

T-16
NORTHROP GRUMMAN CORPORATION

PURCHASE ORDER TERMS AND CONDITIONS
GOVERNMENT COST REIMBURSABLE SUPPLY/SERVICES

1. DEFINITIONS.

- A. **BUYER** means Northrop Grumman Corporation including its subsidiaries, sectors, and business areas as identified on the face of the Purchase Order.
- B. **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.
- C. **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.
- D. **PARTIES** means Buyer and Seller collectively.
- E. **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.
- F. **PRODUCTS** means those goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies, and any incidental services described in the Order.
- G. **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 Defense Federal Acquisition Regulation Supplement (DFARS) 252.227-7013 or 252.227-7014 or in Federal Acquisition Regulation (FAR) 52. 227-15.
- H. **SELLER** means the Party with whom Buyer is contracting.
- I. **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. Seller's acceptance is expressly limited to the written terms of this Order. No additional or different term shall be binding. Buyer hereby objects to any additional or different terms

contained in Seller's acceptance. Any of the following acts by Seller shall constitute acceptance:

- A. Signing and returning a copy of this Order;
 - B. Commencing performance of any effort required to complete this Order;
 - C. Informing Buyer of commencement of any effort required to complete this Order; or
 - D. Shipping of any Products in performance of this Order.
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. Typed Purchase Order.
 - B. Purchase Order Terms and Conditions.
 - C. Statement of Work.
 - D. Specification/Drawing.
 - E. Supplier Data Requirements List (SDRL)/ Data Item Description (DID).
 - F. Other Referenced Documents.
4. **LIMITATION OF COST OR BUYER'S OBLIGATION.** The following shall apply only if this is a fully funded Order.
- A. It is estimated that the total cost to Buyer for the performance of this Order, inclusive of any fee, will not exceed the estimated total cost and fixed fee (sum allotted) set forth in the Order, and Seller agrees to use its best efforts to perform the work specified in the Order and all obligations under this Order within such total estimated cost. If at any time Seller has reason to believe that the costs which it expects to incur in the performance of this Order in the next succeeding sixty (60) days, when added to all costs previously incurred, will exceed seventy-five percent (75%) of the estimated total cost then set forth in the Order, or if at any time Seller has reason to believe that the total cost to Buyer for the performance of this Order, inclusive of fee, will be greater or substantially less than the then-estimated cost herein, Seller shall notify Buyer in writing to that effect, giving its revised estimate of such total cost for the performance of this Order.
 - B. Except as required by other provisions of this Order specifically cited and stated to be an exception from this clause, Buyer shall not be obligated to reimburse Seller for cost incurred in excess of the estimated cost set forth in the Order, and Seller shall not be obligated to continue performance under the Order (including actions under the "Termination" clause) or otherwise to incur costs in excess

of the estimated cost set forth in the Order, unless and until Buyer shall have notified Seller in writing that such estimated cost has been increased and shall have specified in such notice a revised estimated cost of performance of this Order. No notice, communication or representation in any other form or from any person other than Buyer's purchasing representative shall affect the estimated cost of this Order. In the absence of the specified notice, Buyer shall not be obligated to reimburse Seller for any costs in excess of the estimated cost set forth in the Order, whether those excess costs were incurred during the course of the Order or as a result of termination. When and to the extent that the estimated cost set forth in the Order has been increased, any costs incurred by Seller in excess of the estimated cost prior to such increase shall be allowable to the same extent as if such costs had been incurred after the increase, unless Buyer issues a termination or other notice and directs that the increase is solely for the purpose of covering termination or other specified expenses.

- C. Change Orders issued pursuant to the "Changes" clause of this Order shall not be considered as an authorization to Seller to exceed the estimated cost set forth in the Order in the absence of a statement in the Change Order increasing the estimated cost.
 - D. In the event this Order is terminated for Buyer's convenience or the estimated cost not increased, Buyer and Seller shall negotiate an equitable distribution of all property produced or purchased under the Order based upon the share of costs incurred by each.
5. **LIMITATION OF FUNDS OR BUYER'S OBLIGATION.** The following shall apply only to an incrementally funded Order.
- A. It is estimated that the cost to Buyer for the performance of this Order, inclusive of any fee (sum allotted), will not exceed the estimated cost set forth in the Order and Seller agrees to use its best efforts to perform the work specified in the Order and all obligations under this Order within such estimated cost.
 - B. The amount presently available for payment and allotted to this Order, the Products and Services covered thereby, and the period of performance, which it is estimated the allotted amount will cover, are specified in the Order. It is contemplated that from time to time additional funds will be allotted to this Order up to the full estimated cost set forth in the Order inclusive of any fee. Seller agrees to perform or have performed work on this Order up to the point at which the total amount paid and payable by Buyer pursuant to the terms of this Order approximates but

does not exceed the total amount actually allotted to the Order.

- C. If at any time, Seller has reason to believe that the costs which it expects to incur in the performance of this Order in the next succeeding sixty (60) days, when added to all costs previously incurred, will exceed seventy-five percent (75%) of the total amount then allotted to the Order, Seller shall notify Buyer in writing to that effect. The notice shall state the estimated amount of additional funds required to continue performance for the period set forth in the Order. Sixty (60) days prior to the end of the period specified in the Order, Seller will advise Buyer in writing as to the estimated amount of additional funds, if any, that will be required for the timely performance of the work under the Order or for such further period as may be specified in the Order or otherwise agreed to by the Parties. If, after such notification, additional funds are not allotted by the end of the period set forth in the Order or an agreed date substituted therefor, Buyer will, upon written request by Seller, terminate this Order pursuant to the provisions of the "Termination" clause on such date. If Seller, in the exercise of its reasonable judgment, estimates that the funds available will allow Seller to continue to discharge its obligations hereunder for a period extending beyond such date, Seller shall specify the later date in its request and Buyer, in its discretion, may terminate this Order on such later date.
- D. Except as required by other provisions of this Order specifically cited and stated to be an exception from this clause, Buyer shall not be obligated to reimburse Seller for costs incurred in excess of the total amount from time to time allotted to this Order, and Seller shall not be obligated to continue performance under the Order (including actions under the "Termination" clause) or otherwise to incur costs in excess of the amount allotted to this Order, unless and until Buyer has notified Seller in writing that such allotted amount has been increased and has specified in such notice an increased amount constituting the total amount then allotted to the Order. To the extent the amount allotted exceeds the estimated cost set forth in this Order, such estimated costs shall be correspondingly increased. No notice, communication or representation in any other form or from any person other than Buyer's Materiel representative shall affect the amount allotted to this Order. In the absence of the specified notice, Buyer shall not be obligated to reimburse Seller for any costs in excess of the total amount then allotted to the Order, whether those excess costs were

