

Additional Terms and Conditions
System Development and Demonstration
(SDD) Phase for the Broad Area Maritime Surveillance (BAMS) Unmanned Aircraft System
(UAS) Program (Draft Prime Contract No. N00019-08-C-0023)

All of the additional terms and conditions set forth below are incorporated in and made part of this Purchase 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 Terms And Conditions

- A. The November 1995 version of the DoD FAR Supplement 252.227-7013 clause and the June 1995 version of the DoD FAR Supplement 252.227-7014 clause apply to this Order.
- B. The following changes are made to the clause entitled, "FAR and DFARS Provisions/Clauses":
1. Add the following FAR clauses:
52.223-11 OZONE-DEPLETING SUBSTANCES
52.234-4 EARNED VALUE MANAGEMENT SYSTEM
52.245-18 SPECIAL TEST EQUIPMENT
 2. In FAR 52.245-5 Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts), delete subparagraph (g) and replace with the following:
(g) The Seller shall assume the risk of, and be responsible for, any loss or destruction of, or damage to, Government property while in the Seller's possession or control, except to the extent that the Order, with the advance approval of Northrop Grumman, relieves the Seller from such liability. In the absence of such approval, the Order shall contain appropriate provisions requiring the return of all Government property in as good condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of this Order.
 3. Add the following DOD FAR Supplement clauses:
252.204-7000 DISCLOSURE OF INFORMATION (in subparagraph (b), change 45 days to 50 days)
252.204-7005 ORAL ATTESTATION OF SECURITY RESPONSIBILITIES
252.211-7003 ITEM IDENTIFICATION AND VALUATION (items requiring Unique Item Identification shall be identified on the resultant Order)
252.242-7002 EARNED VALUE MANAGEMENT SYSTEM
The following subcontractors shall comply with the requirements of this clause:

Northrop Grumman Mission Systems
Northrop Grumman Systems Corporation, Electronic
Systems
PRB Systems Inc. Decision Support & Targeting
Raytheon, Falls Church, VA
Raytheon NCS Communications, Raytheon Company,
McKinney, TX

4. Add the following Naval Air Systems Command (NAVAIR) clauses (all technical data, invention or subcontract reports required by the following clauses shall be forwarded to the Northrop Grumman buyer in lieu of the Contracting Officer of the controlling prime contract):

5252.204-9504	DISCLOSURE OF CONTRACT INFORMATION (in subparagraph (b), change 10 days to 15 days)
5252.227-9501	INVENTION DISCLOSURES AND REPORTS
5252.227-9505	TECHNICAL DATA AND COMPUTER SOFTWARE IDENTIFICATION IN ENGINEERING CHANGE PROPOSALS (ECPs)
5252.227-9511	DISCLOSURE, USE AND PROTECTION OF PROPRIETARY INFORMATION
5252.227-9512	TRADEMARK MANUFACTURE/USE LICENSE AGREEMENT
5252.247-9505	TECHNICAL DATA AND INFORMATION (in subparagraph (f), change 30 days to 25 days)
5252.247-9507	PACKAGING AND MARKING OF REPORTS (NAVAIR)
5252.247-9514	TECHNICAL DATA PACKING INSTRUCTIONS

II. ADDITIONAL CONDITIONS

1. PREFERENCE FOR DOMESTIC SPECIALTY METALS 252.225-7014

Alternate I (DEVIATION 2007-O0011)

(a) Definitions. As used in this clause—

(1) “Commercially available off-the-shelf item” —

(i) Means any item of supply, including any component that is—

(A) A commercial item (as defined in FAR 2.101);

(B) Sold in substantial quantities in the commercial marketplace; and

(C) Offered to the Government, without modification, in the same form in which it is sold in the commercial marketplace; and

(ii) Does not include bulk cargo as defined in section 3 of the Shipping Act of 1984 (46 U.S.C. App. 1702), such as agricultural products and petroleum products.

(2) “Electronic component” means an item that operates by controlling the flow of electrons or other electrically charged particles in circuits, using interconnections of electrical devices such as resistors, inductors, capacitors, diodes, switches, transistors, or integrated circuits. An item can be an “electronic component” regardless of the tier of the end product at which it is installed.

(3) “End product” means supplies delivered under a line item of this contract.

(4) “Qualifying country” means any country listed in subsection 225.872-1 of the Defense Federal Acquisition Regulation Supplement.

(5) “Specialty metal” means any of the following:

(i) Steel

(A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1 .65 percent;

silicon, 0.60 percent; or copper, 0.60 percent; or

(B) Containing more than 0.25 percent of any the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium.

(ii) Metal alloys consisting of nickel, iron-nickel, and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 percent.

(iii) Titanium and titanium alloys.

(iv) Zirconium and zirconium base alloys.

(b) Any specialty metals incorporated in articles delivered under this contract shall be melted or produced in the United States or its outlying areas.

(c) This clause does not apply to specialty metals

(1) Melted in a qualifying country or incorporated in an article manufactured in a qualifying country;

- (2) Contained in commercially available off-the-shelf items, acquired either as end items or components; or
- (3) Incorporated in a commercially available electronic component, if the value of the specialty metal content in the electronic component does not exceed 10 percent of the overall value of the lowest level electronic component, containing specialty metal, that is—
 - (i) Produced by the Contractor; or
 - (ii) If the Contractor does not produce the electronic component, produced by the subcontractor from which the electronic component was acquired.
- (d) The Seller shall insert the substance of this clause, including this paragraph (d), in all subcontracts for items containing specialty metals.

2. 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.

