



**General Terms and Conditions
and FAR/DFARS Flowdown
Provisions for Subcontracts or
Purchase Orders for Noncommercial
Items under a US Government Prime Contract**

A. General Requirements

1. **QUALITY ASSURANCE:** Supplier shall maintain a documented quality system compliant with applicable portions of AS9100, ISO-9001:2000 or equivalent; InterConnect Wiring (INTERCONNECT) maintains the right to conduct periodic reviews of supplier's quality assurance program, processes and procedures.
2. **DELIVERY:** Deliveries shall be made both in quantities and at times stated in the INTERCONNECT purchase order. Seller understands and agrees that **TIME IS EXPRESSLY OF THE ESSENCE** with respect to delivery of items contained in the purchase order. Supplier agrees (a) to properly pack, mark and ship products in accordance with INTERCONNECT requirements and in such a manner to ensure no damages occur during transit due to packaging; (b) to make no charge for handling, packaging, storage, transportation (including duties, taxes, fees, etc.) or drayage of items unless otherwise stated in the purchase order; (c) to provide with each shipment a packing slip showing INTERCONNECT purchase order number, revision number (if applicable), INTERCONNECT part number, Supplier's part number (where applicable), product description, quantity of pieces in shipment, and number of cartons or containers in shipment; (d) for cartons containing more than one type of product, each type of product will be clearly marked for ease of identification; and (e) for products requiring a Certificate(s) of Conformance, such Certificate(s) will be included with the packing slip. Shipments that do not comply with specific marking/shipping/packaging or documentation requirements may result in the reduction in the purchase order value of up to \$100 per shipment. This value will offset INTERCONNECT's internal cost of processing the non-conformance. If any delivery required of Supplier is behind the schedule specified in the purchase order, INTERCONNECT may elect to have such delivery made via expedited means at Supplier's expense.
3. **EARLY DELIVERY:** Suppliers are expected to deliver product/services on the due date noted in the purchase instrument; with permission, early delivery may be accepted up to 5 days prior to the due date. Any shipments received more than 5 days in advance may be returned at the supplier's expense. Shipments received after the due date will be considered a late delivery; under our supplier management system, suppliers are rated for on-time deliveries.
4. **INVOICE AND PAYMENT:** Unless otherwise provided in this contract/order, no invoices shall be issued nor payments made prior to delivery as specified in the document issued by the Buyer. All payments are subject to adjustment for shortages and/or rejections of delivered items.
5. **WITHHOLD:** Buyer may withhold payment in the amounts payable to the Seller hereunder on any claim or change Buyer may have against Seller.
6. **GOVERNMENT/CUSTOMER CONTACTS:** In general, Buyer, acting as Prime, has the singular right to engage the customer on matters related to business – includes both Government and Commercial customers benefiting under this order. INTERCONNECT shall be solely responsible for all liaison, coordination, and communication with the INTERCONNECT customer, including the US Government, as it affects the applicable prime contract, this contract, and any related contract.
7. **RELEASE OF INFORMATION:** Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this contract or the subject matter hereof, will be made by the Seller without the prior written consent and approval of INTERCONNECT.
8. **ORDER OF PRECEDENCE:** Any inconsistency in this subcontract/order shall be resolved by giving precedence in the following descending order: (a) the schedule, (b) the general provisions, (c) other documents, exhibits, and attachments to the schedule, and (d) specifications/statement of work.
9. **MATERIALS:** All materials supplied shall be configured to the latest applicable revision unless explicitly noted otherwise. If the purchase order line item references a revision that has been superseded, the supplier shall notify the INTERCONNECT buyer prior to accepting the purchase order to ensure the correct revision is supplied. The work delivered hereunder shall consist of new materials, as defined by FAR 52.211-5 (not used, reconditioned, remanufactured, or of such age as to impair usefulness or safety).
10. **PACKING AND SHIPMENT:** (a) Unless otherwise specified, all work is to be packed in accordance with good commercial practice to prevent damage and deterioration during shipping, handling, and storage. (b) A complete packing list shall be

enclosed with all shipments. Seller shall mark containers or packages with necessary lifting, loading, and shipping information, including the INTERCONNECT contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include this contract number. (c) For work shipped within the United States, unless otherwise specified, delivery shall be FOB Destination.

