

1. **DEFINITIONS** As used throughout this Order the following definitions apply unless otherwise specifically stated:

- A. Buyer or SS/L means Space Systems/Loral, Inc.
- B. Seller or Subcontractor means the legal entity that contracts with Buyer under this Order. The term "Lower Tier Subcontractors" refers to Seller's Subcontractors at any tier.
- C. Customer refers to the SS/L customer.
- D. Prime Contract or Contract means the SS/L contract under which this Order is issued.
- E. Days shall be understood to mean calendar days.

2. **ACCEPTANCE.** Seller shall be deemed to accept this Order or any amendment hereto upon written acceptance or the commencement of work. Acceptance is limited to the terms and conditions stated in the written Order or Amendment furnished by Buyer. Any additional or different terms proposed by Seller are deemed rejected unless Buyer agrees otherwise in writing.

3. **LOSS OR DAMAGED CAUSED BY SELLER.** Seller shall indemnify and hold harmless Buyer, its officers and employees from any loss, cost, damage, expense or liability by reason of property damage, personal injury or death arising out of or in connection with the actions or omissions of Seller, its employees, agents, and/or Lower Tier Subcontractors in the performance of this Order. Without in any way limiting the foregoing undertakings, Seller and its Lower Tier Subcontractors shall maintain public liability and property damage insurance covering the obligations set forth above and shall maintain proper Workers' Compensation insurance covering their employees in the performance of this Order.

4. **RESPONSIBILITY FOR PROPERTY**

A. All property, including but not limited to material, tooling and equipment which is furnished to Seller by Buyer for performance of this Order or for which Buyer has specifically agreed to pay Seller, shall be and remain the property of Buyer, and title to such property shall not be affected by incorporation or attachment to any other property. All property manufactured or acquired by Seller under this Order, the title to which is in Buyer, and all property furnished or consigned to Seller by Buyer under this Order, shall be kept and maintained in first class condition and replaced to the extent necessary for performance under this Order. Seller shall use such property only in the performance of this Order or as may otherwise be authorized in advance by Buyer in writing, and it shall remain the property of Buyer unless abandoned in place, in which case Buyer shall have no further obligation concerning same. When instructed by Buyer, Seller shall deliver the property covered by this clause to Buyer, F.O.B. carrier, Seller's plant at the completion or termination of this Order, or shall make such other disposition as Buyer may direct. Seller shall bear the risk of loss or destruction of and damage to property covered by this clause until delivered or returned to Buyer. Seller shall deliver or return such property in the same condition as when manufactured, acquired, or received, except for reasonable wear and tear or for utilization thereof in accordance with the terms of this Order.

B. The provisions of paragraph A. above shall apply with respect to any property provided by Customers of Buyer and authorized for use under this Order.

C. In the event this Order includes authorization to use property of the Government of the United States as approved by the cognizant U.S. Government Contracting Officer, such property shall be kept and maintained in accordance with FAR Subpart 45.5, "Management of Government Property in the Possession of Contractors". Seller's liability for Government property shall be the same as FAR 52.245-2, clause paragraph (g), provides for a Prime Contractor.

5. **PACKING, MARKING AND SHIPPING**

A. Seller shall pack, mark and ship all goods and supplies in accordance with the requirements of this Order so as to be in compliance with transportation regulations and good commercial practice for protection and shipment and to secure the most advantageous transportation service and rates consistent therewith. No separate or additional charge is payable by Buyer for containers, crating, boxing, bundling, dunnage, drayage or storage unless specifically stated in this Order. Any expense incurred by buyer as a result of improper preservation, packaging, packing, marking or

method of shipment shall be reimbursed by Seller. Copies of Packing lists showing this Order Number (and release number, if applicable) shall be included with each shipment and each container shall be marked to show the Order number. Copies of all bills of lading indicating the container and order numbers shall be faxed to Buyer's Traffic Department at a location specified by Buyer unless otherwise instructed. Any transportation charge paid by Seller, for which Seller is entitled to reimbursement, shall be shown on Seller's invoice as a separate line item and the receipted freight bill shall be attached thereto.

