

2. AMENDMENT/MODIFICATION NO. P00016	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. N00024-04-FR-60483	5. PROJECT NO. (If applicable)
6. ISSUED BY NAVAL SEA SYSTEMS COMMAND SEA 022 POC: John Butto 1333 ISAAC HULL AVE., SE MS 2020 WASHINGTON NAVY YARD, DC 20376-2020 PHONE: (202) 781-2594; FAX: (202) 781-4651 E-mail: buttojn@navsea.navy.mil		7. ADMINISTERED BY (If other than Item 6) DCMA Lockheed Martin Delaware Valley ATTN: Lisa M. Griffith 199 Borton Landing Road M/S 127-133 Moorestown, NJ 08057-3095 PHONE: (856) 722-7265; FAX: (856) 722-2383 E-mail: Lisa.Griffith@dcma.mil	

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State, and ZIP Code) LOCKHEED MARTIN CORPORATION MARITIME SYSTEMS & SENSORS 199 BORTON LANDING ROAD MOORESTOWN, NJ 08057	(✓)	9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MODIFICATION OF CONTRACT/ORDER NO. N00024-03-C-2311
		10B. DATED (SEE ITEM 13) 17 JUL 2003

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; of (c) By separate letter of telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)
See Attached Financial Accounting Data Sheet

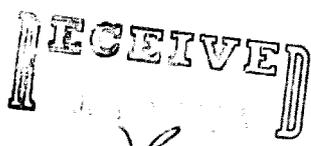
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(✓)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) Unilateral Modification Pursuant to Notes F and G of Section B

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See Continuation Pages.



BY: *[Signature]*

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, ~~remains unchanged~~ and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type of print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or Print)
	SUSAN HOSOKAWA CONTRACTING OFFICER NAVAL SEA SYSTEMS COMMAND
15B. CONTRACT/OFFEROR	15C. DATE SIGNED
(Signature of person authorized to sign)	
	16B. UNITED STATES OF AMERICA
	<i>Susan Hosokawa</i> (Signature of Contracting Officer)
	16C. DATE SIGNED
	27 May 2004

The purpose of this modification to contract N00024-03-C-2311 is to exercise and partially fund Option Item 0004 – Final Systems Design, to exercise Option Item 0010 – Data and to incorporate the sections of Attachment J-9 into the appropriate sections of the Contract in accordance with Note G of Section B. Accordingly, the contract is modified as follows and the consolidated contract (Sections B-J) is hereby re-issued in its entirety as an attachment to this modification. Applicable attachments (see Para C) are also attached hereto.

- A. In accordance with Note F of Section B, the Government hereby exercises Option Item 0010 – Data and Option Item 0004 – Final System Design. The attached Financial Accounting Data (FAD) Sheet provides incremental funding for Item 0004 in the amount of [REDACTED]. Therefore, the sum of [REDACTED] of the total price of Item 0004 is presently available for payment and allotted to this contract. Also, in accordance with Note G of Section B, the clause of Section I-2 of Attachment J-9 entitled LIMITATION OF GOVERNMENT’S OBLIGATION (AUG 1993) (DFARS 252.232-7007), is hereby merged with the same clause of Section I-2 of the Basic Contract and paragraphs (a) and (i) are appropriately filled-in. (See the consolidated Section I-2 attached hereto)
- B. In accordance with Note G of Section B, the Government hereby incorporates the sections of Attachment J-9 into the appropriate sections of the contract as follows:
- (1) Under SECTION B – SUPPLIES OR SERVICES AND PRICES/COSTS, the following changes are made:
- (a) Delete the header “OPTION ITEM” from Item 0003 in the conformed contract because Item 0003 was previously exercised by P00004.
 - (b) Delete Option Items 0004-0013 from the basic contract and replace them with Items 0004, 0005 (as appropriate), 0010 and Option Items 0006-0009 and 0011-0019 from Attachment J-9 Rev 6. The amounts for Items 0004, 0005 (as appropriate) and Option Items 0006-0011 are filled-in in accordance with the Contractor’s Final Proposal Revision (FPR) proposal. Item 0010 is Not Separately Priced.
 - (c) Change the Note under the list of Option Items from Attachment J-9 Rev 6 from: “TBD: Not to be priced by the Offeror in its Phase II submittal” to: “TBD: The supplies/services and prices/costs for these items are subject to either the General Requirement of Section C of this contract entitled “PROVISIONED ITEMS ORDERS – ALTERNATE II” (Item 0013) or Special Contract Requirement(s) of Section H entitled “ORDERS (COST PLUS FIXED FEE)” or “ORDERS (FIXED PRICE) (Items 0012 and 0014-0019)”. Add this note under the list of Option Items in the conformed contract.
 - (d) Delete Notes E and G from the basic contract (P00002), therefore, these Notes read “Reserved” in the conformed contract.
 - (e) Add Notes I through M from Attachment J-9 Rev 6 to the conformed contract.

- (f) Clause B1, CONTRACT TYPE SUMMARY FOR PAYMENT OFFICE (COST/FIXED PRICE)(NAVSEA)(FEB 1997) from Attachment J-9 Rev 6 supercedes and replaces Clause B1 of the basic contract. Items 0001-0003 are added for completeness.
- (g) Add the following note under the title of Clause B2 of the basic contract: “(APPLICABLE TO ALL LINE ITEMS)”.
- (h) Clause “B3” of the basic contract is renumbered “B3A” and the following note is added under the title: “(APPLICABLE TO ALL FIXED PRICE LINE ITEMS)”.
- (i) Clause B3B from Attachment J-9 Rev 6 is added with the following note: “(APPLICABLE TO ALL COST-REIMBURSEMENT, TIME-AND-MATERIALS, LABOR-HOUR OR FIXED PRICE INCENTIVE LINE ITEMS)”.
- (j) Clause B4 from Attachment J-9 Rev 7 supercedes and replaces Clause B4 Options from the basic contract in its entirety.
- (k) Clauses B5, B6, B7 and B9 from Attachment J-9 Rev 6 are added to the conformed contract with notes following the titles to indicate which Line Items are applicable. There is no clause numbered “B8”, therefore, add “B8 Reserved”.

(2) Under SECTION C – DESCRIPTION/SPECIFICATIONS/WORK STATEMENT, the following changes are made:

- (a) Delete the words “OPTION” and “(IF EXERCISED)” from the title of Item 0003.
- (b) Under Part 1 – Contract Line Item Description, replace the description of Option Item(s) 0004-0013 from the basic contract with the following:
 - (i) Option Item Description for 0004, 0005, 0007, 0008, 0009 – General Scope of Work from Attachment J-9 Rev 4 and Rev 5
 - (ii) Option Item Description for 0004 and 0005 – Final System Design from Attachment J-9 Rev 4 and Rev 6
 - (iii) Option Item Description for 0006 – Special Studies, Analyses and Reviews Associated with Item 0004 and 0005 from Attachment J-9 Rev 4
 - (iv) Option Item Description for 0007, 0008, 0009 – Detail Design and Construction of LCS Flight 0 from Attachment J-9 Rev 4
 - (v) Option Item Description for 0010 – Data; 0011 – Special Studies; 0012 – Life Cycle Engineering and Support; and 0013 – PIO from Attachment J-9 Rev 4
 - (vi) Option Item Description for 0014-0016 – Long Lead Material; 0017-0018 – Post Delivery T&E and 0019 – GPR in Technical Data and Computer Software from Attachment J-9 Rev 6
- (c) Under Part 2 – General Requirements, add notes to the titles of each clause (from the basic and from Attachment J-9) to indicate which Line Items are

applicable to each clause and add all of the clauses from Attachment J-9 Rev 4 and Rev 6, Section C, Part 2 to the basic contract.

- (d) Add a new clause, "USE OF NAVY SUPPORT CONTRACTORS FOR OFFICIAL CONTRACT FILES" (NAVSEA)(APR 2004).

(3) Under SECTION D – PACKAGING AND MARKING, the following changes are made:

- (a) Delete the words "(if exercised)" from the description of Items 0002 and 0003.
- (b) Replace the description of Option Item(s) 0004-0013 from the basic contract with the descriptions of Items 0004, 0005, 0010 and Option Items 0006 and 0011-0016 from Attachment J-9 Rev 3.
- (c) Add the two clauses from Attachment J-9 Rev 3 to Section D of the basic contract. Add notes to the titles of each clause to indicate which Line Items are applicable.

(4) Under SECTION E – INSPECTION AND ACCEPTANCE, the following changes are made:

- (a) Replace the description of Option Item(s) 0004-0013 from the basic contract with the descriptions of Items 0004, 0005, 0010 and Option Items 0006-0009 and 0011-0018 from Attachment J-9 Rev 3.
- (b) Add the clauses from Attachment J-9 Rev 3 and Rev 4 to Section E of the basic contract. Add notes to the titles of each clause to indicate which Line Items are applicable. Add two new clauses incorporated by reference.

(5) Under SECTION F – DELIVERIES OR PERFORMANCE, the following changes are made:

- (a) Replace the description of Option Item(s) 0004-0013 from the basic contract with the descriptions of Items 0004, 0005, 0010 and Option Items 0006-0009 and 0011-0018 from Attachment J-9 Rev 6.
- (b) Add the clauses from Attachment J-9 Rev 6 to Section F of the basic contract. Add notes to the titles of each clause to indicate which Line Items are applicable.

(6) Under SECTION G – DELIVERIES OR PERFORMANCE, update the contact information for the Purchasing Office Representative and add a new clause "PAYMENT INSTRUCTIONS FOR MULTIPLE ACCOUNTING CLASSIFICATION CITATIONS" (NAVSEA)(APR 2004).

(7) Under SECTION H – SPECIAL CONTRACT REQUIREMENTS, the following changes are made:

- (a) Delete the note under the title of Section H of the basic contract. Add notes to the titles of each clause to indicate which Line Items are applicable.
- (b) Add the Special Contract Requirements from Attachment J-9 Rev 3 to Section H of the basic contract.
- (c) Add the clause entitled [REDACTED] to Section H as clause H-[REDACTED]
- (d) Replace H-16 “ORDERS (COST-PLUS-FIXED-FEE)” and H-17 “ORDERS (FIXED PRICE)” with new versions dated April 2004.

(8) Under SECTION I-1 – CLAUSES INCORPORATED BY REFERENCE, delete the words “(IF EXERCISED). FOR OPTION ITEM(S) 0004-0013, SEE ATTACHMENT J-9)” from the note under the title of Section I-1 of the basic contract. Section I-1 of the basic contract applies to Items 0001-0003. Add Section I-1 from Attachment J-9 Rev 3 to Section I-1 of the basic contract. In addition, add two new clauses applicable to Items 0004, 0005, 0010 and if exercised, Option Items 0006-0009 and 0011-0019. Revise the note under the title of Section I-1 from Attachment J-9 to indicate which Line Items are applicable. Update FAR 52.219-8 and 52.249-6 to May 2004.

(9) Under SECTION I-2 – CLAUSES INCORPORATED IN FULL TEXT, the following changes are made:

- (a) Merge the clause “FAR 52.215-8, ORDER OF PRECEDENCE” from Attachment J-9 Rev 6 with the same clause of the basic contract.
- (b) Merge the clause “LIMITATION OF GOVERNMENT’S OBLIGATION (AUG 1993) (DFARS 252.232-7007)” with the same clause of the basic contract and fill-in paragraphs (a) and (i).
- (c) Add the clauses from Attachment J-9 Rev 6 to Section I-2 of the basic contract. Add notes to the title of each clause (from the basic contract and from J-9) to indicate which Line Items are applicable.

(10) Under SECTION J – LIST OF ATTACHMENTS, the following changes are made:

- (a) Delete the note under the title of the section and add notes prior to the list of attachments to indicate which line items are applicable.
- (b) Add the list of attachments from Attachment J-9 Revs 5 and 7 to the basic contract with the following changes:
 - (i) Delete Attachment J-1
 - (ii) Delete the note under Attachment J-2
 - (iii) Delete the note under Attachment J-4A
 - (iv) Revise the note under Attachment J-8A
 - (v) Delete the note under Attachment J-12
 - (vi) Revise the note under Attachment J-14A
 - (vii) Delete the note under Attachment J-15

- (viii) Delete the note under Attachment J-18
- (vix) Revise the note under Attachment J-20

C. The following attachments which apply to Items 0004-0019 are hereby incorporated into the contract and are provided with this modification (with the exception of Attachment J-14A and J-20 which are incorporated by reference):

Attachment J-2:

Attachment J-3A:

Attachment J-4A:

Attachment J-5A:

Attachment J-6A:

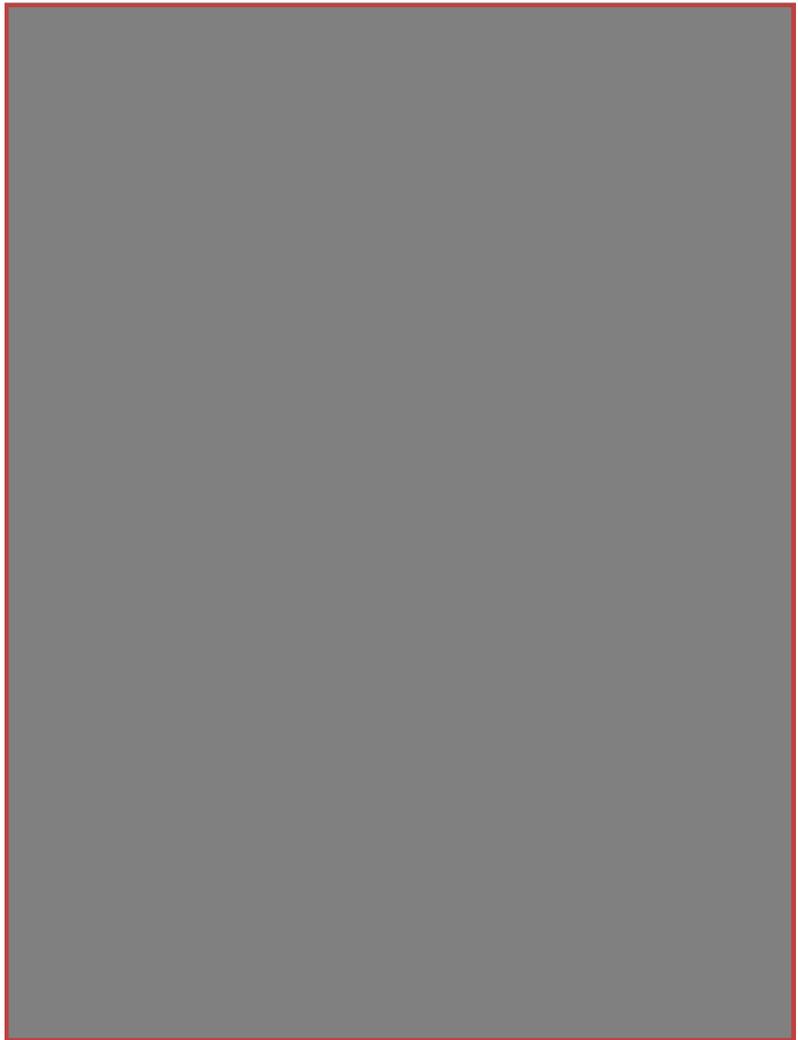
Attachment J-10A:

Attachment J-10B:

Attachment J-11:

Attachment J-18:

Attachment J-19:



Except as modified herein, all other terms and conditions of contract N00024-03-C-2311 remain in full force and effect.

SECTION B – SUPPLIES OR SERVICES AND PRICES / COSTS

<u>ITEM NO.</u>	<u>SUPPLIES/ SERVICES</u>	<u>QTY/UNIT</u>		<u>AMOUNT</u>
0001	Littoral Combat Ship (LCS) Preliminary Design (See Notes A, B and C)	1/LOT		
0002	Data Associated with Item 0001 as required by the Data Requirements List, Attachment J-3. (Price of data to be included in the respective Items)	1/LOT		Not Separately Priced (NSP)
0003	Special Studies, Analyses and Reviews associated with Item 0001 (See Notes A, D and F)			
		Manhours	Per Hour	
0004	Final System Design for LCS (See Notes C, F and I)	1/LOT		
	Estimated Cost Award Fee () Total Estimated Amount			
0005	Reserved			
0010	Data Associated with Item(s) 0004, 0005 and if exercised Options 0007,0008,0009 as required by the Data Requirements List, Attachment J-3A. (Price of data to be included in the respective Items) (See Note F).	1/LOT		NSP
<u>OPTION ITEMS</u>	<u>SUPPLIES/ SERVICES</u>	<u>QTY/UNIT</u>		<u>AMOUNT</u>
0006	Special Studies, Analyses and Reviews associated with Items 0004 and 0005 (See Notes A, D and F)			
		Manhours	Per Hour	

<u>OPTION ITEMS</u>	<u>SUPPLIES/ SERVICES</u>	<u>QTY/UNIT</u>	<u>AMOUNT</u>
0007	Detail Design and Construction of LCS (FY05) (See Notes C, F and J)	1/LOT	
	Target Cost		
	Target Fee		
	Minimum Fee		
	Maximum Fee		
	Sharing Ratios (Govt/Contractor)		
	Below Target Cost		
	Above Target Cost		
	Award Fee		
	Total Estimated CPIF/AF Amount		
0008	Reserved		
0009	Construction of LCS (FY06/07) (See Notes C, F and K)	1/LOT	
	Target Cost		
	Target Fee		
	Minimum Fee		
	Maximum Fee		
	Sharing Ratios (Govt/Contractor)		
	Below Target Cost		
	Above Target Cost		
	Award Fee		
	Total Estimated CPIF/AF Amount		
0011	Special Studies, Analyses and Reviews associated with Items 0007, 0008, 0009 (See Notes A, D and F)	Manhours	Per Hour
0012	Life Cycle Engineering & Support (See Notes F and M)	1/LOT	\$ TBD
0013	PIO (See Notes F and H)	1/LOT	\$ TBD
0014	Long Lead Material for Item 0007 (See Notes F, L and M)	1/LOT	\$ TBD

<u>OPTION ITEMS</u>	<u>SUPPLIES/ SERVICES</u>	<u>QTY/UNIT</u>	<u>AMOUNT</u>
0015	Long Lead Material for Item 0008 (See Notes F, L and M)	1/LOT	\$ TBD _____.
0016	Long Lead Material for Item 0009 (See Notes F, L and M)	1/LOT	\$ TBD _____.
0017	Post Delivery- Test & Evaluation- LCS (CLIN 0007/0008) (See Notes F and M)	1/LOT	\$ TBD _____.
0018	Post Delivery- Test & Evaluation - LCS (CLIN 0009) (See Notes F and M)	1/LOT	\$ TBD _____.
0019	Government Purpose Rights	1/LOT	\$ TBD _____.

TBD: The supplies/services and prices/costs for these items are subject to either the General Requirement of Section C of this contract entitled "PROVISIONED ITEMS ORDERS – ALTERNATE II" (Item 0013) or Special Contract Requirement(s) of Section H entitled "ORDERS (COST PLUS FIXED FEE)" or "ORDERS (FIXED PRICE) (Items 0012 and 0014-0019)."

NOTE A – [REDACTED]

NOTE B – [REDACTED]

NOTE C – [REDACTED]

NOTE D – [REDACTED]

NOTE E – Reserved.

NOTE F – Option Items to which the option clause in SECTION B is applicable and which is to be supplied only if and to the extent said option is exercised.

NOTE G – Reserved.

NOTE H – If issued, orders for this item shall be in accordance with the General Requirement of Section C of this contract entitled ‘PROVISIONED ITEMS ORDERS – ALTERNATE II’.

NOTE I – [REDACTED]

NOTE I – [REDACTED]

NOTE K – [REDACTED] 10% for Award Fee for [REDACTED]

NOTE L – [REDACTED]

NOTE M – [REDACTED]

B-1 CONTRACT TYPE SUMMARY FOR PAYMENT OFFICE (COST/FIXED PRICE) (NAVSEA) (FEB 1997) (APPLICABLE TO ALL LINE ITEMS)

This contract includes the following mixture of cost-reimbursement and fixed price line items:

<u>Items</u>	<u>Type</u>
0001	Fixed Price
0002	N/A - Data
0003	Fixed-Price Labor Hour
0004, 0005	CPAF
0010	N/A - Data
<u>Option Items</u>	<u>Type</u>
0006, 0011	Fixed-Price Labor Hour
0007, 0008, 0009	CPIF/AF
0012	FFP/Cost type Orders
0013	FFP/Cost type Orders
0014	FFP/Cost type Orders
0015	FFP/Cost type Orders
0016	FFP/Cost type Orders
0017	FFP/Cost type Orders
0018	FFP/Cost type Orders
0019	FFP Orders

B-2 EXPEDITING CONTRACT CLOSEOUT (NAVSEA) (DEC 1995) (APPLICABLE TO ALL LINE ITEMS)

(a) As part of the negotiated firm-fixed price or total estimated amount of this contract, both the Government and the Contractor have agreed to waive any entitlement that otherwise might accrue to either party in any residual dollar amount of [REDACTED] or less at the time of final contract closeout. The term "residual dollar amount" shall include all money that would otherwise be owed to either party at the end of the contract, except that, amounts connected in any way with taxation, allegations of fraud and/or antitrust violations shall be excluded. For purposes of determining residual dollar amounts, offsets of money owed by one party against money that would otherwise be paid by that party may be considered to the extent permitted by law.

(b) This agreement to waive entitlement to residual dollar amounts has been considered by both parties. It is agreed that the administrative costs for either party associated with collecting such small dollar amounts could exceed the amount to be recovered.

B-3A NAPS 5252.232-9000 SUBMISSION OF INVOICES (FIXED PRICE) (JUL 1992) (APPLICABLE TO ALL FIXED PRICE LINE ITEMS)

(a) "Invoice" as used in this clause does not include Contractor's requests for progress payments.

(b) The Contractor shall submit original invoices with 4 copies to the address identified in the solicitation / contract award form (SF 26-Block 10; SF 33-Block 23; SF 1447-Block 14), unless

delivery orders are applicable, in which case invoices will be segregated by individual order and submitted to the address specified in the order (DD 1155-Block 13 or SF 26-Block 10).

(c) The use of copies of the Material Inspection and Receiving Report (MIRR), DD Form 250, as an invoice is encouraged. DFARS Appendix F-306 provides instructions for such use. Copies of the MIRR used as an invoice are in addition to the standard distribution stated in DFARS F-401.

(d) In addition to the requirements of the Prompt Payment clause of this contract, the Contractor shall cite on each invoice the contract line item number (CLIN); the contract subline item number (SLIN), if applicable; the accounting classification reference number (ACRN) as identified on the financial accounting data sheets, and the payment terms.

(e) The Contractor shall prepare:

- a separate invoice for each activity designated to receive the supplies or services.
- a consolidated invoice covering all shipments delivered under an individual order.
- either of the above.

(f) If acceptance is at origin, the Contractor shall submit the MIRR or other acceptance verification directly to the designated payment office. If acceptance is at destination, the consignee will forward acceptance verification to the designated payment office.

B-3B 5252.232-9001 SUBMISSION OF INVOICES (COST-REIMBURSEMENT, TIME-AND-MATERIALS, LABOR-HOUR, OR FIXED PRICE INCENTIVE) (JUL 1992) AND ALTERNATE I (JUL 1992) (APPLICABLE TO ALL COST-REIMBURSEMENT, TIME-AND-MATERIALS, LABOR-HOUR OR FIXED PRICE INCENTIVE LINE ITEMS)

(a) "Invoice" as used in this clause includes contractor requests for interim payments using public vouchers (SF-1034) but does not include contractor requests for progress payments under fixed price incentive contracts.

(b) The Contractor shall submit invoices and any necessary supporting documentation, in an original and 4 copies, to the contract auditor at the following address:

Mr. Harry Wierzba
DCAA Lockheed Martin Mt. Laurel
Laurel Corporate Center
2000 Midatlantic Dr., Ste 140
Mt. Laurel, NJ 08057-3095

unless delivery orders are applicable, in which case invoices will be segregated by individual order and submitted to the address specified in the order. In addition, an information copy shall be submitted to:

COMMANDER
ATTN: CAROL HAIDACHER PMS 501
NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE STOP 2202
WASHINGTON NAVY YARD DC 20376 2202

Following verification, the contract auditor will forward the invoice to the designated payment office for payment in the amount determined to be owing, in accordance with the applicable payment (and fee) clause(s) of this contract.

(c) Invoices requesting interim payments shall be submitted no more than once every two weeks, unless another time period is specified in the Payments clause of this contract. For indefinite delivery type contracts, interim payment invoices shall be submitted no more than once every two weeks for each delivery order. There shall be a lapse of no more than 14 calendar days between performance and submission of an interim payment invoice.

(d) In addition to the information identified in the Prompt Payment clause herein, each invoice shall contain the following information, as applicable:

- (1) Contract line item number (CLIN)
- (2) Subline item number (SLIN)
- (3) Accounting Classification Reference Number (ACRN)
- (4) Payment terms
- (5) Procuring activity
- (6) Date supplies provided or services performed
- (7) Costs incurred and allowable under the contract
- (8) Vessel (e.g., ship, submarine or other craft) or system for which supply/services is provided

(e) A DD Form 250, "Material Inspection and Receiving Report",

- is required with each invoice submittal.
 is required only with the final invoice.
 is not required.

(f) A Certificate of Performance

- shall be provided with each invoice submittal.
 is not required.

(g) The Contractor's final invoice shall be identified as such, and shall list all other invoices (if any) previously tendered under this contract.

(h) Costs of performance shall be segregated, accumulated and invoiced to the appropriate ACRN categories to the extent possible. When such segregation of costs by ACRN is not possible for invoices submitted with CLINS/SLINS with more than one ACRN, an allocation

ratio shall be established in the same ratio as the obligations cited in the accounting data so that costs are allocated on a proportional basis.

(i) When a vendor invoice for a foreign currency is provided as supporting documentation, the Contractor shall identify the foreign currency and indicate on the vendor invoice the rate of exchange on the date of payment by the Contractor. The Contractor shall also attach a copy of the bank draft or other suitable documents showing the rate of exchange. The contractor shall provide an English translation if the vendor invoice is written in a foreign language.

B-4 OPTIONS

(a) The Government may require the delivery of the numbered line item(s)/subline item(s), identified in the Schedule as an option items(s), at the quantity and at the price(s) stated in the Schedule. Option(s) shall be exercised, if at all, by written or telegraphic notice(s) signed by the Contracting Officer and sent within the time(s) specified below:

OPTION ITEM(S)	NOTE	EARLIEST OPTION EXERCISE DATE	LATEST OPTION EXERCISE DATE
0003		Date of Award of Item 0001	6 Months After Contract (MAC)
0004	2		
0005	2		
0006	2		
0007	1,2,3		
0008	1,2,3		
0009	1,2		
0010			
0011	2		
0012			
0013			
0014			
0015			
0016			
0017			
0018			
0019			

Note 1: Option Items 0007, 0008, 0009 will not be exercised if Item 0004 or 0005 has not been previously exercised.

Note 2: These options are unpriced at the time of contract award but will be priced prior to option exercise.

Note 3: Option Item 0007 (and Option Item 0008 if two Contractors are selected to continue with Final Design and Detail Design and Construction) will not be exercised until the Final Critical Design Review (FCDR) is successfully completed and the Contractor's plan for Event-Based Award Fee has been approved

- (b) It is mutually understood and agreed that changes and modification in the ship(s) being designed and constructed under these options, including changes to the specification(s) and other documentation are applicable to all options, unless specifically excluded by the Government. Accordingly, it is agreed that the price of all options, to be set forth in Section B of this contract, and the delivery dates for such options, to be set forth in Section F of this contract, shall be adjusted on a continuing basis, as necessary, to reflect those changes. It is further agreed that all change proposals and contract modifications shall include any effects, if applicable, upon the price and delivery date(s) of the options.

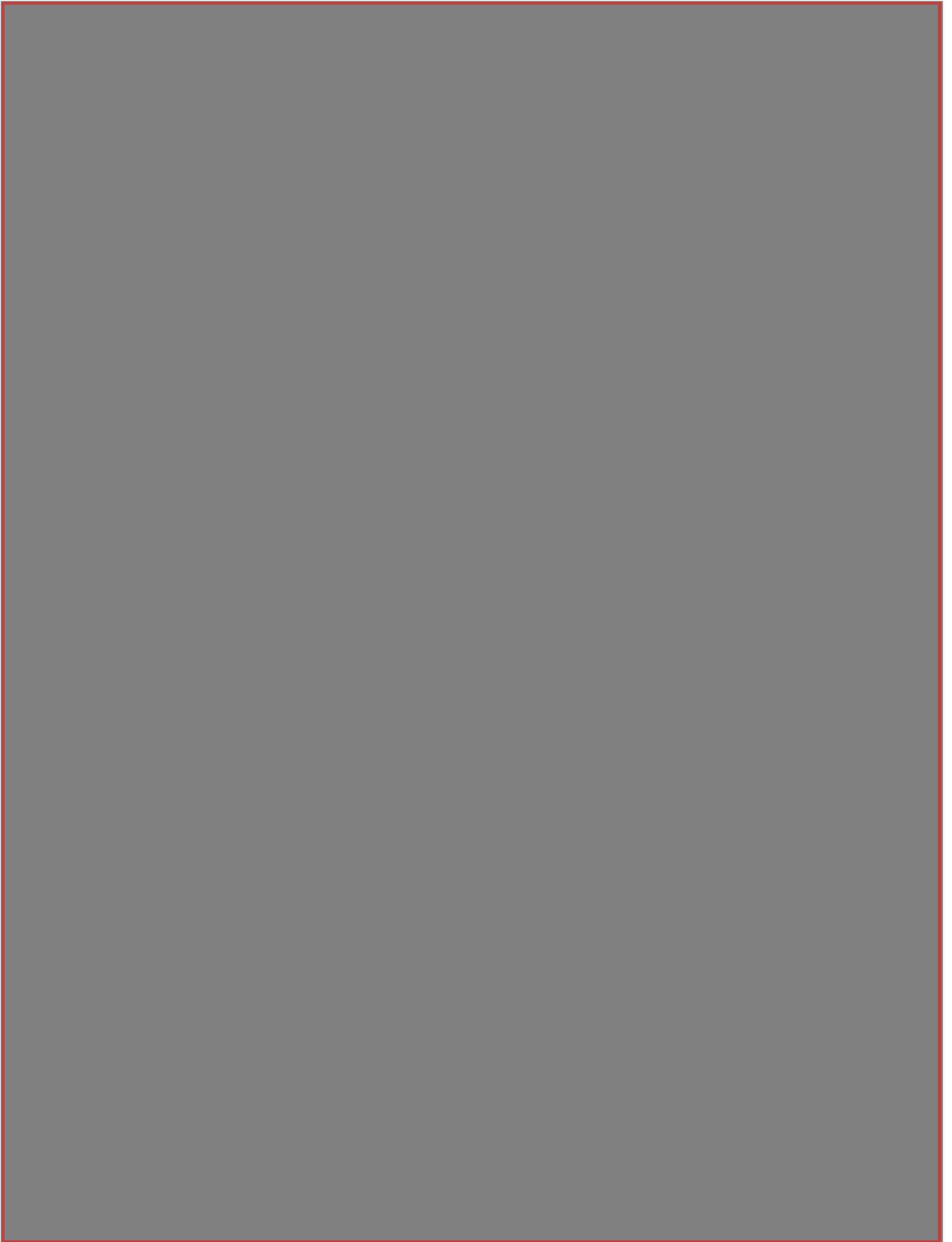
**B-5 LIMITATION OF COST OR LIMITATION OF FUNDS LANGUAGE
(APPLICABLE TO COST TYPE LINE ITEMS)**

The clause entitled "LIMITATION OF COST" (FAR 52.232-20) or "LIMITATION OF FUNDS" (FAR 52.232-22), as appropriate, shall apply separately and independently to each separately identified estimated cost.

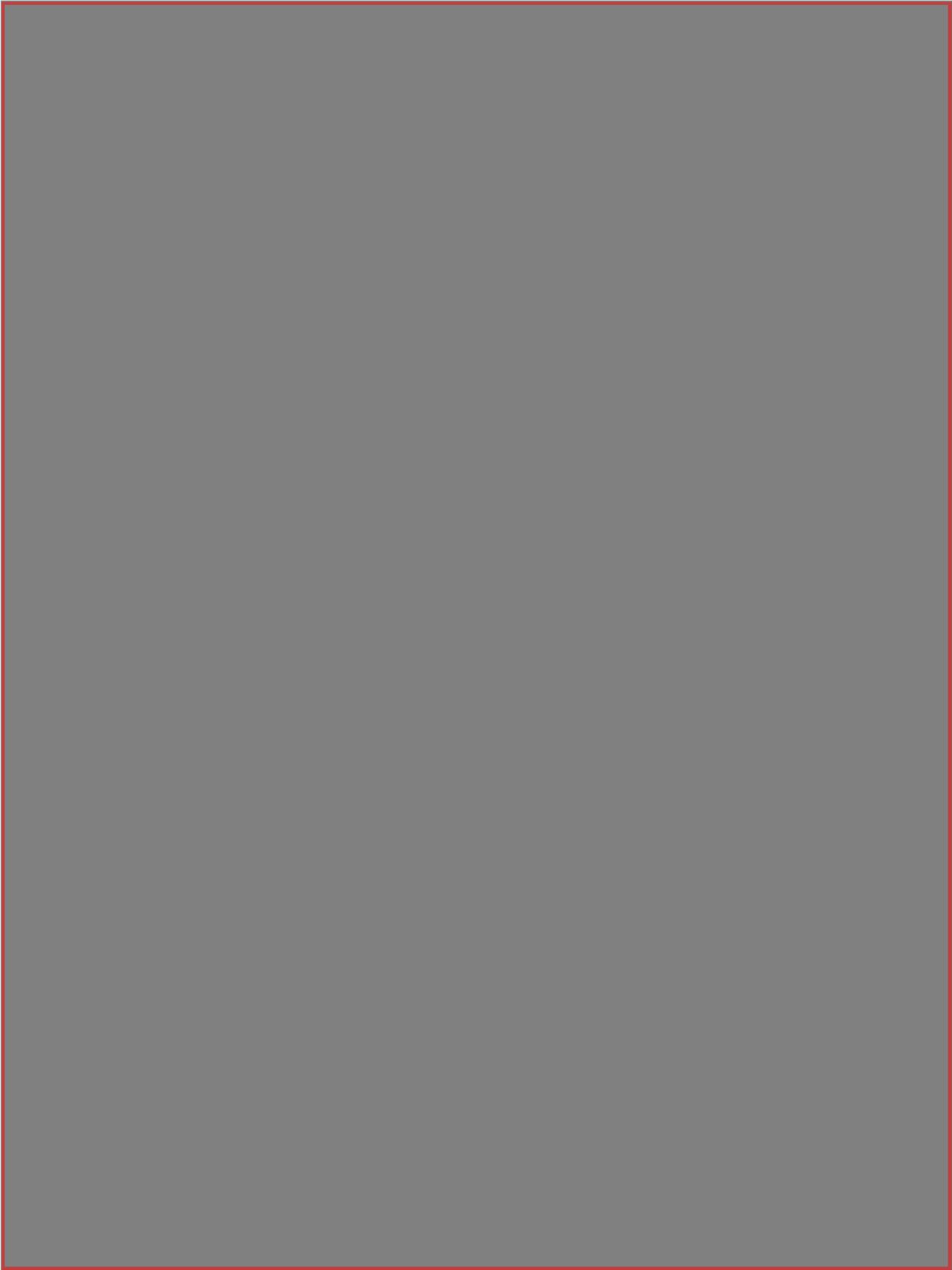
B-6



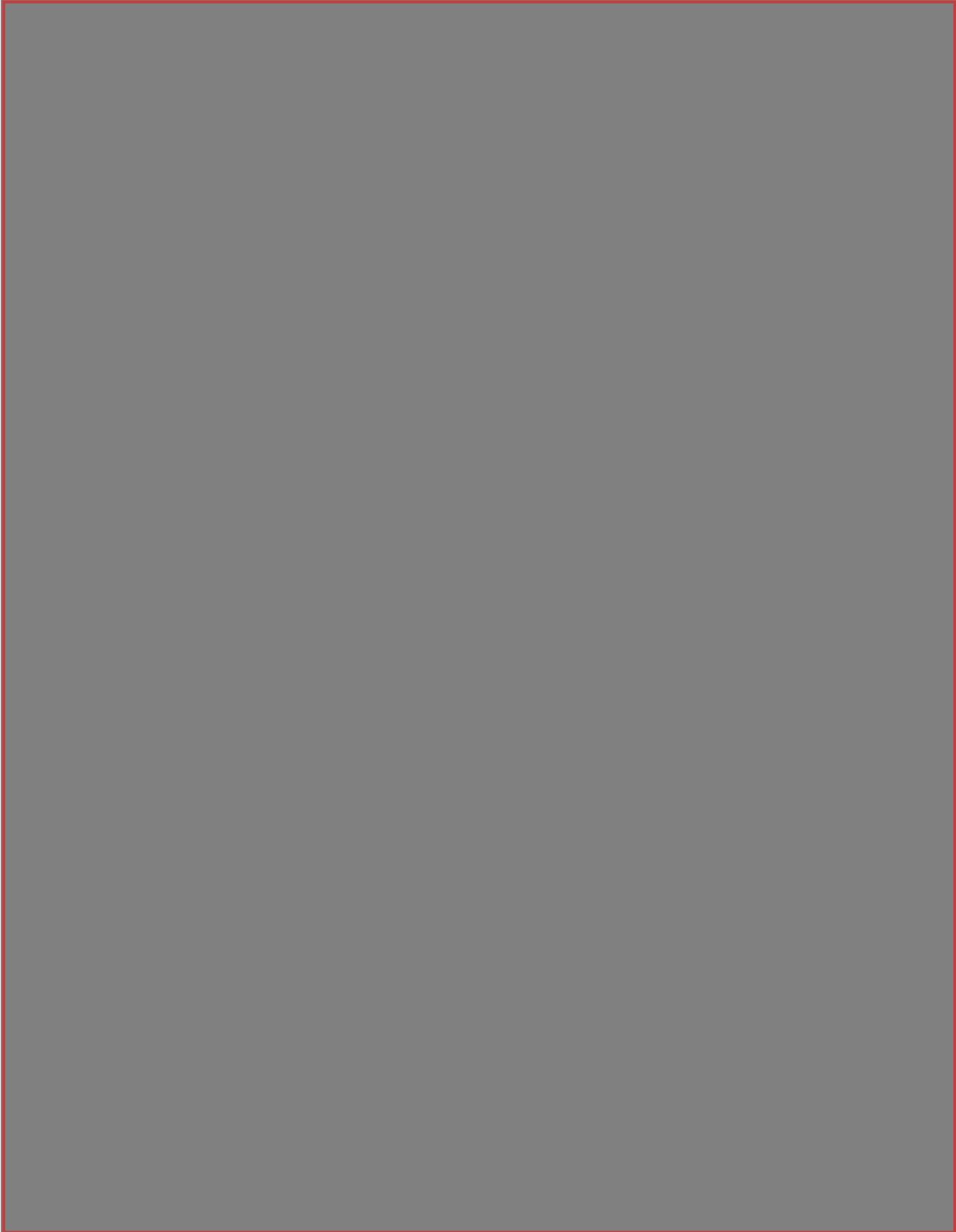
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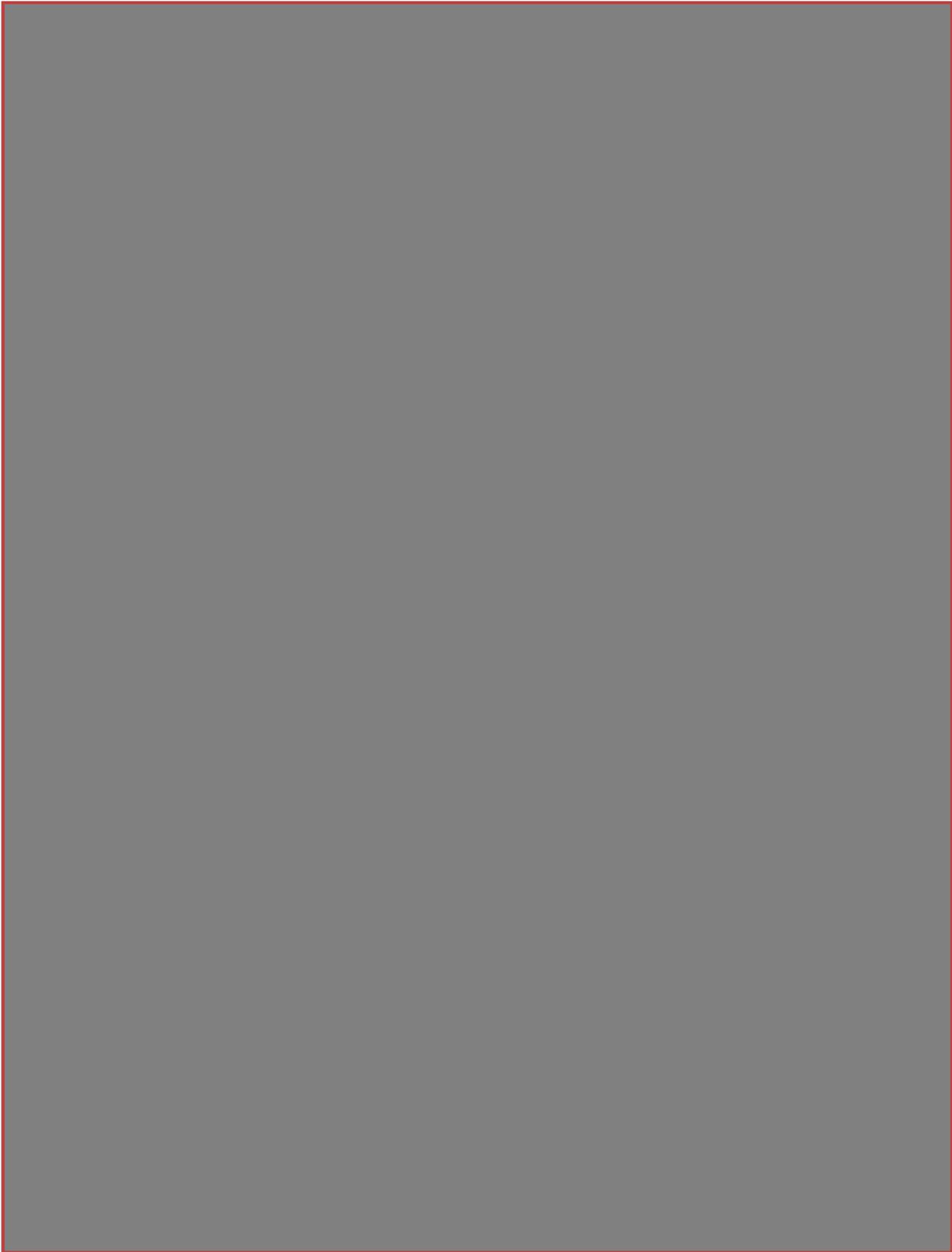
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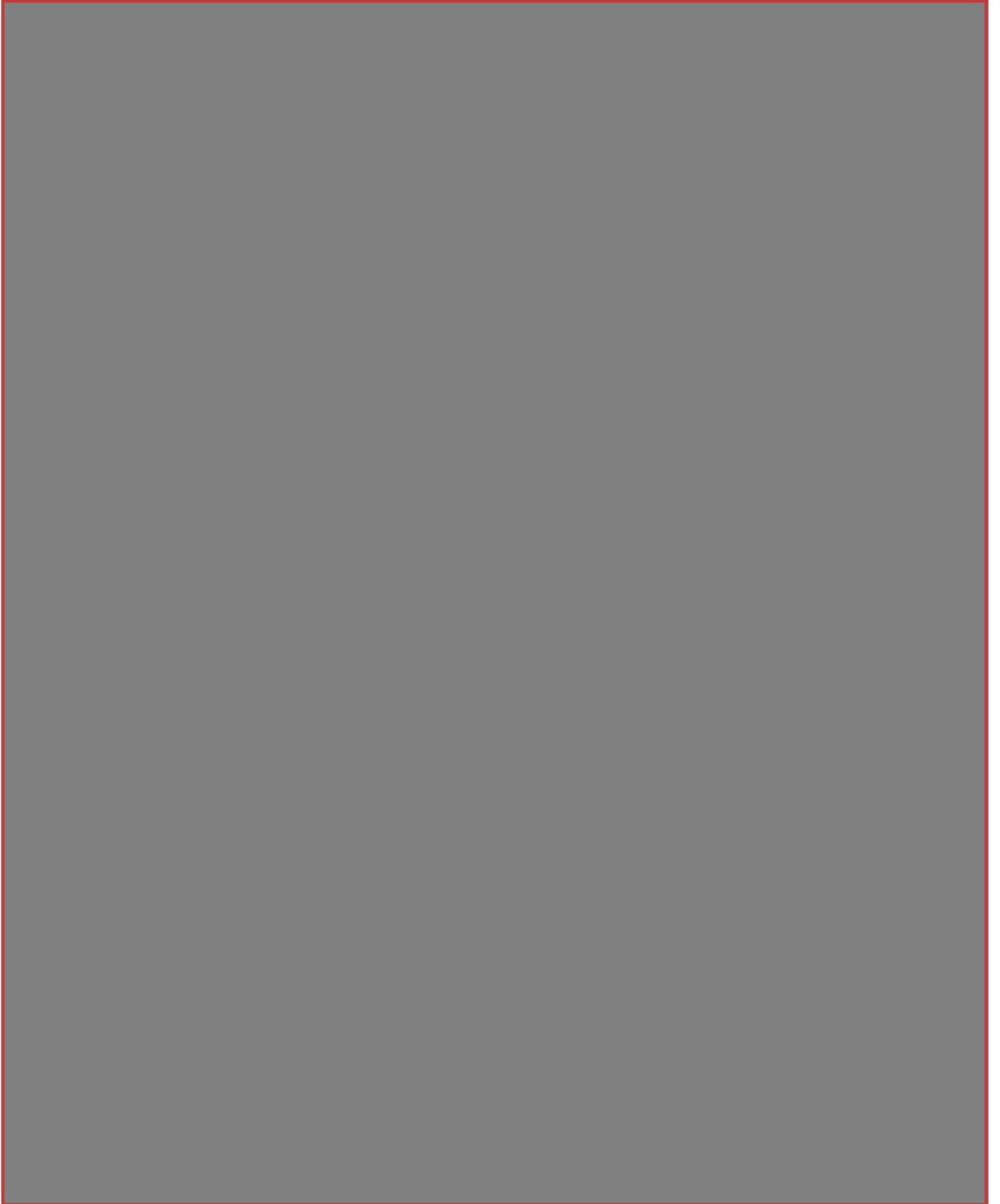
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B-8 RESERVED

