

T-5

NORTHROP GRUMMAN SYSTEMS CORPORATION

PURCHASE ORDER TERMS AND CONDITIONS GOVERNMENT TIME BASED – SERVICES

| Title and Clause Number | | Title and Clause Number | |
|---|------|--|-----|
| Acceptance | 2. | Labor Disputes | 30. |
| Anti-Corruption Compliance | 70. | Limitation of Buyer's Liability/Statute of Limitations | 50. |
| Assignment | 21. | Nonwaiver | 42. |
| Background Investigations | 64. | Notification of Status Changes | 19. |
| Badges and Plant Security | 54. | Order of Precedence | 3. |
| Buyer Authorization | 12. | Partial Invalidity | 40. |
| Buyer's Property | 16. | Price Reduction for Defective Cost or Pricing | 39. |
| Changes | 11. | Data/Non-Compliance with CAS | 32. |
| Choice of Law | 33. | Prohibited Activities and Contacts | 32. |
| Citizenship Requirement for Seller's Personnel Assigned to Perform Work at Buyer's Facility | 53. | Relationship of the Parties | 55. |
| Clause Modification Necessary to Comply With Buyer's Higher-Tier Contract | 49. | Release of Information and Advertising | 37. |
| Complete Agreement | 43. | Reliance | 36. |
| Compliance with the Procurement Integrity Act | 38. | Restrictions on the Use of Mandatory Arbitration Agreements (DFARS 252.222-7006) | 48. |
| Compliance with Laws | 31. | Seller's Employees | 62. |
| Conflict of Interest | 68. | Service Rates and Invoicing | 59. |
| Definitions | 1. | Subcontract Deliverables | 25. |
| Disputes | 13. | Subcontracting | 23. |
| Export and Import Compliance | 35. | Suspect/Counterfeit Parts | 44. |
| FAR/DFARS Provisions/Clauses | 199. | Sustainability | 46. |
| Government Property | 17. | Taxes | 20. |
| Indemnification | 28. | Termination for Convenience | 14. |
| Information of Buyer and Seller | 24. | Trafficking in Persons | 74. |
| Insurance | 29. | Warranty | 10. |
| Intellectual Property Infringement Warranty and Indemnity | 27. | | |

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. DFARS means the Defense Federal Acquisition Regulation Supplement.
- E. FAR means the Federal Acquisition Regulation.

- F. ORDER means the instrument of contracting including this Purchase Order and all referenced documents.
- G. PARTIES means Buyer and Seller collectively.
- H. PRIME CONTRACT means the contracting instrument issued to Buyer or Buyer's higher tier customer by the United States (U.S.) Government for the acquisition of Services.
- I. PRODUCTS means those goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies, and any incidental services described in the Order.
- J. PROPRIETARY INFORMATION means all Data or other information that is identified in writing at the time of disclosure as proprietary and marked with an appropriate legend, marking or stamp identifying the Data as proprietary to the party disclosing the information.
- K. SELLER means the party with whom Buyer is contracting.
- L. SERVICES means Seller's time and effort, including any goods, supplies, materials, articles,

items, parts, components or assemblies (Products) incidental to the performance of the Service.

2. ACCEPTANCE.

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

3. ORDER OF PRECEDENCE.

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

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

4. - 9. RESERVED.

10. WARRANTY.

Seller expressly warrants that all goods and services covered by this purchase order shall conform to the specifications, drawings, samples or other description upon which this purchase order is based, shall be fit and sufficient for the purposes intended, merchantable, of good material and workmanship and free from defects, and shall be free of any claim of any third party. Inspection, test, acceptance or use of the goods furnished hereunder shall not affect the Seller's obligation under these warranties, and such warranties shall survive inspection, test, acceptance and use. Seller agrees to replace or correct defects in any goods or services not conforming to the foregoing warranties promptly, without expense to Buyer, when notified of such nonconformity by Buyer. In the event of failure by Seller to correct defects in or replace nonconforming goods or services promptly, Buyer, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Buyer thereby. Buyer's approval of any sample or acceptance of any goods shall not relieve Seller from responsibility to deliver goods and to perform services conforming to specifications, drawings, and descriptions. None of the remedies available to Buyer for the breach of any of the foregoing warranties may be limited except to the extent and in the manner agreed upon by Buyer in a separate agreement specifically designating such limitation and signed by an authorized representative of Buyer. Buyer's inspection and/or acceptance of and/or payment for goods and/or services shall not constitute a waiver by it of any warranties. These warranties shall

run to Buyer, its successors, assigns, and customers, and users of its products.

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) description of Services, (2) time of performance (i.e., hours of the day, days of the week, etc.), and (3) place of performance of the Services.
- B. If the change causes an increase or decrease in the cost or time required to perform this Order, whether or not changed by the Change Order or Purchase Order Change Notice, an equitable adjustment shall be made in the purchase price and/or delivery schedule and the Order shall be modified in writing accordingly.
- C. Any claim for adjustment shall be unconditionally waived unless: (i) asserted in writing and delivered to Buyer within fifteen (15) days of the date of the written change order; 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. Buyer has the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim.
- E. 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. BUYER AUTHORIZATION.

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

13. DISPUTES.

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

this purpose in the forum state from which this Order is issued.

- C. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, both Parties shall proceed diligently, with their respective obligations under this Order.
- D. To the maximum extent permitted by law, the parties waive any right to a jury trial and agree that such dispute shall be decided by a judge only.

14. TERMINATION FOR CONVENIENCE.

Buyer, without cause or prior preliminary notification, may terminate this contract, in whole or in part, when it is in the best interest of Buyer. If this contract is so terminated, Buyer shall be liable only for payment in accordance with the payment provisions of this contract for services rendered prior to the effective date of termination, and Seller shall have no claim against Buyer for services not performed, anticipatory profits lost or indirect or consequential damages claimed to have been suffered by reason of such termination.

