

PSS/T-30
NORTHROP GRUMMAN SYSTEMS CORPORATION
PURCHASE ORDER TERMS AND CONDITIONS
ARCHITECT-ENGINEER

Title and Clause Number		Title and Clause Number	
Acceptance of Purchase Order	2.	Modification	4.
Assignment	28.	Nonwaiver	31.
Audit Rights	38.	Northrop Grumman Systems Corporation and Contractor Representative	14.
Bonds	8.	Offset Commitment	34.
Changes	12.	Patent, Trademark and Copyright Indemnity	21.
Choice of Law	33.	Payment for Labor, Services and Material	17.
Complete Agreement	3.	Price Breakdown and Invoicing	15.
Compliance with Laws	19.	Record Retention Requirements	37.
Compliance with Site Regulations	20.	Requirements for Registration of Designers	26.
Composition of Architect-Engineer	25.	Responsibility for Claims	18.
Contract Performance	10.	Responsibility of the Architect-Engineer	27.
Definitions and Explanation	1.	Subcontracts	9.
Discrepancies in Contract Documents	6.	Successors of Parties	32.
Disputes	35.	Suspension of Work	11.
Drawings and Other Data to Become Property of Buyer	24.	Taxes	22.
Examination of Contract Documents and Site	7.	Termination for Northrop Grumman Systems Corporation Convenience or Cancellation for Default of Architect-Engineer	29.
Final Payment	16.	Time of Performance	13.
Inconsistency of Provisions	30.	Waiver of Right to Jury Trial	36.
Independent Contractor Status	23.		
Intent of Contract Documents	5.		

1. DEFINITIONS AND EXPLANATION.

- A. The words "Northrop Grumman System Corporation" or "Buyer" or "Prime Contractor" or "Owner" mean Northrop Systems Grumman Corporation subsidiary, Sector, or business unit identified on the face of the Order.
- B. The words "Architect-Engineer" or "A&E" or "Contractor" mean the party with whom Northrop Grumman Systems Corporation is contracting and whose name and address appears on the face of the Order.
- C. The word "Subcontractor" means any person or supplier, which furnishes supplies or services to or for the Architect-Engineer or another subcontractor and, therefore, means subcontractor at any tier.
- D. The word "Order" (which is also herein called "Contract") means an instrument entitled "Purchase Order," including all drawings, specifications, documents and all special and general conditions or provisions referenced therein or made subject thereto which has been "accepted" as provided in Clause 2 herein.
- E. "Work" means all services to be performed or other things required to be furnished or performed by Architect-Engineer in order to properly perform and fulfill the obligations and requirements of the Contract.
- F. "Project" means the subject of the Contract for which Architect-Engineer is performing the Work.

G. Miscellaneous Word Explanation:

- (1) Whenever the words "as shown," "as indicated" or "as detailed" or words of similar import are used it means that reference is being made to the drawings and/or specifications unless otherwise specifically provided.
- (2) Whenever the words "as directed," "as required," "as permitted," "approved," "accepted," "acceptance" or words of similar import are used it means that specific direction, permission, approval or acceptance by Northrop Grumman Systems Corporation is required prior to Architect-Engineer proceeding further unless otherwise specifically provided.
- (3) The words "to provide" or "provide" means "to furnish and install" or "to provide complete and in place" unless otherwise specifically provided.
- H. Unless the context otherwise requires, words importing the singular number include the plural and in the plural include the singular and words of the masculine gender include the feminine and the neuter.
- I. Titles and paragraph heads used herein and in the Order are for convenient reference only and shall not affect the interpretation of any provision of the Order.
- J. Refer to clause 14 herein for definition and explanation of "Northrop Grumman Systems Corporation and Architect-Engineer Representatives."
- 2. **ACCEPTANCE OF PURCHASE ORDER.**

If a Northrop Grumman Systems Corporation Purchase Order is being used as the instrument of contracting, acceptance of it by Architect-Engineer is expressly limited to its terms and any additional terms in Architect-Engineer acceptance are hereby objected to. Architect-Engineer accepts the Purchase Order as written by executing and returning to Northrop Grumman Systems Corporation the "Acceptance" or "Acknowledgement" copy of the Purchase Order or beginning performance. On such acceptance a binding contract between Architect-Engineer and Northrop Grumman Systems Corporation is formed which contract is herein referred to as "Order" or "Contract."