**B-9 PAYMENTS OF FEE (S) (COMPLETION) (NAVSEA) (MAY 1993)
(APPLICABLE TO OPTION ITEM(S) 0007, 0008, 0009, IF EXERCISED)**

(a) *For purposes of this contract, "fee" means "target fee" in cost-plus-incentive-fee type contracts, "base fee" in cost-plus-award-fee type contracts, "fixed fee" in cost-plus-fixed-fee type contracts for completion and phase type contracts.*

(b) The Government shall make payments to the Contractor, subject to and in accordance with the clause in this contract entitled "FIXED FEE" (FAR 52.216-8) or "INCENTIVE FEE", (FAR 52.216-10), as applicable. Such payments shall be equal to [REDACTED] for Option Item 0007, [REDACTED] for Option Item 0008 and [REDACTED] for Option Item 0009 of the allowable cost of each invoice submitted by and payable to the Contractor pursuant to the clause of this contract entitled "ALLOWABLE COST AND PAYMENT" (FAR 52.216-7), subject to the withholding terms and conditions of the

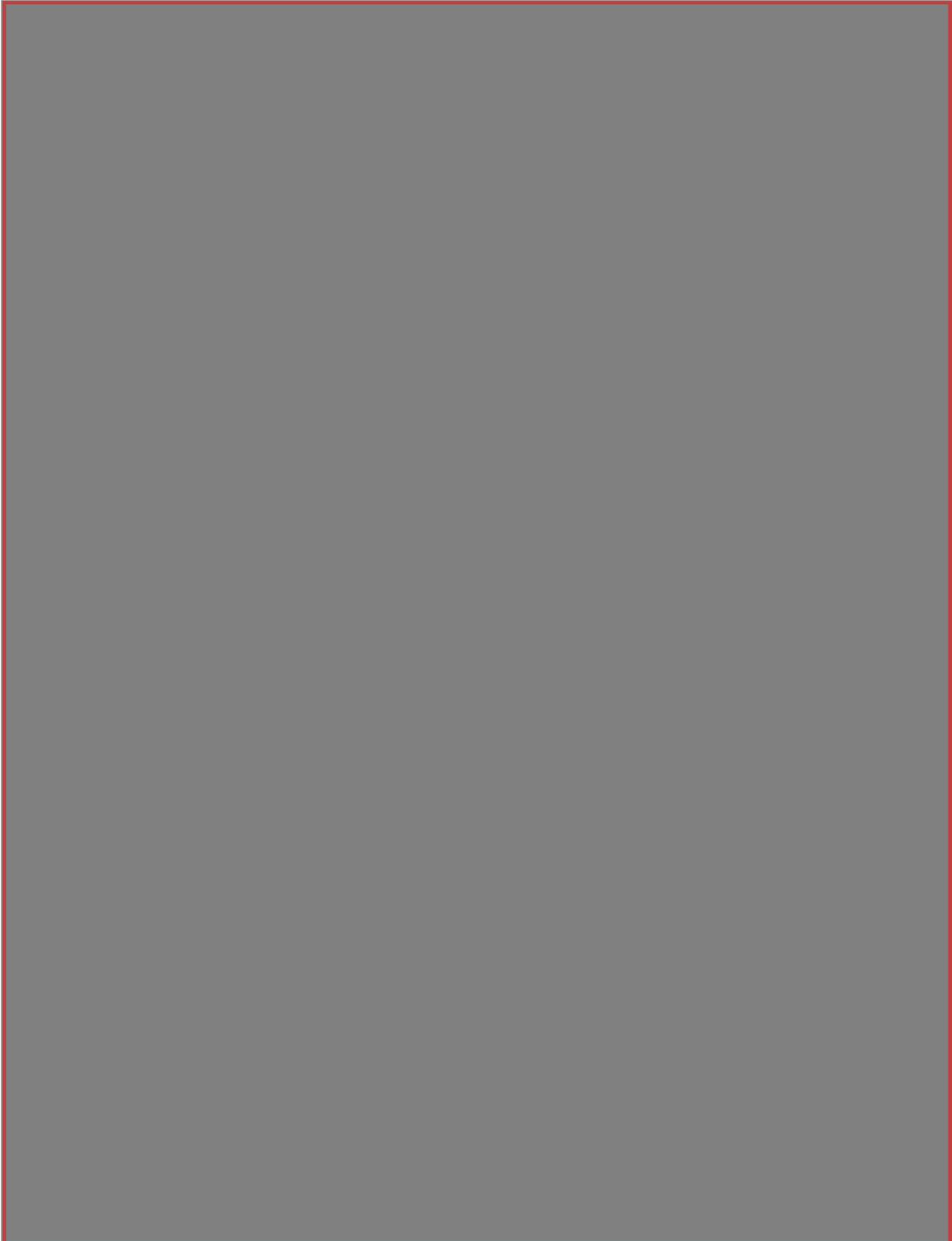
"FIXED FEE" or "INCENTIVE FEE" clause, as applicable (percentage of fee is based on fee dollars divided by estimated cost dollars, including facilities capital cost of money). Total fee(s) paid to the Contractor shall not exceed the fee amount(s) set forth in this contract.

- (c) In the event of discontinuance of the work under this contract, or any specified phase of the contract, in accordance with the clause of this contract entitled "LIMITATION OF FUNDS" (FAR 52.232-22) or "LIMITATION OF COST" (FAR 52.232-20), as applicable, the fee shall be equitably adjusted by mutual agreement to reflect the diminution of work. If the adjusted fee is less than the sum of all fee payments made to the Contractor under this contract, the Contractor shall repay the excess amount to the Government. If the adjusted fee exceeds all payments made to the Contractor under this contract, the Contractor shall be paid the additional amount, subject to the availability of funds. In no event shall the Government be required to pay the Contractor any amount in excess of the funds obligated under this contract at the time of the discontinuance of work.
- (d) Fee(s) withheld pursuant to the terms and conditions of this contract shall not be paid until the contract has been modified to reduce the fee(s) in accordance with paragraph (c) above, or until the Procuring Contracting Officer has advised the paying office in writing that no fee adjustment is required.

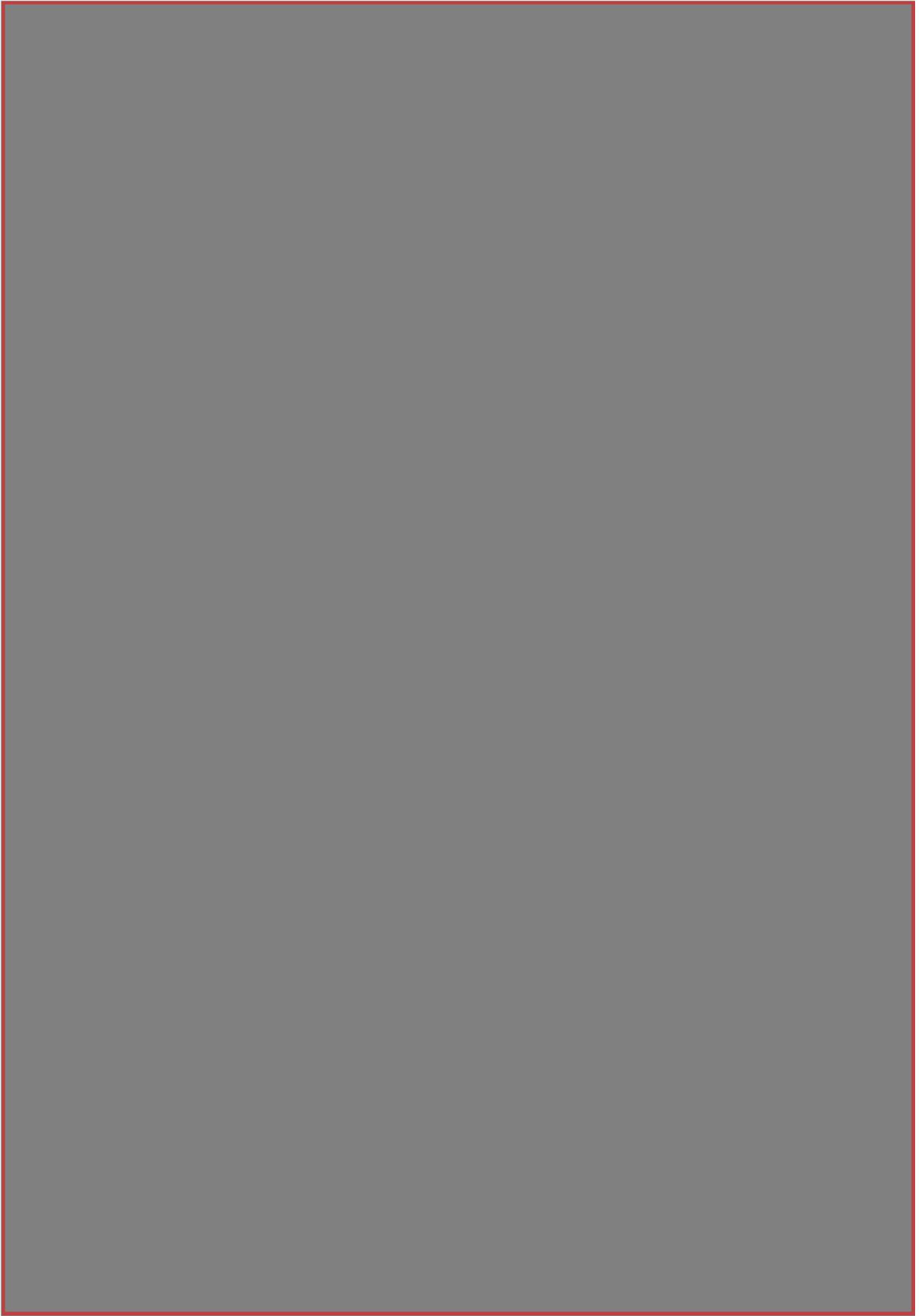
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SECTION C – DESCRIPTION / SPECIFICATIONS / WORK STATEMENT

