

T-16
NORTHROP GRUMMAN SYSTEMS CORPORATION
PURCHASE ORDER TERMS AND CONDITIONS
GOVERNMENT COST REIMBURSABLE SUPPLY/SERVICES

Title and Clause Number		Title and Clause Number	
Acceptance	2.	Intellectual Property Infringement Warranty and Indemnity	27.
Allowable Cost, Fee and Payment	57.	Invoice and Freight Bill	5.
Anti-Corruption Compliance	70.	Labor Disputes	30.
Assignment	21.	Limitation of Buyer's Liability / Statute of Limitations	50.
Badges and Plant Security	54.	Nonwaiver	42.
Buyer Authorization	12.	Notification of Changed Capacity or Capability	75.
Buyer's Property	16.	Notification of Status Changes	19.
Changes	11.	Offset Commitment	34.
Choice of Law	33.	Order of Precedence	3.
Citizenship Requirement for Seller's Personnel Assigned to Perform Work at Buyer's Facility	53.	Packing and Shipping	7.
Clause Modification Necessary to Comply with Buyer's Higher-Tier Contract	49.	Partial Invalidity	40.
Complete Agreement	43.	Place of Performance	61.
Compliance with Laws	31.	Price Reduction for Defective Certified Cost or Pricing Data/Non-Compliance with CAS	39.
Compliance with the Procurement Integrity Act	38.	Prohibited Activities and Contacts	32.
Customs Trade Partnership Against Terrorism (C-TPAT) Program	45.	Relationship of the Parties	55.
Definitions	1.	Release of Information and Advertising	37.
Delivery, Title	4.	Reliance	36.
Disclosure of Information	58.	Remedies	41.
Disputes	13.	Restrictions on the Use of Mandatory Arbitration Agreements	48.
European Union Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)	47.	Seller's Employees	62.
Excusable Delay – Force Majeure	51.	Set-Off	22.
Export and Import Compliance	35.	Subcontract Deliverables	25.
FAR/DFARS Provisions/Clauses	199.	Subcontracting	23.
Government Property	17.	Suspect/Counterfeit Parts	44.
Indemnification	28.	Sustainability	46.
Information of Buyer and Seller	24.	Taxes	20.
Inspection and Correction Defects	60.	Termination	63.
Insurance	29.	Trafficking in Persons	74.

1. DEFINITIONS.

- A. BUYER means Northrop Grumman Systems Corporation including its subsidiaries, sectors, and divisions as identified on the face of the Purchase Order.
- B. BUYER'S AUTHORIZED PURCHASING REPRESENTATIVE means the person authorized by Buyer's cognizant procurement organization to administer and/or execute the Order.
- C. DATA means all designs, dimensions, specifications, drawings, patterns, know how, or other information concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Products. Data may be recorded in a written or printed document, computer or electronic file, electromagnetic tape

- or disc, software, or any other tangible form of expression.
- D. DFARS means the Defense Federal Acquisition Regulation Supplement.
- E. FAR means the Federal Acquisition Regulation.
- F. ORDER means the instrument of contracting including this Purchase Order and all referenced documents. This Order is a "Cost-Reimbursable" contract wherein Buyer is to pay Seller's allowable costs incurred in the performance of the Order to the extent prescribed in the Purchase Order.
- G. PARTIES means Buyer and Seller collectively.
- H. PRIME CONTRACT means the contracting instrument issued to Buyer or Buyer's higher tier

customer by the U.S. Government for the acquisition of Products.

- I. PRODUCTS means those goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies, and any incidental services described in the Order.
- J. PROPRIETARY INFORMATION means all Data or other information that is identified in writing at the time of disclosure as proprietary and marked with an appropriate legend, marking or stamp identifying the Data or other information as proprietary to the Party disclosing the information, and includes any information marked with a restrictive legend as prescribed in DFARS 252.227-7013 or 252.227-7014 or in FAR 52.227-15.
- K. SELLER means the Party with whom Buyer is contracting.
- L. SERVICES means Seller's time and effort not incidental to sale and purchase of Products.

2. ACCEPTANCE.

This Order is Buyer's offer to Seller to purchase the goods and any related services described in this offer. Acceptance of this offer is strictly limited to the terms and conditions in this offer. Modifications hereto, to be binding, must be in writing and signed by Buyer's Authorized Purchasing Representative. Seller's acknowledgement, acceptance of payment, or commencement of performance, shall conclusively evidence acceptance of this offer as written. Buyer hereby objects to and is not bound by any additional or different terms contained in Seller's acceptance.

3. ORDER OF PRECEDENCE.

In the event of any inconsistency between any parts of this Order, the inconsistency shall be resolved by giving precedence in the following order:

- A. Contract Security Classification Specifications
- B. Change Order Document
- C. Purchase Order Document
- D. Purchase Order Terms and Conditions.
- E. FAR/DFARS and Other Agency Supplemental Clauses
- F. Statement of Work
- G. Specification/Drawing
- H. Quality/Mission Assurance Requirements
- I. Supplier Data Requirements List (SDRL)/Data Item Description (DID).
- J. Other Referenced Documents

4. DELIVERY, TITLE.

- A. The Free on Board (FOB) point shall be as designated in the Order. Title shall pass to Buyer upon acceptance (except as otherwise specified within this Order); however, passing of title shall not relieve Seller of any other obligations under this Order.
- B. All deliveries shall be strictly in accordance with the applicable quantities and schedules set forth in this Order. Goods delivered in advance of the delivery schedule may, at Buyer's option, (i) be returned at Seller's expense for proper delivery, (ii) have payment therefore withheld by Buyer until the date that goods are actually scheduled for delivery, or (iii) be placed in storage, for which

Seller shall be liable for the cost, until the delivery date specified herein.

- C. Whenever it appears Seller will not meet the delivery schedule, Seller shall immediately notify Buyer of the reason and estimated length of the delay. If Seller's delivery shall fail to meet the delivery schedule, Buyer, without limiting its other rights or remedies, may direct expedited routing, and any excess cost incurred thereby shall be debited to Seller's account.
- D. If Seller is unable to meet the required delivery schedules for any reason, other than a change directed by Buyer, Buyer shall have the option to (1) terminate this Order, or (2) fill such Order or any portion thereof, from sources other than Seller and to reduce Seller's Order quantities accordingly at no increase in unit price, without any penalty to Buyer, or (3) accept late delivery and recover from Seller any costs Buyer incurs caused by the late delivery. This condition shall not limit Buyer's other rights and remedies Buyer may otherwise have under this Order.
- E. All Parties expressly agree that time is and shall remain a material element of this Order and no acts of Buyer, including without limitation, modifications to this Order or acceptance of late deliveries, shall constitute a waiver of this provision.
- F. If Seller is permitted to use terms other than FCA Sellers Premises, Seller shall provide the name and contact information for all freight forwarders, carriers or cartage agents expected to handle Buyer's cargo. Seller shall provide this information to the Buyer not later than ten (10) days after order acceptance. Seller proposed freight forwarders, carriers or cartage agents must have a reputation for honesty and a company policy prohibiting bribes and facilitating payments intended to expedite or secure performance of a routine governmental action, such as, customs clearance. Buyer retains the right to deny Seller's use of Seller proposed freight forwarders, carriers or cartage agents within thirty (30) days of Seller notification. Seller shall ensure that Buyer's purchase does not transit through one of the Proscribed Countries listed in the U.S. International Traffic in Arms Regulations, CFR22 126.1.

5. INVOICE AND FREIGHT BILL.

Seller shall send a separate invoice for each shipment and shall include the following information taken from Buyer's Order: (a) Order number; (b) item number; (c) part serial number (if serialized); (d) part number; (e) unit of measure; (f) unit price; and (g) unit Export Control Classification Number (ECCN) or International Traffic in Arms (ITAR) designation. Seller's invoice shall also include: (h) Seller's phone number and address; (i) invoice number; (j) date prepared; (k) item quantity; (l) extended item price; and (m) total invoice value. If Seller's "remit to" address is different than the address indicated on the Order, clearly identify the "remit to" address on the invoice. No invoice shall be issued prior to shipment

of Products. Seller shall also provide documentation to support its invoice as Buyer may reasonably require. For each shipment made at Buyer's expense (i.e., FOB Origin), Seller shall include a copy of the freight bill (which shall include the weight of items shipped) with each invoice. Buyer reserves the right to return invoices failing to comply with these instructions for re-submittal of a correct invoice. Where Seller is under Evaluated Receipts Settlement (ERS) agreement, no invoice is required, and payment process commences upon receipt of items. For additional invoicing and submission information, please refer to the Buyer Invoice Instructions document on the Online Automated Supplier Information System (OASIS) website located at <http://www.northropgrumman.com/suppliers/Pages/PaymentAndInvoicing.aspx>.

6. RESERVED.

7. PACKING AND SHIPPING.

Seller shall be responsible for ensuring the proper packaging and shipping of Product hereunder in accordance with Buyer's Purchase Order Terms and Conditions, T-13, "(Packaging, Packing, Marking and Bar Coding)" and Aerospace Systems Supplier Routing Instructions which is incorporated herein and available on the Buyer's OASIS Website, <http://www.northropgrumman.com/suppliers/Pages/TermsAndConditions.aspx>. Damage resulting from improper Product packaging will be charged to Seller.

8. – 10. RESERVED.