15. RESERVED.

16. BUYER'S PROPERTY.

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

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

17. GOVERNMENT PROPERTY.

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

- A. Seller shall be responsible for all Government-furnished property in accordance with Buyer's T-55, Purchase Order Terms and Conditions Property Control, which is incorporated herein and available on the Buyer's OASIS Website, <http://www.northropgrumman.com/suppliers/Pages/TermsAndConditions.aspx>. If Buyer agrees to pay Seller for acquisition of tooling and equipment, either separately or as a stated part of the unit price of goods purchased herein, title to

same shall pass to Buyer/Government upon (i) commencement of processing for use in performance of this Order, or (ii) Buyer payment therefore, whichever occurs first.

- B. If, in performing this Order, any Government property is furnished to Seller, Seller shall assume the risk of, and be responsible for, any loss, destruction of or damage to Government property while in Seller's possession or control except to the extent that this Order provides otherwise. Seller shall return all Government property in a condition as good as when received except for reasonable wear and tear. Seller shall establish and maintain a system for control of Government property in accordance with FAR 52.245-1, "Government Property". Seller shall notify Buyer if the Government determines that its system is inadequate.
- C. 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.
- D. If Seller damages any property, Seller shall be responsible for making repairs and be responsible for such cost.

18. RESERVED.

19. NOTIFICATION OF STATUS CHANGES.

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

conduct anti-corruption due diligence upon such changed circumstances.

20. TAXES.

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

21. ASSIGNMENT.

A. Seller shall not assign any of its rights under this Order without Buyer's prior, written consent, except as specifically stated in this clause. Seller may assign to a bank, trust company, or other financing institution including any Federal lending agency, claims for money due or to become due to Seller from Buyer under this Order, provided:

1. The assignment is limited to one party, covers all amounts payable under the Order and not already paid, is not subject to further assignment, and is made specifically subject to reduction and setoff or recoupment for any present or future claim or claims or indebtedness which Buyer may have against Seller;
2. Seller furnishes to Buyer written notice of assignment and a true copy of the instrument of assignment.

B. Buyer may make direct settlements or adjustments in price, or both, with Seller under the terms of this Order notwithstanding any assignment of claims for money due or to become due under this Order and without notice to the assignee.

C. Seller shall not furnish or disclose to any assignee under this Order or any other person not entitled to receive the same, any classified document or any of Buyer's Proprietary Information (including this Order) until and unless authorized to do so by Buyer's Authorized Purchasing Representative.

22. RESERVED.

23. SUBCONTRACTING.

A. Seller shall not subcontract without the prior written authorization of Buyer for the procurement of the whole or any major part of the services hereunder, and Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on authorized contract labor.

B. No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of-cost basis, and any fee payable under cost-reimbursement subcontracts shall not exceed the fee limitations in FAR subsection 15.404-4(c) of the Federal Acquisition Regulation (FAR).

C. Any subcontract awarded to a foreign person, as defined in the International Traffic in Arms Regulations (ITAR) or the Export Administration Regulations (EAR), must comply with the "Export and Import Compliance" clause herein.

24. INFORMATION OF BUYER AND SELLER.

A. Unless expressly stated otherwise herein, the exchange of information under this Order shall be governed by this Order and, in particular this Clause 24, which supersedes any prior agreement between Buyer and Seller to protect information relating to the purpose of this Order.

B. Each Party agrees to keep confidential and not to disclose to any other person (unless permitted below or elsewhere in this Order) any Proprietary Information received from the other Party in connection with this Order. Proprietary Information shall be all information exchanged under this Order in written or other permanent form which is clearly and conspicuously marked as being proprietary using an appropriate legend. Proprietary Information shall also include information originally disclosed in some other form (e.g., orally or visually) to the extent that the disclosing Party:

1. Identifies the information as proprietary at the time of original disclosure;
2. Summarizes the Proprietary Information in writing;
3. Marks the writing clearly and conspicuously with an appropriate proprietary legend; and,
4. Delivers the writing to the receiving party within thirty (30) days of the original disclosure. The foregoing limitation on disclosure and use shall not apply to data or information which (i) was in the rightful possession of a receiving Party without restriction, prior to the first receipt from the disclosing Party; or (ii) now or hereafter, through no act or failure to act on the part of a receiving Party, becomes generally known and available to the public without restriction; or (iii) is hereafter disclosed and made available to a receiving Party without restriction by others having the right to make such disclosure.

C. Seller agrees to use Buyer's Proprietary Information only for purposes necessary for performing this Order, without first obtaining Buyer's written authorization. Seller further hereby grants to Buyer a non-exclusive, irrevocable, worldwide, right and license to copy, modify, use and disclose to the U.S. Government or any higher tier contractor, any information received from Seller, including Proprietary Information, for the performance of this Order and any higher tier contract from which this Order is issued.

D. All documents and other tangible media (excluding Products) transferred in connection with this Order, together with any copies thereof, are and remain the property of Buyer.

E. Neither the existence of this Order nor the disclosure hereunder of Proprietary Information or any other information shall be construed as granting expressly, by implication, by estoppel or otherwise, a license under any invention or patent now or hereafter owned or controlled by Buyer or Buyer's customer, except as specifically set forth herein.

F. Seller's obligations with respect to information or data disclosed hereunder prior to the performance

in full, termination or cancellation of this Order shall not, except as expressly set forth herein, be affected by such performance in full, termination, or cancellation.

- G. Notwithstanding the foregoing, nothing in this clause is intended to affect the rights or exercise of rights, if any, obtained by the U.S. Government under the "Rights in Technical Data – Noncommercial Items" clause DFARS 252.227-7013 and "Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation" clause DFARS 252.227-7014, or any similar or successor clauses, or other clauses that may be contained in any contracts or subcontracts between Buyer and Seller and any customer.

