

T-17

NORTHROP GRUMMAN SYSTEMS CORPORATION

PURCHASE ORDER TERMS AND CONDITIONS NON-U.S. GOVERNMENT CONTRACT FUNDING (NCTA FUNDS, INDIRECT FUNDS, FOREIGN COUNTRY CONTRACT FUNDS – FOREIGN DIRECT SALE)

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1. DEFINITIONS.

- A. BUYER means Northrop Grumman Systems Corporation including its subsidiaries, sectors, and divisions as identified on the face of the Order.
- B. BUYER'S AUTHORIZED PURCHASING REPRESENTATIVE means the person authorized by Buyer's cognizant procurement organization to administer and/or execute the Order.
- C. DATA means all designs, dimensions, specifications, drawings, patterns, know how, or other information concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Products. Data may be recorded in a written or printed document, computer or electronic file, electromagnetic tape or disc, software, or any other tangible form of expression.
- D. ORDER means the instrument of contracting including this Purchase Order and all referenced documents.
- E. PARTIES means Buyer and Seller collectively.
- 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 as proprietary as set forth in this Order.
- H. SELLER means the party with whom Buyer is Contracting.

2. - 9. RESERVED.

10. WARRANTY.

- A. Seller expressly warrants that all goods and services delivered hereunder shall be free from defects, shall be of good materials and workmanship, and shall conform to applicable specifications, drawings, samples, and performance specifications, whether set forth in this Order or in Seller's sales literature. In the event of a conflict between the terms of this Order and such sales literature, the terms of this Order shall prevail.
- B. The foregoing warranties shall survive inspection and acceptance of, and payment for, the goods delivered and services performed hereunder and shall remain in effect as to each good or services furnished for a period of eighteen (18) months after it is accepted by Buyer and shall run to Buyer, its successors, assigns, and customers, except that, where a good is incorporated into spaceflight hardware, this warranty shall remain in effect for eighteen (18) months from Buyer's acceptance, or until launch, whichever is later. Said warranties shall not be deemed to limit any warranties of additional scope given to Buyer by Seller, not to limit Buyer's rights or Seller's obligations under any other provision of this Order, at law or in equity. No warranties are waived by Buyer supplying, reviewing, commenting upon, or approving plans, specifications, or data, or inspecting or accepting the goods or services.
- C. If any Product fails to comply in any respect to the warranty set forth above, Seller, at Buyer's option, shall promptly repair or replace the Product. Transportation of replacement Product and return of nonconforming Product shall be at Seller's

expense. If repair or replacement of Product is not timely, Buyer may elect to return, repair, replace, or reprocur the nonconforming Product at Seller's expense, which expense shall include any cost of removing such items from property, equipment, or products in which such items have been incorporated, and any additional costs of disassembly, fault isolation, failure analysis, reinstallation, re-inspection, and retesting.

- D. Buyer's approval of any documentation prepared by Seller or Buyer's participation in design reviews or first article approval process or similar reviews shall not relieve Seller of any obligation under this warranty.

11. CHANGES.

- A. Buyer's Authorized Purchasing Representative may at any time, by written order, and without notice to sureties or assignees, if any, make changes within the general scope of this Order in (1) drawings, designs, specifications, planning and/or other technical documents; (2) method of shipment, packaging, or packing; (3) place of delivery; (4) reasonable adjustments in quantities or delivery schedules or both; (5) place of inspection; (6) place of acceptance; and (7) terms and conditions of this contract required to meet Buyer's obligations under its prime contracts or subcontracts.
- B. If the change causes an increase or decrease in the cost or time required to perform this Order, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this Order in writing accordingly.
- C. Any claim for adjustment shall be unconditionally waived unless: (i) asserted in writing and delivered to Buyer within fifteen (15) days of the date of the written change order or any action by Buyer that Seller believes constitutes a change; and (ii) a fully supported proposal is delivered to Buyer's Authorized Purchasing Representative within forty-five (45) days after Seller's receipt of such direction.
- D. If Seller claims the cost of any Property made obsolete or excess, Buyer shall have the right to prescribe the manner of disposition of the property to include the right to acquire that property for cost claimed.
- E. Buyer has the right to examine any of the Seller's pertinent books and records for the purpose of verifying Seller's claim.
- F. Failure to agree to any adjustment shall be a dispute within the meaning of the "Disputes" clause hereof. However, Seller shall not be excused from proceeding with the Order as changed.

