

# NORTHROP GRUMMAN SYSTEMS CORPORATION

## ADDENDUM TO TERMS AND CONDITIONS FOR SUBCONTRACTS IN SUPPORT OF GLOBAL HAWK MODERNIZATION INDEFINITE DELIVERY/INDEFINITE QUANTITY (IDIQ) CONTRACT # FA8620-13-D-3014

All of the additional terms and conditions set forth below are incorporated in and made part of this Order. Any conflict between any of the conditions contained in this addendum and those appearing on Northrop Grumman Systems Corporation Purchase Order Terms and Conditions shall be resolved in favor of the conditions in this addendum.

### I. ADDITIONS

#### A. H063 CONTRACTOR IDENTIFICATION (FEB 2003) (TAILORED)

(a) Contractor personnel and their subcontractors must identify themselves as Contractors or subcontractors during meetings, telephone conversations, in electronic messages, or correspondence related to this contract.

(b) Contractor-occupied facilities (on Government installations) such as offices, separate rooms, or cubicles must be clearly identified with Contractor supplied signs, name plates or other identification, showing that these are work areas for Contractor or subcontractor personnel.

#### B. TERMS AND CONDITIONS SUBJECT TO CHANGE (T190.001)

Seller understands and agrees that the terms and conditions of this Order are subject to change as a result of definitization of the prime contract. Seller agrees to negotiate same with Buyer promptly and in good faith.

### I. REVISIONS

A. The following changes are made to the clause entitled, "FAR and DFARS Provisions/Clauses":

1. Add the following FAR clauses:

52.203-15	WHISTLEBLOWER PROTECTIONS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
52.203-16	PREVENTING PERSONAL CONFLICTS OF INTEREST
52.209-06	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT
52.217-08	OPTION TO EXTEND SERVICES (Applies only to Orders for services) Period of time. '1 day'
52.217-09	OPTION TO EXTEND THE TERMS OF THE CONTRACT Para. (a), Period of time. '1 day' Para. (a), days '30' Para. (c), Number of Months/Years, '10 years'
52.222-39	NOTIFICATION OF EMPLOYEE RIGHTS CONCERNING PAYMENT OF UNION DUES OR FEES
52.223-15	ENERGY EFFICIENCY IN ENERGY-CONSUMING PRODUCTS
52.223-16	IEEE 1680 STANDARD FOR THE ENVIRONMENTAL ASSESSMENT OF PERSONAL COMPUTER PRODUCTS

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2. Add the following DFARS clauses:

- 252.203-7004 DISPLAY OF FRAUD HOTLINE POSTER(S)  
Note: Applicable if Order exceeds \$5 million, except for commercial items or subcontracts performed entirely outside the U.S.
- 252.211-7003 ITEM IDENTIFICATION AND VALUATION
- 252.225-7008 RESTRICTION ON ACQUISITION OF SPECIALTY METALS
- 252.225-7047 EXPORTS BY APPROVED COMMUNITY MEMBERS IN PERFORMANCE OF THE CONTRACT  
Note: Applicable to delivery tasks
- 252.234-7004 COST AND SOFTWARE DATA REPORTING SYSTEM  
Note: Applicable to subcontract that exceeds \$50 million
- 252.237-7010 PROHIBITION ON INTERROGATION OF DETAINEES BY CONTRACTOR PERSONNEL
- 252.237-7019 TRAINING FOR CONTRACTOR PERSONNEL INTEGRATING WITH DETAINEES  
Para (b)(2)(ii). Insert applicable POC infor. 'Geographic areas of responsibility:
1. The Commander, U.S. Southern Command, is responsible for the U.S. military detention center at Guantanamo Bay, Cub
  2. The Commander, U.S. Joint Forces Command, is responsible for the Navy Consolidated Brig, Charleston SC.
  3. The other combatant commander geographic areas of responsibility are identified in the Unified Command Plan, 1 March 2005, which can be found at:  
[www.defenslink.mil/specials/unifiedcommand/](http://www.defenslink.mil/specials/unifiedcommand/)

Point of contact information for each command:

US Central Command (USCENTCOM)  
Commander, Combined Forces Land Component Commander (CFLCC)  
a.k.a. Third Army, Ft. McPherson, Atlanta, GA  
Staff Judge Advocate (SJA) Forward, Kuwait  
POC: Lieutenant Colonel Gary Kluka  
e-mail: [Gary.Kluka@arifjan.arcent.army.mil](mailto:Gary.Kluka@arifjan.arcent.army.mil)  
Comm: 011-965-389-6303; DSN: 318-430-6303; Alt. US numbers: 404-464-3721 or 404-464-4219