25. SUBCONTRACT DELIVERABLES.

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

26. RESERVED.

27. INTELLECTUAL PROPERTY INFRINGEMENT WARRANTY AND INDEMNITY.

- A. Seller shall retain all rights in its intellectual property either existing at the execution of this Order or created by Seller under this Order. Intellectual property jointly generated by employees of Seller and Buyer shall be jointly owned by the Parties. Nothing in this clause shall modify or alter any rights that the U.S. Government may have in, or to, any prime contract data or software deliverables or in any hardware.
- B. Seller hereby grants to Buyer a non-exclusive, worldwide, right and license to copy, modify, use and disclose to the U.S. Government any item delivered by Seller under this Order for the performance of this Order and any higher tier contract.
- C. Seller warrants that the performance of Seller under this Order, such as services to Buyer, and the offer for sale, sale, use, manufacture and delivery of goods under this Order which are not of Buyer's design, composition, or manufacture shall be free and clear of infringement of any valid patent, copyright, trade mark, mask works, or other proprietary rights.
- D. Seller shall defend at its expense any suit against Buyer based on an allegation that the items when furnished pursuant to this Order infringe any third party's rights in any trade secret, copyright, trademark, or United States patent, and shall pay costs and damages finally awarded in any such suit; provided that:
1. Seller is notified in writing of the suit and given authority, information and assistance (at Seller's expense) for the defense or

settlement of same (at Seller's discretion). If the use of said items is enjoined in such suit, or if in Seller's opinion the use of said items is likely to be enjoined in a suit, Seller shall, at its option and expense, either procure for Buyer the right to use said items; or modify the same to render them non-infringing; or substitute equivalent products that are approved by Buyer and Buyer's customer.

2. Such indemnity shall not apply to the extent a claimed infringement: arises out of compliance with an instruction of Buyer or specification other than Seller's; arises from addition to, or change in, such items furnished, which addition or change was made subsequent to delivery or performance by Seller; is settled without the consent of Seller; or is based upon a combination of the items furnished hereunder with any equipment or items not furnished by Seller. Such indemnity shall not apply to the extent that a claimed infringement is covered by Authorization and Consent 52.227-1 in this Order and Buyer has no obligation to indemnify the U.S. Government.

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 arising out of activities pursuant to this Order; provided, however, that such damage and liability shall not have been caused by the negligence of the agents, subcontractors or employees of the indemnified parties.
- G. Additional insurance types and/or limits will be necessary if the work involves extra hazardous operations. The extra hazardous operations include but are not limited to: dispensing of medical care, operations involving the nuclear hazard, providing professional engineering advice, large construction projects (above \$5,000,000) hazardous waste, food service, crane operation, work above ground, work below ground, and operations involving demolition or explosives.
- H. If work involves 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. LABOR DISPUTES.

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

31. COMPLIANCE WITH LAWS.

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

32. PROHIBITED ACTIVITIES AND CONTACTS.

- A. Activity Prohibitions For Sellers delivering goods or performing services outside of the United States. Unless specifically authorized in writing by Buyer, Seller shall not engage in any of the following activities on behalf of the Buyer under

this agreement: acting as an agent of the Buyer; marketing or sales promotion; lobbying; freight forwarding; consulting services; performing offset (industrial participation) consulting or brokering services; acting as a distributor or reseller; or activity as a joint venture party.

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

33. CHOICE OF LAW.

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

34. 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. RELIANCE.

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

37. RELEASE OF INFORMATION AND ADVERTISING.

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

38. COMPLIANCE WITH THE PROCUREMENT INTEGRITY ACT.

Seller shall fully comply with any and all applicable Federal, State and Local laws, rules, regulations and ordinances, including, without limitation, section 27 of the Office of Federal Procurement Policy Act (the Procurement Integrity Act), (41 U.S.C. 423) and its implementing regulations. In addition, Seller agrees to promptly provide Northrop Grumman any and all information and certifications requested by Northrop Grumman in this regard. Seller agrees to defend, hold harmless and indemnify Northrop Grumman, its officers, employees and agents from and against any and all liability, charges, damages, costs, expenses, investigations, suits and attorney's fees arising out of or in any way relating to Seller's failure to comply with this provision.

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

A. The Buyer's prime contract or subcontract with its customer under which this Order is issued contains a clause that entitles the customer, the U.S. Government ("the Government") or a Government prime contractor or subcontractor, to reduce Buyer's contract price, or any costs reimbursable thereunder, where the Government determines that such price or cost was increased by any significant sum because Seller or any of its subcontractors furnished defective cost or pricing data to Buyer in connection with the award of this Order. Seller hereby agrees to indemnify and hold Buyer harmless from any loss Buyer may suffer resulting from such determination and action taken by the customer pursuant to the foregoing sentence to the extent that such action is taken on the basis that Buyer's contract, or any cost reimbursable thereunder, was increased by any significant amount because the Seller or any of its subcontractors furnished defective cost or pricing data to Buyer in connection with the award of this Order; provided, however, that Seller's liability to Buyer hereunder shall be limited to the amount the Government determines Seller's price to have been increased because of such defective cost or pricing data and shall not include any profit, costs, or charges added thereto by Buyer and included in Buyer's price or costs to its customer.

B. As Seller's exclusive remedy for relief from such a determination by the Government, Seller shall have the right to assert in Buyer's name at Seller's expense, Buyer's right to appeal from such determination under the Disputes clause, if any, of Buyer's contract with its customer. The determination of the Government Contracting Officer or, if such an appeal is taken, the decision on appeal shall be final and conclusive between Buyer and Seller, to the extent provided in such

Disputes clause. If Seller desires to assert in Buyer's name and at Seller's expense, Buyer's rights described in such Disputes clause, if any, in Buyer's contract with its customer, to have questions decided by the courts, any final judgment by the courts, is binding upon Seller insofar as it relates to this Order. In the event the Buyer does not have the right of appeal to a Government contract appeals board and is therefore unable to make such right available to Seller, the determination of the Government Contracting Officer, if binding upon Buyer, shall in turn be binding upon Seller insofar as it relates to this Order; provided, however, if Buyer elects not to bring suit against its customer with respect to any such determination, Buyer shall notify Seller with reasonable promptness and Seller shall have the right to bring suit against the customer in a court of competent jurisdiction in Buyer's name, but at Seller's expense. If Buyer or Seller brings suit against the customer, a final judgment of any such suit shall be binding upon Seller and Buyer under this Order. The rights and obligations described herein shall survive completion of and final payment under, or termination of, this Order.