- incurred during the course of the Order or as a result of termination.
- E. When and to the extent that the amount allotted to the Order has been increased, any costs incurred by Seller in excess of the amount previously allotted shall be allowable to the same extent as if such costs had been incurred after such increase in the amount allotted, unless Buyer issues a termination or other notice and directs that the increase is solely for the purpose of covering termination or other specified expenses.
 - F. Change Orders issued pursuant to the "Changes" clause of this Order shall not be considered as an authorization to Seller to exceed the amount allotted in this Order in the absence of a statement in the Change Order, increasing the amount allotted.
 - G. Nothing in this clause shall affect the right of Buyer to terminate this Order. In the event this Order is terminated for its convenience, Buyer and Seller shall negotiate an equitable distribution of all property produced or purchased under the Order based upon the share of costs incurred by each.
 - H. In the event that sufficient funds are not allotted to this Order to allow completion of the work contemplated by this Order, Seller shall be entitled to that percentage of the fee set forth in the Order equivalent to the percentage of completion of the work contemplated by this Order.
6. PROPRIETARY INFORMATION.
- A. Seller agrees to keep confidential and not to disclose to any other person any Proprietary Information received from Buyer in connection with this Order. Seller further agrees to use Proprietary Information only for purposes necessary for performing this Order, without first obtaining Buyer's written authorization.
 - B. Seller may disclose Proprietary Information to its subcontractors as required for the performance of this Order, provided that each such subcontractor first assumes by written agreement the same obligations imposed on Seller under this Order relating to such Proprietary Information.
 - C. All documents and other tangible media (excluding Products) containing or conveying Proprietary Information and transferred in connection with this Order, together with any copies thereof, are and remain the property of Buyer.
 - D. Neither the existence of this Order nor the disclosure of Proprietary Information or any other information hereunder 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.
- E. Seller's obligations with respect to Proprietary Information disclosed hereunder prior to the performance in full, termination or cancellation of this Order shall not, except as expressly set forth herein, be affected by such performance in full, termination, or cancellation.
 - F. Unless otherwise provided herein, or authorized by Buyer in writing, Seller shall use Data only in the performance of this Order subject to the Government's rights under the Government Property clause. Notwithstanding this restriction, upon prior written notice to Buyer and to the extent such use will not interfere with Seller's performance of purchase orders with Buyer in effect at the time, Seller may, with the U S Government's authorization, use on other contracts all Data which the U. S. Government owns, or has the right to authorize the use thereof for Government purposes.
7. 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 representatives other than Buyer's authorized purchasing representative may release to Seller information applicable to this Order. If information so provided to the Seller changes the contractual requirements and/or performance of the Order, Seller shall not act on that information and it shall not be contractually effective until Seller receives written contractual direction to act from the Buyer's authorized purchasing representative.
8. 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 CPFF, 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 whether or not this Order was issued under a Government contract.

- 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 therefor 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 therefor 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. (See FAR 31.205-6(f)). 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.

G. Any cost incurred by Seller under the terms of this Order which would constitute Allowable Cost under the provisions of this clause shall be included in determining the amount payable under this Order.

H. The premium cost of any work performed hereunder on a premium-pay basis (i.e., work in excess of 8 hours per day or 40 hours per week per employee or work on any day or shift for which extra compensation is paid) by Seller or any of its subcontractors under subcontracts or purchase orders on other than a firm fixed-price basis shall, if otherwise allowable, constitute Allowable Cost hereunder only (i) to the extent the performance of such work and the estimated premium cost thereof receive the prior written approval of Buyer, and unless, (ii) such overtime premium cost is being paid for work:

- (1) Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature;
- (2) By indirect labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;
- (3) In the performance of tests, industrial processes, laboratory processes, laboratory procedures, loading or unloading of transportation media, and operations in flight or afloat, which are continuous in nature and cannot reasonably be interrupted or otherwise completed; or
- (4) Which will result in lower overall cost to Buyer; and, in any event, Seller will as soon as possible advise Buyer as to any overtime premium cost expended under the conditions set forth herein.

I. To obtain Buyer's approval when required above, Seller's request for overtime approval shall contain the following information:

- (1) Identification of the work unit, such as the department or section in which the requested overtime will be used, together with present workload, number of personnel required, and other information that may be necessary in order to permit an evaluation by Buyer of the necessity for the overtime;
- (2) The effect that denial of the request will have on the delivery or performance schedule of this Order;
- (3) Reasons why the required work cannot be performed on the basis of utilizing