11. CHANGES.

- A. Buyer's Authorized Purchasing Representative may at any time, by written order, and without notice to sureties or assignees, if any, make changes within the general scope of this Order in (1) drawings, designs, specifications, planning and/or other technical documents; (2) method of shipment, packaging, or packing; (3) place of delivery; (4) reasonable adjustments in quantities or delivery schedules or both; (5) place of inspection; (6) place of acceptance; and (7) terms and conditions of this contract required to meet Buyer's obligations under its prime contracts or subcontracts, including, but not limited to, any mandatory flowdown clauses.
- B. If the change causes an increase or decrease in the estimated cost or time required to perform this Order, whether or not changed by the change order or Purchase Order Change Notice, an equitable adjustment shall be made in the (1) estimated or target cost of, and/or the time required for the performance of this Order, (2) amount of any fixed fee, and (3) other affected terms, shall be modified in writing accordingly.
- C. Any claim for adjustment shall be unconditionally waived unless: (i) asserted in writing and delivered to Buyer within fifteen (15) days of the date of the written change order or any action by Buyer that Seller believes constitutes a change; and (ii) a fully supported proposal is delivered to Buyer's Authorized Purchasing Representative within forty-five (45) days after Seller's receipt of such direction.

- D. If Seller claims the cost of any Property made obsolete or excess, Buyer shall have the right to prescribe the manner of disposition of the property to include the right to acquire that property for cost claimed.
- E. Buyer has the right to examine any of the Seller's pertinent books and records for the purpose of verifying Seller's claim. However, at Seller's request, in lieu of Buyer, a cognizant Government Agency can examine books and records to verify Seller's claim.
- F. Notwithstanding any other provisions of this clause, the estimated cost of this Order and, if this Order is incrementally funded, the funds allotted for the performance of this Order, shall not be increased or considered to be increased except by specific written modification of the Order indicating the new Order estimated or target cost and, if this Order is incrementally funded, the new amount allotted to this Order. Until this modification is made, Seller shall not be obligated to continue performance or incur costs beyond the point established in the "Limitation of Cost" or "Limitation of Funds" clauses in this Order.

12. BUYER AUTHORIZATION.

- A. The Buyer's Authorized Purchasing Representative has sole authority to make contractual commitments on behalf of the Buyer, to provide contractual direction, and to change contractual requirements as defined in the Order.
- B. Buyer's engineering, technical personnel and other representatives may from time to time render assistance or give technical advice or discuss or affect an exchange of information with Seller's personnel concerning the Product hereunder. No such action shall be deemed to be a change under the "Changes" clause of this Order, shall not be the basis for an equitable adjustment and shall not relieve Seller of its obligations under this Order.

13. DISPUTES.

- A. Any disputes that may arise under or in connection with this Order with respect to the rights, duties, or obligations of the Parties shall be submitted in writing for resolution to ascending levels of management of the respective Parties up to the Senior Executive of the Global Supply Chain organization placing the Order, and Seller's equivalent executive level.
- B. If a dispute cannot be resolved to both Parties' mutual satisfaction, after good faith negotiations, within ninety (90) calendar days from the date the written claim is received by the other Party, or such additional time as the parties agree upon, in writing, either Party may only bring suit in federal or state court in the state from which this Order is issued. Seller consents to personal jurisdiction for this purpose in the forum state from which this Order is issued.
- C. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, both Parties

shall proceed diligently, with their respective obligations under this Order.

- 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.

14. – 15 RESERVED.

16. BUYER'S PROPERTY.

Title to all property furnished to Seller by Buyer or paid for by Buyer shall remain with Buyer. Seller shall not alter or use such property for any purpose or for any other party other than that specified by Buyer, without the prior written consent of Buyer.

- A. Seller shall be responsible for all Buyer-furnished property (e.g., dies, molds, jigs, tools, materials, etc.) in accordance with Buyer's T-55, Purchase Order Terms and Conditions Property Control, which is incorporated herein and available on the Buyer's OASIS Website, <http://www.northropgrumman.com/suppliers/Pages/TermsAndConditions.aspx>.
- B. Seller shall assume the risk of, and be responsible for, any loss, destruction of or damage to Buyer's property while in Seller's possession or control.
- C. Upon Buyer's written request to Seller for any property under this clause, if Seller cannot locate Buyer-furnished property within five (5) days, Seller shall notify the Buyer that the item was not located and Seller subsequently has twenty (20) days to find the misplaced property. After such period, the property shall be deemed "lost" and at Buyer's election, Seller shall either reimburse Buyer for the replacement and all related delay costs, or remake at no cost to the Buyer.

17. GOVERNMENT PROPERTY.

Title to all property furnished to Seller by Buyer or paid for by Buyer shall remain with Buyer/Customer. Seller shall not alter or use such property for any purpose or for any other party other than that specified by Buyer, without the prior written consent of Buyer.

- A. Seller shall be responsible for all Government-furnished property in accordance with Buyer's T-55, Purchase Order Terms and Conditions Property Control, which is incorporated herein and available on the Buyer's OASIS Website, <http://www.northropgrumman.com/suppliers/Pages/TermsAndConditions.aspx>. If Buyer agrees to pay Seller for acquisition of tooling and equipment, either separately or as a stated part of the unit price of goods purchased herein, title to same shall pass to Buyer/Government upon (i) commencement of processing for use in performance of this Order, or (ii) Buyer payment therefore, whichever occurs first.
- B. If, in performing this Order, any Government property is furnished to Seller, Seller shall assume the risk of, and be responsible for, any loss, destruction of or damage to Government property while in Seller's possession or control except to the extent that this Order provides otherwise. Seller shall return all Government property in a condition as good as when received except for reasonable wear and tear. Seller shall establish and maintain a system for control of Government

property in accordance with FAR 52.245-1, "Government Property". Seller shall notify Buyer if the Government determines that its system is inadequate.

- C. If Seller cannot locate Government-furnished property within five (5) days, Seller shall notify the Buyer that the item was not located and Seller subsequently has ninety (90) days to find the misplaced item. After such period, the property shall be deemed "lost" and Seller shall reimburse Buyer for its full replacement cost or remake at no cost to the Buyer should the Buyer agree to such action. The search period begins upon Seller's notification to Buyer of a misplaced item (where the reimbursement shall take place on the 96th business day after the item is lost).
- D. If Seller damages any property, Seller shall be responsible for making repairs and be responsible for such cost.

18. RESERVED.

19. NOTIFICATION OF STATUS CHANGES.

By accepting this Order, Seller certifies that all representations and certifications applicable to this Order included in the Corporate Form C-833, "Subcontractor Annual Compliance Certification", and the Corporate Form C-832, "Supplier Profile – Responsibility and Capability Questionnaire", both available on the Buyer's OASIS Website, remain valid. If Seller's status under any of the applicable representations and certifications has changed, Seller must complete and submit to Buyer a new "Subcontractor Annual Compliance Certification" or "Supplier Profile – Responsibility and Capability Questionnaire" prior to taking any action indicating acceptance as stated on the face of the Order. Sellers that provided anti-corruption compliance due diligence information (e.g., related to its ownership and personnel, subsidiaries and third parties, the due diligence questionnaire, and related certifications) to a Buyer representative or through the *Global Trust* website shall provide Buyer with prompt notification and details of any changes to its owners, officers, directors or other information contained in such due diligence materials, and agrees to promptly cooperate with Buyer and provide additional information reasonably requested related to such changed information. In the event of a material change to the owners, officers, directors or other information contained in the due diligence material supplied to Buyer, Buyer reserves the right to suspend performance under this agreement by providing written notice to Seller in order for Buyer to conduct anti-corruption due diligence upon such changed circumstances.

20. TAXES.

The price of this Order includes all applicable foreign and domestic Federal, State, and Local taxes, duties, tariffs, and similar fees ("Taxes") levied upon, or measured by, the sale, the sales price, or use of goods and/or the performance of services associated with this Order. Seller shall separately list on its invoice (or voucher) any Taxes. Seller shall comply with any reasonable request by Buyer regarding Tax payments under protest and shall make appropriate adjustments

to afford Buyer the benefit of any refund or reduction in Taxes.

21. ASSIGNMENT.

- A. For the term of this Order, a merger, acquisition, or change of control of Supplier shall be deemed an assignment under this clause. Seller shall not assign any of its rights under this Order without Buyer's prior, written consent, except as specifically stated in this clause. Seller may assign to a bank, trust company, or other financing institution including any Federal lending agency, claims for money due or to become due to Seller from Buyer under this Order, provided:
 - 1. The assignment is limited to one party, covers all amounts payable under the Order and not already paid, is not subject to further assignment, and is made specifically subject to reduction and setoff or recoupment for any present or future claim or claims or indebtedness which Buyer may have against Seller;
 - 2. Seller furnishes to Buyer written notice of assignment and a true copy of the instrument of assignment.
- B. Buyer may make direct settlements or adjustments in price, or both, with Seller under the terms of this Order notwithstanding any assignment of claims for money due or to become due under this Order and without notice to the assignee.
- C. Seller shall not furnish or disclose to any assignee under this Order or any other person not entitled to receive the same, any classified document or any of Buyer's Proprietary Information (including this Order) until and unless authorized to do so by Buyer's Authorized Purchasing Representative.

22. SET-OFF.

Buyer shall be entitled at all times to set off any amount owing at any time from Seller to Buyer or any of its affiliated companies against any amount payable at any time by Buyer or any of its affiliated companies to Seller.

23. SUBCONTRACTING.

- A. Seller shall not subcontract without the prior written authorization of Buyer for the design or procurement of the whole or any major component of any Product ordered hereunder, and Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on authorized distributors, dealers, jobbers or industrial suppliers.
- B. No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of-cost basis, and any fee payable under cost-reimbursement subcontracts shall not exceed the fee limitations in FAR subsection 15.404-4(c).
- C. Any subcontract awarded to a foreign person, as defined in the ITAR or the Export Administration Regulations (EAR), must comply with the "Export and Import Compliance" clause herein.

24. INFORMATION OF BUYER AND SELLER.

- A. Unless expressly stated otherwise herein, the exchange of information under this Order shall be governed by this Order and, in particular this

Clause 24, which supersedes any prior agreement between Buyer and Seller to protect information relating to the purpose of this Order.