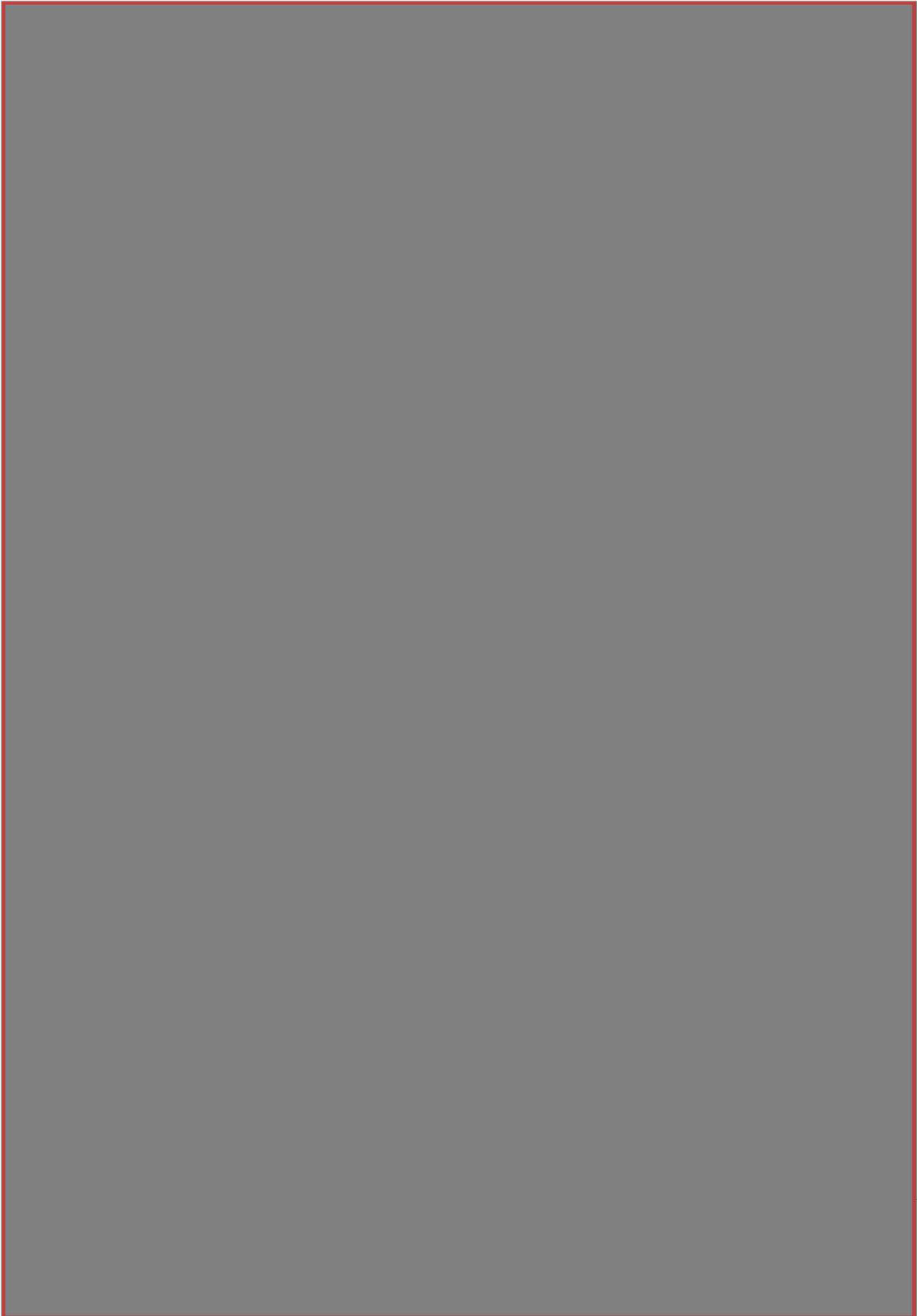
PART 1 – CONTRACT LINE ITEM DESCRIPTION



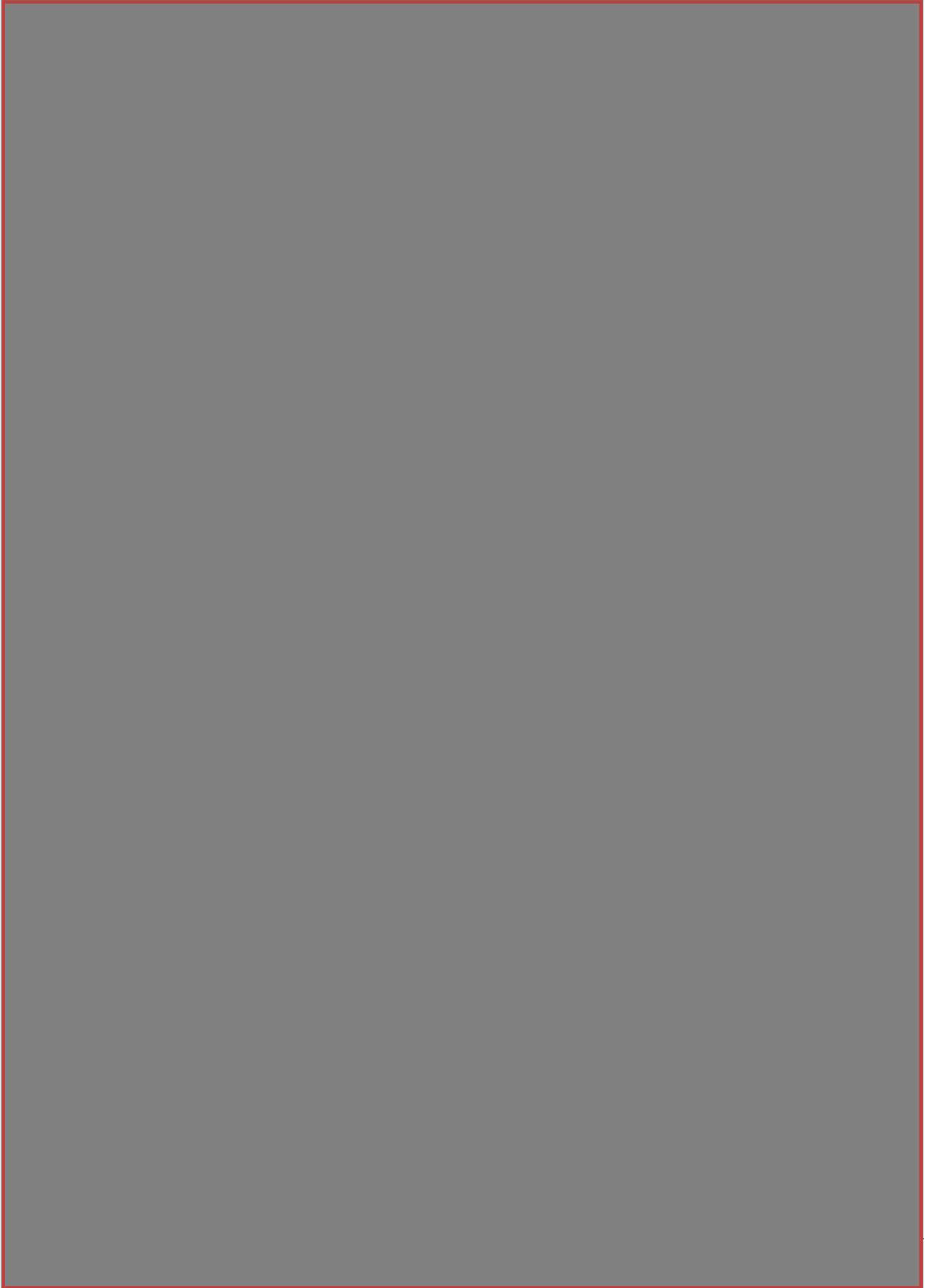
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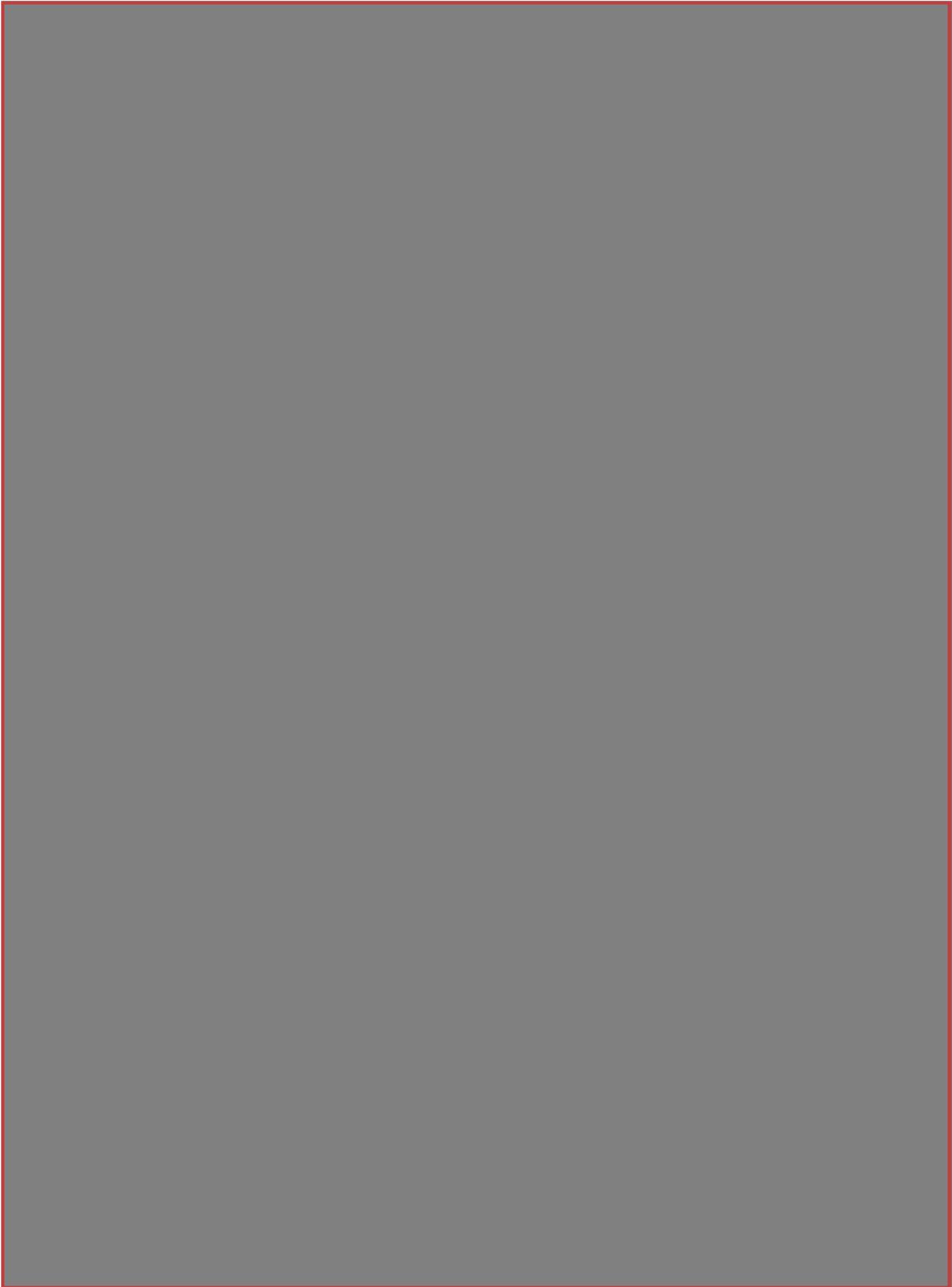
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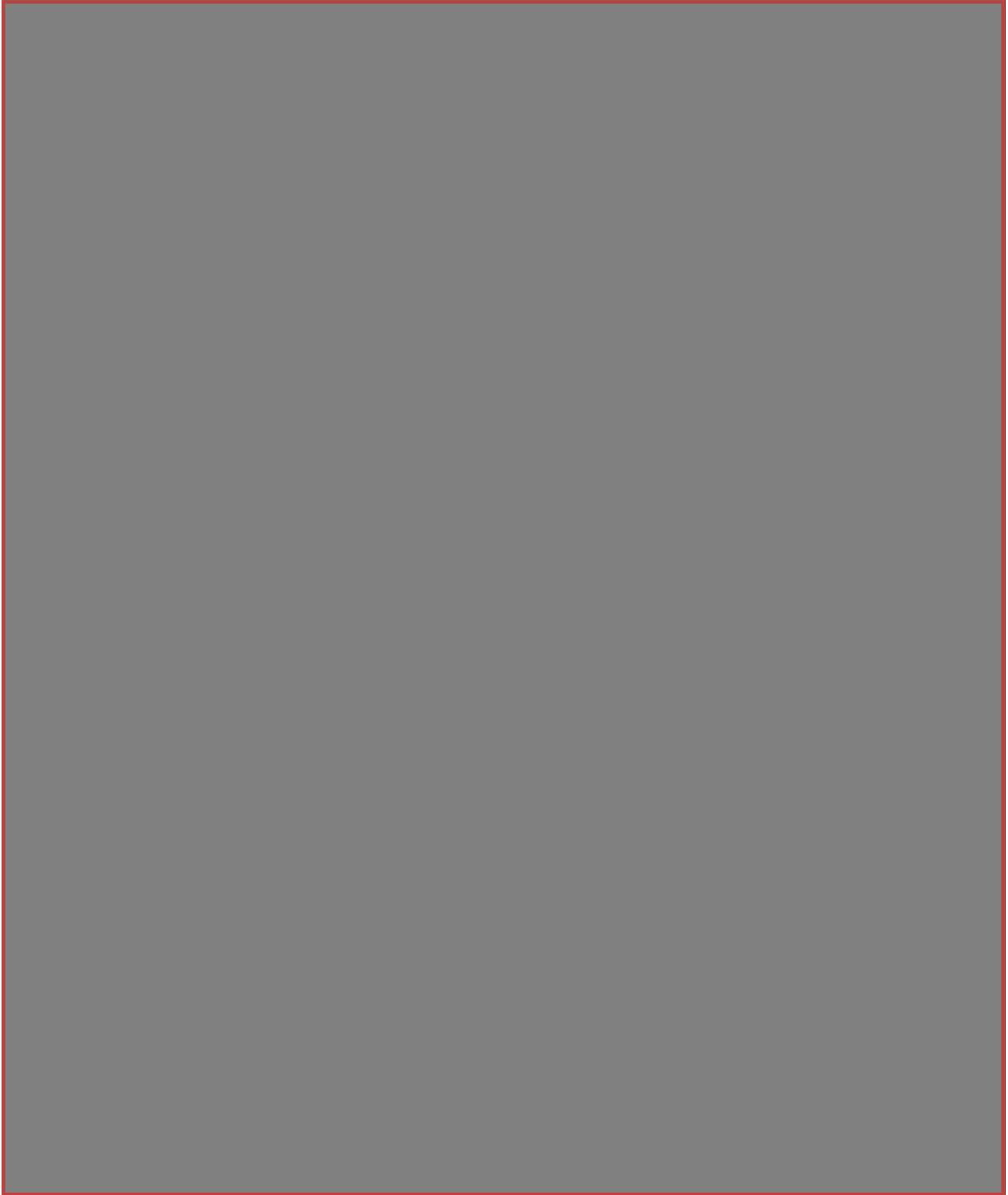
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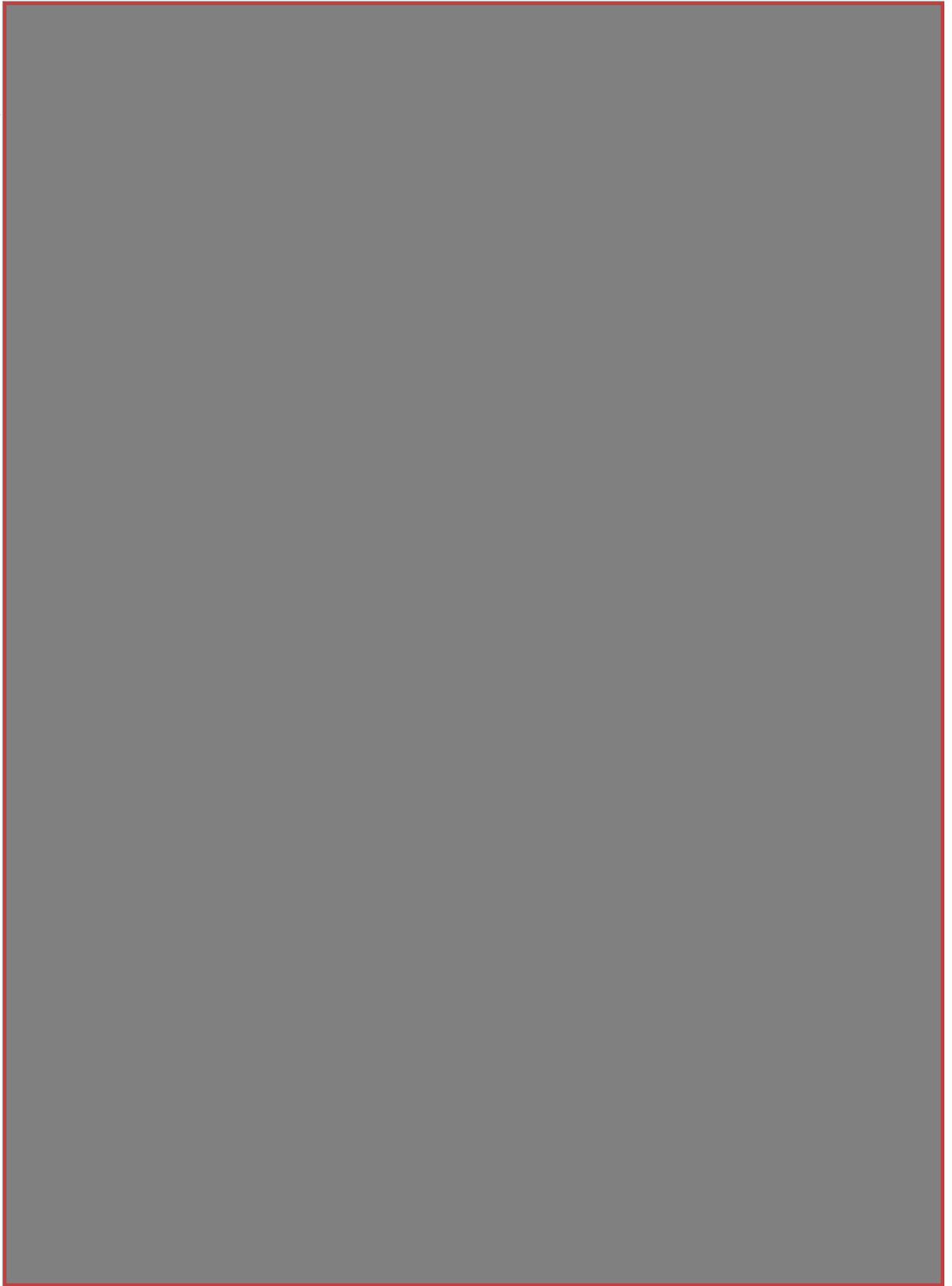
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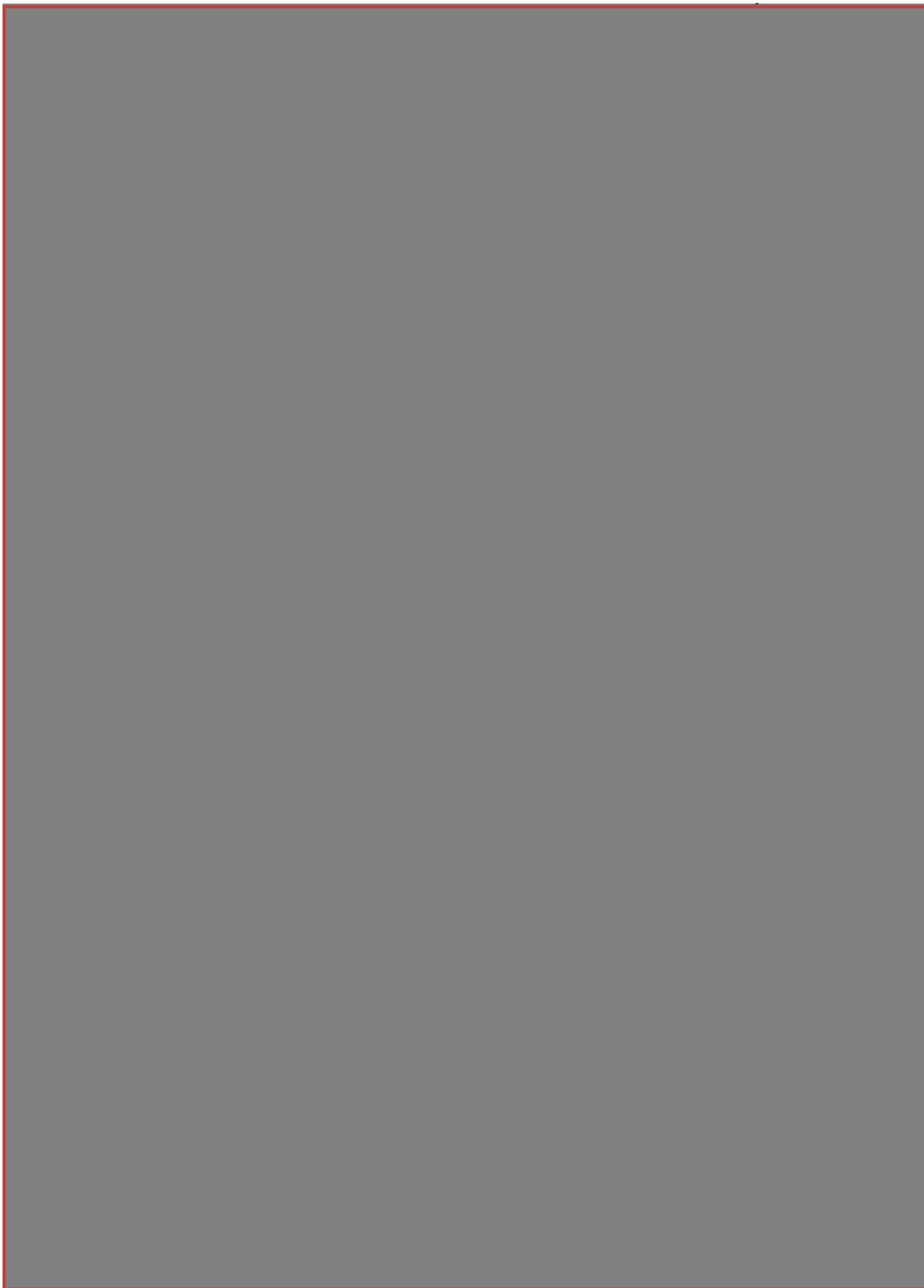
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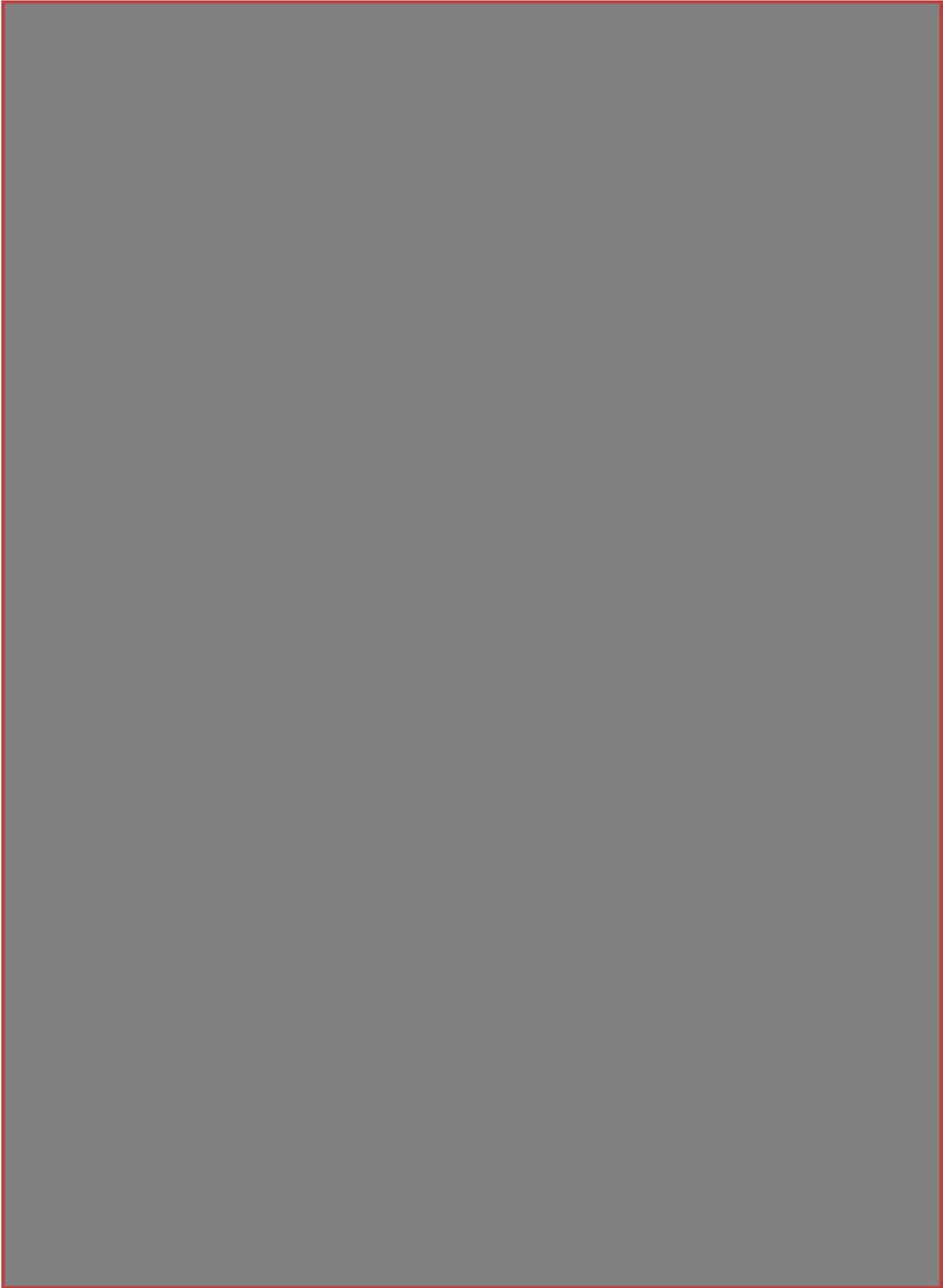
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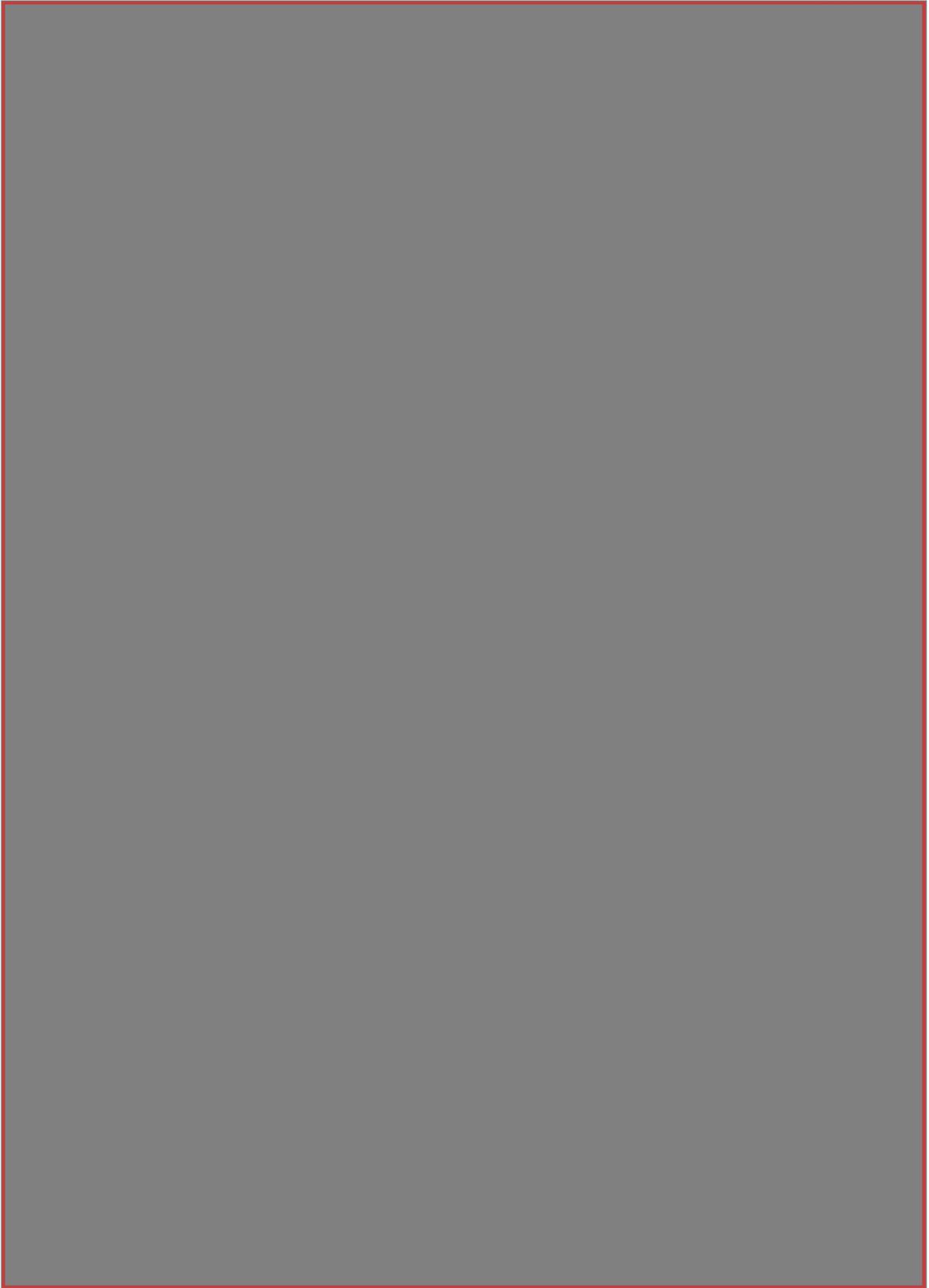
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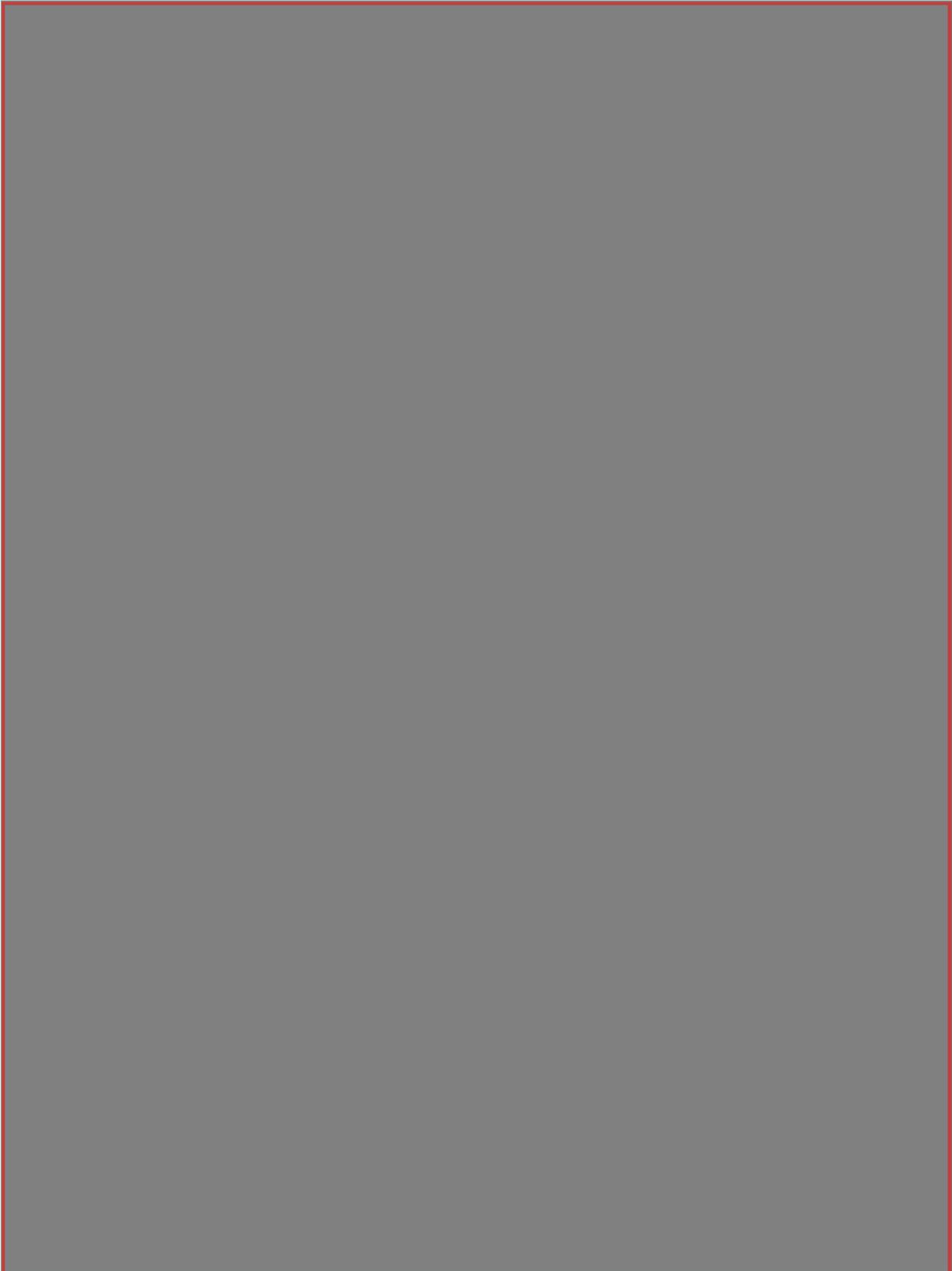
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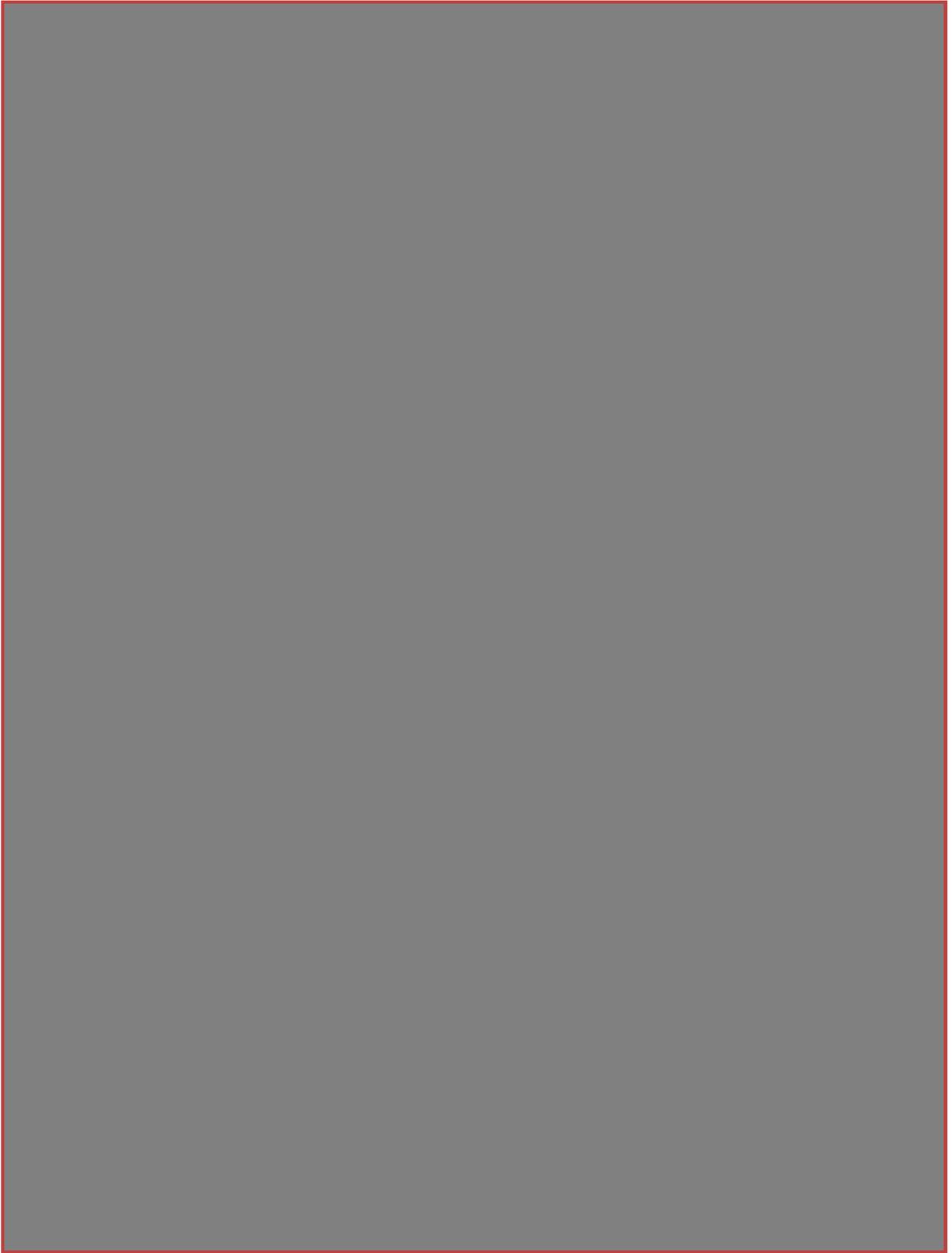
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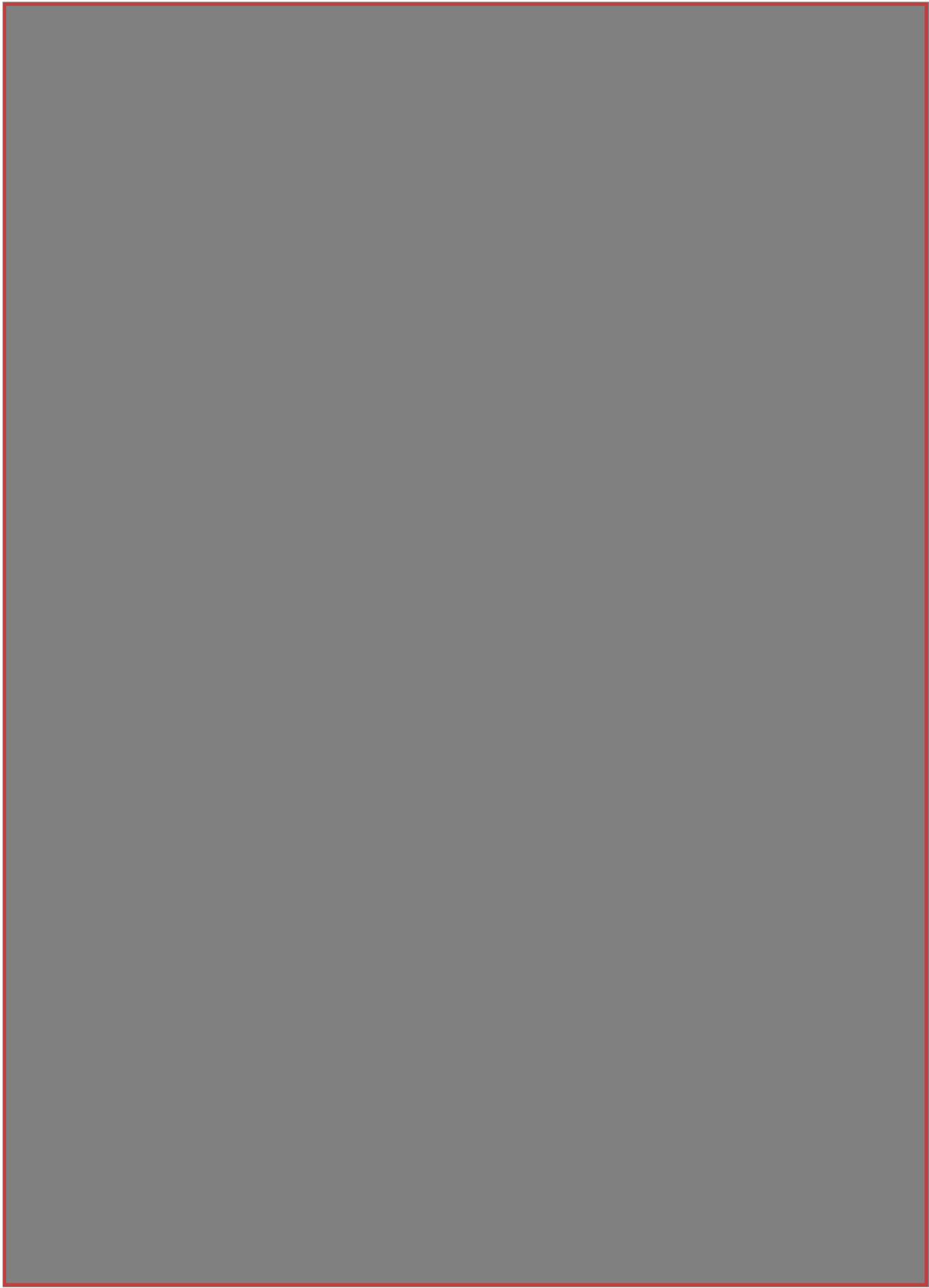
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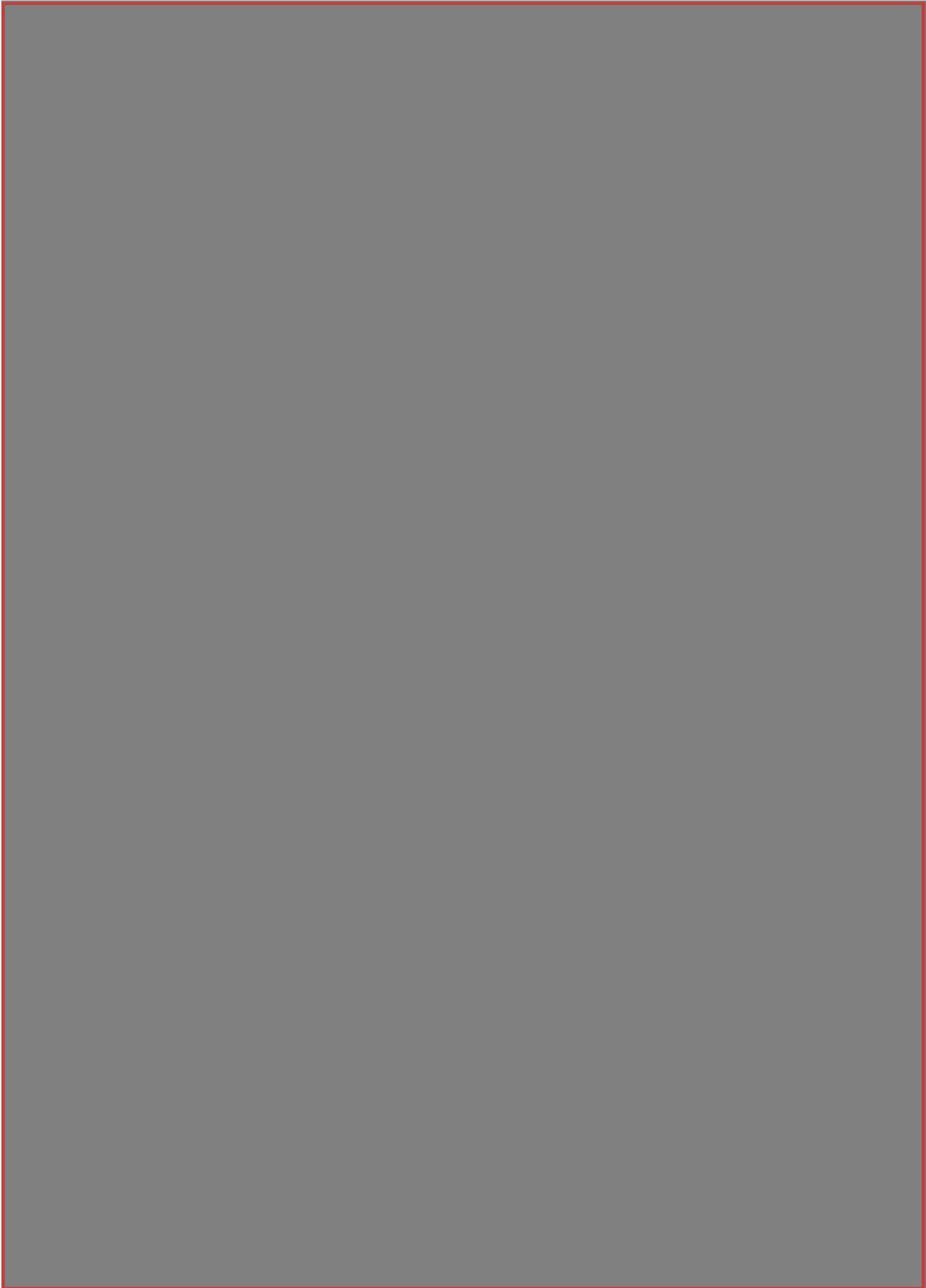
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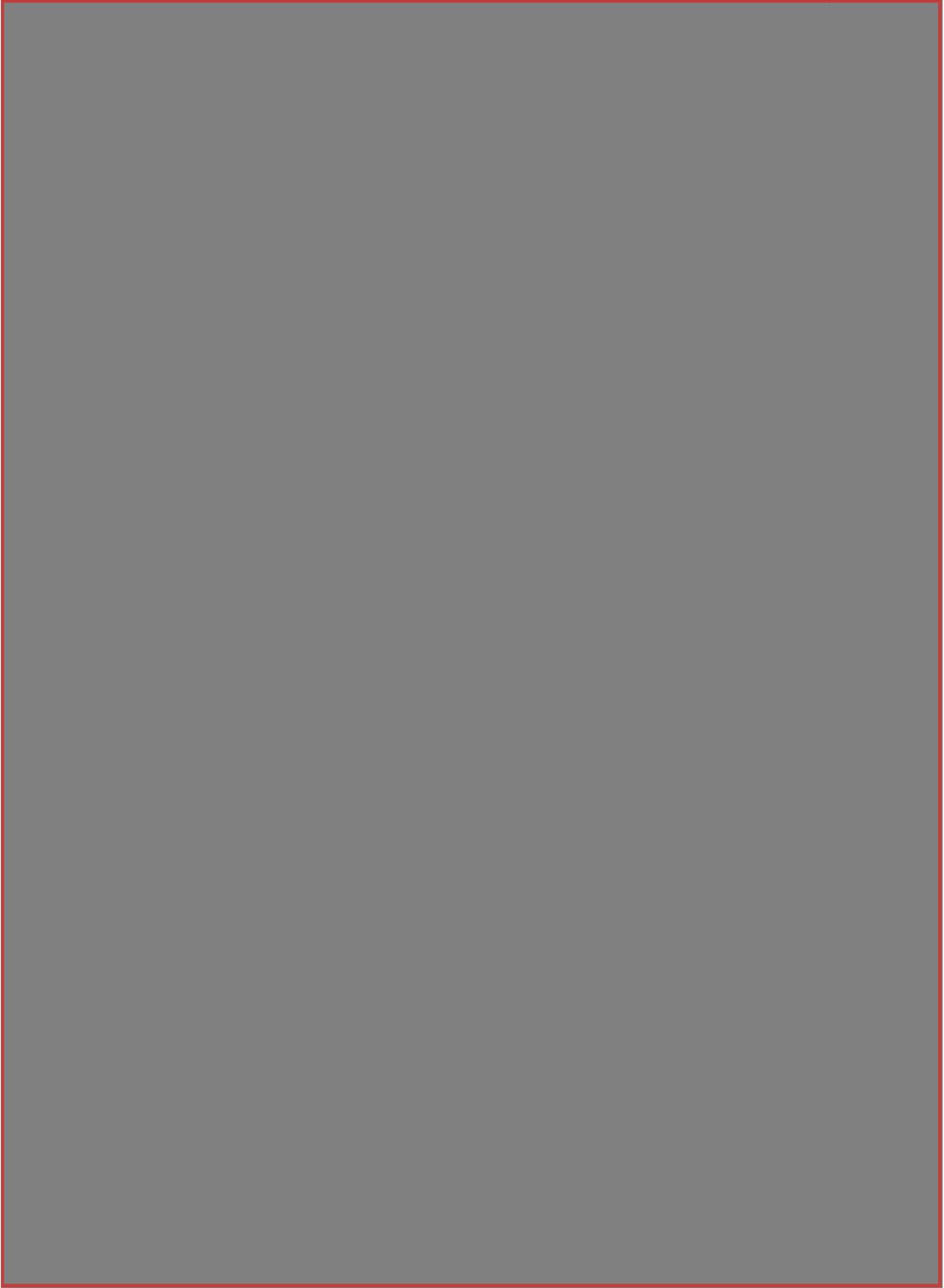
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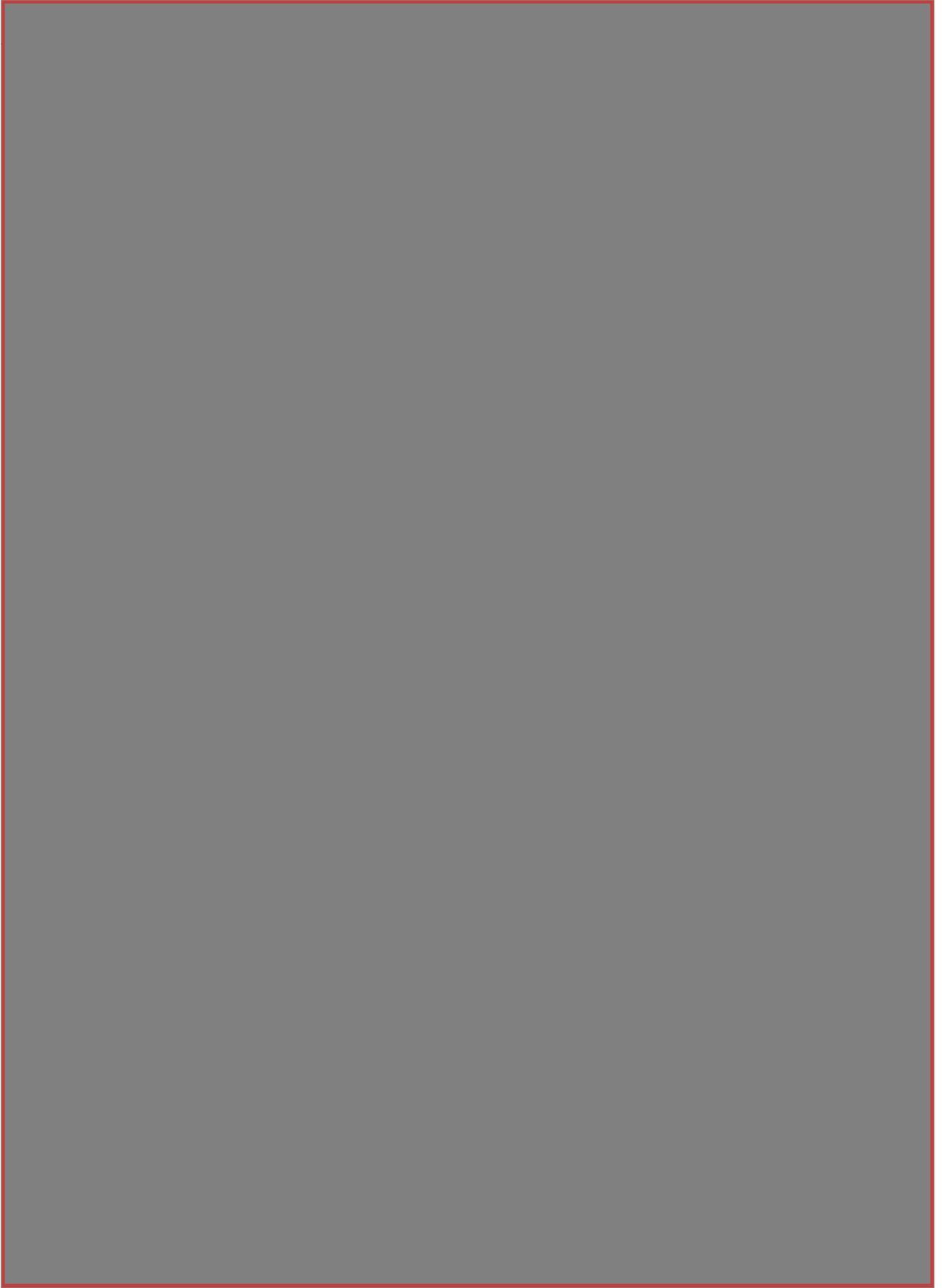
