SUBCONTRACT CLAUSES — COST-REIMBURSEMENT SUBCONTRACT

FOR SUPPLIES, Research and Development, AND SERVICES

SECTION 1

NORTHROP GRUMMAN Systems Corporation STANDARD CLAUSES

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# CLAUSE NO. 1 – GENERAL INSTRUCTIONS TO SELLER

a. Subcontract Number Identification for Invoicing and Shipping: This Subcontract number (including any modifi-cation 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 MODIFICATON 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 – proprietary information

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.
2. 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.
3. 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.
4. 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.
5. 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. 16 – BUYER’S USE OF SELLER’S DATA

Seller agrees that all information heretofore or hereafter furnished or disclosed to Buyer by Seller in connection with the placing or performance of this Subcontract is furnished or disclosed as a part of the consideration for this Subcontract; that such information is not, unless otherwise agreed to by Buyer in writing, to be treated as confidential or proprietary; and that Seller shall assert no claims (other than for patent infringement) by reason of the use or disclosure of such information by Buyer, its assigns, or its customers. No employee of Buyer has the authority to make an agreement providing for the confidential treatment of, or limiting the use of or disclosure of, information so furnished or disclosed, unless such agreement is made in writing and signed by Buyer’s cognizant general manager or his authorized representative who has been delegated authority to sign such agreements. In the event this Subcontract is issued under a U.S. Government prime contract and any regulatory rights in technical data clause is incorporated into this Subcontract, such clause shall apply and this clause shall be deemed to be deleted; however, Buyer shall have the right to utilize Seller’s data in the performance of the prime contract.

# 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 arising under, out of, or in connection with this Subcontract, that is not resolved by agreement of the parties or pursuant to paragraph b. or c. below may be resolved by appropriate legal proceedings. Pending any decision, appeal, or judgment, or the settlement of any such dispute, Seller shall proceed diligently with the performance of this Subcontract (except with respect to any Buyer cancellation or termination of Subcontract work).

b. Notwithstanding any provision of this Subcontract to the contrary, if a decision on any question under, out of, or relating to the prime contract is made by the Government, and such question also arises under, out of, or relates to this Subcontract, said decision if binding upon Buyer shall in turn be binding upon Buyer and Seller with respect to such question under this Subcontract; provided, however, that if Seller disagrees with any such decision made by the Government, and if Buyer elects not to invoke remedies under Public Law No. 95-653 (as amended), the Contract Disputes Act of 1978, to the extent Buyer has the right to invoke such remedies, Seller shall have the right to invoke the said remedies in the name of Buyer; provided further, that notice of Seller’s intention to do so is furnished to Buyer in writing within thirty days from the date on which Seller receives notice of such decision and Buyer’s election not to pursue its available remedies. If Buyer elects not to contest any such decision where it is Buyer’s right to do so, Buyer agrees to notify Seller within ten days after receipt of such decision and to provide reasonable assistance to Seller in its prosecution of any resulting litigation. If Buyer elects to contest any such decision of the Government, Buyer agrees to promptly furnish Seller with a copy of the appeal or other initial pleadings. Any decision or judgment rendered pursuant to the Contract Disputes Act of 1978 (as amended), if binding upon Buyer, shall, in turn, be binding upon Seller. All costs of pursuing remedies invoked by Seller shall be paid by Seller, without prejudice to any right Seller may have to recovery or allowance thereof.

c. If Seller is otherwise adversely affected by any decision made by any representative of the Government on any question of fact or law arising under the prime contract, which is also related to this Subcontract, from which an appeal under the Disputes clause in the prime contract is not available, said decision if binding upon Buyer shall, in turn, be binding upon Buyer and Seller with respect to such question as it relates to this Subcontract; provided, however, if Seller is adversely affected by any such decision and, in good faith, disagrees with such decision, and if Buyer elects not to bring suit against the Government with respect to such decision, Buyer shall promptly notify Seller, and Seller shall have the right to bring suit against the United States in the name of Buyer. A final judgment or ruling in any such action, if binding upon Buyer shall, in turn, be binding upon Seller and Buyer under this Subcontract, with respect to the question decided as it relates to this Subcontract. Buyer agrees to provide reasonable assistance in the prosecution of any such action in every reasonable manner. All costs of any such suit, or of any appeal prosecuted by Seller, shall be paid by Seller, without prejudice to any right Seller may otherwise have to recovery or allowance thereof.

d. Any claim (as defined in FAR 52.233-1) or amendment thereof shall be made in writing, signed by a senior official in charge at the plant or location involved, and submitted to the subcontract manager. Seller shall certify any such claim or amendment thereof that exceeds $100,000 as follows:

“I certify that this claim is made in good faith, that the supporting data are accurate and complete to the best of my knowledge and belief, and that the amounts requested accurately reflect the subcontract adjustment for which the Seller believes Buyer is liable.”

Subcontractor’s Name By (Signature)

Date Title

e. If, as a result of any decision or judgment that is binding upon Seller and Buyer, Buyer is unable to obtain reimbursement from the Government under the prime contract for, or is required to refund or credit to the Government, any amount with respect to any item of cost or fee for which Buyer has reimbursed Seller, Seller shall, on demand, promptly repay such amount to Buyer.

f. The rights and obligations herein shall survive completion of and final payment under this Subcontract.

