

**SUBCONTRACT CLAUSES — COST-REIMBURSEMENT SUBCONTRACT
FOR SUPPLIES, RESEARCH AND DEVELOPMENT, AND SERVICES****SECTION 1****NORTHROP GRUMMAN SYSTEMS CORPORATION STANDARD CLAUSES****CLAUSE INDEX:**

- | | |
|---|---|
| 1. General Instructions to Seller | 20. Reserved |
| 2. Subcontract Definitions | 21. Requirements for Cost or Pricing Data or Information
Other Than Cost or Pricing Data |
| 3. Validity of Individual Provision | 22. Disputes |
| 4. Waiver of Breach | 23. Price Reduction for Defective Cost or Pricing
Data/Noncompliance with CAS |
| 5. Governing Law | 24. Export and Import Compliance |
| 6. Compliance with Laws | 25. Limitation of Buyer's Obligation (Cost-Reimbursement) |
| 7. Assignment of Claims | 26. Procurement Integrity |
| 8. Independent Contractor | 27. Intellectual Property Rights |
| 9. Clause Modification Required by Buyer's Customer | 28. Compliance with Wiring Codes |
| 10. Superseding or Supplementary Specifications | 29. Customs-Trade Partnership Against Terrorism (C-
TPAT) |
| 11. Default for Insolvency | 30. Language |
| 12. Drawing and Specification Review | 31. Suspect/Counterfeit Parts |
| 13. Quality Control System | 32. Restrictions on The Use of Mandatory Arbitration
Agreements |
| 14. Disclosure of Information | |
| 15. Information of Buyer and Seller | |
| 16. Subcontract Deliverables | |
| 17. Data — Withholding of Payment | |
| 18. Seller's Liability to Third Parties | |
| 19. Buyer-Owned Property Furnished to Seller | |

CLAUSE NO. 1 – GENERAL INSTRUCTIONS TO SELLER

- a. Subcontract Number Identification for Invoicing and Shipping: This Subcontract number (including any modification or release designation) shall appear (i) on each invoice, packing list, and bill of lading; and (ii) on each package, container, or envelope for each shipment made pursuant to this Subcontract.
- b. Bills of Lading: A bill of lading shall be sent in triplicate to the destination address shown within this Subcontract, or to consignee, on the day shipment is made.
- c. Packing List: A packing list shall accompany each shipment of goods pursuant to this Subcontract and, if such shipment will complete delivery, the following notation shall appear thereon: "This shipment completes this order."
- d. Subcontract Number Identification on Data: Seller shall mark this Subcontract number and Seller's address on all data delivered hereunder.
- e. Packaging and Insurance: No additional charge for packaging or insurance shall be allowed (as a price, estimated or target cost, or fee adjustment) unless specifically provided for herein. Goods shall be packaged to ensure safe arrival at destination; and goods shall be described to conform with Carrier's Classification Rules so as to obtain lowest transportation cost. Seller shall not insure or declare value on shipments beyond the FOB point.

CLAUSE NO. 2 – SUBCONTRACT DEFINITIONS

As used throughout all clauses of this form, the following terms shall have the meanings set forth below, except where otherwise a purposeful distinction is made clear.

- a. The term "prime contract" means the Government prime contract between Buyer and the United States of America (hereinafter called the "Government" or "U.S. Government"), or the subcontract between Buyer and a Government prime contractor or subcontractor of any tier under which this Subcontract is issued, unless otherwise made clear.
- b. The term "subcontract" or "subcontractor" means any subcontract, or modification thereof, or subcontractor of Seller under this Subcontract at any tier.
- c. The term "the Schedule" means the Schedule of this Subcontract (so labeled, or if not so labeled, identified as the section of this Subcontract containing the "Articles").
- d. The terms "this Subcontract" and "this contract" are interchangeable and wherever appearing herein shall be deemed to mean this Subcontract.

CLAUSE NO. 3 – VALIDITY OF INDIVIDUAL PROVISION

The invalidity, in whole or in part, of any provision of this Subcontract shall not void or otherwise affect the validity of any other provision.

CLAUSE NO. 4 – WAIVER OF BREACH

No waiver of a breach of any provision of this Subcontract shall constitute a waiver of any other breach or of such provision. Failure of either party to enforce at any time, or from time to time, any provision of this Subcontract shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

CLAUSE NO. 5 – GOVERNING LAW

This Subcontract, and the acceptance thereof, shall be a contract made in the state identified in Buyer's address in this Subcontract and shall be governed by, and construed according to, the laws thereof if to be wholly performed within such state; provided, however, Government contract clauses included herein shall be construed and interpreted according to the federal law of Government contracts as enunciated and applied by federal statutes and regulations, and by federal judicial bodies, boards of contract appeals, and other judicial and quasi-judicial agencies of the federal government.

CLAUSE NO. 6 – COMPLIANCE WITH LAWS

Seller agrees to comply with all applicable federal, state and municipal laws and ordinances and all rules and regulations thereunder, and all provisions required thereby to be included herein are hereby incorporated herein by reference. Seller agrees to indemnify and hold Buyer harmless for all costs (including attorney's fees), liabilities, and judgments incurred by Buyer and caused by Seller's failure to comply with such laws, ordinances, rules, or regulations.

CLAUSE NO. 7 – ASSIGNMENT OF CLAIMS

Assignment of this Subcontract, or any interest therein or any payment due or to become due thereunder, without the prior written consent of Buyer shall be void. Should Buyer approve any assignment thereof, in no event shall any copy of any part or all of this Subcontract (including any plan, specification, or other document relating to work under this Subcontract) which is marked "Top Secret," "Secret," or "Confidential" be furnished to any assignee of any claim arising under this Subcontract, or to any other person not entitled to receive the same, without the prior written consent of Buyer.

CLAUSE NO. 8 – INDEPENDENT CONTRACTOR

It is understood and agreed that the Seller shall be deemed to be an independent contractor in all its operations and activities hereunder; that the employees furnished by Seller to perform work hereunder shall be deemed to be Seller's employees exclusively, without any relation whatever to Buyer as employees of an independent contractor; that said employees shall be paid by Seller for all services in this connection; and that Seller shall be responsible for all obligations and reports covering social security, unemployment insurance, workers' compensation, income tax, and other reports and deductions required by state or federal law.