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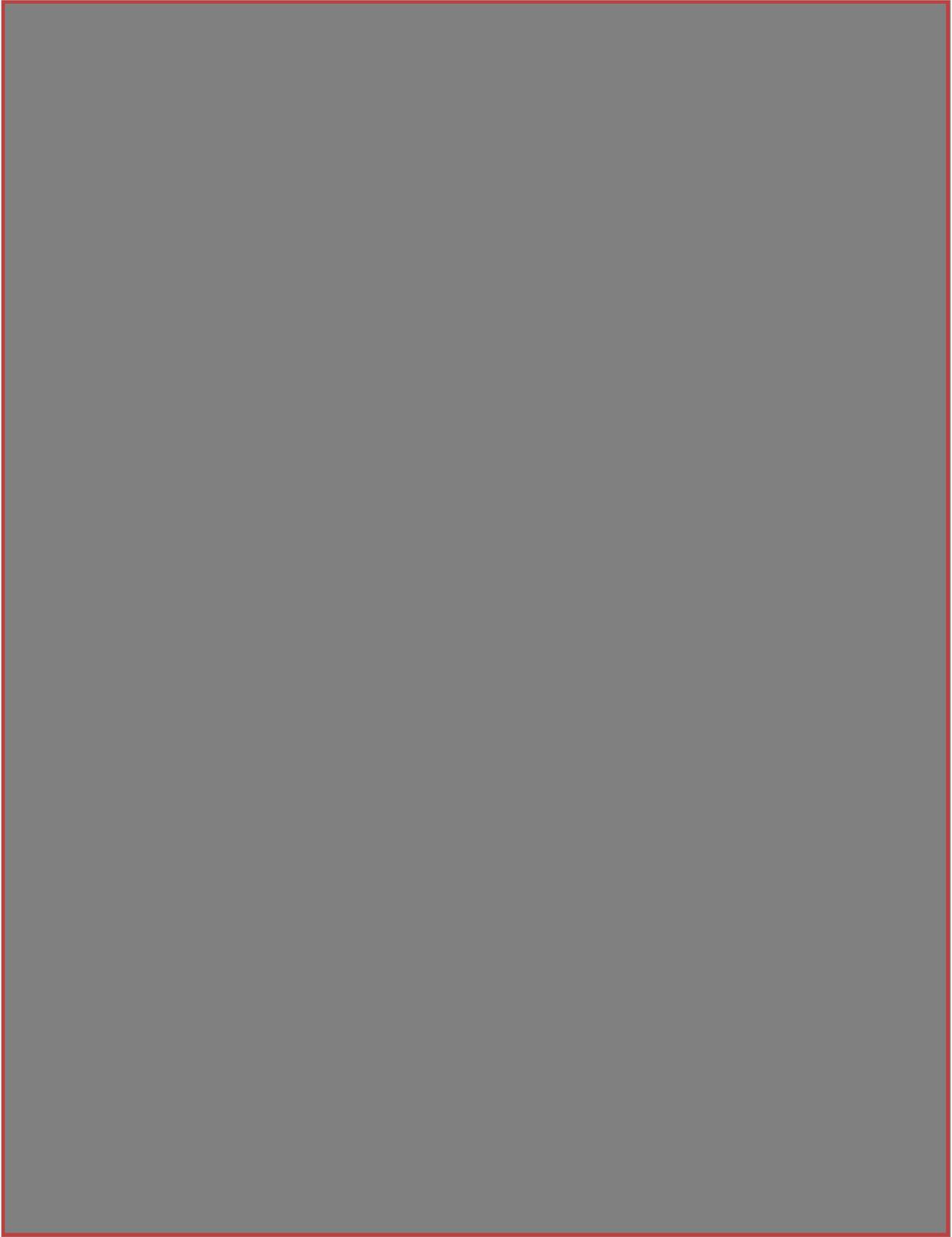
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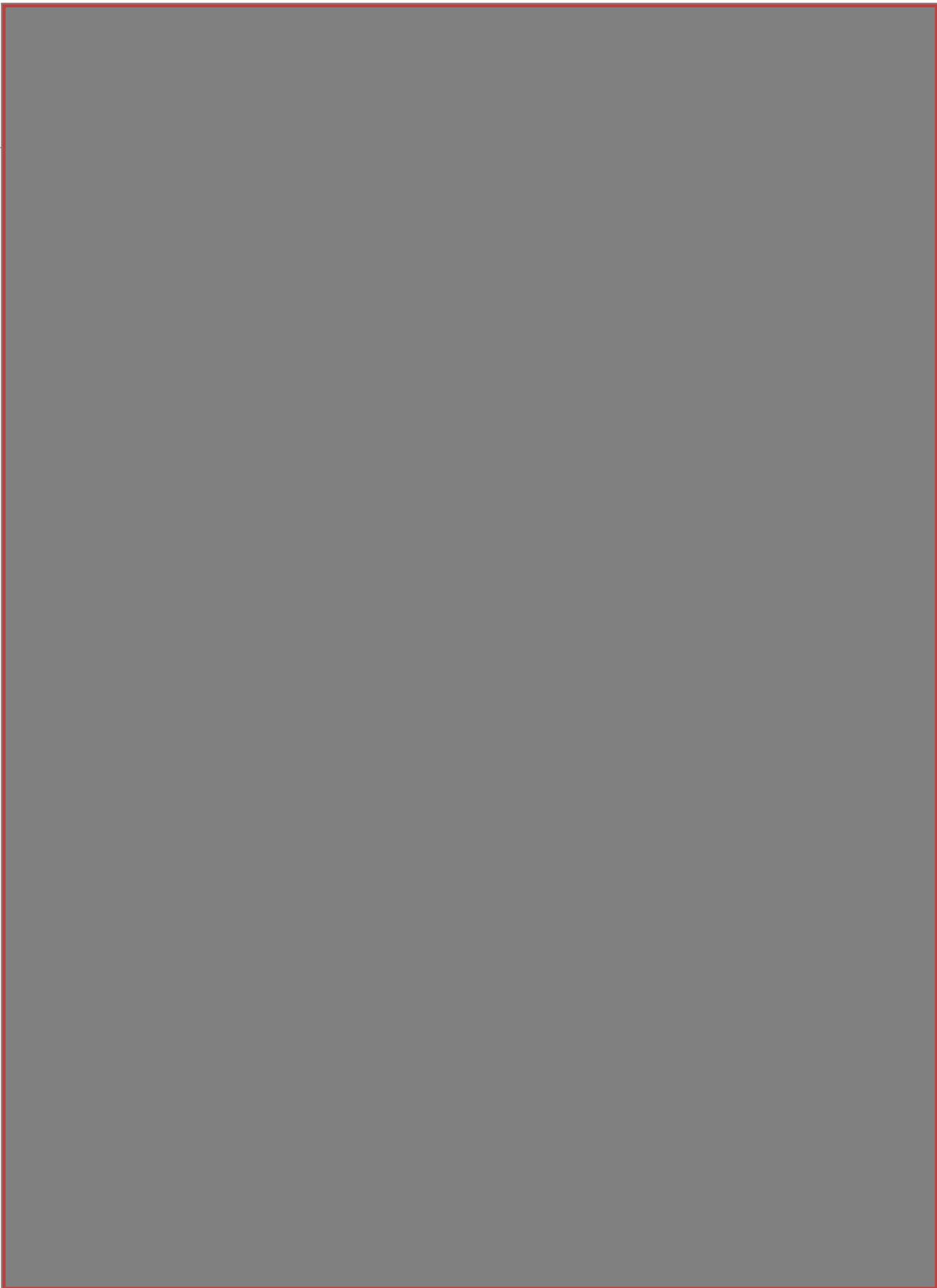
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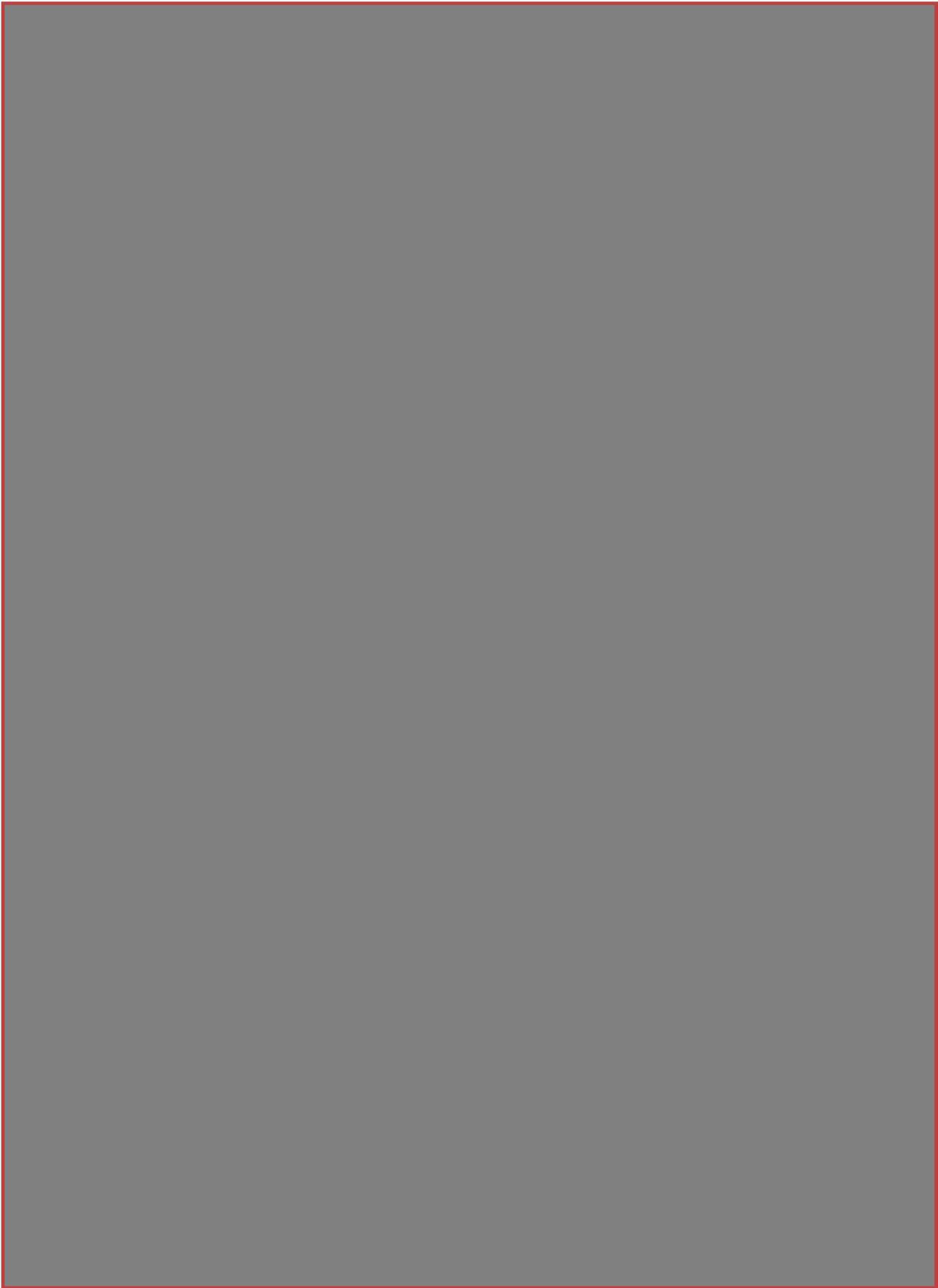
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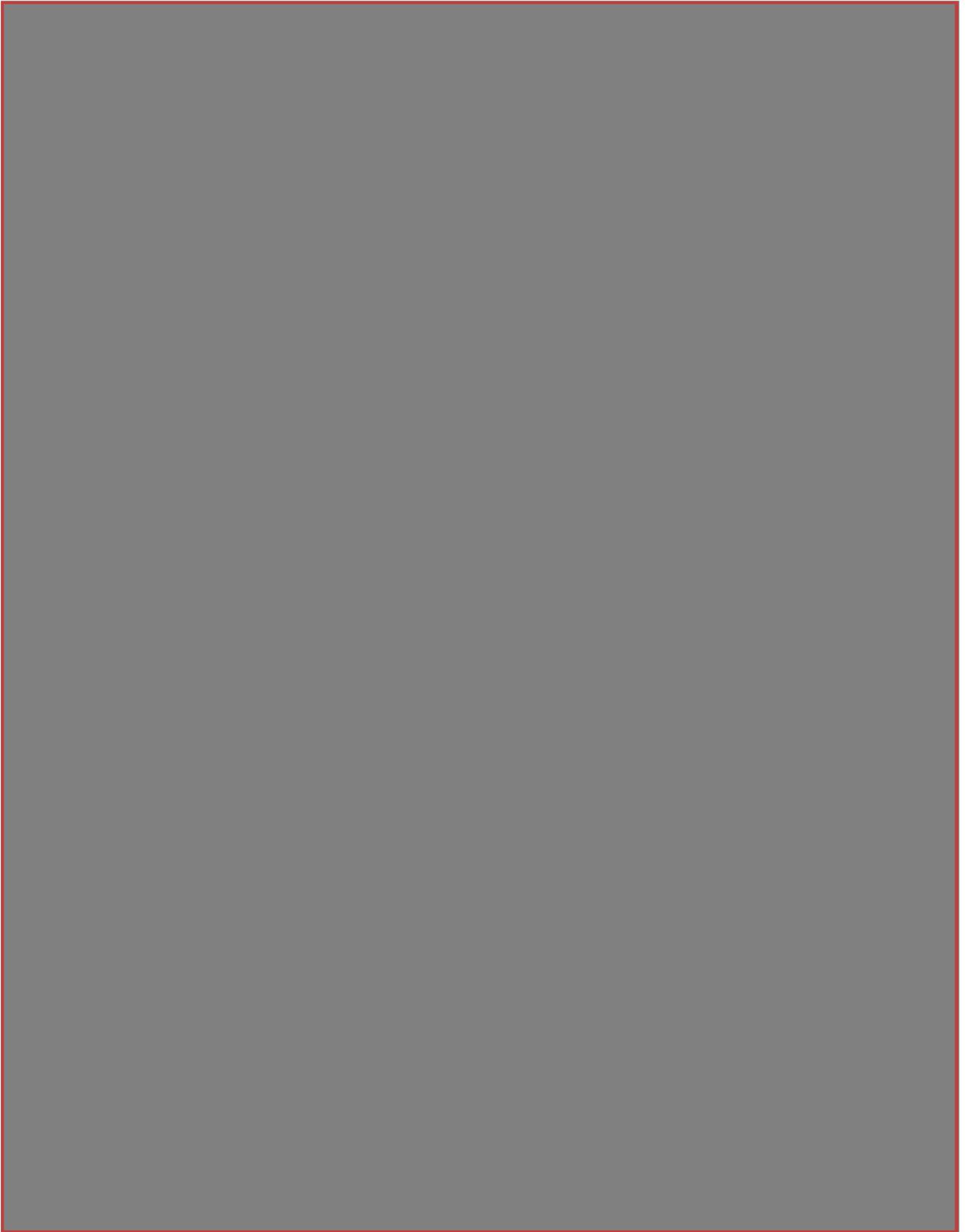
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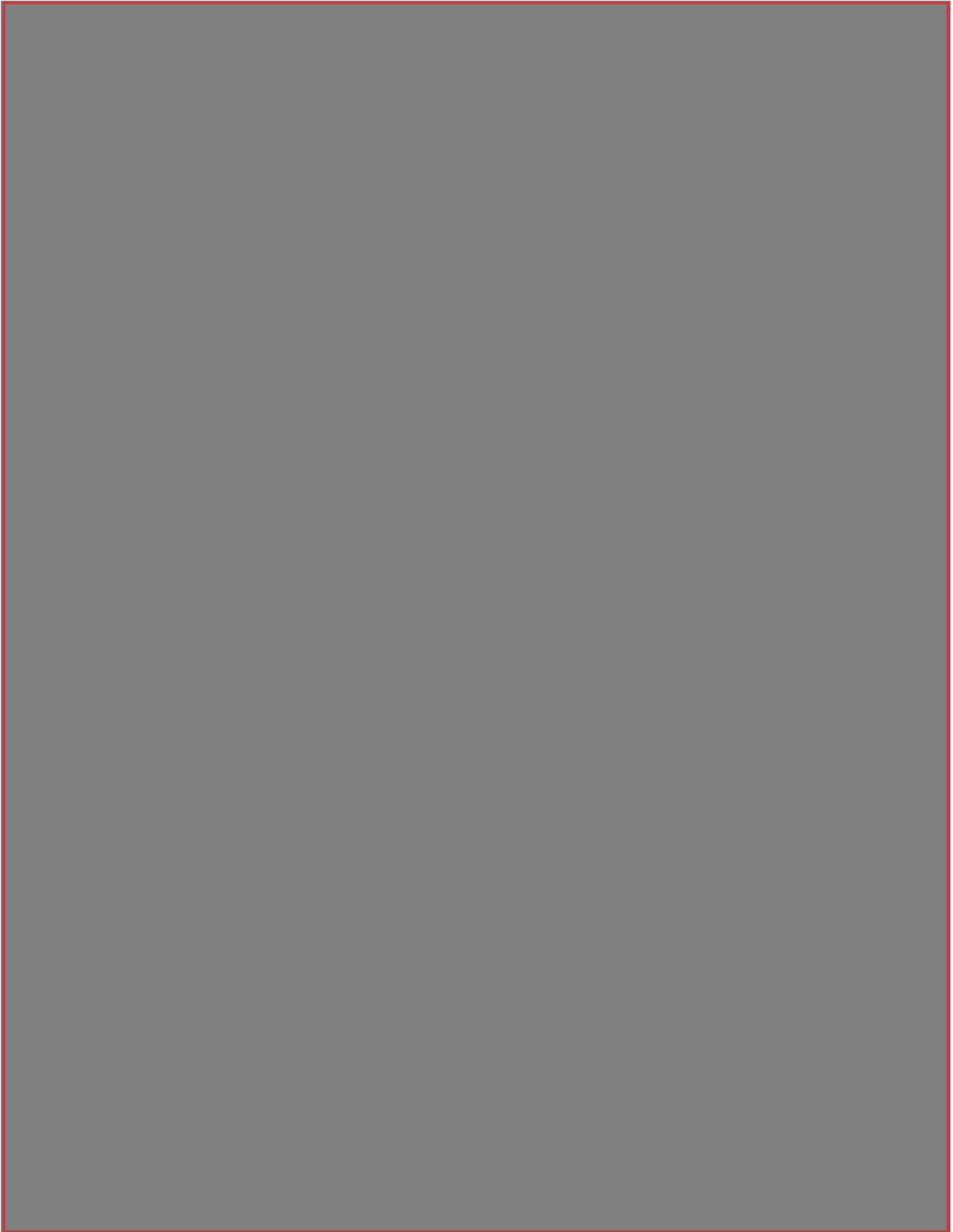
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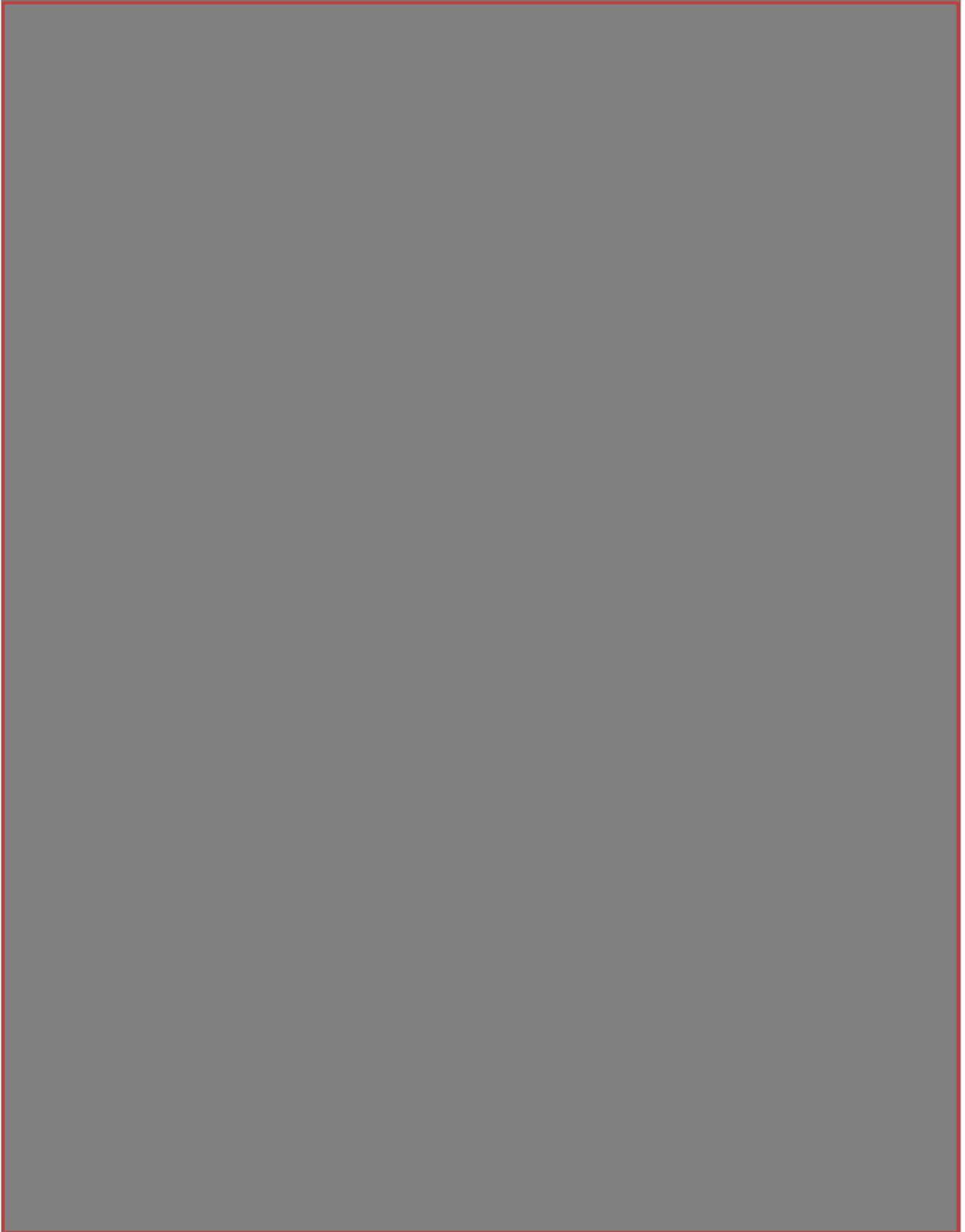
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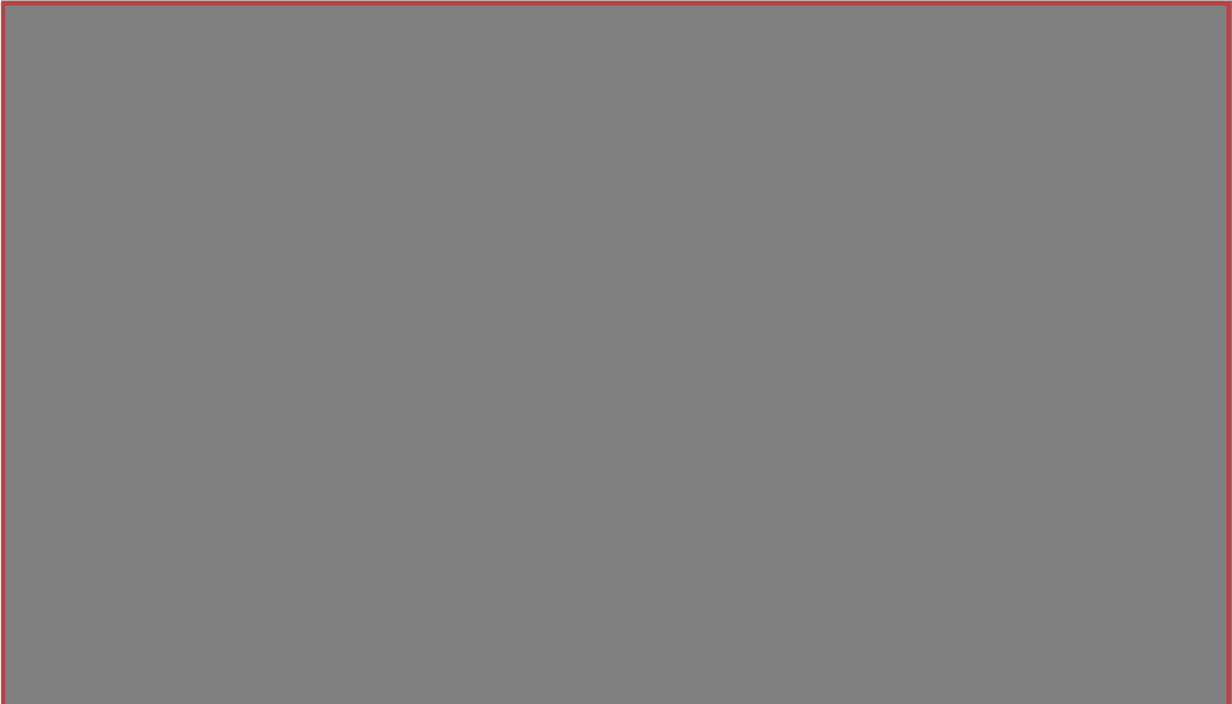
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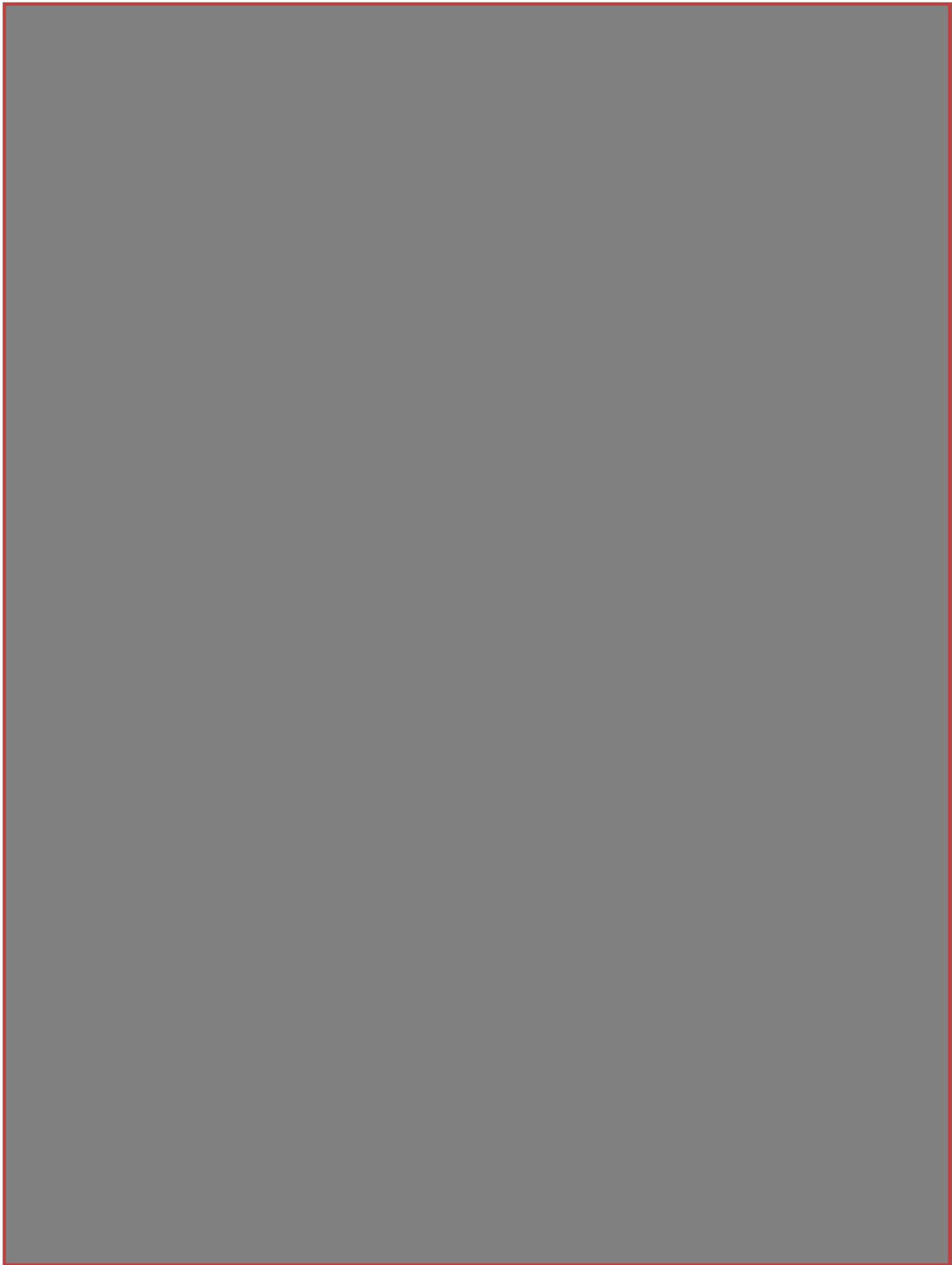
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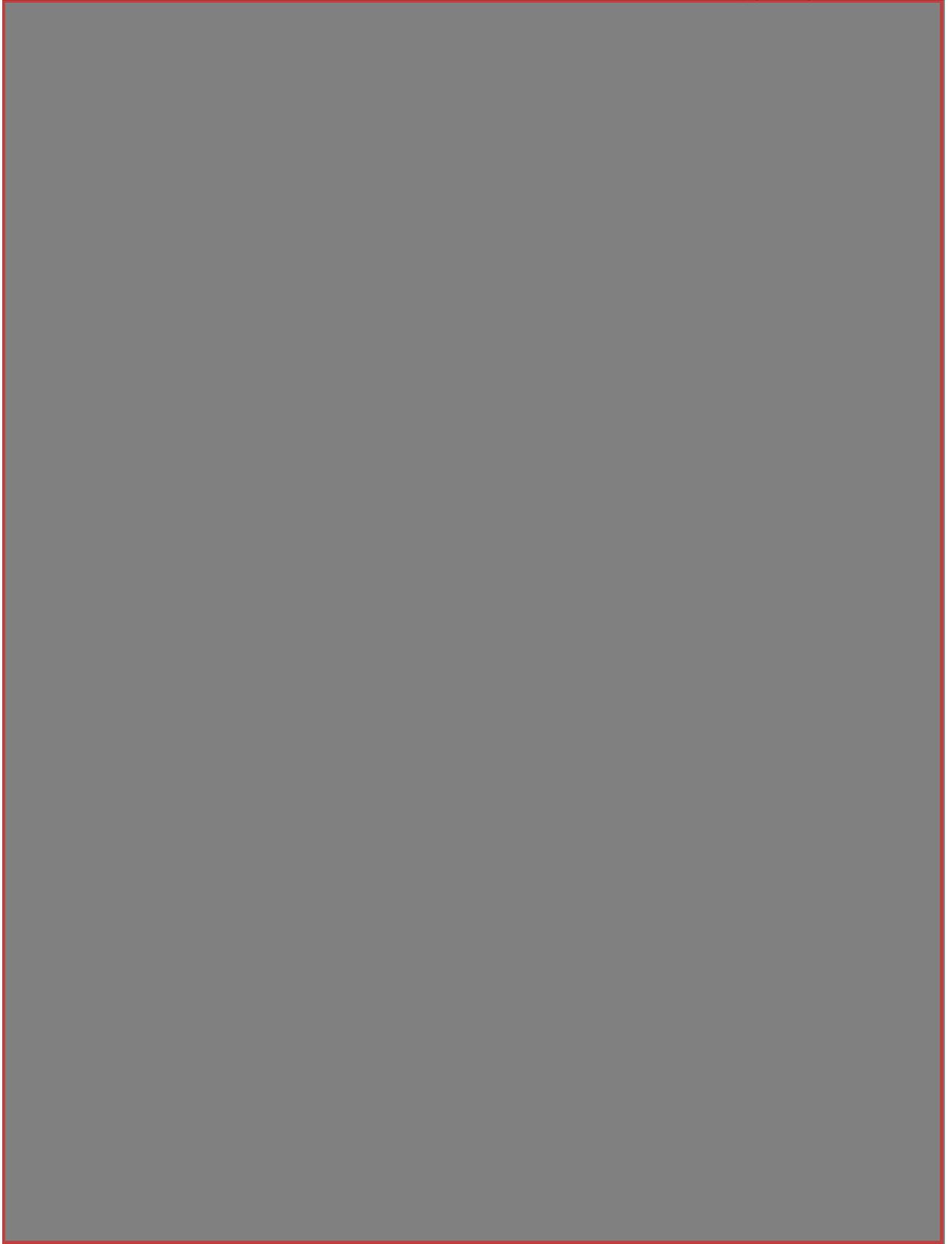
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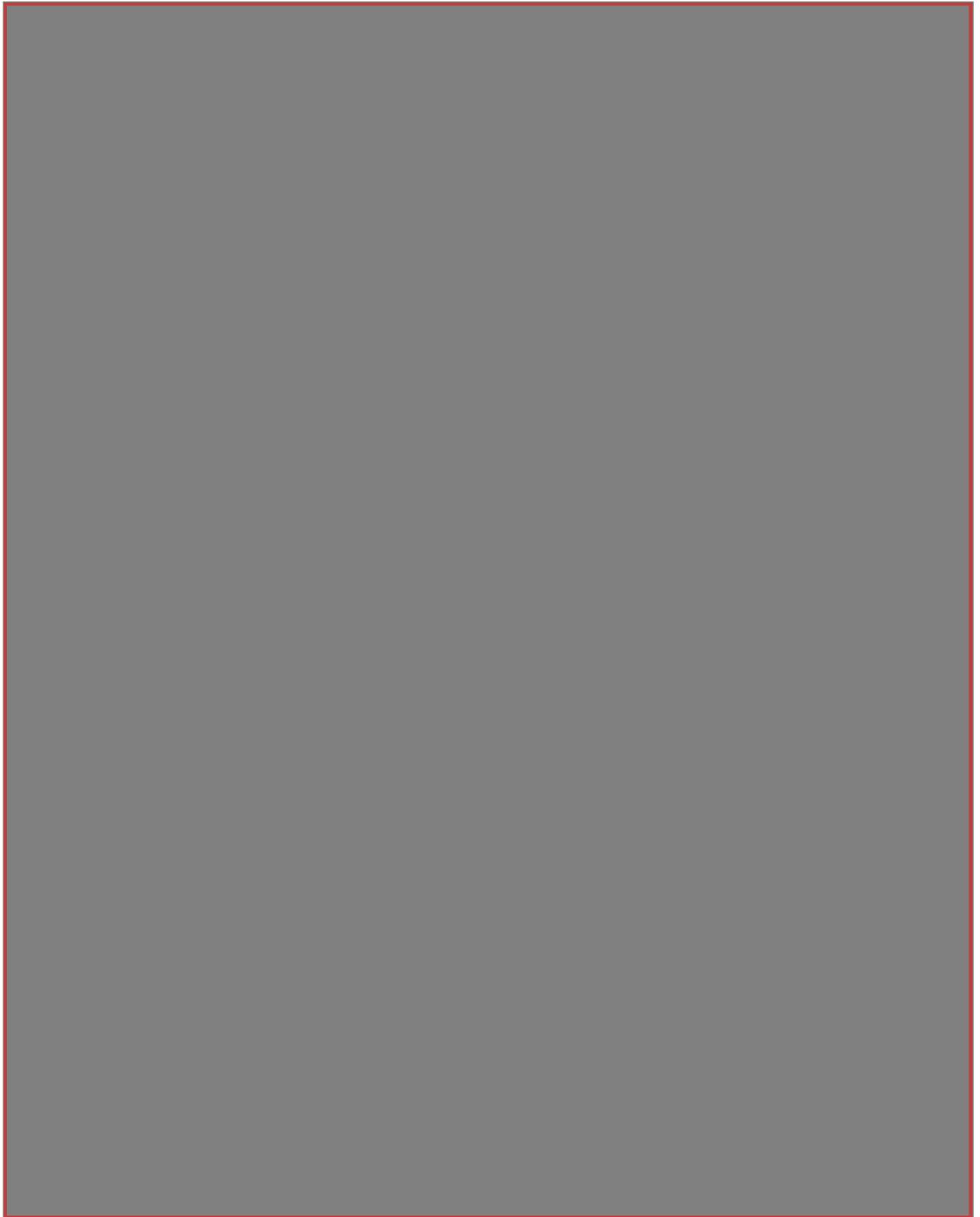
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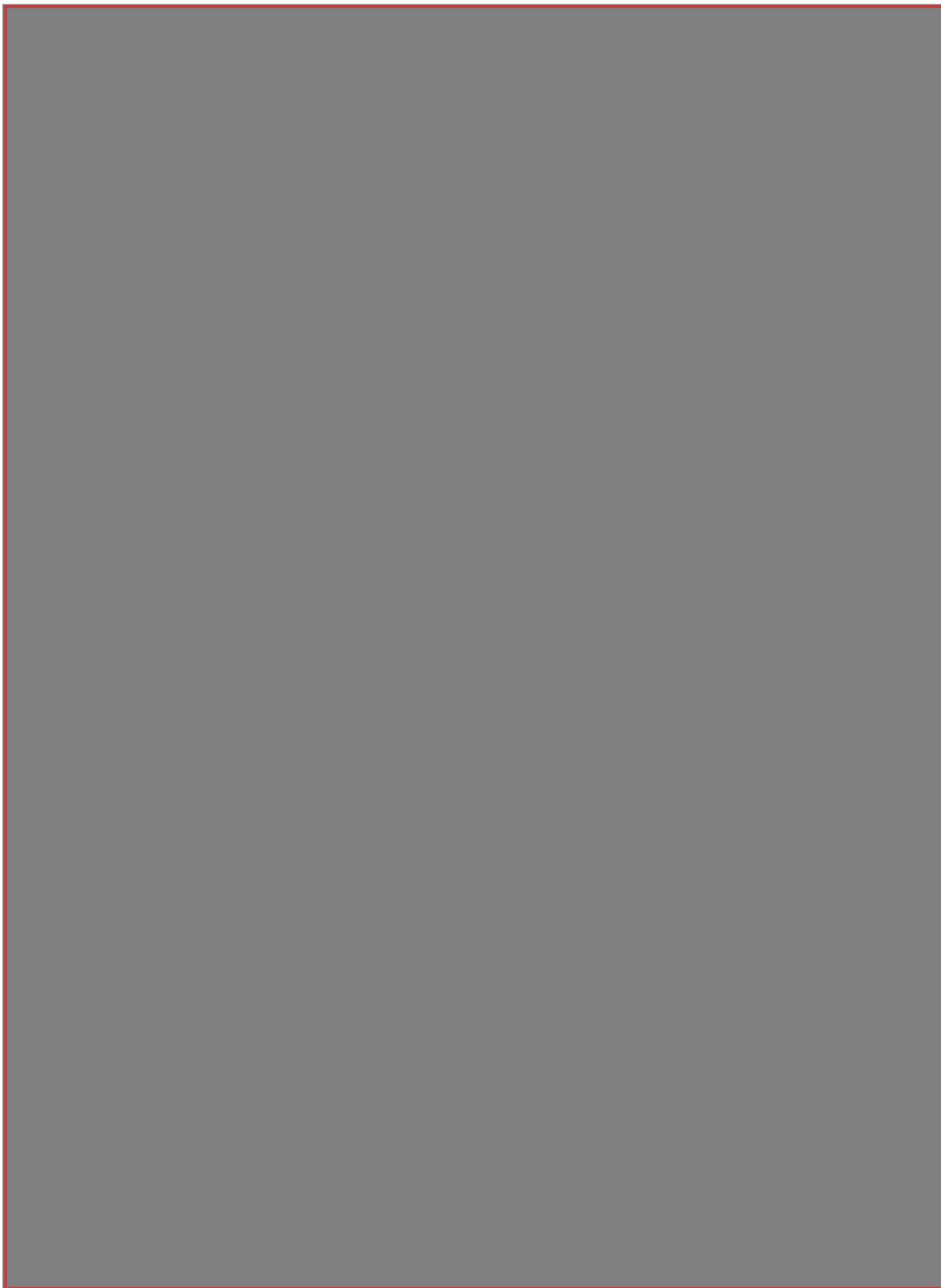
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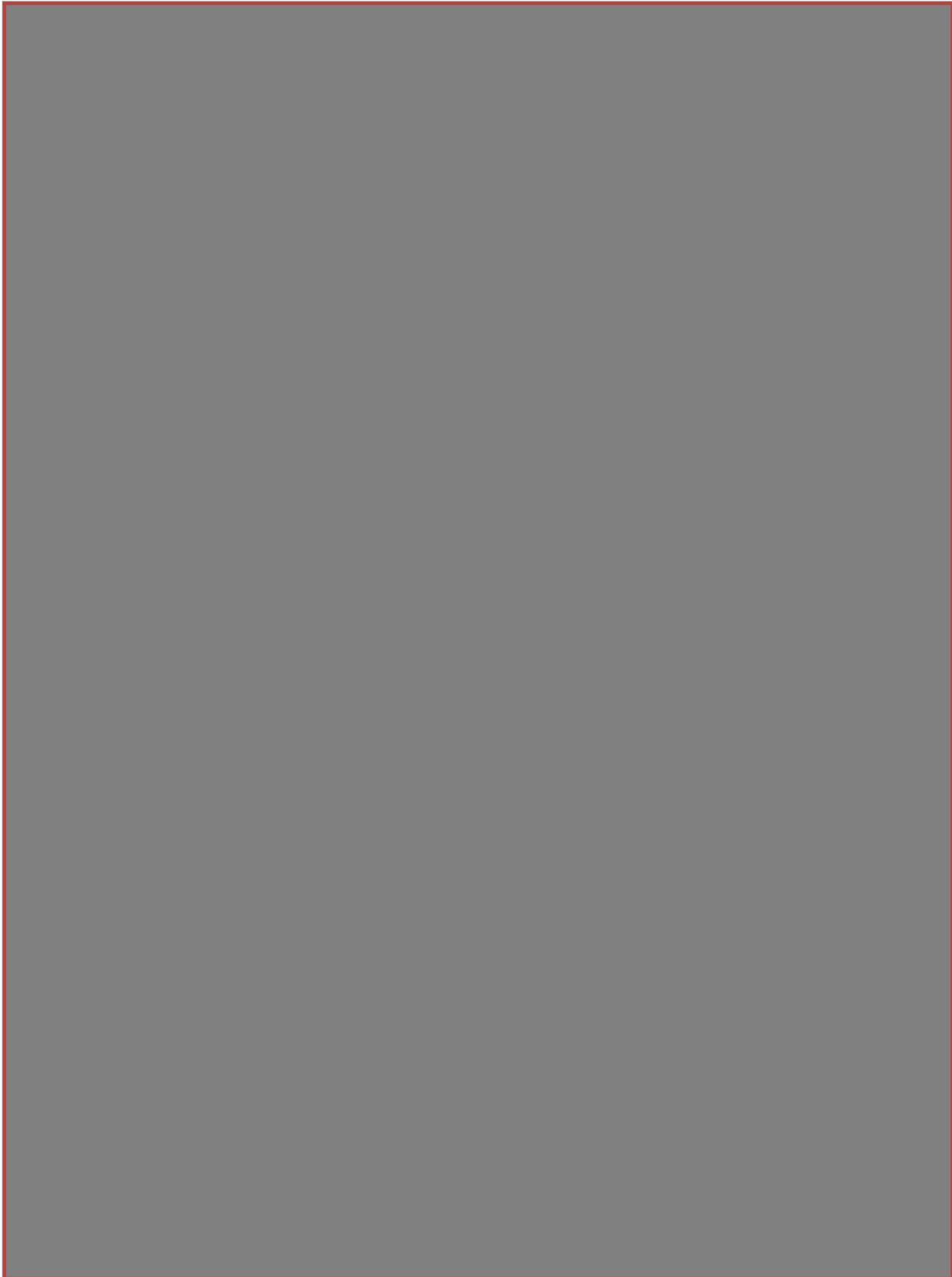
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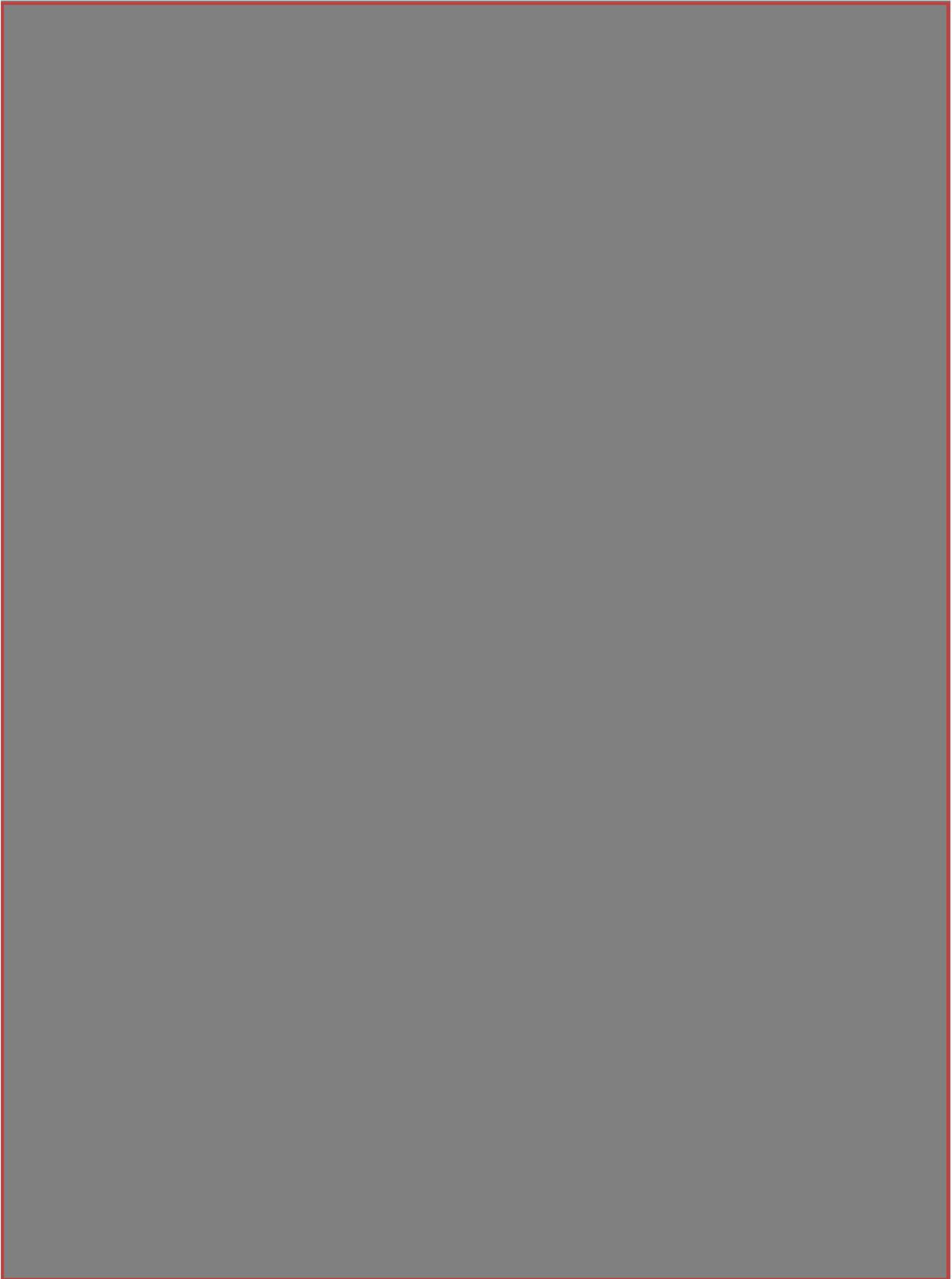