- B. Each Party agrees to keep confidential and not to disclose to any other person (unless permitted below or elsewhere in this Order) any Proprietary Information received from the other Party in connection with this Order. Proprietary Information shall be all information exchanged under this Order in written or other permanent form which is clearly and conspicuously marked as being proprietary using an appropriate legend. Proprietary Information shall also include information originally disclosed in some other form (e.g., orally or visually) to the extent that the disclosing Party:
 - 1. Identifies the information as proprietary at the time of original disclosure;
 - 2. Summarizes the Proprietary Information in writing;
 - 3. Marks the writing clearly and conspicuously with an appropriate proprietary legend; and,
 - 4. Delivers the writing to the receiving party within thirty (30) days of the original disclosure. The foregoing limitation on disclosure and use shall not apply to data or information which (i) was in the rightful possession of a receiving Party without restriction, prior to the first receipt from the disclosing Party; or (ii) now or hereafter, through no act or failure to act on the part of a receiving Party, becomes generally known and available to the public without restriction; or (iii) is hereafter disclosed and made available to a receiving Party without restriction by others having the right to make such disclosure.
- C. Seller agrees to use Buyer's Proprietary Information only for purposes necessary for performing this Order, without first obtaining Buyer's written authorization. Seller further hereby grants to Buyer a non-exclusive, irrevocable, worldwide, right and license to copy, modify, use and disclose to the U.S. Government or any higher tier contractor, any information received from Seller, including Proprietary Information, for the performance of this Order and any higher tier contract from which this Order is issued.
- D. All documents and other tangible media (excluding Products) transferred in connection with this Order, together with any copies thereof, are and remain the property of Buyer.
- E. 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 information or data 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. 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 – Noncommercial Items" clause DFARS 252.227-7013 and "Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation" 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.

25. SUBCONTRACT DELIVERABLES.

Seller agrees and acknowledges that all deliverables, or portions thereof, under this Order ("Deliverable Materials") may be incorporated into deliverables under the next higher tier or prime contract. Seller hereby grants Buyer the right to deliver the Deliverable Materials or any portion thereof under the next higher tier or prime contract. Seller further hereby agrees to deliver the Deliverable Materials under this Order with the appropriate markings required by the Government regulations incorporated into this Order.

26. RESERVED.

27. INTELLECTUAL PROPERTY INFRINGEMENT WARRANTY AND INDEMNITY.

- A. 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 patent, copyright, trade mark, mask works, or other proprietary rights.
- B. Seller will indemnify, defend and hold harmless Buyer and its customer ("Indemnities") from all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents known at the time of such infringement, exceeding actual damages and/or including attorneys' fees and/or costs), liabilities, damages, costs and attorneys' fees related to the actual or alleged infringement of any U.S. or foreign intellectual property right (including, but not limited to, any right in a patent, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or documents) and arising out of the manufacture, sale or use of goods by either Buyer or its customer. Buyer and/or its customer will duly notify Seller of any such claim, suit or action; and Seller will, at its own expense, fully defend such claim, suit or action on behalf of the Indemnities. Seller will have no obligation under this clause with regard to any infringement arising from (a) the compliance of Seller's new product design with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (b) use or sale of goods for other than their intended application in combination with other items when

such infringement would not have occurred from the use or sale of those goods solely for the purpose for which they were designed or sold by Seller. For purposes of this clause only, the term Buyer will include Northrop Grumman Corporation and all Northrop Grumman subsidiaries and all officers, agents and employees of Northrop Grumman Corporation or any Northrop Grumman Corporation subsidiary.

- C. If the use or sale of a Product delivered by Seller is enjoined as a result of a suit, Seller, at no expense to Buyer, shall obtain for Buyer and its customer the right to use and sell the Product or shall substitute an equivalent Product acceptable to Buyer, at its sole discretion, and extend this indemnification thereto.
- D. Notwithstanding the foregoing, when this Order is performed under the authorization and consent of the U.S. Government, Seller's liability for U.S. patent infringement under this Order shall be coextensive with Buyer's liability.

28. INDEMNIFICATION.

Seller shall indemnify, defend, protect, and hold harmless Buyer, its officers, employees, and agents from and against all cost, losses, expense, damages, claims, suits, or any liability whatsoever (including attorney's fees), arising out of or in connection with the work to be performed hereunder, or any act or omission of Seller, its agents, employees, or subcontractors; except to any extent otherwise expressly provided elsewhere within this Order.

29. INSURANCE.

- A. During the entire Order period, Seller and its subcontractors shall, at their sole cost and expense, procure and maintain Worker's Compensation insurance coverage as required by the laws of the state in which the work is performed and such insurance shall provide waiver of subrogation against Buyer. Seller shall also maintain, at their sole cost and expense, Employer Liability insurance in the amount of \$1,000,000.
- B. Seller and its subcontractors shall, at their sole cost and expense, procure and maintain the following insurance coverage in the minimum limits indicated:
1. Commercial General Liability (CGL) – Combined Single Limit (CSL) \$2,000,000 bodily injury and/or property damage. Coverage shall include but not necessarily be limited to, premises and operations, products and completed operations and contracts.
 2. Automobile Liability (AL) – Combined Single Limit (CSL) \$2,000,000 bodily injury and/or property damage covering all owned, hired and non-owned vehicles.
- C. All insurance required as a part of this Order shall be placed with insurance companies that are authorized to do business under the laws of the state or states in which the work is being performed and shall be in a form reasonably acceptable to Buyer.

- D. General Liability and Automobile Liability insurance coverage shall provide that Buyer is named as an additional insured and if requested by Buyer, Seller shall provide evidence that the required insurance is in place in the form of insurance certificates.
- E. Insurance coverage described herein must be in place and effective prior to commencement of any activity that is the subject of this Order. Renewal insurance certificates, if applicable, shall be provided to Buyer at least fifteen (15) days prior to the expiration date of the insurance under each required coverage.
- F. Buyer and Seller agree to defend, indemnify, and save harmless the other from all damages and liabilities pursuant to this Order; provided, however, that such damage and liability shall not have been caused by the negligence of the agents, subcontractors or employees of the indemnified parties.
- G. Additional insurance types and/or limits will be necessary if the work involves extra hazardous operations. The extra hazardous operations include, but are not limited to: dispensing of medical care, operations involving the nuclear hazard, providing professional engineering advice, large construction projects (above \$5,000,000) hazardous waste, food service, crane operation, work above ground, work below ground, and operations involving demolition or explosives.
- H. If work involves non-U.S. military aviation products, Aviation Products Liability: \$100,000,000.
- I. If project involves ownership or lease of an aircraft, Aviation Hull and War Risk for Replacement Cost or Agreed value.
- J. Foreign Direct Sale - Insurance as mandated by the country involved.

30. LABOR DISPUTES.

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay timely performance of this Order, Seller shall immediately give notice to Buyer including all relevant information including, but not limited to, nature of dispute, labor organizations involved, contingency plans regarding the protection of the Buyer's Order and estimated duration. Seller shall also provide updated reports throughout the dispute duration. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract where a labor dispute might delay timely performance of this Order.

31. COMPLIANCE WITH LAWS.

Seller shall fully comply with all applicable federal, state, and local laws, rules, regulations, or ordinances. 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.

32. PROHIBITED ACTIVITIES AND CONTACTS.

- A. Activity Prohibitions for Sellers delivering goods or performing services outside of the United States. Unless specifically authorized in writing by Buyer,

Seller shall not engage in any of the following activities on behalf of the Buyer under this Agreement: acting as an agent of the Buyer; marketing or sales promotion; lobbying; freight forwarding; consulting services; performing offset (industrial participation) consulting or brokering services; acting as a distributor or reseller; or activity as a joint venture party.

- B. Contact Prohibitions for Sellers delivering goods or performing outside of the United States. Unless specifically authorized in writing by Buyer, Seller shall not contact, either directly or indirectly, public officials of any country other than the United States, United Kingdom, Canada, Australia, Germany, France, or Italy in furtherance of its performance on behalf of Buyer under this Agreement.

33. CHOICE OF LAW.

Both Parties agree that, irrespective of the place of performance of this Order, this Order will be construed and interpreted according to the law of the state from which this Order is issued, as identified in the Order, excepting that state's laws on conflict of law.

34. OFFSET COMMITMENT.

This clause shall only apply to Orders in excess of \$50,000.00.

- A. Definition: "Offset" means the obligations that Buyer undertakes, in order to market or sell its Products, to assist a customer country in reducing any trade imbalance caused by its purchase of Buyer's Products or to meet other customer country national objectives.
- B. Notwithstanding that this Order is or is not made in direct support of a foreign sale, Seller agrees that it is obligated to support Buyer's Offset commitments as a condition of this Order.
- C. The offset credits arising out of or resulting from, directly or indirectly, this Order are for the exclusive use of Buyer and may be used by Buyer and any of its affiliates and subsidiaries to fulfill all past, present and future Offset obligations. In addition, Seller agrees to identify and retain for Buyer's use any rights to offset credits generated by its suppliers and subcontractors arising out of or resulting from this Order.
- D. Seller shall provide a copy of each Order or Subcontract placed with a foreign source under this Order in support of Buyer's rights to offset credit.
- E. Seller shall execute all necessary documents to evidence Buyer's right to use or assign any offset credits.
- F. Buyer reserves the right to assign offset credits generated through Seller's efforts under this Order to third parties.
- G. Seller shall include the substance of this clause, in favor of Buyer, in its subcontracts issued at all tiers pursuant to this Order.

35. EXPORT AND IMPORT COMPLIANCE.

- A. Export Compliance.
General. Performance of this Order may involve the use of or access to articles, technical data or

software that is subject to export controls under 22 United States Code 2751 – 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 Purchase Order is valued in an amount of \$500,000 or more, then in performance of this Purchase Order, 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 Purchase Orders (Purchase orders 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 Purchase Orders (Purchase orders 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 purchase order.

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 C. 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 Order.

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 Order.

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 Order. 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 Order) be made in contravention of the prohibition in Section B.

36. RELIANCE.

Seller represents and warrants that Seller is an expert fully competent in all phases of the work involved in producing and supporting all Products and performing all services purchased under this Order.