B. If an item is shipped to a destination other than Buyer's facility, Seller shall fax Buyer two copies of above referenced packing list at the time of shipment.

C. If, because of a failure of Seller to meet the delivery requirements of this Order, Buyer finds it necessary to require shipment of any of the supplies covered by this Order by a method of transportation other than that originally specified by Buyer, Seller shall reimburse Buyer the amount, if any, by which the cost of the more expeditious method of transportation exceeds the cost of the method of transportation originally specified unless such failure is due to causes beyond the control and without the fault or negligence of Seller.

6. **DISCLOSURE AND USE OF DATA.**

A. Seller agrees not to use or disclose drawings, specifications, technical information and other data furnished by Buyer or Customer except in furnishing supplies or services under this Order. Nothing in this clause, however, shall restrict Seller's rights to use or disclose drawings, specifications, technical information and other data that are or become generally known to the public without breach of this provision by Seller or are rightfully obtained from other sources.

B. Seller shall take all necessary steps to ensure that the contents of such documents are not disclosed to any person other than a person employed or engaged by Seller, whether under subcontract or otherwise, for the performance of this Order. Any such document supplied to Seller shall be returned to Buyer together with any copies thereof upon completion of the purpose for which they were supplied.

7. **TAXES.** Seller will not pay, or claim reimbursement for any taxes on any purchase or other transaction thereunder, which the taxing authority recognizes as being exempt; and if Seller pays any such tax for which Seller later receives a refund, such refund will be promptly reported to Buyer.

8. **ASSIGNMENT.** Neither this Order nor any interest therein, except the right to receive payment, may be assigned without the prior written consent of Buyer. No assignment of the right to receive payment will affect Buyer's right of set-off against Seller nor will such assignment be binding on Buyer unless and until Buyer receives an executed copy of the assignment and each invoice to be paid to the assignee is clearly marked to show such assignment.

9. **WAIVER, MODIFICATION AND COMPLETION.**

A. The failure of Buyer in any one or more instances to insist on completion at any agreed time or on performance of any other provision of this Order shall not be construed to be a waiver by Buyer of completion time or any other provisions in any later instance. Completion according to Schedule, being an important condition hereof, will not be advanced or delayed without written agreement signed by Buyer's authorized purchasing representative.

B. Absent such written agreement, if Seller delivers quantities in excess of the quantity called for, such excess quantities will be treated as being delivered for the convenience of Seller. Buyer may retain such excess quantities up to \$100 in value without compensating Seller therefore and Seller waives all right, title, or interests therein. Quantities in excess of \$100 will at the option of Buyer either be returned at Seller's expense or retained and paid for by Buyer at the purchase order unit price.

C. No provision herein concerning inspection or conclusiveness of acceptance shall exclude any warranty or constitute a waiver thereof. In event of termination or change by Buyer, any portion of Seller's claim based on manufacture or procurement of materials in advance of Seller's normal flow times must be supported by Buyer's prior written consent to be allowable. A modification of this Order must be in writing and signed by Buyer's authorized purchasing representative if it is to be binding on Buyer.

D. Any waiver of a requirement granted by Buyer or acceptance of a non-compliant condition applies only to the specific unit(s) identified. Said waiver or acceptance of a non-compliant condition does not constitute a change to or a waiver of any requirement of this Order.

10. LAWS. This Order shall be construed in accordance with the laws of the State of California without regard to its conflicts of laws rules. The rights and remedies provided Buyer and Seller herein shall be cumulative and in addition to any other rights and remedies provided by existing law or equity. Seller agrees that:

A. In the manufacture of supplies, the performance of services and in the sale of supplies or services to Buyer, Seller shall comply with all applicable federal, state and local laws, Executive Orders, and regulations thereunder, including without limitation, Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, relating to equal opportunity, and the Federal Occupational Safety and Health Act of 1970,

B. The supplies or services sold by Seller to Buyer shall conform to the requirements of such laws, orders and regulations, and

C. This Order shall be deemed to incorporate by reference all the clauses required by the provisions of said laws, orders and regulations.