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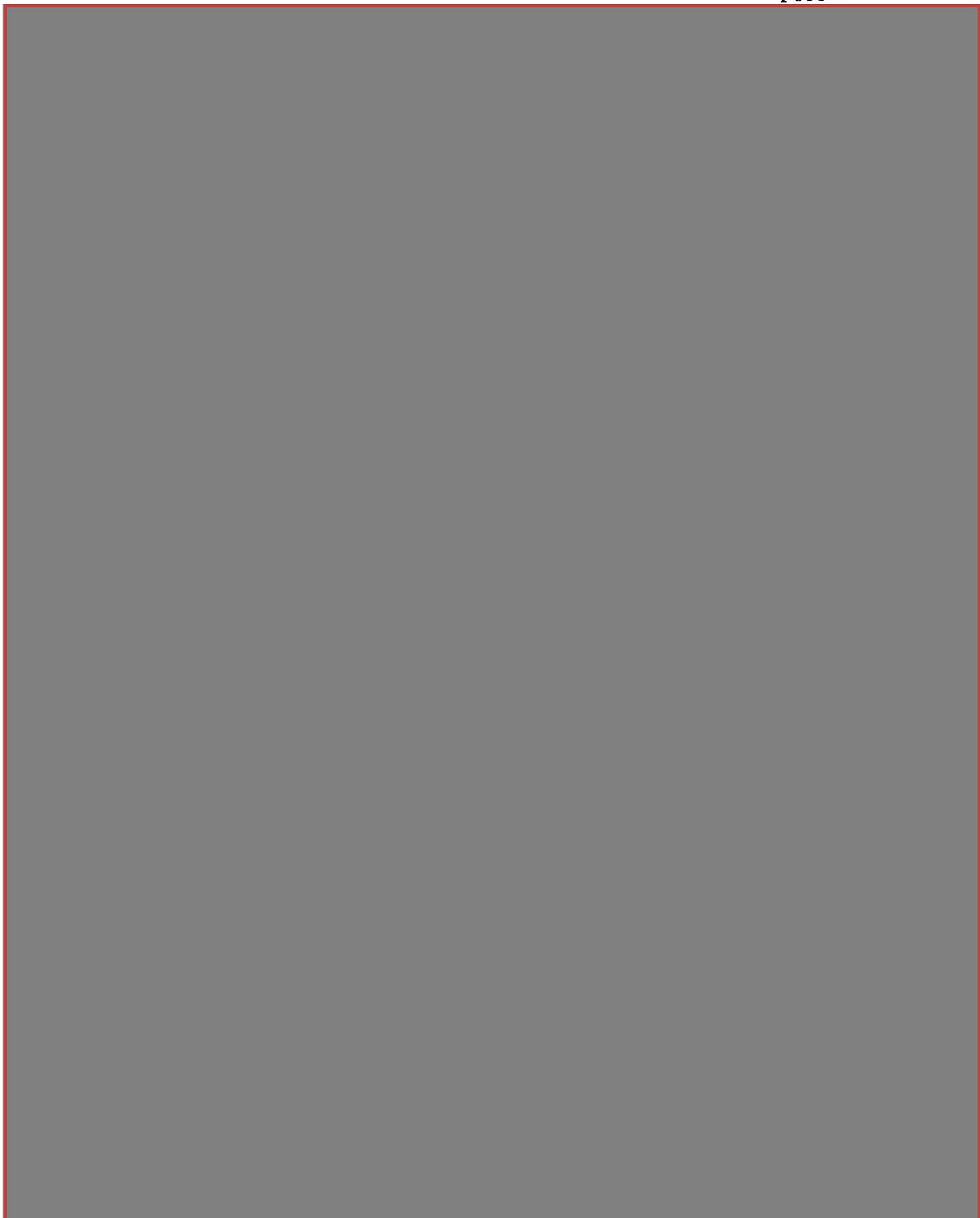
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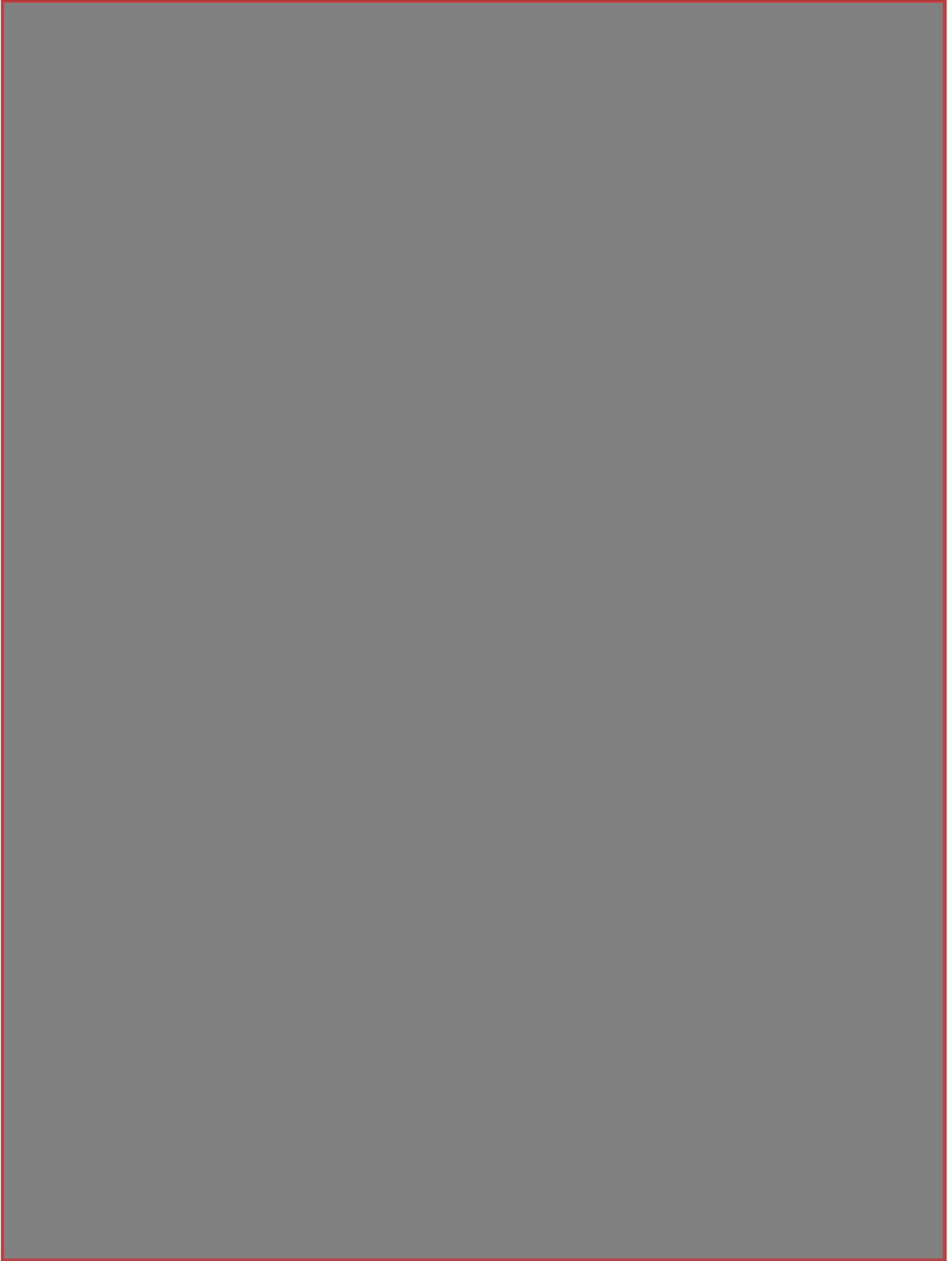
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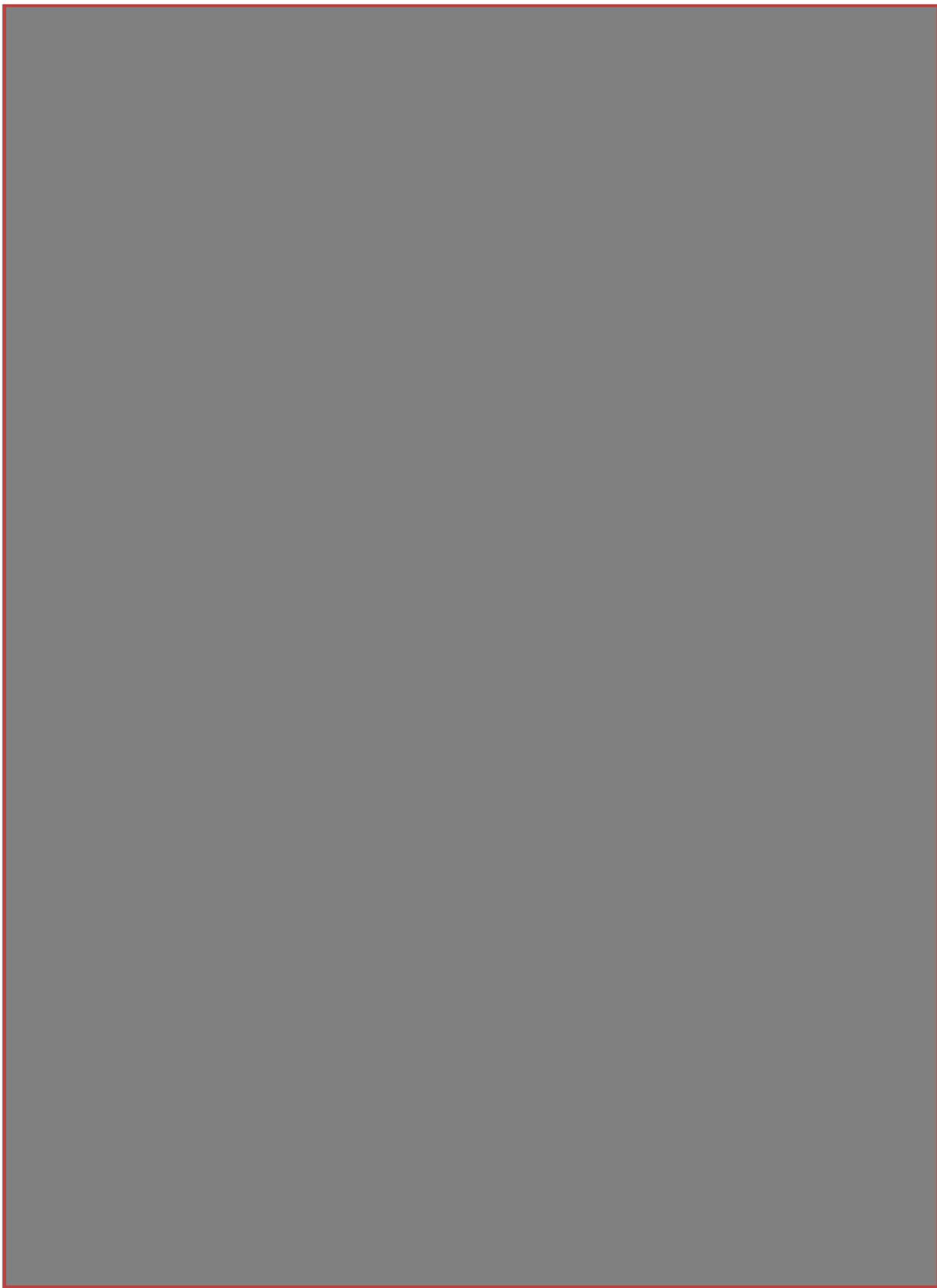
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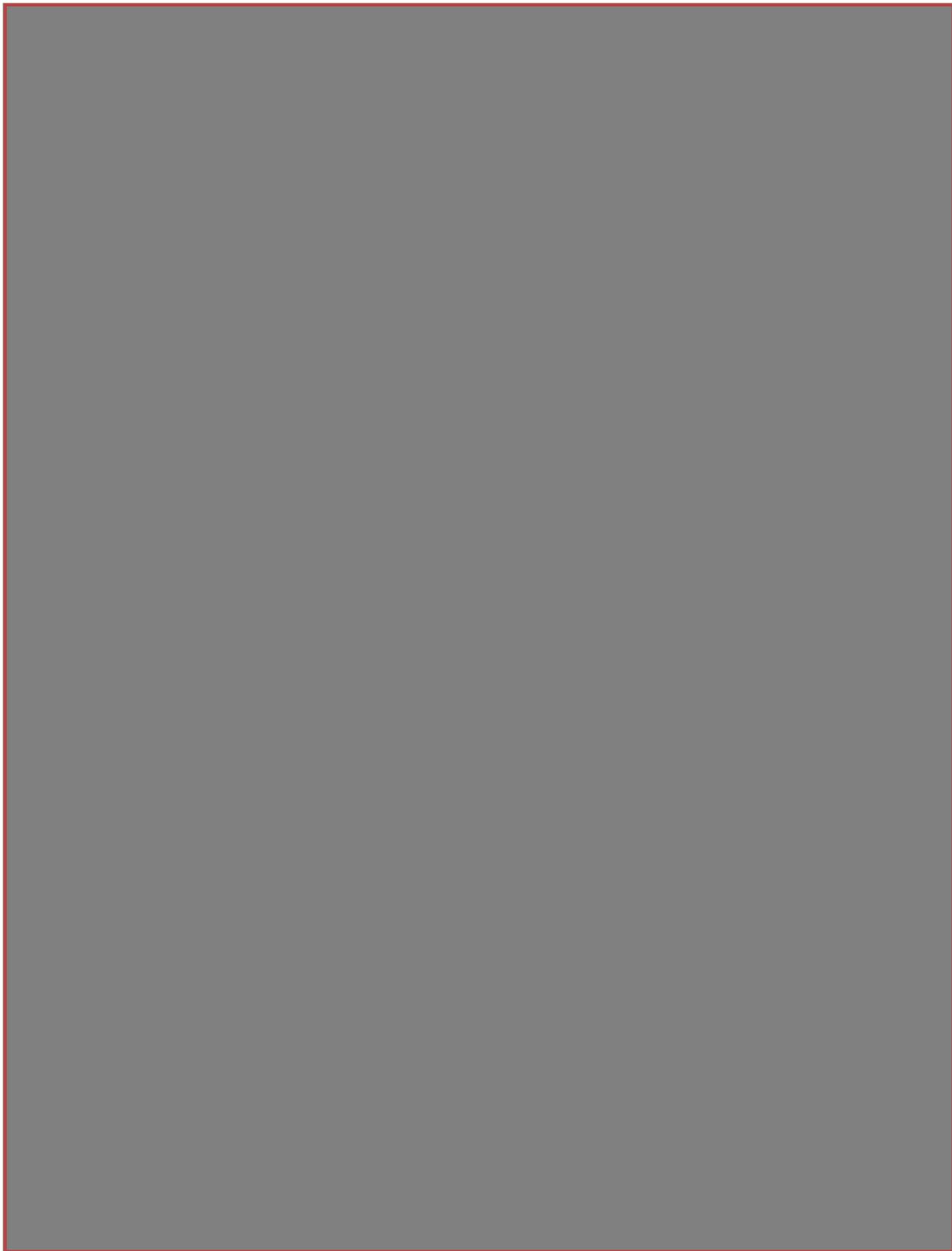
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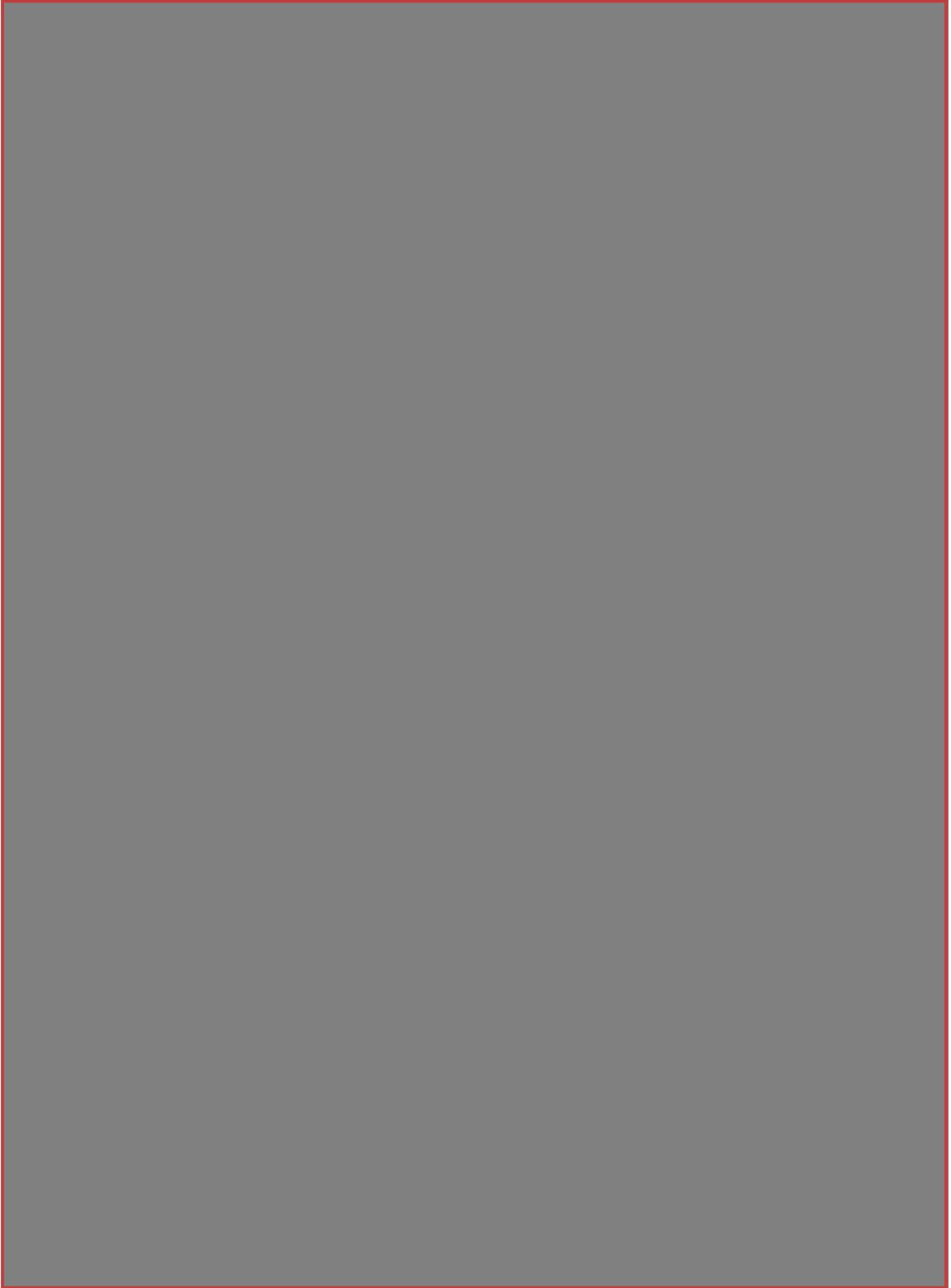
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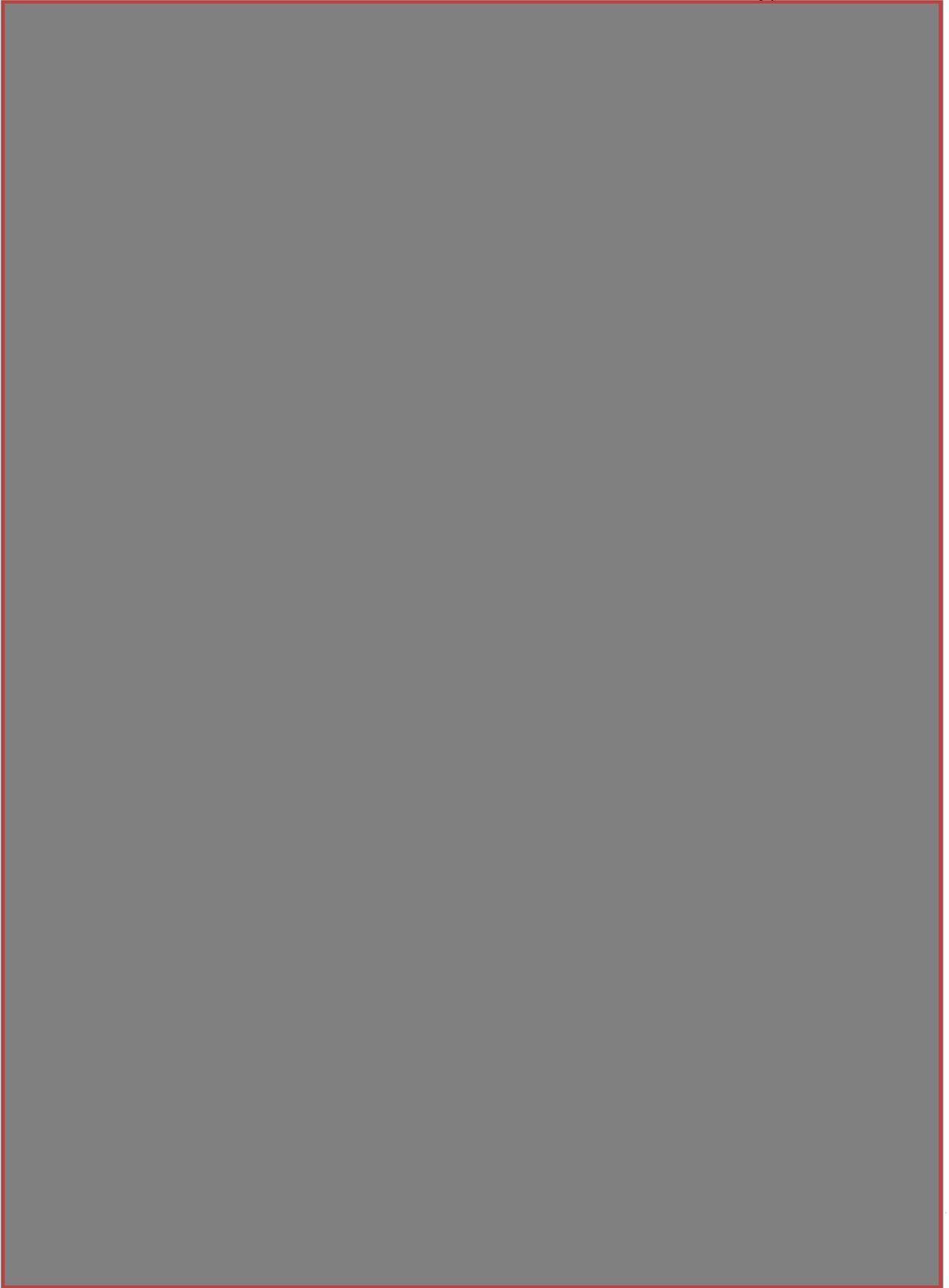
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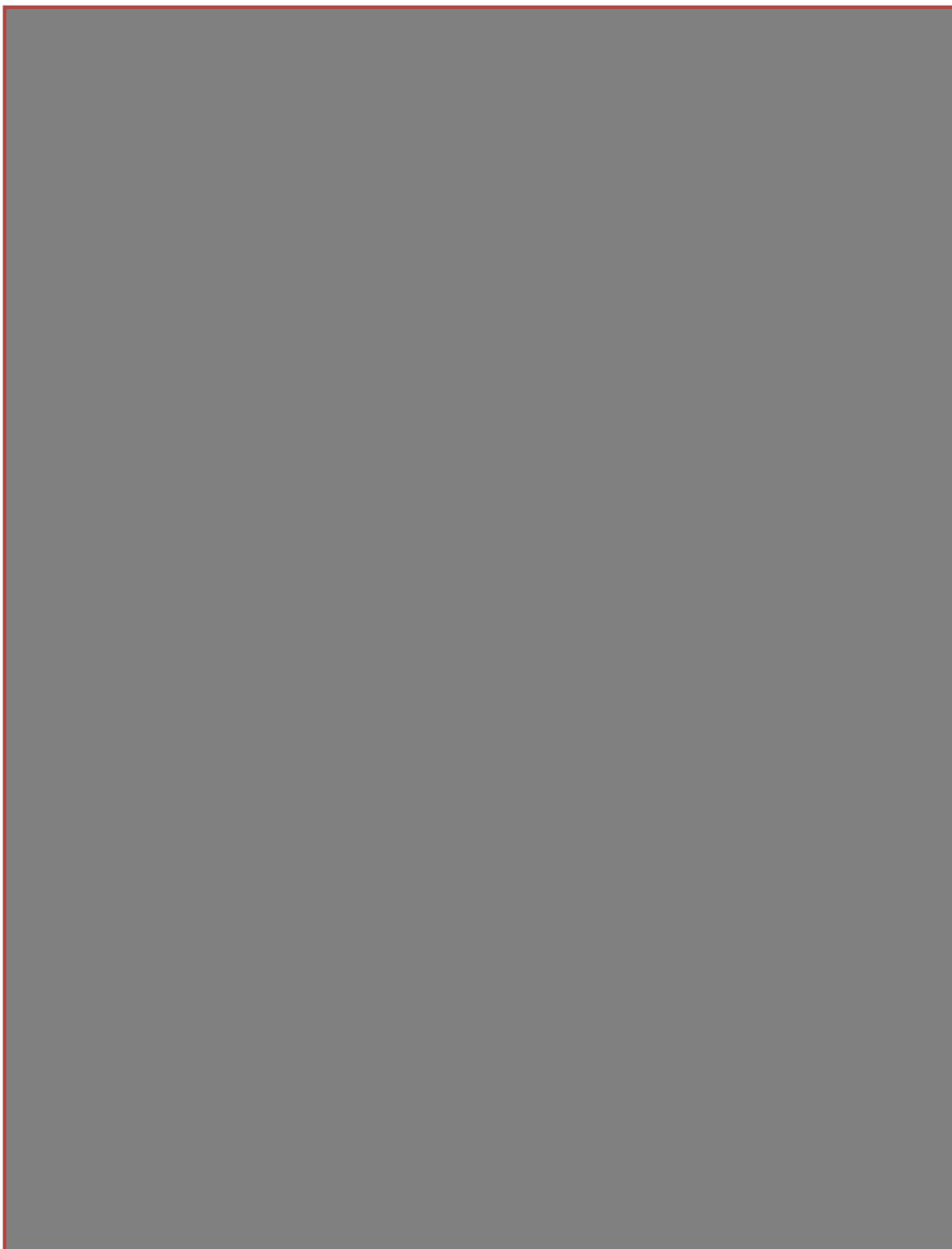
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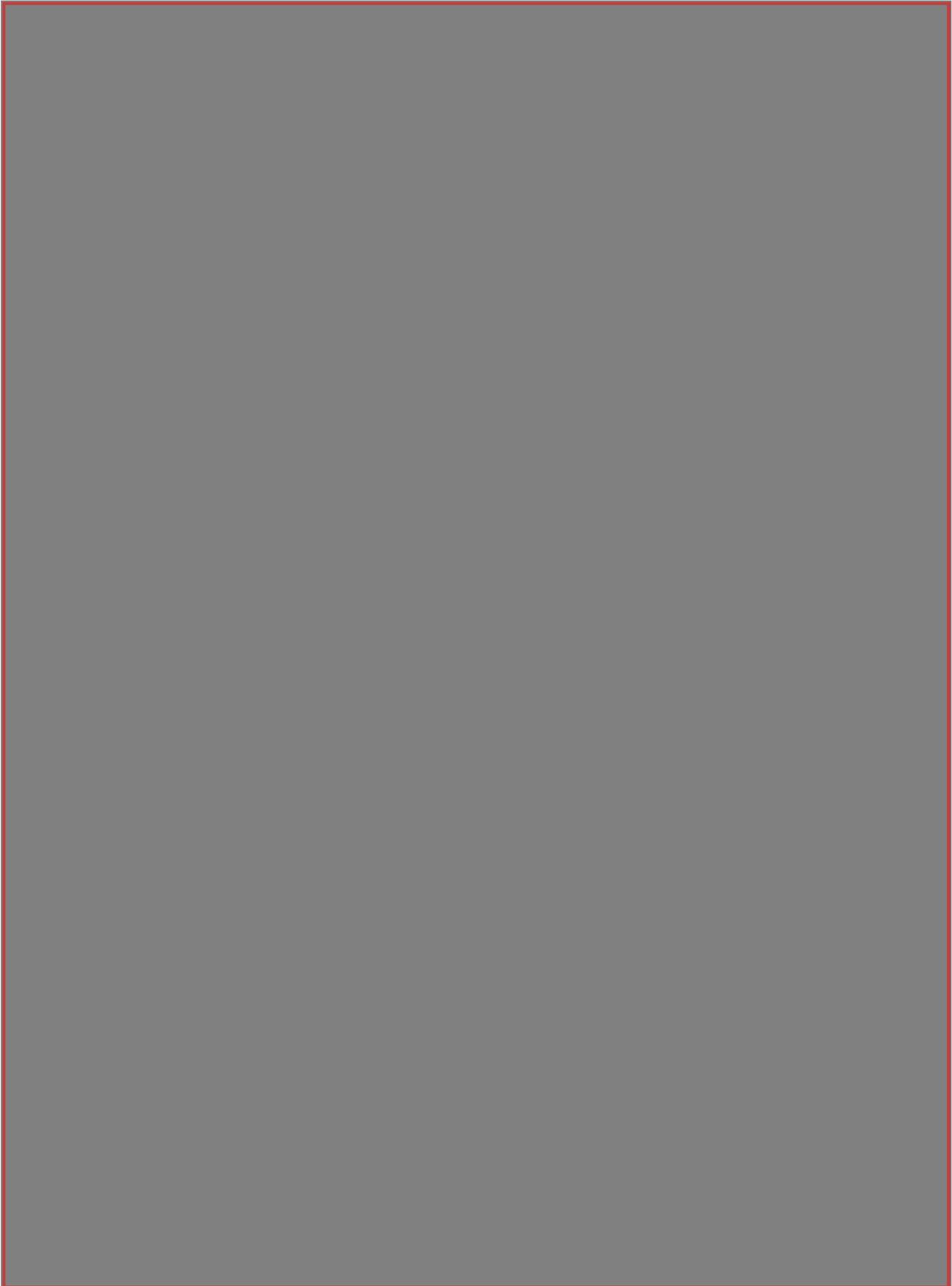
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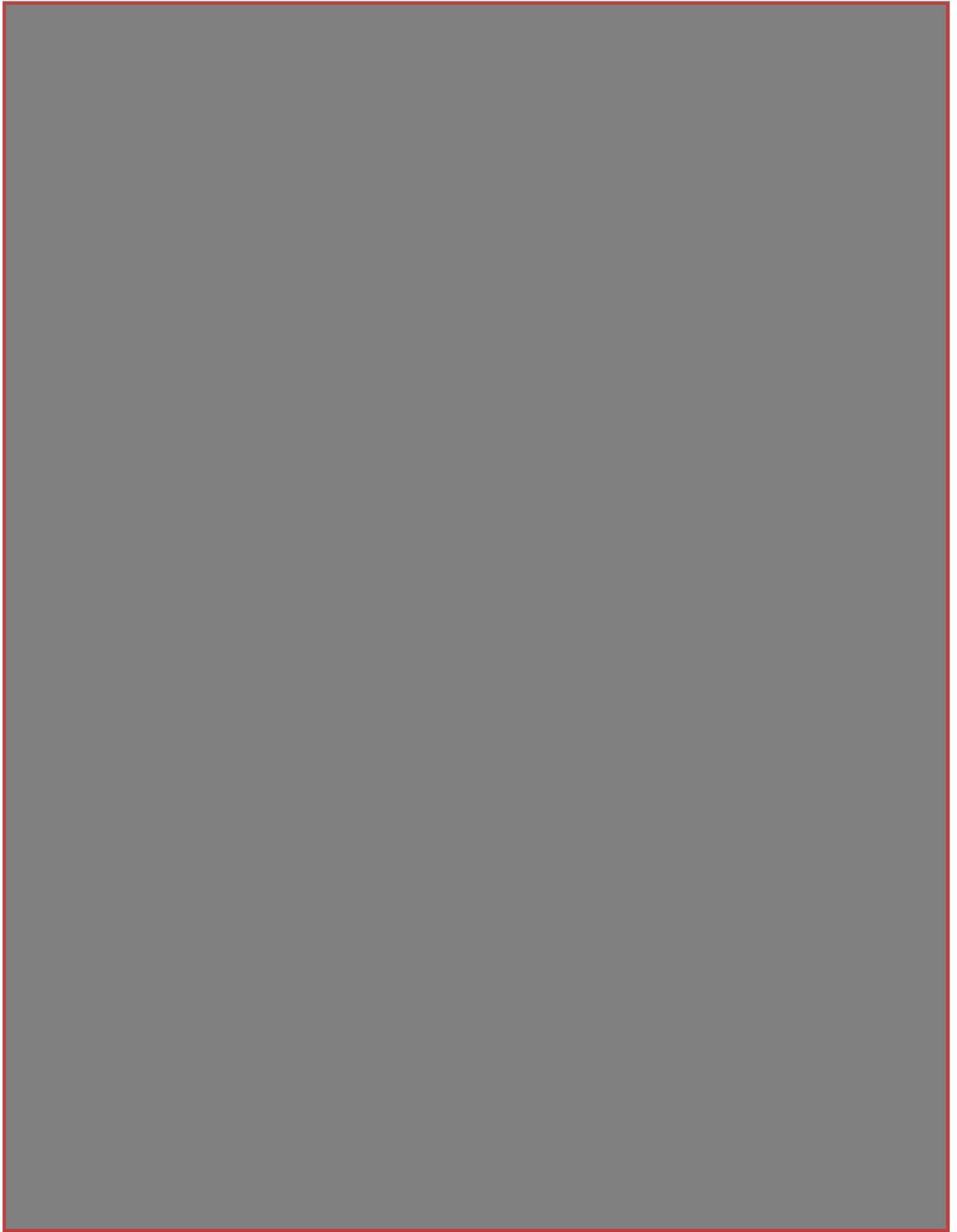
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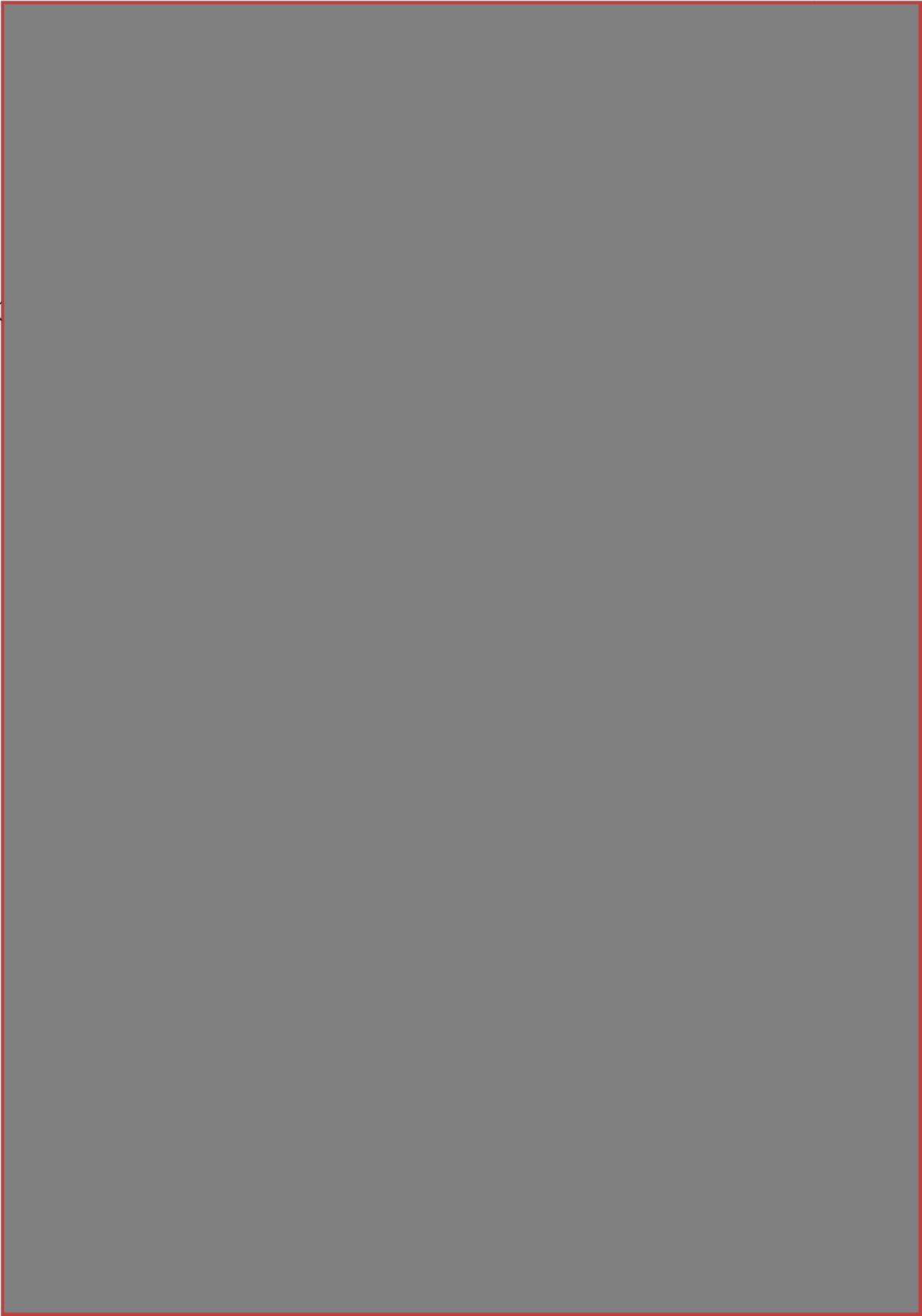
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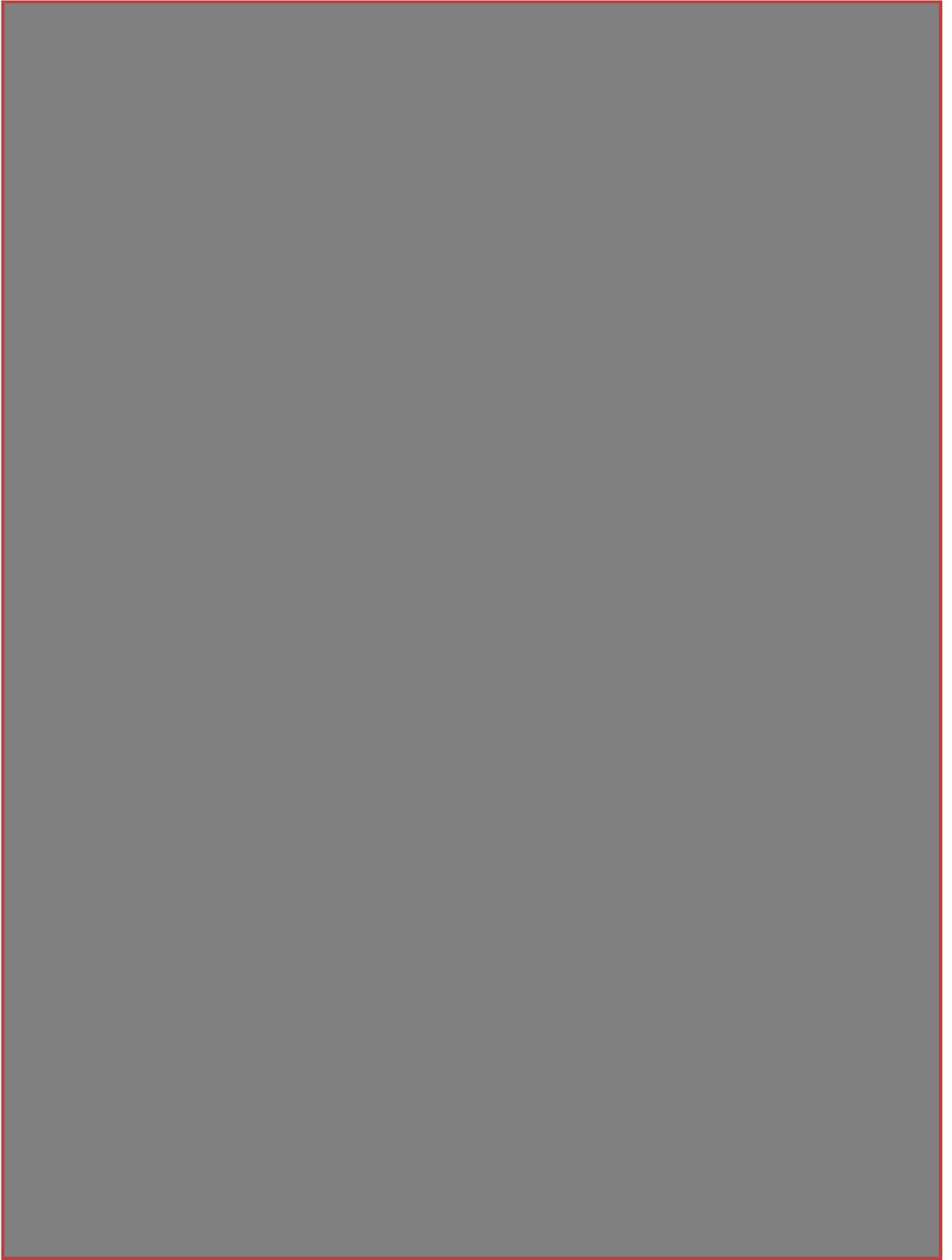
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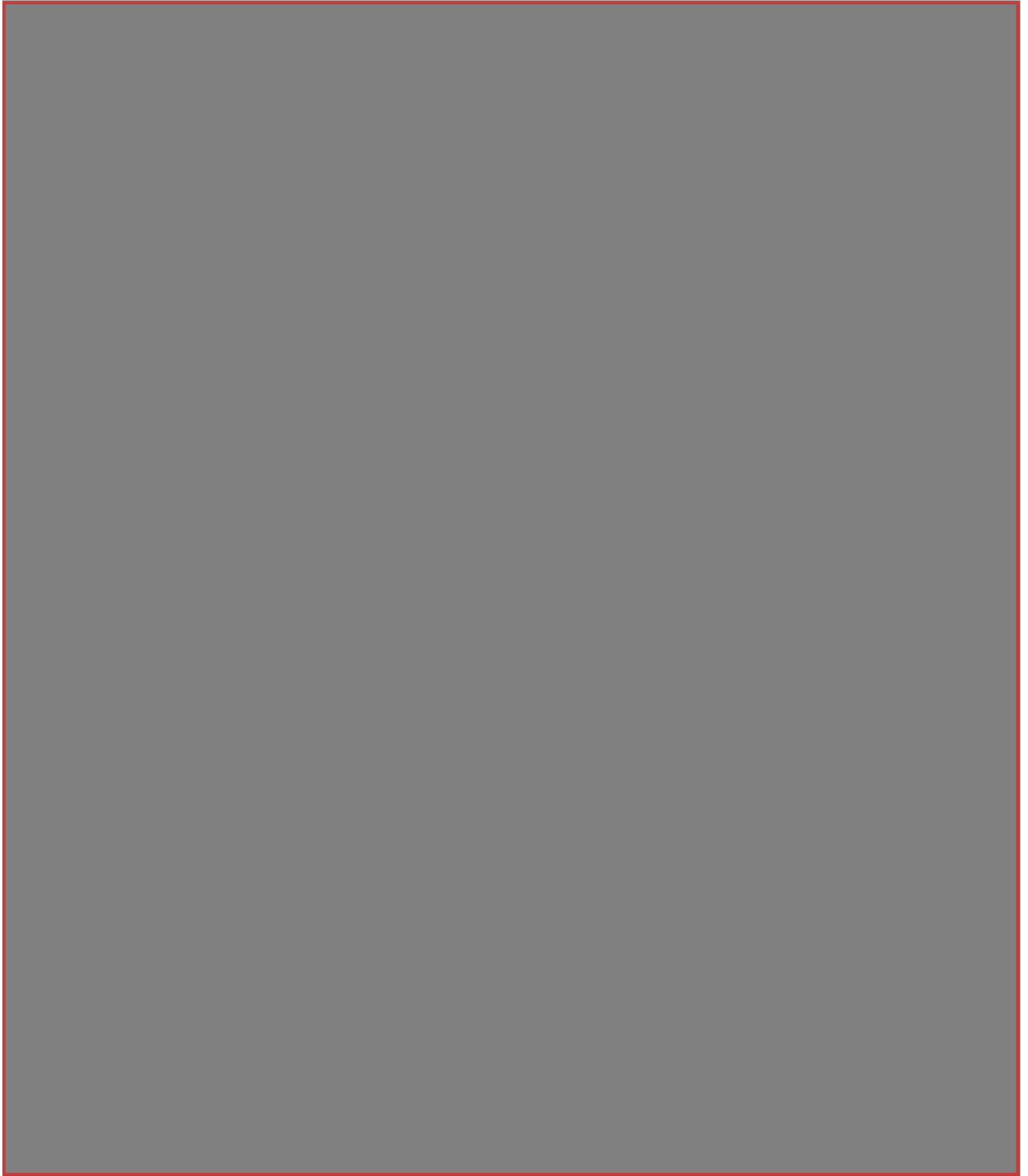
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PART 2 – GENERAL REQUIREMENTS