US European Command (USEUCOM)  
Logistics and Security Assistance Directorate  
Chief, Contingency Contracting and Contract Policy Division (USEUCOM J4-LS)  
POC: Major Michael Debreczini  
[debreczm@eucom.smil.mil](mailto:debreczm@eucom.smil.mil)  
Comm: 011-49-711-680-7202; DSN: 314-0430-7202

US Joint Forces Command (USJFCOM)  
\*\*Applicable to potential detainees in the United States at Navy Consolidated Brig, Charleston, SC  
Headquarter, USJFCOM (J355)  
Personnel Recovery & Special Operations Division (J355)  
POC: Lieutenant Colonel John Maraia  
Comm: 757-836-5799; DSN: 836-5799

US Northern Command (USNORTHCOM)  
Not applicable to USNORTHCOM: see US Joint Forces Command

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2. Add the following DFARS clauses (continued)

252.237-7019 TRAINING FOR CONTRACTOR PERSONNEL INTEGRATING WITH DETAINEES  
(continued)

US Pacific Command (USPACOM)  
Headquarters, Office of the Staff Judge Advocate (SJA)  
Deputy Staff Judge Advocate  
POC: Lieutenant Colonel James Buckels, USAF  
[James.buckels@pacom.mil](mailto:James.buckels@pacom.mil)  
Comm: 808-477-1193

US Southern Command (USSOUTHCOM)  
Headquarters, Office of the Staff Judge Advocate (SJA)  
Joint Task Force Guantanamo Bay  
POC: Lieutenant Commander Tony Dealicante  
[DealicanteTF@JTFGTMO.southcom.mil](mailto:DealicanteTF@JTFGTMO.southcom.mil)  
Comm: 011-5399-9916; DSN: 660-9916

US Special Operations Command (USSOCOM)  
Headquarters, Office of the Staff Judge Advocate (SJA)  
Attn: Staff Judge Advocate  
POC: Colonel Dana Chipman  
[chipad@socom.mil](mailto:chipad@socom.mil)  
Comm: 813-828-3288; DSN: 299-3288

252.237-7023 CONTINUATION OF ESSENTIAL CONTRACTOR SERVICES  
Para. (b), identify attachment, 'TBD as applicable in delivery/task order'  
Para. (b), date – 'TBD as applicable in delivery/task orders'

3. Add the following DFARS clauses in full text:

252.203-7003 AGENCY OFFICE OF THE INSPECTOR GENERAL

The agency office of the Inspector General referenced in paragraphs (c) and (d) of FAR clause 52.203-13, Contractor Code of Business Ethics and Conduct, is the DoD Office of Inspector General at the following address:

Department of Defense Office of Inspector General  
Investigative Policy and Oversight  
4800 Mark Center Drive, Suite 11H25  
Alexandria, VA 22350-1500

Toll Free Telephone: 866-429-8011

(End of clause)

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3. Add the following DFARS clauses in full text: (continued)

252.228-7001 GROUND FLIGHT RISK (TAILORED)