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

40. PARTIAL INVALIDITY.

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

41. 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. COMPLETE AGREEMENT.

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

44. SUSPECT/COUNTERFEIT PARTS.

A. Applicable to all Orders and is in addition to DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System; see clause 199, FAR/DFARS Provisions/Clauses, for DFARS applicability.

B. If suspect/counterfeit parts are furnished under this Order and are found in any of the goods delivered hereunder, such items will be impounded by

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

45. 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 maximize 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. RESERVED.

48. RESTRICTIONS ON THE USE OF MANDATORY ARBITRATION AGREEMENTS (DFARS 252.222-7006).

Applicable to all subcontracts, task orders and Orders at every tier that utilize funds appropriated or otherwise made available by the Fiscal Year 2010 Defense Appropriations Act or subsequent Department of Defense (DOD) appropriations acts for any contract (including task or delivery orders and bilateral modifications adding new work) in excess of \$1 million except for commercial items and commercially available off-the-shelf items.

A. Seller agrees not to –

1. Enter into any agreement with any of its employees or independent contractors that requires, as a condition of employment, that the employee or independent contractor agree to resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention; or
2. Take any action to enforce any provision of an existing agreement with an employee or independent contractor that mandates that the employee or independent contractor resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention.

- B. Seller agrees to flow down this provision in all subcontracts, task orders and Orders at every tier that will be funded with in excess of \$1 million of Fiscal Year 2010 funds, except for those for commercial items, including commercially available off-the-shelf items.
- C. Failure to comply with this provision will be considered a material breach and, at the sole discretion of the Buyer, may result in termination for default or cause.

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

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

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

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

51. - 52. RESERVED.

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

Persons assigned under this Order to work in any of Buyer's facilities need to have original documents sufficient to establish identity, and citizenship or authorized immigration status, and to present them

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

54. BADGES AND PLANT SECURITY.

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

55. RELATIONSHIP OF THE PARTIES.

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

56. – 58. RESERVED.

59. SERVICE RATES AND INVOICING.

A. The rates for straight time and overtime work, which Seller will bill Buyer, for Services furnished under this Order, shall be those set forth in this Order. Buyer shall make no payment for work performed during holiday, or other overtime periods, unless such work is expressly authorized by Buyer.

- B. Seller represents that the rates set forth in this Order include all profit, wages, salaries, overhead, taxes, and other costs and expenses.
- C. For invoicing and submission information, please refer to the Buyer Invoice Instructions document on the Online Automated Supplier Information System (OASIS) website located at <http://www.northropgrumman.com/suppliers/Pages/PaymentAndInvoicing.aspx>. Unless otherwise specified, Seller shall submit a copy of the Seller’s invoice to Buyer’s procurement representative at the location identified on the face of this Order and shall include: Purchase Order number, Purchase Order type, item number, part number (if applicable), and a brief description of the Service or Product. Seller shall also provide such evidence as Buyer may reasonably require in support of the invoice. No invoice shall be issued prior to completion of Services or shipment of Products. Payment due dates, including discount periods, will be calculated from the date of acceptance of Service or Product, or receipt of correct invoice, whichever is later. Payment of invoice shall not constitute approval or acceptance of Services or Products rendered. At any time prior to final payment under this Order, Buyer may have invoices audited as to validity. Payment of Seller’s invoices shall be subject to adjustment for any amounts found upon audit or otherwise to have been improperly invoiced.

60. - 61. RESERVED.

62. SELLER’S EMPLOYEES.

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

Buyer's plant, at times to be specified by Buyer, at Seller's expense (unless otherwise herein specified), for attendance at a training session or sessions concerning Buyer's or its customer's standards and procedures relating to on-site rules of behavior, work schedule, security procedures and any other standards and procedures adhered to by Buyer's or customer's employees.

63. RESERVED.

64. BACKGROUND INVESTIGATIONS.

- A. Seller must complete Background Investigations (BI) on all new or rehired Seller personnel who will perform services hereunder on premises under the ownership or control of Buyer. The BI's are required prior to issuance by Buyer of long-term visitor badges or unescorted access badges to Buyer's site(s) for more than sixty (60) days or a cumulative of sixty (60) days in a twelve (12) month period. This requirement does not apply to Seller's employees who are currently in possession of a long-term badge.
- B. Sellers are responsible for completing background investigations and will certify via Form Corporate Form C-609A, that the BI has been completed and a thorough review of the investigative report disclosed only favorable information. At a minimum, BI's will include:
 - 1. A criminal convictions check
 - 2. A check of Seller's employees Department of Motor Vehicles records for violations of any kind
 - 3. Verification of asserted college degrees and professional licenses or other professional or educational certifications
- C. The Seller must notify and obtain approval in writing from Buyer's Authorized Purchasing Representative prior to assignment of Seller's personnel to a site owned or under the control of Buyer when a particular BI has been completed and the investigation report disclosed unfavorable/adverse information in the following area(s):
 - 1. Education and/or professional background
 - 2. License(s) or certification(s)
 - 3. Criminal and/or driving record
- D. "Unfavorable/adverse information" includes but is not limited to any criminal conviction, misdemeanor or felony, any driving violation that appears on the information provided by the Department of Motor Vehicles, failure of an educational or professional institution to acknowledge completion of a degree, license or certification, and the like. Buyer shall have the ultimate and sole determination as to whether the investigation report contains "unfavorable/adverse information".

