



**FAR / DFARS FLOWDOWN PROVISIONS FOR FIXED PRICE PURCHASE ORDERS / SUBCONTRACTS
FOR COMMERCIAL ITEMS UNDER A UNITED STATES GOVERNMENT CONTRACT
Revision June 2015**

The Federal Acquisition Regulation (FAR) and DOD FAR Supplement (DFARS) clauses provided in this document are incorporated herein by reference with the same force and effect as if provided in full text. In the identified FAR and DFARS clauses, unless otherwise provided:

- "Contract" means the Purchase Order issued by Elbit Systems of America, LLC or one of its U.S. subsidiaries (which include EFW Inc., Kollsman, Inc., International Enterprises Industries, LLC, M7 Aerospace LLC or KMC Systems, Inc.)
- "Contractor" and "Offeror" means Seller
- "Subcontractor" means Seller's subcontractors
- "Government" means Buyer
- "Contracting Officer" means Buyer's Authorized Representative, except for those specific clauses where the context refers to rights, acts authorizations or obligations that are uniquely performed or granted by the U.S. Government

The listed clauses which are not applicable due to monetary threshold, place, performance, type of effort or contract shall be treated as self-deleting.

The Contract Disputes Act shall not be applicable to the Contract. Any reference to a "Disputes" clause shall mean the Disputes clause of the Contract.

Notes:

The following notes apply to the clauses incorporated by reference below only when specified in the parentheses following the clause title and date. Elbit Systems of America as used in these notes shall include any of the U.S. subsidiaries listed above that issued a Purchase order to Seller.

1. Substitute "Elbit Systems of America" for "Government" or "United States" throughout this clause.
2. Substitute "Elbit Systems of America Buyer Authorized Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
3. Insert "and Elbit Systems of America" after "Government" throughout this clause.
4. Insert "or Elbit Systems of America" after "Government" throughout this clause.
5. Communication/notification required under this clause from/to Seller to/from the Contracting Officer shall be through Elbit Systems of America.
6. Insert "and Elbit Systems of America" after "Contracting Officer" throughout the clause.
7. Insert "or Elbit Systems of America Buyer Authorized Representative" after "Contracting Officer" throughout the clause.
8. If Seller is an international contractor, this clause applies to this Contract only if Work under the Contract will be performed in the United States or Seller is recruiting employees in the United States to Work on the Contract.

A. PRESERVATION OF THE GOVERNMENT'S RIGHTS

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



B. PROVISIONS OF THE FEDERAL ACQUISITION REGULATION (FAR) INCORPORATED BY REFERENCE

The following FAR clauses apply to this Contract:

FAR 52.202-1 DEFINITIONS (NOV 2013)

FAR 52.203-3 GRATUITIES (APR 1984)

FAR 52.203-7 ANTI-KICKBACK PROCEDURES (OCT 2010)

FAR 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (OCT 2010) (Applies if this Contract exceeds \$150,000.)

FAR 52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (APR 2010) (Applies if this Contract exceeds 5,000,000 and the period of performance is more than 120 days. Disclosures made under this clause shall be made directly to the Government entities identified in the clause.)

FAR 52.204-2 SECURITY REQUIREMENTS (AUG 1996) (Applies if the Work requires access to classified information.)

FAR 52.204-9 PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (JAN 2011) (Applies where SELLER will have physical access to a federally-controlled facility or access to a Federal information system.)

FAR 52.204-10 REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS (JUL 2013) (Subparagraph (d)(2) does not apply. If SELLER meets the thresholds specified in paragraphs (d)(3) and (g)(2) of the clause, SELLER shall report required executive compensation by posting the information to the Government's Central Contractor Registration (CCR) database. All information posted will be available to the general public.)

FAR 52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (AUG 2013) (Applies if this Contract exceeds \$30,000 except does not apply if this Contract is for commercial off the shelf items. Copies of notices provided by SELLER to the Contracting Officer shall be provided to ESA.)

FAR 52.211-15 DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (APR 2008)

FAR 52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 2010) (Note 2 applies in paragraph (a)(1).)