(a) *Definitions.* As used in this clause—

- (1) “Aircraft,” unless otherwise provided in the contract Schedule, means—
  - (i) Aircraft to be delivered to the Government under this contract (either before or after Government acceptance), including complete aircraft and aircraft in the process of being manufactured, disassembled, or reassembled; provided that an engine, portion of a wing or a wing is attached to a fuselage of the aircraft;
  - (ii) Aircraft, whether in a state of disassembly or reassembly, furnished by the Government to the Contractor under this contract, including all Government property installed, in the process of installation, or temporarily removed; provided that the aircraft and property are not covered by a separate bailment agreement;
  - (iii) Aircraft furnished by the Contractor under this contract (either before or after Government acceptance); or
  - (iv) Conventional winged aircraft, as well as helicopters, vertical take-off or landing aircraft, lighter-than-air airships, unmanned aerial vehicles, or other non-conventional aircraft specified in this contract.
- (2) “Contractor’s managerial personnel” means the Contractor’s directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of—
  - (i) All, or substantially all, of the Contractor’s business;
  - (ii) All, or substantially all, of the Contractor’s operation at any one plant or separate location; or
  - (iii) A separate and complete major industrial operation.
- (3) “Contractor’s premises” means those premises, including subcontractors’ premises, designated in the Schedule or in writing by the Contracting Officer, and any other place the aircraft is moved for safeguarding.
- (4) “Flight” means any flight demonstration, flight test, taxi test, or other flight made in the performance of this contract, or for the purpose of safeguarding the aircraft, or previously approved in writing by the Contracting Officer.
  - (i) For land based aircraft, “flight” begins with the taxi roll from a flight line on the Contractor’s premises and continues until the aircraft has completed the taxi roll in returning to a flight line on the Contractor’s premises.
  - (ii) For seaplanes, “flight” begins with the launching from a ramp on the Contractor’s premises and continues until the aircraft has completed its landing run and is beached at a ramp on the Contractor’s premises.
  - (iii) For helicopters, “flight” begins upon engagement of the rotors for the purpose of take-off from the Contractor’s premises and continues until the aircraft has returned to the ground on the Contractor’s premises and the rotors are disengaged.
  - (iv) For vertical take-off or landing aircraft, “flight” begins upon disengagement from any launching platform or device on the Contractor’s premises and continues until the aircraft has been engaged to any launching platform or device on the Contractor’s premises.
  - (v) All aircraft off the Contractor’s premises shall be considered to be in flight when on the ground or water for reasonable periods of time following emergency landings, landings made in performance of this contract, or landings approved in writing by the Contracting Officer.
- (5) “Flight crew member” means the pilot, the co-pilot, and, unless otherwise provided in the Schedule, the flight engineer, navigator, and bombardier-navigator when assigned to their respective crew positions for the purpose of conducting any flight on behalf of the Contractor. It also includes any pilot or operator of an unmanned aerial vehicle. If required, a defense systems operator may also be assigned as a flight crew member.

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3. Add the following DFARS clauses in full text: (continued)

252.228-7001 GROUND FLIGHT RISK (TAILORED) (continued)

(6) "In the open" means located wholly outside of buildings on the Contractor's premises or other places described in the Schedule as being "in the open." Government furnished aircraft shall be considered to be located "in the open" at all times while in the Contractor's possession, care, custody, or control.

(7) "Operation" means operations and tests of the aircraft and its installed equipment, accessories, and power plants, while the aircraft is in the open or in motion. The term does not apply to aircraft on any production line or in flight.

(b) **Combined regulation/instruction.** The Contractor shall be bound by the operating procedures contained in the combined regulation/instruction entitled "Contractor's Flight and Ground Operations" (Air Force Instruction 10-220, Army Regulation 95-20, NAVAIR Instruction 3710.1 (Series), Coast Guard Instruction M13020.3, and Defense Contract Management Agency Instruction 8210.1) in effect on the date of contract award.

(c) **Government as self-insurer.** Subject to the conditions in paragraph (d) of this clause, the Government self-insures and assumes the risk of damage to, or loss or destruction of aircraft "in the open," during "operation," and in "flight," except as may be specifically provided in the Schedule as an exception to this clause. The Contractor shall not be liable to the Government for such damage, loss, or destruction beyond the Contractor's share of loss amount under the Government's self-insurance.

(d) **Conditions for Government's self-insurance.** The Government's assumption of risk for aircraft in the open shall continue unless the Contracting Officer finds that the Contractor has failed to comply with paragraph (b) of this clause, or that the aircraft is in the open under unreasonable conditions, and the Contractor fails to take prompt corrective action.

(1) The Contracting Officer, when finding that the Contractor has failed to comply with paragraph (b) of this clause or that the aircraft is in the open under unreasonable conditions, shall notify the Contractor in writing and shall require the Contractor to make corrections within a reasonable time.

(2) Upon receipt of the notice, the Contractor shall promptly correct the cited conditions, regardless of whether there is agreement that the conditions are unreasonable.

(i) If the Contracting Officer later determines that the cited conditions were not unreasonable, an equitable adjustment shall be made in the contract price for any additional costs incurred in correcting the conditions.

(ii) Any dispute as to the unreasonableness of the conditions or the equitable adjustment shall be considered a dispute under the Disputes clause of this contract.

(3) If the Contracting Officer finds that the Contractor failed to act promptly to correct the cited conditions or failed to correct the conditions within a reasonable time, the Contracting Officer may terminate the Government's assumption of risk for any aircraft in the open under the cited conditions. The termination will be effective at 12:01 a.m. on the fifteenth day following the day the written notice is received by the Contractor.

(i) If the Contracting Officer later determines that the Contractor acted promptly to correct the cited conditions or that the time taken by the Contractor was not unreasonable, an equitable adjustment shall be made in the contract price for any additional costs incurred as a result of termination of the Government's assumption of risk.