65 – 67. RESERVED.

68. CONFLICT OF INTEREST.

Seller warrants that no conflict of interest exists between the Services and Products to be provided under this Order and Seller's other activities, including but not limited to financial conflicts of interest or conflicts of interest subject to: (i) FAR Part 9.5 -- Organizational and Consultant Conflicts of Interest; (ii) FAR Subpart 3.11 -- Preventing Personal Conflicts of Interest for Contractor Employees Performing Acquisition Functions; or (iii) FAR Clause 52.203-16 -- Preventing Personal Conflicts of Interest. Seller shall immediately

advise Buyer of any such actual or potential conflict of interest or potential conflict of interest which arises arising during performance of this Order. Failure to comply with this Conflict of Interest clause(s) contained in this Order shall constitute a material breach of this Order.

69. RESERVED.

70. ANTI-CORRUPTION COMPLIANCE.

Seller represents warrants and covenants that:

- A. It has not and will not, directly or indirectly, pay, promise, offer, or authorize the payment of any money or anything of value to:
 - 1. an officer, employee, agent or representative of any government, including any department, agency, or instrumentality thereof or any person acting in an official capacity thereof;
 - 2. a candidate for political office, any political party or any official of a political party; or
 - 3. any other person or entity,
 - 4. while knowing or having reason to know that all or any portion of such payment or thing of value will be offered, given or promised, directly or indirectly, to any person or entity for the purpose of assisting Buyer in obtaining or retaining business, or an improper business advantage. Without limiting the generality of the foregoing, Seller shall not directly or indirectly, pay, promise, offer, or authorize the payment of any facilitating payment intended to expedite or secure performance of a routine governmental action, such as, customs clearance on behalf of Buyer.
- B. No gift, travel expenses, business courtesies, hospitalities or entertainment of any nature has been or will be accepted or made in connection with this agreement where the intent was, or is, to unlawfully influence the recipient of the gift, travel expense, business courtesy, hospitality or entertainment. Seller also represents that any gifts, travel expenses, business courtesies, hospitalities or entertainment offered or provided shall meet the following conditions:
 - 1. be permitted under the U.S. Foreign Corrupt Practices Act and the laws and regulations of the country in which this agreement will be performed;
 - 2. be consistent with applicable social and ethical standards and accepted business practices;
 - 3. be of such limited value as not to be deemed a bribe, payoff or any other form of improper inducement or payment; and
 - 4. be of such nature that its disclosure will not cause embarrassment for the Buyer.
- C. Breach of any of the foregoing provisions of parts A. and B. of this clause by Seller shall be considered an irreparable material breach of this agreement and shall entitle the Buyer to terminate this agreement immediately without compensation to Seller.

71. –73. RESERVED.

74. TRAFFICKING IN PERSONS.

- A. Buyer prohibits its employees, agents, subcontractors, and contract labor from engaging

in activities that support or promote trafficking in persons, including, but not limited to, any of the following:

- 1) Trafficking in persons, including, but not limited to the following:
 - a. sex trafficking, or
 - b. the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, debt bondage, or slavery.
 - 2) The procurement of a commercial sex act.
 - 3) The use of forced labor in the performance of company business.
 - 4) The use of misleading or fraudulent recruitment activities.
 - 5) Charging employees recruitment fees.
 - 6) Failing to pay for the return transportation at the end of employment for an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working.
 - 7) Providing or arranging housing that fails to meet the host country housing and safety standards.
 - 8) If required, failing to provide an employment contract, recruitment agreement, or similar work document in writing, in the individual's native language and prior to the individual departing from his or her country of origin.
- B. Seller represents and warrants that it shall abide by and comply with the requirements of this clause. Further, Seller shall require its employees, agents, contract labor and subcontractors performing in connection with this Order to abide by and comply with the requirements of this clause.
- C. Buyer or its authorized representatives may, at any time, audit all pertinent books, records, work sites, offices, and documentation of Seller in order to verify compliance with this clause. Seller will, in all of its lower-tier subcontracts and contracts relating to any Buyer Order, include provisions which secure for Buyer all of the rights and protections provided for within this clause, including this audit paragraph.
- D. Seller acknowledges that if Seller or any of its employees, agents, or contract labor engages in any of the prohibited activities in this clause, this Order is subject to termination.
- E. Whenever Seller has knowledge, whether substantiated or not, that any actual or suspected violation of this clause has occurred, Seller shall immediately give written notice to Buyer and provide all relevant information including, but not limited to, the nature of the actual or suspected violation. Written notice shall be provided to the Buyer's Authorized Representative, as described in the Order.
- F. Seller shall provide its full cooperation during any subsequent investigation of the actual or suspected violation by Buyer, Buyer's representative, or cognizant government agency. Seller's cooperation shall include, but not be limited to, permitting inspection of its work sites, offices, and documentation, as necessary to support any investigation.

- G. Seller shall, at its own expense, defend, indemnify and hold harmless Buyer and its affiliates, and all of their officers, agents, employees, successors and assigns, against any claims, loss, damage or expense, regardless of how arising and even if unforeseeable, including, without limitation, payment of direct, special, incidental and consequential damages and attorney's fees, arising out of, or relating to, Seller's or Seller's employees, agents, subcontractors or contract labor's failure to comply with the requirements of this clause.

- H. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract or labor contract.

75. – 198. RESERVED.