- multi-shift operations or by the employment of additional personnel; and
- (4) The extent to which approval of overtime would affect the performance or payments in connection with any other of Buyer's Orders, together with any identification of such affected Orders.
9. INCENTIVE FEE. The following shall apply only to a cost-plus-incentive-fee (CPIF) Order:
- A. This clause becomes applicable if by an appropriate provision on the Order, this Order is designated as a cost-plus-incentive-fee (CPIF) type of contract in which case these cost-reimbursement terms and conditions are amended by changing all references to "estimated cost" or "sum allotted" to read "target cost" and the words "fixed fee" or "fee" to "target fee" and all references in the clause herein entitled "Allowable Cost, Fee and Payment" shall be deemed to refer to this clause pertaining to "Incentive Fee."
- B. The fee payable for the complete performance of this Order shall be the target fee increased by ____ () cents for every dollar by which the total allowable cost is less than the target cost or decreased by ____ () cents for every dollar by which the total Allowable Cost exceeds the target cost. In no event shall the total fee payable hereunder be greater than ____ percent (%) nor less than ____ percent (%) of the target cost; and except as provided in D. below, within these limits such fee shall be subject to adjustment, by reason of increase or decrease of total Allowable Cost, on account of payments under the assignment required by paragraph F.(1.) of the "Allowable Cost, Fee and Payment" clause above, and claims excepted from the release required by paragraph F.(2.) of the "Allowable Cost, Fee and Payment" clause above. If this Order is terminated in its entirety, the portion of the target fee payable shall not be subject to an increase or decrease as provided in this paragraph. The terminations shall be otherwise accomplished pursuant to the other applicable provisions of this Order.
- Note:** See Order for applicable incentive fee information.
- C. For the purpose of the adjustment of the fee in accordance with A. above, the term "total allowable cost" shall not include Allowable Costs arising out of:
- (1) Any of the causes covered by the clause hereof entitled "Excusable Delays" to the extent they are beyond the control and without the fault or negligence of the Seller or any subcontractor at any tier;
 - (2) The taking effect after the negotiation of the target cost of this Order, of a statute, court decision, written ruling or regulation which results in Seller's being required to pay or bear the burden of any tax or duty, or increase in the rate thereof;
 - (3) If a Government contract number appears on the face of this Order, any direct cost attributed to Seller's assistance or participation in litigation as required by Buyer pursuant to a provision of this Order, including the furnishing of evidence and information requested pursuant to FAR 52.227-2, "Notice and Assistance Regarding Patent and Copyright Infringement;"
 - (4) The purchase and maintenance of additional insurance not in the target cost and required by Buyer, or claims for reimbursement for liabilities to third persons pursuant to the Insurance clause hereof;
 - (5) Any claim, loss or damage resulting from a risk for which the Seller has been relieved of liability pursuant to the applicable Government Property clause hereof.
 - (6) (6) Any claim, loss, or damage resulting from a risk defined in the Order as unusually hazardous or as a nuclear risk and against which the Buyer has expressly agreed to indemnify Seller.
- D. Except as otherwise specifically provided in this Order, all other Allowable Costs shall be included in the term "total allowable cost" for the purpose of the adjustment of the fee in accordance with A. above.
- E. The total allowable cost and the adjusted fee determined as provided in this clause shall be evidenced by a modification to this Order signed by the Seller and Buyer.
- F. Compensation for Products (including spare parts) and Services which are to be furnished under this Order pursuant to a provisioning document or Buyer option shall be determined in accordance with the provisions of this clause notwithstanding any inconsistent provision in such provisioning document or Buyer option.
10. CHANGES.
- A. Buyer's authorized 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) quantity of Product (increase or decrease); (5) delivery schedule(s); (6) place of inspection; and (7) place of acceptance.
- 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 shall be unconditionally waived unless asserted in writing and delivered to Buyer within 15 days of the date of the written change order.
 - 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 the cost claimed.
 - E. Buyer has the right to examine any of Seller's pertinent books and records for the purpose of verifying 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.
11. **EXPORT AND IMPORT COMPLIANCE.** In addition to and without limiting the clause "Proprietary Information" clause herein, Seller shall comply with the laws and regulations of the United States relating to exports and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR). In particular, Seller shall not disclose any technical data, nor deliver or export any Product manufactured by use of technical data, out of the United States, or to foreign entities within the United States, without proper written authorization from the United States Government.
12. **DELIVERY, TITLE AND RISK OF LOSS.**
- A. The FOB point shall be as designated in the Order. Risk of any loss and/or damage to Products occurring before receipt at the delivery point specified shall be Seller's responsibility. 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. Unauthorized overshipments and early shipments shall be returned at Seller's expense. Seller shall be liable for all storage/handling charges incurred as a result of overshipments and early shipments.
 - 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. Seller shall make every effort to avoid or minimize the delay to the maximum extent possible including the expenditure of premium time and most expeditious transportation. Any additional cost caused by these requirements shall be borne by Seller.
 - 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) cancel 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. **THIS CONDITION SHALL NOT LIMIT BUYER'S RIGHTS UNDER THE DEFAULT CLAUSE CONTAINED HEREIN.**
 - E. All Parties expressly agree that time is of the essence in the performance of this Order.
13. **INVOICE AND FREIGHT BILL.** The invoice shall include the following information taken from: Buyer's Purchase Order: Purchase Order number, item number, part serial number (if serialized), part number, unit of measure, and unit price. Seller's invoice shall also include: Seller's phone number and address, invoice number, date prepared, item quantity, extended item price, and 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.
14. **PACKING AND SHIPPING.** Damage resulting from improper Product packaging will be charged to Seller. Seller shall, unless otherwise stated in the Order:
- A. Prepare all Products for shipment to prevent damage or deterioration;
 - B. Package in accordance with best commercial practices;
 - C. Secure the lowest lawful transportation rates;
 - D. Comply with carrier's classifications, tariffs, and packaging instructions; however, Seller shall notify Buyer, before shipping, of any conflict between Buyer's and carrier's packaging requirements;
 - E. Pay all charges for preparation, packaging, packing, boxing or crating;
 - F. Pay all cartage and shipping (except forward freight collect when free on board [FOB] origin [place of shipment]);
 - G. Make one daily shipment of all Products by the same means of transportation, to the maximum extent possible;
 - H. Number and mark each container with a consecutively assigned container number and with the applicable Order number;
 - I. Indicate the container, Purchase Order number, item, serial (if serialized), part (from

- the face of this Order) and lot or batch number (if applicable) on the packing sheets and bills of lading;
- J. Place one copy of the packing sheet inside the first container and attach one copy to the outside of the container;
 - K. Instruct the shipper to include the Order number on the freight invoice; and
 - L. Not declare the shipment value unless tariff rates or rating is dependent upon the released or declared value; then, declare the maximum value for the lowest rates or rating.
15. **INSPECTION & ACCEPTANCE.** Unless otherwise specified in Supplier Quality Assurance Requirements ("SQAR") incorporated in this Order, Buyer's final inspection and acceptance shall be at destination. Failure to inspect and accept or reject Products shall not relieve the Seller from responsibility for compliance with Order requirements nor impose liability on Buyer.
16. **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 therefor.
 - 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 is 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.
17. PAYMENT FOR OVERTIME PREMIUMS.
Allowable cost shall not include any amount on account of overtime premiums except to the extent that they are expressly approved in writing by Buyer.

18. 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 if the cost of performing such work is estimated to exceed \$50,000.

19. EXCUSABLE DELAYS.

- A. Except with respect to defaults of subcontractors, Seller shall not be in default by reason of any failure in performance of this Order in accordance with its terms (including any failure by Seller to make progress in the prosecution of the work hereunder which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of Seller. Such causes may include, but are not restricted to: acts of God or of the public enemy; acts of Government in either its sovereign or contractual capacity; fires; floods; epidemics; quarantine restriction; strikes; freight embargoes; and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of Seller.
- B. If the failure to perform is caused by the failure of a subcontractor to perform or make progress, and if such failure arises out of causes beyond the control of both Seller and subcontractor, and without the fault or negligence of either of them, Seller shall not be deemed to be in default unless (a) the Products or Services to be furnished by the subcontractor were obtainable from other sources, (b) Buyer shall have ordered Seller in writing to procure such Products or Services from such other sources, and (c) Seller shall have failed to comply reasonably with such order. Upon request of Seller, Buyer shall ascertain the facts and extent of such failure and, if Buyer shall determine that any failure to perform was occasioned by any one or more of the said causes, the delivery or performance schedule shall be revised accordingly, subject to the rights of Buyer under the clause hereof entitled "Termination." (As used in this clause, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.)

20. SELLER'S DATA. Any Data, which Seller discloses to Buyer while performing this Order, that Seller has not marked with a limited rights legend in accordance with the applicable rights in technical data and computer software clauses called out herein shall not be considered

proprietary to Seller or in any way restrict Buyer's use of such Data.

21. TERMINATION.

- A. Termination for Convenience. Should Buyer determine at any time and for any reason that it no longer desires to purchase or obtain all or any part of the undelivered Products or Services, Buyer, in accordance with this clause, shall be entitled to terminate for convenience, in whole or, from time to time, in part, the Order with respect to the undesired Products or Services.
- B. Termination for Default. The performance of work under this Order may be terminated for default by Buyer in accordance with this clause in whole or, from time to time, in part whenever the Seller shall default in performance of the terms or obligations of this Order (included in the term "default" is any failure by Seller to make progress in the prosecution of the work required hereunder as endangers such performance) and shall fail to cure such default within a period of ten (10) days after receipt from Buyer of a notice specifying the default.
- C. Any such termination under subparagraphs A. or B. above shall be effected by delivery to Seller of a Notice of Termination specifying whether the termination is for the convenience of Buyer or is because of the default of Seller. Such Notice shall specify the extent to which performance of the work under this Order is terminated and the date upon which such termination is effective.
- D. If, after notice of Termination for Default as provided in B, above, it is determined for any reason that Seller was not in default or that Seller's failure to make progress in performance was excusable pursuant to the provisions of the clause herein entitled "Excusable Delay," the Notice of Termination for Default shall be deemed to be a Notice of Termination for Convenience and issued under the provisions of A. above and the rights and obligations of the Parties hereto shall in such event be governed by the provisions of such subparagraph A.
- E. After receipt of either a Notice of Termination for Convenience or Default and except as otherwise directed by Buyer, Seller shall:
 - (1) Stop work under the Order on the date and to the extent specified in the Notice of Termination;
 - (2) Place no further orders or subcontracts for materials, services or facilities, except as may be necessary for completion of such portion of the work under the Order as is not terminated;
 - (3) Terminate all Orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination;