(ii) Any dispute as to the timeliness of the Contractor's action or the equitable adjustment shall be considered a dispute under the Disputes clause of this contract.

(4) If the Government terminates its assumption of risk pursuant to the terms of this clause—

(i) The Contractor shall thereafter assume the entire risk for damage, loss, or destruction of, the affected aircraft;

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3. Add the following DFARS clauses in full text: (continued)

252.228-7001 GROUND FLIGHT RISK (TAILORED) (continued)

(ii) Any costs incurred by the Contractor (including the costs of the Contractor's self-insurance, insurance premiums paid to insure the Contractor's assumption of risk, deductibles associated with such purchased insurance, etc.) to mitigate its assumption of risk are unallowable costs; and

(iii) The liability provisions of the Government Property clause of this contract are not applicable to the affected aircraft.

(5) The Contractor shall promptly notify the Contracting Officer when unreasonable conditions have been corrected.

(i) If, upon receipt of the Contractor's notice of the correction of the unreasonable conditions, the Government elects to again assume the risk of loss and relieve the Contractor of its liability for damage, loss, or destruction of the aircraft, the Contracting Officer will notify the Contractor of the Contracting Officer's decision to resume the Government's risk of loss. The Contractor shall be entitled to an equitable adjustment in the contract price for any insurance costs extending from the end of the third working day after the Government's receipt of the Contractor notice of correction until the Contractor is notified that the Government will resume the risk of loss.

(ii) If the Government does not again assume the risk of loss and the unreasonable conditions have been corrected, the Contractor shall be entitled to an equitable adjustment for insurance costs, if any, extending after the third working day after the Government's receipt of the Contractor's notice of correction.

(6) The Government's termination of its assumption of risk of loss does not relieve the Contractor of its obligation to comply with all other provisions of this clause, including the combined regulation/instruction entitled "Contractor's Flight and Ground Operations."

(e) **Exclusions from the Government's assumption of risk.** The Government's assumption of risk shall not extend to damage, loss, or destruction of aircraft which—

(1) Results from failure of the Contractor, due to willful misconduct or lack of good faith of any of the Contractor's managerial personnel, to maintain and administer a program for the protection and preservation of aircraft in the open and during operation in accordance with sound industrial practice, including oversight of subcontractor's program.

(2) Is sustained during flight if either the flight or the flight crew members have not been approved in advance of any flight writing by the Government Flight Representative, who has been authorized in accordance with the combined regulation/instruction entitled "Contractor's Flight and Ground Operations";

(3) Occurs in the course of transportation by rail, or by conveyance on public streets, highways, or waterways, except for Government-furnished property;

(4) Is covered by insurance;

(5) Consists of wear and tear; deterioration (including rust and corrosion); freezing; or mechanical, structural, or electrical breakdown or failure, unless these are the result of other loss, damage or destruction covered by this clause. (This exclusion does not apply to Government-furnished property if damage consists of reasonable wear and tear or deterioration, or results from inherent vice, e.g., a known condition or design defect, in the property); or

(6) Is sustained while the aircraft is being worked on and is a direct result of the work unless such damage, loss, or destruction would be covered by insurance which would have been maintained by the Contractor, but for the Government's assumption of risk.

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3. Add the following DFARS clauses in full text: (continued)

252.228-7001 GROUND FLIGHT RISK (TAILORED) (continued)

**(f) Contractor's share of loss and Contractor's deductible under the Government's self-insurance.**

(1) The Contractor assumes the risk of loss and shall be responsible for the Contractor's share of loss under the Government's self-insurance. That share is the lesser of—

- (i) The first \$100,000 of loss or damage to aircraft in the open, during operation, or in flight resulting from each separate event, except for reasonable wear and tear and to the extent the loss or damage is caused by negligence of Government personnel; or
- (ii) Twenty percent of the price or estimated cost of this contract.

(2) If the Government elects to require that the aircraft be replaced or restored by the Contractor to its condition immediately prior to the damage, the equitable adjustment in the price authorized by paragraph (j) of this clause shall not include the dollar amount of the risk assumed by the Contractor.

(3) In the event the Government does not elect repair or replacement, the Contractor agrees to credit the contract price or pay the Government, as directed by the Contracting Officer, the lesser of—

- (i) \$100,000;
- (ii) Twenty percent of the price or estimated cost of this contract; or
- (iii) The amount of the loss.

(4) For task order and delivery order contracts, the Contractor's share of the loss shall be the lesser of \$100,000 or twenty percent of the combined total price or total estimated cost of those orders issued to date to which the clause applies.

