

T-5
NORTHROP GRUMMAN SYSTEMS CORPORATION

PURCHASE ORDER TERMS AND CONDITIONS
(GOVERNMENT) (TIME BASED - SERVICES)

1. **DEFINITIONS.**
 - A. **BUYER** means Northrop Grumman Systems Corporation including its subsidiaries, sectors, and business areas as identified on the face of the Order.
 - B. **DATA** means all designs, dimensions, specifications, drawings, patterns, know how, or other information concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Products. Data may be recorded in a written or printed document, computer or electronic file, electromagnetic tape or disc, software, or any other tangible form of expression.
 - C. **ORDER** means the instrument of contracting including this Purchase Order and all referenced documents.
 - D. **PARTIES** means Buyer and Seller collectively.
 - E. **PRIME CONTRACT** means the contracting instrument issued to Buyer or Buyer's higher tier customer by the U.S. Government for the acquisition of Products.
 - F. **PROPRIETARY INFORMATION** means all Data 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, and includes any information marked with a restrictive legend as prescribed in DFARS 252.227-7013 or 252.227-7014 or in FAR 52.227-14.
 - G. **SELLER** means the party with whom Buyer is contracting.
 - H. **SERVICE** 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. Seller's acceptance is expressly limited to the written terms of this Order. No additional or different term shall be binding. Buyer hereby objects to any additional or different terms contained in Seller's acceptance. Any of the following acts by Seller shall constitute acceptance:
 - A. Signing and returning a copy of this Order;
 - B. Commencing performance of any effort required to complete this Order;
 - C. Informing Buyer of commencement of any effort required to complete this Order; or
 - D. Shipping of any Products in performance of this Order.
3. **ORDER OF PRECEDENCE.** In the event of any inconsistency between any parts of this Order, the inconsistency shall be resolved by giving precedence in the following order:
 - A. Typed Purchase Order.
 - B. Purchase Order Terms and Conditions.
 - C. Statement of Work.
 - D. Specification/Drawing.
 - E. Supplier Data Requirements List (SDRL)/ Data Item Description (DID).
 - F. Other Referenced Documents.
4. **WARRANTY.** Notwithstanding inspection and acceptance by Buyer, Seller warrants that all Services performed under this Order will be performed in accordance with the standards of care and diligence normally exercised by persons performing such Services in the industry, be free from defects in workmanship, and conform to the requirements of the Order. Seller shall correct or re-perform any defective or non-conforming Services at no cost to the Buyer. If Buyer does not require correction or re-performance, Buyer shall be entitled to an equitable adjustment.
5. **BUYER AUTHORIZATION.**
 - A. The Buyer's authorized purchasing representative has sole authority to make contractual commitments on behalf of the Buyer, to provide contractual direction, and to change contractual requirements as defined in the Order.
 - B. Buyer's representatives other than Buyer's authorized purchasing representative may release to Seller information applicable to this Order. If information so provided to the Seller changes the contractual requirements and/or performance of the Order, Seller shall not act on that information and it shall not be contractually effective until Seller receives written contractual direction to act from the Buyer's authorized purchasing representative.
6. **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 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.

7. 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.

8. CITIZENSHIP ELIGIBILITY REQUIREMENTS.

- A. Employees of Seller who perform Services under this Order shall be citizens of the United States of America (U.S.), its possessions or territories, or lawful permanent residents as defined by 8 United States Code (U.S.C.) 1101(a)(20), or protected individuals as defined by 8 U.S.C. 1324b(a)(3). Seller shall provide Form P0-F162, Certification of Employees, not later than 10 days after notice of award of a purchase order. Seller shall promptly notify Buyer of any changes to the Certification. Failure to provide the Certification, or notice of changes, may result

in termination of the purchase order for default.

- B. Upon the request of Buyer, Seller shall submit verification of citizenship, lawful permanent resident status, protected individual status, or employment eligibility status to Buyer for each employee who will perform Services under this Order. Examples of documents that may be considered satisfactory are state birth certificates, U.S. passports, U.S. naturalization papers, and "green" cards (I-551) issued by the U.S. Department of Immigration and Naturalization. Consistent with IRCA, the order of presentment of such documents shall be the sole prerogative of Seller's employees. If these documents are not available, a compilation of other evidence may suffice.
- C. Employees of Seller not listed on the Certification of Employees or providing individual proof of U.S. citizenship, or other status as described in subparagraph B. above, may be denied access to Buyer's premises.

9. 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 Services hereunder, 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 Government.

10. 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. Unless otherwise specified, Seller shall submit an invoice in duplicate 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.