3. COMPLETE AGREEMENT.

An Order shall constitute the complete and exclusive agreement between Architect-Engineer and Northrop Grumman Systems Corporation and shall supersede any prior correspondence or other communications, quotations or proposals or bids unless such or portions thereof are specifically incorporated by reference into such Order.

4. MODIFICATION.

Except for the provisions of the "Changes" clause herein, no modification of an Order (including any additional or different terms in Architect-Engineer acceptance of a Purchase Order) shall be binding on Architect-Engineer or Northrop Grumman Systems Corporation unless agreed to in writing, signed by the duly authorized representatives of the parties as hereinafter described and designated.

5. INTENT OF CONTRACT DOCUMENTS.

The Contract documents shall be construed as a whole. They are complementary and what is required by any one shall be as binding as if required by all. The intent of the documents is to include all labor, materials, equipment, tools, plant and other items necessary for the proper execution and completion of the Work. The titling and division of the drawings and specifications by trades or other classifications is for convenience only and the fact that any part of the Work should or could properly have been shown or specified under some other title or division shall not relieve Architect-Engineer of performing or furnishing the same nor entitle Architect-Engineer to extra compensation.

6. DISCREPANCIES IN CONTRACT DOCUMENTS.

If Architect-Engineer believes there are or may be any errors, omission or inconsistencies in the contract documents or if Architect-Engineer has any doubt as to the meaning thereof, Architect-Engineer shall immediately submit the matter to Northrop Grumman Systems Corporation for written clarification. Any Work performed before receipt of such clarification shall be at Architect-Engineer's risk and expense. If any clarification of the contract documents is needed, Northrop Grumman Systems Corporation will clarify the same by issuing a written order pursuant to the "Changes" clause. However, notwithstanding the provisions of said clause there shall be no increase in the contract price or extension of the time for completion on account of any misdescription or omissions of details of the Work which are clearly necessary to carry out the intent of the documents or which are customarily performed or furnished by Architect-Engineer. Such misdescribed or omitted details shall be performed or furnished by Architect-Engineer without extra compensation, as if correctly and fully set forth in the documents.

7. EXAMINATION OF CONTRACT DOCUMENTS AND SITE.

Architect-Engineer represents that it has carefully examined all of the provisions and Exhibits of this

Purchase Order and the construction site and has satisfied itself as to the character, quality and quantity of Work to be performed and all other requirements of this Contract, as well as the conditions that will be encountered at the site or otherwise affect the cost or difficulty of performing the Work by Architect-Engineer. Any failure by Architect-Engineer or any of its subcontractors to become acquainted with all the available information concerning these conditions shall not relieve Architect-Engineer of its obligation for performing the Contract or of estimating properly the difficulty or cost of successfully performing the Work. Northrop Grumman Systems Corporation shall not be responsible for any representations or agreements made by any representative of Northrop Grumman Systems Corporation prior to the acceptance of the Purchase Order or the conditions that will be encountered, unless such representations or agreements are expressly stated in the Purchase Order.