11. **REJECTION:** Buyer shall notify Seller if any items/services delivered hereunder are rejected and at Buyer's election and Seller expense, replacement items shall be procured. No replacement of defective items shall be made by Seller unless agreed to in writing by Buyer.
12. **CHANGES:** Buyer may at any time by written notice make changes within the general scope of this contract action, to drawings, specifications, shipping instructions, quantities, and delivery schedule. Should any such change increase or decrease the cost, or the time required for performance of the order, an equitable adjustment by Seller must be made within thirty days from the date of the change ordered or within such additional period of time as may be agreed upon.
13. **QUALITY CONTROL OF SUB-TIER SUPPLIERS:** Supplier shall assure control of quality at all points necessary to conform to this PO's requirements, whether performed by Supplier or by Supplier's sub-tiers. Supplier shall flow down to its sub-tiers any and all applicable sections or subsections of these Terms and Conditions, and shall ensure such portions are inserted in all subcontracts or Purchase Orders at every tier.
14. **LIQUIDATED DAMAGES:** In the event Seller fails to make delivery of an item in accordance with a Purchase Order delivery schedule(s), INTERCONNECT shall be entitled to receive compensation from seller in the form of liquidated damages and not as a penalty, and the Seller may be assessed such damages. The amount of such liquidated damages shall be equivalent to 0.5% of the value of the INTERCONNECT END ITEM for which this purchase is made for each calendar day of the delayed item. Such liquidated damages shall begin on the first day after the delivery date specified herein has passed. Seller shall be entitled to a grace period of seven (7) calendar days for delivery of the item past the delivery date specified herein, during which period no liquidated damaged will be assessed. If the item is not delivered before the grace period ends, then liquidated damages will be assessed on a retroactive basis as though there was no grace period. Liquidated damages will be limited to a maximum of 10% of the unit price of the INTERCONNECT END ITEM for which the Seller's item is purchased.
15. **TERMINATIONS:** (a) Buyer may by written notice of default to Seller, terminate the whole or any part of this order in any one of the following circumstances: (i) Seller fails to make delivery of the items within the time specified herein or any extension thereof, or if (ii) Seller fails to perform any of the provisions of this order or fails to make progress as to endanger performance of this order in accordance with its terms and in either of these circumstances does not cure such failure within a period of 10 calendar days (or longer period as authorized by the Buyer) after receipt of notice from the Buyer specifying such failure; or (iii) Seller becomes insolvent or the subject of proceedings under any law relating to bankruptcy or the relief of debtors or admits in writing its inability to pay its debts as they become due; or (iv) Seller fails to provide Buyer, within a reasonable time after demand by Buyer, written assurance of due performance by Seller. (b) If this order is so terminated, Buyer may procure or otherwise obtain, upon such exceptions set forth below shall be liable to the Buyer for any excess costs or similar supplies or services along with additional administrative costs tied to the re-procurement actions. (c) Seller shall continue performance of this order to the extent not terminated. Buyer shall have no obligations to Seller in respect to the terminated part of the order except as herein provided. Buyers rights as set forth herein shall be in addition to the Buyer's other rights in case of Seller's default, whether set forth in the order of not. Buyer may terminate the Seller "for convenience" at any time; however, the Seller is entitled to submit a request for equitable adjustment on all work/costs to date.
16. **GOVERNING LAW:** The contract/order incorporating these terms and conditions and the performance of the parties hereunder shall be construed in accordance with and governed by the laws of the state of Texas.
17. **SUBCONTRACTING OR ASSIGNING:** Neither this contract nor the obligation of the Seller hereunder shall be subcontracted, assigned or delegated by operation of law, or otherwise without Buyer's written consent.
18. **TAXES:** Seller's prices/quotes shall separately note all applicable taxes.
19. **PRICE WARRANTY:** The Seller warrants that the prices of the items set forth herein do not exceed those charged by the Seller to any other customer purchasing the same items in like quantities.
20. **VARIATIONS IN QUANTITY:** Unless written pre-approval is received from the Buyer, no variations in quantities are authorized.
21. **INDEMNIFICATION:** The Seller shall indemnify INTERCONNECT against all liability that may result from any claim, action, or suit by any person, based on any alleged injury to or death of any person, based on the alleged injury to or death of any person or damage to or loss of any property that may occur or that may be alleged to have been caused by the Seller in the course of performance of this contract by the Seller. The Seller shall pay all charges of attorneys in connection therewith and, if any judgment shall be rendered against INTERCONNECT in any such action or actions; the Seller shall satisfy and discharge the same without cost or expense to INTERCONNECT. However, this indemnity shall not apply to claims, actions,