11. PAYMENT FOR LABOR AND MATERIAL AND WAIVER OF LIENS.

- A. Seller shall be responsible for the prompt payment of all persons who perform labor upon or furnish Services, materials, equipment, supplies or other items used, or to be used, in the performance of the Service called for by this Order.
- B. Seller shall:
 - (1) Defend, hold harmless, and indemnify Buyer from all claims, demands, causes of action or suits, of whatever nature, arising out of the Services, labor and materials furnished by Seller or its subcontractors and from all laborer's, material men's and mechanic's liens upon any real property and fixtures thereto and upon any tangible personal property provided by Buyer, arising out of the Services, labor and materials furnished by Seller or any of its subcontractors under this Order; and
 - (2) Keep said property free and clear of all liens, claims and encumbrances arising from the performance of this Order by Seller or its subcontractors.
- C. Seller, for its subcontractors, material men, laborers and for all other persons performing any labor or furnishing any Services, labor or materials for any of the work, hereby waives, to the full extent permitted by law, all right to file or maintain any mechanical or other liens or claims for and on account of the Services, labor or materials to be furnished hereunder.
- D. It is the intention of the Parties hereto, and Seller agrees, that if Seller or any of its subcontractors, of any tier, fail to pay all such persons, Buyer may, at any time after five (5) days written notice to Seller, pay such persons directly and deduct such payments from any amounts due Seller hereunder.

12. CHANGES.

- A. Buyer's authorized representative may at any time, by written order, and without notice to sureties or assignees, if any, make changes within the general scope of this Order in (1) description of Services, (2) time of performance (i.e., hours of the day, days of the week, etc.), (3) place of performance of

the Services, (4) drawings, designs, specifications, planning, and/or other technical documents, (5) method of shipment, packaging, or packing of any Products, and (6) place of delivery of any Products.

- 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 shall be unconditionally waived unless asserted in writing and delivered to Buyer within fifteen (15) days of the date of the written Change Order.
 - D. If Seller claims the cost of any property made obsolete or excess, Buyer shall have the right to prescribe the manner of disposition of the property to include the right to acquire that property for the cost claimed.
 - E. Buyer has the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim.
 - F. 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.
- 13. TERMINATION.** Buyer may at any time terminate all or any part of this Order in accordance with the contract clause entitled "Termination (Cost-Reimbursement)" set forth at 52.249-6, as modified in 49.503(a)(4), which clause is hereby incorporated herein and made a part hereof by this reference, except that the term "contract" therein shall mean this Order, the terms "Contracting Officer" and "Government" therein shall mean "Buyer", the term "Contractor" therein shall mean "Seller", paragraphs (e) and (j) thereof are deleted, the period "120 days" in paragraph (d) is changed to "60 days", the period "1 year" in paragraph (f) is changed to "3 months"; provided, however, that if this Order is a first-tier subcontract under a U.S. Government Prime Contract, the period "1 year" in paragraph (f) is changed to "180 days."
- 14. EXCUSABLE DELAYS.** All Services furnished hereunder shall be furnished at the time specified on the Order or any Change Order thereto. However, Seller shall not be charged for any liability for failure or delay in furnishing such Services when such failure or delay is due to causes beyond the control and without the fault or negligence of Seller; provided, that Seller gives to Buyer prompt notice in writing when it appears that such cause will delay the furnishing of such Services. Correspondingly, Buyer shall be excused for failure or delay in performance of this Order due to causes beyond its control and without its fault or negligence.

15. DISPUTES.

- A. Any dispute that may arise under or in connection with this Order with respect to the rights, duties, or obligations of the Parties shall be reduced to writing and submitted for resolution to ascending levels of management of the respective Parties up to the Senior Executive of the Materiel or Procurement organization placing the Order, and Seller's equivalent executive level.
- B. If a dispute cannot be resolved to both Parties' mutual satisfaction, after good faith negotiations, within ninety (90) calendar days from the date the written claim is received by the other party, or such additional time as the Parties agree upon, in writing, either party may bring suit in federal or state court.
- C. Unless otherwise agreed to in writing by the Parties, venue and jurisdiction for all legal proceedings of any kind or nature brought to enforce any provisions of this Order shall lie within the state from which the Order was issued.
- D. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, Seller shall proceed diligently, as directed by Buyer, with performance of the Order.
- E. Notwithstanding any provisions herein to the contrary, if a dispute under this Order involves issues which can be included in a claim by Buyer pursuant to the "Disputes" provisions of its higher-tier contract:
 - (1) Buyer may include such issues in a claim against the Government or higher-tier contractor pursuant to the disputes procedure of Buyer's higher-tier contract and Buyer may invite Seller to participate in the prosecution and share in the expense of such dispute; or
 - (2) Seller may at its own expense and subject to Buyer approval (which shall include a sponsorship agreement), submit such issues to the higher-tier contractor in the name of the Buyer. Seller shall provide a certification in accordance with FAR 52.233-1 and a copy of the claim package prior to Buyer approval.
 - (3) If, in accordance with 1. or 2. above, Seller prosecutes or participates in the prosecution of such higher-tier contract dispute, it shall not resort to other means for settling the related issues involved under the Order; and it shall abide by the final decision of such higher-tier disputes procedure, provided Buyer, if it chooses not to exhaust its right of appeal under such procedure, gives Seller the opportunity to take any available appeal.
- F. TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER HEREBY WAIVES ITS RIGHT TO TRIAL BY JURY

OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING OR HEARING BROUGHT BY EITHER SELLER AGAINST BUYER OR BUYER AGAINST SELLER ON ANY MATTER WHATSOEVER ARISING UNDER, RELATING TO, OR IN ANY WAY CONNECTED WITH THIS ORDER, THE RELATIONSHIP OF SELLER AND BUYER OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE OR REGULATION NOW OR HEREFTER IN EFFECT.

16. PROPRIETARY INFORMATION.

- A. Seller agrees to keep confidential and not to disclose to any other person any Proprietary Information received from Buyer in connection with this Order. Seller further agrees to use Proprietary Information only for purposes necessary for performing this Order, without first obtaining Buyer's written authorization.
- B. Seller may disclose Proprietary Information to its subcontractors as required for the performance of this Order, provided that each such subcontractor first assumes by written agreement the same obligations imposed on Seller under this Order relating to such Proprietary Information.
- C. All documents and other tangible media (excluding Products) containing or conveying Proprietary Information and transferred in connection with this Order, together with any copies thereof, are and remain the property of Buyer.
- D. Neither the existence of this Order nor the disclosure of Proprietary Information or any other information shall be construed as granting expressly by implication, by estoppel or otherwise, a license under any invention or patent now or hereafter owned or controlled by Buyer or Buyer's customer, except as specifically set forth herein.
- E. Seller's obligations with respect to Proprietary Information disclosed hereunder prior to the performance in full, termination or cancellation of this Order shall not, except as expressly set forth herein, be affected by such performance in full, termination, or cancellation.
- F. Unless otherwise provided herein, or authorized by Buyer in writing, Seller shall use Data only in the performance of this Order subject to the Government's rights under the Government Property clause. Notwithstanding this restriction, upon prior written notice to Buyer and to the extent such use will not interfere with Seller's performance of purchase orders with Buyer in effect at the time, Seller may, with the U S Government's authorization, use on other

contracts all Data which the U. S. Government owns, or has the right to authorize the use thereof for Government purposes.

17. BUYER'S PROPERTY.

- A. Buyer shall retain title to all Buyer property furnished to Seller (i.e., dies, molds, jigs, tools, materials, etc.). Seller shall label, maintain and dispose of Buyer's property, including scrap, according to Buyer's direction and Seller shall be responsible for all loss or damage.
- B. During the entire contract period, Seller shall, at its sole cost and expense, maintain a policy or policies of insurance covering the loss or destruction of or damage to all Buyer materials, tools and equipment, special or otherwise, in which Buyer has an interest, in the amount of the full replacement value thereof providing protection against all perils normally covered in an "all-risk" policy, including but not limited to, fire, windstorm, explosion, riot, civil commotion, aircraft, earthquake, flood or other acts of nature during such time as they remain in Seller's possession.

18. INDEMNITY & INSURANCE.

- A. During the entire contract period and irrespective of the place of performance, Seller and its subcontractors shall, at their sole cost and expense, procure and maintain the following insurance coverages in the minimum limits indicated:
 - (1) 1. Commercial General Liability - \$1,000,000 per person/\$2,000,000 per occurrence bodily injury and/or property damage (alternative: \$2,000,000 combined single limit [CSL]). Coverages shall include but not necessarily be limited to, premises and operations, products and completed operations and contracts.
- B. In accordance with FAR 52.228-5, Insurance. Work on a Government Installation, whenever performance requires work on a Government, Buyer's customer, or Buyer's installation, Seller and its subcontractors shall, at their sole cost and expense, procure and maintain the additional following insurance coverage in the minimum limits indicated:
 - (1) Automobile Liability - \$1,000,000 per person/\$2,000,000 per occurrence bodily injury and/or property damage (alternative: \$2,000,000 combined single limit [CSL]) covering all owned, hired and non-owned vehicles.
 - (2) Workers' Compensation and Employer's Liability - The workers' compensation insurance coverage shall be as required by the laws of the state in which the work is performed regarding such insurance.