D. Design and performance of the supplies sold by Seller (including foreign-manufactured equipment) shall meet all U.S. safety and environmental codes, regulations and standards including, but not limited to, U.S.E.P.A. (CFR Title 40) and Federal OSHA standards (CFR Title 29)".

E. Buyer shall not be responsible for the consequences, direct or indirect, of an infringement by Seller or its Lower Tier Subcontractors and their employees, of applicable laws or statutes. Seller shall keep Buyer, its officers, employees, agents or assignees indemnified from and against any claims or action therefor.

11. PUBLIC RELEASES. Prior to the release of articles, brochures, advertisements, prepared speeches and other information releases concerning the work performed or to be performed hereunder, Seller shall obtain the written approval of Buyer concerning the content and timing of such release.

12. INTEREST

A. To the extent Buyer receives any interest which is allocable to a claim of Seller arising under this Order and included in Buyer's claim on which such interest was received, Buyer shall pay Seller the portion thereof allocable to Seller. Otherwise, Buyer shall not be obligated for interest on any claim of Seller hereunder.

B. Any liquidated amount owed by Seller to Buyer shall bear interest unless paid within thirty days, at six percent per annum from the date due until paid unless otherwise stipulated.

13. CHANGES

A. Buyer may, from time to time during the period of performance of this Order, by written change notice issued by Buyer's authorized Purchasing Representative, make changes within the scope of this Order. Such changes shall include, but not be limited to, changes in one or more of the following:

- (1) drawings, designs, statement of work or specifications applicable to the goods or services called for herein.
- (2) the method of shipping or packing, or
- (3) the place of delivery.
- (4) additional work requirements or omissions of work.

B. If any such change causes an increase or decrease in the cost or the time required for the performance of this Order or otherwise affects any other provision of this Order, an equitable adjustment shall be made in the price, delivery date, schedule, and/or other provisions as may be so affected and mutually agreed upon and this Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause shall be deemed waived unless asserted in writing within (15) days from the date of receipt by Seller of notification of the change. However, nothing in this Clause shall excuse Seller from proceeding with this Order as changed.

14. INSPECTION AND ACCEPTANCE

A. All work under this Order shall be subject to inspection and test by Buyer prior to acceptance and at such times and places as desired by Buyer. Seller shall provide and maintain an inspection system covering the

work hereunder that is acceptable to Buyer and in conformance with any cited exhibits of this Order. Buyer inspection shall not constitute a waiver of any of Buyer's rights provided in this Order and shall not excuse Seller from full compliance with all provisions of this Order.

B. Buyer's Customer shall have the same access, rights to inspect, safety protection and relief from liability that this clause affords to Buyer.

C. Unless otherwise provided in this Order, acceptance by Buyer shall be made as promptly as practicable after completion and inspection of all work required by this Order. Acceptance shall be final and conclusive except as regards latent defects, fraud, or such gross mistakes as may amount to fraud.

D. "Latent Defects", for purposes of this clause, are conditions resulting in noncompliance of Seller's product or service with one or more Order requirements, which noncompliance was not disclosed through the Order's test program.

15. DEFAULT. Should Seller fail to supply a sufficient number of properly skilled personnel or sufficient materials of proper quality, Buyer may, at its option, provide such personnel or materials and deduct the cost thereof, from any monies then due or thereafter to become due to Seller or, should Buyer deem such failure, or the failure of Seller to prosecute the work with promptness and diligence, to constitute sufficient basis for such action Buyer may terminate this Order. Written notice of termination shall be delivered to Seller's Superintendent or sent by registered mail to Seller at least three (3) days prior to the effective date of termination specified in such notice. Upon service of such notice, Buyer shall be at liberty, without prejudice to such other rights and remedies as may be available to enter upon the premises, take possession of all materials, tools and equipment thereon and employ, upon such basis as to it may seem proper, any other person or persons to complete the work called for under this Order. Undertaking by or against Seller of a Federal or State proceeding for relief of debtors, or Seller's making of assignment for benefit of creditors are also grounds for default termination in whole or part by Buyer.