- (4) Assign to Buyer, in the manner and to the extent directed by Buyer, all of the rights, title and interest of Seller under the Orders or subcontract so terminated, in which case, Buyer shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- (5) With the approval or ratification of Buyer, to the extent it may require, which approval or ratification shall be final and conclusive for all purposes of this clause, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable in whole or in part in accordance with the provisions of this Order;
- (6) Transfer title (to the extent that title has not already been transferred) and in the manner, to the extent, and at the times directed by Buyer, deliver (a) the fabricated or unfabricated Products, work-in-process, completed work, Products, and other material produced as a part of, or acquired in respect of the performance of the work canceled or terminated by the Notice of Termination, (b) the completed or partially completed plans, drawings, information, and other property which if the Order has been completed, would be required to be furnished to Buyer and (c) the jigs, dies, and fixtures, and other special tools, tooling and test equipment acquired or manufactured for the performance of this Order for the cost of which Seller has been or will be reimbursed under this Order;
- (7) Use Seller's best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by Buyer, any property of the types referred to in (6) above, provided, however, that Seller (a) shall not be required to extend credit to any purchaser, and (b) may require any such property under the conditions prescribed by and at a price or prices approved by Buyer; and provided further that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by Buyer to Seller under this Order or shall otherwise be credited to the price or cost of the work covered by this Order or paid in such other manner as Buyer may direct;
- (8) Complete performance of such part of the work as shall not have been canceled or terminated by the Notice of Termination; and
- (9) Take such action as may be necessary, or as Buyer may direct, for the protection

and preservation of the property related to this Order which is in the possession of the Seller in which Buyer or the Government, if a Government contract number appears on face of this Order, has or may acquire an interest.

Seller shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of the fee, or any item of reimbursable cost, under this clause.

- F. After receipt of a Notice of Termination for Convenience or a Notice of Termination for Default, Seller shall submit to Buyer its termination claim in the form and with the certification prescribed by Buyer. Such claim shall be submitted promptly, but in no event later than six (6) months from the effective date of termination unless one or more extensions in writing are granted by Buyer upon request of Seller made in writing within such six-month period or authorized extension thereof. Upon failure of Seller to submit its termination claim within the time allowed, Buyer may determine on the basis of information available to it, the amount if any, due to Seller by reason of the termination and shall thereupon pay to Seller the amount so determined.
- G. Subject to the provisions of F. above, Seller and Buyer may agree upon the whole or any part of the amount or amounts to be paid (including an allowance for the fee) to Seller by reason of the total or partial termination of work pursuant to this clause. The Order shall be amended accordingly, and Seller shall be paid the agreed amount.
- H. In the event of the failure of Seller and Buyer to agree in whole or in part, as provided in G. above, as to the amounts with respect to cost and fee, or as to the amount of the fee, to be paid to Seller in connection with the termination of work pursuant to this clause, Buyer shall determine, on the basis of information available to it the amount, if any, due to Seller by reason of the termination, and shall pay to Seller the amount determined as follows:
 - (1) If the settlement includes cost and fee:
 - (a) There shall be included therein all costs and expenses reimbursable in accordance with this Order, not previously paid to Seller for the performance of this Order prior to the effective date of the Notice of Termination, and such of these costs as may continue for a reasonable time thereafter with the approval of or as directed by Buyer; provided however, that Seller shall proceed as rapidly as practicable to discontinue such costs;

- (b) There shall be included therein so far as not included under (a) above, the cost of settling and paying claims arising out of the termination of work under the subcontracts or orders, as provided in paragraph E.(5) above, which are properly chargeable to the terminated portion of the Order;
 - (c) There shall be included therein the reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Order and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation and other costs incurred in connection with the protection or disposition of termination inventory; provided, however, that if the termination is for the default of Seller, there shall not be included any amounts for the preparation of the Seller's settlement proposal; and
 - (d) There shall be included therein a portion of the fee payable under the Order determined as follows: (i) in the event of the termination of this Order for the convenience of Buyer and not for the default of the Seller, there shall be paid to Seller a percentage of the fee equivalent to the percentage of the completion of work contemplated by the Order, less fee payments previously made hereunder; or (ii) in the event of the termination of this Order for the default of Seller, the total fee payable shall be such proportionate parts of the fee (or, if this Order calls for articles or Products of different types, of such part of the fee as is reasonably allocable to the type of article or Product under consideration) as the total number of articles or Products delivered to and accepted by Buyer bears to the total number of articles or Products of a like kind called for by this Order; if the amount determined under this subparagraph (1) is less than the total payment previously made to Seller, Seller shall repay to Buyer the excess amount; or
- (2) If the settlement includes only the fee, the amount thereof will be determined in accordance with subparagraph (1) (D) above.

- I. Costs claimed, agreed to, or determined pursuant to the provisions hereof shall be in accordance with Part 31, "Contract Cost Principles" of the Federal Acquisition Regulation as in effect on the date of this Order.
- J. In arriving at the amount due Seller under this clause there shall be deducted (1) all unliquidated advance or other payments previously made to Seller, applicable to the terminated portion of this Order, (2) any claim which Buyer may have against Seller in connection with this Order, and (3) the agreed price for, or the proceeds of sales of, any materials, or Products, or other things acquired by Seller or sold pursuant to the provisions of this clause and not otherwise recovered by or credited to Buyer.
- K. In the event of a partial termination, the portion of the fee which is payable with respect to the work under the continued portion of the Order shall be equitably adjusted by agreement between Seller and Buyer, and such adjustment shall be evidenced by an amendment to this Order.
- L. Buyer may, from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by Seller in connection with the terminated portion of the Order whenever in the opinion of Buyer the aggregate of such payments shall be within the amount to which Seller will be entitled hereunder. If the total of such payments is in excess of the amount finally determined to be due under this clause, such excess shall be due and payable by Seller to Buyer upon demand, together with the interest computed at the rate established by the Secretary of the Treasury, for the period from the date such excess payment is received by Seller to the date on which such excess is repaid to Buyer, provided however, that no interest shall be charged with respect to any such excess payment attributable to a reduction in Seller's claim by reason of retention or other disposition of termination inventory until ten (10) days after the date of such retention or disposition, or such later date as determined by Buyer by reason of the circumstances.
- M. As used in this clause, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.
- N. In the event of suspension of Seller's business, insolvency of Seller, institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, or any assignment by Seller for the benefit of creditors shall be deemed "default" in accordance with paragraph B. of this Termination clause and accordingly, the

rights and obligations of the Parties shall be determined as therein provided.