8. BONDS.

If a bond or bonds is specifically required by the terms of the Order, the provision of this clause shall apply.) Prior to commencing Work hereunder, or within such further time as Northrop Grumman Systems Corporation may allow in writing, Architect-Engineer shall deliver to Northrop Grumman Systems Corporation a performance bond and a payment bond executed by a corporate surety acceptable to Northrop Grumman Systems Corporation, in amounts not less than the Contract price, on the bond forms furnished by Northrop Grumman Systems Corporation in accordance with the instructions on said forms. Failure to deliver acceptable bonds within the time allowed shall constitute a material breach of this Contract and entitle Northrop Grumman Systems Corporation to (A) cancel Architect-Engineer's right to proceed with the Work, and (B) recover from Architect-Engineer any damages resulting from such breach. If any surety on such bonds becomes unacceptable to Northrop Grumman Systems Corporation or if the Contract price is substantially increased after such bonds are delivered, Architect-Engineer shall promptly deliver such acceptable additional bond security as Northrop Grumman Systems Corporation may require.

9. SUBCONTRACTS.

- A. Architect-Engineer shall, within 24 hours of notice of award of this Contract, furnish in writing to the Northrop Grumman Systems Corporation Purchasing Representative a complete list of all subcontractors to be used in the performance of the Work showing their names, addresses, phone numbers, trade and license numbers. The Order shall be clearly referenced on the submittal. No payment will be authorized until said list is submitted as required above.
- B. Architect-Engineer shall remain fully responsible for all the Work covered by this Order, whether or not said Work is subcontracted.
- C. Neither consent by Northrop Grumman Systems Corporation to any subcontract or any provisions thereof nor approval of Architect-Engineer's bidding processes or purchasing system shall be construed to be a determination of the acceptability of any subcontract price or of any amount paid under any subcontract or to in any way relieve Architect-Engineer of any responsibility for performing this Contract. Architect-Engineer shall be fully liable to Northrop Grumman Systems Corporation for the acts and omissions of all subcontractors of every tier and their respective agents, representatives and employees.

- D. Architect-Engineer shall schedule, supervise and coordinate the operations of all its subcontractors.
- E. No subcontract placed by Architect-Engineer under this Contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

10. CONTRACT PERFORMANCE.

Architect-Engineer shall perform all Work required by and in strict accordance with the drawings, specifications and other provisions and requirements of the Order, and all within the period of time specified and at the price or prices set forth in the Order.

11. SUSPENSION OF WORK.

- A. Northrop Grumman Systems Corporation may, by a written order signed by the Northrop Grumman Systems Corporation Purchasing Representative which expressly refers to this clause, order Architect-Engineer to suspend, delay or interrupt all or any part of the Work for such period of time as may be appropriate for the convenience of Northrop Grumman Systems Corporation.
- B. If the performance of all or any part of the Work is, for any unreasonable period of time, suspended, delayed or interrupted by an act of the Northrop Grumman Systems Corporation Purchasing Representative in the administration of this Order, or by a failure to act within the time specified in this Order (or if no time is specified, within a reasonable time), an adjustment shall be made for any increase in the cost of performance of this Order (excluding profit) necessarily caused by such suspension, delay or interruption and the Order modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay or interruption to the extent, (1) that performance would have been so suspended, delayed or interrupted by any other cause, including the fault or negligence of Architect-Engineer, or (2) for which an equitable adjustment is provided for or excluded under any other provision of this Order.
- C. No claim under this clause shall be allowed, (1) for any costs incurred more than 20 days before Architect-Engineer shall have notified Grumman Systems Corporation in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order), and (2) unless the claim, in an amount stated, is asserted in writing within sixty (60) days after the termination of such suspension, delay or interruption, except that no claim shall be allowed if asserted after final payment under this Contract.

12. CHANGES.

- A. Northrop Grumman Systems Corporation may, at any time, without notice to the sureties, by a written order signed by the Northrop Grumman Systems Corporation Purchasing Representative, make any change in the Work within the general scope of the Contract.
- B. No services for which an additional cost or fee will be charged by Architect-Engineer shall be furnished without the prior written authorization of Northrop Grumman Systems Corporation.
- C. If any change under this clause causes an increase or decrease in Architect-Engineer's cost of, or the time required for the performance of any part of the Work under this Contract, whether or not changed by an order, an equitable adjustment shall be made and the Order modified in writing accordingly.