16. TERMINATION FOR CONVENIENCE

A. Performance of work under this Order may be terminated for the convenience of Buyer at its option, in whole or in part, at any time by fax or by mailing of a written notice of termination to Seller

B. After receipt of a notice of termination, Seller shall, unless otherwise directed by Buyer, immediately terminate all work under this Order and shall unless otherwise directed by Buyer:

- (1) Terminate all orders and subcontracts relating to the performance of the work terminated by the notice of termination;
- (2) Assign to Buyer in the manner and to the extent directed by Buyer, all right, title, and interest of Seller or under the orders of subcontracts so terminated, in which case Buyer shall have the right in its discretion to settle or pay any or all claims arising out or the termination of such orders and subcontracts.
- (3) With the approval of Buyer, to the extent Buyer requires, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be payable by Buyer in whole or in part, in accordance with the provisions of this Order.
- (4) Transfer title and deliver to Buyer (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in respect of the performance of the work terminated by the notice of termination, (ii) the completed or partially completed plans, drawings, information and other property which, if this Order had been completed, would be required to be furnished to Buyer, and (iii) the jigs, dies, fixtures and other specific tools and tooling acquired or manufactured for the performance of this Order for the cost of which Seller has been or will be reimbursed under this Order.
- (5) Take all action necessary to protect property in Seller's possession that Buyer has or may acquire an interest in;
- (6) Submit to Buyer promptly, but not later than 30 days from the effective date of termination (unless otherwise extended by Buyer), its termination claim; provided, however, that in the event of failure of Seller to submit its termination claim within such period, Buyer may determine, not with-standing the provisions of paragraph C. hereof, on the basis of information available to it, the amount, if any due Seller with respect to the termination, and such determination shall be final.

C. Upon termination by Buyer under this clause, Buyer shall pay to Seller the following amounts without duplication:

(1) an amount for direct labor hours (as defined in the body of this Order) which shall be determined by multiplying the number of direct labor hours expended prior to the effective date of the notice of termination by the hourly rate or rates set forth in this Order, less any hourly rate payments theretofore made to Seller;

(2) an amount (computed pursuant to the provisions of this Order providing for payment for materials) for material expenses incurred prior to the effective date of the notice of termination, not previously paid to Seller for the performance of this Order;

(3) the actual costs incurred by Seller in accordance with this Order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting practices to the terminated portion of this Order, including the actual cost of work in process and materials delivered by Buyer in accordance with paragraph B. of this clause, and including the reasonable cost of discharging liabilities which are so allocable or apportionable; and

(4) the reasonable costs incurred by Seller in protecting property in its possession in which Buyer has or may acquire an interest.

D. Buyer shall have access to Seller's premises and records, prior or subsequent to payment, to verify charges supporting any termination claim.

E. The provisions of this clause shall not apply if this order is terminated by Buyer for the default of Seller pursuant to Clause 14 above.

17. MATERIALS. Except as may be otherwise specifically stipulated in this Order, all equipment, materials and articles incorporated in the work shall be new, free from defects and of the most suitable grade for the purpose intended. All work under this Order shall be performed in a skillful and workmanlike manner and shall be consistent with the best practices of the industry. If at any time Buyer notifies Seller that any such equipment, material, article or workmanship fails to meet the foregoing standards, Seller shall promptly take all remedial steps required to meet those standards.

18. SUBCONTRACTS

A. Seller shall not subcontract with any other party to furnish any of the work herein contracted for without the written approval of Buyer.

B. Seller agrees that no subcontract placed under this Order shall provide for payment on a cost plus percentage of cost basis.

19. NOTICE TO BUYER OF LABOR DISPUTES

A. Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer.

B. Seller shall insert the substance of this clause, including this paragraph B., in any lower-tier subcontract and shall provide that, in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the lower-tier shall immediately notify its next higher-tier subcontractor or Buyer, as the case may be, of all relevant information with respect to such dispute.