or suits resulting from INTERCONNECT negligence. INTERCONNECT shall indemnify the Seller against all liability that may result from any claim, action, or suit by any person, based on any alleged injury to or death of any person, based on any alleged injury or death of any person or damage to or loss of any property that may occur of that may be alleged to have been caused by INTERCONNECT in the course of the performance of this contract. INTERCONNECT shall pay all charges of attorneys in connection therewith and, if any judgment shall be rendered against the Seller in any such action or actions, INTERCONNECT shall satisfy and discharge the same without cost or expense to the Seller.

22. **INTELLECTUAL PROPERTY INFRINGEMENT:** Seller warrants that the Work performed and delivered under this contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. Seller agrees to defend, indemnify, and hold harmless INTERCONNECT and its customers from and against any claims, damages, losses, costs, and expenses, including reasonable attorney's fees, arising out of any action by a third party that is based on a claim that the Work performed or delivered under this contract infringes or otherwise violates the intellectual property rights of any person or entity.
23. **NOTIFICATION OF DEBARMENT/SUSPENSION STATUS:** Seller shall provide immediate notice to Buyer in the event of being debarred, suspended, or proposed for debarment by any Federal Agency during performance of this contract/order.
24. **CONTRACT DIRECTION:** Only the INTERCONNECT procurement/purchasing representative has the authority to amend this contract; such amendments must be in writing. INTERCONNECT engineering and technical personnel may render assistance or give technical "advice" or discuss or affect an exchange of information with Seller's personnel concerning the work hereunder. Such actions shall not be deemed to be a "change" under the Changes clause of this contract (FAR 52.243-1), and shall not be the basis for any equitable adjustment. Except as otherwise provided herein, all notices to be furnished by the Seller shall be sent to the INTERCONNECT procurement representative.
25. **FAR and DFARS Clauses and Provisions**

For all FAR and DFARS references, the terms "Government Contracting Officer", "Contracting Officer", and "Government" mean INTERCONNECT Buyer and Buyer's Authorized Procurement Representative

FAR Clauses & Provisions – latest version is applicable to all Contracts/Purchase Orders

- a) 52.203-3 Gratuities
- b) 52.203-5 Covenant Against Contingent Fees
- c) 52.207-7 Anti-Kickback Procedures
- d) 52.203-8 Cancellation, Recession, and Recovery of Funds for Illegal or Improper Activity
- e) 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity
- f) 52.209-6 Protecting the Government's Interest when Subcontracting with Contractor's Debarred, Suspended, or Proposed for Debarment
- g) 52.211-5 Material Requirements
- h) 52.211-14 Notice of Priority Rating for National Defense Use
- i) 52.211-15 Defense Priority and Allocation Requirements
- j) 52.215-2 Audit and Records – Negotiations
- k) 52.215-12 Subcontractor Cost or Pricing Data
- l) 52.215-13 Subcontractor Cost or Pricing Data – Modifications
- m) 52.215-14 Integrity of Unit Prices
- n) 52.215-19 Notification of Ownership Changes
- o) 52.215-20 Requirements of Cost or Pricing Data or Information Other Than Cost or Pricing Data
- p) 52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data – Modifications
- q) 52.222-1 Notice to the Government of Labor Disputes
- r) 52.222-4 Contract Work Hours and Safety Standards Act – Overtime Compensation
- s) 52.222-20 Walsh Healey Public Contracts Act
- t) 52.222-21 Prohibition of Segregated Facilities
- u) 52.222-25 Affirmative Action Compliance
- v) 52.222-26 Equal Opportunity
- w) 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
- x) 52.222-36 Affirmative Action for Workers with Disabilities
- y) 52.223-3 Hazardous Material Identification and Material Safety Data
- z) 52.223-6 Drug-Free Workplace
- aa) 52.223-11 Ozone-Depleting Substances
- bb) 52.225-1 Buy America Act – Supplies
- cc) 52.225-13 Restrictions on Certain Foreign Purchases
- dd) 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
- ee) 52.227-14 Rights in Data - General
- ff) 52.229-3 Federal, State and Local Taxes
- gg) 52.232-23 Assignment of Claims
- hh) 52.232-24 Prohibition of Assignment of Claims