3. RELEASE OF OFFICIAL INFORMATION GUIDELINES

A. PUBLIC RELEASE AND/OR RELEASE ON THE WORLD WIDE WEB

- 1. The Seller shall comply with the requirements set forth in Section I DFARS clause 252.204-7000, Disclosure of Information and NAVAIR clause 5252.204-9504, regarding the release of any unclassified information pertaining to any part of this Order or any program related to this Order. In addition, unclassified, unlimited distribution information proposed for public release about the Navy BAMS UAS Program or this Order must also be submitted to the Northrop Grumman buyer.
- 2. All Seller requests must include a statement verifying that full internal technical and security reviews have been accomplished by the Seller, and that the information being submitted for clearance is "unclassified, technically accurate, non-proprietary, and considered suitable for public release."
- 3. Each item submitted for public release review must be accompanied with NAVAIR approval form 5720/1, with section 1 and section 2 completed by the requestor. The entire package, to include two copies of each document/item for review, should be submitted to the Northrop Grumman Buyer. To facilitate reviews, documents should be provided in digital format when possible on CD-ROM, DVD, floppy disk, or zip disk. For security and

administrative reasons, documents may not be submitted by electronic mail.

4. Information proposed for public release must undergo thorough technical review and receive appropriate endorsement prior to submitting for review; if the proposed public release material incorporates proprietary information from another DoD command, official public release authorization must be obtained by the requestor and provided as part of the technical review.
 5. Requesters are responsible for allowing sufficient time to obtain technical reviews by the appropriate business units, competencies, PEOs, or other DoD commands. Once submitted to Security, the material complexity, release method and venue will determine the required review period.
 6. Media interviews, media visits, and releases of information to the news media must be coordinated with the Northrop Grumman buyer.
- B. The Seller shall include a suitably modified Public Release “instruction/guidance” clause, in all subcontracts or lower tier Agreements.

4. ENGINEERING CHANGES (NAVAIR 5252.243-9505) (BAMS UAS
DEVIATION)

- (a) After award, Northrop Grumman may solicit, and the Seller is encouraged to propose independently, engineering changes to the equipment, software specifications or other requirements of this Order. These changes may be proposed for reasons of economy, improved performance, or to resolve increased data processing requirements. If the proposed changes are acceptable to both parties, the Seller shall submit a price change proposal to the Buyer for evaluation. Those proposed engineering changes that are acceptable to the Buyer will be processed as a change to the Order.
- (b) This applies only to those proposed changes identified by the Seller, as a proposal submitted pursuant to the provisions of this clause. As a minimum, the following information shall be submitted by the Seller with each proposal:
 - (1) A description of the difference between the existing Order requirement and the proposed change, and the comparative advantages and disadvantages of each.
 - (2) Itemized requirements of the Order that must be changed if the proposal is adopted, and the proposed revision to the Order for each such change.
 - (3) An estimate of the changes in performance costs, if any, that will result from adoption of the proposal.
 - (4) An evaluation of the effects the proposed change would have on collateral costs to Northrop Grumman or the Government such as Government-furnished property costs, costs of related items, and costs of

maintenance and operation.

(5) A statement of the time by which the change order adopting the proposal must be issued so as to obtain the maximum benefits of the changes during the remainder of this Order. Also, any effect on the Order completion time or delivery schedule shall be identified.

- (c) Engineering change proposals submitted to the Buyer shall be processed expeditiously. Northrop Grumman shall not be liable for proposal preparation costs for unsolicited proposals or any delay in acting upon any proposal submitted pursuant to this clause. If the Buyer requires the submittal of an engineering change proposal, the associated proposal preparation costs shall be included in the equitable adjustment defined in subparagraph (e) of this clause. The Seller has the right to withdraw, in whole or in part, any engineering change proposal not accepted by Northrop Grumman within the period specified in the engineering change proposal. The decision of the Buyer as to the acceptance of any such proposal under this Order shall be final and shall not be subject to the "Disputes" clause of the Order.
- (d) The Buyer may accept any engineering change proposal submitted pursuant to this clause by giving the Seller written notice thereof. This written notice may be given by issuance of a change to this Order. Unless and until a change is executed to incorporate an engineering change proposal under this Order, the Seller shall remain obligated to perform in accordance with the terms of the existing Order.
- (e) If an engineering change proposal pursuant to this clause is accepted and applied to this Order, an equitable adjustment in the Order price and in any other affected provisions of this contract shall be made in accordance with the "Changes" clause.
- (f) The Seller is requested to identify specifically any information contained in its engineering change proposal which it considers confidential and/or proprietary and which it prefers not to be disclosed to the public. The identification of information as confidential and/or proprietary is for information purposes only and shall not be binding on Northrop Grumman to prevent disclosure of such information. Offerors are advised that such information may be subject to release upon request pursuant to the Freedom of Information Act (5 U.S.C. 552).

5. 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 which 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.

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. REIMBURSEMENT OF TRAVEL, PER DIEM, AND SPECIAL MATERIAL COSTS (NAVAIR 5252.232-9509) (BAMS UAS DEVIATION)

- (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 Order and is authorized by the Buyer 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 as 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 Order and in accordance with good 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 shall retain receipts/invoices 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 basic Order or upon approval by the Buyer. 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 Order or upon approval by the Buyer, 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 retain 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 the Buyer. The Seller will be required to retain documentation 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.

8. TERMS AND CONDITIONS ARE SUBJECT TO CHANGE
Seller understands and agrees that the terms and conditions of this Purchase order are subject to change as a result of definitization of the Prime contract. Seller agrees to negotiate same with the Contractor promptly and in good faith.