The employer's liability insurance limit shall be \$1,000,000.

- C. All insurance required as a part of this Order including that under the Government Property clause herein shall be placed with insurance companies which are authorized to do business under the laws of the state or states in which the installation is located and shall be in a form reasonably acceptable to Buyer. All insurance shall contain a provision prohibiting cancellation or material revision except upon at least thirty (30) days prior written notice to Buyer.
 - D. Whenever performance requires work on a Government installation, Seller and its subcontractors shall provide evidence that the required insurance is in place in the form of insurance certificates. In all other instances, if requested by Buyer, Seller shall provide evidence that the required insurance is in place in the form of insurance certificates. Each insurance certificate, except for workers' compensation, shall provide that Buyer is named as an additional insured with waiver of subrogation for each required insurance coverage. Insurance coverages described herein must be in place and effective prior to commencement of any activity that is the subject of this Order. Renewal insurance certificates, if applicable, shall be provided to Buyer at least fifteen (15) days prior to the expiration date of the insurance under each required coverage.
 - E. Buyer and Seller agree to defend, hold harmless, and indemnify the other from all damages and liabilities arising out of or in connection with presence on the other's premises pursuant to this Order; provided, however, that such damage and liability shall not have been caused by the negligence of the agents, subcontractors or employees of the indemnified parties.
19. RESPONSIBILITY FOR CLAIMS/ INDEMNITY. Seller shall, at its own expense, defend, hold harmless, and indemnify Buyer from any claims or suits brought and liabilities and losses sustained by any third party for injury to persons or damage to property, arising in whole or in part out of the acts or omissions of Seller, its subcontractors, agents, or employees in the performance of this Order or failure to perform the Services in accordance with the standards provided in the Warranty clause. If Seller fails to defend, hold harmless, and indemnify Buyer as provided in this clause, then Seller shall pay for any damages, attorney's fees, and any other fees, costs, and expenses that may be incurred by Buyer in the defense of any action related to this Order and/or in the prosecution of any action to enforce the provisions of this clause.
20. NOTIFICATION OF DEBARMENT/ SUSPENSION. Seller shall provide prompt written notice to Buyer if, at any time during the

performance of this Order, Seller is suspended, debarred or declared ineligible for contract award, or has received notice that any U.S. Government department or agency is considering suspension or debarment of the Seller.

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 (including this Order) until and unless authorized to do so by Buyer's authorized representative.

22. SUBCONTRACTING.

A. Seller shall not subcontract the Services, or for the design or procurement of the whole or any major component of any Product ordered hereunder, without the prior written authorization of Buyer, and Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on authorized distributors, dealers, jobbers or industrial suppliers. No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of-cost basis, and any fee payable under cost-reimbursement subcontracts shall not exceed the fee limitations in subsection 15.404-4(c) of the Federal Acquisition Regulation (FAR).

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

23. NOTIFICATION OF STATUS CHANGES. By accepting this Order, Seller certifies that all representations and certifications applicable to this Order included in the "Subcontractor Annual Compliance Certification" and the "Supplier

Capability Questionnaire" remain valid. If Seller's status under any of the applicable representations and certifications has changed, Seller must complete and submit to Buyer a new "Subcontractor Annual Compliance Certification" or "Supplier Capability Questionnaire" prior to taking any action indicating acceptance as stated on the face of the Order.

24. COMPLIANCE WITH LAWS.

A. Seller warrants that it shall comply with all applicable Federal, State and local laws, rulings, and regulations in effect on the date of this Order.

B. Seller warrants that any Products called for by this Order have been or will be produced in compliance with the Fair Labor Standards Act of 1938 (29 U.S. Code 201-219) and any amendments thereto, including without limitation all applicable requirements of Sections 6, 7 and 12 thereof, and all of the regulations and orders of the U.S. Department of Labor issued under Section 14 thereof, and, insofar as applicable to this Order, the Walsh-Healey Public Contracts Act (41 U.S. Code 35-45) and any amendments thereto, as well as with the provisions of any other Federal Laws with respect to labor relations, minimum wages and hours of employment, now in effect or hereafter enacted, including the Work Hours and Safety Act of 1962 (40 U.S. Code 327 et seq.), and with any and all rules and regulations issued under each and every such Law. Seller agrees that this warranty may be considered as the written assurance and certificate contemplated by the amendment dated October 26, 1949, to the Fair Labor Standards Act of 1938.

C. The Seller shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

25. 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.

