SECTION A - INSTRUCTIONS TO SELLER

A. PURCHASE ORDER NUMBER: Seller shall include Buyer's purchase order number, including any change, modification, or revision designation or controlling blanket agreement number, on all invoices (or vouchers), packing lists, bills of lading, packages, containers, and correspondence processed under this purchase order.

B. INVOICES (OR VOUCHERS): Invoices must be emailed to the Accounts Payable address shown on the face of the purchase order and reference the full purchase order number to ensure proper payment. Supplier payments will only be made to the remit address recorded in your AeroVironment supplier profile as provided at the time of award. If this address does not match the remittance address requested on your invoice your payment may be delayed. If you are uncertain of the remit address we have on record for your company, you should contact the buyer or procurement office as soon as possible.

C. DISCOUNTS: If a prompt payment discount is negotiated, its terms will be specifically identified in the individual purchase order.

SECTION B – AEROVIRONMENT INC.

STANDARD CLAUSES

CLAUSE INDEX:
1. Seller Acceptance
2. Timely Performance
3. Payments, Taxes, and Duties
4. Use of Information
5. Disclosure of Information
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11. Conflict of Interest
12. Insurance
13. Remedies
14. Governing Law and Jurisdiction
15. Termination for Convenience
16. Changes
17. Stop Work
18. Limitation of Buyer’s Liability/Statute of Limitations
19. I Citizenship or Authorized Foreign National
20. Termination for Default
21. Intellectual Property
22. Disputes
23. Waiver
24. Severability of Clauses
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27. Seller's Employees
28. Assignment
29. Precedence
30. Excusable Delay-Force Majeure
31. Entire Agreement
32. Basic Safeguarding of Covered Contractor Information Systems

Any terms proposed in Seller's acceptance of Buyer's offer which add to, vary from, or conflict with the terms herein are hereby objected to. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties and may hereafter be modified only by written instrument executed by the authorized representatives of both parties.

If this purchase order has been issued by Buyer in response to an offer, and if any of the terms herein are additional to or different from any terms of such offer, then the issuance of this purchase order by Buyer shall constitute an acceptance of such offer subject to the express conditions that Seller assent to such additional and different terms herein and acknowledge that this purchase order constitutes the entire agreement between Buyer and Seller with respect to the subject matter hereof and the subject matter of such offer, and Seller shall be deemed to have so assented and acknowledged unless Seller notifies Buyer to the contrary in writing within 10 days of receipt this purchase order.

2. TIMELY PERFORMANCE
(a) Seller's timely performance is a critical element of this purchase order.
(b) If Seller becomes aware of an impending labor dispute involving Seller or any lower tier subcontractor, or any other difficulty in performing the Work, Seller shall timely notify Buyer, in writing, giving pertinent details. This notification shall not change any delivery schedule.

3. PAYMENTS, TAXES, AND DUTIES
(a) Unless otherwise provided, terms of payment shall be net thirty (30) days from the latest of the following: (1) Buyer’s receipt of Seller’s proper invoice; (2) scheduled completion of performance date of the Work; or (3) actual completion of performance of the Work.
(b) Each payment made shall be subject to reduction to the extent of amounts which are found by Buyer or Seller not to have been properly payable, and shall also be subject to reduction for overpayments. Seller shall promptly notify Buyer of any such overpayments found by Seller.
(c) Buyer shall have a right of setoff against payments due or at issue under this purchase order or any other purchase order or agreement between the parties.
(d) Payment shall be deemed to have been made as of the date of mailing Buyer’s payment or electronic funds transfer.
(e) Unless otherwise specified, prices include all applicable federal, state, and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice.
(f) Seller shall submit upon the request of Buyer’s Procurement Representative a release of claims upon final payment under this purchase order.

4. USE OF INFORMATION: Seller agrees (i) that all information heretofore or hereafter furnished or disclosed to Buyer by Seller, in connection with the placing or filling of this purchase order, is furnished or disclosed as a part of the consideration for this purchase order; (ii) that such information is not, unless otherwise agreed to by Buyer in writing, to be treated as confidential or proprietary; and (iii) that Seller shall assert no claims (other than for patent infringement) by reason of the use or disclosure of such information by Buyer, its assigns, or its customers. No employee of Buyer has the authority to make an agreement providing for the confidential treatment of, or limiting the use or disclosure of, information so furnished or disclosed, unless such agreement is made in writing and signed by Buyer's cognizant general manager. However, in the event that this clause should conflict with the
provisions of any patent rights or data rights clause of this purchase order, the latter shall prevail.