**INFORMATION AND DATA FURNISHED BY THE GOVERNMENT -
ALTERNATE II (NAVSEA) (MAY 1993) (APPLICABLE TO ALL LINE ITEMS)**

(a) NAVSEA Form 4340/2 or Schedule C, as applicable, Government Furnished Information, attached hereto, incorporates by listing or specific reference, all the data or information which the Government has provided or will provide to the Contractor except for-

(1) The specifications set forth in Section C, and

(2) Government specifications, including drawings and other Government technical documentation which are referenced directly or indirectly in the specifications set forth in Section C and which are applicable to this contract as specifications, and which are generally available and provided to Contractors or prospective Contractors upon proper request, such as Federal or Military Specifications, and Standard Drawings, etc.

(b) Except for the specifications referred to in subparagraphs (a)(1) and (2) above, the Government will not be obligated to provide to the Contractor any specification, drawing, technical documentation or other publication which is not listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable, notwithstanding anything to the contrary in the specifications, the publications listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable, the clause entitled "GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS)" (FAR 52.245-2), or "GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-

HOUR CONTRACTS)" (FAR 52.245-5), as applicable, or any other term or condition of this contract.

(c)(1) The Contracting Officer may at any time by written order:

(i) delete, supersede, or revise, in whole or in part, data listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable; or

(ii) add items of data or information to NAVSEA Form 4340/2 or Schedule C, as applicable; or

(iii) establish or revise due dates for items of data or information in NAVSEA Form 4340/2 or Schedule C, as applicable.

(2) If any action taken by the Contracting Officer pursuant to subparagraph (c)(1) immediately above causes an increase or decrease in the costs of, or the time required for, performance of any part of the work under this contract, an equitable adjustment shall be made in the contract amount and delivery schedule in accordance with the procedures provided for in the "CHANGES" clause of this contract.

**ACCESS TO PROPRIETARY DATA OR COMPUTER SOFTWARE (NAVSEA)
(JUN 1994) (APPLICABLE TO ALL LINE ITEMS)**

(a) Performance under this contract may require that the Contractor have access to technical data, computer software, or other sensitive data of another party who asserts that such data or software is proprietary. If access to such data or software is required or to be provided, the Contractor shall enter into a written agreement with such party prior to gaining access to such data or software. The agreement shall address, at a minimum, (1) access to, and use of, the proprietary data or software exclusively for the purposes of performance of the work required by this contract, and (2) safeguards to protect such data or software from unauthorized use or disclosure for so long as the data or software remains proprietary. In addition, the agreement shall not impose any limitation upon the Government or its employees with respect to such data or software. A copy of the executed agreement shall be provided to the Contracting Officer. The Government may unilaterally modify the contract to list those third parties with which the Contractor has agreement(s).

(b) The Contractor agrees to: (1) indoctrinate its personnel who will have access to the data or software as to the restrictions under which access is granted; (2) not disclose the data or software to another party or other Contractor personnel except as authorized by the Contracting Officer; (3) not engage in any other action, venture, or employment wherein this information will be used, other than under this contract, in any manner inconsistent with the spirit and intent of this requirement; (4) not disclose the data or software to any other party, including, but not limited to, joint venturer, affiliate, successor, or assign of the Contractor; and (5) reproduce the restrictive stamp, marking, or legend on each use of the data or software whether in whole or in part.

(c) The restrictions on use and disclosure of the data and software described above also apply to such information received from the Government through any means to which the Contractor has access in the performance of this contract that contains proprietary or other restrictive markings.

(d) The Contractor agrees that it will promptly notify the Contracting Officer of any attempt by an individual, company, or Government representative not directly involved in the effort to be performed under this contract to gain access to such proprietary information. Such notification shall include the name and organization of the individual, company, or Government representative seeking access to such information.

(e) The Contractor shall include this requirement in subcontracts of any tier which involve access to information covered by paragraph (a), substituting "subcontractor" for "Contractor" where appropriate.

(f) Compliance with this requirement is a material requirement of this contract.

**COMPUTER SOFTWARE AND/OR COMPUTER DATABASE(S) DELIVERED
TO AND/OR RECEIVED FROM THE GOVERNMENT (NAVSEA) (NOV 1996)
(APPLICABLE TO ALL LINE ITEMS)**

(a) The Contractor agrees to test for viruses all computer software and/or computer databases, as defined in the clause entitled "RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION" (DFARS 252.227-7014), before delivery of that computer software or computer database in whatever media and on whatever system the software is delivered. The Contractor warrants that any such computer software and/or computer database will be free of viruses when delivered.

(b) The Contractor agrees to test any computer software and/or computer database(s) received from the Government for viruses prior to use under this contract.

(c) Unless otherwise agreed in writing, any license agreement governing the use of any computer software to be delivered as a result of this contract must be paid-up and perpetual, or so nearly perpetual as to allow the use of the computer software or computer data base with the equipment for which it is obtained, or any replacement equipment, for so long as such equipment is used. Otherwise the computer software or computer data base does not meet the minimum functional requirements of this contract. In the event there is any routine to disable the computer software or computer data base in the future, that date certain shall not be less than 25 years after the delivery date of the computer software or computer database.

(d) No copy protection devices or systems shall be used in any computer software or computer database delivered under this contract to restrict or limit the Government from

making copies. This does not prohibit license agreements from specifying the maximum amount of copies that can be made.

(e) Delivery by the Contractor to the Government of certain technical data and other data is now frequently required in digital form rather than as hard copy. Such delivery may cause confusion between data rights and computer software rights. It is agreed that, to the extent that any such data is computer software by virtue of its delivery in digital form, the Government will be licensed to use that digital-form data with exactly the same rights and limitations as if the data had been delivered as hard copy.

(f) Any limited rights legends or other allowed legends placed by a Contractor on technical data or other data delivered in digital form shall be digitally included on the same media as the digital-form data and must be associated with the corresponding digital-form technical data to which the legends apply to the extent possible. Such legends shall also be placed in human-readable form on a visible surface of the media carrying the digital-form data as delivered, to the extent possible.



CONTRACTOR PROBLEM IDENTIFICATION REPORTS (NAVSEA) (MAY 1993)(APPLICABLE TO ALL LINE ITEMS)

(a) Contract Problem Identification Reports (CPIRs) shall be used by the Contractor for the purpose of alerting the Government to actual or potential contract problems and of establishing an early dialogue between the Contractor and the Government with regard thereto.

(b) A "contract problem" is a fact or circumstance of which the Contractor is aware that does, will or reasonably is anticipated to (1) have a significant or substantial impact on the delivery schedule or completion of contract performance or the cost of performance of the contract (increase or decrease) or (2) requires modification to the contract or specification(s). The terms "significant" and "substantial" shall be interpreted in the same manner as they would be interpreted by a reasonably prudent business person under the relevant circumstances.

(c) The Contractor shall report each contract problem promptly and in no event later than ten (10) calendar days, after the Contractor identifies such contract problem. A written CPIR shall be transmitted via the Administrating Contracting Officer (ACO) to the Procuring Contracting Officer and to the cognizant technical code. Each CPIR shall be entitled "Contract Problem Identification Report", shall be dated, numbered sequentially and shall set forth the following based on the best and most complete information then known or available to the Contractor:

- (1) The nature of the contract problem;
- (2) The date on which the contract problem arose and the date on which the contract problem was identified as such;
- (3) The anticipated direct and consequential effects of the contract problem upon the delivery schedule or completion of contract performance or the cost of performance of the contract;
- (4) Identification of the supplies and/or services which are or may be affected; and
- (5) The Contractor's recommended solution to the reported contract problem.

(d) Follow-up status reports of each contract problem, identified by the original CPIR number, shall be furnished monthly or more frequently as required by the Contracting Officer. A final follow-up report shall be furnished immediately following resolution of each contract problem.

(e) CPIRs shall not be submitted when notice of the same contract problem is required to be furnished to the Government pursuant to any other requirement of this contract. The submission of a CPIR, however, does not relieve the Contractor of its obligations to provide notice required under any other requirement of this contract.

ACCESS TO THE VESSEL(S) (AT) (NAVSEA) (JAN 1983)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

Officers, employees and associates of other prime Contractors with the Government and their Subcontractors, shall, as authorized by the Government, have, at all reasonable times, admission to the plant, access to the vessel(s) where and as required, and be permitted, within the plant and on the vessel(s) required, and be permitted, within the plant and on the vessel(s) to perform and fulfill their respective obligations to the Government. The Contractor shall make reasonable arrangements with the Government or Contractors of the Government, as shall have been identified and authorized by the Government to be given admission to the plant and access to the vessel(s) for office space, work areas, storage or shop areas, or other facilities and services, necessary for the

performance of the respective responsibilities involved, and reasonable to their performance.

**ACCESS TO VESSELS BY NON-U.S. CITIZENS (NAVSEA) (JUN 1999)
(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF
EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)**

(a) No person not known to be a U.S. citizen shall be eligible for access to naval vessels, work sites and adjacent areas when said vessels are under construction, conversion, overhaul, or repair, except upon a finding by COMNAVSEA or his designated representative that such access should be permitted in the best interest of the United States. The Contractor shall establish procedures to comply with this requirement and NAVSEAINST 5500.3 (series) in effect on the date of this contract or agreement.

(b) If the Contractor desires to employ non-U.S. citizens in the performance of work under this contract or agreement that requires access as specified in paragraph (a) of this requirement, approval must be obtained prior to access for each contract or agreement where such access is required. To request such approval for non-U.S. citizens of friendly countries, the Contractor shall submit to the cognizant Contract Administration Office (CAO), an Access Control Plan (ACP) which shall contain as a minimum, the following information:

- (1) Badge or Pass oriented identification, access, and movement control system for non-U.S. citizen employees with the badge or pass to be worn or displayed on outer garments at all times while on the Contractor's facilities and when performing work aboard ship.
 - (i) Badges must be of such design and appearance that permits easy recognition to facilitate quick and positive identification.
 - (ii) Access authorization and limitations for the bearer must be clearly established and in accordance with applicable security regulations and instructions.
 - (iii) A control system, which provides rigid accountability procedures for handling lost, damaged, forgotten or no longer required badges, must be established.
 - (iv) A badge or pass check must be performed at all points of entry to the Contractor's facilities or by a site Government for work performed on vessels outside the Contractor's plant.
- (2) Contractor's plan for ascertaining citizenship and for screening employees for security risk.

(3) Data reflecting the number, nationality, and positions held by non-U.S. citizen employees, including procedures to update data as non-U.S. citizen employee data changes, and pass to cognizant CAO.

(4) Contractor's plan for ensuring Subcontractor compliance with the provisions of the Contractor's ACP.

(5) These conditions and controls are intended to serve as guidelines representing the minimum requirements of an acceptable ACP. They are not meant to restrict the Contractor in any way from imposing additional controls necessary to tailor these requirements to a specific facility.

(c) To request approval for non-U.S. citizens of hostile and/or communist-controlled countries (listed in Department of Defense Industrial Security Manual, DOD 5220.22-M or available from cognizant CAO), Contractor shall include in the ACP the following employee data: name, place of birth, citizenship (if different from place of birth), date of entry to U.S., extenuating circumstances (if any) concerning immigration to U.S., number of years employed by Contractor, position, and stated intent concerning U.S. citizenship. COMNAVSEA or his designated representative will make individual determinations for desirability of access for above group. Approval of ACP's for access of non-U.S. citizens of friendly countries will not be delayed for approval of non-U.S. citizens of hostile communist-controlled countries. Until approval is received, Contractor must deny access to vessels for employees who are non-U.S. citizens of hostile and/or communist-controlled countries.

(d) An ACP which has been approved for specific Master Ship Repair Agreement (MSRA) or Agreement for Boat Repair (ABR) or Basic Ordering Agreement (BOA), is valid and applicable to all job orders awarded under that agreement.

(e) The Contractor shall fully comply with approved ACPs. Noncompliance by the Contractor or Subcontractor serves to cancel any authorization previously granted, in which case the Contractor shall be precluded from the continued use of non-U.S. citizens on this contract or agreement until such time as the compliance with an approved ACP is demonstrated and upon a determination by the CAO that the Government's interests are protected. Further, the Government reserves the right to cancel previously granted authority when such cancellation is determined to be in the Government's best interest. Use of non-U.S. citizens, without an approved ACP or when a previous authorization has been canceled, will be considered a violation of security regulations. Upon confirmation by the CAO of such violation, this contract, agreement or any job order issued under this agreement may be terminated or default in accordance with the clause entitled "DEFAULT (FIXED-PRICE SUPPLY AND SERVICE)" (FAR 52.249-8), "DEFAULT (FIXED-PRICE RESEARCH AND DEVELOPMENT)" (FAR 52.249-9) or "TERMINATION (COST REIMBURSEMENT)" (FAR 52.249-6), as applicable.

(f) Prime Contractors have full responsibility for the proper administration of the approved ACP for all work performed under this contract or agreement, regardless of the

location of the vessel, and must ensure compliance by all Subcontractors, technical representatives and other persons granted access to U.S. Navy vessels, adjacent areas, and work sites.

(g) In the event the Contractor does not intend to employ non-U.S. citizens in the performance of the work under this contract, but has non-U.S. citizen employees, such employees must be precluded from access to the vessel and its work site and those shops where work on the vessel's equipment is being performed. The ACP must spell out how non-U.S. citizens are excluded from access to contract work areas.

(h) The same restriction as in paragraph (g) above applies to other non-U.S. citizens who have access to the Contractor's facilities (e.g., for accomplishing facility improvements, from foreign crewed vessels within its facility, etc.).

TRANSFER OF EFFORT AND COSTS FROM CLINs 0014, 0015, 0016 (IF EXERCISED) TO CLINs 0007, 0008, 0009 (IF EXERCISED) (APPLICABLE ONLY TO CLINs 0014, 0015, 0016)

The long lead time equipments, material and commodities procured or manufactured under CLINs 0014, 0015, 0016 are for construction of or installation in LCS Ships. At such time when the Government exercises Option Item(s) 0014, 0015, 0016 and places an order for long lead time material, the amount of the order for long lead material shall be subtracted from the amount for the associated ship CLIN (0007, 0008, 0009) by execution of a contract modification. At such time when the Government exercises Option Item(s) 0007, 0008, 0009, the efforts under CLINs 0014, 0015, 0016 (if previously exercised) and the associated costs shall be transferred to the appropriate ship CLIN (0007, 0008, 0009) by execution of a contract modification hereunder. Upon execution of such contract modification, no further work under CLINs 0014, 0015, 0016 will be required under this contract. The work under Item 0014, 0015, 0016 will be merged into the work required for the construction of LCS Ships and any cost incurred and/or committed under CLINs 0014, 0015, 0016 will be

provided for in the pricing structure of ship construction under CLINs 0007, 0008, 0009, as appropriate.

In the event the Government does not execute the associated ship construction CLIN (0007, 0008, 0009), the Government shall provide instructions relative to disposition of any equipment, materials, and commodities procured or manufactured under CLINs 0014, 0015, 0016. Upon compliance with the Government's disposition instruction, the Contractor shall submit to the Contracting Officer its request for equitable adjustment covering such changes in this contract. Further, all rights of the Contractor with respect to any subcontract or purchase order shall be assigned to the Government and no action shall be required of the Contractor, nor any liability remain with the Contractor, after compliance with the Government's disposition instructions provided under this contract requirement.

**PROVISIONING TECHNICAL DOCUMENTATION (NAVSEA) (FEB 1994)
(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE) AND 0010 AND IF
EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)**

The Provisioning Technical Documentation (PTD) shall be in accordance with the Provisioning Requirements Statement (PRS), including NAVSEA Addendum for PTD Requirements dated January 1993, the Provisioning Performance Schedule and the Contract Data Requirements List [REDACTED], attached hereto.

**DEPARTMENT OF LABOR SAFETY AND HEALTH STANDARDS FOR
SHIPBUILDING (AT) (NAVSEA) (JAN 1990) (APPLICABLE TO ITEMS 0004/0005
(AS APPLICABLE) AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009
AND 0011-0019)**

Attention of the Contractor is directed to Public Law 91-596, approved December 29, 1970 (84 Stat. 1590, 29 USC 655) known as the "OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970" and to the "OCCUPATIONAL SAFETY AND HEALTH STANDARDS FOR SHIPYARD EMPLOYMENT" promulgated thereunder by the Secretary of Labor (29 CFR. 1910 and 1915). These regulations apply to all shipbuilding and related work, as defined in the regulations. Nothing contained in this contract shall be construed as relieving the Contractor from any obligations which it may have for compliance with the aforesaid regulations.

**FACILITIES NOT TO BE GOVERNMENT-FURNISHED (CT) (NAVSEA) (JAN
1990) (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND
IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)**

The Contractor's obligation to perform this contract is in no way conditioned upon the providing by the Government of any facilities, except as may be otherwise expressly provided herein. Accordingly, no such facilities shall be either acquired by the Contractor for the account of the Government or furnished to the Contractor by the Government hereunder. For the purpose of this requirement, facilities means industrial property (other than material, special tooling, military property, and special test

equipment) for production, maintenance, research, development or test, including real property and rights therein, buildings, structures, improvements, and plant equipment as defined in FAR 45.101 and 45.301 and DFARS 245.301.

PLANT PROTECTION (NAVSEA) (APR 2002)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

(a) In accordance with NAVSEA STANDARD ITEM NO: 009-72, Paragraph 3.1, and the attached Contract Data Requirements List (CDRL), the Contractor shall develop, maintain, and implement, as necessary, a Plant Protection Plan which prescribes the actions and procedures and assigns responsibilities for actions to be taken to provide adequate protection of the ship(s) and the materials and equipment to be installed therein. A copy of 009-72 can be obtained from the purchasing office representative listed in Section G of the contract or via the internet at:

<http://www.supship.navy.mil/ssrac4/nsi/03nsi/00972.pdf>

(b) The Contractor shall establish and maintain, for its plant and the work in process under this contract, physical security boundaries and other security measures to provide safeguards against hazards, including unauthorized entry, malicious mischief, theft, espionage, sabotage, and terrorism to U.S. Naval Vessels and their crews, in accordance with DFARS 252.217-7016 entitled "Plant Protection" and NAVSEA STANDARD ITEM NO: 009-72, Paragraphs 3.1 through 3.4 and Attachment A thereto.

(c) In addition to the foregoing requirements and in accordance with NAVSEA STANDARD ITEM NO: 009-72, paragraphs 3.5 through 3.8, the Contractor shall provide such additional safeguards as may be required or approved by the Contracting Officer, or when notified by the Supervisor, for the protection of its plant and the work in process under this contract against any threats including terrorism, espionage, sabotage, and enemy action.

(d) At the Supervisor's discretion, the Contractor and the Supervisor shall negotiate a cost rate agreement applicable to each level of increased threat response described in NAVSEA STANDARD ITEM NO: 009-72, paragraphs 3.5 through 3.8, respectively. In addition to material costs, the labor cost rates shall be negotiated using the contractor's and the Supervisor's accepted common business practices. The labor and material costs to the Contractor for all safeguards so required or approved shall, to the extent allowable and allocable to this contract, be reimbursed to the Contractor in the same manner as if the Contractor has furnished such safeguards pursuant to a change order issued under the clause of this contract entitled "CHANGES--FIXED PRICE" (FAR 52.243-1) or "CHANGES--COST-REIMBURSEMENT" (FAR 52.243-2), as applicable. Such costs shall not include any allowance on account of overhead expense, except shop overhead charges incident to the construction or installation of such devices or equipment.

(e) Upon payment, in accordance with the Payments provision of this contract, by the Government of the cost to the Contractor for any device or equipment required or approved under paragraph (c) above, title thereto shall vest in the Government, and the Contractor shall comply with the instructions of the Contracting Officer respecting the identification and disposition thereof. No part or item of any such devices or equipment shall be or become a fixture by reason of affixation to any realty not owned by the Government.

(f) The plant protection plan and rate agreements required by this provision shall be completed and implemented within the timeframe required by the attached CDRLs, however, they shall only become effective after the expiration of the period of performance of the Force Protection Efforts under contract N00024-03-C- 2311.

PROTECTION OF THE SHIP DURING ADVERSE ENVIRONMENTAL CONDITIONS (NAVSEA) (FEB 1994)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

The Contractor shall ensure that the ship(s) and all related material at the Contractor's facilities are protected during conditions of heavy weather, high winds, heavy snow and icing, high water or similar adverse environmental conditions. The Contractor shall develop, maintain, and implement as necessary an "Adverse Environmental Conditions Plan" which prescribes the actions and procedures and assigns responsibilities for action to be taken in preparation for and during the period of adverse environmental conditions. The Contractor shall furnish the plan to the Supervisor and shall make such changes in the plan as the Supervisor considers necessary to provide for adequate protection of the ship(s) and the materials and equipment to be installed therein.

PROTECTION OF THE VESSEL (NAVSEA) (SEP 1990)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

(a) The Contractor shall exercise reasonable care, as agreed upon with the Supervisor, to protect the vessel from fire, and shall maintain a system of inspection over the activities of its welders, burners, riveters, painters, pipe fitters, and similar workers, and of its subcontractors, particularly where such activities are undertaken in the vicinity of the vessel's magazines, fuel oil tanks, or store rooms containing inflammable materials. All ammunition, fuel oil, motor fuels, and cleaning fluids shall have been off-loaded and the tanks cleaned, except as may be mutually agreed upon between the Contractor and the Supervisor prior to work on the vessel by the Contractor. Fire hose lines shall be maintained by the Contractor ready for immediate use on the vessel at all times while the vessel is berthed alongside the Contractor's pier or in dry dock. All tanks under alteration or repair shall be cleaned, washed, and steamed out or otherwise made safe to the extent necessary, and the Contractor shall furnish the vessel's Gas Free Officer and the Supervisor with a "Gas Chemists' Certificate" before any hot work is done. The Contractor shall maintain a fire watch aboard the vessel in areas where the Contractor is

working. All other fire watches aboard the vessel shall be the responsibility of the Government.

(b) Except as otherwise provided in contractually invoked technical specifications or NAVSEA furnished directives, while the vessel is at the Contractor's plant and when the temperature becomes as low as thirty-five degrees Fahrenheit, the Contractor shall assist the Government when requested in keeping all pipe-lines, fixtures, traps, tanks, and other receptacles on the vessel drained to avoid damage from freezing, or if this is not practicable, the vessel shall be kept heated to prevent such damage. The vessel's stern tube and propeller hubs shall be protected by the Contractor from frost damage by applied heat through the use of a salamander or other proper means.

(c) The work shall, whenever practicable, be performed in such manner as not to interfere with the work performed by military personnel attached to the vessel, and provisions shall be made so that personnel assigned shall have access to the vessel at all times, it being understood that such personnel will not unduly interfere with the work of the Contractor's workmen.

(d) The Contractor shall at all times keep the site of the work on the vessel free from accumulation of waste material or rubbish caused by its employees, or the work performed by the Contractor in accordance with this contract, and at the completion of such work shall remove all rubbish from and about the site of the work, and shall leave the work in its immediate vicinity "broom clean", unless more exactly specified by the Supervisor.

SHIPBUILDING PRODUCTION PROGRESS CONFERENCES (SPPC) (AT) (JAN 1983)(APPLICABLE TO OPTION ITEM(S) 0007-0009, IF EXERCISED)

(a) The Contractor agrees to attend 12 progress meetings to be held at the Naval Sea Systems Command, or if the Government so elects, at the Contractor's plant, beginning four weeks after option exercise of CLIN 0007, 0008, 0009. The purpose of the meetings is to report progress, anticipated delays, cost experience in relation to budget and projected end costs, manning, schedules, receipt of Government-furnished property/Contractor-furnished material, production problems, and other related matters.

(b) It is agreed and understood that the reports to be made by the Contractor pursuant to this requirement are additional to, and not in substitution for, reports and notices required to be made or given by the Contractor pursuant to other requirements of this contract, including, but not limited to, the "NOTIFICATION OF CHANGES" requirement.

(c) The production report requirement does not apply to items under the technical cognizance of Deputy Commander Nuclear Propulsion Directorate. Production progress information regarding such items shall be provided as requested by NAVSEA 08.

TESTS AND TRIALS - ALTERNATE I (NAVSEA) (MAY 1993) (APPLICABLE TO OPTION ITEM(S) 0007-0009, IF EXERCISED)

During the conduct of required tests and trials, the vessel shall be under the control of the Contractor and the Contractor's crew with representatives of the Contractor and the Government on board to determine whether or not the work done by the Contractor has been satisfactorily performed. The Contractor shall provide and install all fittings and appliances which may be necessary for dock and sea trials to enable the representatives of the Government to determine whether the requirements of the contract have been met, and the Contractor shall install and remove instruments and apparatus furnished by the Government for such trials, as required by the specifications.

CONFIGURATION MANAGEMENT (APPLICABLE TO ITEM 0004/0005 (AS APPLICABLE), AND IF EXERCISED, OPTION ITEM(S) 0007-0009)

(a) Baseline Definition – For configuration control purposes, all contractual documentation in effect at the time of contract award shall constitute the Contract Baseline which shall be considered incorporated in the baseline documentation.

(b) General Requirement

(1) The Contractor shall maintain a Configuration Control Program to assure that all detail level work being performed under this contract is in compliance with appropriate baseline documentation. The Contractor shall prepare a Configuration Management Plan for approval by the Government.

(2) Whenever a situation arises wherein the Contractor cannot comply with a baseline document, or whenever intent of such documentation is significantly changed by detail level documentation, the Contractor shall submit change documents to modify baseline documents to resolve the conflict or to allow non-compliance. Whenever the cost of implementing a proposed change is less than \$500,000, the Contractor shall provide documentation explaining the nature of related costs as shown on the change document. Whenever the contract cost changes by more than \$500,000, the Contractor shall complete such cost and pricing data as the Contracting Officer shall require detailing all related costs, and attach it to the change document. Change documentation shall be submitted to the Supervisor in accordance with the Data Requirements List (DRL), and as described in paragraphs (c) through (f) below.

(c) Engineering Change Proposals (Short Form, DD Form 1693) – MIL-STD-973 shall be used as general guidance for completing this standard form. This form shall be used whenever the detail level physical configuration, material quality, operational or functional performance of equipment or installed systems will not be in compliance with baseline design-related documents (Ship Specifications, General Arrangement Drawing, System Specification, Total Ship Manning Levels proposed in the Manning Estimate, and

to all subtier documentation referenced therein), and a change to the baseline document is considered an appropriate means of resolving a design-related issue. Documentation shall be developed in sufficient detail to enable Government review and evaluation of the merits of the proposed change, including cost and scheduling impact, ship class impact, and consequences if disapproved. Due to space limitations of the Standard DD Form 1693, the Contractor may use form continuation sheets to assure that sufficient detailed information, including appropriate illustrations, is provided. All existing drawings and technical manuals impacted by the change shall be listed along with a brief narrative explanation of needed changes to incorporate the Engineering Change Proposal (ECP) if approved. Weight and moment data, cargo flow rates, and total ship manning levels incidental to the change shall be provided in Block 15 of the form. The Contractor shall also prepare applicable baseline document insert sheets, with specific word changes or proposed re-write, to facilitate baseline documentation changes.

(d) Non-Engineering Change Proposals (NAVSEA Form 4130) – This form shall be used to document administrative, procedural, scheduling, or documentation changes that do not directly impact the physical configuration of the ship. The completed Form 4130 should explain the nature of the problem, identify the applicable baseline document (i.e., Data Requirement List (DRL), Contract Clause, etc.) and provide a detailed explanation justifying the proposed course of action desired to resolve the problem. Due to the space limitation on the form, continuation sheets may be used. Insert sheets for applicable documents shall also be attached to facilitate change action in the event the Non-Engineering Change Proposal (NECP) is approved.

(e) Deviations and Waivers (DD Form 1694) – In the event that a baseline design-related document requirement cannot be met, and a change to the baseline document is considered inappropriate, the Contractor shall submit a request for deviation or waiver, as applicable. The explanation of "need for deviation" of Block 24 should provide detailed justification and consequences of approval, to include technical details explaining the degree of non-compliance or effect on ship equipment or system operation constraints. In a similar manner, a waiver shall document an "as built" configuration that departs from baseline documentation, and should include any proposed corrections or modifications to better meet the intent of the baseline document. MIL-STD-973 provides guidance in completing DD Form 1694.

(f) Equitable Adjustments for Change Documentation Preparations – For its effort expended in preparing ECPs, NECPs, Deviations and Waivers, the Contractor shall receive equitable adjustment under the following circumstances.

- (1) In the event the Contractor, on its own initiative, and without written request from the Government, develops a change document that is later disapproved by the Government, the Contractor shall bear the cost of this effort.
- (2) To avoid such loss, and at its option, the Contractor may submit a "preliminary" document that outlines intent, but without detailed supporting documentation and request the Supervisor's approval for expenditure of effort

to complete the detailed supporting documentation. In the event the Supervisor denies this request, the Contractor will bear the cost of development of the "preliminary" document, and shall make no further effort to complete detailed supporting documentation.

(3) In the event the Supervisor approves the Contractor's request to develop supporting documentation, the Contractor shall be equitably compensated for its effort for both the "preliminary" and "final" documentation, regardless of whether or not the change document is later approved.

(4) In the event the Government requests in writing that the Contractor develop change documentation, the effort expended by the Contractor in developing such documentation shall be subject to equitable adjustment, regardless of whether or not the change document is later approved.

(5) In the event the Contractor, on its own initiative, and without written request from the Government, develops a change document that is later approved by the Government, the cost of developing such documentation shall be incorporated in the contract modification that implements the change.

(6) Failure to agree to such equitable adjustment in contract price shall constitute a dispute, and shall be adjudicated in accordance with the requirements of the clause entitled "DISPUTES" (FAR 52.233-1).

(g) The Contractor shall verify (by physical inspection of the vessel) to the Government, that all Field Modification Requests (FMRs) and Headquarters Modification Requests (HMRs) (including Government responsible trial items) have been incorporated into the vessel. Verification shall include:

(1) List of all HMRs and FMRs authorized to date.

(2) List of those HMRs and FMRs verified to be complete.

(3) List of those HMRs and FMRs which are partially complete or not started with scheduled date for their completion.

(h) Any cost reduction proposal submitted pursuant to the clause entitled "VALUE ENGINEERING" (FAR 52.248-1) shall be submitted as a Code V Engineering Change Proposal (VECP) on the DD Form 1693 series and shall be supplemented by the information required by the "VALUE ENGINEERING" clause.

**USE OF NAVY SUPPORT CONTRACTORS FOR OFFICIAL CONTRACT FILES
(NAVSEA) (APR 2004)**

(a) NAVSEA may use a file room management support contractor, hereinafter referred to as "the support contractor", to manage its file room, in which all official contract

files, including the official file supporting this procurement, are retained. These official files may contain information that is considered a trade secret, proprietary, business sensitive or otherwise protected pursuant to law or regulation, hereinafter referred to as "protected information". File room management services consist of any of the following: secretarial or clerical support; data entry; document reproduction, scanning, imaging, or destruction; operation, management, or maintenance of paper-based or electronic mail rooms, file rooms, or libraries; and supervision in connection with functions listed herein.

(b) The cognizant Contracting Officer will ensure that any NAVSEA contract under which these file room management services are acquired will contain a requirement that:

- (1) The support contractor not disclose any information;
- (2) Individual employees are to be instructed by the support contractor regarding the sensitivity of the official contract files;

(3) The support contractor performing these services be barred from providing any other supplies and/or services, or competing to do so, to NAVSEA for the period of performance of its contract and for an additional three years thereafter unless otherwise provided by law or regulation; and,

(4) In addition to any other rights the contractor may have, it is a third party beneficiary who has the right of direct action against the support contractor, or any person to whom the support contractor has released or disclosed protected information, for the unauthorized duplication, release, or disclosure of such protected information.

(c) Execution of this contract by the contractor is considered consent to NAVSEA's permitting access to any information, irrespective of restrictive markings or the nature of the information submitted, by its file room management support contractor for the limited purpose of executing its file room support contract responsibilities.

(d) NAVSEA may, without further notice, enter into contracts with other contractors for these services. Contractors are free to enter into separate non-disclosure agreements with the file room contractor. (Please contact Director, E Business Division for contractor specifics.) However, any such agreement will not be considered a prerequisite before information submitted is stored in the file room or otherwise encumber the government.

SECTION D – PACKAGING AND MARKING

ITEM 0001 - The supplies furnished hereunder shall be packaged in accordance with best commercial practice.

ITEMS 0002 AND 0003 - All unclassified data under Item 0002 and/or any reports or documentation under Item 0003 shall be prepared for shipment in accordance with best commercial practice.

Classified reports, data, and documentation shall be prepared for shipment in accordance with National Industrial Security Program Operating Manual (NISPOM), DOD 5220.22-M dated January 1995 with change 1 dated 31 July 1997 and change 2 dated 1 May 2000 and, when applicable, NISPOM Supplement 1 dated February 1995.

ITEMS 0004/ 0005 (AS APPLICABLE) – FINAL SYSTEM DESIGN - The supplies furnished hereunder shall be packaged in accordance with best commercial practice.

ITEM 0010 AND IF EXERCISED, OPTION ITEM(S) 0006 AND 0011 – DATA/SPECIAL STUDIES - All unclassified data under Item 0010 and/or any reports or documentation under Item 0006 and 0011 shall be prepared for shipment in accordance with best commercial practice. The data to be furnished hereunder shall be prepared in accordance with the Data Requirements List, Attachment J-3A.

Classified reports, data, and documentation shall be prepared for shipment in accordance with National Industrial Security Program Operating Manual (NISPOM), DOD 5220.22-M dated January 1995 with change 1 dated 31 July 1997 and change 2 dated 1 May 2000 and, when applicable, NISPOM Supplement 1 dated February 1995.

IF EXERCISED, OPTION ITEM 0012 – LIFE CYCLE ENGINEERING AND SUPPORT - To be specified on each order.

IF EXERCISED, OPTION ITEM 0013 – PROVISIONED ITEMS ORDER (PIO) – To be specified on each order.

IF EXERCISED, OPTION ITEM(S) 0014, 0015 AND 0016 – LONG LEAD MATERIAL - To be specified on each order.

IDENTIFICATION AND MARKING OF PARTS (NAVSEA) (NOV 1996) (APPLICABLE TO ALL LINE ITEMS)

Identification marking of individual parts within the systems, equipments, assemblies, subassemblies, components, groups, sets or kits, and of spare and repair parts shall be done in accordance with applicable specifications and drawings. To the extent identification marking of such parts is not specified in applicable specifications or drawings, such marking shall be accomplished in accordance with the following:

(1) Parts shall be marked in accordance with generally accepted commercial practice.

(2) In cases where parts are so small as not to permit identification marking as provided above, such parts shall be appropriately coded so as to permit ready identification.

MARKING AND PACKING LIST(S) (NAVSEA) (NOV 1996) (APPLICABLE TO ALL LINE ITEMS)

(a) Marking. Shipments, shipping containers and palletized unit loads shall be marked in accordance with best commercial practice.

(b) Packing List(s). A packing list (DD Form 250 Material Inspection and Receiving Report may be used) identifying the contents of each shipment, shipping container or palletized unit load shall be provided by the Contractor with each shipment. When a contract line item identified under a single stock number includes an assortment of related items such as kit or set components, detached parts or accessories, installation hardware or material, the packing list(s) shall identify the assorted items.

Where assortment of related items is included in the shipping container, a packing list identifying the contents shall be furnished.

(c) Master Packing List. In addition to the requirements in paragraph (b) above, a master packing list shall be prepared where more than one shipment, shipping container or palletized unit load comprise the contract line item being shipped. The master packing list shall be attached to the number one container and so identified.

(d) Part Identification. All items within the kit, set, installation hardware or material shall be suitably segregated and identified within the unit pack(s) or shipping container by part number and/or national stock number.

SECTION E – INSPECTION AND ACCEPTANCE

ITEM 0001 - Inspection and acceptance shall be made at destination by a representative of the Government.

ITEM 0002 - Inspection and acceptance of all data shall be as specified on Attachment J-3.

ITEM 0003 – Inspection and acceptance of all data and deliverables associated with Item 0003 shall be made at destination by a representative of the Government, unless otherwise specified.

ITEMS 0004/0005 (AS APPLICABLE) – FINAL SYSTEM DESIGN - Inspection and acceptance shall be made at destination by a representative of the Government.

IF EXERCISED, OPTION ITEM(S) 0006 AND 0011 – SPECIAL STUDIES, ANALYSES AND REVIEWS - Inspection and acceptance of all data and deliverables associated with Item 0006 and Item 0011 shall be made at destination by a representative of the Government, unless otherwise specified.

IF EXERCISED, OPTION ITEM(S) 0007, 0008, 0009 – DETAIL DESIGN AND CONSTRUCTION – The ship(s) shall be inspected and accepted at origin (i.e., the Contractor's facility shown below) by an authorized representative of the Government.

For CLIN 0007:

Name of Contractor's Facility:
Address:

For CLIN 0009:

Name of Contractor's Facility:
Address:

ITEM 0010 – DATA - Inspection and acceptance of all data shall be as specified on 
 The data to be furnished hereunder shall be prepared in accordance with the Data Requirements List, Attachment 

IF EXERCISED, OPTION ITEM 0012 – LIFE CYCLE ENGINEERING AND SUPPORT – Inspection and acceptance shall be as established in each order.

IF EXERCISED, OPTION ITEM 0013 – PROVISIONED ITEMS ORDER (PIO) – Inspection and acceptance of supplies shall be as established in each PIO. Unless otherwise stated in the PIO, supplies shall be inspected and accepted at the Contractor's facility (as described under Item 0007, 0008, 0009 above) by an authorized representative of the Government.

IF EXERCISED, OPTION ITEM(S) 0014, 0015 AND 0016 – LONG LEAD MATERIAL –
Inspection and acceptance shall be as established in each order.

IF EXERCISED, OPTION ITEM(S) 0017 AND 0018 – POST DELIVERY T&E – Inspection
and acceptance shall be made by a representative of the Government.

CLAUSES INCORPORATED BY REFERENCE

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.246-9	Inspection of Research & Development (Apr 1984) (APPLICABLE TO ITEMS 0001-0003)
52.246-8	Inspection of Research & Development – Cost-Reimbursement (May 2001) (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006, 0007, 0008 AND 0011)
52.246-3	Inspection of Supplies – Cost-Reimbursement (May 2001) (APPLICABLE TO OPTION ITEM 0009, IF EXERCISED)
52.246-5	Inspection of Services—Cost-Reimbursement (Apr 1984) (APPLICABLE TO OPTION ITEM 0009, IF EXERCISED)

CLAUSES INCORPORATED IN FULL TEXT

**GUARANTY PERIOD (FT) (NAVSEA) (JAN 1990) (APPLICABLE TO OPTION ITEM(S)
0007, 0008, 0009, IF EXERCISED)**

(a) As used in this contract, the term "defects" includes any and all defects, deficiencies, deteriorations, and failure in the vessel(s). There shall be a guaranty period for each vessel beginning at the time of preliminary acceptance and ending eight (8)* months after preliminary acceptance of the vessel, unless extended as provided in paragraph (b) below.

(b) The guaranty period for each vessel shall be extended by the time during which such vessel is not available for unrestricted service by reason of any defects for which the Contracting Officer shall determine the Contractor to be responsible. During said period the vessel, after being fully equipped and armed and in all respects complete and ready for service, may be finally tried by and at the expense of the Government under conditions prescribed by the Secretary of the Navy. The Contractor may, with approval of the Contracting Officer, have an engineer on board such vessel during such period. Such engineer shall have every reasonable opportunity to inspect the working of such vessel in all its parts but shall have no power to direct or control its operation.

INSPECTION OF SUPPLIES AND CORRECTION OF DEFECTS (CT) (NAVSEA) (JAN 1990) (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE) AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

(a) Definitions

(1) Supplies: the word "supplies" as used in this requirement includes without limitation raw materials, components, intermediate assemblies, end products, and (when the contract does not include the clause entitled "WARRANTY OF DATA" (DFARS 252.246-7001)) technical data.

(2) Defects: the word "defects" as used in this requirement, means any and all defects, deficiencies, deteriorations and failures, except deficiencies, deteriorations or failures caused by Government misuse or mishandling.

(3) Acceptance: the work "acceptance" as used in this requirement is deemed to be preliminary acceptance as defined in the requirement of this contract entitled "PRELIMINARY ACCEPTANCE".

(b) Inspection

All supplies shall be subject to inspection and test by the Government, to the extent practicable at all times and places including the period of manufacture, and in any event prior to final acceptance. The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies, fabricating methods, and special tooling hereunder. The Government, through any authorized representative, may inspect the plant or plants of the Contractor or of any of his subcontractors engaged in the performance of this contract. If any inspection or test is made by the Government on the premises of the Contractor or a subcontractor, the Contractor shall provide and shall require subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government inspectors in the performance of their duties. All inspections and tests by the Government shall be performed in such a manner as will not unduly delay the work. Except as otherwise provided in this contract, acceptance of any supplies or lots of supplies shall be made as promptly as practicable after delivery thereof and shall be deemed to have been made no later than sixty (60) days after the date of such delivery, unless the Government has refused to accept all or any of the supplies or, if acceptance has not been made earlier within such period.

(c) Guaranty

The Contractor guarantees that at any time during performance of this contract, and for a period of eight (8) months after acceptance of the vessel, all supplies furnished under this contract will be free from defects in material and workmanship and will conform with the specifications and all other requirements of this contract; provided, however that with respect to Government furnished property, the Contractor's guaranty shall extend only to its proper installation, unless the Contractor performs some modification or other work on such property, in

which case the Contractor's guarantee shall extend to such modification or other work. During the guaranty period, the Contractor shall have an engineer on board the vessel. Such engineer shall have every reasonable opportunity to inspect the working of the vessel in all its parts, but shall have no power to direct or control its operation.