26. RELEASE OF INFORMATION AND ADVERTISING. Seller shall not, without prior written consent of Buyer, make any disclosure, news release or public announcement, denial or confirmation of same, of any part of the subject matter of this Order or in any manner advertise or publish the fact that Seller has supplied or contracted to supply to Buyer the items mentioned herein except as may be required to perform this Order. Disclosure to authorized Government sources is exempt from this restriction unless otherwise indicated herein.

27. PATENT, TRADEMARK, AND COPYRIGHT INDEMNITY. Seller shall defend, hold harmless, and indemnify Buyer, Buyer's officers, agents,

employees, and customers against all claims and liabilities, including costs, for infringement of any United States patent, trademark, or copyright by any Services performed or 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 Services performed or 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 by Buyer of Products in combination with Products not delivered by Seller if such infringement would not have occurred from the use or sale of such Products solely for the purpose for which they were designed or sold to Buyer. Seller's obligation shall extend to the U.S. Government only if and to the extent Buyer has agreed to indemnify the U.S. Government.

28. **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. Seller shall immediately advise Buyer of any such conflict of interest or potential conflict of interest which arises during performance of this Order.
29. **LABOR DISPUTES.** Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay timely performance of this Order, Seller shall immediately give notice to Buyer including all relevant information. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract where a labor dispute might delay timely performance of this Order.
30. **BONDS.** If any bond is specifically required by the terms of this Order, the provisions of this clause shall apply. Prior to commencing Services hereunder, or within such time as Buyer may allow in writing, Seller shall deliver to Buyer performance and payment bonds executed by a corporate surety acceptable to Buyer, in amounts not less than the Order total price, on the bond forms furnished by Buyer and in accordance with the instructions on said forms. Failure to deliver acceptable bonds within the time allowed shall constitute a material breach of this Order and entitle Buyer to (1) cancel Seller's right to proceed with the Order, and (2) recover from Seller any damages resulting from such breach. If any surety on such bonds becomes unacceptable to Buyer or if the Order price is substantially increased after such bonds are delivered, Seller shall promptly deliver additional bond security as Buyer may require.
31. **EXPORT AND IMPORT COMPLIANCE.** In addition to and without limiting the clause "Proprietary Information" clause herein, Seller shall comply with the laws and regulations of the

United States relating to exports and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR). In particular, Seller shall not disclose any technical data, nor deliver or export any Product manufactured by use of technical data, out of the United States, or to foreign entities within the United States, without proper written authorization from the United States Government.

32. **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.
33. **PARTIAL INVALIDITY.** If any provision of this Order is or becomes void or unenforceable by force or operation of law, all other provisions shall remain valid and enforceable.
34. **PRICE WARRANTY.** Seller warrants that the price does not exceed the price charged by Seller to any other customer purchasing the same or similar Services under similar conditions. Seller agrees to reimburse Buyer promptly upon the discovery of a violation of that principle in the amount of the difference between the lower price charged and that charged Buyer.
35. **RELIANCE.** Seller represents and warrants that Seller is an expert fully competent in all phases of the work involved performing Services and in producing and supporting any Products purchased under this Order, and Seller agrees that Buyer is relying on such representation and warranty by Seller. Seller agrees that it will not deny any responsibility or obligation to Buyer on the ground that Buyer approved any documentation prepared by Seller, or participated in design reviews or first article approval processes or similar reviews, or that Buyer or Buyer's customer provided documentation, specifications, recommendations, or assistance in any phase of the work required to produce or support the Services and any Products. Seller acknowledges that, as a part of Seller's proposal effort, it had an opportunity to review relevant documentation. Seller further warrants that it did such a review, that it notified Buyer in writing of any missing documentation, deficiencies or concerns that Seller identified in any documents, and that the issues raised by Seller were adequately addressed in this Order at the time of acceptance.
36. **SELLER'S DATA.** Any Data, which Seller discloses to Buyer while performing this Order, that Seller has not marked with a limited rights legend in accordance with the applicable rights in technical data and computer software clauses/provisions called out herein shall not be considered proprietary to Seller or in any way restrict Buyer's use of such Data.
37. **COMPLETE AGREEMENT.** This Order is intended by the Parties as a final expression of their agreement and is the complete and exclusive statement of all terms and conditions of

agreement. This Order supersedes and cancels all prior understandings, proposals, communications, and agreements between the Parties, whether written or oral, concerning the matters addressed in this Order. No course of prior dealings between the Parties, and no usage of trade, shall be relevant to supplement or explain any term used in this Order.