Any unpatented knowledge or information concerning Seller’s products, methods, or manufacturing processes which Seller may disclose to Buyer incident to the manufacture of goods covered by this purchase order shall, unless otherwise specifically agreed in writing, be deemed to have been disclosed as part of the consideration for this purchase order, and Seller agrees not to assert any claim against Buyer by reason of Buyer’s use or alleged use thereof and, if this purchase order involves research or development work, Seller agrees to grant to Buyer an irrevocable, exclusive, royalty-free license to make, have made, use, and sell any inventions resulting from that work under this purchase order.

5. DISCLOSURE OF INFORMATION: Seller shall not in any manner advertise or publish the fact that it has furnished, or contracted to furnish, Buyer the goods or services herein described without prior written consent of Buyer. Seller shall not disclose any details in connection with this purchase order to any party except as may be otherwise provided.

6. EXPORT RELATED REQUIREMENTS:

a) Export Compliance. Seller is advised that its performance of this purchase order may involve the use of or access to articles, technical data or software that is subject to export controls under 22 United States Code 2751 – 2796 (Arms Export Control Act) and 22 Code of Federal Regulations 120-130 (International Traffic in Arms Regulations) or 50 United States Code 2401 – 2420 (Export Administration Act) and 15 Code of Federal Regulations 776 – 799 (Export Administration Regulations) and their successor and supplemental laws and regulations (collectively hereinafter referred to as the “Export Laws and Regulations”). Seller represents and warrants that it is either 1) a U.S. Person as that term is defined in the Export Laws and Regulations, or 2) that it has disclosed to Buyer’s Representative in writing the country in which it is incorporated or otherwise organized to do business, or if a natural person, all citizenships and US immigration status. Seller shall comply with any and all Export Laws and Regulations, and any license(s) issued thereunder.

b) Foreign Personnel. Seller shall not give any Foreign Person access to Technical Data or software as those terms are defined in the applicable Export Laws and Regulations without the prior written consent of Buyer. Any request for such consent must state the intended recipient’s citizenship(s), and status under 8 U.S.C. 1101 and 8 U.S.C. 1324 (the “Immigration and Naturalization Act”), and such other information as Buyer may reasonably request. No consent granted by Aerovironment, Inc. in response to Seller’s request under this paragraph b shall relieve Seller of its obligations to comply with the provisions of paragraph a or the Export Laws and Regulations, nor shall any such consent constitute a waiver of the requirements of paragraph a, nor constitute consent for Seller to violate any provision of the Export Laws and Regulations.

c) Indemnification. Seller shall indemnify and save harmless Aerovironment, Inc. from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorneys fees, arising out of claims, suit, allegations or charges of Seller’s failure to comply with the provisions of this Clause No. 6 and breach of the warranty set forth in paragraph a. Any failure of Seller to comply with the requirements or any breach of the warranty contained in this Clause No. 6 shall be a material breach of this purchase order.

d) Purchase Orders. The substance of this Clause No. 6 shall be incorporated into any purchase order entered into by the Seller for the performance of any part of the work under this purchase order.

7. WARRANTY

(a) Seller warrants that it is and shall remain free of any obligation or restriction which would interfere or be inconsistent with or present a conflict of interest concerning the Work to be furnished by Seller under this purchase order.

(b) Seller warrants that it will perform the services under this purchase order with the degree of high professional skill and sound practices and judgment which is normally exercised by recognized professional firms with respect to services of a similar nature.