20. EXCUSABLE DELAYS. Acts of God or the public enemy, acts of Governments in their sovereign capacity, fires, floods, epidemics, acts of war, quarantine restrictions, labor disputes, embargoes and any other event beyond the reasonable control and without the fault or negligence of a party shall constitute a basis for excusable delays provided:

A. Notice is given to the other party within seven (7) days of the occurrence of such event.

B. It can be established by either party on its behalf or on behalf of any of its Lower Tier Subcontractors any of the above events:

(1) Has delayed performance of its work, and

(2) Was beyond the reasonable control and not due to the negligence or default of such party and its said subcontractors.

C. If delays affecting Seller's performance are reasonably likely to delay Buyer's performance under its Contract, Buyer may obtain goods or services elsewhere for the duration of such failure and may reduce, proportionally and without any obligation to Seller the quantity or amount of goods or services called for herein.

D. If Buyer is temporarily unable to receive or use goods or services called for herein for reasons beyond Buyer's control and without its fault or negligence, Buyer may suspend Seller's performance for the period of such disability by written notice to Seller, without additional liability to Seller for such suspension.

E. Notice shall be given within seven (7) days of the termination of the excusable delay condition.

21. OTHER DELAYS. Seller shall exert every reasonable effort to meet the promised completion dates. Seller shall notify Buyer immediately if at any time it appears that the completion schedule set forth herein may not be met. Such notification shall include the reasons for any possible delays, steps being taken to remedy such problems, and a proposed new completion date. The furnishing by Seller of such notice shall not constitute a waiver of any of Buyer's rights under this Order.

22. INSURANCE

A. Seller shall procure and maintain at its sole cost and expense during the entire performance period of this Order insurance of at least the kind and amounts set forth below and from insurers acceptable to Buyer.

(1) Statutory worker's compensation insurance of at least the kind and amounts set forth below and from insurers acceptable to Buyer.

(2) Personal injury liability and property damage liability insurance, including contractual liability coverage (either blanket or applying specifically to this Order), with limits of not less than \$1 million single limit per occurrence of loss or damage.

(3) Automobile liability insurance covering all owned, nonowned and hired vehicles, with limits of not less than \$1 million single limit per occurrence of loss or damage.

(4) Such other insurance as may be specified in this Order.

B. At all times during the performance of this Order, Seller shall provide upon Buyer's request acceptable evidence of the required coverage as follows:

(1) Certified copies of insurance policies that provide the required coverages, or

(2) Certified copies of existing insurance policies that have been endorsed to provide the required coverages, or

(3) Certificates of insurance executed by the insurer or its authorized representative that certify the required coverages.

C. The furnishing of acceptable evidence of required coverages shall not relieve Seller from any liability or obligation for which it is responsible.

D. If, at any time, Seller neglects to maintain the insurance required by this Order or fails to deliver evidence of insurance as required, Buyer may, but only upon giving Seller five days prior written notice, effect such insurance as the agent and at the expense of Seller, by taking out policies, not exceeding one year in any one policy, with companies satisfactory to Buyer. Buyer shall be entitled to recover the uninsured amount of any loss or damages and the cost and expenses of suit suffered or incurred during any period when Seller shall have failed or neglected to provide such insurance.

23. BANKRUPTCY OR INSOLVENCY. In the event of the institution of any proceedings by or against either party in voluntary or involuntary bankruptcy or insolvency or under any provisions of the United States Bankruptcy Act or for the appointment of a receiver or trustee or a general assignment for the benefit of creditors of either parties, or the breach or anticipatory breach by Seller of any term or condition hereof, Buyer shall be entitled to terminate this Order without further cost or liability.

24. DELIVERY OF MATERIALS

A. Seller shall be responsible for the unloading, checking, and storing of all materials owned or used by it in connection with the work.

B. Seller shall cause all materials which it purchases for use on the work to be consigned directly to Seller as Consignee, and shall handle all matters pertaining to freight charges and charges for demurrage directly with the carriers involved.

25. ACCIDENT PREVENTION, SAFETY RULES AND PRACTICES

A. Seller shall comply with all applicable industry safety rules and practices including the established safety rules and practices of Buyer and those of Buyer's Customer(s).