- O. The provisions of this clause relating to the fee shall be inapplicable if this Order does not provide for payment of a fee.

22. DISPUTES.

- A. Any dispute that may arise under or in connection with this Order with respect to the rights, duties, or obligations of the Parties shall be reduced to writing and submitted for resolution to ascending levels of management of the respective Parties up to the Senior Executive of the Materiel or Procurement 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 bring suit in federal or state court.
- C. Unless otherwise agreed to in writing by the Parties, venue and jurisdiction for all legal proceedings of any kind or nature brought to enforce any provisions of this Order shall lie within the state from which the Order was issued.
- D. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, Seller shall proceed diligently, as directed by Buyer, with performance of the Order.
- E. Notwithstanding any provisions herein to the contrary, if a dispute under this Order involves issues which can be included in a claim by Buyer pursuant to the "Disputes" provisions of its higher-tier contract:
 - (1) Buyer may include such issues in a claim against the Government or higher-tier contractor pursuant to the disputes procedure of Buyer's higher-tier contract and Buyer may invite Seller to participate in the prosecution and share in the expense of such dispute; or
 - (2) Seller may at its own expense and subject to Buyer approval (which shall include a sponsorship agreement) and in the name of Buyer, submit such issues to the higher-tier contractor. Seller shall provide a certification in accordance with FAR 52.233-1 and a copy of the claim package prior to Buyer approval.
 - (3) If, in accordance with (1) or (2) above, Seller prosecutes or participates in the prosecution of such higher-tier contract dispute, it shall not resort to other means for settling the related issues involved under the Order; and it shall abide by the final decision of such higher-tier disputes procedure, provided Buyer, if it chooses not to exhaust its right of appeal under

- such procedure, gives Seller the opportunity to take any available appeal.
- F. **WAIVER OF RIGHT TO A JURY TRIAL.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER HEREBY WAIVES ITS RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING OR HEARING BROUGHT BY EITHER SELLER AGAINST BUYER OR BUYER AGAINST SELLER ON ANY MATTER WHATSOEVER ARISING UNDER, RELATING TO, OR IN ANY WAY CONNECTED WITH THIS ORDER, THE RELATIONSHIP OF SELLER AND BUYER OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE OR REGULATION NOW OR HEREAFTER IN EFFECT.
23. **INDEMNITY & INSURANCE.**
- A. During the entire contract period and irrespective of the place of performance, Seller and its subcontractors shall procure and maintain the following insurance coverages in the minimum limits indicated:
- (1) Commercial General Liability - \$1,000,000 per person/\$2,000,000 per occurrence bodily injury and/or property damage (alternative: \$2,000,000 combined single limit [CSL]). Coverages shall include but not necessarily be limited to, premises and operations, products and completed operations and contracts.
- B. In accordance with FAR 52.228-5, Insurance - Work on a Government Installation, whenever performance requires work on a Government, Buyer's customer, or Buyer's installation, Seller and its subcontractors shall procure and maintain the additional following insurance coverage in the minimum limits indicated:
- (1) Automobile Liability - \$1,000,000 per person/\$2,000,000 per occurrence bodily injury and/or property damage (alternative: \$2,000,000 combined single limit [CSL]) covering all owned, hired and non-owned vehicles.
- (2) Workers' Compensation and Employer's Liability - The workers' compensation insurance coverage shall be as required by the laws of the state in which the work is performed regarding such insurance. The employer's liability insurance limit shall be \$1,000,000.
- C. All insurance required as a part of this Order including that under the Government Property clause herein shall be placed with insurance companies which are authorized to do business under the laws of the state or states in which the installation is located and shall be in a form reasonably acceptable to Buyer. All insurance shall contain a provision prohibiting cancellation or material revision except upon at least thirty (30) days prior written notice to Buyer.
- D. Whenever performance requires work on a Government installation, Seller and its subcontractors shall provide evidence that the required insurance is in place in the form of insurance certificates. In all other instances, if requested by Buyer, Seller shall provide evidence that the required insurance is in place in the form of insurance certificates. Each insurance certificate, except for workers' compensation, shall provide that Buyer is named as an additional insured with waiver of subrogation for each required insurance coverage. Insurance coverages 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 15 days prior to the expiration date of the insurance under each required coverage.
- E. Buyer and Seller agree to defend, indemnify, and save harmless the other from all damages and liabilities arising out of or in connection with presence on the other's premises 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.
24. **OFFSET COMMITMENT.**
- A. This clause shall only apply to Orders in excess of \$50,000.00.
- B. 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.
- C. 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.
- D. 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.
- E. 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.

- F. Seller shall execute all necessary documents to evidence Buyer's right to use or assign any offset credits.
 - G. Buyer reserves the right to assign offset credits generated through Seller's efforts under this Order to third parties.
 - H. Seller shall include the substance of this clause, in favor of Buyer, in its subcontracts issued at all tiers pursuant to this Order.
25. **BUYER'S PROPERTY.**
- A. Buyer shall retain title to all Buyer property furnished to Seller (i.e., dies, molds, jigs, tools, materials, etc.). Seller shall label, maintain and dispose of Buyer's property, including scrap, according to Buyer's direction and Seller shall be responsible for all loss or damage.
 - B. During the entire contract period, Seller shall maintain a policy or policies of insurance covering the loss or destruction of or damage to all Buyer materials, tools and equipment, special or otherwise, in which Buyer has an interest, in the amount of the full replacement value thereof providing protection against all perils normally covered in an "all-risk" policy, including but not limited to, fire, windstorm, explosion, riot, civil commotion, aircraft, earthquake, flood or other acts of nature during such time as they remain in Seller's possession.
26. **GOVERNMENT PROPERTY.**
- A. The clause contained in FAR 52.245-5, Government Property (Cost Reimbursement, Time and Material, or Labor Hour Contracts), applies.
 - B. Seller shall maintain and administer a program for the maintenance, repair, protection and preservation of Government Property in accordance with FAR Subpart 45.5 and accepted industry practices. Upon Buyer's request or completion of this Order, Seller shall submit inventory schedules in acceptable form covering all Government Property pertaining to this Order. To the extent that such use will not interfere with Seller's performance of this Order, this clause shall not limit Seller's use of Government property in producing end items on orders received directly from the Government; however, nothing herein will be deemed to contravene the rights of the Government under FAR 52.245-5.
27. **RESPONSIBILITY FOR CLAIMS/INDEMNITY.** Seller shall defend, indemnify and hold harmless Buyer from any claims or suits brought and liabilities and losses sustained by any third party for injury to persons or damage to property, arising in whole or in part out of the acts or omissions of Seller, its subcontractors, agents, or employees in the performance of this Order. If Seller fails to defend, hold harmless, and indemnify Buyer as provided in this clause, then Seller shall pay for any damages, attorney's fees, and any other fees, costs, and expenses that may be incurred by Buyer in the defense of any action related to this Order and/or in the prosecution of any action to enforce the provisions of this clause.
28. **NOTIFICATION OF STATUS CHANGES.** By accepting this Order, Seller certifies that all representations and certifications applicable to this Order included in the "Subcontractor Annual Compliance Certification" and the "Supplier Capability Questionnaire" 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 Capability Questionnaire" prior to taking any action indicating acceptance as stated on the face of this Order.
29. **ASSIGNMENT.**
- A. 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 (including this Order) until and unless authorized to do so by Buyer's authorized representative.
30. **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. 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 subsection