- D. If Architect-Engineer intends to assert a claim for an equitable adjustment under this clause, it must, within thirty (30) days after receipt of any written order issued under 12.A., submit to Northrop Grumman Systems Corporation a written statement setting forth the general nature and monetary extent of such claim, unless this period is extended by Northrop Grumman Systems Corporation in writing. Promptly, after submission of the statement of claim hereunder, Architect-Engineer shall submit to Northrop Grumman Systems Corporation a modification proposal in accordance with the "Price Breakdown and Invoicing" clause herein.

- E. No claim by Architect-Engineer for an equitable final payment under this Contract.
- F. Nothing herein shall excuse Architect-Engineer from proceeding with performance of the Order as changed, including failure of the parties to agree upon any adjustment to be made under this clause.

13. TIME OF PERFORMANCE.

Time Is of the Essence in the Performance of This Contract. If at any time it appears to Architect-Engineer that it will not meet any of the performance schedules or the scheduled completion date of the Work for any reason, including labor disputes, Architect-Engineer shall promptly notify Northrop Grumman Systems Corporation in writing of the reasons for the delay and the estimated time or duration of such delay. These notification requirements shall not in any way be considered as relieving Architect-Engineer of any liability for breach of contract by reason of any delay in performance. Architect-Engineer shall insert the substance of this entire clause in any subcontract issued hereunder.

14. NORTHROP GRUMMAN SYSTEMS CORPORATION AND CONTRACTOR REPRESENTATIVE

For all purposes in the administration of this Contract, Northrop Grumman Systems Corporation and Architect-Engineer shall be represented only by that person respectively designated by each party elsewhere in this Contract or otherwise designated in writing by each party as the "Northrop Grumman Systems Corporation Purchasing Representative" and "Architect-Engineer Representative" assigned to administer this Contract for such party, and by such person(s) as such Representatives may authorize in writing to act for them.

15. PRICE BREAKDOWN AND INVOICING.

- A. Architect-Engineer shall submit to Northrop Grumman Systems Corporation three (3) copies of an invoice for each payment provided for in this Contract. Each invoice shall be in the form prescribed by Northrop Grumman Systems Corporation and shall be accompanied by such evidence in support thereof as may reasonably be required by Northrop Grumman Systems Corporation.
- B. The invoice shall be serially numbered and one marked "original." Northrop Grumman Systems Corporation Order number must appear on all copies of the invoices.
- C. Architect-Engineer in connection with any proposal it makes for a Contract modification pursuant to the "Changes" clause of this Contract, shall furnish a price breakdown, itemized as required by Northrop Grumman Systems Corporation. Unless otherwise directed, the breakdown shall be in sufficient detail to permit an analysis of all material, labor, equipment, subcontract and overhead costs, as well as profit and shall cover all work involved in the modification,

whether such work was deleted, added or changed. Any amount claimed for subcontracts shall be supported by a similar price breakdown. In addition, if the proposal includes a time extension, a justification therefore shall be furnished.

16. FINAL PAYMENT.

Upon, (A) the final acceptance by Northrop Grumman Systems Corporation of all of the Work called for by this Contract, (B) the submission by Architect-Engineer, if requested, of an affidavit, together with receipts, releases or other satisfactory evidence in support thereof, stating that all payments and claims for which Architect-Engineer is responsible here-under have been made or settled, except as specifically listed therein, and (C) the submission by Architect-Engineer if requested, of a release by Architect-Engineer of all liens and rights of lien and all claims against the Work site or property and Northrop Grumman Systems Corporation under or arising out of this Contract or its performance other than such claims, if any, as may be specifically excepted by Architect-Engineer from the operation of the release in stated amounts set forth therein or in estimated amounts where the amounts are not susceptible of exact statement, Northrop Grumman Systems Corporation shall pay Architect-Engineer the amount due Architect-Engineer under this Contract, provided, however, that Northrop Grumman Systems Corporation may retain from any payment, until the claim involved is settled, such amount as may reasonably be necessary to protect Northrop Grumman Systems Corporation from loss on account of any lien, claim, suit or action for which Architect-Engineer is responsible under this Contract or any claim Northrop Grumman Systems Corporation may have against Architect-Engineer.

