

**Purchase Order Terms and Conditions**

**Buyer hereby buys and Seller hereby sells those goods and services set forth on the face hereof subject to the terms and conditions set forth thereon, together with the additional terms and conditions set forth below. Terms "purchase order" and "subcontract" are synonymous herein; except where a purposeful distinction is made clear.**

**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. PACKING LIST:** A packing list shall accompany each shipment of goods and, if such shipment completes the purchase order, shall show thereon: "This shipment completes this order."

**C. PACKAGING AND INSURANCE:** No extra charge for packaging or insurance shall be allowed unless specifically noted herein. Goods shall (i) be packaged to ensure safe arrival at destination, (ii) be described to conform to carrier's classification rules so as to obtain lowest transportation cost, and (iii) not be insured nor show declared value for shipment beyond FOB point.

**D. INVOICES (OR VOUCHERS):** The purchase order will show on its face whether or not invoices are required. When required, invoices are submitted to Northrop Grumman Systems Corporation Accounts Payable, at the address shown on the face hereof. Where Seller is under Electronic Receipts Settlement (ERS) agreement, no invoice is required, and payment process commences upon receipt of items.

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

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**CLAUSE NO. 1 – SELLER ACCEPTANCE:** This purchase order is to be accepted in writing by Seller. If, however, for any reason Seller should fail to accept in writing, any conduct by Seller which recognizes the existence of a contract pertaining to the subject matter hereof shall constitute acceptance by Seller of this purchase order and all of its terms and conditions.

Any terms proposed in Seller's acceptance of Buyer's offer which add to, vary from, or conflict with the terms of this purchase order 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 Buyer.

If this purchase order has been issued by Buyer in response to an offer, and if any of the terms of this purchase order 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.

**CLAUSE NO. 2 – DELIVERY:** Time is of the essence in the performance of this purchase order by Seller. Delivery is to be made both in quantities and at times specified herein. If Seller's delivery shall fail to meet schedule, Buyer, without limiting its other rights or remedies, may

direct expedited routing, and any excess cost incurred thereby shall be debited to Seller's account. Buyer shall not be liable for Seller's commitments or production arrangements in excess of the amount, or in advance of the time, necessary to meet Buyer's delivery schedule. Goods delivered in advance of schedule may, at Buyer's option, (i) be returned at Seller's expense for proper delivery, (ii) have payment therefore withheld by Buyer until the date that goods are actually scheduled for delivery, or (iii) be placed in storage for Seller's account until delivery date specified herein.

**CLAUSE NO. 3 – INSPECTION AND TEST:** All goods ordered hereunder shall be subject to inspection and test by Buyer to the extent practicable at all times and places, including the period of manufacture if the goods are to be specifically manufactured for Buyer in accordance with drawings, designs, or specifications furnished by Buyer, and in any event prior to acceptance. Such goods shall be subject to final inspection and to acceptance by Buyer after delivery to Buyer.

If the goods ordered herein do not meet the specifications or otherwise do not conform to the requirements of this purchase order, Buyer shall have the right to reject such goods. Goods that have been delivered and rejected may be returned to Seller for replacement, correction, reimbursement, or credit as Buyer may direct. If, after notice, Seller fails to promptly replace or correct such rejected items, same may be replaced or corrected (without thereby exercising wrongful ownership) by Buyer at the expense of Seller. Any goods rejected by Buyer shall be at Seller's risk and expense, and such goods shall not thereafter be tendered for acceptance unless the former rejection or requirement for correction is disclosed. Packaging and handling expense incidental thereto and applicable transportation cost shall be charged to Seller's account. Upon non-acceptance, repudiation or rejection of any goods, Buyer shall not be liable for any profit Seller would have made, nor for incidental damages.

If the goods are to specifically manufactured for Buyer in accordance with drawings, designs, or specifications furnished by Buyer: (1) Seller shall provide and maintain an inspection and quality control system acceptable to Buyer and provide access to Seller's facilities at all reasonable times for inspection by Buyer's agents or employees, and shall provide all tools, facilities, and assistance reasonably necessary for inspection relating to the performance of this purchase order; and (2) Seller shall maintain adequate and authenticated inspection and test documents which relate to work performed under this purchase order for a period of three years after completion of this purchase order or as otherwise specified in this purchase order, and shall make such records available to Buyer upon request; and (3) Seller shall supply Buyer with inspection and test reports, affidavits, certifications, or any other documents as may reasonably be requested by Buyer.

Such inspection and test may be performed by U.S. Government representatives on behalf of Buyer.

**CLAUSE NO. 4 – WARRANTIES:** Seller expressly warrants that all items delivered hereunder shall be free from defects and of good materials and workmanship and shall conform to applicable specifications, drawings,

samples, and performance specifications whether set forth in this purchase order or in Seller's sales literature. In the event of a conflict between the terms of this purchase order and such sales literature, the terms of this purchase order shall prevail.

