

Additional Purchase Order Terms And Conditions
Basic Ordering Agreement For Repair And/Or Modification For
Various Aircraft Programs
(Prime Contract No. N00421-05-G-0001)

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 form and those appearing on Northrop Grumman Purchase Order Terms and Conditions shall be resolved in favor of the conditions in this form.

I. Changes To Purchase Order Terms and Conditions

- A. The November 1995 version of the DoD FAR Supplement 252.227-7013 clause applies to this Order.
- B. Delete the clauses entitled, "Warranty" and substitute the following:

WARRANTY (NAVAIR 5252.246-9535)

(a) Definitions:

- (1) Defects: As used herein means any condition or characteristic in any supplies furnished by Seller under this Order that is not in compliance with the requirements of this Order.
- (2) Correct: As used herein means to eliminate the defects. Corrective action may include repair, replacement, redesign and development and qualification of a modification to eliminate the defect and retrofit of such modification.
- (3) Organic Repair: As used herein means organizational, intermediate, or depot level repair actions performed by any Navy or other Department of Defense activity.
- (4) Essential Performance Requirements: As used herein means any operational capability, or other characteristic identified as an essential performance requirement necessary for the supplies to fulfill the military requirements for which they were designed. Essential performance requirements are set forth in the Schedule.

- (b) Warranty:
 - (1) Notwithstanding inspection and acceptance by Buyer or any provision of this Order concerning the conclusiveness thereof, the Seller warrants that all supplies furnished under this Order:
 - (i) shall conform to the design and manufacturing requirements in the Order and amendments thereto;
 - (ii) shall be free from all defects in material and workmanship, at the time of acceptance; and,
 - (iii) shall conform to the essential performance requirements set forth in the Schedule.
 - (2) With respect to Buyer or Government-furnished property, Seller's warranty shall extend only to its proper installation, unless Seller performs some modification or other work on such property in which case Seller's warranty shall extend to such modification or other work.
 - (3) This warranty will not be voided by organic repair.
- (c) Remedies:
 - (1) Corrective Actions: In the event of a breach of the Warranty in paragraph (b) above, Buyer, at its election, may require Seller to take all actions necessary to correct the breach at no additional cost to Buyer including:
 - (i) Perform analyses of causes of defects or failures resulting in a breach of warranty provisions under this Order, propose corrective actions for such causes including schedules for performing such corrective actions, and, if so directed by Buyer, perform the corrective actions proposed as a result of such analyses;
 - (ii) Correct, at the original point of delivery or at Seller's plant, defective or nonconforming supplies;
 - (iii) Furnish, at the original point of delivery or at Seller's plant, such materials or parts and installation instructions as may be required to complete successfully the corrective action; and
 - (iv) Prepare and furnish new or revised data and reports directly associated with the corrective action.
 - (2) Equitable Adjustment:
 - (i) If Buyer elects not to require Seller to take corrective action for any breach of warranty under this clause, Buyer shall be entitled to an equitable reduction in the price of such supplies.
 - (ii) If Buyer performs or has performed the corrective action, Buyer shall be entitled to the reimbursement of reasonable costs incurred to correct the deficiency.
 - (3) When supplies require correction or replacement pursuant to this clause, Buyer will bear the cost of the transportation to the port of

CONUS entry. Seller will bear the transportation costs between the CONUS port of entry and the site where correction or replacement action occurs and subsequent return to that port of entry.

- (d) Notification and Correction Procedures:
- (1) Except as the notification period may be extended by operation of paragraph (d)(4) herein, Seller shall be notified in writing by Buyer of any breach of the warranty set forth in paragraph (b) above, including a description of the breach, within 210 days after acceptance of nonconforming or defective supplies by the Government, or within two (2) years of acceptance by Buyer, whichever is earlier.
 - (2) Within sixty (60) days of such notification, Seller shall submit to Buyer a written plan with recommended actions and a proposed schedule to remedy the breach.
 - (3) Seller warrants that all corrective action pursuant to the Remedies section of this clause shall be completed and supplies tendered for redelivery to Buyer within either (i) sixty (60) calendar days from the date of Seller receipt of uncorrected supplies at the Seller's plant or original point of delivery or (ii) a schedule pursuant to a plan of action approved in writing by Buyer. If the Seller is unable to provide corrective action within the applicable time frame, Seller shall request an extension, in writing, from Buyer.
 - (4) Notification Period for Board of Inspection and Survey Trials. If Board of Inspection and Survey (BIS) Trials are conducted or will be conducted under this or any prior Order with respect to aircraft of the type or types to be delivered under this Order, the period of notification of a breach of the warranties in paragraph (b) shall be one (1) year from the date the last aircraft which includes a component manufactured by the Seller of the type being acquired completes trials, or two (2) years from the date the first such aircraft which includes Seller's component is accepted for such trials, whichever is later. For the purpose of this clause, aircraft with different Government model letter designations shall, unless otherwise provided in this Order, be considered aircraft of different types.