12. RESERVED.

13. 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 submitted in writing for resolution to ascending levels of management of the respective Parties up to the Senior Executive of the Global Supply Chain organization placing the Order, and Seller's equivalent executive level.

- B. If a dispute cannot be resolved to both Parties' mutual satisfaction, after good faith negotiations, within ninety (90) calendar days from the date the written claim is received by the other Party, or such additional time as the Parties agree upon, in writing, either Party may only bring suit in federal or state court in the state from which this Order is issued.
- C. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, both Parties shall proceed diligently, as directed by Buyer, with performance of the Order.
- D. To the maximum extent permitted by law, the parties waive any right to a jury trial and agree that such dispute shall be decided by a judge only.

14. TERMINATION FOR CONVENIENCE.

- A. Buyer may terminate performance of work under this Order in whole or, from time to time, in part if Buyer determines that a termination is in its interest. Buyer shall terminate by delivering to Seller a Notice of Termination specifying the extent of termination and the effective date.
- B. After receipt of a Notice of Termination, and except as directed by Buyer, Seller shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause.
 - 1. Stop work as specified in the notice.
 - 2. Place no further subcontracts or purchase orders (referred to as "Subcontracts" herein) for materials, services, or facilities, except as necessary to complete the continued portion of this Order.
 - 3. Terminate all Subcontracts to the extent they relate to the work terminated.
 - 4. Assign to Buyer, as directed by Buyer, all right, title, and interest of Seller under the Subcontracts terminated, in which case Buyer shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.
 - 5. With approval or ratification to the extent required by Buyer, settle all outstanding liabilities and termination settlement proposals arising from the termination of Subcontracts; the approval or ratification will be final for purposes of this clause.
 - 6. As directed by Buyer, transfer title and deliver to Buyer:
 - (a) The fabricated or unfabricated Products, work in process, completed work, supplies, and other material produced or acquired for the work terminated; and
 - (b) The completed or partially completed plans, drawings, information, and other property that, if the Order had been completed, would be required to be furnished to Buyer.
 - 7. Complete performance of the work not terminated.
 - 8. Take any action that may be necessary, or that Buyer may direct, for the protection and preservation of the property related to this Order that is in the possession of Seller and in which Buyer has or may acquire an interest.

9. Use its best efforts to sell, as directed or authorized by Buyer, any property of the types referred to in subparagraph (6) above; provided, however, that Seller:
 - (a) is not required to extend credit to any purchaser; and
 - (b) may acquire the property under the conditions prescribed by, and at prices approved by Buyer. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by Buyer under this Order, credited to the price or cost of the work, or paid in any other manner directed by Buyer.
- C. Seller shall submit complete termination inventory schedules no later than sixty (60) days from the effective date of termination, unless extended in writing by the Buyer upon written request of Seller within this sixty (60) day period.
- D. After termination, Seller shall submit a final termination settlement proposal to Buyer in the form and with the certification prescribed by Buyer. Seller shall submit the proposal promptly, but no later than three (3) months from the effective date of termination, unless extended in writing by Buyer upon written request of Seller within this three (3) month period. However, if Buyer determines that the facts justify it, a termination settlement proposal may be received and acted on after three (3) months or any extension. If Seller fails to submit the proposal within the time allowed, Buyer may determine, on the basis of information available, the amount, if any, due Seller because of the termination and shall pay the amount determined.
- E. Subject to paragraph D. above, Seller and Buyer may agree upon the whole or any part of the amount to be paid because of the termination. The amount may include a reasonable allowance for profit on work done. However, the agreed amount, whether under this paragraph E. or paragraph F. below, exclusive of costs shown in subparagraph F.(3) below, may not exceed the total Order price as reduced by:
 1. The amount of payments previously made; and
 2. The Order price of work not terminated. The Order shall be amended, and Seller paid the agreed amount. Paragraph F. below shall not limit, restrict, or affect the amount that may be agreed upon to be paid under this paragraph.
- F. If Seller and Buyer fail to agree on the whole amount to be paid because of the termination of work, Buyer shall pay Seller the amounts determined by Buyer as follows, but without duplication of any amounts agreed on under paragraph E. above:
 1. The Order price for completed supplies or services accepted by Buyer (or sold or acquired under subparagraph B.(9) above) not previously paid for, adjusted by any saving of freight and other charges.
 2. The total of:
 - (a) The costs incurred in the performance of the work terminated, including initial costs and preparatory expense allocable thereto, but excluding any costs attributable to supplies or services paid or to be paid under subparagraph F.(1) above;
 - (b) The cost of settling and paying termination settlement proposals under terminated Subcontracts that are properly chargeable to the terminated portion of the Order if not included in subparagraph F.(2)(a) above; and determined by Buyer to be fair and reasonable; however, if it appears that Seller would have sustained a loss on the entire Order had it been completed, Buyer shall allow no profit under this subparagraph F.(2)(b) and shall reduce the settlement to reflect the indicated rate of loss.
3. The reasonable costs of settlement of the work terminated, including:
 - (a) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;
 - (b) The termination and settlement of Subcontracts (excluding the amounts of such settlements); and
 - (c) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory.
- G. Except for normal spoilage, and except to the extent that Buyer expressly assumed the risk of loss, Buyer shall exclude from the amounts payable to Seller under paragraph F. above, the fair value, as determined by Buyer, of property that is destroyed, lost, stolen, or damaged, so as to become undeliverable to Buyer or a Buyer.
- H. The cost principles and procedures of Part 31 of the U.S. Federal Acquisition Regulations, in effect on the date of this Order, shall govern all costs claimed, agreed to, or determined under this clause.
- I. In arriving at the amount due Seller under this clause, there shall be deducted:
 1. All unliquidated advance or other payments to Seller under the terminated portion of this Order;
 2. Any claim which Buyer has against Seller under this Order; and
 3. The agreed price for, or the proceeds from sale of, materials, supplies, or other things acquired by Seller or sold under the provisions of this clause and not recovered by or credited to Buyer.
- J. If the termination is partial, Seller may file a proposal with Buyer for an equitable adjustment of the price(s) of the continued portion of this Order. Buyer shall make any equitable adjustment agreed upon. Any proposal by Seller for an equitable adjustment under this clause shall be requested within forty-five (45) days from the effective date of termination unless extended in writing by Buyer.
 1. Buyer may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by Seller for