B. Seller shall properly protect site and adjoining property from damage. Any damage to same shall be made good without delay. Seller shall exercise particular care to protect all vegetation that are to remain, including the roots of same.

C. Seller shall provide and properly maintain warning signs and lights, barricades, railings and other safeguards for the protection of workers and

others on, about or adjacent to the work, as required by the conditions and progress of the work.

26. FIRE PRECAUTIONS AND PROTECTION. Seller and its Lower-Tier Subcontractors shall take all necessary precautions to guard against and eliminate all possible fire hazards and to prevent damage to any construction work, building materials, equipment, temporary field offices, storage sheds, and all other property, both public and private.

27. SELLER'S RESPONSIBILITY FOR PERSONAL INJURIES AND PROPERTY DAMAGE. Seller shall be exclusively responsible for, shall bear, and shall relieve Buyer from liability for all loss and/or expense and/or damage and/or claims, including attorney's fees, that result from bodily injury, sickness or disease, including death, at any time resulting therefrom, sustained by any person or persons, and/or on account of damage to or destruction of property, including that of Buyer, and/or on account of loss of use of such property arising out of, or in connection with the performance of any work called for by this Order, including all work assigned to Seller under this Order, whether such loss, expense, damage and/or claims to be caused by or result, in whole or in part, from the negligence or other conduct of Seller, any subcontractor and/or Buyer or any of the employees, agents, or servants of any of them, or any other person or persons whatsoever, except that, Seller shall neither be responsible nor relieve Buyer from liability from the willful misconduct or the sole negligence of Buyer or any of its employees, agents, or servants.

28. OTHER CONTRACTS. Buyer or Buyer's Customer(s) may undertake or award other contracts for additional work, and Seller shall fully cooperate with such other contractors and carefully fit its own work to such additional work as may be directed by Buyer. Seller shall not commit or permit any act that will interfere with the performance of work by any other contractor.

29. PERFORMANCE BOND. If requested by Buyer, Seller shall furnish a surety company bond in form satisfactory to Buyer conditioned upon the faithful performance of this Order and the payment of all obligations arising thereunder. Buyer shall pay the premium charge for such bond.

30. PAYMENTS. Seller shall be paid as follows upon submission of invoices or vouchers approved by Buyer's Purchasing Representative or his authorized designee.

A. Hourly Rate:

(1) the amounts computed by applying the appropriate hourly rate or rates set forth in the body of this Order to the number of hours performed, which rates shall include wages, overhead, general and administrative expenses and profit. Fractional parts of an hour shall be payable on a prorated basis. Seller will substantiate billings by evidence of actual payment and by individual daily job timecards signed by the workers performing the services or such other substantiation approved by Buyer's Purchasing Representative. Payments will normally be made at Seller's payroll intervals but may be varied by Buyer if conditions so warrant.

(2) Unless otherwise specified in this Order, the hourly rate or rates set forth in this Order shall not be varied by virtue of Seller having performed work on an overtime basis. If this Order provides rates for overtime, the premium portion of those rates will be reimbursable only to the extent the overtime is approved by Buyer.

B. Materials and Subcontracts

(1) Costs of direct materials are reimbursable when the requirement for such materials is specified in this Order. Reasonable and allocable material handling costs may be included in the charge for material only if they are clearly excluded from the hourly rate. Material handling costs are comprised of indirect costs, including, when appropriate, general and administrative expense allocated to direct materials in accordance with Buyer's usual accounting practices. Seller shall be reimbursed for items and services purchased directly for this order only when cash, checks, or other forms of actual payment have been made for such purchased items or services.

Direct materials shall mean those materials which enter directly into the end product, or which are used or consumed directly in connection with the furnishing of such product.

(2) The cost of subcontracts which are authorized pursuant to the "Subcontracts" clause hereof shall be reimbursable costs hereunder, provided such costs are consistent with subparagraph (3) below. Reimbursable cost in connection with subcontracts shall be limited to the amounts paid to the subcontractor in the same manner as for items and services purchased directly for the contract under subparagraph (1) above. Reimbursable costs shall not include any costs arising from the letting, administration, or supervision of performance of the subcontract, which costs are included in the hourly rate or rates payable under A. (1) above.