- 15.404-4(c) of the Federal Acquisition Regulation (FAR).
- B. Any subcontract awarded to a foreign person, as defined in the International Traffic in Arms Regulations or the Export Administration Regulations must comply with the Export and Import Compliance clause herein.
31. COMPLIANCE WITH LAWS.
- A. Seller warrants that it shall comply with all applicable Federal, State and local laws, rulings, and regulations in effect on the date of this Order.
- B. Seller warrants that the Products called for by this Order have been or will be produced in compliance with the Fair Labor Standards Act of 1938 (29 U.S. Code 201-219) and any amendments thereto, including without limitation all applicable requirements of Sections 6, 7 and 12 thereof, and all of the regulations and orders of the U.S. Department of Labor issued under Section 14 thereof, and, insofar as applicable to this Order, the Walsh-Healey Public Contracts Act (41 U.S. Code 35-45) and any amendments thereto, as well as with the provisions of any other Federal Laws with respect to labor relations, minimum wages and hours of employment, now in effect or hereafter enacted, including the Work Hours and Safety Act of 1962 (40 U.S. Code 327 et seq.), and with any and all rules and regulations issued under each and every such law. Seller agrees that this warranty may be considered as the written assurance and certificate contemplated by the amendment dated October 26, 1949, to the Fair Labor Standards Act of 1938.
- C. Seller shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
32. 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, excepting that state's laws on conflict of law.
33. RELIANCE. Seller represents and warrants that Seller is an expert fully competent in all phases of the work involved in producing and supporting the Products purchased under this Order, and Seller agrees that Buyer is relying on such representation and warranty by Seller. Seller agrees that it will not deny any responsibility or obligation to Buyer on the ground that Buyer approved any documentation prepared by Seller, or participated in design reviews or first article approval processes or similar reviews, or that Buyer or Buyer's customer provided documentation, specifications, recommendations, or assistance in any phase of the work required to produce or support the Products. Seller acknowledges that, as a part of Seller's proposal effort, it had an opportunity to review relevant documentation.
- Seller further warrants that it did such a review, that it notified Buyer in writing of any missing documentation, deficiencies or concerns that Seller identified in any documents, and that the issues raised by Seller were adequately addressed in this Order at the time of acceptance.
34. INDEPENDENT CONTRACTOR. Seller is and shall be deemed to be an independent contractor at all times during its performance of the work specified in the Order. Under no circumstance shall Seller be deemed an agent for Buyer.
35. RELEASE OF INFORMATION AND ADVERTISING. Seller shall not, without prior written consent of Buyer, make any disclosure, news release or public announcement, denial or confirmation of same, of any part of the subject matter of this Order or in any manner advertise or publish the fact that Seller has supplied or contracted to supply to Buyer the items mentioned herein except as may be required to perform this Order. Disclosure to authorized Government sources is exempt from this restriction unless otherwise indicated herein.
36. PATENT, TRADEMARK, AND COPYRIGHT INDEMNITY. Seller shall defend, indemnify, and hold Buyer, Buyer's officers, agents, employees, and customers harmless against all claims and liabilities, including costs, for infringement of any United States patent, trademark, or copyright by any Products delivered under this Order or, at Seller's option, Seller shall obtain such licenses as are necessary to remove such infringement, provided that Seller is reasonably notified of such claims and liabilities. Seller's obligation shall not apply to Products manufactured by Seller pursuant to detailed designs developed by Buyer and furnished to Seller under an Order which does not require research, development, or design work by Seller. Seller's obligation shall also not apply to any infringement arising from the use or sale of Products in combination with Products not delivered by Seller if such infringement would not have occurred from the use or sale of such Products solely for the purpose for which they were designed or sold to Buyer. Seller's obligation shall extend to the U.S. Government only if and to the extent Buyer has agreed to indemnify the U.S. Government.
37. HAZARDOUS MATERIAL.
- A. If this Order involves delivery of any hazardous material, packaging and shipment of such material must be made in accordance with the Hazardous Materials Regulations, Title 49 CFR, Occupational Safety and Health Administration Regulations, Title 29 CFR, and Federal STD. 313C. The warning label required on hazardous material by 29 CFR 1910.1200 shall not be obscured by other stamps or labels.
- B. Seller shall provide a Material Safety Data Sheet (MSDS) to Buyer as a condition of this Order. Seller must submit the most current MSDS available. Unless there are changes

- affecting the characteristics and composition of the hazardous material previously reported, only one submission to Buyer is required. An MSDS from the manufacturer will satisfy these requirements for distributors, dealers, jobbers and industrial suppliers who must comply with this clause, however, in no event shall the MSDS bear an issue date earlier than twenty-four (24) months before the date of submission.
- C. When an MSDS is required, Seller shall mail it separately to the address on the face of this Order to the attention of the Safety Manager.
 - D. By acceptance of this Order, Seller certifies: (1) Compliance with this clause; (2) an up to date MSDS will be submitted prior to delivery of any hazardous material; or (3) that no hazardous material will be delivered, as applicable.
38. 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. 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.
 39. HEADINGS. 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.
 40. ASBESTOS. Seller shall not provide any Product that contains asbestos and shall submit certification to Buyer on demand that the Products contain no asbestos.
 41. ENVIRONMENTAL REQUIREMENTS. Seller shall comply with all applicable Federal, State and local laws, regulations, and ordinances relating to preservation and protection of the environment including, without limitation, those relating to "Clean Air," "Clean Water," and the transportation, use, handling, storage, disposal, recycling of hazardous and toxic chemicals, substances, or wastes.
 42. INDEMNITY FOR DEFECTIVE COST OR PRICING DATA.
 - A. Seller hereby indemnifies and agrees to hold Buyer harmless from any and all price or cost reductions (excluding Buyer's applicable overhead and profit or fee) made pursuant to the FAR 52.215-10 "Price Reduction for Defective Cost or Pricing Data" clause or the FAR 52.215-11 "Price Reduction for Defective Cost or Pricing Data - Modifications" clause, or any other provisions of the prime contract or higher-tier subcontract under which this Order is issued, and from and against any and all cost disallowances or non-recognitions of costs under such prime contract or subcontract, if such price or cost reduction, cost disallowance or nonrecognition of costs arises or results directly or indirectly because:
 - (1) Seller or any subcontractor at any tier hereunder furnished cost or pricing data that were not complete, accurate and current as certified in its Certificate of Current Cost or Pricing Data;
 - (2) Any subcontractor or prospective subcontractor at any tier hereunder furnished Seller or Buyer cost or pricing data that were not complete, accurate and current as certified in Seller's or Buyer's Certificate of Current Cost or Pricing Data; or
 - (3) Seller or any subcontractor or prospective subcontractor at any tier hereunder furnished data of any description that were not accurate.
 - B. Accordingly, without limitation of the foregoing, the price of this Order shall be reduced and the Order shall be modified in writing as necessary to reflect the full amount of any and all such price or cost reductions and any and all such cost disallowances or nonrecognitions of costs. The rights and remedies of Buyer under or pursuant to this indemnity shall be cumulative and additional to any other or further rights and remedies provided under this Order or at law or in equity.
 43. COMPLETE AGREEMENT. This Order is intended by the Parties as a 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, and agreements between the Parties, whether 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.
 44. 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.
 45. 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.
 46. COMPLIANCE WITH AND APPLICABILITY OF THE OFFICE OF FEDERAL PROCUREMENT POLICY (OFPP) ACT OF 1988 (41 USC 423). Seller warrants that during the conduct of the procurement of which this Order forms a part, it has complied with and will continue to comply with the requirements of FAR 52.203-10 and Section 27 of the OFPP Act as implemented in FAR. Seller further agrees that it shall indemnify and hold harmless Buyer from and against any loss, cost or damage incurred by Buyer under Buyer's contract with its customers