199. FAR/DFARS PROVISIONS/CLAUSES.

- A. The FAR and DFARS clauses cited in paragraph C. below are incorporated herein by reference at the effective version found in Buyer's Prime Contract, or higher-tier subcontract under which this Order is a subcontract. The listed FAR and DFARS clauses are incorporated herein as if set forth in full text unless made inapplicable by its corresponding note, if any. Whenever said clauses include a requirement for the resolution of disputes between the parties in accordance with the "Disputes" clause herein, the dispute shall be disposed of in accordance with the clause entitled "Disputes" in these Terms and Conditions.
- B. Where necessary to derive proper meaning in a subcontract situation from these clauses, "Contractor" means "Seller," "Contracting Officer" means "Buyer," "Contract" means this Order and "Government" means "Buyer or the Government." However, the words "Government" and "Contracting Officer" do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the prime contract Contracting Officer or duly authorized representative (2) when title to property is to be transferred directly to the Government, and (3) in FAR 52.227-1, 52.227-2, and DFARS 252.227-7013 and 252.227-7014.

To implement the increase in the simplified acquisition threshold from \$100,000 to \$150,000 for orders under prime contracts issued on or after October 1, 2010, all references to the "simplified acquisition threshold" or the amount of \$100,000, shall mean the new threshold of \$150,000, except in FAR 52.222-35.

- C. FAR and DFARS clauses:

| Clause | FAR Reference |
|---|---------------|
| Gratuities | 52.203-3 |
| NOTE: As used in this clause, "Government" means "Buyer" (except "Government" means "Buyer or Government" in the phrase "to any officer or employee of the Government"), "hearing" means opportunity to be heard, and "in any competent court", means "pursuant to the Disputes clause contained herein". | |

| Clause | FAR Reference |
|---|---------------|
| Restrictions on Subcontractor Sales to the Government NOTE: Applicable to any Order greater than the simplified acquisition threshold. | 52.203-6 |
| Anti-Kickback Procedures NOTE: The substance of this clause, except subparagraph (c)(1), is applicable to any Order and all lower-tier subcontracts which exceed \$150,000. Seller shall immediately notify Buyer of any alleged violations involving any of Buyer's or Seller's employees. | 52.203-7 |
| Limitation on Payments to Influence Certain Federal Transactions NOTE: Applicable to any Order greater than \$150,000. | 52.203-12 |
| Contractor Code of Business Ethics and Conduct NOTE: Applicable to any Order greater than \$5,000,000 and period of performance greater than 120 days (commercial items exempt). NOTE: Notwithstanding any alterations to this clause to reflect the relationship between Buyer and Seller, all disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the Office of the Inspector General of the agency issuing the prime contract under which this subcontract is being issued, with a copy to the Contracting Officer of the prime contract. | 52.203-13 |
| Display of DoD Hotline Poster NOTE: Applicable to any Order greater than \$5,000,000 and period of performance greater than 120 days (commercial items exempt). | 52.203-14 |
| Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights NOTE: Applicable to any Order greater than \$150,000. | 52.203-17 |
| Security Requirements NOTE: Delete paragraph (c.) NOTE: Applicable if the Order involves access to classified information. | 52.204-2 |
| Personal Identity Verification of Contractor Personnel | 52.204-9 |
| Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment NOTE: Applicable to any Order greater than \$35,000. | 52.209-6 |
| Material Requirements | 52.211-5 |
| Defense Priority and Allocation Requirements | 52.211-15 |
| Audit and Records – Negotiation NOTE: Applicable to any Order greater than \$100,000. | 52.215-2 |

| Clause | FAR Reference |
|---|---------------|
| Price Reduction for Defective Cost or Pricing Data NOTE: Applicable to any Order when cost or pricing data are required. | 52.215-10 |
| Price Reduction for Defective Cost or Pricing Data – Modifications NOTE: Applicable if FAR 52.215-10 is not applicable to this Order. | 52.215-11 |
| Subcontractor Cost or Pricing Data NOTE: Applicable to any Order when cost or pricing data are required. | 52.215-12 |
| Subcontractor Cost or Pricing Data – Modifications NOTE: Applicable if FAR 52.215-12 is not applicable to this Order. | 52.215-13 |
| Integrity of Unit Prices NOTE: Delete paragraph (b) NOTE: Applicable to any Order greater than \$100,000. | 52.215-14 |
| Pension Adjustments and Asset Reversions NOTE: Applicable to any Order when cost or pricing data are required or for which any pre-award or post-award cost determinations will be subject to FAR Part 31. | 52.215-15 |
| Facilities Capital Cost of Money NOTE: Applicable only if this Order is subject to the Cost Principles at FAR Subpart 31.2 and the Seller proposed Facilities Capital Cost of Money in its offer. | 52.215-16 |
| Waiver of Facilities Capital Cost of Money NOTE: Applicable only if this Order is subject to the Cost Principles at FAR Subpart 31.2 and the Seller did not propose Facilities Capital Cost of Money in its offer. | 52.215-17 |
| Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions NOTE: Applicable to any Order when cost or pricing data are required or for which any pre-award or post-award cost determinations will be subject to FAR Part 31. | 52.215-18 |
| Notification of Ownership Changes NOTE: Applicable to any Order when cost or pricing data are required or for which any pre-award or post-award cost determinations will be subject to FAR Subpart 31.2. | 52.215-19 |
| Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data – Modifications | 52.215-21 |