- (5) Warranty for Corrected or Replaced Supplies. Any supplies or components replaced pursuant to this warranty are subject to the provisions of this clause, including those on remedies and notification, in the same manner as supplies or components initially delivered. For supplies or components corrected under this clause by repair, Seller shall be notified in writing of any breach of the warranty set forth in paragraph (b) above (including a description of the breach) within 210 days after receipt by the Government of the corrected supplies, or within two (2) years after receipt by Buyer, whichever is earlier.
 - (6) Seller shall, notwithstanding any dispute regarding the existence of a breach of warranty, comply with Buyer's direction to correct the breach. If after Seller undertakes correction, it is determined that a breach of warranty did not occur, the price and other affected provisions of this Order will be equitably adjusted to compensate Seller for actions taken pursuant to this clause.
- (e) **Marking:**
- (1) All warranted supplies furnished under this Order shall be identified as such by marking each weapon replaceable assembly (WRA) in accordance with MIL-STD-130 and each shipping container in accordance with MIL-STD-129L.
 - (2) For supplies accepted conditionally or under special conditions, the applicable log book or aeronautical equipment service record card shall specify any exceptions to acceptance, including work to be completed, material to be installed and defects or nonconformances to be corrected.
 - (3) All warranty markings shall be indelible, legible and include, as a minimum, the following:
 - (i) "WARRANTED ITEM" in bold letters at least twice as large as those used to provide additional information;
 - (ii) NSN, manufacturer's part number, serial number or other item identifier;
 - (iii) prime contract number and Order number;
 - (iv) manufacturer or entity providing the warranty;
 - (v) date or time for expiration of the warranty;
 - (vi) a statement that organic repair will not void the warranty; and
 - (vii) shipping location and point of contact for warranty repairs.
- (f) **Warranty Administration:**
The Seller shall provide administration for all warranty claims.

(g) Miscellaneous:

- (1) The rights and remedies of Buyer and Seller provided in this clause are in addition to, and do not limit, any rights and remedies Buyer and Seller may have under any other clause or provision of this Order.
- (2) Buyer's right under this Order because of latent defects, fraud, or such gross mistakes as amount to fraud are not limited by this clause.

C. The following changes are made to the clause titled "FARS/DFARS Provisions/Clauses":

1. Add the following FAR clause:

- 52.222-50 COMBATING TRAFFICKING IN PERSONS
- 52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT
- 52.227-14 RIGHTS IN DATA-GENERAL & ALT. V
- 52.227-16 ADDITIONAL DATA REQUIREMENTS
- 52.243-7 NOTIFICATION OF CHANGES (under paragraph b, the notification period is 70 days, under paragraph d, the response time is 80 days).

2. Add the following DFARS clauses:

- 252.209-7004 SUBCONTRACTING WITH FIRMS THAT ARE OWNED OR CONTROLLED BY THE GOVERNMENT OF A TERRORIST COUNTRY
- 252.211-7003 ITEM IDENTIFICATION AND VALUATION (items requiring Unique Item Identification shall be identified on the resultant Order)
- 252.223-7006 PROHIBITION ON STORAGE AND DISPOSAL OF TOXIC AND HAZARDOUS MATERIALS
- 252.225-7004 REPORT OF INTENDED PERFORMANCE OUTSIDE THE UNITED STATES AND CANADA-SUBMISSION AFTER AWARD
- 252.239-7001 INFORMATION ASSURANCE CONTRACTOR TRAINING AND CERTIFICATION
- 252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS)

3. Add the following Naval Air Systems Command (NAVAIR) clauses:

- 5252.204-9503 EXPEDITING CONTRACT CLOSEOUT
- 5252.227-9501 INVENTION DISCLOSURES AND REPORTS
- 5252.227-9511 DISCLOSURE, USE AND PROTECTION OF PROPRIETARY INFORMATION

II. ADDITIONAL CONDITIONS

1. ECONOMIC REPAIRABILITY

Limitation on Articles to be Serviced:

The Seller shall not begin servicing of any article(s) where the total costs of servicing (labor and parts) is reasonably expected to exceed eighty percent (80%) of the Seller's most recent selling price of that item based on a spares replacement of a new article in a configuration similar to the configuration of the article to be serviced.

Furthermore, whenever it becomes apparent, prior to the submission of the quotation for servicing, that an article being serviced will need servicing, the cost of which will exceed the foregoing figure, the Seller will discontinue the servicing of such article. In either of the foregoing events, the Seller shall promptly advise Northrop Grumman of the estimated cost of servicing such an article.

