

ADDITIONAL PROVISIONS FOR ORDERS USING THE *GENERAL PROVISIONS FOR COMMERCIAL ORDERS*

NEWPORT NEWS SHIPBUILDING DIVISION SUPPLEMENT

(This document is to be used in conjunction with Huntington Ingalls Incorporated's GENERAL PROVISIONS FOR COMMERCIAL ORDERS issued by the Newport News Shipbuilding Division.)

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1. **SPECIAL REQUIREMENTS [\(back to top\)](#)**
 - A. POLYCHLORINATED BIPHENYLS PROHIBITION. Seller shall not tender for delivery Products that are known or suspected of containing polychlorinated biphenyls.
 - B. PROHIBITION OF YELLOW WRAPPINGS OR PROTECTION DEVICES. SELLER SHALL NOT USE YELLOW WRAPPING MATERIAL OR ATTACHED YELLOW PROTECTION DEVICES SUCH AS CAPS OR PLUGS. ***(Not applicable to Orders awarded by the Ingalls Shipbuilding division of HII)***
 - C. Violations of any of the requirements of this paragraph will be cause for rejection of the goods.
2. **SHIPPING AND LABELING INSTRUCTIONS [\(back to top\)](#)** Unless otherwise provided in the Order, Seller shall ship material to: Huntington Ingalls Incorporated, Main Distribution Center, 2175 Aluminum Avenue, Bldg. 872, Hampton, VA 23661. Seller shall clearly mark each shipping package, container label and all shipping documents with the Order number (P. O. #XXXXXXXXXX), the item number, the Newport News Part number, Seller's invoice number, and the release number, if applicable. For container labels, Seller shall provide the following additional information: Shipper's name and address; Consignee Name; number of packages; gross and net weight and number of pieces per carton. All Sellers trained and activated on the Supply Chain Active Tracking System (SCATS) shall ship through SCATS. Sellers not yet trained on SCATS shall go to the routing guide at: <http://supplier.huntingtoningalls.com>. Use the carrier for the shipping location. The Buyer's routing requirements shall flow down to the Seller's suppliers. In those instances when the Seller's supplier must ship to the Seller, the sub-supplier must contract Ryder Integrated Logistics at (877) 828-8646 or (817) 490-5300 for shipment.
3. **FREIGHT CHARGES [\(back to top\)](#)** Unless otherwise specified in this **Order, the Buyer will pay freight charges and insurance, and Seller shall ship to Buyer on a freight collect basis** using Buyer's preferred carrier. Buyer will not accept C.O.D. shipments unless expressly provided for in the Order.
4. **DOMESTIC BARGE SHIPMENTS [\(back to top\)](#)** Seller shall notify the Traffic Section of Buyer at 1-800-426-1910 at least 30 days prior to shipment by domestic barge.