CLAUSE NO. 9 – CLAUSE MODIFICATION REQUIRED BY BUYER'S CUSTOMER

Seller agrees to incorporate into this Subcontract any revised clause or additional clause as Buyer may reasonably deem necessary to enable Buyer to comply with the provisions of the prime contract or higher-tier subcontract with its customer 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 Subcontract work, an equitable adjustment shall be made in accordance with the procedures of the Changes clause hereof.

CLAUSE NO. 10 – SUPERSEDING OR SUPPLEMENTARY SPECIFICATIONS

All references in any Buyer document or Government specification (excluding those incorporated in Seller's model specification) incorporated herein to any other Buyer or Government specifications shall be deemed to include any and all specifications superseding or supplementary to the specifications so referred to, to the extent that such superseding or supplementary specifications are in effect on the effective date of this Subcontract or on the effective date of any incorporating change notice, if Seller was furnished or otherwise had been notified of the existence of such superseding or supplementary specifications by that effective date.

CLAUSE NO. 11 – DEFAULT FOR INSOLVENCY

Buyer may terminate forthwith this Subcontract for default in accordance with the Termination (Cost-Reimbursement) clause of this Subcontract in the event of the occurrence of any of the following: (i) insolvency of 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.

CLAUSE NO. 12 – DRAWING AND SPECIFICATION REVIEW

If, during the term of this Subcontract, Buyer representatives review drawings, specifications, or other data developed by Seller in connection with this Subcontract and make suggestions or comments, or approve such documents and data, such action 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 Subcontract.

CLAUSE NO. 13 – QUALITY CONTROL SYSTEM

Seller agrees to provide and maintain a quality control system acceptable to Buyer and the Government and to provide access to Seller's facilities at all reasonable times for surveillance periodically by Buyer and authorized Government representatives. Seller agrees to include, and to require its subcontractors to include, the substance of this paragraph, including this sentence, in each of its subcontracts under this Subcontract.

CLAUSE NO. 14 – 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 mentioned without prior written consent of Buyer. Seller shall not disclose any details in connection with this Subcontract to any party except as may be otherwise provided. Also note clause of DFARS 252.204-7000, and Release of News Information clause if such appears in Schedule of this Subcontract.

CLAUSE NO. 15 – INFORMATION OF BUYER AND SELLER

- a. Unless expressly stated otherwise herein, the exchange of information under this Agreement shall be governed by this Subcontract and, in particular this Clause 15, which supersedes any prior agreement between Buyer and Seller to protect information relating to the purpose of this Subcontract.
- 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 Subcontract, 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 Subcontract, without obtaining Buyer's written consent.

CLAUSE NO. 16 – SUBCONTRACT DELIVERABLES

Seller agrees and acknowledges that all deliverables, or portions thereof, under this Subcontract ("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 Subcontract.

CLAUSE NO. 17 – DATA – WITHHOLDING OF PAYMENT

If data or other deliverable information (hereinafter called "data"), or any part thereof, is not delivered within the time specified by this Subcontract, or is deficient upon delivery (including having restrictive markings not specifically authorized by this Subcontract), Buyer may, until such data is delivered or deficiencies are corrected, withhold payment to Seller of ten percent (10%) of the total Subcontract price, unless a lesser withholding is specified in the Schedule. Payments shall not be withheld nor any other action taken pursuant to this clause where Seller's failure to make timely delivery, or to deliver data without deficiencies, arises out of causes beyond the control and without the fault or negligence of Seller within the meaning of the default provision of this Subcontract. The withholding of any amount or subsequent payment thereof to Seller shall not be construed as a waiver of any rights accruing to the U.S. Government or Buyer under this Subcontract.

CLAUSE NO. 18 – SELLER'S LIABILITY TO THIRD PARTIES

Seller shall be solely responsible for any and all third party liability, other than arising from or due to the negligence of Buyer, its agents, or employees acting within the scope of their employment, incurred by Seller in connection with the performance of this Subcontract; and shall in no way be reimbursed any direct cost pertaining thereto under this Subcontract unless expressly provided for elsewhere within this Subcontract.

CLAUSE NO. 19 – BUYER-OWNED PROPERTY FURNISHED TO SELLER

- a. Title to all property (other than Government property as defined at FAR 45.101) 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 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.
- b. Buyer does not provide any warranties with respect to its property, which is to be provided to Seller in "as is" condition, and notwithstanding the actual condition of such property, all items delivered or services performed by Seller shall be in strict accordance with the requirements of this Subcontract; unless otherwise expressly provided for elsewhere within this Subcontract.
- c. In the event that Buyer's property becomes lost or damaged for any reason while in Seller's possession, Seller agrees to replace (if lost or irreparable) or repair (if reparable) such property, at Seller's expense, in accordance with Buyer's request. At the completion of delivery of the goods or services ordered by Buyer in this Subcontract for which Buyer's property was required, or the termination of this Subcontract, Seller shall request disposition instructions for all such Buyer's property, or the remainder thereof, whether in its original form or in semi-processed form. Seller agrees to make such property available to Buyer at Buyer's request, in the manner requested by Buyer, including preparation, packaging, and shipping as directed. Expenses for preparation and

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. 20 – RESERVED

CLAUSE NO. 21 – REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA

Cost proposals are to be submitted in accordance with the applicable requirements of the Section 3 clauses hereof at FAR 52.215-12, 52.215-13, 52.215-20, and 52.215-21.

CLAUSE NO. 22 – DISPUTES

- a. Any dispute that may arise under or in connection with this subcontract 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 Subcontracts or Procurement organization placing the subcontract, 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 subcontract is issued. Seller consents to personal jurisdiction for this purpose in the forum state from which this subcontract is issued.
- c. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this subcontract, Seller shall proceed diligently, as directed by Buyer, with performance of the subcontract.
- d. 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. 23 – PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA/NONCOMPLIANCE WITH CAS