37. RELEASE OF INFORMATION AND ADVERTISING.

Except as required by law, no release to anyone outside the Subcontractor's organization of any information, or confirmation or denial of same, with respect to this Order or the subject matter hereof, will be made by Seller without the prior written approval of Buyer. Additionally, Seller shall not use the name "Northrop Grumman" or in any other way identify Buyer in any advertisement, display, news release, or other public disclosure without Buyer's prior written consent.

38. COMPLIANCE WITH THE PROCUREMENT INTEGRITY ACT.

Seller shall fully comply with any and all applicable Federal, State and Local laws, rules, regulations and ordinances, including, without limitation, section 27 of the Office of Federal Procurement Policy Act (the

Procurement Integrity Act), (41 U.S.C. 423) and its implementing regulations. In addition, Seller agrees to promptly provide Northrop Grumman any and all information and certifications requested by Northrop Grumman in this regard. Seller agrees to defend, hold harmless and indemnify Northrop Grumman, its officers, employees and agents from and against any and all liability, charges, damages, costs, expenses, investigations, suits and attorney's fees arising out of or in any way relating to Seller's failure to comply with this provision.

39. PRICE REDUCTION FOR DEFECTIVE CERTIFIED COST OR PRICING DATA/NON-COMPLIANCE WITH CAS.

A. The Buyer's prime contract or subcontract with its customer under which this Order is issued contains a clause that entitles the customer, the U.S. Government ("the Government") or a Government prime contractor or 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 furnished defective cost or pricing data to Buyer in connection with the award of this Order. Seller hereby agrees to indemnify and hold Buyer harmless from any loss Buyer may suffer resulting from such determination and action taken by the customer pursuant to the foregoing sentence to the extent that such action is taken on the basis that Buyer's contract, or any cost reimbursable thereunder, was increased by any significant amount because the Seller or any of its subcontractors furnished defective cost or pricing data to Buyer in connection with the award of this Order; provided, however, that Seller's liability to Buyer hereunder shall be limited to the amount the Government determines Seller's price to have been increased because of such defective cost or pricing data and shall not include any profit, costs, or charges added thereto 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, Seller shall have the right to assert in Buyer's name at Seller's expense, Buyer's right to appeal from such determination under the Disputes clause, if any, of Buyer's contract with its customer. The determination of the Government Contracting Officer or, if such an appeal is taken, the decision on appeal shall be final and conclusive between Buyer and Seller, to the extent provided in such Disputes clause. If Seller desires to assert in Buyer's name and at Seller's expense, Buyer's rights described in such Disputes clause, if any, in Buyer's contract with its customer, to have questions decided by the courts, any final judgment by the courts, is binding upon Seller insofar as it relates to this Order. In the event the Buyer does not have the right of appeal to a Government contract appeals board and is therefore unable to make such right available to Seller, the determination of the Government Contracting Officer, if binding upon Buyer, shall

in turn be binding upon Seller insofar as it relates to this Order; provided, however, if Buyer elects not to bring suit against its customer with respect to any such determination, Buyer shall notify Seller with reasonable promptness and Seller shall have the right to bring suit against the customer in a court of competent jurisdiction in Buyer's name, but at Seller's expense. If Buyer or Seller brings suit against the customer, a final judgment of any such suit shall be binding upon Seller and Buyer under this Order. The rights and obligations described herein shall survive completion of and final payment under, or termination of, this Order.

- C. The provisions hereinabove shall also be applicable to any adjustments in the price of this Order as prescribed in FAR 52.230-2, "Cost Accounting Standards" or FAR 52.230-3, "Disclosure and Consistency of Cost Accounting Practices", if such clause applies.

40. PARTIAL INVALIDITY.

If any provision in this Order is or becomes void or unenforceable by force or operation of law, all other provisions shall remain valid and enforceable.

41. REMEDIES.

Each of the rights and remedies reserved by Buyer in this Order shall be cumulative and additional to any other or further remedies provided in law or equity or in this Order.

42. NONWAIVER.

A Party's failure at any time to enforce any provision of any Order shall not constitute a waiver of the provision or prejudice a Party's right to enforce that provision at any subsequent time.

43. COMPLETE AGREEMENT.

This Order together with all the attachments, exhibits, and other items specifically referenced is the Parties' final expression of their agreement and is the complete and exclusive statement of all terms and conditions of agreement. This Order supersedes and cancels all prior understandings, proposals, communications, whether oral or written, and agreements between the Parties, whether such understandings, proposals, communications, and agreements were written or oral, concerning the matters addressed in this Order. No course of prior dealings between the Parties, and no usage of trade, shall be relevant to supplement or explain any term used in this Order. The descriptive headings contained in this Order are for convenience of reference only and in no way define, limit or describe the scope or intent of this Order.

44. SUSPECT/COUNTERFEIT PARTS .

- A. Applicable to all Orders and is in addition to DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System; see clause 199, FAR/DFARS Provisions/Clauses, for DFARS applicability.
- B. If suspect/counterfeit parts are furnished under this Order 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 Order. 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.

45. CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT) PROGRAM.

Buyer supports the U.S. Customs and Border Protection (CBP) in the C-TPAT program. This program is designed to protect the supply chain from the introduction of terrorist contraband (weapons, explosives, biological, nuclear or chemical agents, etc.) in shipments originating from off-shore of the United States to Buyer, drop shipments to its sub-tier suppliers, or drop shipments to its customers originating from off-shore of the United States. Seller shipments through U.S. importers, from manufacturers in foreign countries, and brokers/freight forwarders/carriers must be with transportation companies that are C-TPAT validated by the U.S. Customs Service. In addition, Seller agrees to take such reasonable measures as may be required by Buyer to ensure the physical integrity and security of all shipments under this Order against the unauthorized introduction of harmful or dangerous materials, drugs, contraband, weapons or weapons of mass destruction or introduction of unauthorized personnel in transportation conveyances or containers. Such measures may include, but are not limited to, physical security of manufacturing, packing and shipping areas, restrictions on access of unauthorized personnel to such areas; personnel screening to the maximum limits of law or regulations in Seller's or manufacturer's country; and development, implementation and maintenance of procedures to protect the security and integrity of all shipments. Contact Buyer's Authorized Purchasing Representative for assistance in identifying transportation companies that are validated under the C-TPAT program. Information about C-TPAT can be found at www.cbp.gov.

46. SUSTAINABILITY.

Buyer is committed to providing a sustainable environment for all of its stakeholders including but not limited to employees, customers, investors, suppliers, and communities. Buyer's goal is to promote resource conservation and environmental responsibility through the use of recycled contents and recovered materials to achieve maximized waste reduction, water conservation, and energy efficiency.

Buyer is dedicated to obtaining products and services from suppliers that exceed or comply with all applicable laws, regulations, and ordinances relating to preservation, conservation, and protection of the environment, in addition to employing policies, programs, processes, techniques, and materials that support sustainability. To assist Buyer in maintaining its commitment, suppliers of products and services are strongly encouraged to demonstrate the same degree of integrity from a social and environmental perspective and strive for continuous improvement in the following key areas of sustainability: water quality, water and energy conservation, greenhouse gas emission reductions, responsible solid waste minimization, recycling, hazardous waste management and air quality. Seller is committed to working with Northrop Grumman on achieving their sustainability goals by adhering to these conditions and will work to provide any and all documentation to demonstrate compliance upon request.

47. EUROPEAN UNION REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (REACH).

- A. Seller shall comply with any and all European Union (EU) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation obligations with respect to any of the Products delivered by Seller to Buyer under the terms of this Order.
- B. Seller must provide Buyer with a list of substances contained in any of the Products that were included on the list of Candidate List substances published by European Chemicals Agency (ECHA) on October 28, 2008. Thereafter, if a substance is added to the Candidate List by ECHA, and that substance is also contained in any Products, Seller must notify Buyer within fifteen (15) days.
- C. By accepting this Order, Seller recognizes and agrees that Buyer will thereafter act in reliance on Seller's acceptance of this Order as a contractual commitment that it is in compliance with EU REACH regulations, subject to the further provisions below.
- D. Should any Products contain substances listed on the Candidate List that are above 0.1% on a weight by weight basis within that Product, Seller shall provide Buyer with so-called Safe-Use information, pursuant to the provisions of REACH Article 33 and shall maintain the REACH database for the life of this Order.
- E. As indicated, Buyer will act in reliance on the statements and commitments Seller makes regarding the Candidate List status of each of the substances contained in any of the Products. If Seller fails to comply with the provisions of this clause, Buyer may consider whether such failure constitutes a breach of this Order sufficient to warrant Termination for Default in accordance with the terms of this Order. Moreover, in the event failure to timely comply with these provisions results in a business interruption of Buyer's operations, Buyer will seek to recover the

damages, including financial losses, it suffers as a consequence of such failure.

48. 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.

49. CLAUSE MODIFICATION NECESSARY TO COMPLY WITH BUYER'S HIGHER-TIER CONTRACT.

Seller agrees to incorporate into this Order any revised clause or additional clause as Buyer may reasonably deem necessary to enable Buyer to comply with the provisions of the higher-tier contract and any modifications thereto. If any such revised clause or additional clause causes any increase or decrease in the cost of or time required for performance of the Order, Seller may request an equitable adjustment in accordance with the procedures of the Changes clause hereof.

50. LIMITATION OF BUYER'S LIABILITY/ STATUTE OF LIMITATIONS.

In no event shall Buyer be liable for anticipated profits or for incidental or consequential damages. Buyer's liability on any claim of any kind for any loss or damage arising out of or connected with or resulting from this Order or from the performance or breach thereof shall, in no case, exceed the price allocable to the goods or services or unit thereof which gives rise to the claim. Buyer shall not be liable for penalties of any description. Any action resulting from any breach on the part of Buyer as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.