as a result of or in connection with Seller's violation of the OFPP Act.

47. FAR/DFARS PROVISIONS/CLAUSES.

- A. The FAR and DFARS clause cited in paragraph D below, where applicable by their terms, are incorporated herein by reference as if set forth in full text. The effective version of each FAR or DFARS clause shall be the same version as that which appears in Buyer's Prime Contract, or higher-tier subcontract under which this Order is a subcontract. If any of the clauses are not applicable by their terms they shall be self-deleting. 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" herein.
- B. Except for references made to the Government's Disputes clause, any conflict or inconsistency between the provisions listed in the FAR/DFARS clause citations below and the clauses set forth elsewhere in these terms and conditions shall be resolved in favor of the former.
- C. 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, 52.246-23 and DFARS 252.227-7013 and 252.227-7014.
- D. FAR and DFARS Clauses:

Clause	FAR Reference
(1) 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
(2) Covenant Against Contingent Fees	52.203-5
(3) Restrictions on Subcontractor Sales	52.203-6

Clause	FAR Reference
(4) Anti-Kickback Procedures NOTE: The substance of this clause shall be incorporated in all subcontracts issued hereunder. Seller shall immediately notify Buyer of any alleged violations involving any of Buyer's or Seller's employees.	52.203-7
(5) Price or Fee Adjustment for Illegal or Improper Activity	52.203-10
(6) Limitation on Payments to Influence Certain Federal Transactions [Applicable to subcontracts of \$100,000 or more]	52.203-12
(7) Security Requirements NOTE: Delete paragraph (c)	52.204-2
(8) Material Requirements	52.211-5
(9) Defense Priority and Allocation Requirements	52.211-15
(10) Audit & Records – Negotiation	52.215-2
(11) Price Reduction for Defective Cost or Pricing Data NOTE: In addition, Seller shall indemnify and hold Buyer harmless from and against any loss, cost or damage incurred by Buyer under Buyer's contract with its customers as a result of Seller or Seller's Subcontractors providing certificates based on defective cost or pricing data in connection to this provision. [Applicable to any negotiated Order valued at \$500,000 or more, when cost or pricing data are required.]	52.215-10
(12) Price Reduction for Defective Cost or Pricing Data –Modifications [Applicable if FAR 52.215-10 is not applicable to this Order.]	52.215-11

Clause	FAR Reference
(13) Subcontractor Cost or Pricing Data NOTE: In addition, Seller shall indemnify and hold Buyer harmless from and against any loss, cost or damage incurred by Buyer under Buyer's contract with its customers as a result of Seller or Seller's Subcontractors providing certificates based on defective cost or pricing data in connection to this provision. [Applicable to any negotiated order valued at \$500,000 or more, when cost or pricing data are required.]	52.215-12
(14) Subcontractor Cost or Pricing Data –Modifications [Applicable if FAR 52.215-12 is not applicable to this Order.]	52.215-13
(15) Integrity of Unit Prices & Alternate I NOTE: Delete paragraph (b)	52.215-14
(16) Pension Adjustment and Asset Reversions [Applicable to negotiated subcontracts of \$500,000 or more, when cost or pricing data are required for which any pre-award or post-award cost determinations will be subject to FAR Subpart 31.2]	52.215-15
(17) Facilities Capital Cost of Money	52.215-16
(18) Waiver of Facilities Capital Cost of Money	52.215-17
(19) Reversion or Adjustment of Plans for Post Retirement Benefits Other than Pensions (PRB) [Applicable to subcontracts of \$500,000 or more]	52.215-18
(20) Notification of Ownership Changes	52.215-19
(21) Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data – Modifications	52.215-21
(22) Utilization of Small Business Concerns	52.219-8

Clause	FAR Reference
(23) Small Business Subcontracting Plan [Applicable to subcontracts of \$500,000 or more]	52.219-9
(24) Notice to the Government of Labor Disputes	52.222-1
(25) Payment for Overtime Premiums	52.222-2
(26) Contract Work Hours and Safety Standards Act—Overtime Compensation [Applicable to subcontracts of \$100,000 or more]	52.222-4
(27) Walsh-Healey Public Contracts Act	52.222-20
(28) Prohibition of Segregated Facilities	52.222-21
(29) Equal Opportunity	52.222-26
(30) Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era [Applicable to subcontracts of \$10,000 or more]	52.222-35
(31) Affirmative Action for Workers with Disabilities [Applicable to subcontracts of \$10,000 or more]	52.222-36
(32) Employment Reports on Disabled Veterans and Veterans of the Vietnam Era [Applicable to subcontracts of \$10,000 or more]	52.222-37
(33) Hazardous Material Identification and Material Safety Data	52.223-3
(34) Notice of Radioactive Materials	52.223-7
(35) Ozone-Depleting Substances	52.223-11
(36) Toxic Chemical Release Reporting	52.223-14
(37) Privacy Act	52.224-2
(38) Buy American Act—Balance of Payment Program-Supplies	52.225-1

Clause	FAR Reference
(39) Buy American Act – North American Free Trade Agreement – Israeli Trade Act - Balance of Payments Program Trade Agreements	52.225-3
(40) Trade Agreements	52.225-5
(41) Duty-Free Entry	52.225-8
(42) Restrictions on Certain Foreign Purchases	52.225-13
(43) Utilization of Indian Organizations and Indian-Owned Economic Enterprises	52.226-1
(44) Authorization and Consent	52.227-1
(45) Notice and Assistance Regarding Patent and Copyright Infringements [Applicable to subcontracts of \$100,000 or more except when both complete performance and delivery are outside the United States, its possessions and Puerto Rico, unless supplies are ultimately to be shipped into one of those areas]	52.227-2
(46) Refund of Royalties	52.227-9
(47) Filing of Patent Applications – Classified Subject Matter	52.227-10
(48) Patent Rights – Retention by the Contractor (Short Form) [Applicable to small business firms or nonprofit organizations]	52.227-11
(49) Patent Rights – Retention by the Contractor (Long Form) [Applicable to other than small business firms or nonprofit organizations]	52.227-12
(50) Insurance – Work on a Government Installation	52.228-5
(51) Insurance – Liability to Third Persons	52.228-7
(52) Interest	52.232-17

