).**
- Seller shall package, label, transport and ship hazardous materials or items containing hazardous materials in accordance with all applicable federal, state and local laws and regulations, including Title 49 of the Code of Federal Regulations.
 - Seller, prior to each hazardous material shipment, shall notify Aerojet Rocketdyne, Inc. of its nature and shipment data by such means of communication as will allow for proper preparation for acceptance of delivery by the carrier of the material and shall identify same on all shipping documents.
 - Seller represents that each chemical substance constituting or contained in Work delivered to Aerojet Rocketdyne, Inc. is included on the inventory of chemical substances published by the Administrator of the Environmental Protection Agency pursuant to the Toxic Substances Control Act, as amended.
 - Seller will provide to Aerojet Rocketdyne, Inc. with each delivery any Material Safety Data Sheet applicable to the Work that conforms with, and contains the information required by, the Occupational Safety and Health Act of 1970 and its implementing regulations, or a state approved counterpart.
- 42. WARRANTY OF SERVICES (applicable if the Work includes the performance of Services tasks or Labor Hour/Time and Material services)**
- Seller shall assign personnel who are capable, skilled, qualified, and competent to perform in a manner that is satisfactory to Aerojet Rocketdyne, Inc.. b. Notwithstanding inspection and acceptance by Aerojet Rocketdyne, Inc., the Seller warrants that it will perform the Work under this Contract with the high degree of professional skill and sound practices and judgment normally exercised by recognized professional firms with respect to services of a similar nature or the degree Seller described in proposals or marketing materials, whichever is higher. If the Seller is required to correct or reperform nonconforming Work, Seller shall be subject to this Clause to the same extent as work initially performed.
 - Seller warrants that it is and shall remain free of any obligation or restriction that would interfere or be inconsistent with, or present a conflict of interest concerning, the Work to be performed by Seller under this Contract.
 - This warranty shall survive inspection, acceptance and payment, and shall run to Aerojet Rocketdyne, Inc. and its successor, assigns, and customers. If the Contract expires, is completed or is terminated, Seller shall not be relieved of the continuing obligations of this warranty.
- 43. SELLER'S RESPONSIBILITIES FOR ITS EMPLOYEES (applicable if the Work includes the performance of Services tasks or Labor Hour/Time and Material services)**
- Seller shall assign personnel who are capable, skilled, qualified, and competent to perform in a manner that is satisfactory to Aerojet Rocketdyne, Inc.. All performance by Seller under the Contract is at Seller's risk as to the methods, processes, procedures, and safe conduct of the work, except as otherwise specified.
 - Seller is an independent contractor for all purposes. The employees used by Seller to perform Work under this Contract shall be Seller's employees exclusively without any relation whatsoever to Aerojet Rocketdyne, Inc.. Seller and its agents, representatives, and employees shall not be considered agents, representatives, or employees of Aerojet Rocketdyne, Inc..
 - Seller shall comply with all directives established by Aerojet Rocketdyne, Inc. or its customers for access to and activities on premises controlled by Aerojet Rocketdyne, Inc. or its customers. Seller shall ensure that its employees are adequately trained to comply with security, safety, and environmental requirements when performing services on Aerojet Rocketdyne, Inc. or customer facilities.
 - Aerojet Rocketdyne, Inc. may require Seller to remove from its or its customer's premises any employee, agent, or representative of Seller, or any of its subcontractors, that Aerojet Rocketdyne, Inc. reasonably deems incompetent, careless or unsafe, otherwise objectionable. Seller shall immediately remove such employee, agent, or representative from Aerojet Rocketdyne, Inc.'s premises. Seller agrees to indemnify, defend, and hold harmless Aerojet Rocketdyne, Inc., its subsidiaries, affiliates, parent, and their customers, successors, assigns, employees, officers, attorneys and agents from and against any and all losses, liabilities, damages, claims, demands, subrogations, suits, actions, proceedings, costs, and expenses, including attorneys' fees and costs of litigation related thereto or incident to establishing the right to indemnification, arising from Aerojet Rocketdyne, Inc.'s reasonable exercise of its rights under this provision.
 - Seller (i) shall indemnify and hold harmless Aerojet Rocketdyne, Inc. from all laborers', materialmen's, and mechanics' liens upon the property where services are performed, arising out of the services, labor and materials furnished by Seller or any of its subcontractors under this Contract, and (ii) shall keep said property free and clear of all liens, claims, and encumbrances arising from the performance of this Contract by Seller or its subcontractors
- 44. ADDENDUM TO CLAUSE 16, PAYMENT (applicable to Labor Hour, and Time and Materials Contracts)**
- Hourly Rate:
 - The amounts payable are computed by multiplying the appropriate hourly rate, or rates, set forth in the Contract, by the number of direct labor hours performed, which rates shall include wages, overhead, general and administrative expenses and profit. Fractional parts of an hour shall be payable on a prorated basis. Invoices may be submitted once each month (or at more frequent intervals if approved by the Buyer) to the Buyer or Buyer's designee. The Seller will substantiate invoices by evidence of actual payment, individual daily job timecards, or such other substantiation approved by the Buyer. Promptly after receipt of each substantiated invoice, the Buyer shall, except as otherwise provided in this Contract, and subject to the provisions of (e) below, make payment thereon as approved by the Buyer.