Said warranties shall not be deemed to limit any warranties of additional scope given to Buyer by Seller, nor to limit Buyer's rights or Seller's obligations under any other provision of this purchase order, at law or in equity. No warranties are waived by Buyer by reason of supplying plans, specifications, or data or inspecting or accepting the goods. When Buyer furnishes specifications to Seller, Seller shall immediately notify Buyer of any infringement claim and Buyer may defend or negotiate the disposition of any such claim. Items repaired or replaced pursuant to this clause by Seller shall, unless otherwise provided herein, be subjected by the Seller to the same qualification or acceptance test as applicable to the item(s) at the time of the original delivery to Buyer. The foregoing warranties shall survive inspection and acceptance of and payment for the items delivered hereunder and shall run to Buyer, its successors, assigns, and customers.

**CLAUSE NO. 5 – DRAWINGS AND SPECIFICATION REVIEW:** If, during the term of this purchase order, Buyer representatives review drawings, specifications, or other data developed by Seller in connection with this purchase order and make suggestions or comments or approve such documents and data, such action is only an expression of opinion by Buyer and shall not serve to relieve Seller of any responsibility for the reliability, quality, rate of output, cost, delivery, performance, or any other requirements of this purchase order.

**CLAUSE NO. 6 – INFORMATION OF BUYER AND SELLER:**

- a. Unless expressly stated otherwise herein, the exchange of information under this Agreement shall be governed by this purchase order and, in particular this Clause 6, which supersedes any prior agreement between Buyer and Seller to protect information relating to the purpose of this purchase order.
- b. Seller shall keep confidential all information, drawings, specifications, or data and return, upon request, all documents furnished by Buyer and shall not divulge or use such information, drawings, specifications or data for the benefit of any other party. Except as required for the efficient performance of this purchase order, Seller shall not make copies or permit copies to be made without the prior written consent of Buyer. Seller shall make no use, either directly or indirectly, of any such data or any information derived therefrom, except in performing this purchase order, without obtaining Buyer's written consent.
- c. Seller agrees that all information heretofore or hereafter furnished or disclosed to Buyer by Seller in connection with the placing or performance of this purchase order is furnished or disclosed as a part of the consideration for this purchase order; that such information is not, unless otherwise agreed to by Buyer in writing, to be treated as confidential or proprietary; and 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 and Seller shall not place any restrictive markings on such information. Any agreement purporting to provide for the confidential treatment of, or limiting the use of or disclosure of, information so furnished or disclosed, must be in writing and signed by Buyer.
- d. If this purchase order is issued under a U.S. Government contract, subsections b. and c. above shall be deemed deleted and this clause d. shall apply. Each Party agrees to keep confidential and not to disclose to any other person (unless permitted below or elsewhere in this purchase order) any Proprietary Information received from the other Party in connection with this purchase order. Proprietary Information shall be all information exchanged under this purchase order in written or other permanent form which is clearly and conspicuously marked as being proprietary using an appropriate legend. Proprietary Information shall also include information originally disclosed in some other form (e.g., orally or visually) to the extent that the disclosing Party:
1. Identifies the information as proprietary at the time of original disclosure;
  2. Summarizes the Proprietary Information in writing;
  3. Marks the writing clearly and conspicuously with an appropriate proprietary legend;
  - and 4. Delivers the writing to the receiving party within thirty (30) days of the original disclosure.
- The foregoing limitation on disclosure and use shall not apply to data or information which (i) was in the rightful possession of a receiving Party without restriction, prior to the first receipt from the disclosing Party; or (ii) now or hereafter, through no act or failure to act on the part of a receiving Party, becomes generally known and available to the public without restriction; or (iii) is hereafter disclosed and made available to a receiving Party without restriction by others having the right to make such disclosure.
- e. If this purchase order is issued under a U.S. Government contract, Seller agrees to use Buyer's Proprietary Information only for purposes necessary for performing this purchase order, without first obtaining Buyer's written authorization. Seller further hereby grants to Buyer a non-exclusive, irrevocable, worldwide, right and license to copy, modify, use and disclose to the U.S. Government or any higher tier contractor, any information received from Seller, including Proprietary Information, for the performance of this purchase order and any higher tier contract from which this purchase order is issued.
- f. All documents and other tangible media (excluding Products) transferred in connection with this purchase order, together with any copies thereof, are and remain the property of Buyer.

- g. Neither the existence of this purchase order nor the disclosure hereunder of Proprietary Information or any other information shall be construed as granting expressly, by implication, by estoppel or otherwise, a license under any invention or patent now or hereafter owned or controlled by Buyer or Buyer's customer, except as specifically set forth herein.
- h. Seller's obligations with respect to information or data disclosed hereunder prior to the performance in full, termination or cancellation of this purchase order shall not, except as expressly set forth herein, be affected by such performance in full, termination, or cancellation.