(3) Seller shall, to the extent of its ability, procure materials at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials, and take all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. When unable to take advantage of such benefits, it shall promptly notify Buyer to that effect, and give the reason therefore. Credit shall be given to the Buyer for cash and trade discounts, rebates, allowances, credits, salvage, the value of resulting scrap when the amount of such scrap is appreciable, commissions, and other amounts that have been accrued to the benefit of Seller, or would have so accrued except for the fault or neglect of the Seller. Such benefits lost through no fault or neglect on the part of Seller, or lost through fault of Buyer, shall not be deducted from gross costs.

C. It is estimated that the total cost to Buyer for the performance of this Order will not exceed the ceiling price set forth in the body of this Order. Seller agrees to use its best efforts to perform the work specified in this Order and all obligations under this Order within such amount. Seller shall notify Buyer if, at any time, Seller has reason to believe that the costs which it expects to incur in the performance of this Order in the next succeeding thirty (30) days, when added to all other costs previously incurred, will exceed eighty-five percent (85%) of the ceiling price then set forth in this Order. Seller shall give its revised estimate of total cost for the performance of this Order. If, at any time during the performance of this Order, Seller has reason to believe that the total obligations of Buyer for the performance of this order will be substantially greater or less than the then stated ceiling price thereof, Seller shall so notify Buyer, giving its revised estimate of total cost for the performance of this Order.

D. Buyer shall not be obligated to pay Seller any amount in excess of the ceiling price set forth in this Order, and Seller shall not be obligated to continue performance by virtue of which Buyer's obligation hereunder would exceed the ceiling price set forth in this Order, unless and until Buyer shall have notified Seller in writing that such ceiling price has been increased and shall have specified in such notice a revised ceiling price which shall thereupon constitute the ceiling price for performance under this Order.

E. At any time or times prior to final payment under this Order, Buyer may cause to be made such audit of the invoices or vouchers and statements of cost as shall be deemed necessary. Each payment theretofore made shall be subject to reduction to the extent of amounts included in the related invoice or voucher and statement of cost which are found by Buyer not to have been properly payable, and shall also be subject to reduction for overpayments or to increase for underpayments on preceding invoices or vouchers. Upon receipt and approval of the voucher or invoice designated by Seller as the "completion voucher" or "completion invoice" and substantiating material, and upon compliance by Seller with all provisions of this Order, [including without limitations, provisions relating to proprietary rights and the provisions of (f) and (g) below], Buyer shall as promptly as may be practicable pay any balance due and owing Seller.

F. Seller and each assignee under an assignment entered into under this order and in effect at the time of final payment under this Order shall execute and deliver at the time of and as a condition precedent to final payment under this Order, a release discharging Buyer, its officers, agents, and employees of and from all liabilities, obligations and claims arising out of or under this Order. However, no assignment of any nature may be made without the prior written approval of Buyer.

G. Seller agrees that any refunds, rebates, or credits (including any interest thereon accruing to or received by Seller or any assignee which arise out of the performance of this Order and on account of which Seller has received reimbursement shall be paid by Seller to Buyer. Seller and each assignee under an assignment entered into under this Order shall execute and deliver at the time of and as a condition precedent to final payment under this Order, an assignment to Buyer of refunds, rebates, or credits (including any interest thereof) arising out of the performance of this Order, in form and substance satisfactory to Buyer.

31. SUSPENSION OF OPERATIONS

A. Seller shall, upon Buyer's written request, suspend shipment and delivery of material and stop all work and operations hereunder for such period or periods of time as Buyer may deem advisable. Upon receipt of such notice, Seller shall immediately confer with Buyer relative to reduction and possible elimination with respect to such prospective costs and expenses as may result directly from such work stoppage.

B. Seller will particularly note that reimbursements will in all cases be limited to its actual net costs and expenses for such items as shall have been agreed upon between the parties. Such costs and expenses shall be subject to audit by Buyer.