- a. The Buyer's prime contract or subcontract with its customer under which this Subcontract is issued may contain a clause that entitles the customer, the U.S. Government ("the Government") or a Government prime contractor or a subcontractor, to reduce Buyer's contract price, or any costs reimbursable thereunder, where the Government determines that such price or cost was increased by any significant sum, because Seller or any of its subcontractors or prospective subcontractors failed to furnish, in connection with the award or modification of this Subcontract, cost or pricing data that was current, complete, and accurate. Seller hereby agrees to indemnify and hold Buyer harmless from any costs Buyer may incur resulting from such a failure or alleged failure (including court costs and attorney's fees) and any claims, suits, actions, judgments, or liabilities assessed against Buyer as a result of such a failure to provide current, complete, and accurate cost or pricing data; provided, however, that Seller's liability to Buyer hereunder shall not include any profit, costs, or charges added to Seller's price or costs by Buyer and included in Buyer's price or costs to its customer.
- b. As Seller's exclusive remedy for relief from such a determination by the Government, to the extent Buyer has the right to invoke remedies under the Disputes Act, Seller shall have the right to assert, in Buyer's name and at Seller's expense, any right available to Buyer to appeal from such determination; and, the resolution of such an appeal, through judgment, settlement, or otherwise, shall be final and conclusive as to Seller's indemnification and hold harmless obligations to Buyer under this Subcontract.
- c. The provisions of paragraphs a. and b. above shall also be applicable to adjustments in the price of this Subcontract required by the clause entitled Cost Accounting Standards or Disclosure and Consistency of Cost Accounting Practices (if either such clause is determined to be applicable).
- d. The rights and obligations of Buyer and Seller under this clause shall survive completion of and final payment under, or termination of, this Subcontract.

CLAUSE NO. 24 – EXPORT AND IMPORT COMPLIANCE.

A. Export Compliance

General. 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 – 2799 (Arms Export Control Act) and 22 Code of Federal Regulations 120-130 (International Traffic in Arms Regulations or "ITAR") or 50 United States Code 2401-2420 (Export Administration Act of 1979, as amended), 50 United States Code 1701-1706, (International Emergency Economic Powers Act, as amended), 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"). Seller represents and warrants that it is either 1) a U.S. Person as that term is defined in the Export Laws and Regulations, or 2) a Foreign Person as that term is defined in the Export Laws and Regulations and has disclosed to Buyer's Representative in writing the country in which it is incorporated/authorized/organized to do business, and all nationalities of any dual or third-country national employees who will require access to the data, articles or services provided hereunder. Seller shall comply with any and all Export Laws and Regulations, and any license(s) issued there under.

1. Registration. If Seller is a U.S. entity and is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Seller represents that it is registered

with the U.S. Department of State's Directorate of Defense Trade Controls, as required by the ITAR, and it maintains an effective export and import compliance program in accordance with the ITAR.

2. Foreign Persons. Seller shall not re-transfer any export-controlled information (e.g. technical data or software) to any other Non-US person or entity (including the Seller's dual and/or third-country national employees) without first complying with all the requirements of the applicable Export Laws and Regulations. Prior to any proposed re-transfer, Seller shall first obtain the written consent of the Buyer. No consent granted by Buyer in response to Seller's request shall relieve Seller of its obligations to comply with the provisions of paragraph A. of this Clause or the Export Laws and Regulations, nor shall any such consent constitute a waiver of the requirements of paragraph A. hereinabove, nor constitute consent for Seller to violate any provision of the Export Laws and Regulations.

B. Political Contributions, Fees and Commissions.

If this Subcontract is valued in an amount of \$500,000 or more, then in performance of this Subcontract, Seller shall not directly or indirectly pay, offer or agree to pay any political contributions or any fees or commissions.

1. For purposes of this section and pursuant to 22 CFR 130.6, political contribution means any loan, gift, donation or other payment of \$1,000 or more made, or offered or agreed to be made, directly or indirectly, whether in cash or in kind, which is:

- (a) To or for the benefit of, or at the direction of, any non-U.S. candidate, committee, political party, political faction, or government or governmental subdivision, or any individual elected, appointed or otherwise designated as an employee or officer thereof; and
- (b) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a non-U.S. country or international organization. Taxes, customs duties, license fees, and other charges required to be paid by applicable law or regulation are not regarded as political contributions.

2. For purposes of this section and pursuant to 22 CFR 130.5, fee or commission means any loan, gift, donation or other payment of \$1,000 or more made, or offered or agreed to be made directly or indirectly, whether in cash or in kind, and whether or not pursuant to a written contract, which is:

- (a) To or at the direction of any person, irrespective of nationality, whether or not employed by or affiliated with the Seller; and
- (b) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a non-U.S. country or international organization.

C. Import Compliance. Both parties shall comply with all U.S. Customs laws and regulations (e.g., 19 CFR) and all other applicable U.S. government regulations pertaining to importations of goods and materials into the United States.

1. For International Orders (Subcontract (Subcontract issued to entities addressed in foreign countries): Specifically, without excluding other regulations, Seller shall comply with and adhere to the commercial invoice requirements detailed in 19 CFR 141 subpart F of the regulations, and provide additional information as requested by the Buyer. Seller shall immediately upon discovery, notify Buyer of any change to the shipment data related to product valuation, quantities shipped, country of origin, port of export and any additional information directed by the Buyer. Seller will timely provide pre-alert shipping information and documentation prior to shipment arrival to the U.S. Buyer will direct Seller where to send pre-alert shipping information and documentation. Pre-alert shipping documentation includes, but is not limited to, a commercial invoice, airway bill, bill of lading, and other required documentation as directed by U.S. regulations and Buyer.
2. For Domestic Orders (Subcontracts (Subcontracts issued to entities addressed in the United States): Seller shall assume all U.S. import responsibilities, to include designation as U.S. Importer of Record, Customs clearance, duty, taxes, and fees for goods entering into the United States. Unless otherwise agreed in writing, NGC will not assume any import liabilities for goods procured through a domestic Subcontract.

D. Indemnification.

Seller shall indemnify and save harmless Buyer from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorney's fees, arising out of claims, suit, allegations or charges of Seller's failure to comply with the provisions of this Clause and breach of the warranty set forth in paragraph A or B. Any failure of Seller to comply with the requirements or any breach of the warranty contained in this Clause shall be a material breach of this Subcontract.

E. Subcontracts.

The substance of this Clause shall be incorporated into any lower-tier subcontract or purchase order entered into by the Seller for the performance of any part of the work under this Subcontract.

F. Notification

Seller agrees to provide prompt notification to Buyer in the event of changes in circumstances such as ineligibility to contract with US Government, debarment, assignment of consent agreement, and initiation or existence of a US Government investigation, that could affect Seller's performance under this Subcontract. Seller further agrees to provide prompt notification to Buyer should any offer, agreement or payment of political contributions, fees or

commissions (as defined herein and pursuant to this Subcontract) be made in contravention of the prohibition in Section B.