- ii) 52.242-13 Bankruptcy
- jj) 52.242-14 Suspension of Work
- kk) 52.242-15 Stop Worker Order
- ll) 52.242-17 Government Delay of Work
- mm) 52.242-1 Changes—Fixed Price
- nn) 52.244-6 Subcontracts for Commercial Items
- oo) 52.246-1 Inspection of Supplies – Fixed Price
- pp) 52.249-1 Termination for Convenience of the Government (Fixed Price)
- qq) 52.249-8 Default (Fixed Price Supply and Service)
- rr) 52.249-14 Excusable Delays
- ss) 52.252-1 Solicitation Provisions Incorporated by Reference
- tt) 52.252-2 Clauses incorporated by Reference
- uu) 52.253-1 Computer Generated Forms

DFARS Clauses – all Purchase Orders

- a) 252.204-7000 Disclosure of Information
- b) 252.225-7001 Buy American Act and Balance of Payments Program
- c) 252.225-7002 Qualifying Country Sources as Subcontractors
- d) 252.227-7013 Rights in Technical Data-Noncommercial Items
- e) 252.227-7014 Rights in Noncommercial Computer Software & Noncommercial Computer Software Documentation
- f) 252.227-7016 Rights in Bid or Proposal Information
- g) 252.227-7026 Deferred Delivery of Technical Data or Computer Software
- h) 252.243-7001 Pricing of Contract Modifications
- i) 252.249-7002 Notification of Anticipated Contract Termination or Reduction

DFARS Clauses – additional clauses for Purchase Orders exceeding \$100,000

- a) 252.203-7001 Prohibitions on Persons Convicted of Fraud or Other Defense Contract Related Felonies
- b) 252.203-7002 Preference for Certain Domestic Commodities

B. Nonconforming Material

1. **Meeting Specifications:** Items failing to conform to all applicable drawings, specifications, and/or other Purchase Order requirements shall not be delivered to INTERCONNECT without documented written approval from INTERCONNECT Quality Assurance.
2. **Nonconformance of Deliverables:** Supplier shall evaluate each nonconformance for its potential to exist in previously produced or delivered material. If a nonconformance exists in a previously delivered item, Supplier shall notify INTERCONNECT, in writing, within 24 hours and provide the following information: 1) description of nonconformance 2) affected Purchase Orders, delivery dates, quantities and lots.

C. Inspection and Testing

1. **Source Inspection:** Source inspection required prior to shipping.
2. **Data Sheet:** A data sheet shall accompany the first article. The data sheet shall list every dimension on the engineering drawing. Next to each dimension, the actual “as built” measurement shall be recorded. In lieu of a data sheet, measurements may be recorded directly on the engineering drawing. An in-house inspector shall sign and date the data sheet or drawing.
3. **Functional Testing:** Results of functional testing required with shipment. Functional testing documentation shall include test and acceptance criteria, controlling specification(s) or procedure(s) and the results of the test.
4. **Physical Properties Test:** Physical Properties Test Report Required per applicable Military Specification.
5. **Chemical Properties Test:** Chemical Properties Test Report Required per applicable Military Specification.
6. **Illumination Report:** Illumination Report required per applicable Military Specification.

D. Materials and Components

1. **COC:** A certificate of conformance (cert) with signature and title of authorized quality agent required.

2. **COC Elements**: The certificate of conformance shall include the following: part number, purchase order number, applicable military specification, part number revision if one exists, quantity, serial number, name and address of process facility, and date of certification. Vague or ambiguous statements such as "to the best of my knowledge" are not acceptable and may result in rejection of the item during receiving.
3. **QPL List**: QPL listed items shall be manufactured by sources listed in the applicable QPL.
4. **QPL Certificate**: Supplier must be able to obtain and supply manufacturer or QPL certificate upon request.
5. **Trace**: Lot traceability to the original point of manufacture or processing for all components, subcomponents, and/or assemblies is required.
6. **Material Shelf-Life**: For all materials with shelf life limitations, the remaining shelf life shall be 75% of the original shelf life (minimum) at time of shipping. Manufacturers name, lot number (if applicable) and manufacture date shall be provided with shipment.
7. **Bar Code/Marking**: Supplier shall apply bar codes to exterior package per INTERCONNECT Bar Code Requirements, INVT-0001-09. Suppliers may contact INTERCONNECT for a copy of document.