(c) Seller warrants that all Work furnished pursuant to this purchase order shall strictly conform to applicable specifications, drawings, samples, descriptions, and other requirements of this purchase order and be free from defects in design, material, and workmanship. This warranty shall begin upon final acceptance and extend for a period of one (1) year. If any non-conforming Work is identified within the warranty period, Seller, at Buyer’s option, shall promptly repair, replace, or reperform the Work. Transportation of replacement Work, return of non-conforming Work, and re-performance of Work shall be at Seller’s expense. If repair, or replacement, or reperformance of Work is not timely, Buyer may elect to return, reperform, repair, replace, or reprocure the Work at Seller’s expense. All warranties shall run to Buyer and its customers.

8. INDEMNIFICATION: Seller shall indemnify, defend, and hold harmless Buyer and Buyer’s Affiliates, shareholders, directors, officers, employees, contractors, agents and other representatives (the “Buyer Indemnitees”) from all demands, claims, actions, causes of action, proceedings, suits, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses (including fees and disbursements of counsel) of every kind asserted by third parties (each a “Claim,” and, collectively “Claims”) asserted against Customer Indemnitees based upon: a) Personal Injury (including, death) or property damage to the extent any of the foregoing is proximately caused either by Seller’s manufacturing processes, or by the negligent or willful acts of Seller or its officers, employees, subcontractors or agents; or b) Intellectual Property Infringement.

9. COMPLIANCE WITH LAWS: Seller shall, in the performance of work or services under this purchase order, fully comply with all applicable federal, state, or local laws, rules, regulations, or ordinances, including but not limited to the U.S. Foreign Corrupt Practices Act (“FCPA”).

10. BADGES AND PLANT SECURITY: If this purchase order requires Seller’s personnel to enter Buyer’s or Buyer’s customer’s premises, Seller agrees to abide by and comply with, and require its Employees to abide by and comply with, such rules and regulations pertaining to plant security as may be prescribed by Buyer and/or the Buyer’s Customer.

11. CONFLICT OF INTEREST: Seller warrants that no conflict of interest exists between the Services and Products to be provided under this purchase order and Seller’s other activities. Seller shall immediately advise Buyer of any such conflict of interest or potential conflict of interest which arises during performance of this purchase order.

12. INSURANCE: Buyer, at its option, may require Seller to furnish evidence of insurance reasonably satisfactory to Buyer covering the liabilities provided under this section but no acceptance of such evidence by Buyer shall be deemed a waiver or release of such liabilities. Seller shall maintain the following insurances: (1) Worker’s or Workmen’s Compensation Insurance within statutory
limits and in accordance with the law of the relevant state, including All State and Voluntary Compensation endorsement; (2) Employer’s Liability Insurance with a limit of $1,000,000; (3) Comprehensive General Liability Insurance, including (I) Operations and Premises Liability (with elevator liability), (ii) Contractor’s Protective Liability, (iii) Completed Operations and Product Liability (maintained in effect for a period of five years after the date of final payment), (iv) Personal Injury Liability, (v) Contractual Liability, and (vi) Broad Form Property Damage Liability (including for completed operations), on an occurrence basis in an amount of a combined single limit of not less than $1,000,000 per occurrence; and (4) Comprehensive Automobile Liability Insurance, including (I) personal injury and (ii) property damage, to cover (a) owned automobiles, (b) automobiles under long-term lease, (c) hired automobiles, (d) employer’s non-ownership liability, (e) medical payments, and uninsured motorists, in the amount of a combined single limit of not less than $1,000,000 per occurrence.

Such insurance coverage as is required under this purchase order shall be in a form and with insurance carriers satisfactory to Buyer and without additional cost to Buyer as a price adjustment, unless otherwise expressly provided for elsewhere within this purchase order. Such insurance shall protect (I) Seller, (ii) Buyer, (iii) any other party expressly designated by Buyer elsewhere within this purchase order, from claims that arise out of or result from operations by (I) Seller under this purchase order, or (ii) any lower-tier purchase order(s) of Seller, or (iii) anyone directly or indirectly employed by any of them, or (iv) anyone for whose acts any of them may be liable.

As evidence of said coverage, Seller shall forward certificates of insurance, or copies of insurance policies, to Buyer, which instruments shall contain a provisions requiring notification of Buyer in writing of any cancellation, nonrenewal of said coverage, or material change not less than thirty days before its affectivity.