 - Unless otherwise specified, the hourly rate or rates set forth in the Contract shall not be varied by virtue of the Seller having performed work on an overtime basis. If no overtime rates are provided in the Contract and the Buyer does not approve overtime work in advance, overtime is not authorized.
 - Materials and Subcontracts:
 - The Buyer shall determine allowable costs of direct materials in accordance with Part 31 of the Federal Acquisition Regulations in effect on the date of this Contract. Reasonable and allocable material handling costs may be included in the charge for material, but only to the extent they are excluded from the hourly rate. (Material handling costs are comprised of indirect costs, including, when appropriate, General and Administrative expense, allocated to direct materials in accordance with the Seller's usual accounting practices). The Seller shall support all material costs claimed by submitting paid invoices, storeroom requisitions, or by other substantiation acceptable to the Buyer.
 - The cost of subcontracts that are authorized by the Buyer shall be reimbursable costs hereunder. Reimbursable cost in connection with subcontracts shall be limited to the amounts actually required to be paid by the Seller to the subcontractor and shall not include any costs arising from the letting, administration or supervision of performance of the subcontract, which costs are included in the hourly rate or rates payable under (a) (1) above.
 - It is estimated that the total cost to the Buyer for the performance of this Contract will not exceed the ceiling price set forth on the face of the Contract, and the Seller agrees to use his best efforts to perform the work specified in the Contract and all obligations under this Contract within such ceiling price. If at any time the Seller has reason to believe that the hourly rate payments and material costs which will accrue in the performance of this Contract in the next succeeding thirty (30) days, when added to all other payments and costs previously accrued, will exceed eighty-five percent (85%) of the ceiling price then set forth in the Contract, the Seller shall notify the Buyer to that effect giving his revised estimate of the total price to the Buyer for the performance of this Contract, together with supporting reasons and documentation.
 - The Buyer shall not be obligated to pay the Seller any amount in excess of the ceiling price set forth in the Contract, and the Seller shall not be obligated to continue performance if to do so would exceed the ceiling price set forth in the Contract, unless and until the Buyer shall have notified the Seller in writing that such ceiling price has been increased and shall have specified in such notice a revised ceiling which shall thereupon constitute the ceiling price for performance under this Contract. When and to the extent that the ceiling price set forth in the Contract has been increased, any hours expended and material costs incurred by the Seller in excess of the ceiling price prior to the increase shall be allowable to the same extent as if such hours expended and material costs had been incurred after such increase in the ceiling price.
 - Travel and travel-related expenses ("travel expenses") shall not be paid, except for travel specifically identified in the Contract. Time spent in travel status is not compensated as time worked unless separately negotiated and specified in the Contract. If the Contract authorizes travel, Aerojet Rocketdyne, Inc. will reimburse Seller for the actual and reasonable travel expenses incurred by Seller as necessary to support the Aerojet Rocketdyne, Inc. business objectives stated in the Contract, except that for meals and incidental expenses, Aerojet Rocketdyne, Inc. shall only reimburse based on government per diem rate for the location in which the traveler is staying. Itemized receipts submitted with Seller's invoice must evidence such expenses, or an acceptable explanation is presented for any expense without

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a receipt. Aerojet Rocketdyne, Inc. may require Seller to use Aerojet Rocketdyne, Inc.'s Expense Report form. In no event shall Aerojet Rocketdyne, Inc. reimburse Seller or Seller's employees for the cost of alcoholic beverages, fees for in-hotel movies, personal internet access or other such charges. Airline travel must be economy class unless business class is permitted in accordance with Aerojet Rocketdyne, Inc.'s travel directives; first class air travel is not authorized unless required for reasonable accommodation of an established disability and approved by the Buyer in advance. Aerojet Rocketdyne, Inc.'s travel directives (FIN-D015, Employee Expense Reporting and Reimbursement, and FIN-D-7.04.16.01, Travel) and Expense Report form are available on the SupplierNet website at <http://www.rocket.com/supp/purchase-terms-and-conditions> under Forms, or upon request to the Buyer. Aerojet Rocketdyne, Inc. reserves the right to make unilateral adjustments to Seller's invoice to reduce it by any unreasonable or unallowable amounts or to correct calculation errors.

(End)