FAR 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA - MODIFICATIONS (OCT 2010) (Note 2 applies in paragraphs (a)(1) and (b).)

FAR 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2014) (Note 8 applies.)

FAR 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999) (Note 8 applies.)

FAR 52.222-26 EQUAL OPPORTUNITY (MAR 2007) (Note 8 applies.)

FAR 52.222-35 EQUAL OPPORTUNITY FOR VETERANS (JUL 2014) (Applies if this Contract is for \$100,000 or more. Note 8 applies.)



FAR 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUL 2014) (Applies if this Contract exceeds \$15,000. Note 8 applies.)

FAR 52.222-37 EMPLOYMENT REPORTS ON VETERANS (JUL 2014) (Applies if this Contract is for \$100,000 or more. Note 8 applies.)

FAR 52.222-40 NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT (DEC 2010) (Applies if this Contract exceeds \$10,000. Note 8 applies.)

FAR 52.222-41 SERVICE CONTRACT ACT OF 1965 (MAY 2014) (Applies if this Contract is for services subject to the Service Contract Act. The clause does not apply if this Contract has been administratively exempted by the Secretary of Labor or exempted by 41 U.S.C. 356, as interpreted in Subpart C of 29 CFR Part 4. Note 8 applies.)

FAR 52.222-50 COMBATING TRAFFICKING IN PERSONS (FEB 2009) (Note 2 applies. In paragraph (e) Note 3 applies.)

FAR 52.222-54 EMPLOYMENT ELIGIBILITY VERIFICATION (AUG 2013) (Applies if this Contract exceeds \$3,000 except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item. Note 8 applies.)

FAR 52.223-11 OZONE-DEPLETING SUBSTANCES (MAY 2001) (Applies if the Work was manufactured with or contains ozone-depleting substances.)

FAR 52.225-1 BUY AMERICAN ACT -- SUPPLIES (MAY 2014) (Applies if the Work contains other than domestic components. Note 2 applies to the first time "Contracting Officer" is mentioned in paragraph (c).)

FAR 52.225-5 TRADE AGREEMENTS (NOV 2013) (Applies if the Work contains other than U.S. made or designated country end products as specified in the clause.)

FAR 52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (JUN 2008)

FAR 52.227-19 COMMERCIAL COMPUTER SOFTWARE-RESTRICTED RIGHTS (DEC 2007)

FAR 52.232-40 PROVIDING ACCELERATED PAYMENTS TO SMALL BUSINESS SUBCONTRACTORS (DEC 2013) (Applies if SELLER is a small business concern. Note 1 applies. This clause does not apply if Elbit Systems of America does not receive accelerated payments under the prime contract. Not all agencies provide accelerated payments.)

FAR 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS (OCT 2014)

FAR 52.245-1 GOVERNMENT PROPERTY (APR 2012) (ALT I) (APR 2012) ("Contracting Officer" means "ESA" except in the definition of Property Administrator and in paragraphs (h)(1)(iii) where it is unchanged, and in paragraphs (c) and (h)(4) where it includes ESA. "Government" is unchanged in the phrases "Government property" and "Government furnished property" and where elsewhere used except in paragraph (d)(1) where it means "ESA" and except in paragraphs (d)(2) and (g) where the term includes ESA. The following is added as paragraph (n) "Seller shall provide to ESA immediate notice if the Government or other customers (i) revokes its assumption of loss under any direct contracts with Seller, or (ii) makes a determination that Seller's property management practices are inadequate, and/or present an undue risk, or that Seller has failed to take corrective action when required.")

FAR 52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S. FLAG COMMERCIAL VESSELS (FEB 2006)



C. PROVISIONS OF THE DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS INCORPORATED BY REFERENCE)

The following DFARS clauses apply to this Contract:

DFARS 252.203-7002 REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS (SEP 2013)

DFARS 252.203-7003 AGENCY OFFICE OF THE INSPECTOR GENERAL (DEC 2012) (Applies when FAR 52.203-13 applies to this Contract.)