Notwithstanding, the foregoing, nothing in this clause is intended to affect the rights or exercise of rights, if any, obtained by the U.S. Government under the "Rights in Technical Data" clause DFARS 252.227-7013 and "Rights in Computer Software" clause DFARS 252.227-7014, or any similar or successor clauses, or other clauses that may be contained in any contracts, subcontracts or purchase orders between Buyer and Seller and any customer.

**CLAUSE NO. 7 – 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.

**CLAUSE NO. 8 – 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. Except as provided by law, Seller shall, not disclose any details in connection with this purchase order to any party.

**CLAUSE NO. 9 – TOOLING AND OTHER ARTICLES:**

Unless otherwise specified in this purchase order, all tooling and all other articles required for the performance hereof shall be furnished by Seller and shall be properly maintained and replaced when necessary at Seller's expense.

If Buyer agrees to pay Seller for such tooling and other articles, either separately or as a stated part of the unit price of goods purchased herein, title to same shall pass to Buyer upon (i) commencement of processing for use in performance of this purchase order, or (ii) Buyer payment therefore, whichever occurs first.

Any such tooling and other articles which are Buyer's property shall be used only in the performance of this purchase order unless otherwise provided in writing by Buyer. Seller agrees to follow normal industrial practice in the preparation and maintenance of pertinent property control records, and shall make such records available for inspection by Buyer at all reasonable times. After completion or termination of this purchase order and upon the request of Buyer, Seller shall furnish a list of such Buyer's property in the form requested by Buyer and shall make such available for disposition by Buyer. Buyer may, at its sole discretion and by written notice, divest itself of title in favor of Seller.

**CLAUSE NO. 10 – EXPORT RELATED REQUIREMENTS:**

- a. Export Compliance. Subcontractor is advised that its performance of this Subcontract 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 768 – 799 (Export Administration Regulations) and their successor and supplemental laws and regulations (collectively hereinafter referred to as the "Export Laws and Regulations"). Subcontractor 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. Subcontractor shall comply with any and all Export Laws and Regulations, and any license(s) issued thereunder.
- b. Foreign Personnel. Subcontractor shall not give any Foreign Person access to Technical Data, software or Defense Articles, or provide an unauthorized Defense Service 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 Northrop Grumman Systems Corporation in response to Subcontractor's request under this paragraph b shall relieve Subcontractor 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 Subcontractor to violate any provision of the Export Laws and Regulations.

- c. Indemnification. Subcontractor shall indemnify and save harmless Northrop Grumman Systems Corporation 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 Subcontractor's failure to comply with the provisions of this Clause No. 10 and breach of the warranty set forth in paragraph a. Any failure of Subcontractor to comply with the requirements or any breach of the warranty contained in this Clause No. 10 shall be a material breach of this Subcontract.
- d. Subcontracts. The substance of this Clause No. 10 shall be incorporated into any subcontract entered into by the Subcontractor for the performance of any part of the work under this Subcontract.

**CLAUSE NO. 11 – INDEMNIFICATION:** Seller shall take all necessary precautions to prevent the occurrence of any injury (including causing death) of any persons, or of any damage to any property, arising out of acts or omissions of such agents, employees, or subcontractors; and, except to the extent that any such injury or damage is due directly and solely to Buyer's negligence, Seller shall indemnify, defend, and hold Buyer, its officers, employees, and agents, harmless from any and all costs, losses, expense, damages, claims, suit, or any liability whatsoever, including attorney's fees, arising out of any act or omission of Seller, its agents, employees, or subcontractors. See Clause No. 19 below with respect to certain insurance requirements.

**CLAUSE NO. 12 – BUYER'S PROPERTY:** Title to all property furnished to Seller by Buyer or paid for by Buyer shall remain with Buyer. Seller shall not alter or use such property for any purpose or for any other party other than that specified by Buyer, without the prior written consent of Buyer. Seller shall keep adequate records, which shall be made available to Buyer upon request, and shall store, protect, preserve, repair, and maintain such property in accordance with sound industrial practice, all at Seller's expense.

In the event that Buyer's property becomes lost or damaged to any extent for any cause while in Seller's possession, Seller agree to replace or repair such property, at Seller's expense, in accordance with Buyer's request. At the completion or any termination of the work for the goods or services for which Buyer's property was required, Seller shall request disposition instructions for all such property, or the remainder thereof, whether in its original form or in semi-processed form. Seller shall make such property available to Buyer per Buyer's request, including preparation, packaging, and shipping as directed. Expense for preparation for shipment shall be for Seller's account and shipment shall be made FOB Seller's plant. Buyer may, at its sole discretion and by written notice, divest itself of title in favor of Seller.