17. PAYMENT FOR LABOR, SERVICES AND MATERIAL.

Architect-Engineer shall be responsible for the prompt payment of all persons who perform labor, or finish services, or material or equipment of other things, used or to be used in the performance of the Work called for by this Contract, and Architect-Engineer shall defend, protect, indemnify and hold Northrop Grumman Systems Corporation harmless from and against all liens, claims, suits and actions for such labor, services, materials, equipment, supplies or other things. It is the intention of the parties hereto, and Architect-Engineer agrees, that if Architect-Engineer or any of its subcontractors of any tier fail to pay all such persons, Northrop Grumman Systems Corporation may, at any time after five (5) days written notice to Architect-Engineer, pay such persons directly and deduct such payments from any amounts due Architect-Engineer hereunder.

18. RESPONSIBILITY FOR CLAIMS.

Architect-Engineer shall defend, protect, indemnify and hold Northrop Grumman Systems Corporation harmless from and against all claims, suits and actions arising from any negligent act or omission of Architect-Engineer or any of its subcontractors of any tier or any of their respective agents or employees in connection with the performance of this Contract.

19. COMPLIANCE WITH LAWS.

A. Architect-Engineer and all its subcontractors of every tier shall comply with all applicable federal, state and local laws and ordinances and all lawful orders, rules and regulations thereunder, including but not limited to social security and income tax withholding laws, workmen's and unemployment compensation laws, safety and fire protection standards, and building

codes, and Architect-Engineer shall defend, protect, indemnify and hold Northrop Grumman Systems Corporation harmless from and against all claims, suits and actions arising from any failure of Architect-Engineer or any such subcontractors so to do.

- B. On any Architect-Engineer invoices or statements or in any other form satisfactory to Northrop Grumman Systems Corporation, Architect-Engineer shall submit certification that all Work was performed and materials furnished in compliance with all applicable requirements of Section 6, 7 and 12 of the Fair Labor Standards Act (29 USC 201-219) as amended and of regulation and orders of the U.S. Department of Labor issued under Section 14 thereof.
- C. Northrop Grumman Systems Corporation is an Equal Opportunity employer and Architect-Engineer shall comply with the provisions of the President's Executive Order 11246 as supplemented and all related regulations of the Department of Labor.
- D. Unless otherwise waived and without limiting the generality of the foregoing, Architect-Engineer shall obtain and pay all necessary licenses and permits in connection with the performance of this Contract all without additional cost or charge to Northrop Grumman Systems Corporation.

20. COMPLIANCE WITH SITE REGULATIONS.

If any Work is performed hereunder at a Northrop Grumman Systems Corporation or Government facility, Architect-Engineer and all its subcontractors of every tier shall comply with all safety, security and all other applicable regulations at such facility.

21. 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 and expense, 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 items 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.

22. TAXES.

Except as may otherwise be provided, the prices indicated in this Contract include all applicable Federal, State and Local taxes and duties.

23. INDEPENDENT CONTRACTOR STATUS.

Architect-Engineer shall perform the Work provided for as an independent contractor and at its sole risk and responsibility. Employees, representatives and subcontractors engaged in Architect-Engineer services hereunder shall not be in any sense employees, representatives or subcontractors of Northrop Grumman Systems Corporation, but shall be employees, representatives and subcontractors of Architect-Engineer

during the period of this Contract and shall be subject to the rules and regulations and management of Architect-Engineer. Architect-Engineer shall not act in any sense as agent or representative of Northrop Grumman Systems Corporation. Architect-Engineer shall establish and enforce rules and regulations for its employees and subcontractors while on the Project site, including all security, safety and other applicable regulations.