Clause	FAR Reference
(53) Industrial Resources Developed Under Defense Production Act Title III	52.234-1
(54) Accident Prevention	52.236-13
(55) Protection of Government Buildings, Equipment, and Vegetation	52.237-2
(56) Notice of Intent to Disallow Costs	52.242-1
(57) Certification of Final Indirect Costs	52.242-4
(58) Bankruptcy	52.242-13
(59) Stop Work Order & Alternate I NOTE: The 90 day period in the first and fourth sentences of paragraph (a) is changed to 120 days.	52.242-15
(60) Competition in Subcontracting Applicable to subcontracts of \$100,000 or more which are non-competitive]	52.244-5
(61) Subcontracts for Commercial Items and Commercial Components	52.244-6
(62) Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts)	52.245-5
(63) Special Test Equipment NOTE: The phrase “30 days” in paragraphs (b) and (c) shall be changed to “45 days.”	52.245-18
(64) Inspection of Supplies—Cost-Reimbursement	52.246-3
(65) Inspection of Services—Cost-Reimbursement	52.246-5
(66) Inspection of Research and Development—Cost Reimbursement	52.246-8

Clause	FAR Reference
(67) Limitation of Liability [Applicable to subcontracts of \$100,000 or more]	52.246-23
(68) Limitation of Liability – High Value Items [Applicable to subcontracts where unit price is \$100,000 or more except for items priced or based on catalog or market prices]	52.246-24
(69) Limitation of Liability – Services [Applicable to subcontracts where unit price is \$100,000 or more except for items priced or based on catalog or market prices]	52.246-25
(70) Preference for U.S. Flag Air Carriers	52.247-63
(71) Preference for Privately Owned U.S.-Flag Commercial Vessels	52.247-64
(72) Value Engineering [Applicable to subcontracts of \$100,000 or more except as specified in FAR 48.201(a)]	52.248-1
(73) Termination (Cost-Reimbursement) NOTE: The time limitation for submissions of Seller's final termination settlement proposal is 6 months in lieu of the 1 year provided for under paragraph (f). Paragraph (e) is deleted. Any reference to "Disputes clause" refers to the Disputes clause of this Order.	52.249-6

Clause	DFARS Reference
(1) Special Prohibition on Employment	252.203-7001
(2) Intent to Furnish Precious Metals as Government-Furnished Material	252.208-7000
(3) Acquisition Under INF Treaty [Applicable to subcontracts of \$100,000 or more]	252.209-7000
(4) Acquisition Streamlining [Applicable to subcontracts of \$1,000,000 or more]	252.211-7000

Clause	DFARS Reference
(5) Pricing Adjustments [Applicable when it is contemplated that cost or pricing data will be required]	252.215-7000
(6) Cost Estimating System Requirements	252.215-7002
(7) Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan (DOD Contracts) [Applicable to any subcontract anticipated to be valued at \$500,000 or more]	252.219-7003
(8) Hazard Warning Labels	252.223-7001
(9) Safety Precautions for Ammunition and Explosives	252.223-7002
(10) Change in Place of Performance – Ammunition and Explosives	252.223-7003
(11) Prohibition on Storage and Disposal of Toxic and Hazardous Materials	252.223-7006
(12) Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives	252.223-7007
(13) Buy American Act and Balance of Payments Program	252.225-7001
(14) Qualifying Country Sources – Subcontractors	252.225-7002
(15) Identification of Expenditures in the United States	252.225-7005
(16) Buy American Act/Trade Agreements/Balance of Payment	252.225-7007
(17) Supplies to be Accorded Duty-Free Entry	252.225-7008
(18) Duty Free Entry – Qualifying Country End Products and Supplies	252.225-7009

Clause	DFARS Reference
(19) Duty-Free Entry – Additional Provisions	252.225-7010
(20) Preference for Certain Domestic Commodities [Applicable to orders valued at \$100,000 or more]	252.225-7012
(21) Preference for Domestic Specialty Metals [Applicable to all orders valued at \$100,000 or more] Alternate I [Applicable to any subcontract valued at \$100,000 or more within six major classes of programs]	252.225-7014
(22) Preference for Domestic Hand or Measuring Tools	252.225-7015
(23) Restriction on Acquisition of Ball and Roller Bearings	252.225-7016
(24) Restriction on Acquisition of Polyacrylonitrile (PAN)	252.225-7022
(25) Restriction on Acquisition of Forgings	252.225-7025
(26) Reporting of Contract Performance Outside of the United States	252.225-7026
(27) Restriction on Acquisition of Carbon, Alloy, and Carbon Steel Plate	252.225-7030
(28) Duty-Free Entry—NAFTA Country End Products and Suppliers	252.225-7037
(29) Rights in Technical Data – Noncommercial Items	252.227-7013
(30) Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation	252.227-7014
(31) Technical Data—Commercial Items	252.227-7015

Clause	DFARS Reference
(32) Rights in Bid or Proposal Information	252.227-7016
(33) Validation of Asserted Restriction – Computer Software	252.227-7019
(34) Rights in Special Works	252.227-7020
(35) Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends	252.227-7025
(36) Deferred Delivery of Technical Data or Computer Software	252.227-7026
(37) Deferred Ordering of Technical Data or Computer Software	252.227-7027
(38) Technical Data – Withholding of Payment	252.227-7030
(39) Certification of Technical Data Conformity	252.227-7036
(40) Validation of Restrictive Markings on Technical Data	252.227-7037
(41) Patents—Reporting of Subject Inventions	252.227-7039
(42) Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles	252.228-7005
(43) Supplemental Cost Principles	252.231-7000
(44) Frequency Authorization & Alternate I	252.235-7003
(45) Protection Against Compromising Emanations	252.239-7000
(46) Telecommunication Security Equipment, Devices, Techniques and Services	252.239-7016

Clause	DFARS Reference
(47) Material Management and Accounting System [Applicable for any subcontract valued at \$100,000 or more]	252.242-7004
(48) Pricing of Contract Modifications	252.243-7001
(49) Reports of Government Property	252.245-7001
(50) Warranty of Data	252.246-7001
(51) Price Adjustment	252.247-7001
(52) Transportation of Supplies by Sea NOTE: This clause is applicable to Orders in excess of \$100,000. Paragraph (b), second 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 (c) and "30" to "25" in paragraph (d). In paragraph (d) "and the division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590," is deleted. In paragraph (f) "for the purposes of the Prompt Payment clause of this contract" is deleted.	252.247-7023
(53) Notification of Transportation of Supplies by Sea	252.247-7024
(54) Preparation of Value Engineering Change Proposals	252.248-7000
(55) Notification of Proposed Program Termination or Reduction	252.249-7002