(d) Remedies

(1) Right to corrective or replacement action. In the event of a defect within the scope of the Contractor's guarantee in paragraph (c) above, the Government may: (i) require the Contractor to repair or replace, at the Contractor's election, defective or nonconforming supplies, or (ii) require the Contractor to furnish such materials or parts and installation instructions as may be required to successfully accomplish the required correction or replacement. The Contractor shall also prepare and furnish to the Government data and reports applicable to any correction or replacement required under this clause (including revision and updating of all affected data called for under this contract). Except as otherwise provided in paragraph (3) hereof, the cost of any action taken pursuant to this subparagraph for replacement or correction shall be included in computing allowable cost determined as provided in the clause of this contract entitled "ALLOWABLE COST AND PAYMENT" (FAR 52.216-7), but no additional fee shall be payable with respect thereto. Such supplies or lots of supplies shall not be tendered thereafter for acceptance unless the former requirement of correction is disclosed.

(2) Right if Contractor fails to proceed. If the Contractor fails to proceed with reasonable promptness to replace or correct such supplies or lots of supplies, the Government (i) may by contract or otherwise replace or correct such supplies and charge to the Contractor any increased cost occasioned the Government thereby, or may reduce any fee payable under this contract (or require repayment of any fee theretofore paid) in such amount as may be equitable under the circumstances, or (ii) may terminate this contract for default as provided in the clause of this contract entitled "TERMINATION (COST-REIMBURSEMENT)" (FAR 52.249-6). Failure to agree to the amount of any such increased cost to be charged to the Contractor or to such reduction in, or repayment of, the fee shall be a dispute within the meaning of the clause of this contract entitled "DISPUTES" (FAR 52.233-1).

(3) Additional Remedy. Notwithstanding the provisions of paragraphs (c) and (d) hereof, the Government may at any time require the correction or replacement by the Contractor, without cost to the Government, of supplies or lots of supplies which are defective in material or workmanship, or otherwise not in conformity with the requirements of this contract, if such defects or failures are due to fraud, lack of good faith, or willful misconduct on the part of any of the Contractor's directors or officers, or on the part of any of his managers, superintendents, or other equivalent representatives, who has supervision or direction of (i) all or substantially all of the Contractor's business, or (ii) all or substantially all of the Contractor's operations at any one plant or separate location in which this contract is being performed, or (iii) a separate and complete major industrial operation in connection with the performance of this contract. The Government may at any time also require correction or replacement by the Contractor, without cost to the Government, of any such defective supplies or lots of supplies if the defects or failures are caused by one or more individual employees selected or retained by the Contractor

after any such supervisory personnel has reasonable grounds to believe that such employee is habitually careless or otherwise unqualified.

(e) Corrected or Replaced Supplies.

(1) Any supplies or parts thereof corrected or furnished in replacement pursuant to this requirement shall also be subject to all the provisions of this requirement to the same extent as supplies initially delivered. The guarantee with respect to such supplies or parts thereof shall be six (6) months from the date of delivery and/or correction of such corrected or replaced supplies or until the expiration of the original guaranty period (whichever period is longer).

(2) The guaranty period set forth in (c) above shall be extended by the time during which the vessel is not available for unrestricted service by reason of any breach of the guarantee in paragraph (c) above. This requirement applies to individual subcontractor furnished supplies only to the extent that each individual supply is the cause of the vessel not being available for such service.

(f) Additional Provisions

(1) All implied warranties of merchantability and "fitness for a particular purpose" are hereby excluded from any obligation contained in this contract.

(2) The rights and remedies of the Government provided in this requirement are in addition to and do not limit any rights afforded to the Government by any other requirement or clause of the contract.

(3) The Contractor shall make its records of all inspection work available to the Government during the performance of this contract and for such longer period as may be specified in this contract.

**PRELIMINARY ACCEPTANCE (AT) (NAVSEA) (JAN 1983)(APPLICABLE TO
OPTION ITEM(S) 0007-0009, IF EXERCISED)**

Upon satisfactory completion of the applicable trial requirements and upon delivery as provided in Section F of this contract, each vessel shall be preliminarily accepted.

**FINAL ACCEPTANCE (AT) (NAVSEA) (JAN 1983) (APPLICABLE TO OPTION
ITEM(S) 0007-0009, IF EXERCISED)**

Each vessel shall be finally accepted upon the expiration of its guaranty period.

INSPECTION FACILITIES (CT) (NAVSEA) (JAN 1990) (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 and 0011-0018)

The facilities to be provided pursuant to the requirement entitled "INSPECTION OF SUPPLIES AND CORRECTION OF DEFECTS" shall be equal to those provided by the Contractor for his use for generally similar purposes, and shall include offices and related equipment; drafting rooms; convenient parking facilities; equipment for reproduction of such items as plans, booklets, test memoranda and allowance lists; and telephones connected to the Contractor's and local telephone system. Toll charges for the Supervisor's calls will be paid by the Government. In lieu of providing reproduction equipment, the Contractor may provide reproduction services to the Supervisor. Assistance shall include services necessary in testing or handling machinery, equipment, and materials for the purpose of inspection or test.

SECTION F – DELIVERIES OR PERFORMANCE

ITEM 0001 - The period of performance is seven (7) months, commencing on the date of contract award.

ITEM 0002 - All data to be furnished under this contract shall be delivered prepaid to destination(s) at the time(s) specified on Attachment J-3.

ITEM 0003 – The period of performance is twelve (12) months, commencing from the date of option exercise

ITEM 0004 - FINAL SYSTEM DESIGN - The period of performance is seven (7) months, commencing on the date of option exercise.

IF EXERCISED, OPTION ITEM(S) 0006 AND 0011 – SPECIAL STUDIES, ANALYSES AND REVIEWS – The period of performance is twenty-four (24) months, commencing from the date of option exercise.

IF EXERCISED, OPTION ITEM(S) 0007, 0008, 0009 – DETAIL DESIGN AND CONSTRUCTION - The Contractor shall deliver the ship(s) to the Government at the Contractor's facility fully outfitted and tested in accordance with the requirements of the contract. The ship(s) shall be delivered in accordance with the following schedule:

SHIP

LCS (Item 0007, 0008, 0009)

NO LATER THAN DELIVERY DATE

24 months after option exercise

OPTION ITEM 0010 – DATA - All data to be furnished under this contract shall be delivered prepaid to destination(s) at the time(s) specified on Attachment [REDACTED]. The data to be furnished hereunder shall be prepared in accordance with the Data Requirements List, Attachment [REDACTED].

IF EXERCISED, OPTION ITEM 0012 – LIFE CYCLE ENGINEERING AND SUPPORT – The period of performance shall be in set forth in orders issued by the Contracting Officer in accordance with the Special Contract Requirement entitled “Orders (Cost Plus Fixed Fee)” or “Orders (Fixed Price)”.

IF EXERCISED, OPTION ITEM 0013 – PROVISIONED ITEMS ORDER (PIO) – Supplies shall be delivered in accordance with the delivery schedule and requirements established in each PIO.

IF EXERCISED, OPTION ITEM(S) 0014, 0015 AND 0016 – LONG LEAD MATERIAL –

The Contractor shall furnish the long lead material in accordance with delivery schedules set forth in orders issued by the Contracting Officer in accordance with the Special Contract Requirement entitled “Orders (Cost Plus Fixed Fee)” or “Orders (Fixed Price)”.

IF EXERCISED, OPTION ITEM(S) 0017 AND 0018 – POST DELIVERY T&E – The period of performance shall be in set forth in orders issued by the Contracting Officer in accordance with the Special Contract Requirement entitled “Orders (Cost Plus Fixed Fee)” or “Orders (Fixed Price)”.

CLAUSES INCORPORATED BY REFERENCE (APPLICABLE TO ALL LINE ITEMS)

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.242-15	Stop-Work Order (Aug 1989)
52.242-17	Government Delay of Work (Apr 1984)

SECTION G – CONTRACT ADMINISTRATION DATA

Enter below the address (street and number, city, county, state and zip code) of the Contractor's facility which will administer the contract if such address is different from the address shown on the SF 26 or SF 33, as applicable.

**PURCHASING OFFICE
REPRESENTATIVE:**

COMMANDER
ATTN: JOHN BUTTO
NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVENUE SE STOP 2020
WASHINGTON NAVY YARD DC 20376
Telephone No. 202/781-2594
Fax No. 202/781-4651
Email Address: buttojn@navsea.navy.mil

**CONTRACTING OFFICER'S
REPRESENTATIVE:**

COMMANDER
ATTN: Carol Haidacher PMS 501
NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVENUE SE STOP 2202
WASHINGTON NAVY YARD DC 20376 2202
Telephone No. 202/781-2580
Fax No. 202-781-4778
Email Address: haidachercj@navsea.navy.mil

**ADMINISTRATIVE
CONTRACTING OFFICE:**

DCMA LOCKHEED MARTIN DELAWARE
VALLEY
ATTN: Lisa M. Griffith
199 BORTON LANDING ROAD M/S 127-133
MOORESTOWN, NJ 08057-3905
Telephone No. 865/722-7265
Fax No. 856/722-2383
Email Address: Lisa.Griffith@dcma.mil

The Contractor shall submit all progress payment request vouchers or invoices to the designated Point of Contact at the Administrative Contracting Office identified above. Copies of all progress payment request vouchers or invoices shall be submitted to the COR identified above.

**PAYMENT INSTRUCTIONS FOR MULTIPLE ACCOUNTING CLASSIFICATION
CITATIONS (NAVSEA) (APR 2004)**

(a) This contract is funded by multiple accounting classification citations referred to as accounting classification reference numbers (ACRNs). Contract line item numbers (CLINs) are further broken down into sub line item numbers (SLINs) in Section B and on the financial accounting data sheet (FADS).

(b) Invoicing Instructions: The contractor is required to invoice by CLIN/SLIN and ACRN. Invoices should not reference both the CLIN and SLIN. If the SLINs are shown on the FAD sheet and ACRNs and dollar amounts have been identified for them, then only the SLIN is required not the CLIN. The ACRN is always required. The amounts invoiced for each ACRN cannot exceed that authorized for each CLIN/SLIN as identified on the FAD sheet.

(c) Payment Instructions: Pay according to the CLIN/SLIN/ACRN cited on the invoice or progress payment. Each ACRN assigned to the specific CLIN/SLIN should be charged in the amount assigned to each CLIN/SLIN as identified on the FAD sheet as long as the amount does not exceed that authorized for the assigned ACRN, CLIN or SLIN. In the event the invoice or progress payment has not identified specific amounts to be paid from each ACRN, payment for each ACRN shall be prorated across all ACRNs assigned to that CLIN/SLIN on the invoice or progress payment.

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H-1 NAVSEA 5252.202-9101 ADDITIONAL DEFINITIONS (MAY 1993) (APPLICABLE TO ALL LINE ITEMS)

As used throughout this contract, the following terms shall have the meanings set forth below:

(a) DEPARTMENT - means the Department of the Navy.

(b) REFERENCES TO THE FEDERAL ACQUISITION REGULATION (FAR) - All references to the FAR in this contract shall be deemed to also reference the appropriate sections of the Defense FAR Supplement (DFARS), unless clearly indicated otherwise.

(c) REFERENCES TO ARMED SERVICES PROCUREMENT REGULATION OR DEFENSE ACQUISITION REGULATION - All references in this document to either the Armed Services Procurement Regulation (ASPR) or the Defense Acquisition Regulation (DAR) shall be deemed to be references to the appropriate sections of the FAR/DFARS.

(d) NATIONAL STOCK NUMBERS - Whenever the term Federal Item Identification Number and its acronym FIIN or the term Federal Stock Number and its acronym FSN appear in the contract, order or their cited specifications and standards, the terms and acronyms shall be interpreted as National Item Identification Number (NIIN) and National Stock Number (NSN) respectively which shall be defined as follows:

(1) National Item Identification Number (NIIN). The number assigned to each approved Item Identification under the Federal Cataloging Program. It consists of nine numeric characters, the first two of which are the National Codification Bureau (NCB) Code. The remaining positions consist of a seven digit non-significant number.

(2) National Stock Number (NSN). The National Stock Number (NSN) for an item of supply consists of the applicable four position Federal Supply Class (FSC) plus the applicable nine position NIIN assigned to the item of supply.

H-2 NAVSEA 5252.227-9113 GOVERNMENT-INDUSTRY DATA EXCHANGE PROGRAM(AUG 1997) (APPLICABLE TO ALL LINE ITEMS)

(a) The Contractor shall participate in the appropriate interchange of the Government-Industry Data Exchange Program (GIDEP) in accordance with NAVSEA S0300-BU-GYD-010 dated November 1994. Data entered is retained by the program and provided to qualified participants. Compliance with this requirement shall not relieve the Contractor from complying with any other requirement of the contract.

(b) The Contractor agrees to insert paragraph (a) of this requirement in any subcontract hereunder exceeding [REDACTED] When so inserted, the word "Contractor" shall be changed to "Subcontractor".

(c) GIDEP materials, software and information are available without charge from:

GIDEP Operations Center
P.O. Box 8000
Corona, CA 91718-8000

Phone: (909) 273-4677 or DSN 933-4677
FAX: (909) 273-5200
Internet: <http://www.gidep.corona.navy.mil>

H-3 NAVSEA 5252.233-9103 DOCUMENTATION OF REQUESTS FOR EQUITABLE ADJUSTMENT (APR 1999) (APPLICABLE TO ITEMS 0001-0003)

(a) For the purposes of this special contract requirement, the term "change" includes not only a change that is made pursuant to a written order designated as a "change order" but also (1) an engineering change proposed by the Government or by the Contractor and (2) any act or omission to act on the part of the Government in respect of which a request is made for equitable adjustment.

(b) Whenever the Contractor requests or proposes an equitable adjustment of [REDACTED] or more per vessel in respect to a change made pursuant to a written order designated as a "change order" or in respect to a proposed engineering change and whenever the Contractor requests an equitable adjustment in any amount in respect to any other act or omission to act on the part of the Government, the proposal supporting such request shall contain the following information for each individual item or element of the request:

(1) A description (i) of the work required by the contract before the change, which has been deleted by the change, and (ii) of the work deleted by the change which already has been completed. The description is to include a list of components, equipment, and other identifiable property involved. Also, the status of manufacture, procurement, or installation of such property is to be indicated. Separate description is to be furnished for design and production work. Items of raw material, purchased parts, components and other identifiable hardware, which are made excess by the change and which are not to be retained by the Contractor, are to be listed for later disposition;

(2) Description of work necessary to undo work already completed which has been deleted by the change;

(3) Description of work not required by the terms hereof before the change, which is substituted or added by the change. A list of components and equipment (not bulk materials or items) involved should be included. Separate descriptions are to be furnished for design work and production work;

(4) Description of interference and inefficiencies in performing the change;

(5) Description of each element of disruption and exactly how work has been, or will be disrupted:

- (i) The calendar period of time during which disruption occurred, or will occur;
 - (ii) Area(s) aboard the vessel where disruption occurred, or will occur;
 - (iii) Trade(s) disrupted, with a breakdown of manhours for each trade;
 - (iv) Scheduling of trades before, during, and after period of disruption;
 - (v) Description of measures taken to lessen the disruptive effect of the change;
- (6) Delay in delivery attributable solely to the change;
- (7) Other work attributable to the change;
- (8) Supplementing the foregoing, a narrative statement of the direct "causal" relationship between any alleged Government act or omission and the claimed consequences therefor, cross-referenced to the detailed information provided as required above; and
- (9) A statement setting forth a comparative enumeration of the amounts "budgeted" for the cost elements, including the material costs, labor hours and pertinent indirect costs, estimated by the Contractor in preparing its initial and ultimate proposal(s) for this contract, and the amounts claimed to have been incurred and/or projected to be incurred corresponding to each such "budgeted cost" elements.
- (c) Each proposal in excess of [REDACTED] submitted in support of a claim for equitable adjustment under any requirement of this contract shall, in addition to the information required by paragraph (b) hereof, contain such information as the Contracting Officer may require with respect to each individual claim item.
- (d) It is recognized that individual claims for equitable adjustment may not include all of the factors listed in paragraph (b) above. Accordingly, the Contractor is required to set forth in its proposal information only with respect to those factors which are comprehended in the individual claim for equitable adjustment. In any event, the information furnished hereunder shall be in sufficient detail to permit the Contracting Officer to cross-reference the claimed increased costs, or delay in delivery, or both, as appropriate, submitted pursuant to paragraph (c) of this requirement, with the information submitted pursuant to paragraph (b) hereof.

**H-4 NAVSEA 5252.237-9106 SUBSTITUTION OF PERSONNEL (SEP 1990)
(APPLICABLE TO ALL LINE ITEMS)**

- (a) The Contractor agrees that a partial basis for award of this contract is the list of key personnel proposed. Accordingly, the Contractor agrees to assign to this contract those key persons whose resumes were submitted with the proposal necessary to fulfill the requirements of the contract. No substitution shall be made without prior notification to and concurrence of the Contracting Officer in accordance with this requirement.

(b) All proposed substitutes shall have qualifications equal to or higher than the qualifications of the person to be replaced. The Contracting Officer shall be notified in writing of any proposed substitution at least forty-five (45) days, or ninety (90) days if a security clearance is to be obtained, in advance of the proposed substitution. Such notification shall include: (1) an explanation of the circumstances necessitating the substitution; (2) a complete resume of the proposed substitute; and (3) any other information requested by the Contracting Officer to enable him/her to judge whether or not the Contractor is maintaining the same high quality of personnel that provided the partial basis for award.

**H-5 NAVSEA 5252.242-9115 TECHNICAL INSTRUCTIONS (APR 1999)
(APPLICABLE TO ITEM 0003, AND IF EXERCISED, OPTION ITEM(S) 0006 and
0011)**

(a) Performance of the work hereunder may be subject to written technical instructions signed by the Contracting Officer's Representative specified in Section G of this contract. As used herein, technical instructions are defined to include the following:

(1) Directions to the Contractor which suggest pursuit of certain lines of inquiry, shift work emphasis, fill in details or otherwise serve to accomplish the contractual statement of work.

(2) Guidelines to the Contractor which assist in the interpretation of drawings, specifications or technical portions of work description.

(b) Technical instructions must be within the general scope of work stated in the contract. Technical instructions may not be used to: (1) assign additional work under the contract; (2) direct a change as defined in the "CHANGES" clause of this contract; (3) increase or decrease the contract price or estimated contract amount (including fee), as applicable, the level of effort, or the time required for contract performance; or (4) change any of the terms, conditions or specifications of the contract.

(c) If, in the opinion of the Contractor, any technical instruction calls for effort outside the scope of the contract or is inconsistent with this requirement, the Contractor shall notify the Contracting Officer in writing within ten (10) working days after the receipt of any such instruction. The Contractor shall not proceed with the work affected by the technical instruction unless and until the Contractor is notified by the Contracting Officer that the technical instruction is within the scope of this contract.

(d) Nothing in the foregoing paragraph shall be construed to excuse the Contractor from performing that portion of the contractual work statement which is not affected by the disputed technical instruction.

**H-6 FOREIGN SHIPYARD CONSTRUCTION PROHIBITION (JAN 1983)
(APPLICABLE TO OPTION ITEM(S) 0007-0009, IF EXERCISED)**

Neither the vessel nor the hull, midbody, or other major fixed structural component of the vessel shall be constructed in a foreign shipyard.

**H-7 NAVSEA 5252.249-9105 AWARD FEE DETERMINATION IN EVENT OF
TERMINATION OR DISCONTINUANCE (CA) (JAN 1990) (APPLICABLE TO
ITEM 0004/0005 (AS APPLICABLE), AND IF EXERCISED, OPTION ITEM(S)
0007-0009)**

In the event that this contract is terminated in whole or pursuant to the contract clause entitled "TERMINATION (COST-REIMBURSEMENT)" (FAR 52.249-6) or in the event this contract is discontinued pursuant to the contract clause entitled "LIMITATION OF COST" (FAR 52.232-20), the last award fee period shall end with the effective date of such termination or discontinuance. In either of such events, the amount of award fee, if any, determined to be otherwise payable shall be adjusted or prorated to reflect the difference, if any, in award fee periods resulting from termination or discontinuance.

**H-8 NAVSEA 5252.233-9107 EQUITABLE ADJUSTMENTS: WAIVER AND
RELEASE OF CLAIMS (AT) (JAN 1983) (APPLICABLE TO ALL LINE ITEMS)**

(a) Whenever the Contractor, after receipt of a change made pursuant to the clause of this contract entitled "CHANGES" or after affirmation of a constructive change under the "NOTIFICATION OF CHANGES" (FAR 52.243-7) requirement, submits any claim for equitable adjustment under the foregoing, such claim shall include all types of adjustments in the total amounts to which the foregoing entitle the Contractor, including but not limited to adjustments arising out of delays or disruptions or both caused by such change.

(b) Further, the Contractor agrees (except as the parties may otherwise agree) that, if required by the Contracting Officer, it will execute a release, in form and substance satisfactory to the Contracting Officer, as part of the supplemental agreement setting forth the aforesaid equitable adjustment, and that such release shall discharge the Government, its officers, agents and employees, from any further claims including but not limited to further claims arising out of delays or disruptions or both, caused by the aforesaid change.

**H-9 NAVSEA 5252.228-9106 INSURANCE-PROPERTY LOSS OR DAMAGE-
LIABILITY TO THIRD PERSONS (CT) (JAN 1990) (APPLICABLE TO ITEMS
0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION
ITEM(S) 0006-0009 AND 0011-0019) (Used with FAR 52.228-7 entitled
"INSURANCE—LIABILITY TO THIRD PERSONS" which is included in I-1)**

(a) Unless otherwise directed by the Department, the Contractor shall procure and thereafter maintain with respect to each of the vessels Collision Liability and Protection and Indemnity Liabilities Insurance, if available, as set forth in the pamphlet entitled "Standard Forms of Marine

Builders Risk (Navy Form Syndicate) and War Damage Insurance Policies, referred to in Vessel Contracts of the Bureau of Ships", dated 23 November 1942, in an amount equal to (i) eighty percent (80%) of the sum of the estimated cost of the vessel and an amount established by the Department to represent the value of materials and equipment furnished by the Government for installation by the Contractor, or (ii) [REDACTED] whichever shall be less. The Government will indemnify the Contractor against liabilities (including expenses incidental thereto) to third persons which, but for the limitation on amount specified in this paragraph, would have been covered by such Collision Liability and Protection and Indemnity Liabilities Insurance, and which are not compensated for by insurance or otherwise, provided such liabilities are represented by final judgments or by settlements approved in writing by the Department. The Contractor shall not, however, be so indemnified against liabilities with respect to which the Contractor has failed to procure or maintain insurance, if available, as required or approved by the Department. The Contractor shall promptly notify the Department of each suit or action filed and each claim made against which the Contractor may be entitled to indemnification under this paragraph. The Contractor shall furnish the Department with copies of all papers received with respect to each suit, action or claim and, if requested by the Department, shall authorize representatives of the Government to settle, or direct or take charge of the defense of, such suit, action or claim. In the absence of such request, the Contractor shall diligently proceed with such defense. The Government's liability under this paragraph (a) and the Collision Liability and Protection and Indemnity Liabilities Insurance forms set forth in the pamphlet entitled "Standard Forms of Marine Builders Risk (Navy Form Syndicate) and War Damage Insurance Policies, referred to in Vessel Contracts of the Bureau of Ships, dated 23 November 1942, is subject to the availability of appropriated funds at the time a contingency occurs. Nothing in this contract shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

(b) The cost of the insurance required by paragraph (a) of this requirement is included in the estimated cost and the cost of all other insurance which may be required or approved pursuant to this requirement will be reimbursed to the Contractor. If the Department should require or approve the cancellation of any insurance or any insurance is otherwise cancelled, the Contractor will promptly pay to the Government the amount of all unearned premiums refunded to the Contractor, but only to the extent that such premiums shall have been reimbursed to the Contractor by the Government.

(c) All insurance which is or may be required or approved pursuant to this requirement shall be in such form, in such amounts, for such periods of time, and with such insurers as the Department may from time to time require or approve, provided the Contractor and the Government shall be named as insureds and shall be entitled to payment of any loss or damage as its interests may appear. The policies or certificates of insurance shall be deposited with the Assistant Secretary of the Navy (R,D&A), Insurance Office*, or as the Department may otherwise direct.

(d) The indemnification afforded by the Government to the Contractor for the purposes of this requirement is without regard and as an exception to the clause of this contract entitled "LIMITATION OF COST" (FAR 52.232-20).

*Or successor office, if applicable.

H-10 NAVSEA 5252.227-9112 LOGISTIC SUPPORT REQUIREMENT (AT) (MAY 1998)(APPLICABLE TO ALL LINE ITEMS)

(a) This requirement applies whenever the contract specifications, by reference to a Military Specification or otherwise, specify repair parts or stock components (hereinafter called "repair parts") for a ship component or item of equipment.

(b) With respect to ship components or equipments manufactured other than in the United States or Canada, the Contractor agrees that, in addition to any other data required by this contract, it will furnish under this contract sufficient data so that the repair parts can be reproduced in the United States or Canada unless the suppliers of the ship components or equipments shall have made arrangements satisfactory to the Contractor and approved by the Contracting Officer for the manufacturing of repair parts in the United States or Canada. For the purpose of this requirement, "sufficient data" shall mean detail drawings and other technical information sufficiently extensive in detail to show design, construction, dimensions, and operation or function, manufacturing methods or processes, treatment or chemical composition of materials, plant layout and tooling. All data shall be in the English language and according to the United States system of weights and measures, and drawings for components, assemblies, subassemblies and parts protected by U.S. patents shall contain a prominent notation to that effect fully identifying the patent or patents involved, and bearing the number of this contract.

(c) In order to satisfy the requirements of paragraph (b), above, unless the supplier of the ship components or equipments shall have made arrangements, satisfactory to the Contractor and approved by the Contracting Officer, for the manufacture of such repair parts in the United States or Canada, the Contractor shall include in all subcontracts for the purchase of ship components or equipments from foreign sources a clause, acceptable to the Contracting Officer, granting to the United States Government for a period of seven (7) years, "Government Purpose Rights" (as defined in paragraph (a)(12) of the clause of this contract entitled "RIGHTS IN TECHNICAL DATA--NONCOMMERCIAL ITEMS" (DFARS 252.227-7013) in all technical data necessary to manufacture spare and repair parts for such components or equipments.

H-11 NAVSEA 5252.243-9105 NOTIFICATION OF CHANGES (CT) (JAN 1983)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

(a) Definitions. As used in this requirement, the term "Contracting Officer" does not include any representative of the Contracting Officer whether or not such representative is acting within the scope of his authority nor does it include any other individuals or activities that in any way communicate with the Contractor. As used in this requirement, the term "conduct" includes both actions and failures to act, and includes the furnishing of, or the failure to furnish, any item under any requirement of this contract.

(b) Notice. The primary purpose of this requirement is to obtain prompt reporting of any conduct which the Contractor considers would constitute or would require a change to this contract. The parties acknowledge that proper administration of this contract requires that potential changes be

identified and resolved as they arise. Therefore, except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Contracting Officer of any conduct which the Contractor considers would constitute or would require a change to this contract. Such notice shall be provided promptly, and in any event within thirty (30) calendar days from the date the Contractor identifies any such conduct. The Notice shall be written and shall state, on the basis of the most accurate information available to the Contractor:

- (i) The date, nature, and circumstances of the conduct regarded as a change;
- (ii) The name, function, and activity of the individuals directly involved in or knowledgeable about such conduct;
- (iii) The identification of any documents and the substance of any oral communication involved in such conduct;
- (iv) The particular elements of contract performance for which the Contractor might seek an equitable adjustment under this requirement, including:
 - (1) What ship(s) have been or might be affected by the potential change;
 - (2) To the extent practicable, labor or materials or both which have been or might be added, deleted, or wasted by the potential change;
 - (3) To the extent practicable, the Contractor's preliminary order of magnitude estimate of cost and schedule effect of the potential change; and
 - (4) What and in what manner are the particular technical requirements or contract requirements regarded as changed.

(c) Continued Performance. Except as provided in paragraph (f) below, following submission of notice, the Contractor shall take no action to implement a potential change until advised by the Contracting Officer in writing as provided in (d) below, unless the potential change was previously directed by the Contracting Officer, in which case the Contractor shall conform therewith. Nothing in this paragraph (c) shall excuse the Contractor from proceeding with contract work other than implementation of the potential change or from proceeding in accordance with directions issued by the Contracting Officer.

(d) Government Response. The Contracting Officer shall promptly, and in any event within twenty-one (21) calendar days after receipt of Notice, respond thereto in writing. In such response, the Contracting Officer shall either:

- (i) Confirm that the conduct of which the Contractor gave notice would constitute a change, and when necessary, direct the mode of further performance, or;
- (ii) Countermand any conduct regarded by the Contractor as a change,

(iii) Deny that the conduct of which the Contractor gave notice would constitute a change and, when necessary, direct the mode of further performance, or;

(iv) In the event the Contractor's notice information is inadequate to take a decision under (i), (ii) or (iii) above, advise the Contractor what additional information is required. Failure of the Government to respond within the time required above shall be deemed a countermand under (d)(ii).

(e) Equitable Adjustments. Equitable adjustments for changes confirmed or countermanded by the Contracting Officer shall be made in accordance with the clause of this contract entitled "CHANGES", or any other requirement of this contract which provides for an equitable adjustment.

(f) Special Procedures. Paragraph (c) provides that the Contractor is to take no action to implement a potential change pending the Contracting Officer's response to the Contractor's notice of the potential change, except where specifically directed by the Contracting Officer. In special situations, however, where

(1) The circumstances do not allow sufficient time to notify the Contracting Officer of the facts prior to the need to proceed with the work, and;

(2) The work must proceed to avoid hazards to personnel or property or to avoid additional cost to the Government, the Contractor may proceed with work in accordance with the potential change. In such special situations, the Contractor shall advise the Contracting Officer in writing within ten (10) days of the conduct giving rise to the potential change that the Contractor has proceeded and shall describe the nature of the special situation which required proceeding prior to notification. Within thirty (30) calendar days of the conduct giving rise to the potential change, the Contractor shall provide notice as required in (b) above. The Contracting Officer shall respond as set forth in (d) above. If the Contracting Officer determines that the conduct constitutes a change and countermands it, the Contractor shall be entitled to an equitable adjustment for performance in accordance with that change prior to the countermand including performance resulting from the countermand.

(g) When the Contractor identifies any conduct which may result in delay to delivery of the ship(s), the Contractor shall promptly so inform the Contracting Officer thereof prior to providing the notice required by paragraph (b) above.

(h) Despite good faith best efforts, occasions may arise in which the Contractor does not provide notice within the time periods specified in paragraphs (b) and (f) above. Accordingly, prior to the end of the first and third quarters of each calendar year through the period of performance of this contract, beginning with the first quarter of 2005, the Contractor shall deliver to the Government an executed bilateral contract modification, in the format set forth in Exhibit "A" to this requirement, covering the six month period of time ending with the second and fourth quarters, respectively, of the preceding year, with such specific exceptions, if any, as are identified by the

Contractor. If the Contractor cites specific exceptions to the release, the Contractor shall concurrently provide the Contracting Officer with notice, containing the information set forth in paragraph (b) of this requirement, for each item excepted from the release. However, the release required by this requirement shall not make unallowable any costs which are otherwise allowable under any other requirement of this contract.

Within sixty (60) days of receipt of the release, the Contracting Officer shall sign and return a copy of the release to the Contractor. If the Contracting Officer fails to execute and return the release within the required time, then the release shall be deemed to be void and of no effect for the period involved.

(i) If the release in accordance with paragraph (h) above is not provided to the Government by the Contractor in the time required, the Contracting Officer may execute the release as set forth in Exhibit "A" and send it to the Contractor. If the Contractor fails to execute the release and return it to the Government (with any specific exceptions) within sixty (60) days of receipt thereof, the required release shall then be deemed effective as if signed by the Contractor.

*If the award is between 1 January and 30 June, the first release is due the first quarter of the next calendar year for the six month period ending with the second quarter of the year of contract award. If the award is between 1 July and 31 December, the first release is due the third quarter of the next calendar year for the six month period ending with the fourth quarter of the year of contract award.

Exhibit A to the Requirement entitled "NOTIFICATION OF CHANGES"

This modification reflects the agreement of the parties to the mutual full and final releases for the consequences of that conduct (as conduct is defined in the requirement entitled "NOTIFICATION OF CHANGES"), described below, except the conduct identified in Attachment A hereto is excluded and not covered by the terms of this release.

1. Except for the conduct listed in Attachment A by either party, neither the Contractor nor the Government shall be entitled to any equitable adjustment or to money damages and/or other relief for any conduct, as specified below.

2. In consideration of the foregoing the parties hereby agree to the following release:

a. The Government, for itself, its assigns, vendors, suppliers, and contractors, hereby remises, releases, and forever discharges the Contractor, its officers, agents and employees from any and all entitlement of the Government to equitable adjustment of the contract cost and fee and delivery schedule due to conduct under this contract, which occurred on or before 30 June 2004.

b. The Contractor, for itself, its successors, assigns, vendors, suppliers, and subcontractors, hereby remises, releases and forever discharges the Government, its officers, agents and employees from (i) any and all entitlement of the Contractor to equitable adjustment of the contract cost and fee and/or delivery schedule of this contract or of any other Government contract (with this or any other Contractor) or any contract between the Contractor and any third party by reason of any conduct which increases the Contractor's cost or time of performance of work under this contract and meets

the following conditions (1) known to the Contractor, (2) occurred on or before 30 June 2004 and (3) the Contractor failed to give notice prior to date of this release, and (ii) any and all liabilities to the Contractor for money damages and/or other relief for the impact of any such conduct, upon this contract or any other Government contract (with this or any other Contractor) or any contract between the Contractor and any third party.

H-12 NAVSEA 5252.243-9113 OTHER CHANGE PROPOSALS (CT) (JAN 1990)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

(a) The Contracting Officer, in addition to proposing engineering changes pursuant to other requirements of this contract, and in addition to issuing changes pursuant to the clause of this contract entitled "CHANGES", may propose other changes within the general scope of this contract as set forth below. Within forty-five (45) days from the date of receipt of any such proposed change, or within such further time as the Contracting Officer may allow, the Contractor shall submit the proposed scope of work, plans and sketches, and its estimate of: (A) the cost, (B) the weight and moment effect, (C) effect on delivery dates of the vessel(s), and (D) status of work on the vessels affected by the proposed change. The proposed scope of work and estimate of cost shall be in such form and supported by such reasonably detailed information as the Contracting Officer may require. Within sixty (60) days from the date of receipt of the Contractor's estimate, the Contractor agrees to either (A) enter into a supplemental agreement covering the estimate as submitted, or (B) if the estimate as submitted is not satisfactory to the Contracting Officer, enter into negotiations in good faith leading to the execution of a bilateral supplemental agreement. In either case, the supplemental agreement shall cover an equitable adjustment in the contract cost and fee including an equitable adjustment for the preparatory work set forth above, scope, and all other necessary equitable adjustments. The Contractor's estimate referred to in this subparagraph shall be a firm offer for sixty (60) days from and after the receipt thereof by the Contracting Officer having cognizance thereof, unless such period of time is extended by mutual consent.

(b) Pending execution of a bilateral agreement or the direction of the Contracting Officer pursuant to the "CHANGES" clause, the Contractor shall proceed diligently with contract performance without regard to the effect of any such proposed change.

(c) In the event that a change proposed by the Contracting Officer is not incorporated into the contract, the work done by the Contractor in preparing the estimate in accordance with subparagraph (a) above shall be treated as if ordered by the Contracting Officer under the "CHANGES" clause. The Contractor shall be entitled to an equitable adjustment in the contract cost and fee for the effort required under subparagraph (a), but the Contractor shall not be entitled to any adjustment in delivery date. Failure to agree to such equitable adjustment in the contract cost and fee shall be a dispute within the meaning of the clause of this contract entitled "DISPUTES" (FAR 52.233-1).

H-13 NAVSEA 5252.246-9124 SHIPBUILDING SUPPORT OFFICE SCHEDULES (AT) (JAN 1983)(APPLICABLE TO ALL LINE ITEMS)

The U.S. Navy Shipbuilding Support Office, which is responsible within the Department for providing central scheduling for ship programs, may, but shall not be obligated to, promulgate from

time to time Master Program Schedules and other documents relating to the design, material procurement for, and orderly erection of the vessel(s). Such schedules and documents, if promulgated, are intended to facilitate integration of all work required in connection with the vessels, and other vessels, if any, in the same ship program and to serve as a planning aid for the Contractor and its agents, but such schedules and documents shall not alter or increase the obligations of the Government and the use thereof or adherence thereto is not a requirement of this contract. Neither the promulgation of such schedules and documents nor any use thereof by the Contractor or its agent shall in any way relieve the Contractor of its obligation to complete and deliver the vessel(s) by the date and in accordance with the other requirements set forth in this contract or affect responsibility for any delays.

H-14 NAVSEA 5252.247-9110 TUG AND PILOT SERVICES (SEP 1990)(APPLICABLE TO ALL LINE ITEMS)

The Contractor shall provide necessary tug and pilot services to move the vessel(s) from the fairway of the plant to the pier or dock, and upon completion of all work from the pier or dock, to the fairway of the plant.

H-15 NAVSEA 5252.209-9102 WEIGHT CONTROL (SEP 1990) (APPLICABLE TO ITEM 0004/0005 (AS APPLICABLE), AND IF EXERCISED, OPTION ITEM(S) 0007-0009)

(a) In accordance with the procedures set forth in Section 096 of the Specifications, the Contractor shall enter into agreement with the Government as to the Accepted Weight Estimate (AWE) for the vessel(s) under this contract, and such agreement shall be set forth in a supplemental agreement. The AWE values for full load displacement and vertical center of gravity above bottom of keel (KG) are the baseline for measuring Contractor responsibility within the meaning of this requirement. The aforementioned AWE values shall be equal to or less than the following Not-to-Exceed (NTE) values:

Contractor Responsible Full Load Displacement _____* _____ long tons

Contractor Responsible KG _____* _____ feet

* To be unilaterally filled in by the Government at FCDR with values expressed in metric system of measurements (System International (SI)) units.

In the event an agreement on the AWE cannot be reached within four months after award of this contract, the NTE values become AWE values.

(b) The net weight and moment effect of every change incorporated into this contract shall be agreed upon and set forth in a supplemental agreement.

(c) One month prior to the inclining experiment, the net weight and moment differences to Government Furnished Material (GFM) since the AWE, that were beyond the control of the Contractor, excluding the effect of contract changes, shall be agreed upon and set forth in a supplemental agreement. All weight and moment differences to GFM resulting from the correction

of data for which accurate information was available prior to the AWE or from the relocation of GFM at the discretion of the Contractor are considered to be within the control of the Contractor.

(d) The Contractor shall be responsible for the full load displacement and KG of the delivered vessel(s) minus the weight and vertical moment values agreed upon for contract changes and differences to GFM beyond its control. Also, the Contractor shall be responsible for the delivery of the vessel(s) with a trim and list within the tolerances specified in Section (TBD) of the Specifications. The Contractor, however, will not be responsible for the net total adverse effect on trim or list caused by contract changes and differences to GFM beyond his control.

(e) If the Contractor proposes cost or contract changes solely for the purpose of meeting the values of displacement, KG, trim, or list required by this contract, and if the Contracting Officer approves, the changes shall be non-reimbursable and implemented with no increase in the cost of, or change in the period of performance of, this contract. Changes described in this paragraph, as well as Value Engineering Changes that reduce weight, are not considered contract changes when computing the Contractor responsible condition described in paragraph (d) above.

(f) The parties agree that this contract (and more specifically the performance incentives: QUALITY INCENTIVE and PERFORMANCE INCENTIVE), has (have) been structured in conjunction with the following liquidated damages provision. The parties further agree that the potential remedy of a termination for default of the Contractor for failure to conduct its activities pursuant to this contract in a manner so as to deliver the vessel(s) within the NTE values set forth in paragraph (a), does not afford a complete or adequate remedy to the Government. The parties also recognize and agree that it is virtually impossible and completely impracticable to establish the actual damages which would be suffered by the Government for the failure of the Contractor to deliver the vessel(s) within the NTE values. Therefore, in recognition of the above (for each vessel delivered under this contract), the parties hereto have specifically agreed to and established the following schedule of liquidated damages as a reasonable forecast of the potential damages which would arise in the event that the Contractor responsible full load displacement and/or KG, as determined by paragraph (d), exceed the NTE values:

(1) Weight. For each whole (TBD) ton increment in excess of the NTE displacement set forth in paragraph (a) of this requirement, the contractor shall pay to the Government (TBD) dollars (\$TBD) up to a maximum of (TBD) dollars (\$TBD).

(2) KG. For each whole (TBD) (1/ (TBD) foot increment in excess of the NTE vertical center value set forth in paragraph (a) of this requirement, the Contractor shall pay to the Government (TBD) dollars (\$TBD) up to a maximum of (TBD) dollars (\$TBD).