CLAUSE NO. 25 – LIMITATION OF BUYER'S OBLIGATION (COST-REIMBURSEMENT): (Clause is applicable only if this Subcontract is identified as to be incrementally funded [as opposed to fully funded]. Clause is Northrop Grumman Systems Corporation substitution for Limitation of Funds clause of FAR 52.232-22.)

- a. It is estimated that the cost to the Buyer for the performance of this Subcontract will not exceed the estimated cost set forth in the Schedule, and the Seller agrees to use his best efforts to perform the work specified in the Schedule and all obligations under this Subcontract within such estimated cost.
- b. The amount presently available for payment and allotted to this Subcontract, the items covered thereby, and the period of performance which it is estimated the allotted amount will cover are specified in the Schedule. It is contemplated that from time to time additional funds will be allotted to this Subcontract up to the full estimated cost set forth in the Schedule, exclusive of any fee. The Seller agrees to perform work on this Subcontract up to the point at which the total amount paid and payable by the Buyer pursuant to the terms of this Subcontract equals, but does not exceed, the total actually allotted to the Subcontract.
- c. If at any time the Seller has reason to believe that the costs that it expects to incur in the performance of this Subcontract in the next succeeding thirty (30) days, when added to all costs previously incurred, will exceed seventy-five percent (75%) of the total amount then allotted to the Subcontract, the Seller shall notify the Buyer's subcontract manager in writing to that effect. The notice shall state the estimated amount of additional funds required to continue performance for the period set forth in the Schedule. Thirty (30) days prior to the end of the period specified in the Schedule, the Seller will advise the Buyer's subcontract manager in writing as to either (i) that the funds available will permit the Seller to continue performance beyond the period specified in the Schedule, and specify the period for which performance may be continued, or (ii) the estimated amount of additional funds that will be required for the timely performance of the work under the Subcontract, or for such further period as may be specified in the Schedule or otherwise established by the Buyer.
- d. Except as required by other provisions of this Subcontract specifically citing and stating that they are an exception to this clause, the Buyer shall not be obligated to reimburse the Seller for costs incurred in excess of the total amount from time to time allotted to the contract by Buyer, and the Seller shall not be obligated to continue performance under the contract (including actions under the Termination (Cost-Reimbursement) clause) or otherwise to incur costs in excess of the amount allotted to the Subcontract unless, and until, the Buyer's subcontract manager has notified the Seller in writing that such allotment amount has been increased and has specified in such notice an increased amount constituting the total amount then allotted to the Subcontract. To the extent the amount allotted exceeds the estimated cost set forth in the Schedule, such estimated cost shall be correspondingly increased. No notice, communication, or representation in any other form, or from any person other than the Buyer's subcontract manager, shall affect the amount allotted to this Subcontract. In the absence of the specified notice, the Buyer shall not be obligated to reimburse the Seller for any costs in excess of the total amount then allotted to the Subcontract, whether those excess costs were incurred during the course of the contract or as a result of termination. Any costs incurred by the Seller in excess of the amount allotted shall not be an allowable cost of the Subcontract if the allotment is subsequently increased, unless the specified notice by the subcontract manager specifically states that such costs are allowable. If the Buyer's subcontract manager issues a termination or other notice, the subcontract manager may allot additional funds and direct that the increase is solely for the purpose of covering termination or other specified expenses.
- e. Change orders issued pursuant to the Changes clause of this Subcontract shall not be considered an authorization to the Seller to exceed the amount allotted in the Schedule in the absence of a statement in the change order, or other contractual modification, increasing the amount allotted.
- f. Nothing in this clause shall affect the right of the Buyer to terminate this Subcontract. In the event this Subcontract is terminated, the Buyer and the Seller shall negotiate an equitable distribution of all property produced or purchased under the Subcontract based upon the share of costs incurred by each.
- g. In the event that sufficient funds are not allotted to this Subcontract to allow completion of the work contemplated by this Subcontract, the Seller shall be entitled to that percentage of the fee set forth in Schedule equivalent to the percentage of completion of the work contemplated by this Subcontract.

CLAUSE NO. 26 – PROCUREMENT INTEGRITY

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 Buyer any and all information and certifications requested by Buyer in this regard. Seller agrees to defend, hold harmless and indemnify Buyer, 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. 27 – INTELLECTUAL PROPERTY RIGHTS

Seller as part consideration for this subcontract 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 Subcontract 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 Subcontract.

CLAUSE NO. 28 – COMPLIANCE WITH WIRING CODES

Seller warrants that any electrical powered equipment, machinery and appliances to be delivered to Buyer in performance of this Subcontract 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 Subcontract will be accomplished by qualified workers.

CLAUSE NO. 29 – 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. In particular, Seller agrees to implement the C-TPAT Security Guidelines for Manufacturers found at the CBP website.

CLAUSE NO. 30 – 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 subcontract shall be the English language.

CLAUSE NO. 31 – SUSPECT/COUNTERFEIT PARTS (Applies to Subcontracts that do not invoke DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System; see Section 2, 2A-DFARS Contract Clauses, for DFARS applicability)

If suspect/counterfeit parts are furnished under this Subcontract and are found in any of the goods delivered hereunder, such items will be impounded by Buyer. 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. Buyer's remedies described herein shall not be limited by any other clause which is agreed upon between Buyer and Seller in this Subcontract. 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. 32 - RESTRICTIONS ON THE USE OF MANDATORY ARBITRATION AGREEMENTS (DFARS 252.222-7006):

(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.

SECTION 2

FAR AND FAR SUPPLEMENT CONTRACT CLAUSES

(Section 2 excludes Patent Rights and Data Rights contract clauses [except at FAR 52.227-1, -2, and -10, subject to scoping provision], which clauses, if any, are separately provided for within this Subcontract.)

General Preamble. The Federal Acquisition Regulation (FAR), Department of Defense FAR Supplement (DFARS), and National Aeronautics and Space Administration FAR Supplement (NFS) clauses identified hereinbelow are hereby incorporated into this Subcontract by reference with full force and effect. The additional DFARS and NFS clauses augment and supplement the FAR clauses, taking precedence thereover to any extent inconsistent therewith. 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.)

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 and FAR 52.222-37. Seller shall be responsible for confirming with Buyer whether new orders are under prime contracts issued on or after October 1, 2010.

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 Subcontract, and unless otherwise expressly stated elsewhere in this Subcontract, the date of each undated clause identified hereinbelow (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 Subcontract. 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 Subcontract, and unless otherwise expressly stated elsewhere in this Subcontract, the date of each undated clause identified hereinbelow shall be the regulatory date in effect therefore as of the effective date of the solicitation preceding this supporting Subcontract.