DFARS 252.204-7012 SAFEGUARDING OF UNCLASSIFIED CONTROLLED TECHNICAL INFORMATION (NOV 2013) (Note 2 applies to paragraph (b)(1)(ii). Reports required under paragraph (d) shall be made through Elbit Systems of America. Note 6 applies to paragraph (d)(5).

DFARS 252.204-7015 DISCLOSURE OF INFORMATION TO LITIGATION SUPPORT CONTRACTORS (FEB 2014)

DFARS 252.211-7003 ITEM IDENTIFICATION AND VALUATION (DEC 2013) (Applies 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 ESA 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.)

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

DFARS 252.223-7002 SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES (MAY 1994) (Applies 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 ESA Procurement Representative." Delete in g(1)(ii) "substituting its name for references to the Government.")

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

DFARS 252.223-7007 SAFEGUARDING SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES (SEP 1999) (Applies 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 SELLER as Government Furnished Property.)

DFARS 252.223-7008 PROHIBITION OF HEXAVALENT CHROMIUM (JUN 2013) (Note 2 applies.)

DFARS 252.225-7001 BUY AMERICAN AND BALANCE OF PAYMENTS PROGRAM (DEC 2012) (Applies if the Work contains other than domestic components. Applies in lieu of FAR 52.225-1.) 5 ESA-FFP USG2

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

DFARS 252.225-7009 RESTRICTION ON ACQUISITION OF CERTAIN ARTICLES CONTAINING SPECIALTY METALS (OCT 2014) (Applies if the Work to be furnished contains specialty metals. Paragraph (d) is deleted.)

DFARS 252.225-7012 PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (FEB 2013)



DFARS 252.225-7021 TRADE AGREEMENTS (NOV 2014) (Applies if the Work contains other than U.S.-made, qualifying country, or designated country end products. Applies in lieu of FAR 52.225-5.)

DFARS 252.225-7048 EXPORT-CONTROLLED ITEMS (JUN 2013)

DFARS 252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS, INDIAN-OWNED ECONOMIC ENTERPRISES AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS (SEP 2004) (Applies if this Contract exceeds \$500,000. Note 2 applies to paragraph (c) the first time "Contracting Officer" appears.) In subparagraph (f)(1) "Contractor" shall mean "ESA." ESA shall have no liability to SELLER for any incentive payment under this clause unless and until the Government provides said incentive payment to ESA.)

DFARS 252.227-7013 RIGHTS IN TECHNICAL DATA - NON-COMMERCIAL ITEMS (FEB 2014) (Applies in lieu of FAR 52.227-14. Applies to the extent specified in DFARS 252.227-7015.)

DFARS 252.227-7014 RIGHTS IN NON-COMMERCIAL COMPUTER SOFTWARE AND NON-COMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (FEB 2014) (Applies in lieu of FAR 52.227-14.)

DFARS 252.227-7015 TECHNICAL DATA - COMMERCIAL ITEMS (FEB 2014)

DFARS 252.227-7019 VALIDATION OF ASSERTED RESTRICTIONS - COMPUTER SOFTWARE (SEP 2011)

DFARS 252.227-7037 VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA (JUN 2013)

DFARS 252.239-7018 SUPPLY CHAIN RISK (NOV 2013) (Applies if this Contract involves the development or delivery of any information technology, whether acquired as a service or as a supply. Note 4 applies.)

DFARS 252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS (JUN 2013)

DFARS 252.246-7003 NOTIFICATION OF POTENTIAL SAFETY ISSUES (JUN 2013) (Applies 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 ESA and the contracting officer identified to SELLER.)

DFARS 252.246-7007 CONTRACTOR COUNTERFEIT ELECTRONIC PART DETECTION and AVOIDANCE SYSTEM (MAY 2014). Paragraphs (a) through (e) apply. In paragraph (c)(2) Note 3 applies. In paragraph (c)(6) Note 6 applies.)

DFARS 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (APR 2014) (Applies 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 \$150,000. Notes 1 and 2 apply to paragraph (g).)