24. DRAWINGS AND OTHER DATA TO BECOME PROPERTY OF BUYER.

All designs, drawings, specifications, notes, data and other work developed by Architect-Engineer in the performance of this Contract shall be and remain the sole property of Northrop Grumman Systems Corporation and may be used on any other work without additional compensation to the Architect-Engineer. With respect thereto, the Architect-Engineer agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The Architect-Engineer for a period of three (3) years after completion of the project agrees to furnish and provide access to all retained materials on the request of Northrop Grumman Systems Corporation. Unless otherwise provided in this contract, the Architect-Engineer shall have the right to retain copies of all such materials beyond such period.

25. COMPOSITION OF ARCHITECT-ENGINEER.

If the Architect-Engineer hereunder is comprised of more than one legal entity, each such entity shall be jointly and severally liable hereunder.

26. REQUIREMENTS FOR REGISTRATION OF DESIGNERS.

The design of architectural, structural, mechanical, electrical, civil or other engineering features of the Work shall be accomplished or reviewed and approved by architects or engineers registered to practice in the particular professional field involved in a State or possession of the United States, in Puerto Rico, or in the District of Columbia.

27. RESPONSIBILITY OF THE ARCHITECT-ENGINEER.

- A. The Architect-Engineer shall be responsible for the professional quality, technical accuracy and the coordination of all designs, drawings, specifications, and other services furnished by the Architect-Engineer under this Contract. The Architect-Engineer shall, without additional compensation, correct or revise any errors or deficiencies in its designs, drawings, specifications, and other services.
- B. Neither Northrop Grumman Systems Corporation's review, approval or acceptance of, nor payment for, any of the services required under this Contract shall be construed to operate as a waiver of any of Northrop Grumman Systems Corporation's rights under this Contract or of any cause of action arising out of the performance of this Contract, and the Architect-Engineer shall be and remain liable to Northrop Grumman Systems Corporation in accordance with applicable law for all damages to Northrop Grumman Systems Corporation caused by the Architect-Engineers negligent performance of any of the Work performed or furnished under this Contract.
- C. The rights and remedies of Northrop Grumman Systems Corporation provided for under this Contract are in addition to any other rights and remedies provided by law.

28. ASSIGNMENT.

No assignment of any rights or delegation of any duties under this Contract shall be binding upon Northrop

Grumman Systems Corporation until its written consent thereto has been obtained, except Architect-Engineer may assign rights to monies due or to become due providing it advises Northrop Grumman Systems Corporation in writing of such assignments.

29. TERMINATION FOR NORTHROP GRUMMAN SYSTEMS CORPORATION CONVENIENCE OR CANCELLATION FOR DEFAULT OF ARCHITECT-ENGINEER.

- A. Northrop Grumman Systems Corporation may, by written notice to Architect-Engineer, terminate this Contract in whole or in part at any time and for any reason for Northrop Grumman Systems Corporation convenience or cancel this Contract in whole or in part because of default of Architect-Engineer in failing to fulfill Architect-Engineer's contractual obligations.
- B. Upon receipt of such notice, Architect-Engineer shall: (1) immediately discontinue all services affected (unless the notice directs otherwise), and (2) deliver to Northrop Grumman Systems Corporation all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated by the Architect-Engineer in performing this Contract, whether completed or in process.
- C. If the termination is for the convenience of Northrop Grumman Systems Corporation, an equitable adjustment in the contract price shall be made, but no amount shall be allowed for anticipated profit on unperformed services.
- D. If the cancellation is due to the default of Architect-Engineer in failing to fulfill its contract obligations, Northrop Grumman Systems Corporation may take over the work and prosecute the same to completion by contract or otherwise. In such case, the Architect-Engineer shall be liable to Northrop Grumman Systems Corporation for any additional cost occasioned to Northrop Grumman Systems Corporation thereby.
- E. If, after notice of cancellation for default to fulfill contract obligations, it is determined that Architect-Engineer had not so failed or was not in default the cancellation shall be deemed to have been effected for the convenience of Northrop Grumman System Corporation. In such event, adjustment in the contract price shall be made as provided in C. of this clause.
- F. The rights and remedies of Northrop Grumman Systems Corporation provided in this clause are in addition to any other rights and remedies provided by law or under this Contract.