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 Subcontract, (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.

Where rights, duties, and obligations are expressed herein as applying to the Government, they shall generally apply by reason of the flow-down to the Buyer; and where expressed herein as applying to the Contractor, they shall generally apply by reason of the flow-down to the Seller. As an exception to such generalization, some scoping provisions may particularize such definitions, which particularizations are to be accorded precedence.

All Seller contact with the prime contractor and/or any higher-tier subcontractor relating to performance of this Subcontract shall be through or coordinated with the Buyer, except as may be otherwise expressly provided for within this Subcontract.

Where (i) claims or reports from the Seller need to be sent by the Buyer to its customer for review, approval, or preservation of rights; and (ii) time constraints have been flowed down in this Subcontract; and (iii) associated Buyer processing time has not been expressly provided for herein; each such time constraint shall be deemed to be cut back by a number of days reasonable to allow for Buyer processing under the particular circumstances.

1. FAR CONTRACT CLAUSES

A. FAR Contract Clauses Applicable to this Subcontract Irrespective of Amount Thereof (subject to any scoping provision per individual clause)

- 52.202-1 Definitions
- 52.203-3 Gratuities (Clause is not applicable to any extent this Subcontract is for personal services.)
- 52.204-2 Security Requirements (In paragraph (c), "Changes clause" shall be deemed to be that of this Subcontract.)

52.211-5	Material Requirements
52.211-15	Defense Priority and Allocation Requirements (Clause is applicable unless this Subcontract provides no DPAS rating on the title page thereof.)
52.215-15	Pension Adjustments and Asset Revisions (Clause is applicable only (i) if this Subcontract requires certified cost or pricing data, or (ii) if any pre-award or post-award cost determinations under this Subcontract are subject to FAR Subpart 31.2.)
52.215-16	Facilities Capital Cost of Money (Clause is applicable only if FCCM was included as cost in pricing this Subcontract.)
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 Subcontract.)
52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (Clause is applicable only (i) if this Subcontract requires certified cost or pricing data, or (ii) if any pre-award or post-award cost determinations under this Subcontract are subject to FAR Subpart 31.2.)
52.215-19	Notification of Ownership Changes (Clause is applicable only if (i) this Subcontract required [pre-award] or requires [post-award] certified cost or pricing data, or (ii) any pre-award or post-award cost determinations under this Subcontract are subject to FAR Subpart 31.2.)
52.215-20	Requirements for Certified Cost or Pricing Data and Data or Information Other Than Certified Cost or Pricing Data
52.215-21	Requirements for Certified Cost or Pricing Data and Data or Information Other Than Cost or Pricing Data — Modifications
52.215-23	<p>Limitations on 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:</p> <p>(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;</p> <p>(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).</p>
52.219-28	Post-Award Small Business Program Representation (Clause is applicable if this Subcontract (i) exceeds the micro-purchase threshold, and (ii) will be performed in the U.S. or outlying areas.)
52.222-1	Notice to the Government of Labor Disputes
52.222-3	Convict Labor (Clause is not applicable if this Subcontract is determined to be subject to FAR 52.222-20.)
52.222-21	Prohibition of Segregated Facilities (Clause is applicable if Equal Opportunity clause has been determined to apply to this Subcontract.)
52.222-22	Previous Contracts and Compliance Reports
52.222-25	Affirmative Action Compliance (Clause is applicable if Equal Opportunity clause has been determined to be applicable to this Subcontract).
52.222-41	Service Contract Labor Standards— 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 statute.
52.222-50	Combating Trafficking in Persons
52.222-54	Employment Eligibility Verification - NOTE: Applicable to any Order greater than \$3,000 with a period of performance of 120 days or greater.
52.223-3	Hazardous Material Identification and Material Safety Data
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
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving

- 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.)
- 52.227-1 Authorization and Consent (Clause is applicable only if and to extent such clause is contained in Buyer's prime contract or subcontract with its customer.)
- 52.227-10 Filing of Patent Applications — Classified Subject Matter
- 52.232-9 Limitation on Withholding of Payments
- 52.234-1 Industrial Resources Developed Under Defense Production Act Title III (Clause is applicable only if this Subcontract is identified elsewhere herein as stemming from a major system prime contract.)
- 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 higher tier subcontractor.)
- 52.237-3 Continuity of Services (Clause is applicable only to any services being provided under this Subcontract.)
- 52.242-1 Notice of Intent to Disallow Costs (Clause is inapplicable to any work priced on a firm-fixed-price basis.)
- 52.242-15 Stop-Work Order — Alternate I (In subparagraph (b) (2), change "30 days" to "15 days.")
- 52.244-6 Subcontracts for Commercial Items
- 52.245-1 Government Property (Clause is applicable only if U.S. Government property under this Subcontract is to be furnished to Seller through Buyer.)
- 52.245-9 Use and Charges (Clause is applicable only if clause 52.245-1 is applicable.)
- 52.246-23 Limitation of Liability (Clause is applicable only (i) if and to the extent such clause is contained in Buyer's prime contract or subcontract with its customer, and (ii) to other than high value items per FAR 46.802 expressly so identified within this Subcontract.)
- 52.246-24 Limitation of Liability — High Value Items (Clause is applicable only (i) if and to the extent such clause is contained in Buyer's prime contract or subcontract with its customer; and (ii) then shall apply [in place of the Limitation of Liability clause at FAR 52.246-23] only to items [if any] identified in this Subcontract as being subject to such clause [i.e., as being high value items per FAR 46.802, approved in writing for such coverage by U.S. Government Contracting Officer].)
- 52.251-1 Government Supply Sources (For purposes of this clause, "Government" means U.S. Government [not Buyer]. Any Buyer authorization for Seller use of U.S. Government supply sources necessitates and is contingent upon Buyer obtaining prior U.S. Government approval. Referenced provisions of Government Property clause of FAR 52.245-1 apply [even if such clause has not been expressly made a part of this Subcontract].)
- 52.253-1 Computer Generated Forms

B. FAR Contract Clauses Applicable if this Subcontract Exceeds or Will Exceed \$10,000 (subject to any scoping provision per individual clause)

- 52.222-20 Contracts for Materials, Supplies, Articles and Equipment Exceeding \$15,000 - NOTE: Applicable to any Order greater than \$15,000 or lower threshold if effective under older higher-tier contract.
- 52.222-26 Equal Opportunity (Clause is applicable only (i) if this Subcontract is not exempted by Secretary of Labor under Executive Order 11246 as amended, and (ii) then only with respect to provisions of subparagraphs (c) (1) through (c) (11) [binding Seller thereto].)
- 52.222-36 Equal Opportunity for Workers with Disabilities - NOTE: Applicable to any Order greater than \$15,000 or lower threshold if effective under older higher-tier contract.
- 52.222-40 Notification of Employee Rights Under The National Labor Relations Act (DEVIATION Dec 2010) (Clause is applicable if this subcontract exceeds \$10,000.)
- 52.222-54 Employment Eligibility Verification - NOTE: Applicable to any Order greater than \$3,000 with a period of performance of 120 days or greater.