the terminated portion of this Order, if Buyer believes the total of these payments will not exceed the amount to which Seller will be entitled.

2. If the total payments exceed the amount finally determined to be due, Seller shall repay the excess to Buyer upon demand, together with interest computed at the rate established by the U.S. Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by Seller to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in Seller's termination settlement proposal because of retention or other disposition of termination inventory until ten (10) days after the date of the retention or disposition, or a later date determined by Buyer because of the circumstances.

- K. Unless otherwise provided in this Order, Seller shall maintain all records and documents relating to the terminated portion of this Order for three (3) years after final settlement. This includes all books and other evidence bearing on Seller's costs and expenses under this Order. Seller shall make these records and documents available to Buyer, at Seller's office, at all reasonable times, without any direct charge. If approved by Buyer, photographs, microphotographs, or other authentic reproductions may be maintained instead of original records and documents.

15. TERMINATION FOR DEFAULT.

- A. Subject to paragraphs C and D below, Buyer may terminate this Order in whole or in part, by written notice of default to Seller if Seller:
 1. Fails to deliver the supplies or to perform the services within the time specified in this Order or any extension;
 2. Fails to make progress so as to endanger performance of this Order or to perform any of the other provisions of this Order and does not cure that failure within a period of ten (10) days after receipt of the notice from Buyer specifying Seller's failure to perform; or
 3. Becomes insolvent or makes a general assignment for the benefit of creditors, or files or has filed against it a petition of bankruptcy or pursues any other remedy under any other law relating to the relief for debtors, or in the event a trustee or receiver is appointed for Seller's property or business; or assignment.
- B. If Buyer terminates this Order in whole or in part, it may acquire, under the terms and in the manner Buyer considers appropriate, supplies or services similar to those terminated, and Seller will be liable to Buyer for any excess costs for those supplies or services. However, Seller shall continue the work not terminated. In addition, Buyer may rework or repair any Product in accordance with the Non-Conforming Goods clause herein, at Seller's cost.
- C. If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the

default is beyond the control of both Seller and subcontractor, and without the fault or negligence of either, Seller shall not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for Seller to meet the required deliver schedule.