51. EXCUSABLE DELAY – FORCE MAJEURE.

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

52. RESERVED.

53. CITIZENSHIP REQUIREMENT FOR SELLER'S PERSONNEL ASSIGNED TO PERFORM WORK AT BUYER'S FACILITY.

Persons assigned under this Order to work in any of Buyer's facilities need to have original documents sufficient to establish identity, and citizenship or authorized immigration status, and to present them upon initially reporting to work and when requested thereafter. For those individuals who are not U.S. citizens, one of the following must be provided: (1) Alien Registration Receipt Card (INS Form I-151) with photograph; (2) Resident Alien Card (INS Form I-551) with photograph; (3) Temporary Resident Card (INS Form I-688); (4) Employment Authorization Card (INS Form I-688-A); (5) Declaration of Intent to Become a Citizen (INS Form I-772); Unexpired Foreign Passport with either – (a) An unexpired stamp reading "Processed for I-551, Temporary Evidence of Lawful Admission for permanent residence. Valid until (with date inserted). Employment authorized" or (b) An attached Form I-94, bearing the same name as the passport, which contains a current employment authorization stamp, so long as the proposed employment authorization stamp does not conflict with any restrictions/limitations on the I-94; (6) Employment Authorization Document (INS Form I-688-B); or (7) Employment Authorization Document (INS Form I-766).

54. BADGES AND PLANT SECURITY.

If this Order requires Seller's personnel to enter Buyer's or Buyer's customer's premises, Seller agrees to have its personnel, engaged in the performance of this Order, report to Buyer's plant, at times to be specified by Buyer, so that Buyer may provide said personnel with identification badges, which will permit such personnel to enter and leave the premises where the work is to be performed. Seller further agrees that said badges shall be worn by said personnel, in a conspicuous place upon the person of each of its personnel, when such personnel are in, on, or about the premises. Seller further agrees to abide by and comply with, and require its Employees to abide by and comply with, such rules and regulations pertaining to plant security as may be prescribed by Buyer and/or the Buyer's Customer.

55. RELATIONSHIP OF THE PARTIES.

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

56. RESERVED.

57. ALLOWABLE COST, FEE AND PAYMENT.

A. For the performance of this Order, Buyer shall pay the following to Seller:

1. The cost thereof determined by Buyer to be allowed in accordance with FAR 52.216-7 and the provisions of this Order (herein referred to as "Allowable Cost"), plus,
2. Such fixed fee, if any, as may be provided in this Order or, if this is a cost-plus-incentive fee (CPIF) contract, a fee as determined in accordance with the provisions of the "Incentive Fee" clause herein. Fees paid to Seller's subcontractors and their lower-tier subcontractors under either cost-plus-fixed-fee (CPFF), cost-plus-award-fee (CPAF) or CPIF type subcontracts which are in excess of the percentage authorized under the FAR for that type of contract, shall not be allowable hereunder. Supplemental to the foregoing and except as may be expressly provided to the contrary herein, it is agreed that such items of direct and indirect cost as are concurrently and customarily accepted by the Government as allowable direct and indirect costs under Seller's Government cost type prime and subcontracts, if any, at the plant or plants of Seller engaged in the performance of this Order for Products or Services similar to those called for by this Order, shall be allowable direct and indirect

costs under this Order to the extent such costs are properly allocable to the Order.

- B. Seller shall maintain complete and accurate books, records, documents, statement of costs, and other evidence and accounting procedures and practices (hereinafter collectively called the "Records") sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this Order. Seller agrees to make available at the office of Seller at all reasonable times prior to final payment and for a period of one year thereafter any of the Records for inspection, audit or reproduction by any authorized representative of Buyer. Each payment made shall be subject to reduction for amounts included in the related invoice which are found by Buyer upon such audit not to constitute Allowable Cost. Any payment may be reduced for overpayments, or increased for under-payments, on preceding invoices.
- C. Once each month Seller may submit to Buyer, in such form and reasonable detail as Buyer may require, an invoice supported by a statement of cost incurred by Seller in the performance of this Order and claimed to constitute Allowable Cost. For this purpose, except as provided herein with respect to pension, deferred profit sharing and employee stock ownership plan contributions, the term "costs" shall include only those recorded costs which result, at the time of the request for reimbursement, from payment by cash, check, interdivisional notices of payments, or other form of actual payment for Products or Services purchased directly for the Order, together with (when Seller is not delinquent in payment of costs of Order performance in the ordinary course of business) costs incurred, but not necessarily paid, for materials which have been issued from Seller's stores inventory and placed in the production process for use on the Order, for direct labor, for direct travel, for other direct in-house costs, and for properly allocated and Allowable indirect Costs, as is shown by Records, plus the amount of progress payments which have been paid to Seller's subcontractors under similar cost standards. In addition, when the aforementioned contributions are paid by Seller to the pension, profit sharing, or employee stock ownership plan funds less frequently than quarterly, accrued costs therefore shall be excluded from indirect costs for payment purposes until such costs are paid. If such contributions are paid on a quarterly or more frequent basis, accruals therefore may be included in indirect costs for payment purposes provided that they are paid to the fund within thirty (30) days after the close of the period covered. If payments are not made to the fund within such thirty day period, these contributions shall be excluded from indirect cost for payment purposes until payment has been made. The restriction on payment more frequently than monthly and the requirement of prior payment for Products or Services purchased directly for the Order shall not apply where Seller is a small business concern.
- D. Promptly after receipt of each invoice and statement of cost, Buyer shall, except as otherwise provided in this Order and subject to the provision of B. above, make payment thereon as approved by Buyer's purchasing representative. Normally, payment of fee shall be made to the Seller as specified in the Order; provided, however, after payment of eighty-five percent (85%) of the applicable fee as determined by Buyer to be appropriate, Buyer may withhold further payment of the fee until a reserve shall have been set aside in an amount which Buyer considers necessary to protect the interests of Buyer, but such reserve shall not exceed fifteen percent (15%) of the total applicable fee as determined by Buyer or One Hundred Thousand Dollars (\$100,000), whichever is less. If this is a cost-plus-incentive-fee contract (CPIF), and in the opinion of Buyer, Seller's performance or cost indicates that Seller will earn a fee less than the target fee, Buyer shall pay on the basis of such lesser fee as determined by Buyer to be appropriate; further, when Seller demonstrates that its performance and incurred costs clearly indicate that Seller will earn a fee significantly in excess of the target fee, Buyer may, in its sole discretion, pay on the basis of such higher fee as is determined by Buyer to be appropriate.
- E. On receipt and approval by Buyer of the invoice designated by Seller as the "Completion Invoice," and upon compliance by Seller with all the provisions of this Order (including, without limitation, the provisions relating to patents and the provisions of F. below), Buyer shall promptly pay to Seller any balance of Allowable Cost and any part of the fee which has been withheld pursuant to C. above or otherwise not paid to Seller. The Completion Invoice shall be submitted by Seller promptly following completion of the work under this Order but in no event later than six (6) months (or such period as Buyer may, in its discretion, approve in writing) from the date of such completion.
- F. Seller agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by Seller or any assignee under this Order shall be paid by Seller to Buyer, to the extent they are properly allocable to costs for which Seller has been reimbursed by Buyer under this Order. Reasonable expenses incurred by Seller for the purpose of securing such refunds, rebates, credits or other amounts shall be Allowable Costs hereunder when approved by Buyer. Prior to final payment under this Order, Seller and each assignee under this Order whose assignment is in effect at the time of final payment under this Order shall execute and deliver:
 - 1. An assignment to Buyer, in form and substance satisfactory to Buyer, of refunds,

- rebates, credits, or other amounts (including any interest thereon) properly allocable to costs for which Seller has been reimbursed by Buyer under this Order; and
2. A release discharging Buyer (and the Government, if a Government Contract number appears on the face of this Order), its officers, agents and employees from all liabilities, obligations and claims arising out of or under this Order, subject only to the following exceptions:
 - a. Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible to exact statement by Seller; provided such amounts are supportable by Seller's accounting records;
 - b. Claims, together with reasonable expenses incidental thereto, based upon liabilities of Seller to third parties arising out of performance of this Order; provided that such claims are not known to Seller on the date of the execution of the release, and provided further that Seller gives notice of such claims in writing to Buyer not more than three (3) years after the date of the release or the date of any notice to Seller that Buyer is prepared to make final payment, whichever is earlier; and
 - c. Claims for reimbursement of costs (other than expenses of Seller by reason of its indemnification of Buyer and the Government against patent liability), including reasonable expenses incidental thereto, incurred by Seller under the provisions of this Order relating to patents.

58. DISCLOSURE OF INFORMATION.

- A. Except as required by law, no release to anyone outside the Subcontractor's organization of any information, or confirmation or denial of same, with respect to this Order or the subject matter hereof, will be made by Seller without the prior written approval of Buyer. Additionally, Seller shall not use the name "Northrop Grumman" or in any other way identify Buyer in any advertisement, display, news release, or other public disclosure without Buyer's prior written consent.
- B. Seller shall indemnify, defend, protect, and hold harmless Buyer, its officers, employees, and agents from and against all cost, losses, expense, damages, claims, suits, or any liability whatsoever (including attorney's fees), arising out of or in connection with the work to be performed hereunder, or any act or omission of Seller, its agents, employees, or subcontractors; except to any extent otherwise expressly provided elsewhere within this Order.