**CLAUSE NO. 13 – 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.

**CLAUSE NO. 14 – TAXES:** Seller's prices shall include all federal, state or local excise taxes levied upon, or measured by, the sale, the sales price, or use of goods required in the performance of this purchase order. Seller shall list separately on its invoice (or voucher) any such tax lawfully applicable to any such goods, and payable by Buyer, with respect to which Buyer does not furnish to Seller lawful evidence of exemption. Use or sales taxes for which Buyer has furnished a valid exemption certificate or a direct pay permit shall not be included. Seller shall comply with any reasonable request by Buyer regarding payments under protest, and regarding any refunds, claims, litigation, or proceedings with respect to any such taxes and shall make appropriate adjustments to afford Buyer the benefit of any refund or reduction in such taxes.

**CLAUSE NO. 15 – 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.

**CLAUSE NO. 16 – 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. Any payment to any assignee of any claim under this purchase order, in consequence of such consent, shall be subject to set-off, recoupment, or other reduction for any claim that Buyer may have against Seller.

**CLAUSE NO. 17 – NOTICE OF LABOR DISPUTES:** Whenever Seller has knowledge that any actual or potential labor dispute is delaying, or threatens to delay, the timely performance of this purchase order, Seller shall immediately give written notice thereof, including all relevant information with respect thereto, to Buyer. Seller shall insert the substance of this clause, including this sentence, in any subcontract hereunder.

**CLAUSE NO. 18 – GOVERNING LAW:** This purchase order, and the acceptance thereof, shall be a contract made in the state of Buyer's office address as shown on the face of this purchase order, and shall be governed by and construed according to the laws thereof if to be wholly performed within such state.

**CLAUSE NO. 19 – INSURANCE:** Seller shall maintain the following insurances: (1) Worker's or Workmen's Compensation Insurance within statutory limits as required by the laws of the state in which the work is performed and such insurance shall provide waiver of subrogation against Buyer,

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) Completed Operations and Product Liability (maintained in effect for a period of five years after the date of final payment), (iii) Personal Injury Liability, (iv) Contractual Liability, and (v) 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 \$2,000,000 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 \$2,000,000 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 subcontractor(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.

Seller shall have all liability insurance required under this purchase order amended or endorsed to name Buyer as an additional insured and to indicate that, with respect to the additional insured, there shall be severability of interest. As evidence of said coverage, Seller shall forward certificates of insurance, or copies of insurance policies, to Buyer, which instruments shall contain a provision requiring notification of Buyer in writing of any cancellation or non-renewal of said coverage not less than thirty days before its effectively.

If Seller fails to purchase or maintain liability insurance required under this purchase order, Buyer may, but is not obligated to, purchase such insurance on Seller's behalf and shall be entitled to be repaid for any premiums paid therefor by Buyer.

**CLAUSE NO. 20 – EXCUSABLE DELAY – FORCE MAJEURE:** 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.

**CLAUSE NO. 21 – 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.

**CLAUSE NO. 22 – INTELLECTUAL PROPERTY RIGHTS:** Seller as part consideration for this purchase order and without further cost to Buyer hereby grants and agrees to grant to Buyer and its customers an irrevocable, non-exclusive, royalty-free right to license to use, sell, manufacture and cause to be manufactured products embodying any and all inventions and discoveries made, conceived or actually reduced to practice in connection with Seller's performance of this purchase order and Seller hereby grants to Buyer a license to repair, rebuild or relocate and to have repaired, rebuilt or relocated the Products purchased by Buyer under this purchase order.

**CLAUSE NO. 23 – CLAUSE MODIFICATION REQUIRED BY BUYER'S CUSTOMER:** Seller agrees to incorporate into this purchase order any revised clause or additional clause as Buyer may reasonably deem necessary to enable Buyer to comply with the provisions of the higher-tier contract and any modifications thereto. If any such revised clause or additional clause causes any increase or decrease in the cost of or time required for performance of the purchase order work, an equitable adjustment shall be made in accordance with the procedures of the Changes clause hereof.

**CLAUSE NO. 24 – CHANGES:** Buyer may at any time, by a written order, make changes within the general scope of this purchase order for compliance by Seller, in any one or more of the following: (i) drawings, designs, or specifications, where the supplies or services to be furnished are to be specifically manufactured or produced for Buyer in accordance therewith; (ii) method of shipment or packing; (iii) place of delivery; and (iv) delivery schedule and period of performance of work.

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 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.

**CLAUSE NO. 25 – STOP-WORK ORDER:** The Buyer may, at any time, by written order to the Seller, require the Seller to stop all, or any part, of the work called for by this purchase order for a period of 90 days after the written order is delivered to the Seller, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the stop-work order, 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 order during the period of work stoppage. Within a period of 90 days after a stop-work 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 order; or (2) terminate the work covered by the stop-work order as provided for in Clause No. 21 and Clause No. 29 of this purchase order.