38. SET-OFFS. Any amounts owing to Buyer by Seller may be set off against amounts otherwise due to Seller under this or any other Buyer Order.
39. ENVIRONMENTAL REQUIREMENTS. Seller shall comply with all applicable Federal, State and local laws, regulations, and ordinances relating to preservation and protection of the environment including, without limitation, those relating to "Clean Air," "Clean Water," and the transportation, use, handling, storage, disposal, recycling of hazardous and toxic chemicals, substances, or wastes.
40. HEADINGS. The descriptive headings contained in this Order are for convenience of reference only and in no way define, limit or describe the scope or intent of this Order.
41. COMPLIANCE WITH AND APPLICABILITY OF THE OFFICE OF FEDERAL PROCUREMENT POLICY (OFPP) ACT OF 1988 (41 USC 423). Seller warrants that during the conduct of the procurement of which this Order forms a part, it has complied with and will continue to comply with the requirements of FAR 52.203-10 and Section 27 of the OFPP Act as implemented in FAR. Seller further agrees that it shall defend, hold harmless, and indemnify Buyer from and against any loss, cost or damage incurred by Buyer under Buyer's contract with its customers as a result of or in connection with Seller's violation of the OFPP Act.
42. FAR/DFARS PROVISIONS/CLAUSES.

- A. The FAR and DFARS clause cited in paragraph D below, where applicable by their terms, are incorporated herein by reference as if set forth in full text. The effective version of each FAR or DFARS clause shall be the same version as that which appears in Buyer's Prime Contract, or higher-tier subcontract under which this Order is a subcontract. If any of the clauses are not applicable by their terms they shall be self-deleting. Whenever said clauses include a requirement for the resolution of disputes between the parties in accordance with the "Disputes" clause herein, the dispute shall be disposed of in accordance with the clause entitled "Disputes" herein.
- B. Except for references made to the Government's Disputes clause, any conflict or inconsistency between the provisions listed in the FAR/DFARS clause citations below and the clauses set forth elsewhere in these terms and conditions shall be resolved in favor of the former.
- C. Where necessary to derive proper meaning in a subcontract situation from these clauses,

"Contractor" means "Seller," "Contracting Officer" means "Buyer," "Contract" means this Order and "Government" means "Buyer or the Government." However, the words "Government" and "Contracting Officer" do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the Prime Contract Contracting Officer or duly authorized representative (2) when title to property is to be transferred directly to the Government, and (3) in FAR 52.227-1, 52.227-2, 52.246-23 and DFARS 252.227-7013 and 252.227-7014.

D. FAR and DFARS Clauses:

Clause	FAR Reference
(1) Gratuities	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."	
(2) Covenant Against Contingent Fees	52.203-5
(3) Restrictions on Subcontractor Sales	52.203-6
(4) Anti-Kickback Procedures	52.203-7
The substance of this clause shall be incorporated in all subcontracts issued hereunder. Seller shall immediately notify Buyer of any alleged violations involving any of Buyer's or Seller's employees.	
(5) Price or Fee Adjustment for Illegal or Improper Activity	52.203-10
(6) Limitation on Payments to Influence Certain Federal Transactions	52.203-12
[Applicable to subcontracts of \$100,000 or more]	
(7) Security Requirements	52.204-2
NOTE: Delete paragraph (c)	
(8) Material Requirements	52.211-5
(9) Defense Priority and Allocation Reqmts	52.211-15

Clause	FAR Reference
(10) Audit & Records – Negotiation	52.215-2
(11) Price Reduction for Defective Cost or Pricing Data NOTE: In addition, Seller shall defend, hold harmless, and indemnify Buyer from and against any loss, cost or damage incurred by Buyer under Buyer's contract with its customers as a result of Seller or Seller's Subcontractors providing certificates based on defective cost or pricing data in connection to this provision. [Applicable to any negotiated order valued at \$500,000 or more, when cost or pricing data are required.]	52.215-10
(12) Price Reduction for Defective Cost or Pricing Data - Modifications [Applicable if far 52.215-10 is not applicable to this Order]	52.215-11
(13) Subcontractor Cost or Pricing Data NOTE: In addition, Seller shall defend, hold harmless, and indemnify Buyer from and against any loss, cost or damage incurred by Buyer under Buyer's contract with its customers as a result of Seller or Seller's Subcontractors providing certificates based on defective cost or pricing data in connection to this provision. [Applicable to any negotiated order valued at \$500,000 or more, when cost or pricing data are required.]	52.215-12
(14) Subcontractor Cost or Pricing Data - Modifications [Applicable if far 52.215-12 is not applicable to this Order]	52.215-13
(15) Integrity of Unit Prices & Alternate I NOTE: Delete paragraph (b)	52.215-14
(16) Pension Adjustments and Asset Reversions [Applicable to negotiated subcontracts of \$500,000 or more, when cost or pricing data are required for which any pre-award or post-award cost determinations will be subject to far subpart 31.2]	52.215-15
(17) Facilities Capital Cost of Money	52.215-16

