



Section 3 : ADMINISTRATIVE CLAUSES

337. Qualification Test Reports - Withholding of Payments (10/1/96). If Qualification Test Reports called for by this contract are not delivered within the time specified by this contract or are deficient upon delivery, Buyer may, until such Qualification Test Reports are delivered or deficiencies are corrected, withhold payments of any amounts due Seller under this contract or otherwise due Seller equal to 30% of the contract price, which includes the price of the related design and development, hardware, qualification tests, reliability tests, data and reports; alternatively, Buyer may withhold an amount as specified elsewhere in this contract. Payments will not be withheld where Seller's failure to make timely delivery or to deliver Qualification Test Reports without deficiencies arises out of causes beyond the control and without the fault or negligence of Seller, provided Seller exercises due diligence in promptly notifying Buyer, in writing, of conditions which will result in such delay or deficiencies. Nor will payments be withheld where Seller's failure to make timely delivery is caused by the default of a lower-tier subcontractor and such default arises out of causes beyond the control of both the lower-tier subcontractor and Seller and without the fault or negligence of either of them. The rights set forth herein will not be construed as a limitation upon, or waiver of, any other rights or remedies accruing to Buyer by law or under this contract.