

Additional Purchase Order Terms And Conditions
Basic Ordering Agreement For Repairs and/or Modification of E-2C/T Foreign Military Sales
including Egypt, Japan, Singapore and Taiwan Weapon Systems
(Prime Contract No. N00383-06-G-004P)

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 clause entitled, "Warranty" and substitute the following:
WARRANTY FOR OVERHAUL AND REPAIR
 - 1. Notwithstanding inspection and acceptance by Northrop Grumman of articles or services furnished under this Order or any provision of this Order concerning the conclusiveness thereof, the Seller warrants that at the time of delivery to Northrop Grumman's customer:
 - (a) Any part furnished or work done under this Order will be free from defects in material and workmanship and will conform with specifications and all other requirements of this order, and,
 - (b) The preservation packaging, packing and marking and the preservation for, and method of, shipment of any repaired or overhauled article will conform with the requirements of this order.
 - 2. Within one (1) year after the delivery to Northrop Grumman's customer of any article repaired or overhauled under this Order, written notice may be given by Northrop Grumman to the Supplier of any breach of the warranties in paragraph one (1) of this clause as to such article. Within a reasonable time after such notice, Northrop Grumman shall advise the Supplier either (I) that the Supplier shall correct or re-perform any defective or nonconforming services and replace any defective or nonconforming parts, or (II) that Northrop Grumman does not require correction or re-performance of services or replacement parts. If the Supplier is required to correct or re-perform services or replace parts, it shall be at no cost to Northrop Grumman. If the Supplier fails or refuses to correct or re-perform

services or to replace parts, Northrop Grumman may, by purchase order or otherwise, correct or replace with similar services and parts and charge to the Supplier the cost occasioned to Northrop Grumman thereby or obtain an equitable adjustment in the purchase order price. If Northrop Grumman does not require correction or re-performance of services or replacement parts, Northrop Grumman shall make an equitable adjustment in the purchase order price. Failure to agree upon any determination to be made under this clause shall be a dispute concerning a question of fact within the meaning of the disputes clause of this Order.

3. When return, correction, or replacement is required, transportation charges and responsibility for such articles or part thereof while in transit shall be borne by the Supplier.
4. In lieu of the warranty marking labels contained in MIL-STD-129, the following warranty label shall be used:

Warranted at time of delivery, notification of breach of warranty required within one year of last actual delivery to Northrop Grumman's customer under this Order. Actual deliveries may differ from scheduled deliveries. Last scheduled delivery date:

OR

Warranted at time of delivery, notification of breach of warranty required within one year of last delivery to Northrop Grumman's customer under this order. Last delivery date:

5. Any articles or parts thereof corrected or furnished in replacement pursuant to this clause shall also be subject to all provisions of this clause to the same extent as items initially delivered. The warranty with respect to such articles or parts thereof shall be at time of delivery, and any notice of breach of warranty shall be given in accordance with paragraph two (2) above.
6. The rights and remedies of Northrop Grumman and Seller provided in this clause are in addition to, and do not limit, any rights and remedies Northrop Grumman and Seller may have under any other clause or provision of this Order.

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

1. Add the following DFARS clauses:

DOD FAR Supplement

252.217-7026 IDENTIFICATION OF SOURCES OF SUPPLY

252.225-7000 BUY AMERICAN ACT--BALANCE OF PAYMENTS PROGRAM CERTIFICATE

252.225-7035 BUY AMERICAN ACT—FREE TRADE AGREEMENTS--BALANCE OF PAYMENTS PROGRAM CERTIFICATE

252.247-7022 REPRESENTATION OF EXTENT OF TRANSPORTATION BY SEA

II. ADDITIONAL CONDITIONS

1. 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.

2. LIMITATION ON ARTICLES TO BE SERVICED

The Seller shall not begin servicing of any article(s) where the total price of servicing (labor and parts) is reasonably expected to exceed each FMS country’s dollar threshold of the replacement price of a new article in a configuration similar to the configuration of the article to be serviced.

FMS Country BER Threshold

*Egypt 80%

Japan 65%

Singapore 80%

Taiwan 65%

*BER message should include the following information:

1. Price of new item
2. Lead time
3. Repair cost
4. Percent (%) of the repair cost to the actual price of new item.

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.

3. PARTS AND MATERIAL

The Seller is responsible for supplying all parts and material necessary to perform the required repairs under this Order. All parts and material used in performance of this Order shall be in accordance with the latest approved revision of applicable drawings and specifications and shall be new in accordance with FAR 52.211-5, Material Requirements, which is incorporated by reference herein. Authorization to use other than new material as defined by FAR 52.211-5 requires written approval from the Buyer. In addition, cannibalization must be approved by the Buyer. Cannibalization of units that have not been inducted is not typically authorized and requires specific approval by the Buyer. The Seller shall ensure it has access for the duration of the Order to updated drawings and specifications for parts and material required for repairs performed under this order. Any change to such parts/material drawings or specifications requires Buyer approval. Any repairs performed using unapproved changes to drawings, specifications or manufacturing source or facility are done at the Seller's own risk. If the buyer disapproves the requested change, the Seller shall replace any delivered items repaired using such unapproved change. The Seller is not entitled to any equitable adjustment to the Order price to terms based on Buyer's disapproval of a requested change to the drawings or specifications.