59. RESERVED.

60. INSPECTION AND CORRECTION DEFECTS.

- A. All Products, Services and Data under this Order shall be subject to inspection and test by Buyer and the Government, to the extent practicable at all times and places including the period of performance and in any event prior to final acceptance. Except as otherwise specifically provided in this Order and notwithstanding the FOB point or any payment or prior inspection at source, final inspection and acceptance by Buyer shall be made at destination. Final inspection shall be made within a reasonable time, but in any event not more than sixty (60) days after receipt by Buyer at destination. Seller shall provide and maintain an inspection system acceptable to Buyer and to the Government, covering the work hereunder. Buyer and the Government, through any of its authorized representatives, may inspect the plant or plants of Seller or of any of its subcontractors engaged in the performance of this Order. If any inspection or test is made by Buyer or the Government on the premises of Seller or a subcontractor, Seller shall provide and shall require its subcontractors to provide all reasonable facilities and assistance for the safety and convenience of Buyer and the Government inspectors in the performance of their duties. All inspections and tests by Buyer and the Government shall be performed in such a manner as will not unduly delay performance.
- B. Seller shall furnish to Buyer if requested all that information and Data as may be reasonably required by Buyer in order to perform inspection and acceptance.
- C. Inspection and Acceptance of any Products or Services by Buyer or the Government shall not be deemed to alter or affect the obligations of Seller or the rights of Buyer and its customers under the correction of defects requirements below or as may be provided by law.
- D. Buyer's failure to inspect any of the Products hereunder shall neither relieve Seller from responsibility for such Products as are not in accordance with the requirements of this Order nor impose liability on Buyer therefore.
- E. If this Order, including those documents forming a part hereof by reference or incorporation, provides for or requires the submission of any of the Products or Data to Buyer for "First Article inspection," testing or approval, any such inspecting, testing or approval given by Buyer, prior to final acceptance, shall not relieve Seller of its responsibility for complying with the specifications and other provisions of this Order. Any such inspection, testing or approval shall not be construed as an assumption by Buyer of the responsibility that such Product or Data complies or will comply with the specification or other provisions of this Order.
- F. At any time during performance of this Order or within the times set forth below or at such other time as may be provided in this Order after final acceptance of all of the Products, Services or Data to be delivered or performed under this

Order, Buyer may require Seller to remedy by correction or replacement, as directed by Buyer, any failure by Seller to comply with the requirements of this Order, including defects in material or workmanship. Any time devoted to such correction or replacement shall not be included in the computation of the period of time specified below.

- G. Except as otherwise provided below, the allowability of the cost of any such replacement or correction shall be determined as provided in the clause of this Order entitled "Allowable Cost, Fee and Payment" but no additional fee shall be payable with respect thereto. Corrected Products shall not be tendered again for acceptance unless the former tender and the requirement of correction are disclosed.
- H. If Seller fails to proceed with reasonable promptness to perform such replacement or correction, Buyer (1) may by separate contract with third persons or otherwise perform such replacement or correction and charge to Seller any increased cost occasioned Buyer thereby, or may reduce any fee payable under this Order (or require repayment of any fee previously paid) in such amount as may be equitable under the circumstances, or (2) in the case of Products not delivered, may require the delivery of such Products and shall have the right to reduce any fee payable under this Order (or to require repayment of any fee previously paid) in such amount as may be equitable under the circumstances, or (3) may cancel this Order for default.
- I. Notwithstanding the provisions above, Buyer may at any time require Seller to remedy by correction or replacement, without cost to Buyer, any failure by Seller to comply with the requirements of this Order if such failure is due to fraud, lack of good faith or willful misconduct on the part of any Seller's directors or officers, or on the part of any of its managers, superintendents, or other equivalent representatives, who have supervision or direction of (1) all or substantially all of Seller's business, or (2) all or substantially all of Seller's operations at any one plant or separate location in which this Order is being performed; or (3) a separate and complete major industrial operation in connection with the performance of this Order. Buyer may at any time also require Seller to remedy by correction or replacement, without cost to Buyer, any such failure or defective Products caused by one or more individual employees selected or retained by Seller after any such supervisory personnel has reasonable grounds to believe that any such employee is habitually careless or otherwise unqualified.
- J. The above provisions shall apply to any corrected or replacement Product or part or component thereof for a reasonable period of time after final inspection (depending on the requirements or specification and the type and durability of the ordered Product), but in any event, not less than

six (6) months from the date of such final acceptance.

- K. Seller shall make its records of all inspection work available to Buyer and to the Government, during the performance of this Order and for such longer period as may be specified in this Order.
- L. Corrected or replaced Products shall be subject to the provisions of this clause in the same manner and to the same extent as Products originally delivered under this Order.
- M. The Seller shall have no obligation or liability under this Order to replace supplies that were nonconforming at the time of delivery, except as provided in this clause or as may be otherwise provided in the Order.
- N. Except as otherwise provided in this Order, Seller's obligation to correct or replace Buyer or Government furnished property shall be governed by the provisions of the Northrop Grumman "Property Control," terms and conditions which are attached to and made a part of this Order.

61. PLACE OF PERFORMANCE.

- A. Seller shall perform work called for herein at Seller's plants as set forth elsewhere in this Order except for work to be accomplished by subcontractors.
- B. Seller shall promptly notify Buyer of any contemplated change in location for the performance of work from the locations designated above. Prior approval of Buyer shall be obtained by Seller before making any change in location for the performance of work herein.

62. SELLER'S EMPLOYEES.

- A. All personnel assigned by Seller to perform the Services to be furnished hereunder shall be capable, skilled, qualified and competent to perform such Services.
- B. Buyer may require Seller to remove from its or customer's premises any employee, agent, or representative of Seller, or any of its subcontractors, Buyer deems incompetent, careless or other-wise objectionable. Seller shall remove such employee, agent or representative from the premises immediately.
- C. At all times Seller shall use suitable safety precautions, including, as a minimum, those safety precautions issued in instructions and directions by Buyer or Buyer's customer. Such safety precautions shall include, but not be limited to, the use of proper materials, tools, equipment and other safeguards, as appropriate.
- D. Seller and Seller's personnel shall also comply with all applicable rules, regulations and orders of the Occupational Safety and Health Act of 1970 (P.L. 91-596, 29 USC 651-678), as amended, and all applicable safety laws, rules, regulations and orders of the United States and the State wherein this Order is being performed. Seller agrees to defend, hold harmless, and indemnify Buyer from and against any noncompliance by Seller with any of the above laws, rules, regulations and orders as may be applicable.

- E. If this Order requires Seller's personnel to enter Buyer's or Buyer's customer's premises, Seller agrees to have its personnel, engaged in the performance of Services hereunder, report to Buyer's plant, at times to be specified by Buyer, at Seller's expense (unless otherwise herein specified), for attendance at a training session or sessions concerning Buyer's or its customer's standards and procedures relating to on-site rules of behavior, work schedule, security procedures and any other standards and procedures adhered to by Buyer's or customer's employees.

63. TERMINATION.

Buyer may at any time terminate all or any part of this Order in accordance with the contract clause entitled "Termination (Cost-Reimbursement)" set forth at 52.249-6, as modified in 49.503(a)(4), which clause is hereby incorporated herein and made a part hereof by this reference, except that the term "contract" therein shall mean this Order, the terms "Contracting Officer" and "Government" therein shall mean "Buyer", the term "Contractor" therein shall mean "Seller", paragraphs (e) and (j) thereof are deleted, the period "120 days" in paragraph (d) is changed to "60 days", the period "1 year" in paragraph (f) is changed to "3 months"; provided, however, that if this Order is a first-tier subcontract under a U.S. Government Prime Contract, the period "1 year" in paragraph (f) is changed to "180 days".

64. - 69. RESERVED.

70. ANTI-CORRUPTION COMPLIANCE.

Seller represents warrants and covenants that:

- A. It has not and will not, directly or indirectly, pay, promise, offer, or authorize the payment of any money or anything of value to:
1. an officer, employee, agent or representative of any government, including any department, agency, or instrumentality thereof or any person acting in an official capacity thereof;
 2. a candidate for political office, any political party or any official of a political party; or
 3. any other person or entity,
 4. while knowing or having reason to know that all or any portion of such payment or thing of value will be offered, given or promised, directly or indirectly, to any person or entity for the purpose of assisting Buyer in obtaining or retaining business, or an improper business advantage. Without limiting the generality of the foregoing, Seller shall not directly or indirectly, pay, promise, offer, or authorize the payment of any facilitating payment intended to expedite or secure performance of a routine governmental action, such as, customs clearance on behalf of Buyer.
- B. No gift, travel expenses, business courtesies, hospitalities or entertainment of any nature has been or will be accepted or made in connection with this agreement where the intent was, or is, to unlawfully influence the recipient of the gift, travel expense, business courtesy, hospitality or entertainment. Seller also represents that any gifts,

travel expenses, business courtesies, hospitalities or entertainment offered or provided shall meet the following conditions:

1. be permitted under the U.S. Foreign Corrupt Practices Act and the laws and regulations of the country in which this agreement will be performed;
 2. be consistent with applicable social and ethical standards and accepted business practices;
 3. be of such limited value as not to be deemed a bribe, payoff or any other form of improper inducement or payment; and
 4. be of such nature that its disclosure will not cause embarrassment for the Buyer.
- C. Breach of any of the foregoing provisions of parts A. and B. of this clause by Seller shall be considered an irreparable material breach of this agreement and shall entitle the Buyer to terminate this agreement immediately without compensation to Seller.

71. - 73. RESERVED.

74. TRAFFICKING IN PERSONS.

- A. Buyer prohibits its employees, agents, subcontractors, and contract labor from engaging in activities that support or promote trafficking in persons, including, but not limited to, any of the following:
1. Trafficking in persons, including, but not limited to the following:
 - a. sex trafficking, or
 - b. the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, debt bondage, or slavery.
 2. The procurement of a commercial sex act.
 3. The use of forced labor in the performance of company business.
 4. The use of misleading or fraudulent recruitment activities.
 5. Charging employees recruitment fees.
 6. Failing to pay for the return transportation at the end of employment for an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working.
 7. Providing or arranging housing that fails to meet the host country housing and safety standards.
 8. If required, failing to provide an employment contract, recruitment agreement, or similar work document in writing, in the individual's native language and prior to the individual departing from his or her country of origin.
- B. Seller represents and warrants that it shall abide by and comply with the requirements of this clause. Further, Seller shall require its employees, agents, contract labor and subcontractors performing in connection with this Order to abide by and comply with the requirements of this clause.
- C. Buyer or its authorized representatives may, at any time, audit all pertinent books, records, work

sites, offices, and documentation of Seller in order to verify compliance with this clause. Seller will, in all of its lower-tier subcontracts and contracts relating to any Buyer Order, include provisions which secure for Buyer all of the rights and protections provided for within this clause, including this audit paragraph.