(5) The costs incurred by the Contractor for its share of the loss and for insuring against that loss are unallowable costs, including but not limited to—

- (i) The Contractor's share of loss under the Government's self-insurance;
- (ii) The costs of the Contractor's self-insurance;
- (iii) The deductible for any Contractor- purchased insurance;
- (iv) Insurance premiums paid for Contractor- purchased insurance; and
- (v) Costs associated with determining, litigating, and defending against the Contractor's liability.

**(g) Subcontractor possession or control.** The Contractor shall not be relieved from liability for damage, loss, or destruction of aircraft while such aircraft is in the possession or control of its subcontractors, except to the extent that the subcontract, with the written approval of the Contracting Officer, provides for relief from each liability. In the absence of approval, the subcontract shall contain provisions requiring the return of aircraft in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with the provisions of this contract.

**(h) Contractor's exclusion of insurance costs.** The Contractor warrants that the contract price does not and will not include, except as may be authorized in this clause, any charge or contingency reserve for insurance covering damage, loss, or destruction of aircraft while in the open, during operation, or in flight when the risk has been assumed by the Government including the Contractor's share of loss in this clause, even if the assumption may be terminated for aircraft in the open.

**(i) Procedures in the event of loss.** (1) In the event of damage, loss, or destruction of aircraft in the open, during operation, or in flight, the Contractor shall take all reasonable steps to protect the aircraft from further damage, to separate damaged and undamaged aircraft and to put all aircraft in the best possible order. Except in cases covered by paragraph (f)(2) of this clause, the Contractor shall furnish to the Contracting Officer a statement of—

- (i) The damaged, lost, or destroyed aircraft;
- (ii) The time and origin of the damage, loss, or destruction;
- (iii) All known interests in commingled property of which aircraft are a part; and
- (iv) The insurance, if any, covering the interest in commingled property.

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- (2) The Contracting Officer will make an equitable adjustment for expenditures made by the Contractor in performing the obligations under this paragraph.
3. Add the following DFARS clauses in full text: (continued)

252.228-7001 GROUND FLIGHT RISK (TAILORED) (continued)

(j) ***Loss prior to delivery.***

(1) If prior to delivery and acceptance by the Government, aircraft is damaged, lost, or destroyed and the Government assumed the risk, the Government shall either—

- (i) Require that the aircraft be replaced or restored by the Contractor to the condition immediately prior to the damage, in which event the Contracting Officer will make an equitable adjustment in the contract price and the time for contract performance; or
- (ii) Terminate this contract with respect to the aircraft. Notwithstanding the provisions in any other termination clause under this contract, in the event of termination, the Contractor shall be paid the contract price for the aircraft (or, if applicable, any work to be performed on the aircraft) less any amount the Contracting Officer determines—

(A) It would have cost the Contractor to complete the aircraft (or any work to be performed on the aircraft) together with anticipated profit on uncompleted work; and

(B) Would be the value of the damaged aircraft or any salvage retained by the Contractor.

(2) The Contracting Officer shall prescribe the manner of disposition of the damaged, lost, or destroyed aircraft, or any parts of the aircraft. If any additional costs of such disposition are incurred by the Contractor, a further equitable adjustment will be made in the amount due the Contractor. Failure of the parties to agree upon termination costs or an equitable adjustment with respect to any aircraft shall be considered a dispute under the Disputes clause.

(k) ***Reimbursement from a third party.*** In the event the Contractor is reimbursed or compensated by a third party for damage, loss, or destruction of aircraft and has also been compensated by the Government, the Contractor shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's right to recover against third parties for damage, loss, or destruction. Upon the request of the Contracting Officer or authorized representative, the Contractor shall at Government expense furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment or subrogation) in obtaining recovery.

(l) ***Government acceptance of liability.*** To the extent the Government has accepted such liability under other provisions of this contract, the Contractor shall not be reimbursed for liability to third persons for loss or damage to property or for death or bodily injury caused by aircraft during flight unless the flight crew members previously have been approved for this flight in writing by the Government Flight Representative, who has been authorized in accordance with the combined regulation entitled "Contractor's Flight and Ground Operations".

(m) ***Subcontracts.*** The Contractor shall incorporate the requirements of this clause, including this paragraph (m), in all subcontracts.

(End of clause)

4. Add the following AFFARS clauses:

5352.223-9000 ELIMINATION OF USE OF CLASS I OZONE DEPLETING SUBSTANCES (ODS)  
5352.223-9001 HEALTH AND SAFETY ON GOVERNMENT INSTALLATIONS