E. Right of Access

1. **In-Process Verifications**: INTERCONNECT reserves right of entry to Supplier's facility and any applicable sub-tier supplier facilities for the purpose of verifying compliance with all requirements of this order. INTERCONNECT and any customer or their representative shall have the right to perform in-process inspections, audits and system surveillance as part of the verification process. Supplier shall provide suitable facilities to perform these verifications to INTERCONNECT and any customer or their representative at no cost to INTERCONNECT.
2. **Quality Assurance**: During performance of this order, your quality system and processes are subject to review, verification and analysis by authorized government representatives in accordance with FAR Paragraph 46.102 Policy on Quality Assurance. Requirements

F. Records

1. **Records Retention**: Supplier shall maintain records necessary to verify conformance of supplied material to the conditions of this order. Supplier shall also maintain records of all purchase orders. These records are to be maintained for a minimum of seven (7) years from the date of delivery. At INTERCONNECT's election, such records shall be made available to INTERCONNECT, INTERCONNECT's customers and/or any regulatory agency, at no cost to INTERCONNECT. INTERCONNECT retains the right to inspect subject documents at supplier's premises upon reasonable notification of intent to do same.

G. Special Process/Quality System Certifications

1. **Lockheed Martin Quality**: Lockheed Martin Material Management Quality Appendix QX "Seller Quality Requirements" is incorporated herein by reference and all requirements of same shall apply. (Refer to <http://www.lockheedmartin.com/> for the latest revision and details). In addition, Lockheed Martin Standard Quality System (Q2C) is also incorporated by reference and all requirements of same shall apply.
2. **Seller Quality Requirements**: Lockheed Martin Material Management Quality Appendix QJ, "Seller Quality Requirements" QCS-001 Processing Sources" applies (refer to <http://www.lockheedmartin.com/> for the latest revision and details). As required by INTERCONNECT purchase orders, the supplier/subcontractor will develop and maintain plans for managing supply chain processes such as atmospheric radiation, counterfeit parts, hazardous substance processes, etc.
3. **First Articles (If called out on Purchase Order)**: Lockheed Martin Material Management Quality Clause Q2A "First Article Inspection" applies (refer to <http://www.lockheedmartin.com/> for the latest revision and details).
4. **Electronic Assemblies**: Workmanship shall comply with IPC-A-610, Acceptability of Electronic Assemblies.
5. **Soldering Standards**: Soldering shall be in accordance with ANSI/J-STD-001, Requirements for Soldered Electrical and Electronic Assemblies.
6. **LMALC QA022-01**, Paragraph C applies: "Buyer shall have right to perform in-process inspection, audits, and system surveillance at Seller and Seller's subcontractors' facilities as part of verification of conformance to the requirements of this

PO. Work under this PO is subject to Buyer's periodic audit of Seller's compliance with Seller's internal procedures and other documents applicable to this PO. Seller shall provide, at no cost to Buyer, Government and or appropriate regulatory agencies, suitable facilities at Seller and Seller's subcontractors' manufacturing locations for Buyer, Government, and regulatory agency representatives to perform compliance verification. Seller shall include the provisions of this paragraph (C) in each purchase order, if any, with each of its subcontractors where work is being performed or is scheduled to be performed in connection with this PO, and shall require that this paragraph (C) is inserted in all subcontracts at every tier. Seller shall maintain complete records of all manufacturing, inspecting and testing in connection with the Items. At Buyer's election, such records shall be made available to the Buyer, Buyer's Customers and/or appropriate regulatory agencies during the performance of this PO and for at least three (3) years after completion of this PO or for such longer periods, if any, as may be specified elsewhere in this PO. Upon Buyer's request therefore, Seller shall forward such records to Buyer at no cost to Buyer."

7. **Statistical Methods:** The elements of Appendix Y, Statistical Methods, shall be complied with for products purchased for use on Lockheed Martin end items.
8. **RFO Terms and Conditions:** The appropriate paragraphs of Attachment Z1, Request for Offer (RFO) Terms and Conditions, as relate to the specific Lockheed Martin contract or program governing this PO shall apply.
9. **First Article Documentation (If First Article called out on Purchase Order):** Complete First Article documentation in accordance with the provisions of SAE AS9102, Aerospace First Article Inspection Requirements, including traceability to point of manufacture shall accompany all First Articles at time of delivery.