13. REMEDIES: Each of the rights and remedies reserved by Buyer in this purchase order shall be cumulative and additional to any other or further remedies provided in law or equity or in this purchase order. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach.

14. GOVERNING LAW AND JURISDICTION: This purchase order, and the acceptance thereof, shall be a contract made in the state of California, and shall be governed by and construed according to the laws thereof if to be wholly performed within such state, without regard to its conflicts of law principles. The parties specifically exclude from application to this Agreement the United Nations Convention on Contracts for the International Sale of Goods. The sole and exclusive forum for litigation permitted under this Agreement will be the state or federal courts within the geographic bounds of the United States District Court for the Central District of California, U.S.A (the “Courts”), and each Party irrevocably submits to the jurisdiction of the Courts for the litigation of such Disputes, and irrevocably waives and agrees not to assert any claim or defense that the Party is not subject to the jurisdiction of the Courts, that the Courts are an inconvenient forum or an improper venue. Each Party shall bear their own attorneys’ fees and costs expended in connection with dispute resolution.

15. TERMINATION FOR CONVENIENCE: Buyer may at any time terminate this purchase order in whole or in part for its convenience upon written notice to Seller, in which event Seller shall be entitled to reasonable termination charges consisting of a percentage of the purchase order price reflecting the percentage of the work performed prior to termination, plus any reasonably incurred settlement expenses as may be approved by Buyer in writing.

16. CHANGES: Buyer may at any time, by a written purchase order, make changes within the general scope of this purchase order for compliance by Seller.

If any such change causes an increase or decrease in the cost of or the time required for the performance of any part of the work under this purchase order (whether or not changed by such written purchase order), an equitable adjustment shall be made in the purchase order price or delivery schedule and period of performance, or both, and the purchase order shall be modified in writing accordingly. Any claim by Seller for equitable adjustment under this clause shall be asserted within 20 days from the date of receipt by Seller of the notification of change.

17. STOP-WORK PURCHASE ORDER: The Buyer may, at any time, by written purchase order to the Seller, require the Seller to stop all, or any part, of the work called for by this purchase order for the purpose of making an equitable adjustment. Such adjustment shall be made within 90 days after the time required for, or in the Seller’s cost properly allocable to, the performance of any part of this purchase order; and the Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the purchase order during the period of work stoppage. Within a period of 90 days after a stop-work purchase order is delivered to the Seller, or within any extension of that period to which the parties shall have agreed, the Buyer shall either (1) cancel the stop-work purchase order; or (2) terminate the work covered by the stop-work purchase order as provided for in Clause No. 15 of this purchase order.

If a stop-work purchase order issued under this clause is canceled or the period of that purchase order or any extension thereof expires, the Seller shall resume work. The Buyer shall make an equitable adjustment in the delivery schedule or contract price, or both, and the purchase order shall be modified in writing accordingly if (1) the stop-work purchase order results in an increase in the time required for, or in the Seller’s cost properly allocable to, the performance of any part of this purchase order; and (2) the Seller asserts its rights to the adjustment within 20 days after the end of the period of work stoppage.

If a stop-work purchase order is not canceled and the work covered by the stop-work purchase order is terminated for the convenience of the Buyer, the Buyer shall allow reasonable costs resulting from the stop-work purchase order in arriving at the termination settlement. If a stop-work purchase order is not canceled and the work covered by the purchase order is terminated for default, the Buyer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work purchase order.