5. **HEAVY MATERIAL** [\(back to top\)](#) Seller shall mark *DELIVER ON FLAT BED TRAILER* when shipping single articles that exceed 4000 pounds or that do not adapt to safe unloading with a standard forklift truck.
6. **PACKING AND CRATING** [\(back to top\)](#) Seller shall, when practicable, ship in packages or loose pieces for unloading by a standard 4000-pound forklift truck. Unless otherwise provided in the Order, Seller's price includes all charges for packing and crating.
7. **VALUE DECLARATION** [\(back to top\)](#) Seller shall not insure for excess value via any mode of transportation. For shipments at Buyer's risk in which freight rates are based on *released value* Seller shall declare the lowest value on the bill of lading. For shipments at Buyer's risk via domestic air freight, air freight forwarder, and Parcel Post, Seller shall insert the notation *NVD* (no value declared).
8. **COMPLIANCE WITH WORKSITE RULES** [\(back to top\)](#) *(applicable only if Seller will be performing work on Buyer's property or a worksite under Buyer's control)*. While on Buyer's property/worksite, Seller shall comply with all of Buyer's safety and security rules and regulations to include but not limited to the most recent version of Buyer's safety handbook, Safety Sense Handbook for New Employees, Contractors, and Visitors. Prior to performing Production Work on Buyer's Newport News, Virginia, property, or at other locations if informed by Buyer that Seller must be "safety qualified" to perform the work, Seller shall also coordinate with Buyer's Environmental, Health, and Safety (EH&S) Department (O27) to complete the qualification process, and comply with the requirements of Buyer's "Contractor EH&S Resource Manual" which is available under Supplier Resources at this web site:
http://supplier.huntingtoningalls.com/sourcing/Contractor_Safety/index.stm
"Production Work" is defined as operations that involve hazards to personnel, including but not limited to construction, demolition, "hot work," work in enclosed and confined spaces, blasting, painting, material handling, working with hazardous materials or equipment, efforts in direct support of Buyer's Production Work, and similar operations. In addition to any other remedies Buyer may be entitled to, Buyer may, without notice and an opportunity to cure:
 - A. Terminate this Order for default if Seller fails to comply with any of the provisions of this paragraph; or
 - B. Expel from Buyer's property/work site, any employee, subcontractor or agent of Seller found violating any of the provisions of this paragraph. Access by non-U.S. citizens to Buyer's property/worksite is prohibited unless approved in writing by Buyer.
9. **INVOICE PROCESSING** [\(back to top\)](#)
Unless Seller is part of Buyer's Invoiceless Payment System, Seller shall send all invoices, in duplicate, showing the Order number and Order Item Number to the Huntington Ingalls Incorporated address on the first page of this Order, Attention: Accounts Payable. If Buyer does not fully pay Seller's original invoice because of a performance deficiency, Seller must submit a new invoice for any remaining amounts due after Seller corrects the deficiency that caused the partial payment.
10. **PAYMENTS FOR TIME-AND-MATERIALS/LABOR HOUR ORDERS** [\(back to top\)](#) Buyer will pay Seller as follows upon the submission of proper invoices:
 - A. **Hourly rate.**
 - (i) The amounts shall be computed by multiplying the appropriate hourly rates prescribed in this Order by the number of direct labor hours performed. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis. Unless otherwise specified, invoices may be submitted once each month to Buyer. Seller shall substantiate invoices by evidence of actual payment and by individual daily job timecards, or other substantiation approved by Buyer.
 - (ii) Buyer may unilaterally issue a modification requiring the Seller to withhold amounts from its billings until a reserve is set aside in an amount that the Buyer considers necessary to protect the Buyer's interests. Buyer may require a withhold of 5 percent of the amounts due under this paragraph, but the total amount withheld for this Order shall not exceed \$50,000. The amounts withheld shall be retained until final payment under this Order.
 - (iii) Unless otherwise specified, the hourly rates in the Order shall not be varied by virtue of Seller having performed work on an overtime basis. If no overtime rates are provided in this Order and overtime work is approved in advance by the Buyer, overtime rates shall be negotiated. Failure to agree upon these overtime rates shall be treated as a dispute under the Disputes paragraph. 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 the Buyer.

B. Materials and subcontracts (if specified in this Order).

- (i) Buyer will reimburse Seller at Seller's cost for direct materials. Direct materials, as used in this paragraph, are those materials that enter directly into the end product, or that are used or consumed directly in connection with the furnishing of the end product or service.
- (ii) Seller may include reasonable and allocable material handling costs in the charge for material to the extent 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 the Seller's usual accounting practices. Buyer will reimburse Seller for supplies and services purchased directly for this Order when Seller has made payments of cash, checks, or other forms of payment for these purchased supplies or services; or will make these payments determined due in accordance with the terms and conditions of a subcontract or invoice.
- (iii) Buyer will not reimburse Seller for any costs arising from the letting, administration, or supervision of performance of the subcontract, if the costs are included in the hourly rates payable under this paragraph.
- (iv) Seller shall give credit to Buyer for cash and trade discounts, rebates, scrap, commissions, and other amounts that have accrued to the benefit of Seller, or would have accrued except for the fault or neglect of Seller.
- (v) If the nature of the work to be performed requires Seller to furnish material that Seller regularly sells to the general public in the normal course of business, the price to be paid for such material, notwithstanding the other requirements of this paragraph, shall be on the basis of an established catalog or list price, in effect when the material is furnished, less all applicable discounts to the Buyer, provided that in no event shall such price be in excess of the Seller's sales price to its most favored customer for the same item in like quantity, or the current market price, whichever is lower.

C. Total Cost. It is estimated that the total cost to Buyer for the performance of this Order shall not exceed the ceiling price set forth in the Order and the Seller agrees to use its best efforts to perform the work specified in this Order and all obligations under this Order within such ceiling price. If at any time Seller has reason to believe that the hourly rate payments and material costs that will accrue in performing this Order in the next succeeding 30 days, if added to all other payments and costs previously accrued, will exceed 75 percent of the ceiling price in this Order, Seller shall notify Buyer giving a revised estimate of the total price to the Buyer for performing this Order with supporting reasons and documentation.

D. Ceiling price. Buyer shall not be obligated to pay Seller any amount in excess of the ceiling price in this Order, and Seller shall not be obligated to continue performance if to do so would exceed the ceiling price set forth in this Order, unless and until Buyer shall have notified Seller in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this Order. When and to the extent that the ceiling price set forth in this Order has been increased, any hours expended and material costs incurred by Seller in excess of the ceiling price before the increase shall be allowable to the same extent as if the hours expended and material costs had been incurred after the increase in the ceiling price. (d) Audit. At any time before final payment under this Order Buyer may request audit of the invoices and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices, that are found by Buyer not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments.

11. **DELIVERY** ([back to top](#)) Unless otherwise specified in this Order, Seller shall not make partial shipments of individual line items.