- D. If this Order is terminated for default, Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any (1) completed supplies, and (2) partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (collectively referred to as "manufacturing materials" in this clause) that Seller has specifically produced or acquired for the terminated portion of this Order. Upon direction of Buyer, Seller shall also protect and preserve Property in its possession in which Buyer has an interest.
- E. Buyer shall pay the Order price for completed supplies delivered or services performed and accepted. Seller and Buyer shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property.
- F. Buyer shall, at its option, have the right to set off against, or appropriate and apply to the payment or performance of any obligation, sum or amount owing at any time to Buyer under this Order, all deposits, amounts, or balances held by Buyer for the account of Seller, any amounts owed by Buyer to Seller, and any sum Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.
- G. The rights and remedies of Buyer in this clause are in addition to any other rights and remedies provided by Law or under this Order.

16. BUYER'S PROPERTY.

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

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

17. – 18. RESERVED.

19. NOTIFICATION OF STATUS CHANGES.

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

20. TAXES.

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

21. ASSIGNMENT.

- A. Seller shall not assign any of its rights under this Order without Buyer's prior, written consent, except as specifically stated in this clause. Seller may assign to a bank, trust company, or other financing institution including any Federal lending agency, claims for money due or to become due to Seller from Buyer under this Order, provided:
 - 1. The assignment is limited to one party, covers all amounts payable under the Order and not already paid, is not subject to further assignment, and is made specifically subject to reduction and setoff or recoupment for any present or future claim or claims or indebtedness which Buyer may have against Seller;
 - 2. Seller furnishes to Buyer written notice of assignment and a true copy of the instrument of assignment.
- B. Buyer may make direct settlements or adjustments in price, or both, with Seller under the terms of this Order notwithstanding any assignment of

claims for money due or to become due under this Order and without notice to the assignee.

- C. Seller shall not furnish or disclose to any assignee under this Order or any other person not entitled to receive the same, any classified document or any of Buyer's Proprietary Information (including this Order) until and unless authorized to do so by Buyer's Authorized Purchasing Representative.
- D. For the term of this Order, a merger, acquisition, or change of control of Supplier shall be deemed an assignment under this clause.

22. SET-OFF.

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

23. SUBCONTRACTING.

- A. Seller shall not subcontract without the prior written authorization of Buyer for the design or procurement of the whole or any major component of any Product ordered hereunder, and Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on authorized distributors, dealers, jobbers or industrial suppliers.
- B. Any subcontract awarded to a foreign person, as defined in the ITAR or the Export Administration Regulations (EAR), must comply with the "Export and Import Compliance" clause herein.

24. – 25. RESERVED.

26. INTELLECTUAL PROPERTY RIGHTS.

- A. Information.

The exchange of information under this Order shall be governed by this Order and, in particular this Clause 26. Any prior agreement between Buyer and Seller to protect information relating to the subject matter of this Order is superseded and replaced by this Order.
- B. Information Generated by Seller.

Seller agrees that all information, drawings, specifications, data, software, mask sets, and computer models (collectively "Information") generated under this Order is owned by Buyer (herein referred to as "Foreground Information"). Seller agrees Buyer owns all right title and interest in Foreground Information and it is furnished or disclosed as a part of the consideration for this Order. Seller agrees that Foreground Information will be treated as confidential and proprietary to Buyer and will be marked as "Northrop Grumman Proprietary Information". Seller further agrees to assert no claims by reason of the use or disclosure of Foreground Information by Buyer, its assigns, or its customers. Other than the "Northrop Grumman Proprietary Information" marking, Seller shall not place any markings, restrictive or otherwise, on any Foreground Information. Seller shall not disclose Foreground Information to any other entity and shall use Foreground Information only for performing Seller's obligations under this Order and not for the benefit of any other party. Except as required for the efficient performance of this Order, Seller shall not make copies or permit copies to be made of Foreground Information without the prior written consent of Buyer. Except in performing this Order, Seller shall make no use,

either directly or indirectly, of any data or any information derived from Foreground Information without obtaining Buyer's written consent. Upon Buyer's request, Seller shall transfer to Buyer all existing copies of Foreground Information.