32. PLANT RULES AND SECURITY REQUIREMENTS. The employees and agents of Seller and of Seller's subcontractors shall, while on the

premises, comply with all plant rules and regulations in effect at such premises, including security requirements where work under classified contracts is being performed for the United States Government.

assignment so that Buyer may determine whether any export control or security issues are raised by the assignment of the individual to perform work for it.

33. IMPROPER PAYMENTS, KICKBACKS, GIFTS, GRATUITIES, ETC. Seller agrees that in carrying out its obligations under this Order, it will not make payments of any salary, fee, commission or compensation of any kind or the granting of any gift or gratuity of any kind either directly or indirectly, to any officer, employee, agent or representative of Buyer. Seller further agrees that if it violates the terms of this clause, all payments due Seller under this Order shall be forfeited and Buyer shall have the right to terminate this Order for default.

34. PROPRIETARY RIGHTS

A. Seller warrants that:

- (1) The sale or use of the goods ordered herein, and
- (2) The sale or use of the goods ordered herein in combination in accordance with Seller's specifications or recommendations, will not infringe any patents, copyrights, industrial design rights or other proprietary rights of Seller or others, and covenants that Seller, at Seller's expense upon demand of Buyer, will investigate and deal with every claim that may be made and defend every suit, action or proceeding that may be brought against Buyer or against those selling or using any product of Buyer, for any alleged infringement of any patent, copyright, industrial design right or other proprietary rights by reason of the same or use of such goods or the sale or use of such goods in combination in accordance with Seller's specifications or recommendations, and will pay all costs, damages, expenses and judgments that Buyer and those using or selling Buyer's products may sustain by reason of any such claim suit, action or proceeding.

B. Seller hereby grants to Buyer a nonexclusive, royalty free, irrevocable license to repair, rebuild and relocate and to have repaired, rebuilt and relocated the goods purchased by Buyer under this Order.

C. Seller hereby grants to Buyer an irrevocable, nonexclusive, paid-up, worldwide license under each and every copyright of Seller that is applicable to any works of authorship fixed in any tangible medium of expression (including, without limitation, drawings, prints, manuals and specifications) furnished to Buyer in the course of Seller's activity hereunder, to reproduce the copyrighted work, to prepare derivative works based thereon, to distribute copies of the copyrighted work to the public, and to display the copyrighted work publicly, subject to other provisions hereof.

D. All technical information disclosed heretofore or hereafter by Seller to Buyer in connection with the goods or services supplied under or pursuant to this Order is disclosed or will be disclosed on a non-confidential basis.

E. In the event this Order requires research or development work, Seller agrees to and does hereby, grant Buyer, its successors and assigns, a non-exclusive and royalty-free license under any inventions, improvements, or discoveries conceived or first reduced to practice in connection with such research or development work, such license to include the right to have goods made for Buyer in accordance with, or using the processes of, said inventions, improvements or discoveries.

35. AUDIT BY BUYER. (C-40) Seller agrees to keep such books and records as shall readily disclose the basis for any charges, ordinary or extraordinary, billed to Buyer under this Order and shall make them available for examination and audit by Buyer and its agents prior to, and for a period of two years after, receipt by Seller of final payment under this Order. For such period of two years, Buyer and its agents shall have the right to audit the books and records relating to all such charges, and Seller, upon request of Buyer, shall make all such books and records available for such examination.

36. INJURY, ILLNESS PREVENTION PROGRAM. Seller will comply with Buyer's "Contractor Safety Manual", which is available upon request and is incorporated in full into this Order by reference. Seller will provide Buyer with copy of Seller's Injury, Illness Prevention Program (IIPP) as part of its proposal package.

37. RIGHT TO WORK. Seller agrees that all employees assigned to perform work for SS/L under this Order shall provide proof of the right to work in the United States to SS/L on or before the first day that employee performs any work for SS/L.

Seller understands that SS/L has export control and security issues that require attention to the foreign national status of any individuals performing work on its behalf. Accordingly, Seller agrees that if it offers for assignment any individual who is not a United States citizen or a Permanent Resident of the United States, it will disclose such individual's status to Buyer prior to offering the individual for