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

**CLAUSE NO. 26 – 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. Any additional or different terms and conditions contained in any prior quotation or that may be contained in any acknowledgment of this purchase order shall be deemed objected to by Buyer without further notice of objection and shall be of no effect nor under any circumstances be binding upon Buyer. Seller shall be deemed to have assented to all terms and conditions of this purchase order if any of the goods are shipped or services provided to Buyer.

**CLAUSE NO. 27 – LIMITATION OF BUYER'S LIABILITY/ STATUTE OF LIMITATIONS:** In no event shall Buyer be liable for anticipated profits or for 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.

**CLAUSE NO. 28 – 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 or 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.

**CLAUSE NO. 29 – DPAS PARTICULARS:** (Clause is applicable only if Defense Priorities and Allocations System DO or DX rating is set forth elsewhere within this purchase order.)

*Priority scheduling of production and delivery:* Contractors and suppliers receiving DPAS-rated orders shall give the rated orders priority over other contracts as needed to meet delivery requirements (15 CFR 700.14).

*Priority ratings and symbols:* A priority rating consists of the appropriate DO or DX rating symbol and a program identification symbol to indicate the authorized program [e.g., DO-A7]. All DO rated orders have equal priority with each other and take preference over unrated orders. All DX rated orders have equal priority with each other, unless accompanying instructions otherwise provide [a rarity], and take preference over DO rated and unrated orders.

*Exclusionary criteria:* The contractor [Northrop Grumman Systems Corporation] is not required to place a priority rating on any PO/SC for less than \$50,000, provided that delivery can be obtained in a timely fashion without the use of the priority rating (15 CFR Part 700.17).

*Mandatory acceptance or rejection of rated orders:* A rated order shall be accepted by a contractor or supplier unless rejected for the reasons provided for mandatory rejection in 15 CFR 700.13(b), or for optional rejection in 15 CFR 700.13(c). A supplier must accept or reject a rated order in writing within 15 working days after receipt of a DO rated order and within 10 working days after receipt of a DX rated order. The supplier must give sanctioned reasons in writing for the rejection (15 CFR 700.13).

*Mandatory extension of priority ratings throughout the acquisition chain:* Contractors and suppliers receiving rated orders shall extend priority ratings to subcontractors or vendors when acquiring items to fill the rated orders [optional under \$50,000, provided that delivery can be obtained in a timely fashion without the use of the priority rating] (15 CFR 700.15).

*Penalty for willful violation.* Under the Defense Production Act, any willful violation of the Act, the DPAS, or any official action taken by the Department of Commerce under the DPAS, is a crime punishable by a maximum fine of \$10,000, one year in prison, or both (15 CFR 700.70 and 15 CFR 700.74).

**CLAUSE NO. 30 – CITIZENSHIP OR AUTHORIZED FOREIGN NATIONAL REQUIREMENT:** (Clause may be invoked in writing by Buyer (i) at any times within performance of this purchase order, and (ii) without adjustment of any terms and conditions of this purchase order.) Persons assigned under this 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-661, Temporary Evidence of Lawful Admission for permanent residence. Valid until (with 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).

**CLAUSE NO. 31 – CERTIFIED SCREENING FOR ALCOHOL AND DRUG ABUSE:** (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.) Seller agrees, and shall certify in writing, that each of its employees and consultants to perform work under this purchase order on the property of the Buyer or its customer shall have passed a generally recognized alcohol and drug abuse test within sixty days (or any other period of time agreed to in writing by the Buyer) preceding the commencement of such work thereby (unless excused in writing by the Buyer).

**CLAUSE NO. 32 – PURCHASE ORDER DELIVERABLES:** Seller agrees and acknowledges that all deliverables, or portions thereof, under this Purchase Order ("Deliverable Materials") may be incorporated into deliverables under the next higher tier or prime contract. Seller hereby grants Buyer the right to deliver the Deliverable Materials or any portion thereof under the next higher tier or prime contract. Seller further hereby agrees to deliver the Deliverable Materials under this Subcontract with the appropriate markings required by the government regulations incorporated into this Purchase Order.

**CLAUSE NO. 33 – DISPUTES:**

- a. Any dispute that may arise under or in connection with this purchase order with respect to the rights, duties, or obligations of the Parties shall be submitted in writing for resolution to ascending levels of management of the respective Parties up to the Senior Executive of the Materiel or Procurement organization placing the purchase order, and Seller's equivalent executive level.
- b. If a dispute cannot be resolved to both Parties' mutual satisfaction, after good faith negotiations, within ninety (90) calendar days from the date the written claim is received by the other Party, or such additional time as the Parties agree upon, in writing, either Party may only bring suit in federal or state court in the state from which this purchase order is issued. Seller consents to personal jurisdiction for



this purpose in the forum state from which this purchase order is issued.

- c. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this purchase order, Seller shall proceed diligently, as directed by Buyer, with performance of the purchase order.