- C. No Restriction on Information Provided to Buyer. Seller agrees not to include any intellectual property owned by Seller or any third party (collectively "Background Information") in the Information furnished or disclosed to Buyer without identifying such in writing and obtaining the prior express written consent of Buyer. If Seller does include Background Information in any Information provided to Buyer, Seller hereby grants Buyer an unlimited, irrevocable, paid-up, royalty-free right and license to use, execute, reproduce, display, perform, distribute (internally or externally) copies of, and prepare derivative works of any such Background Information and to make, have made, sell, lease, offer for sale, offer to lease and use products developed using Background Information and to use any intellectual property rights owned or controlled by Seller or third party therein.
- D. Buyer Rights in Data. Buyer shall have full ownership and rights in all ideas, inventions, information, drawings, specifications, data, software, mask sets, and computer models conceived, created, acquired or initially reduced to practice in connection with this Order and all intellectual property rights therein ("Buyer Intellectual Property") whether provided to Buyer or not. Seller shall disclose to Buyer in writing all Buyer Intellectual Property and cooperate, at Buyer's expense, in obtaining patent or other legal protection on Buyer Intellectual Property. Seller further agrees to execute assignments to Buyer of any patents or patent applications associated with Buyer Intellectual Property. With respect to Buyer Intellectual Property which are copyrightable works, Buyer and Seller agree that any such works which qualify as commissioned works under the Copyright Act are considered "works made for hire" with copyright ownership in Buyer; otherwise, Seller agrees to assign copyright ownership of the works to Buyer. Seller shall not, unless otherwise authorized in writing by Buyer, disclose to anyone other than Buyer any Buyer Intellectual Property and shall not use Buyer Intellectual Property for any purpose other than the performance of this Order.
- E. Information Provided By Buyer to Seller. Seller shall keep confidential all information, drawings, specifications, data and products furnished by Buyer to Seller (collectively "Buyer Provided Information") and shall not divulge or use such Buyer Provided Information for the benefit of Seller outside of this Order or of any other party. Seller shall return all Buyer Provided Information at the earliest of: termination of this Order, completion of the period of performance of this Order, or receipt of a written request from Buyer.
- F. All documents and other tangible media transferred in connection with this Order, together

with any copies thereof, are and remain the property of Buyer.

- G. Neither the existence of this Order nor the disclosure hereunder of Proprietary Information or any other information shall be construed as granting expressly, by implication, by estoppel or otherwise, a license under any invention or patent now or hereafter owned or controlled by Buyer or Buyer's customer, except as specifically set forth herein.
- H. The provisions provided under this Clause 26 shall not be affected by termination or cancellation of this Order before performance in full by Seller.

27. INTELLECTUAL PROPERTY INFRINGEMENT WARRANTY AND INDEMNITY.

- A. Seller warrants that the performance of Seller under this Order, such as the provision of goods or services to Buyer, and the offer for sale, sale, use, manufacture and delivery of information, data, software or goods under this Order which are not of Buyer's detailed design, composition, or manufacture shall be free and clear of infringement of any patent, copyright, trade mark, mask works, or other proprietary rights.
- B. Seller will indemnify, defend and hold harmless Buyer and its customer ("Indemnitees") from all claims, suits, actions, awards (including, but not limited to, awards based on infringement of patents, exceeding actual damages and/or including attorneys' fees and/or costs), liabilities, damages, costs and attorneys' fees related to the actual or alleged infringement of any U.S. or foreign intellectual property right (including, but not limited to, any right in a patent, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or documents) and arising out of performance of Seller under this Order or the manufacture, purchase, sale, offer for sale or use of information, data, software or goods delivered by Seller under this Order (collectively "Seller Product"). Buyer and/or its customer will duly notify Seller of any such claim, suit or action; and Seller will, at its own expense, fully defend such claim, suit or action on behalf of the Buyer and/or its customer. Seller will have no obligation under this clause with regard to any infringement arising from the compliance of Seller with formal build-to-print specifications issued by Buyer where infringement could not be avoided in complying with such specifications. For purposes of this clause only, the term Buyer will include Northrop Grumman Corporation, Northrop Grumman Systems Corp., and all Northrop Grumman subsidiaries and all officers, agents and employees of such.
- C. If the manufacture, use or sale of a Seller Product is enjoined as a result of a suit, Seller, at no expense to Buyer, shall obtain for Buyer and its customers the right to use and sell the Seller Product or shall substitute an equivalent product acceptable to Buyer, and extend this indemnification thereto.

28. INDEMNIFICATION.

Seller shall indemnify, defend, protect, and hold harmless Buyer, its officers, employees, and agents from and against all cost, losses, expense, damages,

claims, suits, or any liability whatsoever (including attorney's fees), arising out of or in connection with the work to be performed hereunder, or any act or omission of Seller, its agents, employees, or subcontractors; except to any extent otherwise expressly provided elsewhere within this Order.

