

IDS Terms and Conditions Guide
Section H

Clause Number: H120M
Effective 06/09/2005
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INDUSTRIAL PARTICIPATION/OFFSET

1. To the extent that the goods ordered are components of Buyer's products/systems sold to a foreign nation or concern and in recognition that such sale results directly or indirectly in business opportunities, sales or revenue for the Seller, the Seller agrees to cooperate with Buyer in the fulfillment of any offset program obligations that Buyer may be required to accept as a condition of such foreign sale. Seller will assume and discharge a proportionate share of said offset obligation(s), either directly or through a mutually agreeable third party.

Seller's proportionate share of Buyer's offset obligation shall be defined as follows: Seller's value per shipset X number of shipsets for the foreign customer (including spares) X offset percentage. Seller's obligations shall be discharged in accordance with the ground rules negotiated between Buyer and the foreign customer.

The offset commitment set forth herein is a material requirement of the applicable Contracts issued by Buyer to the Seller, and notwithstanding any other provisions of such Contracts, Seller shall not be relieved of such requirement unless Buyer is so relieved by the foreign customer, except insofar as the Seller is otherwise relieved for performance of such Contracts.

2. Buyer expressly reserves the right to all industrial benefits and other offset credits arising with respect to any goods ordered, including any related subcontracts issued by the Seller to sources in the foreign customer's country. Buyer also reserves the right to obtain from the Seller all information in such form as may be required to enable Buyer to obtain the aforementioned benefits. All options, spares orders or similar requirements obtained by the Seller with respect to its procurement of any goods ordered shall similarly be subject to the provisions of this paragraph.