To the maximum extent permitted by law, the parties waive any right to a jury trial and agree that such dispute shall be decided by a judge only.

**CLAUSE NO. 34 – RESTRICTIONS ON THE USE OF MANDATORY ARBITRATION AGREEMENTS (DFARS 252.222-706):** (Applicable to all subcontracts, task orders and Purchase Orders at every tier that utilize funds appropriated or otherwise made available by the Fiscal Year 2010 Defense Appropriations Act or subsequent DoD appropriations acts for any contract (including task or delivery orders and bilateral modifications adding new work) in excess of \$1 million except for commercial items and commercially available off-the-shelf items.)

- a. Seller agrees not to –

1. Enter into any agreement with any of its employees or independent contractors that requires, as a condition of employment, that the employee or independent contractor agree to resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention; or
2. Take any action to enforce any provision of an existing agreement with an employee or independent contractor that mandates that the employee or independent contractor resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention.

- b. Seller agrees to flow down, this provision in all subcontracts, task orders and purchase orders at every tier that will be funded with in excess of \$1 million of Fiscal Year 2010 funds, except for those for commercial items, including commercially available off-the-shelf items.

- c. Failure to comply with this provision will be considered a material breach and, at the sole discretion of the Buyer, may result in termination for default or cause.

**CLAUSE NO. 35 – RESERVED**

**CLAUSE NO. 36 – SIMPLIFIED ACQUISITION:** The clauses of this Systems 1A1 standard clause form include (i) the pertinent flow-down clauses of the Terms and Conditions–Simplified Acquisition (Other Than Commercial Items) clause at FAR 52.213-4 [not made a part of the purchase order], and (ii) such other clauses as the Buyer considers to be necessary to establish the reasonableness of price, ensure quality and timely delivery, obtain appropriate patent and data rights, and otherwise meet the

initial and any changed requirements of its customer — as sanctioned. Unless (i) the Seller accepts such clauses in whole, or (ii) the Buyer adjusts such clauses in writing, no purchase order shall be deemed to exist.

**CLAUSE NO. 37 – COMPLIANCE WITH WIRING CODES:** Seller warrants that any electrical powered equipment, machinery and appliances to be delivered to Buyer in performance of this order shall comply with the following: (1) applicable electrical wiring codes of the city, county, and state; and (2) nationally recognized consensus standards, including, but not limited to, National Electrical Codes (NEC), Underwriters Laboratories (UL), National Fire Protection Association (NFPA), and American National Standards Institute (ANSI). Seller also warrants that the work to be performed under this order will be accomplished by qualified workers.

**CLAUSE NO. 38 – COMPLIANCE WITH PROCUREMENT INTEGRITY ACT:** Seller shall fully comply with any and all applicable federal, state and local laws, rules, regulations and ordinances, including, without limitation, section 27 of the Office of Federal Procurement Policy Act (the Procurement Integrity Act), (41 U.S.C. 423) and its implementing regulations. In addition, seller agrees to promptly provide Northrop Grumman any and all information and certifications requested by Northrop Grumman in this regard. Seller agrees to defend, hold harmless and indemnify Northrop Grumman, its officers, employees and agents from and against any and all liability, charges, damages, costs, expenses, investigations, suits and attorney's fees arising out of or in any way relating to seller's failure to comply with this provision.

**CLAUSE NO. 39 – CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT):** (Clause is applicable only to non-domestic suppliers.) Buyer supports the U.S. Customs and Border Protection (CBP) Customs-Trade Partnership Against Terrorism (C-TPAT) program. The C-TPAT program is a joint effort between CBP and the trade community to reduce the threat of terrorism by means of protecting the integrity of cargo imported into the United States. As a seller to Buyer, your support of C-TPAT is critical to the realization of Buyer's objectives and to the cooperative endeavor between U.S. importers and CBP. Buyer requires foreign suppliers of imported goods to scrutinize and, where necessary, develop sufficient security measures within their own supply chain. To the extent that Seller is a foreign supplier of imported goods, it agrees to scrutinize, based on risk, appropriate security measures to be implemented and maintained throughout the supply chain, including out-sourced or contracted elements of the supply chain, such as transportation, conveyance, warehouse, broker, consolidator or other elements. The Seller agrees to work with these business partners to ensure that pertinent security measures are in place and adhered to and, where necessary, develop sufficient security measures within its own supply chain. More information about C-TPAT can be found at [www.cbp.gov](http://www.cbp.gov). In particular, Seller agrees to implement the



C-TPAT Security Guidelines for Manufacturers found at the CBP website.

