# Standard Clauses – Fixed-Price Purchase Order

# For Commercial Supplies and Services Under U.S. Government Procurement

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 hereon; 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 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.

# SECTION B – Northrop Grumman Systems Corporation STANDARD CLAUSES CLAUSE INDEX:

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| 1. Seller Acceptance 2. Delivery 3. Inspection and Test 4. Warranty of Goods and Services 5. Drawings and Specification Review 6. Proprietary Information 7. Use of Information 8. Disclosure of Information 9. Tooling and Other Articles 10. Export Related Requirements 11. Indemnification 12. Buyer’s Property 13. Compliance with Laws 14. Taxes 15. Remedies 16. Assignment 17. Notice of Labor Disputes 18. Governing Law 19. Insurance 20. Buyer Excusable Delay 21. Termination for Convenience 22. Intellectual Property Rights 23. Clause Modification Required by Buyer’s Customer | 1. Changes 2. Stop-Work Order 3. Entire Agreement 4. Limitation of Buyer’s Liability/Statute of Limitations 5. Warranty of Price and Prospective Adjustment 6. Citizenship or Authorized Foreign National Requirement 7. Certified Screening for Alcohol and Drug Abuse 8. Termination for Default 9. Negotiated Terms 10. Waiver of Jury Trial, Jurisdictions 11. Improper Designation 12. Compliance with Wiring Codes 13. Compliance with Procurement Integrity Act 14. Customs-Trade Partnership Against Terrorism (C-TPAT) 15. Counterfeit Parts 16. Language |

**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 that 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 that 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.

**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 be 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.

**CLAUSE NO. 4 – WARRANTY OF GOODS AND SERVICES:** Seller expressly warrants that all goods and services covered by this purchase order shall conform to the specifications, drawings, samples or other description upon which this purchase order is based, shall be fit and sufficient for the purposes intended, merchantable, of good material and workmanship and free from defects, and shall be free of any claim of any third party. Inspection, test, acceptance or use of the goods furnished hereunder shall not affect the Seller’s obligation under these warranties, and such warranties shall survive inspection, test, acceptance and use.

Seller agrees to replace or correct defects in any goods or services not conforming to the foregoing warranties promptly, without expense to Buyer, when notified of such nonconformity by Buyer. In the event of failure by Seller to correct defects in or replace nonconforming goods or services promptly, Buyer, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Buyer thereby. Buyer’s approval of any sample or acceptance of any goods shall not relieve Seller from responsibility to deliver goods and to perform services conforming to specifications, drawings, and descriptions.

None of the remedies available to Buyer for the breach of any of the foregoing warranties may be limited except to the extent and in the manner agreed upon by Buyer in a separate agreement specifically designating such limitation and signed by an authorized representative of Buyer. Buyer’s inspection and/or acceptance of and/or payment for goods and/or services shall not constitute a waiver by it of any warranties. These warranties shall run to Buyer, its successors, assigns, and customers, and users of its products.

**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 – PROPRIETARYINFORMATION**

* 1. If a separate Proprietary Information Agree­ment exists between the Parties, which relates to the subject matter of this Order, then Proprietary Information furnished by one Party to the other Party shall be protected pursuant to such Proprie­tary Information Agreement.

b. If no separate Proprietary Information Agreement exists between the Parties, Seller agrees to keep confidential and not to disclose to any other person any Proprietary Information received from Buyer in connection with this Order. Seller further agrees to use Proprietary Information only for purposes necessary for performing this Order, without first obtaining Buyer’s written authoriza­tion.

c. Seller may disclose Proprietary Information to its subcontractors as required for the performance of this Order, provided that each such subcontractor first assumes by written agreement the same obligations imposed on Seller under this Order relating to such Proprietary Information.

d. All documents and other tangible media (exclud­ing Products) containing or conveying Proprietary Information and transferred in connection with this Order, together with any copies thereof, are and remain the property of Buyer.

1. Neither the existence of this 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.

f. Seller’s obligations with respect to Proprietary Information disclosed hereunder prior to the performance in full, termination or cancellation of this Order shall not, except as expressly set forth herein, be affected by such performance in full, termination, or cancellation.

g. Unless otherwise provided herein, or authorized by Buyer in writing, Seller shall use Proprietary Information and/or data only in the performance of this Order. 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 or subcontracts 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, whichever occurs first.

Any such tooling and other articles that 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 or 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, or 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. 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.

**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 and 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 provisions requiring notification of Buyer in writing of any cancellation or nonrenewal of said coverage not less than thirty days before its effectivity.

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 therefore by Buyer.

**CLAUSE NO. 20 – BUYER EXCUSABLE DELAY:** Buyer may delay delivery and/or acceptance occasioned by causes beyond its control.