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.)

DFARS 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (OCT 2010) (Applies if this Contract exceeds \$650,000. Note 2 applies. Delete paragraph (d) (1) and the first five words of paragraph (d) (2).)



E. CERTIFICATIONS AND REPRESENTATIONS

SELLER acknowledges that ESA will rely upon SELLER certifications and representations contained in this clause and in any written offer, proposal or quote, or company profile submission, which results in award of a contract to SELLER. By entering into such contract, SELLER republishes the certifications and representations submitted with its written offer, including company profile information, and oral offers/quotations made at the request of ESA, and SELLER makes those certifications and representations set forth below. SELLER shall immediately notify ESA of any change of status regarding any certification or representation.

1. FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions

(Applicable to solicitations and contracts exceeding \$150,000)

(a) Definitions. As used in this provision--

"Lobbying contact" has the meaning provided at 2 U.S.C. 1602(8).

The terms "agency," "influencing or attempting to influence," "officer or employee of an agency," "person," "reasonable compensation," and "regularly employed" are defined in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12).

(b) Prohibition. The prohibition and exceptions contained in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12) are hereby incorporated by reference in this provision.

(c) Certification. SELLER hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract. 11

(d) Disclosure. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, SELLER shall complete and submit, with its offer, to ESA OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. SELLER need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.

(e) Penalty. Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by 31 U.S.C. 1352. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

2. FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters

(a)(1) SELLER certifies, to the best of its knowledge and belief, that--

(i) SELLER and/or any of its Principals--

(A) Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or State antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property;

(C) Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision; and

(ii) SELLER has not, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(D) Have not, within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied.

(1) Federal taxes are considered delinquent if both of the following criteria apply:



(i) The tax liability is finally determined. The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(ii) The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

(2) Examples. (i) The taxpayer has received a statutory notice of deficiency, under I.R.C. Sec. 6212, which entitles the taxpayer to seek Tax Court review of a proposed tax deficiency. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek Tax Court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(ii) The IRS has filed a notice of Federal tax lien with respect to an assessed tax liability, and the taxpayer has been issued a notice under I.R.C. Sec. 6320 entitling the taxpayer to request a hearing with the IRS Office of Appeals contesting the lien filing, and to 12 further appeal to the Tax Court if the IRS determines to sustain the lien filing. In the course of the hearing, the taxpayer is entitled to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek tax court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(iii) The taxpayer has entered into an installment agreement pursuant to I.R.C. Sec. 6159. The taxpayer is making timely payments and is in full compliance with the agreement terms. The taxpayer is not delinquent because the taxpayer is not currently required to make full payment.

(iv) The taxpayer has filed for bankruptcy protection. The taxpayer is not delinquent because enforced collection action is stayed under 11 U.S.C. 362 (the Bankruptcy Code).

(2) Principal, for the purposes of this certification, means an officer, director, owner, partner, or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division, or business segment; and similar positions).

(b) SELLER shall provide immediate written notice to Elbit Systems of America if, at any time prior to contract award, SELLER learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that SELLER knowingly rendered an erroneous certification, in addition to other remedies available, Elbit Systems of America may terminate this contract for default.

3. FAR 52.222-22 Previous Contracts and Compliance Reports

(a) SELLER represents that if SELLER has participated in a previous contract or subcontract subject to the Equal Opportunity clause (FAR 52.222-26): (a) SELLER has filed all required compliance reports and (b) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

(b) Paragraph (a) applies only to the extent (1) SELLER performs work in the United States, or (2) recruits employees in the United States to Work on this Contract.

4. FAR 52.222-25 Affirmative Action Compliance

(a) SELLER represents: (a) that SELLER has developed and has on file at each establishment, Affirmative Action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (b) that in the event such a program does not presently exist, SELLER will develop and place in operation such a written Affirmative Action Compliance Program within one-hundred twenty (120) days from the award of this Contract.

(b) Paragraph (a) applies only to the extent (1) SELLER performs work in the United States, or (2) recruits employees in the United States to Work on this Contract.