30. INCONSISTENCY OF PROVISIONS.

In the event of any conflict or inconsistency between the other provisions of this Order and the provisions of these General Conditions, the provisions of these General Conditions shall control unless specifically amended on the face of this Order.

31. NONWAIVER.

Any failure at any time of Northrop Grumman Systems Corporation to enforce any provision of this Contract shall not constitute a waiver of such provision or prejudice the right of Northrop Grumman Systems Corporation to enforce such provision at any subsequent time.

32. SUCCESSORS OF PARTIES.

This Contract is binding on the parties and their respective legal representatives, trustees, successors and assigns.

33. CHOICE OF LAW.

This Order and any dispute arising hereunder shall be governed by the substantive and procedural laws of the State of California, except, however, that California's Choice of Law provisions shall not apply.

34. OFFSET COMMITMENT.

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

A. Definition: "Offset" means the obligations that Buyer undertakes, in order to market or sell its Products, to assist a customer country in reducing any trade imbalance caused by its purchase of Buyer's Products or to meet other customer country national objectives.

B. Notwithstanding that this Order is or is not made in direct support of a foreign sale, Seller agrees that it is obligated to support Buyer's Offset commitments as a condition of this Order.

C. The offset credits arising out of or resulting from, directly or indirectly, this Order are for the exclusive use of Buyer and may be used by Buyer and any of its affiliates and subsidiaries to fulfill all past, present and future Offset obligations. In addition, Seller agrees to identify and retain for Buyer's use any rights to offset credits generated by its suppliers and subcontractors arising out of or resulting from this Order.

D. Seller shall provide a copy of each Order or Subcontract placed with a foreign source under this Order in support of Buyer's rights to offset credit.

E. Seller shall execute all necessary documents to evidence Buyer's right to use or assign any offset credits.

F. Buyer reserves the right to assign offset credits generated through Seller's efforts under this Order to third parties.

G. Seller shall include the substance of this clause, in favor of Buyer, in its subcontracts issued at all tiers pursuant to this Order.

35. DISPUTES.

Either party may litigate any dispute arising under or relating to this order. Such litigation shall be brought and jurisdiction and venue shall be proper only in a state or federal district court in Los Angeles County. Pending resolution of any such dispute by settlement or by final judgment, the parties shall proceed diligently with performance.

36. Waiver of Right to Jury Trial.

Buyer and Seller hereby waive their respective 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.

37. RECORD RETENTION REQUIREMENTS.

Supplier shall retain all documents, notes, records and all other documentation with regard to the Services, including records of hours worked by each Supplier employee, for a period of four (4) years after completion of such Services provided by Supplier.

38. AUDIT RIGHTS.

During the Term of this Order and for a period of four (4) years thereafter, Buyer shall have the right to audit such records of Supplier to ensure compliance with the terms and conditions of this Order. Such books and records shall be made available at Buyer's facility in the United States for verification, copying, audit and inspection by Buyer or

its representatives, including authorized third-party auditors. Any such audit shall be conducted during normal business hours upon reasonable prior written notice to Supplier provided, however, that Supplier shall provide reasonable assistance necessary to enable Buyer to conduct such audit and shall not be entitled to charge Buyer for any such assistance. In the event such audit reveals that Supplier has billed Buyer in excess of the correct amount to be billed, Supplier shall promptly pay to Buyer the amounts over paid.