- D. Seller acknowledges that if Seller or any of its employees, agents, or contract labor engages in any of the prohibited activities in this clause, this Order is subject to termination.
- E. Whenever Seller has knowledge, whether substantiated or not, that any actual or suspected violation of this clause has occurred, Seller shall immediately give written notice to Buyer and provide all relevant information including, but not limited to, the nature of the actual or suspected violation. Written notice shall be provided to the Buyer's Authorized Representative, as described in the Order.
- F. Seller shall provide its full cooperation during any subsequent investigation of the actual or suspected violation by Buyer, Buyer's representative, or cognizant government agency. Seller's cooperation shall include, but not be limited to, permitting inspection of its work sites, offices, and documentation, as necessary to support any investigation.
- G. Seller shall, at its own expense, defend, indemnify and hold harmless Buyer and its affiliates, and all of their officers, agents, employees, successors and assigns, against any claims, loss, damage or expense, regardless of how arising and even if unforeseeable, including, without limitation, payment of direct, special, incidental and consequential damages and attorney's fees, arising out of, or relating to, Seller's or Seller's employees, agents, subcontractors or contract labor's failure to comply with the requirements of this clause.
- H. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract or labor contract.

75. NOTIFICATION OF CHANGED CAPACITY OR CAPABILITY

Seller shall provide timely notification to the Buyer if Seller after award date of this Order has a decrease in manufacturing capacity or capability greater than 20% or an increase in production requirements of greater than 15%. Seller shall also provide notice for any changes that could adversely impact Seller's capacity or capability for timely performance, including but not limited to, manufacturing production relocations or equipment/machinery reductions, infrastructure support or building space reductions, labor reductions subject to Worker Adjustment & Retraining Notification (WARN) Act or state labor reporting requirements, and significant negative financial conditions requiring any of the preceding changes.

76. - 198. RESERVED.

199. FAR/DFARS PROVISIONS/CLAUSES.

- A. The FAR and DFARS clauses cited in paragraph C. below are incorporated herein by reference at the effective version found in Buyer's Prime Contract, or higher-tier subcontract under which

this Order is a subcontract. The listed FAR and DFARS clauses are incorporated herein as if set forth in full text unless made inapplicable by its corresponding note, if any. Whenever said clauses include a requirement for the resolution of disputes between the parties in accordance with the "Disputes" clause herein, the dispute shall be disposed of in accordance with the clause entitled "Disputes" in these Terms and Conditions.

- B. Where necessary to derive proper meaning in a subcontract situation from these clauses, "Contractor" means "Seller," "Contracting Officer" means "Buyer," "Contract" means this Order and "Government" means "Buyer or the Government." However, the words "Government" and "Contracting Officer" do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the prime contract Contracting Officer or duly authorized representative, (2) when title to property is to be transferred directly to the Government, and (3) in FAR 52.227-1, 52.227-2, and DFARS 252.227-7013 and 252.227-7014.

- C. FAR and DFARS clauses:

Clause	FAR Reference
Gratuities NOTE: As used in this clause, "Government" means "Buyer" (except "Government" means "Buyer or Government" in the phrase "to any officer or employee of the Government"), "hearing" means opportunity to be heard, and "in any competent court", means "pursuant to the Disputes clause contained herein."	52.203-3
Restrictions on Subcontractor Sales to the Government NOTE: Applicable to any Order greater than the simplified acquisition threshold.	52.203-6
Anti-Kickback Procedures NOTE: The substance of this clause, except subparagraph (c)(1), is applicable to any Order and all lower-tier subcontracts which exceed \$150,000. Seller shall immediately notify Buyer of any alleged violations involving any of Buyer's or Seller's employees.	52.203-7
Limitation on Payments to Influence Certain Federal Transactions NOTE: Applicable to any Order greater than \$150,000.	52.203-12

Clause	FAR Reference
Contractor Code of Business Ethics and Conduct NOTE: Applicable to any Order greater than \$5,000,000 and period of performance greater than 120 days (commercial items exempt). NOTE: Notwithstanding any alterations to this clause to reflect the relationship between Buyer and Seller, all disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the Office of the Inspector General of the agency issuing the prime contract under which this subcontract is being issued, with a copy to the Contracting Officer of the prime contract.	52.203-13
Display of Hotline Poster(s) NOTE: Applicable to any Order greater than \$5,000,000 and period of performance greater than 120 days (commercial items exempt).	52.203-14
Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights NOTE: Applicable to any Order greater than the simplified acquisition threshold.	52.203-17
Security Requirements NOTE: Delete paragraph (c). NOTE: Applicable if the Order involves access to classified information.	52.204-2
Personal Identity Verification of Contractor Personnel	52.204-9
Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended or Proposed for Debarment	52.209-6
Material Requirements	52.211-5
Defense Priority and Allocation Requirements NOTE: Clause is applicable unless this Order provides no DPAS rating.	52.211-15
Audit and Records – Negotiation NOTE: Applicable to any Order greater than the simplified acquisition threshold.	52.215-2
Price Reduction for Defective Cost or Pricing Data NOTE: Applicable to any Order when cost or pricing data are required.	52.215-10
Price Reduction for Defective Cost or Pricing Data – Modifications NOTE: Applicable if FAR 52.215-10 is not applicable to this Order.	52.215-11
Subcontractor Certified Cost or Pricing Data NOTE: Applicable to any Order when cost or pricing data are required.	52.215-12

Clause	FAR Reference
Subcontractor Certified Cost or Pricing Data – Modifications NOTE: Applicable if FAR 52.215-12 is not applicable to this Order.	52.215-13
Integrity of Unit Prices NOTE: Delete paragraph (b) NOTE: Applicable to any Order greater than the simplified acquisition threshold.	52.215-14
Pension Adjustments and Asset Reversions NOTE: Applicable to any Order when cost or pricing data are required or for which any pre-award or post-award cost determinations will be subject to FAR Part 31.	52.215-15
Facilities Capital Cost of Money NOTE: Applicable only if this Order is subject to the Cost Principles at FAR Subpart 31.2 and the Seller proposed Facilities Capital Cost of Money in its offer.	52.215-16
Waiver of Facilities Capital Cost of Money NOTE: Applicable only if this Order is subject to the Cost Principles at FAR Subpart 31.2 and the Seller did not propose Facilities Capital Cost of Money in its offer.	52.215-17
Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions NOTE: Applicable to any Order when cost or pricing data are required or for which any pre-award or post-award cost determinations will be subject to FAR Part 31.	52.215-18
Notification of Ownership Changes NOTE: Applicable to any Order when cost or pricing data are required or for which any pre-award or post-award cost determinations will be subject to FAR Subpart 31.2.	52.215-19
Requirements for Certified Cost or Pricing Data and Data Other Than Cost or Pricing Data	52.215-20
Requirements for Certified Cost or Pricing Data and Data Other than Cost or Pricing Data – Modifications	52.215-21

Clause	FAR Reference
Limitation 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: (1) Seller changes the amount of subcontract effort after award such that it exceeds 70 percent of the total cost of work to be performed under this Order. The notification shall identify the revised cost of the subcontract effort and shall include verification that Seller will provide added value; or (2) Any subcontractor changes the amount of lower-tier subcontractor effort such that it exceeds 70 percent of the total cost of the work to be performed under its subcontract. The notification shall identify the revised cost of the subcontract effort and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).	52.215-23
Incentive Fee NOTE: Applicable to any CPIF Order or line items	52.216-10
Utilization of Small Business Concerns NOTE: Applicable unless contract is for personal services, or the contract, together with all of its subcontracts, will be performed entirely outside the United States and its outlying areas.	52.219-8
Small Business Subcontracting Plan NOTE: Applicable to any Order greater than \$700,000 or lower threshold if effective under older higher-tier contract.	52.219-9
Notice to the Government of Labor Disputes	52.222-1
Payment for Overtime Premiums	52.222-2
Contract Work Hours and Safety Standards– Overtime Compensation NOTE: Applicable to Orders at any tier greater than \$150,000.	52.222-4
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.	52.222-20
Prohibition of Segregated Facilities NOTE: Applicable if Equal Opportunity clause has been determined to apply to this Order.	52.222-21
Equal Opportunity NOTE: Applicable only (i) if this Order is not exempted by Secretary of Labor under Executive Order 11246 as amended per FAR 22.807, and (ii) then only with respect to provisions of subparagraphs (b) (1) through (b)(11) [binding Seller thereto].	52.222-26

Clause	FAR Reference
Equal Opportunity for Veterans NOTE: Applicable to any Order of \$100,000 or more.	52.222-35
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.	52.222-36
Employment Reports on Veterans NOTE: Applicable to any Order of \$100,000 or more.	52.222-37
Notification of Employee Rights Under the National Labor Relations Act NOTE: Applicable to any Order greater than \$10,000.	52.222-40
Service Contract Labor Standards NOTE: Applicable only to the extent that such clause is in Buyer's higher-tier contract and the Order is subject to the Service Contract Labor Standards statute.	52.222-41
Combating Trafficking in Persons	52.222-50
Employment Eligibility Verification NOTE: Applicable to any Order greater than \$3,000 with a period of performance of 120 days or greater.	52.222-54
Hazardous Material Identification and Material Safety Data NOTE: Entry is considered to be "none" unless Seller explicitly states otherwise within its quotation or proposal. ALT I applies if procurement is for other than the Department of Defense.	52.223-3
Pollution Prevention and Right-to-Know Information NOTE: Applicable only to services to be performed on a Government facility.	52.223-5
Notice of Radioactive Materials	52.223-7
Ozone-Depleting Substances	52.223-11
Encouraging Contractor Policies to Ban Text Messaging While Driving	52.223-18
Privacy Act	52.224-2
Buy American – Supplies	52.225-1
Duty-Free Entry NOTE: Applicable only if such clause is contained in Buyer's higher-tier contract 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."	52.225-8
Restrictions on Certain Foreign Purchases NOTE: Clause is applicable if purchased item is other than commercial item or component per clause at FAR 52.244-6.	52.225-13
Authorization and Consent NOTE: Applicable only if contained in the controlling prime contract and to any Order greater than the simplified acquisition threshold.	52.227-1