Clause	FAR Reference
(18) Waiver of Facilities Capital Cost of Money	52.215-17
(19) Reversion or Adjustment of Plans for Post Retirement Benefits Other than Pensions (PRB) [Applicable to subcontracts of \$500,000 or more]	52.215-18
(20) Notification of Ownership Changes	52.215-19
(21) Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data – Modifications	52.215-21
(22) Utilization of Small Business Concerns	52.219-8
(23) Small Business Subcontracting Plan [Applicable to subcontracts of \$500,000 or more]	52.219-9
(24) Notice to the Government of Labor Disputes	52.222-1
(25) Contract Work Hours and Safety Standards Act—Overtime Compensation [Applicable to subcontracts of \$100,000 or more]	52.222-4
(26) Walsh-Healey Public Contracts Act	52.222-20
(27) Prohibition of Segregated Facilities	52.222-21
(28) Equal Opportunity	52.222-26
(29) Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era [Applicable to subcontracts of \$10,000 or more]	52.222-35
(30) Affirmative Action for Workers with Disabilities [Applicable to subcontracts of \$10,000 or more]	52.222-36

Clause	FAR Reference
(31) Employment Reports on Disabled Veterans and Veterans of the Vietnam Era [Applicable to subcontracts of \$10,000 or more]	52.222-37
(32) Hazardous Material Identification and Material Safety Data	52.223-3
(33) Notice of Radioactive Materials	52.223-7
(34) Ozone-Depleting Substances	52.223-11
(35) Toxic Chemical Release Reporting	52.223-14
(36) Privacy Act	52.224-2
(37) Buy American Act — Balance of Payment Program — Supplies	52.225-1
(38) Buy American Act — North American Free Trade Agreement — Israeli Trade Act — Balance of Payments Program	52.225-3
(39) Trade Agreements	52.225-5
(40) Duty-Free Entry	52.225-8
(41) Restrictions on Certain Foreign Purchases	52.225-13
(42) Utilization of Indian Organizations and Indian-Owned Economic Enterprises	52.226-1
(43) Authorization and Consent	52.227-1
(44) Notice and Assistance Regarding Patent and Copyright Infringements [Applicable to subcontracts of \$100,000 or more except when both complete performance and delivery are outside the United States, its possessions and Puerto Rico, unless supplies are ultimately to be shipped into one of those areas]	52.227-2
(45) Refund of Royalties	52.227-9
(46) Filing of Patent Applications – Classified Subject Matter	52.227-10

Clause	FAR Reference
(47) Patent Rights – Retention by the Contractor (Short Form) [Applicable to small business firms or nonprofit organizations]	52.227-11
(48) Patent Rights – Retention by the Contractor (Long Form) [Applicable to other than small business firms or nonprofit organizations]	52.227-12
(49) Insurance – Work on A Government Installation	52.228-5
(50) Insurance – Liability to Third Persons	52.228-7
(51) Federal, State, and Local Taxes (Noncompetitive Contract)	52.229-4
(52) Taxes – Contracts Performed In U.S. Possessions or Puerto Rico	52.229-5
(53) Interest	52.232-17
(54) Industrial Resources Developed Under Defense Production Act Title III	52.234-1
(55) Accident Prevention	52.236-13
(56) Protection of Government Buildings, Equipment, and Vegetation	52.237-2
(57) Notice of Intent to Disallow Costs	52.242-1
(58) Certification of Final Indirect Costs	52.242-4
(59) Bankruptcy	52.242-13
(60) Stop Work Order NOTE: The 90 day period in the first and fourth sentences of paragraph (a) is changed to 120 days.	52.242-15
(61) Competition In Subcontracting Applicable to subcontracts of \$100,000 or more which are non-competitive]	52.244-5

Clause	FAR Reference
(62) Subcontracts for Commercial Items and Commercial Components	52.244-6
(63) Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts)	52.245-5
(64) Special Tooling	52.245-17
(65) Special Test Equipment NOTE: The phrase “30 days” in paragraphs (b) and (c) shall be changed to “45 days.”	52.245-18
(66) Inspection - Time-and-Material and Labor-Hour	52.246-6
(67) Limitation of Liability – Services [Applicable to subcontracts over \$100,000]	52.246-25
(68) Preference for U.S. Flag Air Carriers	52.247-63
(69) Preference for Privately Owned U.S.-Flag Commercial Vessels	52.247-64
(70) Value Engineering [Applicable to subcontracts of \$100,000 or more except as specified in FAR 48.201(a)]	52.248-1

