

PSS/T-19
NORTHROP GRUMMAN SYSTEMS CORPORATION

PURCHASE ORDER TERMS AND CONDITIONS
REFUND OF ROYALTIES

1. The Purchase Order price includes certain amounts for royalties payable by Seller or lower-tier subcontractors or both. Accordingly, these amounts have been reported to Buyer.
2. The term "royalties" as used in this clause refers to any costs or charges in the nature of royalties, license fees, patent or license amortization costs, or the like, for the use or for rights in patents and patent applications in connection with the performance of this Order or any lower-tier subcontract hereunder.
3. Seller shall furnish to Buyer, before final payment under this Order, a statement of royalties paid or required to be paid in connection with performing this Order and lower-tier subcontracts hereunder together with the reasons.
4. Seller will be compensated for royalties reported under 3, above only to the extent that such royalties were included in the Order price and are determined by Buyer to be properly chargeable to the Buyer and allocable to this Order. To the extent that any royalties which are included in the Order price are not in fact paid by Seller, or are determined by the Buyer not to be properly chargeable to the Buyer and allocable to this Order, the Order price shall be reduced. Repayment or credit to Buyer shall be made as Buyer directs.
5. If, at any time within three (3) years subsequent to final payment under this Order, Seller for any reason is relieved in whole or in part from the payment of the royalties included in the final Order price as adjusted pursuant to paragraph 4. above, Seller shall promptly notify Buyer of that fact and shall reimburse Buyer in a corresponding amount.
6. The substance of this clause, including this paragraph 6, shall be included in any lower-tier subcontract in which the amount of royalties reported during negotiation of the subcontract exceeds two hundred and fifty dollars (\$250).