**CLAUSE NO. 40 – COUNTERFEIT PARTS:** If suspect/counterfeit parts are furnished under this purchase order and are found in any of the goods delivered hereunder, such items will be impounded by Buyer. The Seller shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer and the Seller shall be liable for all costs relating to the removal and replacement of said parts, including without limitation Buyer's external and internal costs of removing such counterfeit parts, of reinserting replacement parts and of any testing necessitated by the reinstallation of Seller's goods after counterfeit parts have been exchanged. At Buyer's request, Seller shall return any removed counterfeit parts to Buyer in order that Buyer may turn such parts over to its Government customer for further investigation. Seller agrees that any Government or quasi-Government directive, such as a GIDEP alert indicating that such parts are counterfeit, shall be deemed definitive evidence that Seller's parts contain counterfeit parts.

**CLAUSE NO. 41 – LANGUAGE:** Buyer and Seller agree that the authorized language for any and all documentation that is to be exchanged between the parties in furtherance of the performance of this purchase order shall be the English language.

**SECTION C – GOVERNMENT FLOW-DOWN CLAUSES**  
**General Preamble.** The FAR clauses identified herein below are hereby incorporated into this purchase order either (i) in full text if shown or (ii) by reference with full force and effect. The applicability and interpretation of each such clause are subject to any specific parenthetical statement following its title and setting forth conditions, requirements, and instructions for use of the clause (hereinafter called its scoping provision). Upon request, the Buyer shall make available to the Seller the full text of any such referenced clause hereof (including its date).

In the event that the Buyer shall have entered into a definitive prime contract or higher-tier subcontract with its customer prior to the effective date of this supporting purchase order, and unless otherwise expressly stated elsewhere in this purchase order, the date of each undated clause identified herein below (i) shall be the same date as any equivalent clause, of such definitive prime contract or subcontract; or (ii) if there is no equivalent clause, shall be the regulatory date in effect therefore as of the effective date of the solicitation preceding this supporting purchase order. In the event that the Buyer shall not have entered into a definitive prime contract or higher-tier subcontract with its customer prior to the effective date of this supporting purchase order, and unless otherwise expressly stated elsewhere in this purchase order, the date of each undated clause identified herein below shall be the regulatory date in effect therefore as of the effective date of the solicitation preceding this supporting purchase order.

All such clauses shall, with respect to the rights, duties, and obligations of the Buyer and Seller

thereunder, be interpreted and construed in such manner as to recognize and give effect to: (i) the contractual relationship between the Buyer and the Seller under this purchase order, (ii) the rights of any higher-tier subcontractor with respect thereto under the higher-tier subcontract, and (iii) the rights of the Government or other customer with respect thereto under the prime contract from which such clauses are derived.

To implement the increase in the simplified acquisition threshold from \$100,000 to \$150,000 for orders under prime contracts issued on or after October 1, 2010, all references to the "simplified acquisition threshold" or the amount of \$100,000, shall mean the new threshold of \$150,000, except in FAR 52.222-35. Seller shall be responsible for confirming with Buyer whether new orders are under prime contracts issued on or after October 1, 2010.

#### 1 – FAR Mandated Contract Clauses:

**52.204-2 Security Requirements** (In paragraph (c), "Changes clause" shall be deemed to be that of this purchase order.)

**52.209-6 Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment** (Clause is applicable only if this purchase order (i) exceeds or will exceed \$30,000, and (ii) is a first-tier purchase order from the prime contract. Only the Seller disclosure to Buyer requirement of clause paragraph (b) applies, and such is not to be flowed down to lower-tier subcontractors.)

**52.211-15 Defense Priority and Allocation Requirements** (Clause is applicable only if DO or DX rating is set forth elsewhere within this purchase order.)

**52.215-16 Facilities Capital Cost of Money** (Clause is applicable only if FCCM was included as cost in pricing this purchase order.)

**52.215-17 Waiver of Facilities Capital Cost of Money** (Clause is applicable [in place of Facilities Capital Cost of Money clause of FAR 52.215-16] only if FCCM was not included as cost in pricing this purchase order.)

**52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions** (Clause is applicable only (i) if this purchase order requires certified cost or pricing data, or (ii) if any pre-award or post-award cost determinations under this purchase order are subject to FAR Subpart 31.2.)

**52.215-19 Notification of Ownership Changes** (Clause is applicable only if (i) this purchase order required certified cost or pricing data, or (ii) any pre-award or post-award cost determinations under this purchase order are subject to FAR Subpart 31.2.)

**52.215-23 Limitation of Pass-Through Charges**

NOTE: Applicable to any Order when the total estimated Order value exceeds the threshold for obtaining cost or pricing data in FAR 15.403-4 and the contemplated contract type is expected to be any contract type except those contract types listed in FAR 15.408(n)(2)(i)(B)(2).

Seller shall notify Buyer in writing if:

(1) Seller changes the amount of subcontract effort after award such that it exceeds 70 percent of the total cost of work to be performed under this Order. The notification shall identify the revised cost of the subcontract effort and shall include verification that Seller will provide added value; or;

(2) Any subcontractor changes the amount of lower-tier subcontractor effort such that it exceeds 70 percent of the total cost of the work to be performed under its subcontract. The notification shall identify the revised cost of the subcontract effort and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).