**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 (but in no event to exceed the total value of this contract).

**CLAUSE NO. 22 – INTELLECTUAL PROPERTY RIGHTS:** Seller agrees, at its own expense, to defend any suit or action against Buyer or against those selling or using the goods or services covered by this purchase order for alleged infringement of patent or invention rights arising from the sale or use of such goods or services, and to indemnify and save Buyer harmless from any damages, liabilities, claims, losses, and expenses (including attorneys’ fees) paid or incurred by Buyer in connection with any such suit or action, whether against Buyer or against those selling or using the goods or services covered by this purchase order.

Seller as part consideration for this purchase order and without further cost to Buyer hereby grants and agrees to grant to Buyer an irrevocable non-exclusive, royalty-free right and 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 goods purchased by Buyer under this purchase order.

If this purchase order is not placed under a U.S. Government contract or subcontract, Buyer shall have full ownership and rights, including patent rights, to all inventions, data, designs, computer software and information (“Inventions”) conceived, made or developed under this purchase order. Seller shall disclose to Buyer in writing any such Inventions and cooperate, at Buyer’s expense, in obtaining patent or other intellectual property protection on such Inventions. Seller further agrees to execute assignments to Buyer of any associated patents or patent applications. With respect to copyrightable works developed under this purchase order, Buyer and Seller agree that any such works which qualify as commissioned works under the Copyright Act are considered “works made for hire” with copyright ownership in Buyer; otherwise, Seller agrees to assign copyright ownership of the works to Buyer. Except as provided by Law or as otherwise authorized in writing by Buyer, Seller shall not disclose to anyone other than Buyer any Inventions or other data developed under this purchase order or any data disclosed to Seller by Buyer and shall not use such Inventions or data for any purpose other than the performance of this purchase order, however, the foregoing limitation shall not apply to items produced for direct sale to the U.S. Government in the event that the U.S. Government has an unlimited right to license or use such Inventions or data.

**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 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 hereof 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, punitive 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 – WARRANTY OF PRICE AND PROSPECTIVE ADJUSTMENT:** Seller warrants that the price(s) for the goods or services sold to Buyer under this purchase order are not less favorable than those currently extended to any other customer for the same or like goods or services in equal or smaller quantities. Further, in the event Seller reduces its price(s) for such during the term of this purchase order, Seller agrees to reduce the price(s) hereof correspondingly.

**CLAUSE NO. 29 – 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 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 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. 30 – 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. 31 – 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.

**CLAUSE NO. 32 – NEGOTIATED TERMS:** All terms of this purchase order were negotiated between the parties at arm’s length. The parties agree that in the event a dispute arises in connection with this purchase order, the terms contained in this purchase order shall be given their plain meaning, and that no term shall be construed in favor of one party over the other by virtue of one party having drafted a term in this purchase order.

**CLAUSE NO. 33 – WAIVER OF JURY TRIAL, JURISDICTION:** Seller and Buyer expressly acknowledge that by signing this purchase order they are giving up their respective right to a jury trial with respect to any claims regarding, relating to or arising out of this purchase order. Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding rising out of or in connection with this purchase order shall be brought exclusively in the United States District Court for the Central District of California or, if such court does not have jurisdiction or will not accept jurisdiction, venue of any court of general jurisdiction in the County of Los Angeles, California; (ii) consents to the jurisdiction and venue of any such court in any suit, action or legal proceeding; and (iii) waives any objection which such party may have to the laying of venue of any such suit, action or proceeding in any such court. Pending any decision, appeal, or judgment, or the settlement of any dispute arising under, out of, or in connection with this purchase order (except with respect to any cancellation or termination of any work covered by this purchase order), Seller shall proceed diligently with the performance of this purchase order.

**CLAUSE NO. 34 – IMPROPER DESIGNATION:** In the event that Buyer is subject to any liability, damage or expense, including without limitation attorneys’ fees or Government withholding of payments, due to a finding or determination by the Contracting Officer that an item designated herein as a commercial item is not a commercial item as defined in FAR 2.101, then Seller agrees to indemnify and hold Buyer harmless to the full extent of any such liability, damage or expense resulting in whole or in part from such finding or determination, and agrees that all mandatory FAR/DFAR clauses contained in the prime contract of Buyer will be considered a part of this purchase order and be applicable to the Seller.

**CLAUSE NO. 35 – 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. 36 – 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. 37 – 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. 38 – 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. Seller shall be fully liable for all such costs, even if such cost might be considered indirect, special or consequential damages. Seller's liability for suspect/counterfeit parts shall not expire until intentional ignition of a launch vehicle if found in product for Space application and for 60 months after delivery if product for non-space application (e.g., ground or airborne). 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 or a directive from The Aerospace Corporation indicating that such parts are counterfeit, shall be deemed definitive evidence that Seller's parts contain counterfeit parts.