# 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 RELATED REQUIREMENTS

a. Export Compliance. Subcontractor is advised that its performance of this Subcontract may involve the use of or access to articles, technical data or software that is subject to export controls under 22 United States Code 2751 – 2796 (Arms Export Control Act) and 22 Code of Federal Regulations 120-130 (International Traffic in Arms Regulations) or 50 United States Code 2401 – 2420 (Export Administration Act) and 15 Code of Federal Regulations 768 – 799 (Export Administration Regulations) and their successor and supplemental laws and regulations (collectively hereinafter referred to as the “Export Laws and Regulations”). Subcontractor represents and warrants that it is either 1) a U.S. Person as that term is defined in the Export Laws and Regulations, or 2) that it has disclosed to Buyer’s Representative in writing the country in which it is incorporated or otherwise organized to do business, or if a natural person, all citizenships and US immigration status. Subcontractor shall comply with any and all Export Laws and Regulations, and any license(s) issued thereunder.

b. Foreign Personnel. Subcontractor shall not give any Foreign Person access to Technical Data, software or Defense Articles, or provide an unauthroized 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. 24 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. 24 shall be a material breach of this Subcontract.

d. Subcontracts. The substance of this Clause No. 24 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. 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 INDEMNITY

Seller warrants that the sale, use, or incorporation into manufactured products of all machines, devices, material, software, and firmware which are not of Buyer’s design, composition, or manufacture shall be free and clear of infringement of any valid United States patent (to the extent the Authorization and Consent clause at FAR 52.227-1 is not included in this Subcontract), copyright, trade mark, mask works, or other proprietary rights. Seller shall hold Buyer, its customers and lessees harmless from any and all expenses, liability, and loss of any kind, including but not limited to attorney’s fees, all costs, expenses, and fees growing out of claims, suits, or actions alleging such infringement, which claims, suits, or actions Seller agrees to defend

# 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 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. 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](http://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.

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.)**

**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)**

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| 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 52.215‑30] 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 Cost or Pricing Data or Information Other Than Cost or Pricing Data |
| 52.215-21 | Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data — Modifications |
| 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 Walsh-Healey Public Contracts Act at FAR 52.222-20.) |
| 52.222-21 | Prohibition of Segregated Facilities |
| 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). |
| 52.222‑26 | 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 (b) (1) through (b)(11) [binding Seller thereto].) |
| 52.222‑41 | Service Contract Act of 1965, as Amended – Clause is applicable only to the extent that such clause is in Buyer’s contract with its customer and the subcontract involves services subject to such Act. |
| 52.222-50 | Combating Trafficking in Persons |
| 52.223‑3 | 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 |
| 52.225‑8 | 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 |
| 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.) |
| 52.246-9 | 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.) |
| 52.246‑23 | 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)**

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| 52.222‑20  52.222-26 | Walsh‑Healy Public Contracts Act  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 (b) (1) through (b)(11) [binding Seller thereto].) $15K |
| 52.222-36  52.222-99 | Affirmative Action for Workers with Disabilities  Notification of Employee Rights Under The National Labor Relations Act (DEVIATION 2010-00013) (Clause is applicable if this purchase order exceeds $10,000.) |

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

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| 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)**

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| 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 Act — Overtime Compensation (Clause shall be flowed down to any lower-tier subcontract exceeding $100,000.) |
| 52.222-35 | Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans. (Applicable if Subcontract value is $100,000 or more) |
| 52.222-37 | Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Applicable if Subcontract value is $100,000 or more.) |
| 52.222-39 | Reserved |
| 52.223-13 | Certification of Toxic Chemical Release Reporting (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 | Toxic Chemical Release Reporting (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)**

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| 52.215-12 | Subcontractor 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 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 $650,000. |
| 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 $650,000. |
| 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 $650,000, |

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

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| --- | --- |
| 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)**

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| 252.204‑7000 | Disclosure of Information |
| 252.204‑7002  252.204-7008 | Payment for Subline Items Not Separately Priced  Export-Controlled Items (Apr 2010) |
| 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  252.225-7009 | Change in Place of Performance — Ammunition and Explosives  Restriction on Acquisition of Certain Articles Containing Specialty Metals. NOTE: Applicable to Orders issued under prime contracts awarded on or after July 29, 2008. |
| 252.225‑7012 | Preference for Certain Domestic Commodities |
| 252.225‑7014  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 Orders issued under prime contracts awarded before January 28, 2008  Preference for Domestic Specialty Metals (DEVIATION No. 2008-O0002) and Alternate 1 (DEVIATION No. 2008-O0002). NOTE: Applicable to Orders issued under prime contracts awarded on or after January 28, 2008 and before July 29, 2009 |
| 252.225‑7016 | Restriction on Acquisition of Ball or Roller Bearings |
| 252.225‑7018 | Notice of Prohibition of Certain Contracts with Foreign Entities for the Conduct of Ballistic Missile Defense RDT&E (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 |
| 252.228‑7005 | 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 |
| 252.247‑7023 | Transportation of Supplies by Sea |
| 252.249-7002 | Notification of Proposed Program 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)**

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| 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.) |
| 252.225‑7015 | 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)**

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| 252.211‑7000 | Acquisition Streamlining (Clause is applicable only if this Subcontract (i) exceeds $1,000,000 and (ii) stems from a prime contract under a systems acquisition program.) |
| 252.219‑7003  252.222-7999 | Small, Small Disadvantaged and Women-Owned 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.*  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. |

**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].)**

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| 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-Owned 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 human 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.) |