C. FAR Contract Clauses Applicable if this Subcontract Exceeds or Will Exceed \$30,000 (subject to any scoping provision per individual clause)

- 52.209-6 Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Clause is applicable only if this Subcontract is first tier. Seller shall comply with paragraph (b) of such clause.)

D. FAR Contract Clauses Applicable if this Subcontract Exceeds or Will Exceed \$100,000 (subject to any scoping provision per individual clause)

- 52.203-5 Covenant Against Contingent Fees (Clause is inapplicable for commercial item, per Definitions clause at 52.202-1. "This contract" thereunder includes the prime contract, any higher tier subcontract, and this Subcontract.)
- 52.203-6 Restrictions on Subcontractor Sales to the Government
- 52.203-7 Anti-Kickback Procedures (Subparagraph (c)(1) of clause is inapplicable.)
- 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
- 52.203-12 Limitation on Payments to Influence Certain Federal Transactions
- 52.209-5 Certification Regarding Responsibility Matters (Clause is applicable only if this Subcontract is first-tier from the prime contract.)
- 52.215-2 Audit and Records — Negotiation ("Contracting Officer" thereunder means U.S. Government Contracting Officer.)
- 52.215-14 Integrity of Unit Prices (Paragraph (b) of clause is inapplicable. Clause contains applicability exceptions.)
- 52.219-8 Utilization of Small Business Concerns (Clause is applicable unless (i) contract is for personal services, or (ii) the contract, together with all of its subcontracts, will be performed outside of the United States and its outlying areas.)
- 52.222-4 Contract Work Hours and Safety Standards — Overtime Compensation (Clause shall be flowed down to any lower-tier subcontract exceeding \$150,000.)
- 52.222-35 Equal Opportunity for Veterans. (Applicable if Subcontract value is \$100,000 or more)
- 52.222-37 Employment Reports Veterans. (Applicable if Subcontract value is \$100,000 or more.)
- 52.223-13 Acquisition of EPEAT® - Registered Imaging Equipment. (Clause is applicable only if (i) this subcontract is for other than a commercial item per FAR Part 2, or (ii) Seller is not exempt per criteria of this clause.
- 52.223-14 Acquisition of EPEAT® - Registered Televisions (Clause is applicable only if (i) this subcontract is for other than a commercial item per FAR Part 2, or (ii) Seller is not exempt per criteria of clause at FAR 52.223-13.
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
- 52.242-13 Bankruptcy (Any such notification shall be to Buyer. After "for all Government contracts," insert "with Seller.")
- 52.243-6 Change Order Accounting (Any requirement for such change order accounting shall be expressly established within the specific Buyer change order.)
- 52.244-5 Competition in Subcontracting
- 52.246-25 Limitation of Liability — Services (Clause is applicable (i) only if and to the extent such clause is contained in Buyer's prime contract or subcontract with its customer, and (ii) other than for (a) automatic data processing, (b) telecommunications, (c) construction, (d) architect engineering services, and/or (e) maintenance and rehabilitation of real property, and (iii) for items not priced at or based on catalog or market prices.)
- 52.247-63 Preference for U.S. — Flag Air Carriers (Clause is inapplicable for any commercial item.)
- 52.247-64 Preference for Privately Owned U.S. — Flag Commercial Vessels (Clause is inapplicable for any commercial item.)

- 52.248-1 Value Engineering (Clause is applicable only if (i) this or similar clause is contained in Buyer's prime contract or subcontract with its customer; and (ii) this Subcontract is not for (a) research and development other than full scale development, (b) engineering services from not-for-profit or nonprofit organization, (c) personal services, (d) product or component improvement, or (e) commercial product that does not involve packaging specifications or other special requirements or specifications. In paragraph (j), "Contracting Officer" means the U.S. Government Contracting Officer, and, in the legend of paragraph (m), "Government" means both the U.S. Government and the Buyer.) DoD deviation applies if this Subcontract stems from higher-tier contract with DoD.)

E. FAR Contract Clauses Applicable if this Subcontract Exceeds or Will Exceed \$500,000 (subject to any scoping provision per individual clause)

- 52.215-12 Subcontractor Certified Cost or Pricing Data (Seller shall submit and certify cost or pricing data per criteria of clause [in addition to complying with all other requirements of clause].) The current threshold is \$700,000
- 52.215-13 Subcontractor Certified Cost or Pricing Data — Modifications (Seller shall submit and certify cost or pricing data per criteria of clause [in addition to complying with all other requirements of clause].) The current threshold is \$700,000.
- 52.219-9 Small Business Subcontracting Plan (Clause is applicable only if this Subcontract (i) is with other than small business concern; (ii) offers subcontracting possibilities, (iii) is expected to exceed \$650,000 [\$1,500,000 if for construction of any public facility]; and (iv) is required to include the clause at 52.219-8, Utilization of Small Business Concerns, unless the acquisition is set aside or is to be accomplished under the 8(a) program.)
- 52.230-2 Cost Accounting Standards (Clause is applicable [except paragraph (b) thereof] only if (i) such clause is included in Buyer's prime contract or subcontract with its customer, (ii) Seller is other than small business concern, and (iii) Seller is not otherwise exempt under corresponding provisions of FAR Part 30, and (iv) *such clause is expressly stated to be applicable in the body of this Subcontract [with the date thereof indicated]*. If clause is so applicable, Seller shall include substance of clause [except paragraph (b) thereof] in lower tier subcontracts, per provisions of paragraph (d) of clause.) The current threshold is \$700,000.
- 52.230-3 Disclosure and Consistency of Cost Accounting Practices (Clause is applicable [except paragraph (b) thereof] only if (i) such clause is included in Buyer's prime contract or subcontract with its customer, (ii) Seller is other than small business concern, (iii) this Subcontract is for less than \$50,000,000, (iv) Seller is eligible for and elects modified CAS coverage per FAR Part 30, and (v) *such clause is expressly stated to be applicable in the body of this subcontract [with the date thereof indicated]*. If clause is so applicable, Seller shall include substance of clause [except paragraph (b) thereof] in lower tier subcontracts, per provisions of paragraph (d) of clause.) The current threshold is \$700,000.
- 52.230-6 Administration of Cost Accounting Standards (Clause is applicable only if Cost Accounting Standards clause of FAR 52.230-2 or Disclosure and Consistency of Cost Accounting Practices clause of FAR 52.230-3 applies to this Subcontract.) The current threshold is \$700,000,