The Seller will subsequently be advised by Northrop Grumman if the article is to be serviced notwithstanding that the price for such servicing will exceed the figure above, or if the determination is that servicing is to be discontinued. If the servicing is to be discontinued, the Order will be amended to compensate the Seller for services performed and parts furnished.

2. ENVIRONMENTAL CONTROLS (NAVAIR 5252.223-9500)

Notwithstanding that this Order may require the use of paints or coatings which do not meet state or district requirements for reduced volatile organic compounds (VOC's), the Seller must comply with all federal, state, and local regulatory requirements, in effect as of the date of this Order, respecting air quality and emission limitations. It remains the Seller's responsibility to meet the requirements for reduced VOC's even where to do so will require the use of engineering controls or other special painting equipment.

3. PROVISIONAL ACCEPTANCE

- a. If at the delivery date stated herein the supplies are not complete or otherwise are not in conformity with the requirements of this Order, Buyer may, nevertheless, direct their delivery and may provisionally accept them upon such inspection of the supplies as Buyer shall deem appropriate. Provisionally accepted supplies shall be completed or otherwise brought into conformity with Order requirements by Seller at Seller's expense and as directed by Buyer. Alternatively, Buyer may elect to either perform such work at Seller's expense or to retain the non-conforming supplies, in which event the price shall be equitably reduced.
- b. If supplies are otherwise ready for delivery hereunder prior to completion of the qualification tests required by this order or by any prior order with Seller for supplies of the type to be delivered hereunder, Buyer may nevertheless direct the Seller to deliver such supplies and may provisionally accept such supplies upon (1) satisfactory completion by Seller of the acceptance tests for the supplies concerned, and (2) such other inspection of the supplies as Buyer may deem appropriate. In the event that supplies have been provisionally accepted hereunder, Seller shall, as a condition precedent to final acceptance, be obligated to complete such qualification tests successfully and to incorporate in all such supplies at no increase in Order price, (1) all corrections of a type required to pass qualification tests, and (2) replacement for non-approved, non-standard parts.
- c. Pending final acceptance of supplies that have been provisionally accepted, Buyer may, in his/her discretion, withhold such portion of the Order price as may be appropriate.
- d. Nothing in this clause shall affect the Seller's obligation under other clauses of this Order.

4. REIMBURSEMENT OF TRAVEL, PER DIEM, AND SPECIAL MATERIAL COSTS (NAVAIR 5252.232-9509) (Applies to cost-reimbursement Orders only)

- (a) Area of Travel. Performance under this Order may require travel by Seller personnel. If travel, domestic or overseas, is required, the Seller is responsible for making all necessary arrangements for its personnel. These include but are not limited to: medical examinations, immunizations, passports/visas/etc., and security clearances. All Seller personnel required to perform work on any U.S. Navy vessel shall obtain boarding authorization from the Commanding Officer of the vessel before boarding.
- (b) Travel Policy. Northrop Grumman will reimburse the Seller for allowable travel costs incurred by the Seller in performance of the Order in accordance

with FAR Subpart 31.2. Travel required for tasks assigned under this Order shall be governed in accordance with: Federal Travel Regulations, prescribed by the General Services Administration for travel in the conterminous 48 United States, (hereinafter the FTR); Joint Travel Regulation, Volume 2, DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, The Commonwealth of Puerto Rico, and territories and possessions of the United States (hereinafter JTR); and Standardized Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas," prescribed by the Department of State, for travel in areas not covered in the FTR or JTR (hereinafter the SR).

- (c) Travel. Travel and subsistence are authorized for travel beyond a fifty-mile radius of the Seller's office whenever a task assignment requires work to be accomplished at a temporary alternate worksite. No travel or subsistence shall be charged for work performed within a fifty-mile radius of the Seller's office. The Seller shall not be paid for travel or subsistence for Seller personnel who reside in the metropolitan area in which the tasks are being performed. Travel performed for personal convenience, in conjunction with personal recreation, or daily travel to and from work at the Seller's facility will not be reimbursed.
 - (1) For travel costs other than described in paragraph (c) above, the Seller shall be paid on the basis of actual amount paid to the extent that such travel is necessary for the performance of services under the contract and is authorized by Northrop Grumman in writing.
 - (2) When transportation by privately owned conveyance is authorized, the Seller shall be paid on a mileage basis not to exceed the applicable Government transportation rate as contained in the FTR, JTR or SR. Authorization for the use of privately owned conveyance shall be indicated in the Order. Distances traveled between points shall be shown on invoices as listed in standard highway mileage guides. Reimbursement will not exceed the mileage shown in the standard highway mileage guides.
 - (3) The Seller agrees, in the performance of necessary travel, to use the lowest cost mode commensurate with the requirements of the mission as set forth in the basic contract and in accordance with food traffic management principles. When it is necessary to use air or rail travel, the Seller agrees to use coach, tourist class, or similar accommodations to the extent consistent with the successful and economical accomplishment of the mission for which the travel is being performed.