29. INSURANCE.

- A. During the entire Order period Seller and its subcontractors shall, at their sole cost and expense, procure and maintain Worker's Compensation insurance coverage as required by the laws of the state in which the work is performed and such insurance shall provide waiver of subrogation against Buyer. Seller shall also maintain, at their sole cost and expense, Employer Liability insurance in the amount of \$1,000,000.
- B. Seller and its subcontractors shall, at their sole cost and expense, procure and maintain the following insurance coverage in the minimum limits indicated:
 - 1. Commercial General Liability (CGL) – Combined Single Limit (CSL) \$2,000,000 bodily injury and/or property damage. Coverage shall include but not necessarily be limited to, premises and operations, products and completed operations and contracts.
 - 2. Automobile Liability (AL) – Combined Single Limit (CSL) \$2,000,000 bodily injury and/or property damage covering all owned, hired and non-owned vehicles.
- C. All insurance required as a part of this Order shall be placed with insurance companies that are authorized to do business under the laws of the state or states in which the work is being performed and shall be in a form reasonably acceptable to Buyer.
- D. General Liability and Automobile Liability insurance coverage shall provide that Buyer is named as an additional insured and if requested by Buyer, Seller shall provide evidence that the required insurance is in place in the form of insurance certificates.
- E. Insurance coverage described herein must be in place and effective prior to commencement of any activity that is the subject of this Order. Renewal insurance certificates, if applicable, shall be provided to Buyer at least fifteen (15) days prior to the expiration date of the insurance under each required coverage.
- F. Buyer and Seller agree to defend, indemnify, and save harmless the other from all damages and liabilities pursuant to this Order; provided, however, that such damage and liability shall not have been caused by the negligence of the agents, subcontractors or employees of the indemnified parties.
- G. Additional insurance types and/or limits will be necessary if the work involves extra hazardous operations. The extra hazardous operations include dispensing of medical care, operations involving the nuclear hazard, providing professional engineering advice, large construction projects (above \$5,000,000) hazardous waste, food service, crane operation, work above ground, work below ground, and operations involving demolition or explosives.

- H. If work involves non-U.S. military aviation products, Aviation Products Liability: \$100,000,000.
- I. If project involves ownership or lease of an aircraft, Aviation Hull and War Risk for Replacement Cost or Agreed value.
- J. Foreign Direct Sale - Insurance mandated by the country involved.

30. RESERVED.

31. COMPLIANCE WITH LAWS.

Seller shall fully comply with all applicable federal, state, and local laws, rules, regulations, or ordinances. Seller agrees to indemnify and hold Buyer harmless for all costs (including attorney's fees), liabilities, and judgments incurred by Buyer and caused by Seller's failure to comply with such laws, ordinances, rules, or regulations.

32. PROHIBITED ACTIVITIES AND CONTACTS

- A. Activity Prohibitions For Sellers delivering goods or performing services outside of the United States. Unless specifically authorized in writing by Buyer, Seller shall not engage in any of the following activities on behalf of the Buyer under this agreement: acting as an agent of the Buyer; marketing or sales promotion; lobbying; freight forwarding; consulting services; performing offset (industrial participation) consulting or brokering services; acting as a distributor or reseller; or activity as a joint venture party.
- B. Contact Prohibitions For Sellers delivering goods or performing outside of the United States, Unless specifically authorized in writing by Buyer, Seller shall not contact, either directly or indirectly, public officials of any country other than the United States, United Kingdom, Canada, Australia, Germany, France, or Italy in furtherance of its performance on behalf of Buyer under this agreement.

33. CHOICE OF LAW.

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

34. RESERVED.

35. EXPORT AND IMPORT COMPLIANCE.

- A. Export Compliance.
General. Performance of this Order may involve the use of or access to articles, technical data or software that is subject to export controls under 22 United States Code 2751 – 2799 (Arms Export Control Act) and 22 Code of Federal Regulations 120-130 (International Traffic in Arms Regulations or "ITAR") or 50 United States Code 2401-2420 (Export Administration Act of 1979, as amended), 50 United States Code 1701-1706, (International Emergency Economic Powers Act, as amended), and 15 Code of Federal Regulations 768 – 799 (Export Administration Regulations) and their successor and supplemental laws and regulations (collectively hereinafter referred to as the "Export Laws and Regulations"). Seller represents and warrants that it is either 1) a U.S. Person as that term is defined in the Export Laws and Regulations, or 2) a Foreign Person as that term is defined in the Export Laws and Regulations and has disclosed to Buyer's

Representative in writing the country in which it is incorporated / authorized / organized to do business, and all nationalities of any dual or third-country national employees who will require access to the data, articles or services provided hereunder. Seller shall comply with any and all Export Laws and Regulations, and any license(s) issued there under.