F. FAR Contract Clauses Applicable Based Specifically on Cost-Reimbursement Subcontract Type (subject to any scoping provision per individual clause)

- 52.216-7 Allowable Cost and Payment (Under paragraph (a), if this Subcontract is with: (i) educational institute, substitute "Subpart 31.3" for "Subpart 31.2"; (ii) state or local government, substitute "Subpart 31.6" for "Subpart 31.2"; (iii) nonprofit organization not falling under preceding (i) or (ii), or exempted under OMB Circular No. A-22, substitute "Subpart 31.7" for "Subpart 31.2".)
- 52.216-8 Fixed Fee (Clause is applicable only if this Subcontract is cost-plus-fixed-fee type).
- 53.216-10 Incentive Fee (Clause is applicable only if this Subcontract is cost-plus-incentive-fee type).
- 52.216-11 Cost Contract — No Fee (Clause is applicable only if this Subcontract provides for no fee and is not cost-sharing type.)
- 52.216-12 Cost Sharing Contract — No Fee (Clause is applicable only if this Subcontract is cost-sharing type.)
- 52.222-2 Payment for Overtime Premiums (Clause is applicable only if this Subcontract exceeds \$150,000 and otherwise meets criteria therefore of FAR 22.103-5(b). In paragraph (a), insert "\$0" unless another amount is expressly provided for elsewhere within this Subcontract.)
- 52.229-10 State of New Mexico Gross Receipts and Compensating Tax (Clause is applicable only if (i) Seller will purchase tangible personal property to be used in performing services in New Mexico, (ii) title to such property will pass to the U.S. Government upon delivery of such property to Seller or Buyer by the vendor, and (iii) this Subcontract is not otherwise exempt per criteria of FAR 29.401-6.)

- 52.232-20 Limitation of Cost (Clause is applicable only if this Subcontract is fully funded [vis-a-vis incrementally funded], as indicated by inapplicability of Limitation of Buyer's Obligation (Cost Reimbursement) clause of Section 1 of this form.)
- 52.243-2 Changes — Cost-Reimbursement — Alternates I, II, III, IV, and V (In paragraph (a) of basic clause and of Alternates I, II, and V, add the following [as subparagraph (4) in basic clause and Alternates I and V, and as sub-paragraph (7) in Alternate II]: "Delivery schedule or period of performance." In paragraph (c), substitute "10 days" for "30 days.")
- 52.244-2 Subcontracts (Note: (i) approved purchasing system means such approved by U.S. Government, and (ii) Alternate I shall apply.)
- 52.246-3 Inspection of Supplies — Cost-Reimbursement (Clause is applicable only to any supplies being furnished by Seller under this Subcontract.)
- 52.246-5 Inspection of Services — Cost-Reimbursement (Clause is applicable only to any services being furnished by Seller under this Subcontract.)
- 52.246-8 Inspection of Research and Development — Cost-Reimbursement (Clause is applicable only to any research and development being furnished by Seller under this Subcontract, when primary objective is delivery of end items other than designs, drawings, or reports. Alternate I is applicable if Subcontract is on a non-fee basis.)
- 52.246-9 Inspection of Research and Development (Short Form) (Clause is applicable only to any research and development being furnished by Seller under this Subcontract, when invoked by mutual agreement of parties in place of Inspection of Research and Development — Cost-Reimbursement clause of FAR 52.246-8.)
- 52.249-6 Termination (Cost-Reimbursement) (In paragraph (f), substitute "6 months" for "1 year." Disputes are governed by Disputes clause of Section 1 of this form.)
- 52.249-14 Excusable Delays (Clause is applicable to supplies and services, and to research and development only if performed by Seller on a fee basis.)

2. DFARS CONTRACT CLAUSES (The Department of Defense FAR Supplement [DFARS] contract clauses identified hereinbelow: (i) are applicable only if this Subcontract results from any prime contract or subcontract with Buyer's customer falling under DFARS (as will be made clear elsewhere in this subcontract), (ii) are in addition to the FAR contract clauses, (iii) augment or supersede any portion of the FAR contract clauses of the same subject matter to any extent inconsistent therewith, and (iv) are subject to any specific scoping provision per individual clause [see General Preamble hereinabove].)

A. DFARS Contract Clauses Applicable to this Subcontract Irrespective of Amount Thereof (subject to any scoping provision per individual clause)

- 252.204-7000 Disclosure of Information
- 252.204-7002 Payment for Subline Items Not Separately Priced
- 252.215-7000 Pricing Adjustments
- 252.222-7006 Restrictions on the Use of Mandatory Arbitration Agreements
- 252.223-7001 Hazard Warning Labels
- 252.223-7002 Safety Precautions for Ammunition and Explosives (Clause is applicable only if this Subcontract involves ammunition or explosives. Government safety representatives may evaluate Seller compliance.)
- 252.223-7003 Change in Place of Performance — Ammunition and Explosives
- 252.223-7008 Prohibition of Hexavalent Chromium - NOTE: Applicable to any Order for supplies, maintenance and repair services, or construction unless the exceptions listed in DFARS 223.7304 apply.
- 252.225-7014 Preference for Domestic Specialty Metals (Alternate I applies if this Subcontract requires delivery of product containing specialty metals under program for (i) aircraft, (ii) missile and space systems, (iii) ships, (iv) tank automotive, and (v) weapons or ammunition.). NOTE: Applicable to Subcontracts 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 Subcontracts issued under prime contracts awarded on or after January 28, 2008 and before July 29, 2009
- 252.225-7016 Restriction on Acquisition of Ball or Roller Bearings
- Photovoltaic Devices—Certificate (Clause is applicable only if this Subcontract stems from competitively negotiated RDT&E prime contract under BMD program.)