Clause	DFARS Reference
(1) Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies [Applicable to subcontracts of \$100,000 or more]	252.203-7001
(2) Acquisition Under INF Treaty [Applicable to subcontracts of \$100,000 or more]	252.209-7000
(3) Acquisition Streamlining [Applicable to subcontracts of \$1,000,000 or more]	252.211-7000
(4) Pricing Adjustments [Applicable when it is contemplated that cost or pricing data will be required]	252.215-7000

Clause	DFARS Reference
(5) Cost Estimating System Requirements	252.215-7002
(6) Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan [Applicable to any subcontract anticipated to be valued at \$500,000 or more]	252.219-7003
(7) Hazard Warning Labels	252.223-7001
(8) Safety Precautions for Ammunition and Explosives	252.223-7002
(9) Change in Place of Performance Ammunition and Explosives	252.223-7003
(10) Hazardous Waste Liability	252.223-7005
(11) Prohibition on Storage and Disposal of Toxic and Hazardous Materials	252.223-7006
(12) Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives	252.223-7007
(13) Buy American Act and Balance of Payments Program	252.225-7001
(14) Qualifying Country Sources – Subcontractors	252.225-7002
(15) Identification of Expenditures in the United States	252.225-7005
(16) Buy American Act/Trade Agreements/Balance of Payment	252.225-7007
(17) Supplies to be Accorded Duty-Free Entry	252.225-7008
(18) Duty Free Entry – Qualifying Country End Products and Supplies	252.225-7009
(19) Duty-Free Entry – Additional Provisions	252.225-7010

Clause	DFARS Reference
(20) Preference for Certain Domestic Commodities [Applicable to orders valued at \$100,000 or more]	252.225-7012
(21) Preference for Domestic Specialty Metals [Applicable to all orders valued at \$100,000 or more] Alternate I [Applicable to any subcontract valued at \$100,000 or more within six major classes of programs]	252.225-7014
(22) Preference for Domestic Hand or Measuring Tools	252.225-7015
(23) Restriction on Acquisition of Ball and Roller Bearings	252.225-7016
(24) Restriction on Acquisition of Polyacrylonitrile (PAN)	252.225-7022
(25) Restriction on Acquisition of Forgings	252.225-7025
(26) Reporting of Contract Performance Outside of the United States	252.225-7026
(27) Restriction on Acquisition of Carbon, Alloy, and Carbon Steel Plate	252.225-7030
(28) Duty-Free Entry—Eligible End Products	252.225-7037
(29) Rights in Technical Data – Noncommercial Items	252.227-7013
(30) Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation	252.227-7014
(31) Technical Data—Commercial Items	252.227-7015
(32) Rights in Bid or Proposal Information	252.227-7016
(33) Validation of Asserted Restriction – Computer Software	252.227-7019

Clause	DFARS Reference
(34) Rights in Special Works	252.227-7020
(35) Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends	252.227-7025
(36) Deferred Delivery of Technical Data or Computer Software	252.227-7026
(37) Deferred Ordering of Technical Data or Computer Software	252.227-7027
(38) Technical Data – Withholding of Payment	252.227-7030
(39) Declaration of Technical Data Conformity	252.227-7036
(40) Validation of Restrictive Markings on Technical Data	252.227-7037
(41) Patents – Reporting of Subject Inventions	252.227-7039
(42) Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles	252.228-7005
(43) Supplemental Cost Principles	252.231-7000
(44) Frequency Authorization & Alternate I	252.235-7003
(45) Protection Against Compromising Emanations	252.239-7000
(46) Telecommunication Security Equipment, Devices, Techniques and Services	252.239-7016
(47) Pricing of Contract Modifications	252.243-7001
(48) Reports of Government Property	252.245-7001
(49) Warranty of Data	252.246-7001
(50) Price Adjustment	252.247-7001

Clause	DFARS Reference
<p>(51) Transportation of Supplies by Sea</p> <p>NOTE: This clause is applicable to Orders in excess of \$100,000. 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...” “45” is changed to “60” days in paragraph (d) and “30” to “25” in paragraph (e). In paragraph (e) “and the division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590,” is deleted. In paragraph (g) “for the purposes of the Prompt Payment clause of this contract” is deleted.</p>	52.247-7023
<p>(52) Notification of Transportation of Supplies by Sea</p>	252.247-7024
<p>(53) Notification of Anticipated Contract Termination or Reduction</p>	252.249-7002