18. LIMITATION OF BUYER’S LIABILITY/STATUTE OF LIMITATIONS: In no event shall Buyer be liable for anticipated profits or for special, incidental or consequential damages. Buyer’s liability on any claim of any kind for any loss or damage arising out of or connected with or resulting from this purchase order or from the performance or breach thereof shall, in no case, exceed the price allocable to the goods or services or unit thereof which gives rise to the claim. Buyer shall not be liable for penalties of any description. Any action resulting from any breach on the part of Buyer as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.
19. CITIZENSHIP OR AUTHORIZED FOREIGN NATIONAL REQUIREMENTS: (Clause may be invoked in writing by Buyer (i) at any time/s within performance of this purchase order, and (ii) without adjustment of any terms and conditions of this purchase order.) Persons assigned under this purchase order to work in any of Buyer’s facilities need to have original documents sufficient to establish identify, and citizenship or authorized immigration status, and to present them upon initially reporting to work and when requested thereafter. For those individuals who are not U.S. citizens, one of the following must be provided:
(1) Alien Registration Receipt Card (INS Form I-151) with photograph; (2) Resident Alien Card (INS Form I-551) with photograph; (3) Temporary Resident Card (INS Form I-688); (4) Employment Authorization Card (INS Form I-688-A); (5) Declaration of Intent to Become a Citizen (INS Form I-772); Unexpired Foreign Passport with either – (a) An unexpired stamp reading “Processed for I-551, Temporary Entry/Exit Visa” or “Admission for Permanent Residence, Valid until (date inserted). Employment authorized” or (b) An attached Form I-94, bearing the same name as the passport, which contains a current employment authorization stamp, so long as the proposed employment does not conflict with any restrictions/limitations on the I-94; (6) Employment Authorization Document (INS Form I-688-B); or (7) Employment Authorization Document (INS Form I-766).

20. TERMINATION FOR DEFAULT: Buyer may forthwith terminate this purchase order in whole or in part for default in the event of the occurrence of any of the following: (1)(i) Insolvency of the Seller; Seller shall be deemed to be insolvent if it has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, whether it has committed an act of bankruptcy or not and whether insolvent within the meaning of the Federal Bankruptcy Act or not; (ii) the filing of a voluntary petition to have Seller declared bankrupt; (iii) the appointment of a receiver or trustee for Seller; or (iv) the execution by Seller of an assignment for the benefit of creditors. (2) Failure of Seller per the terms of this purchase order to – (i) deliver the supplies or perform the services within the time specified in this purchase order to any authorized extension, (ii) make progress so as to endanger the performance of this purchase order, or (iii) perform to any other substantive provisions of this purchase order. The Seller shall diligently proceed with performance of any purchase order work not terminated.

21. INTELLECTUAL PROPERTY:
(a) Seller assigns, conveys and transfers to Buyer without any further consideration each and every invention, discovery, improvement, mask work, and patent relating to the Work, conceived, developed, or generated in performance of this purchase order, and upon request shall execute any required papers and furnish all reasonable assistance to Buyer to vest all right, title and interest in such inventions, discoveries, improvements, mask works, and patents in Buyer.
(b) All data, copyrights, reports, and other information or materials and derivative works thereof; and works of authorship developed in the performance of this purchase order shall be the sole property of Buyer, shall be used by Seller solely in work for Buyer under this purchase order. To the extent that any of the Work may not, by operation of law, be works for hire, Seller hereby assigns to Buyer the ownership of copyright in the Work and Seller shall be held void, illegal, enforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this purchase order, the validity of the remaining portions of these provisions shall not be affected thereby.

22. DISPUTES:
(a) Good Faith Negotiations. If any dispute arises under this purchase order, the aggrieved party shall give written notice of the dispute to the other party. The parties shall seek to resolve by promptly negotiating with the other party in good faith. The negotiation shall be conducted by representatives authorized to bind the respective party by his or her decisions.
(b) Mediation. If the parties do not resolve the dispute within twenty (20) days following the notice of dispute, the parties shall endeavor to resolve the dispute by mediation under the applicable rules of a reputable U.S. based mediation organization (e.g. JAMS, Endispute) located in Los Angeles County, California. Such mediation shall be scheduled to last two days unless the parties otherwise agree in writing.
(c) Binding Arbitration. If the parties do not resolve the dispute by mediation, the dispute shall be settled by binding arbitration before a single arbitrator conducted on a confidential basis and pursuant to the rules of the American Arbitration Association. Such arbitration will be conducted in Los Angeles, California.
(d) Legal Fees. In any dispute arising out of this purchase order, each party will be responsible for its costs and expenses incurred, except that the costs and fees imposed by an arbitrator for the arbitrator’s expenses shall be borne equally by the parties.
(e) Equitable Relief. Neither party shall be precluded hereby from securing equitable remedies in courts of jurisdiction, including, but not limited to, temporary restraining purchase orders and preliminary injunctions to protect its rights and interests but such remedies shall not be sought as a means to avoid or stay mediation or arbitration.
(f) Until final resolution of any dispute hereunder, Seller shall diligently proceed with the performance of this Contract as directed by AV.