- (4) The Seller's invoices shall include receipts or other evidence substantiating actual costs incurred for authorized travel. In no event will such payments exceed the rates of common carriers.
- (d) Vehicle and/or Truck Rentals. The Seller shall be reimbursed for actual rental/lease of special vehicles and/or trucks (i.e., of a type not normally used by the Seller in the conduct of its business) only if authorized in the Order or upon approval by Northrop Grumman. Reimbursement of such rental shall be made based on actual amounts paid by the Seller. Use of rental/lease costs of vehicles and/or trucks that are of a type normally used by the Seller in the conduct of its business are not subject to reimbursement.
- (e) Car Rental. The Seller shall be reimbursed for car rental, exclusive of mileage charges, as authorized in the basic contract or upon approval by Northrop Grumman, when the services are required to be performed beyond the normal commuting distance from the Seller's facilities. Car rental for a team on TDY at one site will be allowed for a minimum of four (4) persons per car, provided that such number or greater comprise the TDY team.
- (f) Per Diem. The Seller shall not be paid for per diem for Seller personnel who reside in the metropolitan areas in which the tasks are being performed. Per Diem shall not be paid on services performed within a fifty-mile radius of the Seller's home office or the Seller's local office. Per Diem is authorized for Seller personnel beyond a fifty-mile radius of the Seller's home or local offices whenever a task assigned requires work to be done at a temporary alternate worksite. Per Diem shall be paid to the Seller only to the extent that overnight stay is necessary and authorized under this Order. The authorized per diem rate shall be the same as the prevailing per diem in the worksite locality. These rates will be based on rates contained in the FTR, JTR or SR. The applicable rate is authorized at a flat seventy-five (75%) percent on the day of departure from Seller's home or local office, and on the day of return. Reimbursement to the Seller for per diem shall be limited to actual payments to per diem defined herein. The Seller shall provide actual payments of per diem defined herein. The Seller shall provide supporting documentation for per diem expenses as evidence of actual payment.
- (g) Shipboard Stays. Whenever work assignments require temporary duty aboard a Government ship, the Seller will be reimbursed at the per diem rates identified in paragraph C8101.2C or C81181.3B(6) of the Department of Defense Joint Travel Regulations, Volume II.
- (h) Special Material. "Special material" includes only the costs of material, supplies, or services which is peculiar to the ordered data and which is not suitable for use in the course of the Seller's normal business. It shall be

furnished pursuant to specific authorization approved by Northrop Grumman. The Seller will be required to support all material costs claimed by its costs less any applicable discounts. "Special materials" include, but are not limited to, graphic reproduction expenses, or technical illustrative or design requirements needing special processing.

5. OPERATIONS SECURITY (OPSEC) (applies to Orders for classified or sensitive items)

The Supplier shall develop, implement and maintain an OPSEC program to protect classified and sensitive unclassified activities, information, equipment and material used or developed by the Supplier and any subcontractor during performance of the Order. The Supplier shall be responsible for the subcontractor implementation of the OPSEC requirements. This program may include Information Assurance and Communications Security (COMSEC). The OPSEC program shall be in accordance with National Security Decision Directive (NSDD) 298, and at a minimum shall include:

- Assignment of responsibility for OPSEC direction and implementation.
- Issuance of procedures and planning guidance for the use of OPSEC techniques to identify vulnerabilities and apply applicable countermeasures
- Establishment of OPSEC education and awareness training
- Provisions for management, annual review, and evaluation of OPSEC programs
- Flow down of OPSEC requirements to subcontractors when applicable

Security clearance requirements for Supplier personnel, up to and including SECRET, is required for this tasking as shown in the DD-254, if applicable.

6. NOTICE REGARDING THE DISSEMINATION OF EXPORT-CONTROLLED TECHNICAL DATA (NAVAIR 5252.227-9507)

(a) Export of information contained herein, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITARS), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.

(b) For violation of export laws, the contractor, its employees, officials or agents are subject to:

- (1) Imprisonment and/or imposition of criminal fines; and
- (2) Suspension or debarment from future Government contracting actions.

(c) The Government or Northrop Grumman Systems Corporation shall not be liable for any unauthorized use or release of export-controlled information, technical data or specifications in this Order.

7. COMPLIANCE WITH PREFERENCE FOR DOMESTIC SPECIALTY METALS CLAUSE

Seller must comply with the provisions of DFARS 252.225-7014 Preference for Domestic Specialty Metals and Alternate I and is required to notify all subcontractors at all levels to comply with the provisions of this clause through inclusion of DFARS 252.225-7014 & Alternate I in its Subcontracts and Purchase Orders. Seller and its subcontractors must deliver compliant hardware pursuant to the requirements of this Order.