**CLAUSE NO. 39 – 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 – FAR AND FAR SUPPLEMENT CONTRACT CLAUSES

The following clauses are mandatory clauses as mandated by: FAR 52.244-6, “Subcontracts for Commercial Items,” FAR 52.212-5 “Contract Terms and Conditions Required to Implement Statutes or Executive Orders – Commercial Items,” DFAR 252.244-7000, “Subcontracts for Commercial Items and Commercial Components (DoD contracts),” DFAR 252.212-7001, “Contract Terms and Conditions Required to Implement Statutes or Executive Orders applicable to Defense Acquisitions of Commercial Items,” or the U.S. Department of Labor regulations. These clauses are hereby incorporated into this purchase order by reference with full force and effect. The Seller shall include these clauses, including this paragraph, in purchase orders/subcontracts awarded under this order.

The specific applicability and interpretation of each clause is subject to the parenthetical statement following its title (hereinafter called its scoping provision).

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 this 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.

**1. – FAR Mandated Contract Clauses:**

1. FAR 52.219-8 “Utilization of Small Business Concerns” (Clause is applicable if the order is expected to exceed $150,000.)
2. FAR 52.219-28 “Post-Award Small Business Program Rerepresentation” (Clause is applicable if this order (i) exceeds the micro-purchase threshold, and (ii) will be performed in the U.S. or outlying areas.)
3. FAR 52.203-13 “Contractor Code of Business Ethics and Conduct (Apr 2010)
4. FAR 52.203-15 “Whistleblower-Protections Under the American Recovery and Reinvestment oAct of 2009 (ar 2009)
5. FAR 52.222-21, Prohibition of Segregated Facilities (Clause is applicable if Equal Opportunity clause has been determined to apply to this purchase order.)
6. FAR 52.222-26, “Equal Opportunity” (Clause is applicable only if it is not exempt by the Secretary of Labor under Executive Order 11246 as amended.)
7. FAR 52.222-35, “Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans” (Clause is applicable if order is $100,000 or more, unless exempted by Secretary of Labor.)
8. FAR 52.222-36, “Affirmative Action for Workers with Disabilities” (Clause is applicable if order will exceed $10,000, or is expected to exceed $15,000, and work is to be performed outside the U.S. by employees recruited outside of the U.S.)
9. FAR 52.222-37, “Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans” (Clause is applicable if 52.222-35 applies.)
10. FAR 52.222-39, Reserved
11. FAR 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.)
12. FAR 52.222-50, “Combating Trafficking in Persons.”
13. FAR 52.222-54, “Employment Eligbility Verificaion” (Jan 2009)
14. FAR 52.245-1, “Government Property (Clause is applicable only if U.S. Government property is furnished to Seller through Buyer, and order exceeds $150,000).”
15. FAR 52.245-9, “Use and Charges (Clause is applicable only if clause 52.245-1 is applicable).”
16. FAR 52.247-64, “Preference for Privately Owned U.S.-Flagged Commercial Vessels” – Not applicable unless (i) Buyer is reselling or distributing to the Government Seller’s items without adding value or (ii) such items are shipped in direct support of U.S. military.

**2. – DFARS Mandated Contract Clauses:**

a. DFARS 252.204-7008 “Export-Controlled Items” (Apr 2010)

b. DFARS 252.225-7009 “Restriction on Acuisition of Certain Articles Containing Specialty Metals. NOTE: Applicable to Orders issued under prime contracts awarded on or after July 29, 2009.

c. DFARS 252.225-7014 “Preference for Domestic Specialty

Metals” Alternate I: – If applicable. NOTE: Applicable to Orders isued under prime contracts awarded before January 28, 2008.

1. DFARS 252.225-7014 “Preferne for Domestic Specialty Metals (DEVIATION No. 008-0002) and Alternate 1 (DEVIATION No. 2008-O002). NOTE: Applicable to Orders issued under prime contracs awarded on or after January 28, 2008 and before July 29, 2009
2. DFARS 252.236-7013 “Reqirement for Competition Opporunity for American Steel Producers, Faricators, and Manufacturers.” (Jan 2009)
3. DFARS 252.246-7003 “Notification of Potential Safety Issues”
4. DFARS 252.247-7003 “Pass-Through of Motor Carrier Fuel Surcharge Adjustment to the Cost Bearer (Sep 2010)
5. DFARS 252.247-7023 “Transportation of Supplies by Sea” – if applicable
6. DFARS 252.247-7024 “Notification of Transportation of Supplies by Sea” – If applicable.