Clause	FAR Reference
Notice and Assistance Regarding Patent and Copyright Infringement NOTE: Applicable to any Order greater than the simplified acquisition threshold.	52.227-2
Refund of Royalties	52.227-9
Filing of Patent Applications – Classified Subject Matter	52.227-10
Patent Rights – Ownership by the Contractor	52.227-11
Insurance – Work on a Government Installation NOTE: Applicable on any Order that requires work on a Government installation.	52.228-5
Interest	52.232-17
Limitation of Cost	52.232-20
Limitation of Funds	52.232-22
Unenforceability of Unauthorized Obligations	52.232-39
Industrial Resources Developed Under Defense Production Act Title III NOTE: Applicable only if this Order is identified elsewhere herein as stemming from a major system prime contract.	52.234-1
Accident Prevention	52.236-13
Protection of Government Buildings, Equipment, and Vegetation NOTE: Applicable to any work performed on a Government installation. "Government" thereunder means Buyer, prime contractor [if not Buyer], and any upper-tier subcontractor.	52.237-2
Bankruptcy NOTE: Any such notification shall be to Buyer. After "for all Government contracts," insert "with Seller."	52.242-13
Stop-Work Order NOTE: The 90 day period in the first and fourth sentences of paragraph (a) is changed to 120 days.	52.242-15
Competition In Subcontracting	52.244-5
Subcontracts for Commercial Items	52.244-6
Government Property and Alternate I NOTE: Applicable to any Order if Government property is furnished to Seller. NOTE: In the phrases "Government Property", "Government-furnished property", and in references to title to property, "Government" shall not mean "Buyer". The following is added as paragraph (n): "Contractor shall provide Buyer immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of its property control system."	52.245-1
Inspection of Services – Cost Reimbursement	52.246-5

Clause	FAR Reference
Preference for U.S. - Flag Air Carriers NOTE: Applicable to any Order and lower-tier subcontracts that involve international air transportation and are greater than the simplified acquisition threshold.	52.247-63
Preference for Privately Owned U.S. - Flag Commercial Vessels	52.247-64
Value Engineering NOTE: Applicable to any Order of \$100,000 or more except as specified in FAR 48.201(a). NOTE: 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 Order stems from higher-tier contract with DoD.	52.248-1
Computer Generated Forms	52.253-1

Clause	DFARS Reference
Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies NOTE: Applicable to all first-tier Orders greater than the simplified acquisition threshold.	252.203-7001
Display of Fraud Hotline Poster(s) NOTE: Applicable to Orders greater than \$5,000,000, except for Orders for commercial items or lower-tier subcontracts performed entirely outside the United States.	252.203-7004
Disclosure of Information	252.204-7000
Compliance with Safeguarding Covered Defense Information Controls	252.204-7008
Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information	252.204-7009
Safeguarding Covered Defense Information and Cyber Incident Reporting	252.204-7012
Intent to Furnish Precious Metals as Government-Furnished Material NOTE: Applicable to any Order and all lower-tier subcontracts unless it is known that the item being purchased contains no precious metals.	252.208-7000
Subcontracting with Firms that are Owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism. NOTE: Applicable to any Order of \$150,000 or more.	252.209-7004
Acquisition Streamlining NOTE: Applicable to any Order greater than \$1,500,000 and which stems from a prime contract under a systems acquisition program.	252.211-7000
Pricing Adjustments NOTE: Applicable when it is contemplated that Cost or Pricing Data will be required.	252.215-7000

Clause	DFARS Reference
Small Business Subcontracting Plan (DoD Contracts) NOTE: Applicable to any Order anticipated to be valued at \$700,000 or lower threshold if effective under older, higher-tier contract.	252.219-7003
Representation Regarding Combating Trafficking in Persons NOTE: Applicable to any Order greater than the simplified acquisition threshold.	252.222-7007
Hazard Warning Labels NOTE: Applicable to any Order which requires delivery of hazardous materials.	252.223-7001
Safety Precautions for Ammunition and Explosives NOTE: Applicable to any Order involving articles furnished containing ammunition or explosives. Government safety representatives may evaluate Seller compliance.	252.223-7002
Change in Place of Performance – Ammunition and Explosives NOTE: Applicable if DFARS 252.223-7002 applies to the Order.	252.223-7003
Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives NOTE: Applicable to any Order and all lower-tier subcontracts involving arms, ammunition and explosives.	252.223-7007
Prohibition of Hexavalent Chromium NOTE: Applicable to any Order for supplies, maintenance and repair services, or construction materials unless the exceptions listed in DFARS 223.7304 apply.	252.223-7008
Buy American and Balance of Payments Program	252.225-7001
Prohibition on Acquisition of United States Munitions List Items From Communist Chinese Military Companies	252.225-7007
Restriction on Acquisition of Certain Articles Containing Specialty Metals NOTE: Applicable to Orders issued under prime contracts awarded on or after July 29, 2009. NOTE: Exclude paragraph (d).	252.225-7009
Preference for Certain Domestic Commodities NOTE: Applicable to any Order greater than the simplified acquisition threshold.	252.225-7012
Duty – Free Entry	252.225-7013
Preference for Domestic Specialty Metals and Alternate I NOTE: Applicable to Orders issued under prime contracts awarded before January 28, 2008.	252.225-7014

Clause	DFARS Reference
Preference for Domestic Specialty Metals (DEVIATION No. 2008-O0002) and Alternate I (DEVIATION No. 2008-O0002) NOTE: Applicable to Orders issued under prime contracts awarded on or after January 28, 2008 and before July 29, 2009.	252.225-7014
Restriction on Acquisition of Hand or Measuring Tools	252.225-7015
Restriction on Acquisition of Ball and Roller Bearings NOTE: Applicable to any Order and all lower-tier subcontracts if Product supplied contains ball or roller bearings.	252.225-7016
Trade Agreements	252.225-7021
Restriction on Acquisition of Forgings	252.225-7025
Exclusionary Policies and Practices of Foreign Governments	252.225-7028
Waiver of United Kingdom Levies	252.225-7033
Contractor Personnel Supporting U.S. Armed Forces Deployed Outside the United States NOTE: Applicable to all Orders where subcontractor personnel are supporting U.S. Armed Forces deployed outside the United States.	252.225-7040
Antiterrorism/Force Protection Policy for Defense Contractors Outside the United States	252.225-7043
Export Controlled Items	252.225-7048
Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns	252.226-7001
Rights in Technical Data – Noncommercial Items	252.227-7013
Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation	252.227-7014
Technical Data – Commercial Items	252.227-7015
Rights in Bid or Proposal Information	252.227-7016
Validation of Asserted Restriction – Computer Software	252.227-7019
Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends	252.227-7025
Deferred Delivery of Technical Data or Computer Software	252.227-7026
Deferred Ordering of Technical Data or Computer Software	252.227-7027
Technical Data – Withholding of Payment	252.227-7030
Validation of Restrictive Markings on Technical Data	252.227-7037

Clause	DFARS Reference
Patent Rights--Ownership by the Contractor (Large Business)	252.227-7038
Patents – Reporting of Subject Inventions	252.227-7039
Ground and Flight Risk NOTE: Applicable if included in Buyer's higher-tier contract.	252.228-7001
Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles	252.228-7005
Supplemental Cost Principles	252.231-7000
Frequency Authorization and Alternate I NOTE: Authorization shall be through or coordinated with Buyer's Authorized Purchasing Representative.	252.235-7003
Protection Against Compromising Emanations NOTE: Applicable to Orders for computer equipment or systems to process classified information.	252.239-7000
Cloud Computing Services	252.239-7010
Telecommunication Security Equipment, Devices, Techniques and Services	252.239-7016
Pricing of Contract Modifications	252.243-7001
Subcontracts for Commercial Items	252.244-7000
Warranty of Data	252.246-7001
Notification of Potential Safety Issues	252.246-7003
Contractor Counterfeit Electronic Part Detection and Avoidance System NOTE: Applicable if Standard Note X1066 or X1067 is included in the Order.	252.246-7007
Sources of Electronic Parts NOTE: Invoked when Standard Notes X1066 or X1067 apply; unless the subcontractor is the original manufacturer.	252.246-7008

Transportation of Supplies by Sea	252.247-7023
NOTE: Applicable in any Order and all lower-tier subcontracts for ocean transportation of supplies. Paragraphs (f) and (g) shall not apply if this Order or any lower-tier subcontract is at or below the simplified acquisition threshold. NOTE: Paragraph (c), first sentence has been modified as to read "The Seller and its subcontractors may request that the Buyer obtain Government authorization for shipment..." "45" is changed to "60" days in paragraph (d) and "30" to "20" in paragraph (e). In paragraph (e), delete "and the division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590." In paragraph (g) "for the purposes of the Prompt Payment clause of this contract" is deleted. NOTE: Seller shall complete Buyer's Form P0-F126, "Representation of Transportation of Supplies by Sea", and submit to Buyer's Authorized Purchasing Representative at time of final invoice. Seller agrees to indemnify and hold the Buyer harmless against any loss, damage or expense suffered by the Buyer as a result of Seller's failure to comply with the requirements of this clause.	
Notification of Transportation of Supplies by Sea	252.247-7024
Notification of Anticipated Contract Termination or Reduction	252.249-7002