| Clause | FAR Reference |
|--|---------------|
| Limitation on Pass-Through Charges | 52.215-23 |
| <p>NOTE: Applicable to any Order when the total estimated Order value exceeds the threshold for obtaining cost or pricing data in FAR 15.403-4 and the contemplated contract type is expected to be any contract type except those contract types listed in FAR 15.408(n)(2)(i)(B)(2). Seller shall notify Buyer in writing if:</p> <p>(1) Seller changes the amount of subcontract effort after award such that it exceeds 70 percent of the total cost of work to be performed under this Order. The notification shall identify the revised cost of the subcontract effort and shall include verification that Seller will provide added value; or</p> <p>(2) Any subcontractor changes the amount of lower-tier subcontractor effort such that it exceeds 70 percent of the total cost of the work to be performed under its subcontract. The notification shall identify the revised cost of the subcontract effort and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).</p> | |
| Allowable Cost and Payment | 52.216-7 |
| Utilization of Small Business Concerns | 52.219-8 |
| Small Business Subcontracting Plan | 52.219-9 |
| NOTE: Applicable to any Order greater than \$650,000 or lower threshold if effective under older higher-tier contract. | |
| Notice to the Government of Labor Disputes | 52.222-1 |
| Contract Work Hours and Safety Standards Act – Overtime Compensation | 52.222-4 |
| NOTE: Applicable to all subcontracts at any tier. | |
| Contracts for Materials, Supplies, Articles and Equipment Exceeding \$15,000. | 52.222-20 |
| NOTE: Applicable to any Order greater than \$15,000 or lower threshold if effective under older higher-tier contract. | |
| Prohibition of Segregated Facilities | 52.222-21 |
| Equal Opportunity | 52.222-26 |
| Equal Opportunity for Veterans | 52.222-35 |
| NOTE: Applicable to any Order of \$100,000 or more. | |
| Affirmative Action for Workers With Disabilities | 52.222-36 |
| NOTE: Applicable to any Order greater than \$15,000. | |
| Employment Reports on Veterans | 52.222-37 |
| NOTE: Applicable to any Order of \$100,000 or more. | |
| Notification of Employee Rights Under the National Labor Relations Act | 52.222-40 |

| Clause | FAR Reference |
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| Combating Trafficking in Persons | 52.222-50 |
| Employment Eligibility Verification | 52.222-54 |
| NOTE: Applicable to any Order greater than \$3,000 with a period of performance of 120 days or greater. | |
| Hazardous Material Identification and Material Safety Data | 52.223-3 |
| Notice of Radioactive Materials | 52.223-7 |
| Ozone-Depleting Substances | 52.223-11 |
| Encouraging Contractor Policies to Ban Text Messaging While Driving | 52.223-18 |
| Privacy Act | 52.224-2 |
| Buy American Act – Supplies | 52.225-1 |
| Duty-Free Entry | 52.225-8 |
| Restrictions on Certain Foreign Purchases | 52.225-13 |
| Utilization of Indian Organizations and Indian-Owned Economic Enterprises | 52.226-1 |
| Authorization and Consent | 52.227-1 |
| NOTE: Applicable only if contained in the controlling prime contract and to any Order greater than \$100,000. | |
| Notice and Assistance Regarding Patent and Copyright Infringement | 52.227-2 |
| NOTE: Applicable to any Order of \$100,000 or more except when both complete performance and delivery are outside the United States. | |
| Refund of Royalties | 52.227-9 |
| Filing of Patent Applications – Classified Subject Matter | 52.227-10 |
| Patent Rights – Ownership by the Contractor | 52.227-11 |
| Insurance – Work on a Government Installation | 52.228-5 |
| NOTE: Applicable on any Order that requires work on a Government installation. | |
| Interest | 52.232-17 |
| Industrial Resources Developed Under Defense Production Act Title III | 52.234-1 |
| Accident Prevention | 52.236-13 |
| Protection of Government Buildings, Equipment, and Vegetation | 52.237-2 |
| Bankruptcy | 52.242-13 |
| Stop Work Order | 52.242-15 |
| NOTE: The 90 day period in the first and fourth sentences of paragraph (a) is changed to 120 days. | |
| Competition in Subcontracting | 52.244-5 |
| Subcontracts for Commercial Items | 52.244-6 |

| Clause | FAR Reference |
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| Government Property and Alternate I NOTE: Applicable to any Order if Government property is furnished to Seller. NOTE: In the phrases "Government Property", "Government-furnished property", and in references to title to property, "Government" shall not mean "Buyer". The following is added as paragraph (n): "Contractor shall provide Buyer immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of its property control system". | 52.245-1 |
| Inspection – Time-and-Material and Labor-Hour | 52.246-6 |
| Preference for U.S. - Flag Air Carriers NOTE: Applicable to any Order and lower-tier subcontracts that involve international air transportation. | 52.247-63 |
| Preference for Privately Owned U.S. - Flag Commercial Vessels | 52.247-64 |
| Value Engineering NOTE: Applicable to any Order of \$100,000 or more except as specified in FAR 48.201(a). NOTE: Substitute "Buyer" for "Contracting Officer" and "Government" throughout, except where used in the term "Government costs" and in paragraph (m) where "Government" shall mean "Government and/or Buyer". | 52.248-1 |
| Clause | DFARS Reference |
| Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies NOTE: Applicable to any Order greater than \$100,000. | 252.203-7001 |
| Display of Fraud Hotline Posters NOTE: Applicable to Orders greater than \$5,000,000, except for Orders for commercial items or lower-tier subcontracts performed entirely outside the United States. | 252.203-7004 |
| Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information NOTE: When applicable. | 252.204-7009 |
| Safeguarding Covered Defense Information and Cyber Incident Reporting NOTE: When applicable. | 252.204-7012 |
| Subcontracting with Firms That Are Owned or Controlled by the Government of a Terrorist Country | 252.209-7004 |
| Acquisition Streamlining NOTE: Applicable to any Order of \$1,000,000 or more. | 252.211-7000 |
| Pricing Adjustments NOTE: Applicable when it is contemplated that Cost or Pricing Data will be required. | 252.215-7000 |