23. WAIVER: The failure of a party to exercise any right, power or remedy under this purchase order shall not be deemed a waiver of such right, power, or remedy, and shall not modify the terms of this purchase order or waive any similar default.

24. SEVERABILITY OF CLAUSES: a) If any part, term or provision of the purchase order shall be held void, illegal, enforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this purchase order, the validity of the remaining portions of these provisions shall not be affected thereby.
25. SURVIVABILITY
Upon termination or expiration of this purchase order, only those obligations that are still executor on both sides will be discharged. All other obligations and rights (including payment for goods and services provided), and all remedies for prior breaches of this purchase order, shall survive.

26. RELATIONSHIP OF THE PARTIES
The relationship of Seller to Buyer shall be that of an independent contractor and nothing herein contained shall be construed as creating any employer/employee, agency, or other relationship of any kind. Seller’s employees, agents or representatives (hereinafter “Employees”) performing Services under this Order shall at all times be under Seller’s direction and control. Seller shall pay all wages, salaries, and other amounts due its Employees in connection with this Order and shall be responsible for all reports and obligations for its Employees, including, but not limited to, social security and income tax withholdings, unemployment compensation, worker’s compensation, and equal employment opportunity reporting.

27. SELLER’S EMPLOYEES
All personnel assigned by Seller to perform the Services to be furnished hereunder shall be capable, skilled, qualified and competent to perform such Services. Buyer may require Seller to remove from Buyer’s or customer’s premises any employee, agent, or representative of Seller, or any of its subcontractors, Buyer deems incompetent, careless or negligent.

28. ASSIGNMENT
This purchase order or any interest therein, including any claims for monies due or to become due with respect thereto, may only be assigned upon the written consent of Buyer.

29. PRECEDENCE
Any inconsistencies in this purchase order shall be resolved in accordance with the following descending order of precedence: (1) Face of the Purchase Order and/or Task Order, release document, or schedule, (including any continuation sheets), as applicable, including any special terms and conditions; (2) these Terms and Conditions and (3) the Statement of Work.

30. EXCUSABLE DELAY
Neither party shall be responsible to the other party for any delay in performing its obligations under this purchase order due to any events of force majeure, except as otherwise provided for within this clause. Force majeure means any act of God, war, act or failure to act of any government in its sovereign capacity, fire, flood, earthquake, strike, epidemic, quarantine, embargo, nuclear incident, or any other act beyond reasonable control and without the fault of either party or its subcontractors. The party whose performance of obligations hereunder has been affected by any events of force majeure shall notify the other party within five calendar days thereafter by sending a detailed statement and sufficient evidence with respect thereto, and shall likewise notify promptly of any subsequent change in the circumstances. The affected party shall exercise its best efforts under the circumstances to remove or remedy the events of force majeure and the effects thereof and resume full performance hereof as soon as possible.

31. ENTIRE AGREEMENT
Except when issued to carry out a written contract between the parties, this purchase order constitutes the entire agreement of sale and purchase of the goods and services identified herein, and is expressly limited to and made conditional upon the acceptance of all the terms and conditions. No amendment or modification of this purchase order shall be binding upon either party unless it is set forth in a written instrument signed by authorized representatives of both Buyer and Seller. The rights and remedies afforded to either party pursuant to any part or provision of this purchase order are in addition to any other rights and remedies afforded by other parts or provisions of this purchase order, by law, or otherwise.

32. BASIC SAFEGUARDING OF COVERED CONTRACTOR INFORMATION SYSTEMS
The terms of FAR 52-204.21 and DFAR 252-204.7012 are incorporated herein by reference as if fully set forth herein whenever any Controlled Unclassified Information (CUI) is provided and/or involved in the performance of this purchase order, including but not limited to when CUI is processed, stored, and/or transits through an Unclassified Information System owned or operated by or for the Seller. The FAR and DFAR provisions referenced in this Clause 32 shall not apply to the purchase of commercially available off-the-shelf (COTS) items.