1. Registration. If Seller is a U.S. entity and is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Seller represents that it is registered with the U.S. Department of State's Directorate of Defense Trade Controls, as required by the ITAR, and it maintains an effective export and import compliance program in accordance with the ITAR.

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

B. Political Contributions, Fees and Commissions.

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

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

(a) To or for the benefit of, or at the direction of, any non-U.S. candidate, committee, political party, political faction, or government or governmental subdivision, or any individual elected, appointed or otherwise designated as an employee or officer thereof; and

(b) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a non-U.S. country or international organization. Taxes, customs duties, license fees, and other charges required to be paid by applicable law or regulation are not regarded as political contributions.

2. For purposes of this section and pursuant to 22 CFR 130.5, fee or commission means any loan, gift, donation or other payment of \$1,000

or more made, or offered or agreed to be made directly or indirectly, whether in cash or in kind, and whether or not pursuant to a written contract, which is:

(a) To or at the direction of any person, irrespective of nationality, whether or not employed by or affiliated with the Seller; and

(b) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a non-U.S. country or international organization.

C. Import Compliance.

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

1. For International Purchase Orders (Purchase Orders issued to entities addressed in foreign countries): Specifically, without excluding other regulations, Seller shall comply with and adhere to the commercial invoice requirements detailed in 19 CFR 141 subpart F of the regulations, and provide additional information as requested by the Buyer. Seller shall immediately upon discovery, notify Buyer of any change to the shipment data related to product valuation, quantities shipped, country of origin, port of export and any additional information directed by the Buyer. Seller will timely provide pre-alert shipping information and documentation prior to shipment arrival to the U.S. Buyer will direct Seller where to send pre-alert shipping information and documentation. Pre-alert shipping documentation includes, but is not limited to, a commercial invoice, airway bill, bill of lading, and other required documentation as directed by U.S. regulations and Buyer.

2. For Domestic Purchase Orders (Purchase Orders issued to entities addressed in the United States): Seller shall assume all U.S. import responsibilities, to include designation as U.S. Importer of Record, Customs clearance, duty, taxes, and fees for goods entering into the United States. Unless otherwise agreed in writing, NGC will not assume any import liabilities for goods procured through a domestic purchase order.

D. Indemnification.

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

E. Subcontracts.

The substance of this Clause shall be incorporated into any lower-tier subcontract or purchase order

entered into by the Seller for the performance of any part of the work under this Order.

F. Notification.

Seller agrees to provide prompt notification to Buyer in the event of changes in circumstances such as ineligibility to contract with U.S. Government, debarment, assignment of consent agreement, and initiation or existence of a U.S. Government investigation, that could affect Seller's performance under this Order. Seller further agrees to provide prompt notification to Buyer should any offer, agreement or payment of political contributions, fees or commissions (as defined herein and pursuant to this Order) be made in contravention of the prohibition in Section B.

36. RESERVED.

37. RELEASE OF INFORMATION AND ADVERTISING.

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

38. – 39. RESERVED.

40. PARTIAL INVALIDITY.

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

41. RESERVED.

42. NONWAIVER.

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

43. RESERVED.

44. SUSPECT/COUNTERFEIT PARTS.

If suspect/counterfeit parts are furnished under this Order and are found in any of the goods delivered hereunder, such items will be impounded by Buyer. Seller shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer and the Seller shall be liable for all costs relating to the removal and replacement of said parts, including without limitation Buyer's external and internal costs of removing such counterfeit parts, of reinserting replacement parts and of any testing necessitated by the reinstallation of Seller's goods after counterfeit parts have been exchanged. Buyer's remedies described herein shall not be limited by any other clause which is agreed upon between Buyer and Seller in this Order. At Buyer's request, Seller shall return any removed counterfeit parts to Buyer in order that Buyer may turn such parts over to its Government customer for further investigation. Seller agrees that any Government or quasi-Government directive, such as a GIDEP alert indicating that such parts are counterfeit, shall be deemed definitive evidence that Seller's parts contain counterfeit parts.

45. RESERVED.

46. SUSTAINABILITY.

Buyer is committed to providing a sustainable environment for all of its stakeholders including but not limited to employees, customers, investors, suppliers,

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

47. – 49. RESERVED.