**52.219-28 Post-Award Small Business Program Representation** (Clause is applicable if this order (i) exceeds the micro-purchase threshold, and (ii) will be performed in the U.S. or outlying areas.)

**52.222-3 Convict Labor** (Clause is inapplicable if this purchase order (i) does not exceed \$3,000, or (ii) is determined to be subject to Walsh-Healey Public Contracts Act per clause at FAR 52.222-20.)

**52.222-20 Walsh-Healey Public Contracts Act** (Clause is applicable only to any extent this purchase order involves manufacture or furnishing of materials, supplies, articles or equipment that exceed or may exceed \$15,000.)

**52.222-21 Prohibition of Segregated Facilities** (Clause is applicable if Equal Opportunity clause at FAR 52.222-26 is determined to apply to this purchase order.)

**52.222-22 Previous Contracts and Compliance Reports** (Clause is applicable if Equal Opportunity clause at FAR 52.222-26 is determined to apply to this purchase order.)

**52.222-25 Affirmative Action Compliance** (Clause is applicable if Equal Opportunity clause at FAR 52.222-26 is determined to apply to this purchase order.)

**52.222-26 Equal Opportunity** (Clause is applicable if during any 12-month period [including the 12 months preceding this purchase order] Seller has been or is awarded nonexempt Federal contracts and/or subcontracts [reference FAR 22.807] that have an aggregate value exceeding \$10,000. DoD deviation applies if this purchase order stems from DoD higher-tier contract.)

**52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans** (Clause is applicable if this purchase order is to exceed \$100,000.)

**52.222-36 Affirmative Action for Workers with Disabilities** (Clause is applicable only if this purchase order is to exceed \$15,000.)

**52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans** (Clause is applicable if this purchase order is to exceed \$100,000.)

**52.222-39 Reserved**

**52.222-41 Service Contract Act of 1965, as Amended** (Clause is applicable only to the extent that such clause is in Buyer's contract with its customer and the subcontract involves services subject to such Act.)

**52.222-50 Combating Trafficking in Persons**  
**52.222-99 Notification of Employee Rights Under The National Labor Relations Act (DEVIATION 2010-00013)** (Clause is applicable if this purchase order exceeds \$10,000.)

**52.223-3 Hazardous Material Identification and Material Safety Data** (Entry is considered to be "none" unless seller explicitly states otherwise within its quotation or proposal. Alternate I applies if procurement is for other than the Department of Defense.)

**52.223-5 Pollution Prevention and Right-to-Know Information** (Clause is applicable only to services to be performed on a Government facility.)

**52.223-7 Notice of Radioactive Materials**

**52.225-8 Duty-Free Entry** (Clause is applicable only if such clause is contained in Buyer's prime contract or subcontract with its customer – under which any reduced duty-free entry thresholds shall apply. Under paragraph (c)(1), change "20 days" to "30 days." Under paragraph (c)(2), change "10 days" to "20 days.")

**52.225-13 Restrictions on Certain Foreign Purchases** (Clause is applicable if purchased item is other than commercial item or component per clause at FAR 52.244-6.)

**52.227-10 Filing of Patent Applications — Classified Subject Matter**

**52.237-2 Protection of Government Buildings, Equipment, and Vegetation** (Applicable to any work performed on a Government installation. "Government" thereunder means Buyer, prime contractor [if not Buyer], and any upper tier subcontractor.)

**52.244-6 Subcontracts for Commercial Items**

**52.245-1, Government Property** (Clause is applicable only if U.S. Government property is furnished to seller through Buyer.)

**52.245-9, Use and Charges** (Clause is applicable only if clause 52.245-1 is applicable.)

**52.247-64 Preference for Privately Owned U.S. Flagged Commercial Vessels**

**2 – DFARS Mandated Contract Clauses:**

**252.204-7008 Export-Controlled Items (Apr 2010)**

**252.222-7006 Combating Trafficking in Persons**

**252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals. NOTE: Applicable to Orders issued under prime contracts awarded on or after July 29, 2008.**

**252.225-7014 Preference for Domestic Specialty Metals** Alternate I: – If applicable. **NOTE: Applicable to Orders issued under prime contracts awarded before January 28, 2008**

**252.225-7014 Preference for Domestic Specialty Metals (DEVIATION No. 2008-O0002) and Alternate 1 (DEVIATION No. 2008-O0002)** **NOTE: Applicable to Orders issued under prime contracts awarded on or after January 28, 2008 and before July 29, 2009.**

**252.246-7003 Notification of Potential Safety Issues**

**252.247-7023 Transportation of Supplies by Sea – If applicable**

**252.247-7024 Notification of Transportation of Supplies by Sea – If applicable**