| Clause | FAR Reference |
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| Small Business Subcontracting Plan (DoD Contracts) NOTE: Applicable to any Order anticipated to be valued at \$650,000 or lower threshold if effective under older higher-tier contract. | 252.219-7003 |
| Hazard Warning Labels NOTE: Applicable to any Order which requires delivery of hazardous materials. | 252.223-7001 |
| Safety Precautions for Ammunition and Explosives NOTE: Applicable to any Order involving articles furnished containing ammunition or explosives. | 252.223-7002 |
| Change in Place of Performance – Ammunition and Explosives NOTE: Applicable if DFARS 252.223-7002 applies to the Order. | 252.223-7003 |
| Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives NOTE: Applicable to any Order and all lower-tier subcontracts involving arms, ammunition and explosives. | 252.223-7007 |
| Prohibition of Hexavalent Chromium NOTE: Applicable to any Order for supplies, maintenance and repair services, or construction materials unless the exceptions listed in DFARS 223.7304 apply. | 252.223-7008 |
| Buy American and Balance of Payments Program | 252.225-7001 |
| Qualifying Country Sources As Subcontractors | 252.225-7002 |
| Quarterly Reporting of Actual Contract Performance Outside the United States NOTE: Applicable to any Order greater than \$650,000 or lower threshold if effective under older higher-tier contract. | 252.225-7006 |
| Prohibition on Acquisition of United States Munitions List Items From Communist Chinese Military Companies | 252.225-7007 |
| Restriction on Acquisition of Certain Articles Containing Specialty Metals NOTE: Applicable to Orders issued under prime contracts awarded on or after July 29, 2009. NOTE: Exclude paragraph (d). | 252.225-7009 |
| Preference for Certain Domestic Commodities NOTE: Applicable to any Order greater than \$100,000. | 252.225-7012 |
| Duty – Free Entry | 252.225-7013 |
| Preference for Domestic Specialty Metals and Alternate I NOTE: Applicable to Orders issued under prime contracts awarded before January 28, 2008. | 252.225-7014 |

| Clause | FAR Reference |
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| Preference for Domestic Specialty Metals (DEVIATION No. 2008-O0002) and Alternate I (DEVIATION No. 2008-O0002) NOTE: Applicable to Orders issued under prime contracts awarded on or after January 28, 2008 and before July 29, 2009. | 252.225-7014 |
| Restriction on Acquisition of Hand or Measuring Tools | 252.225-7015 |
| Restriction on Acquisition of Ball and Roller Bearings NOTE: Applicable to any Order and all lower-tier subcontracts if Product supplied contains ball or roller bearings. | 252.225-7016 |
| Trade Agreements | 252.225-7021 |
| Restriction on Acquisition of Forgings | 252.225-7025 |
| Exclusionary Policies and Practices of Foreign Governments | 252.225-7028 |
| Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate | 252.225-7030 |
| Waiver of United Kingdom Levies | 252.225-7033 |
| Buy American– Free Trade Agreements – Balance of Payments Program | 252.225-7036 |
| Contractor Personnel Supporting U.S. Armed Forces Deployed Outside the United States | 252.225-7040 |
| Antiterrorism/Force Protection Policy for Defense Contractors Outside the United States | 252.225-7043 |
| Export Controlled Items | 252.225-7048 |
| Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns | 252.226-7001 |
| Rights in Technical Data – Noncommercial Items | 252.227-7013 |
| Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation | 252.227-7014 |
| Technical Data – Commercial Items | 252.227-7015 |
| Rights in Bid or Proposal Information | 252.227-7016 |
| Validation of Asserted Restriction – Computer Software | 252.227-7019 |
| Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends | 252.227-7025 |
| Deferred Delivery of Technical Data or Computer Software | 252.227-7026 |
| Deferred Ordering of Technical Data or Computer Software | 252.227-7027 |
| Technical Data – Withholding of Payment | 252.227-7030 |

| Clause | FAR Reference |
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| Validation of Restrictive Markings on Technical Data | 252.227-7037 |
| Patent Rights-Ownership by the Contractor (Large Business) | 252.227-7038 |
| Patents – Reporting of Subject Inventions | 252.227-7039 |
| Ground and Flight Risk | 252.228-7001 |
| Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles | 252.228-7005 |
| Supplemental Cost Principles | 252.231-7000 |
| Frequency Authorization and Alternate I | 252.235-7003 |
| Protection Against Compromising Emanations | 252.239-7000 |
| Cloud Computing Services NOTE: When applicable. | 252.239-7010 |
| Telecommunication Security Equipment, Devices, Techniques and Services | 252.239-7016 |
| Pricing of Contract Modifications | 252.243-7001 |
| Subcontracts for Commercial Items and Commercial Components (DoD Contracts) | 252.244-7000 |
| Warranty of Data | 252.246-7001 |
| Notification of Potential Safety Issues | 252.246-7003 |
| Contractor Counterfeit Electronic Part Detection and Avoidance System NOTE: Applicable if Standard Note X1066 or X1067 is included in the Order. | 252.246-7007 |
| Sources of Electronic Parts NOTE: Invoked when Standard Notes X1066 or X1067 apply; unless the subcontractor is the original manufacturer. | 252.246-7008 |

| Clause | FAR Reference |
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| <p>Transportation of Supplies by Sea</p> <p>NOTE: Applicable in any Order and all lower-tier subcontracts for ocean transportation of supplies. Paragraphs (f) and (g) shall not apply if this Order or any lower-tier subcontract is at or below \$100,000.</p> <p>NOTE: Paragraph (c), first sentence has been modified as to read “The Seller and its subcontractors may request that the Buyer obtain Government authorization for shipment...”</p> <p>“45” is changed to “60” days in paragraph (d) and “30” to “20” in paragraph (e). In paragraph (e), delete “and the division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590.” In paragraph (g) “for the purposes of the Prompt Payment clause of this contract” is deleted.</p> <p>NOTE: Seller shall complete Buyer’s Form P0-F126, “Representation of Transportation of Supplies by Sea”, and submit to Buyer’s Authorized Purchasing Representative at time of final invoice. Seller agrees to indemnify and hold the Buyer harmless against any loss, damage or expense suffered by the Buyer as a result of Seller’s failure to comply with the requirements of this clause.</p> | <p>252.247-7023</p> |
| <p>Notification of Transportation of Supplies by Sea</p> | <p>252.247-7024</p> |
| <p>Notification of Anticipated Contract Termination or Reduction</p> | <p>252.249-7002</p> |