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

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

51. RESERVED.

52. WITHHOLDING OF PAYMENT.

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

53 – 54. RESERVED.

55. RELATIONSHIP OF THE PARTIES.

The relationship of Seller to Buyer shall be that of an independent contractor and nothing herein contained shall be construed as creating any employer/employee, agency, or other relationship of any kind. Seller's

employees, agents or representatives (hereinafter "Employees") performing Services or providing Products under this Order shall at all times be under Seller's direction and control. Seller shall pay all wages, salaries, and other amounts due its Employees in connection with this Order and shall be responsible for all reports and obligations for its Employees, including, but not limited to, social security and income tax withholdings, unemployment compensation, worker's compensation, and equal employment opportunity reporting.

56. STOP-WORK ORDER.

- A. The Buyer may, at any time, by written order to the Seller, require the Seller to stop all, or any part, of the work called for by this purchase order for a period of ninety (90) days after the written order is delivered to the Seller, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the stop-work order, the Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a stop-work order is delivered to the Seller, or within any extension of that period to which the parties shall have agreed, the Buyer shall either (1) cancel the stop-work order; or (2) terminate the work covered by the stop-work order as provided for in "Termination For Convenience" of this purchase order.
- B. If a stop-work order issued under this clause is canceled or the period of that order or any extension thereof expires, the Seller shall resume work. The Buyer shall make an equitable adjustment in the delivery schedule or contract price, or both, and the purchase order shall be modified in writing accordingly if (1) the stop-work order results in an increase in the time required for, or in the Seller's cost properly allocable to, the performance of any part of this purchase order; and (2) the Seller asserts its rights to the adjustment within twenty (20) days after the end of the period of work stoppage.
- C. If a stop-work order is not canceled and the work covered by the stop-work order is terminated for the convenience of the Buyer, the Buyer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement. If a stop-work order is not canceled and the work covered by the order is terminated pursuant to the Termination for Default clause, the Buyer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

57. – 69. RESERVED.

70. ANTI-CORRUPTION COMPLIANCE.

Seller represents warrants and covenants that:

- A. It has not and will not, directly or indirectly, pay, promise, offer, or authorize the payment of any money or anything of value to:
1. an officer, employee, agent or representative of any government, including any department, agency, or instrumentality thereof or any person acting in an official capacity thereof;

2. a candidate for political office, any political party or any official of a political party; or
3. any other person or entity,
4. while knowing or having reason to know that all or any portion of such payment or thing of value will be offered, given or promised, directly or indirectly, to any person or entity for the purpose of assisting Buyer in obtaining or retaining business, or an improper business advantage. Without limiting the generality of the foregoing, Seller shall not directly or indirectly, pay, promise, offer, or authorize the payment of any facilitating payment intended to expedite or secure performance of a routine governmental action, such as, customs clearance on behalf of Buyer.

- B. No gift, travel expenses, business courtesies, hospitalities or entertainment of any nature has been or will be accepted or made in connection with this agreement where the intent was, or is, to unlawfully influence the recipient of the gift, travel expense, business courtesy, hospitality or entertainment. Seller also represents that any gifts, travel expenses, business courtesies, hospitalities or entertainment offered or provided shall meet the following conditions:

1. be permitted under the U.S. Foreign Corrupt Practices Act and the laws and regulations of the country in which this agreement will be performed;
2. be consistent with applicable social and ethical standards and accepted business practices;
3. be of such limited value as not to be deemed a bribe, payoff or any other form of improper inducement or payment; and
4. be of such nature that its disclosure will not cause embarrassment for the Buyer.

- C. Breach of any of the foregoing provisions of parts A. and B. of this clause by Seller shall be considered an irreparable material breach of this agreement and shall entitle the Buyer to terminate this agreement immediately without compensation to Seller.

RESERVED.

72. DRAWING AND SPECIFICATION REVIEW.

If, during the term of this Order, Buyer representatives review drawings, specifications, or other data developed by Seller in connection with this Order and make suggestions or comments, or approve such documents and data, such action shall not serve to relieve Seller of any responsibility for the reliability, quality, rate of output, cost, delivery, performance, or any other requirements of this Order.

73. QUALITY CONTROL SYSTEM.

Seller agrees to provide and maintain a quality control system acceptable to Buyer and to provide access to Seller's facilities at all reasonable times for review periodically by Buyer representatives. Seller agrees to include and to require its suppliers to include the substance of this clause, including this sentence, in each of its Purchase Orders under this Order.