- 252.225-7018 Photovoltaic Devices—Certificate (Clause is applicable only if this Subcontract stems from competitively negotiated RDT&E prime contract under BMD program.)
- 252.225-7025 Restriction on Acquisition of Forgings
- 252.225-7048 Export-Controlled Items
- 252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles
- 252.231-7000 Supplemental Cost Principles
- 252.235-7002 Animal Welfare (Clause is applicable only if this Subcontract involves research on live vertebrate animals.)
- 252.235-7003 Frequency Authorization — Alternate I (Authorization shall be through or coordinated with Buyer.)
- 252.239-7000 Protection Against Compromising Emanations (Clause is applicable only if this Subcontract calls for computer equipment or systems to process classified information.)
- 252.243-7001 Pricing of Contract Modifications
- 252.246-7003 Notification of Potential Safety Issues
- 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System. NOTE: Applicable if Standard Note X1066 or X1067 (or equivalent text) is included in the Subcontract.
- 252.247-7023 Transportation of Supplies by Sea
- 252.249-7002 Notification of Anticipated Contract Termination or Reduction (Clause is applicable only if this Subcontract stems from a prime contract for a major defense program per clause paragraph (a). Seller shall comply with pertinent notices and flowdown requirements.)
- 252.251-7000 Ordering from Government Supply Sources (Clause is applicable only if this Subcontract contains Government Supply Sources clause of FAR 52.251-1. Any Buyer authorization for Seller use of U.S. Government supply sources necessitates and is contingent upon Buyer obtaining prior U.S. Government approval.)
- 252.251-7001 Use of Interagency Fleet Management System (IFMS) Vehicles and Related Services (Clause is applicable only if this Subcontract contains Interagency Fleet Management System (IFMS) Vehicles and Related Services clause of FAR 52.251-2. Any Buyer authorization for Seller use of IFMS vehicles and related services necessitates and is contingent upon Buyer obtaining prior U.S. Government approval.)

B. DFARS Contract Clauses — Applicable if this Subcontract Exceeds or Will Exceed \$100,000 (subject to any scoping provision per individual clause)

- 252.203-7001 Prohibition on Persons Convicted of Fraud or other Defense-Contract-Related Felonies (Clause is applicable only if this Subcontract is first tier from the prime contract.)
- 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals. NOTE: Applicable to Subcontracts issued under prime contracts awarded on or after July 29, 2009. NOTE: Exclude paragraph (d).
- 252.225-7012 Preference for Certain Domestic Commodities
- 252.225-7015 Restriction on Acquisition of Hand or Measuring Tools
- 252.247-7024 Notification of Transportation of Supplies by Sea

C. DFARS Contract Clauses — Applicable if this Subcontract Exceeds or Will Exceed \$550,000 (subject to any scoping provision per individual clause)

- 252.211-7000 Acquisition Streamlining (Clause is applicable only if this Subcontract (i) exceeds \$1,500,000 and (ii) stems from a prime contract under a systems acquisition program.)
- 252.219-7003 Small Business Subcontracting Plan (DoD Contracts) (Clause is applicable only if Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan clause of FAR 52.219-9 is applicable to this Subcontract.) Note requirement that majority of earnings must directly accrue to such socially and economically disadvantaged individuals.
- 252.222-7999 Additional Requirements and Responsibilities Restricting the Use of Mandatory Arbitration Agreements (DEVIATION No. 2010-O0004) NOTE: Applicable to Orders exceeding \$1 million using funds appropriated by the Fiscal Year 2010 Defense Appropriations Act, except for commercial items and commercially available off-the-shelf items. Applicable to open Subcontracts issued between February 17, 2010 and May 19, 2010.

3. NASA FAR SUPPLEMENT CONTRACT CLAUSES (The NASA FAR Supplement [NFS] contract clauses identified hereinbelow: (i) are applicable only if this Subcontract results from any prime contract or subcontract with Northrop Grumman Systems Corporation customer falling under the NFS (as will be made clear elsewhere in this Subcontract), (ii) are in addition to the FAR contract clauses, (iii) augment or supersede any portion of the FAR contract clauses of same subject matter to any extent inconsistent therewith, and (iv) are subject to any specific scoping provision per individual clause [see General Preamble hereinabove].)

- 1852.219-74 Use of Rural Area Small Businesses (Clause is applicable only if such clause is contained in Buyer's prime contract or subcontract with its customer. Then, if this Subcontract offers subcontracting possibilities, Seller is encouraged to use its best efforts to award lower tier subcontracts to small business concerns located in rural areas.)
- 1852.219-75 Small Business Subcontracting Reporting
- 1852.223-70 Safety and Health (Clause is applicable only if this Subcontract (i) exceeds \$150,000, or (ii) involves use of hazardous materials or operations.)
- 1852.223-71 Frequency Authorization (Clause is applicable only if this Subcontract calls for developing, producing, testing, or operating device for which radio frequency authorization is required. Processing shall be through Buyer.)
- 1852.235-70 Center for Aerospace Information – Final Scientific and Technical Reports (Clause is applicable only (i) if and to extent clause is contained in Buyer's prime contract or subcontract with its customer, and (ii) if this Subcontract involves research and development work.)
- 1852.244-70 Geographic Participation in the Aerospace Program (Clause is applicable only (i) if and to extent clause is contained in Buyer's prime contract or subcontract with its customer, and (ii) if this Subcontract exceeds \$100,000.)
- 1852.245-70 Contractor Requests for Government-Provided Equipment (Clause is applicable only if and to extent clause is contained in Buyer's prime contract or subcontract with its customer.)
- 1852.245-73 Financial Reporting of NASA property in the Custody of Contractors (Clause is applicable only if this Subcontract is first tier from the prime contract. Seller shall submit reports to Buyer in sufficient time to consolidate and meet reporting date of paragraph (c) of clause.)
- 1852.246-73 Human Space Flight Item (If this Subcontract is identified within as relating to a human space flight item, Seller shall comply with the following statement and shall require its inclusion in each lower-tier subcontract [without exception]:
For use in manned space flight; materials, manufacturing, and workmanship of highest quality standards are essential to astronaut safety.
If you are able to supply the desired item with a higher quality than that of the items specified or proposed, you are requested to bring this fact to the immediate attention of the purchaser.)