H-16 5252.216-9112 ORDERS (COST-PLUS-FIXED-FEE) (APR 2004) (APPLICABLE TO COST TYPE ORDERS PLACED UNDER OPTION ITEM(S) 0012-0019, IF EXERCISED)

(a) **General.** Orders for supplies or services specified in Section B of the Schedule may be issued by the Contracting Officer at any time during the effective period of this agreement. Except as otherwise provided in paragraph (e) below, the Contractor agrees to accept and perform orders

issued by the Contracting Officer within the scope of this agreement. It is understood and agreed that the Government has no obligation under the terms of this agreement to issue any orders. Except as otherwise provided in any order, the Contractor shall furnish all materials and services necessary to accomplish the work specified in each order issued hereunder; provided, however, that this agreement shall not be used for the furnishing of supplies or services which are covered by any "guaranty" or "warranty" clause(s) of the contract(s) under which the supplies were manufactured. In the event of any inconsistency between any order and this agreement, this agreement shall control. All requirements of this agreement shall be applicable to all orders issued hereunder. Wherever the word "contract" appears in this agreement, it shall be deemed to include within its meaning the word "order", and each order shall be considered a separate binding contract as of its effective date. The Contractor shall segregate the costs incurred in the performance of any order issued hereunder from the costs of all other orders issued under this agreement.

(b) Ordering. Orders and revisions thereto shall be made in writing and be signed by any authorized Contracting Officer cited in paragraph (i). Each order shall:

- (1) set forth detailed specifications or requirements for the supplies or services being ordered, (or reference applicable specifications or requirements in Section C of this agreement), and, shall refer to the appropriate item under Section B of this agreement;
- (2) set forth quantities being ordered;
- (3) set forth preservation, packaging and packing instructions, if any;
- (4) set forth delivery or performance dates;
- (5) designate the place(s) where inspection and acceptance will be made by the Government;
- (6) set forth the estimated cost and fixed fee, in the case of an undefinitized order, the definitization schedule and both the monetary limitation on Government liability for the undefinitized order and the maximum ceiling amount at which the order may be definitized;
- (7) set forth appropriation and accounting data for the work being ordered;
- (8) be dated;
- (9) be identified by number in accordance with DFARS 204.7004;
- (10) set forth the property, if any, to be furnished by the Government and the date(s) such property is to be delivered to the Contractor;
- (11) set forth the disbursing office where payment is to be made and other

applicable contract administration data;

(12) cite the applicable circumstance or exception and the justification control number. Orders for items not identified in the class justification, or an individual justification, and the basic ordering agreement are unauthorized;

(13) be issued on an SF 26 or a DD Form 1155; and

(14) set forth any other pertinent information.

(c) Priced Orders. Except as otherwise provided in paragraph (d) below, the Contractor shall not begin any work on an order until the estimated cost and fixed fee for the order has been agreed upon by the Contracting Officer and Contractor and an order is issued by the Contracting Officer. Upon receipt of a proposed order, the Contractor shall promptly submit to the Contracting Officer a cost proposal for the work specified in the order. The Contractor shall submit such cost or pricing data as the Contracting Officer may require. Promptly after receipt of the Contractor's proposal and supporting cost or pricing data, if required, the Contractor and the Contracting Officer shall negotiate and agree upon a price and delivery schedule for the work being ordered. The estimated cost, fixed fee, and delivery schedule, as agreed upon, shall be set forth in the priced order and the order shall be signed by both the Contracting Officer and the Contractor. Upon receipt of the priced order, the Contractor shall promptly commence work and shall diligently complete it.

(d) Undefinitized Orders. Whenever the Contracting Officer determines that urgent demands or requirements prevent the issuance of a firm priced order, the Contracting Officer may issue an unpriced order. Such order may be unilateral or bilateral and shall establish a limitation on Government liability, a maximum ceiling amount and a schedule for definitization, as described in subparagraph (f)(2) below. Upon request, the Contractor shall submit a maximum ceiling amount proposal before the undefinitized order is issued. The maximum ceiling amount is the maximum amount (including fee) at which the order may be definitized. Except as provided in paragraph (e) below, the Contractor shall commence performance of the order upon receipt. The clause entitled "CONTRACT DEFINITIZATION" (DFARS 252.217-7027) shall be included in any undefinitized order.

(e) Rejection of Unilateral Orders. The Contractor may reject any unilateral order if the Contractor determines it cannot feasibly perform the order, or if it does not concur with the maximum ceiling amount. However, each unilateral order shall be deemed to have been accepted by the Contractor unless within fifteen (15) days of issuance of the order the Contractor notifies the Contracting Officer in writing of its rejection of the order.

(f) Definitization of Undefinitized Orders. (1) The Contractor agrees that following the issuance of an undefinitized order, it will promptly begin negotiating with the Contracting Officer the CPFF and terms of a definitive order that will include: (A) all clauses required by regulation on the date of the order; (B) all clauses required by law on the date of execution of the definitive order; and, (C) other mutually agreeable clauses, terms and/or conditions. No later than sixty (60) days after the undefinitized order is issued, the Contractor shall submit a cost proposal with sufficient data to

support the accuracy and derivation of its CPFF proposal; and, when required by FAR or the Contracting Officer, cost or pricing data. If additional cost information is available prior to the conclusion of negotiations, the Contractor shall provide that information to the Contracting Officer. The CPFF agreed upon shall be set forth in a bilateral modification to the order. In no event shall the CPFF exceed the maximum ceiling amount specified in the undefinitized order.

(2) Each undefinitized order shall contain a schedule for definitization which shall include a target date for definitization and dates for submission of a qualifying proposal, beginning of negotiations and, if appropriate, submission of make-or-buy and subcontracting plans and cost or pricing data. Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the order. The schedule shall provide for definitization of the order by the earlier of:

- (i) specified target date which is not more than 180 days after the issuance of the undefinitized order. However, that target date may be extended by the Contracting Officer for up to 180 days after the Contractor submits a qualifying proposal as defined in DFARS 217.7401; or
- (ii) the date on which the amount of funds obligated by the Government under the undefinitized order exceeds fifty percent (50%) of the order's maximum ceiling amount.

(3) If agreement on a definitive order is not reached within the time provided pursuant to subparagraph (f)(2) above, the Contracting Officer may, with the approval of the Head of the Contracting Activity, determine a reasonable price in accordance with Subpart 15.4 and Part 31 of the FAR, and issue a unilateral order subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1). In any event, the Contractor shall proceed with completion of the order, subject to the "LIMITATION OF GOVERNMENT LIABILITY" clause (FAR 52.216-24).

(g) Limitation of Government Liability. (1) Each undefinitized order shall set forth the limitation of Government liability, which shall be the maximum amount that the Government will be obligated to pay the Contractor for performance of the order until the order is definitized. The Contractor is not authorized to make expenditures or incur obligations exceeding the limitation of Government liability set forth in the order. If such expenditures are made, or if such obligations are incurred, those expenditures and obligations will be at the Contractor's sole risk and expense. Further, the limitation of liability shall be the maximum Government liability if the order is terminated. The clause at FAR 52.216-24 shall be included in any undefinitized order.

(2) Except for undefinitized orders for Foreign Military Sales; purchases of less than \$25,000; special access programs; and Congressionally-mandated long lead procurements; and except as otherwise provided in subparagraph (g)(3) below, the limitation of Government liability shall not exceed fifty percent (50%) of the maximum ceiling amount of an undefinitized order. In the case of orders within these excepted categories, however, the procedures set forth herein shall be followed to the maximum extent practical.

(3) If the Contractor submits a qualifying proposal, as defined in DFARS 217.7401, to definitize an order before the Government obligated [REDACTED] of the maximum ceiling amount, the Contracting Officer may increase the limitation of Government liability up to no more than [REDACTED] of the maximum ceiling amount or up to [REDACTED] of the total CPFF proposed by the Contractor, whichever is less.

(4) If at any time the Contractor believes that its expenditures under an order will exceed the limitation of Government liability, the Contractor shall so notify the Contracting Officer, in writing, and propose an appropriate increase in the limitation of Government liability of such order. Within thirty (30) days of such notice, the Contracting Officer will either (i) notify the Contractor in writing of such appropriate increase, or (ii) instruct the Contractor how and to what extent the work shall be continued; provided, however, that in no event shall the Contractor be obligated to proceed with work on an undefinitized order beyond the point where its costs incurred plus a reasonable profit exceed the limitation of Government liability, and provided also that in no event shall the Government be obligated to pay the Contractor any amount in excess of the limitation of Government liability specified in any such order prior to definitization.

(h) Initial Spares. The limitations set forth in paragraph (d) and subparagraphs (f)(2), (g)(2) and (g)(3), do not apply to undefinitized orders for the purchase of initial spares.

(i) Ordering Activities. The following activities are authorized to issue orders hereunder:

The Contracting Officer of the Ordering Activity shall forward a copy of each executed order marked "DD-350", to the Commander, Naval Sea Systems Command, ATTN: SEA 0272.

(j) Funds in the following amount are committed under this Basic Ordering Agreement for use by the Ordering Activity in obligating funds to pay for orders placed hereunder:

<u>Item</u>	<u>Funds</u>
N/A	N/A

H-17 NAVSEA 5252.216-9110 ORDERS (FIXED-PRICE) (APR 2004) (APPLICABLE TO FIXED PRICED ORDERS PLACED UNDER OPTION ITEM(S) 0012-0019, IF EXERCISED)

(a) General. Orders for supplies or services specified in Section B of the Schedule may be issued by the Contracting Officer at any time during the effective period of this agreement. Except as otherwise provided in paragraph (e) below, the Contractor agrees to accept and perform orders issued by the Contracting Officer within the scope of this agreement. It is understood and agreed that the Government has no obligation under the terms of this agreement to issue any orders. Except as otherwise provided in any order, the Contractor shall furnish all materials and services necessary to accomplish the work specified in each order issued hereunder; provided, however, that this agreement shall not be used for the furnishing of supplies or services which are covered by any "guaranty" or "warranty" clause(s) of the contract(s) under which the supplies were manufactured. In the event of any inconsistency between any order and this agreement, this agreement shall control. All requirements of this agreement shall be applicable to all orders issued hereunder.

Wherever the word "contract" appears in this agreement, it shall be deemed to include within its meaning the word "order", and each order shall be considered a separate binding contract as of its effective date. The Contractor shall segregate the costs incurred in the performance of any order issued hereunder from the costs of all other orders issued under this agreement.

(b) Ordering. Orders and revisions thereto shall be made in writing and be signed by any authorized Contracting Officer cited in paragraph (i). Each order shall:

- (1) set forth detailed specifications or requirements for the supplies or services being ordered, (or reference applicable specifications or requirements in Section C of this agreement), and, shall refer to the appropriate item under Section B of this agreement;
- (2) set forth quantities being ordered;
- (3) set forth preservation, packaging and packing instructions, if any;
- (4) set forth delivery or performance dates;
- (5) designate the place(s) where inspection and acceptance will be made by the Government;
- (6) set forth either the firm contract price or, in the case of an undefinitized order, the definitization schedule and both the monetary limitation on Government liability for the undefinitized order and the maximum ceiling amount at which the order may be definitized;
- (7) set forth appropriation and accounting data for the work being ordered;
- (8) set forth any discount offered for prompt payment;
- (9) be dated;
- (10) be identified by number in accordance with DFARS 204.7004;
- (11) set forth the property, if any, to be furnished by the Government and the date(s) such property is to be delivered to the Contractor;
- (12) set forth the disbursing office where payment is to be made and other applicable contract administration data;
- (13) cite the applicable circumstance or exception and the justification control number. Orders for items not identified in the class justification, or an individual justification, and the basic ordering agreement are unauthorized;

(14) be issued on an SF 26 or a DD Form 1155; and

(15) set forth any other pertinent information.

(c) Firm Priced Orders. Except as otherwise provided in paragraph (d) below, the Contractor shall not begin any work on an order until a firm priced order is issued by the Contracting Officer. Upon receipt of a proposed order, the Contractor shall promptly submit to the Contracting Officer a price proposal for the work specified in the order. The Contractor agrees that it will submit such cost or pricing data as the Contracting Officer may require. Promptly after receipt of the Contractor's proposal and supporting cost or pricing data, if required, the Contractor and the Contracting Officer shall negotiate and agree upon a price and delivery schedule for the work being ordered. The price and delivery schedule, as agreed upon, shall be set forth in the priced order and the order shall be signed by both the Contracting Officer and the Contractor. Upon receipt of the priced order, the Contractor shall promptly commence work and shall diligently complete it.

(d) Undefinitized Orders. Whenever the Contracting Officer determines that urgent demands or requirements prevent the issuance of a firm priced order, the Contracting Officer may issue an unpriced order. Such order may be unilateral or bilateral and shall establish a limitation on Government liability, a maximum ceiling amount and a schedule for definitization, as described in subparagraph (f)(2) below. Upon request, the Contractor shall submit a maximum ceiling amount proposal before the undefinitized order is issued. The maximum ceiling amount is the maximum price at which the order may be definitized. Except as provided in paragraph (e) below, the Contractor shall commence performance of the order upon receipt. The clause entitled "CONTRACT DEFINITIZATION" (DFARS 252.217-7027) shall be included in any undefinitized order.

(e) Rejection of Unilateral Orders. The Contractor may reject any unilateral order if the Contractor determines it cannot feasibly perform the order, or if it does not concur with the maximum ceiling amount. However, each unilateral order shall be deemed to have been accepted by the Contractor unless within fifteen (15) days of issuance of the order the Contractor notifies the Contracting Officer in writing of its rejection of the order.

(f) Definitization of Undefinitized Orders. (1) The Contractor agrees that following the issuance of an undefinitized order, it will promptly begin negotiating with the Contracting Officer the price and terms of a definitive order that will include: (A) all clauses required by regulation on the date of the order; (B) all clauses required by law on the date of execution of the definitive order; and, (C) other mutually agreeable clauses, terms and/or conditions. No later than sixty (60) days after the undefinitized order is issued, the Contractor shall submit a cost proposal with sufficient data to support the accuracy and derivation of its price; and, when required by FAR or the Contracting Officer, cost or pricing data. If additional cost information is available prior to the conclusion of negotiations, the Contractor shall provide that information to the Contracting Officer. The price agreed upon shall be set forth in a bilateral modification to the order. In no event shall the price exceed the maximum ceiling amount specified in the undefinitized order.

(2) Each undefinitized order shall contain a schedule for definitization which shall include a target date for definitization and dates for submission of a qualifying proposal, beginning of negotiations and, if appropriate, submission of make-or-buy and subcontracting plans and cost or pricing data. Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the order. The schedule shall provide for definitization of the order by the earlier of:

- (i) specified target date which is not more than 180 days after the issuance of the undefinitized order. However, that target date may be extended by the Contracting Officer for up to 180 days after the Contractor submits a qualifying proposal as defined in DFARS 217.7401; or
- (ii) the date on which the amount of funds obligated by the Government under the undefinitized order exceeds fifty percent (50%) of the order's maximum ceiling amount.

(3) If agreement on a definitive order is not reached within the time provided pursuant to subparagraph (f)(2) above, the Contracting Officer may, with the approval of the Head of the Contracting Activity, determine a reasonable price in accordance with Subpart 15.4 and Part 31 of the FAR, and issue a unilateral order subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1). In any event, the Contractor shall proceed with completion of the order, subject to the "LIMITATION OF GOVERNMENT LIABILITY" clause (FAR 52.216-24).

(g) Limitation of Government Liability. (1) Each undefinitized order shall set forth the limitation of Government liability, which shall be the maximum amount that the Government will be obligated to pay the Contractor for performance of the order until the order is definitized. The Contractor is not authorized to make expenditures or incur obligations exceeding the limitation of Government liability set forth in the order. If such expenditures are made, or if such obligations are incurred, those expenditures and obligations will be at the Contractor's sole risk and expense. Further, the limitation of liability shall be the maximum Government liability if the order is terminated. The clause at FAR 52.216-24 shall be included in any undefinitized order.

(2) Except for undefinitized orders for Foreign Military Sales; purchases of less than \$25,000; special access programs; and Congressionally-mandated long lead procurements; and except as otherwise provided in subparagraph (g)(3) below, the limitation of Government liability shall not exceed fifty percent (50%) of the maximum ceiling amount of an undefinitized order. In the case of orders within these excepted categories, however, the procedures set forth herein shall be followed to the maximum extent practical.

(3) If the Contractor submits a qualifying proposal, as defined in DFARS 217.7401, to definitize an order before the Government obligated fifty percent (50%) of the maximum ceiling amount, the Contracting Officer may increase the limitation of Government liability up to no more than seventy-five percent (75%) of the maximum ceiling amount or up to seventy-five percent (75%) of the price proposed by the Contractor, whichever is less.

(4) If at any time the Contractor believes that its expenditures under an order will exceed the limitation of Government liability, the Contractor shall so notify the Contracting Officer, in writing, and propose an appropriate increase in the limitation of Government liability of such order. Within thirty (30) days of such notice, the Contracting Officer will either (i) notify the Contractor in writing of such appropriate increase, or (ii) instruct the Contractor how and to what extent the work shall be continued; provided, however, that in no event shall the Contractor be obligated to proceed with work on an undefinitized order beyond the point where its costs incurred plus a reasonable profit exceed the limitation of Government liability, and provided also that in no event shall the Government be obligated to pay the Contractor any amount in excess of the limitation of Government liability specified in any such order prior to definitization.

(h) Initial Spares. The limitations set forth in paragraph (d) and subparagraphs (f)(2), (g)(2) and (g)(3), do not apply to undefinitized orders for the purchase of initial spares.

(i) Ordering Activities. The following activities are authorized to issue orders hereunder:

The Contracting Officer of the Ordering Activity shall forward a copy of each executed order marked "DD-350", to the Commander, Naval Sea Systems Command, ATTN: SEA 0272.

(j) Funds in the following amount are committed under this Basic Ordering Agreement for use by the Ordering Activity in obligating funds to pay for orders placed hereunder:

<u>Item</u>	<u>Funds</u>
N/A	N/A

**H-18 NAVSEA 5252.246-9128 DELIVERY OF COMPLETED VESSEL (FT) (JAN 1983)
(APPLICABLE TO OPTION ITEM(S) 0007-0009, IF EXERCISED)**

The term "vessel" as used in this requirement refers to each of the vessels to be constructed and delivered under this contract.

(a) The vessel shall not be presented for acceptance trials (as used in this requirement acceptance trials means acceptance trials or combined acceptance trials) until it is determined by the Supervisor that the Contractor has satisfactorily carried out those parts of the builder's trials for which the Contractor is responsible, including builder's dock and sea trials, and that the Contractor has:

(i) Corrected all Contractor responsible deficiencies discovered before completion of all builder's sea trials, unless otherwise agreed to in writing by the Contracting Officer; and

(ii) Corrected all Contractor responsible deficiencies discovered after completion of the builder's sea trials which are determined by the Contracting Officer to be necessary to avoid an adverse effect on the operational capability of the vessel.

(b) The Contractor shall be responsible for scheduling an interval of a minimum of one hundred eighty (180) days between the satisfactory completion of acceptance trials and delivery of the vessel. During this period, the Contractor shall satisfactorily correct all Contractor responsible

deficiencies, whether discovered before, during, or after completion of acceptance trials, which are determined by the Contracting Officer to be necessary to avoid an adverse effect on the operational capability of the vessel.

(c) Prior to delivery of the vessel, to the extent necessary for tests, crew training, or operations which the Government is to perform and which do not require the Government to have control of the entire vessel, the Contractor shall make parts of the vessel available to the Government; to the extent necessary for tests, crew training, trials or operations which the Government is to perform and which require the Government to have control of the entire vessel, such as alongside training, fast cruise and underway trials, the Contractor shall make the entire vessel available to the Government at dockside, at the Contractor's plant, for such periods of time as are necessary for such trials and operations. During all periods of time when the entire vessel is made available to the Government, the Contractor shall, as requested by the Government and required by the specifications, provide technical assistance and provide assistance necessary to correct defects which develop or are discovered during trials or operations of the vessel. Following the completion of each such trial or operation, the Government shall return the vessel to the Contractor at dockside, at the Contractor's plant, for the correction of defects, if any, and completion of construction in accordance with the terms of this contract.

(d) Upon satisfactory completion (i) of acceptance trials and (ii) of the correction of deficiencies as provided in paragraph (b) above, the Contractor shall deliver the vessel to the Government for preliminary acceptance.

(e) Following preliminary acceptance, the Government may, during the guaranty period, make the vessel available to the Contractor, at the Contractor's plant, (i) for correction of defects noted at the time of preliminary acceptance, or which are discovered during the guaranty period, and (ii) for the performance of any additional work required by change orders issued pursuant to the "CHANGES" clause of this contract prior to preliminary acceptance and not theretofore performed. If the Government elects to make the vessel(s) available to the contractor, at the contractor's plant, for the accomplishment of the above described post delivery work, the contractor agrees to accept the vessel(s) and perform the work. The contractor also agrees to consider the accomplishment of additional work during the post-shakedown availability under a standard Government contract. If the post-shakedown availability period shall begin during but extend beyond the expiration of the guaranty period, the Government may during the extended period leave the vessel at the Contractor's plant or return the vessel thereto for the correction of defects not previously corrected and for the performance of any additional work required by change orders issued pursuant to the "CHANGES" clause of this contract prior to preliminary acceptance and not theretofore performed.

(f) The Contractor shall exercise reasonable care to protect the vessel at all times until the delivery of the vessel, and thereafter during such times as the vessel is at the Contractor's plant during the guaranty period or during the post-shakedown availability period if the latter shall extend beyond the expiration of the guaranty period, except for periods of time when the entire vessel is made available to the Government. During such periods, while the vessel is at the Contractor's plant, the Contractor shall provide assistance to protect and service the vessel, and shall effect any correction of defects or performance of uncompleted work, to the extent permitted or required by the Government.

(g) In accordance with the inspection requirements of the contract, all actions of the Government pursuant to this requirement shall be performed in such a manner as to not unduly delay the work.

**H-19 NAVSEA 5252.202-9101 ADDITIONAL DEFINITIONS (CT) - ALTERNATE I
(MAY 1993)(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010
AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)**

As used throughout this contract, the following terms shall have the meanings set forth below:

- (a) DEPARTMENT - means the Department of the Navy.
- (b) COMMANDER, NAVAL SEA SYSTEMS COMMAND - means the Commander of the Naval Sea Systems Command of the Department of the Navy or his duly appointed successor or duly authorized representative.
- (c) NAVSEA 08 - means the Deputy Commander, Nuclear Propulsion Directorate, Naval Sea Systems Command of the Department of the Navy.
- (d) SUPERVISOR - means the cognizant Supervisor of Shipbuilding, Conversion and Repair, Department of the Navy.
- (e) PROJECT MANAGER (SHAPM)(PMS) - means the PMS 501 Program Manager, or his duly appointed successor or duly authorized representative, of the Naval Sea Systems Command of the Department of the Navy.
- (f) LEAD SHIPBUILDER, LEAD YARD OR LEAD SHIPYARD - mean (N/A) in its capacity as Contractor under Contract No. (N/A) for the construction of the (N/A).
- (g) FOLLOW SHIPBUILDER, FOLLOW YARD OR FOLLOW SHIPYARD - mean a prime contractor performing a contract for the construction of follow ships of the (N/A) Class.
- (h) LEAD SHIP OR FIRST SHIP OF THE CLASS - mean the (N/A)
- (i) FOLLOW SHIP - means any ship of the (N/A) Class other than the first ship.
- (j) DESIGN AGENT - means (N/A) in its capacity as Design Agent, not in its capacity as shipbuilding contractor.
- (k) NATIONAL STOCK NUMBERS - Whenever the term Federal Item Identification Number and its acronym FIIN or the term Federal Stock Number and its acronym FSN appear in the contract, order or their cited specifications and standards, the terms and acronyms shall be interpreted as National Item Identification Number (NIIN) and National Stock Number (NSN) respectively which shall be defined as follows:

1. National Item Identification Number (NIIN). The number assigned to each approved Item Identification under the Federal Cataloging Program. It consists of nine numeric characters, the first two of which are the National Codification Bureau (NCB) Code. The remaining positions consist of a seven digit non-significant number.

2. National Stock Number (NSN). The National Stock Number (NSN) for an item of supply consists of the applicable four position Federal Supply Class (FSC) plus the applicable nine position National Item Identification Number (NIIN) assigned to the item of supply.

(l) NAVY REORGANIZATION - Pursuant to the reorganization within the Department of the Navy, effective 1 July 1974, the Naval Sea Systems Command has become the successor to the Naval Ship Systems Command and the Naval Ordnance Systems Command. The Naval Ship Systems Command was the successor to the Bureau of Ships. The Naval Ordnance Systems Command and the Naval Air Systems Command were the successors to the Bureau of Naval Weapons, which was the successor to the Bureau of Ordnance and the Bureau of Aeronautics. Accordingly, as appropriate in view of the foregoing, reference in the contract and in the documents referenced therein to the Naval Ship Systems Command, the Bureau of Ships, the Naval Ordnance Systems Command, the Naval Air Systems Command, the Bureau of Naval Weapons, the Bureau of Ordnance or the Bureau of Aeronautics shall be deemed to refer to the Naval Sea Systems Command.

(m) REFERENCES TO ARMED SERVICES PROCUREMENT REGULATION OR DEFENSE ACQUISITION REGULATION - All references in this document to either the Armed Services Procurement Regulation (ASPR) or the Defense Acquisition Regulation (DAR) shall be deemed to be references to the appropriate sections of the Federal Acquisition Regulation (FAR) and the Defense FAR Supplement (DFARS).

(n) REFERENCES TO THE FEDERAL ACQUISITION REGULATION (FAR) - All references to the FAR in this contract shall be deemed also to include the Defense FAR Supplement (DFARS), unless clearly indicated otherwise.

(o) CONSTRUCTION OF THE VESSEL - means conversion of the vessel (except where it is used in paragraphs (f) and (g) of this requirement).

H-20 NAVSEA 5252.233-9103 DOCUMENTATION OF REQUESTS FOR EQUITABLE ADJUSTMENT (AT) - ALTERNATE I (APR 1999) (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

(a) For the purposes of this requirement, the term "change" includes not only a change that is made pursuant to a written order designated as a "change order" but also (i) an engineering change proposed by the Government or the Contractor pursuant to the "Other Change Proposals" or other requirements of this contract and (ii) any act or omission to act on the part of the Government in respect of which a request is made for equitable adjustment under the "CHANGES" clause or any other article or requirement of this contract.

(b) Whenever the Contractor requests or proposes an equitable adjustment of [REDACTED] or more per vessel in respect of a change made pursuant to a written order designated as a "change order" or in respect of a proposed engineering change and whenever the Contractor requests an equitable adjustment in any amount in respect of any other act or omission to act on the part of the Government, the proposal supporting such request shall include the following information for each individual item or element of the request:

(1) A description (i) of the work required by the contract before the change, which has been deleted by the change, and (ii) of the work deleted by the change which already has been completed. The description is to include a list of identifiable components, equipment, and other identifiable property involved. Also, the status of manufacture, procurement, or installation of such property is to be indicated. Separate description is to be furnished for design and production work. Items of identifiable raw material, purchased parts, components and other identifiable hardware, which are made excess by the change and which are not to be retained by the Contractor, are to be listed for later disposition;

(2) Description of work necessary to undo work already completed which has been deleted by the change;

(3) Description of work which is substituted or added by the change. A list of identifiable components and equipment (not bulk materials or items) involved, should be included. Separate descriptions are to be furnished for design work and production work;

(4) Description of interference and inefficiencies in performing the change;

(5) Description of disruption attributable solely to the change; which description shall include the following information:

(i) Description of each identifiable element of disruption and how work has been, or may be, disrupted;

(ii) The calendar period of time during which disruption occurred, or may occur;

(iii) Area(s) of the Contractor's operations where disruption occurred, or may occur;

(iv) Trade(s) or functions disrupted, with a breakdown of manhours and material for each trade or function;

(v) Scheduling of trades before, during, and after period of disruption insofar as such scheduling may relate to or be affected by the estimated disruption;

(vi) Description of any measures taken to lessen the disruptive effect of the change;

(6) Delay in delivery attributable solely to the change;

(7) Other work or increased costs attributable to the change;

(8) Supplementing the foregoing, a narrative statement of the nature of the alleged Government act or omission, when the alleged Government act or omission occurred, and the "causal" relationship between the alleged Government act or omission and the claimed consequences thereof, cross-referenced to the detailed information provided as required above.

(c) Each proposal submitted in accordance with this requirement shall include a copy of the Contractor's ship's labor budget at the cost level in effect as of the date the event began, the cost incurred at the cost level as of the same date, and the proposed effect of the change at the cost class level.

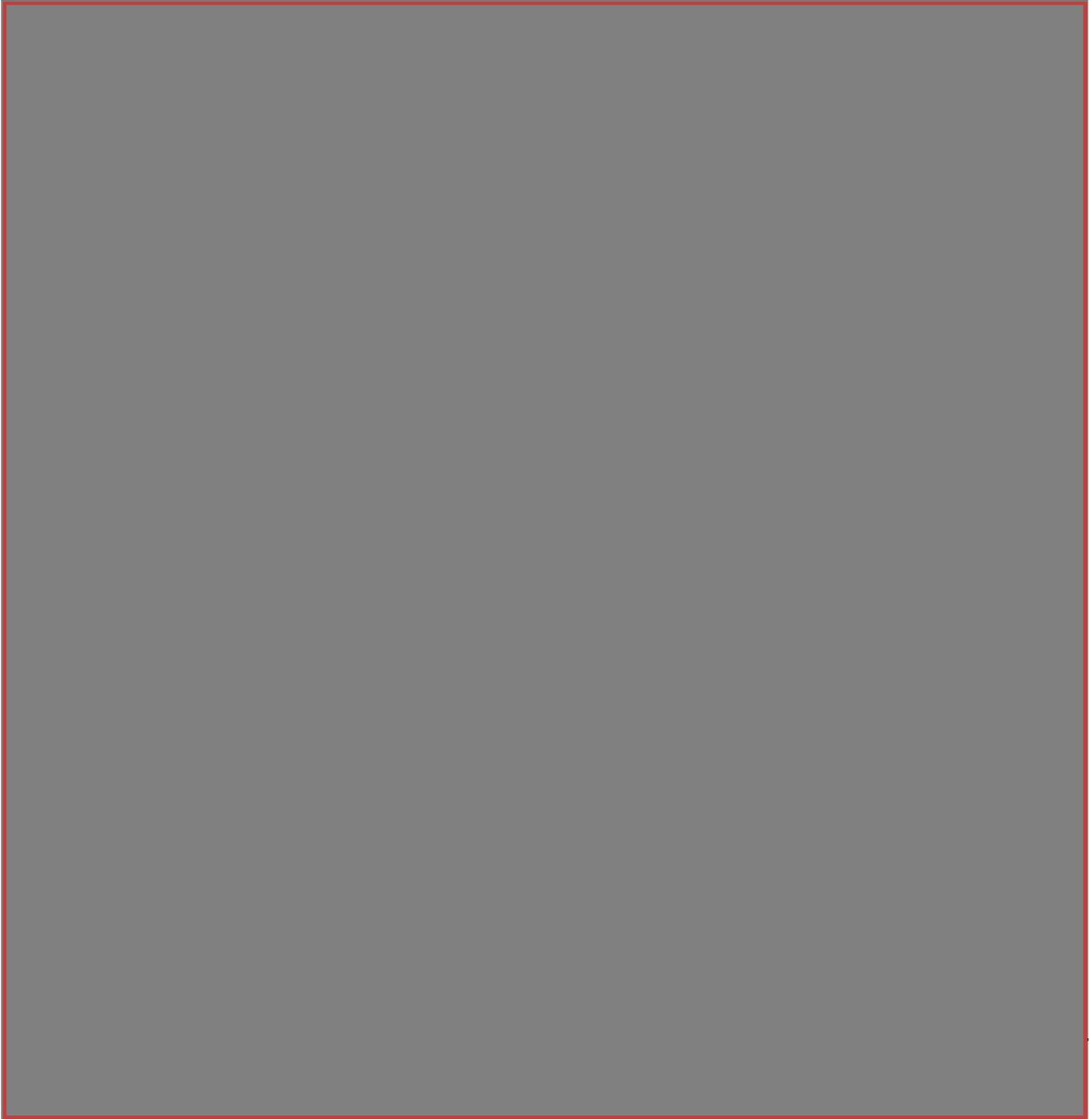
(d) It is recognized that individual claims for equitable adjustment may not include all of the factors listed in subparagraphs (b)(1) through (b)(8) above, or that the Contractor may not reasonably be able to furnish complete information on all of the factors listed in subparagraph (b)(1) through (b)(8) above. Accordingly, the Contractor is only required to set forth in its request for equitable adjustment information with respect to those factors which are relevant to the individual request for equitable adjustment, or in the level of detail which is reasonably available to the Contractor.

(e) In addition to any information required under paragraph (b) above, each proposal submitted in support of a claim for equitable adjustment, under any requirement of this contract, in an amount which requires certified cost or pricing data, shall contain such cost or pricing data as the Contracting Officer shall require with respect to each individual claim item, and shall be in sufficient detail to permit the Contracting Officer to cross-reference the claimed increased costs, or delay in delivery, or both, as appropriate, with the information submitted pursuant to subparagraphs (b)(1) through (b)(8) hereof.

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N00024-03-C-2311
P00016



**SECTION I-1 – CLAUSES INCORPORATED BY REFERENCE
(APPLICABLE TO ITEMS 0001-0003)**

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES:

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.202-1	Definitions (Dec 2001)
52.203-3	Gratuities (Apr 1984)
52.203-5	Covenant Against Contingent Fees (Apr 1984)
52.203-6	Restrictions on Subcontractor Sales to the Government (Jul 1995)
52.203-7	Anti-Kickback Procedures (Jul 1995)
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (Jan 1997)
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Jun 1997)
52.204-2	Security Requirements (Aug 1996)
52.204-4	Printed/Copied Double-Sided on Recycled Paper (Aug 2000)
52.209-6	Protecting the Governments Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Jul 1995)
52.211-5	Material Requirements (Aug 2000)
52.211-15	Defense Priority and Allocation Requirement (Sep 1990)
52.215-2	Audit and Records—Negotiation (Jun 1999)

Fixed-Price Research & Development (Negotiated) – December 23, 2002
Updated through FAC 2001-10 and DFARS Change Notice 20021025

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.215-11	Price Reduction for Defective Cost or Pricing Data—Modifications (Oct 1997)
52.215-14	Integrity of Unit Prices (Oct 1997) (Applies if contract award is based on full and open competition.)
52.219-4	Notice of Price Evaluation Preference for HubZone Small Business Concerns (Jan 1999)
52.219-8	Utilization of Small Business Concerns (Oct 2000)
52.219-9 and Alt II	Small Business Subcontracting Plan (Jan 2002) and Alternate II (Oct 2001)
52.222-1	Notice to the Government of Labor Disputes (Feb 1997)
52.222-3	Convict Labor (Aug 1996)
52.222-19	Child Labor—Cooperation with Authorities and Remedies (Sep 2002)
52.222-20	Walsh-Healey Public Contracts Act (Dec 1996)
52.222-21	Prohibition on Segregated Facilities (Feb 1999)
52.222-26	Equal Opportunity (Apr 2002)
52.222-35	Equal Opportunity for Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001)
52.222-36	Affirmative Action for Workers with Disabilities (Jun 1998)
52.222-37	Employment Reports on Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001)
52.222-38	Compliance with Veterans' Employment Reporting Requirements (Dec 2001)
52.223-6	Drug-Free Workplace (May 2001)
52.225-8	Duty-Free Entry (Feb 2000)
52.225-13	Restrictions on Certain Foreign Purchases (Jul 2000)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.227-1	Authorization and Consent (Jul 1995) Alternate I (Apr 1984)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (Aug 1996)
52.227-10	Filing of Patent Applications—Classified Subject Matter (Apr 1984)
52.227-12	Patent Rights – Retention by the Contractor (Long Form) (Jan 1997)
52.229-3	Federal, State, and Local Taxes (Jan 1991)
52.230-2	Cost Accounting Standards (Apr 1998)
52.230-3	Disclosure and Consistency of Cost Accounting Practices (Apr 1998)
52.230-6	Administration of Cost Accounting Standards (Nov 1999)
52.232-7	Payments Under Time and Material and Labor Hour Contracts (Dec 2002)
52.232-8	Discounts for Prompt Payment (Feb 2002)
52.232-9	Limitation on Withholding of Payments (Apr 1984)
52.232-16	Progress Payments (Dec 2002) (The date by which the payment will make progress payments is the <u>30th</u> day after the billing office receives a proper progress payment request.)
52.232-17	Interest (Jun 1996)
52.232-23 and Alt I	Assignment of Claims (Jan 1986) and Alternate I (Apr 1984)
52.232-25	Prompt Payment (Feb 2002)
52.232-33	Payments by Electronic Funds Transfer—Central Contractor Registration (May 1999)
52.233-1 and Alt I	Disputes (Jul 2002) and Alternate I (Dec 1991)
52.233-3	Protest After Award (Aug 1996)
52.242-4	Certification of Final Indirect Costs (Jan 1997)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.242-13	Bankruptcy (Jul 1995)
52.243-1 and Alt V	Changes—Fixed-Price and Alternate V (Apr 1984)
52.243-6	Change Order Accounting (Apr 1984)
52.246-6	Inspection – Time and Material and Labor Hour Contracts (May 2001)
52.248-1	Value Engineering (Feb 2000) (Applies if this contract equals or exceeds \$100,000.)
52.249-2	Termination for Convenience of the Government (Fixed-Price) (Apr 1984)
52.249-9	Default (Fixed-Price Research & Development) (Apr 1984)
52.253-1	Computer Generated Forms (Jan 1991)

II. DEFENSE FAR SUPPLEMENT (48 CFR CHAPTER 2) CLAUSES:

<u>SOURCE</u>	<u>TITLE AND DATE</u>
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract Related Felonies (Mar 1999)
252.203-7002	Display of DOD Hotline Poster (Dec 1991) (Applies if this contract exceeds \$5,000,000.)
252.204-7000	Disclosure of Information (Dec 1991)
252.204-7003	Control of Government Personnel Work Product (Apr 1992)
252.204-7004	Required Central Contractor Registration (Nov 2001)
252.204-7005	Oral Attestation of Security Responsibilities (Nov 2001)
252.205-7000	Provision of Information to Cooperative Agreement Holders (Dec 1991) (Applies if this contract exceeds \$500,000.)
252.209-7000	Acquisition from Subcontractors Subject to the On-Site Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty (Nov 1995)
252.209-7004	Subcontracting with Firms that are Owned or Controlled by the Government of a Terrorist Country (Mar 1998)
252.211-7000	Acquisition Streamlining (Dec 1991)
252.215-7000	Pricing Adjustments (Dec 1991)
252.219-7003	Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (DOD Contracts) (Apr 1996)
252.223-7004	Drug-Free Work Force (Sep 1988)
252.225-7010	Duty-Free Entry—Additional Provisions (Aug 2000)
252.225-7012	Preference for Certain Domestic Commodities (Apr 2002)
252.225-7025	Restriction on Acquisition of Forgings (Jun 1997)
252.225-7026	Reporting on Contract Performance Outside the United States (Jun 2000)
252.225-7031	Secondary Arab Boycott of Israel (Jun 1992)
252.227-7013	Rights in Technical Data—Noncommercial Items (Nov 1995)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (Jun 1995)
252.227-7015	Rights in Technical Data – Commercial Items (Nov 1995)
252.227-7016	Rights in Bid or Proposal Information (Jun 1995)
252.227-7019	Validation of Asserted Restrictions—Computer Software (Jun 1995)
252.227-7020	Rights in Special Works (Jun 1995)
252.227-7021	Rights in Data – Existing Works (Mar 1979)
252.227-7025	Limitation on the Use or Disclosure of Government Furnished Information Marked with Restrictive Legends (Jun 1995)
252.227-7027	Deferred Ordering of Technical Data or Computer Software (Apr 1988)
252.227-7028	Technical Data or Computer Software Previously Delivered to the Government (Jun 1995)
252.227-7030	Technical Data—Withholding of Payment (Mar 2000)
252.227-7036	Declaration of Technical Data Conformity (Jan 1997)
252.227-7037	Validation of Restrictive Markings on Technical Data (Sep 1999)
252.231-7000	Supplemental Cost Principles (Dec 1991)
252.235-7011	Final Scientific or Technical Report (Sep 1999)
252.242-7000	Postaward Conference (Dec 1991)
252.242-7004	Material Management and Accounting System (Dec 2000) (Applies if this contract provides progress payments, unless it is set aside exclusively for a small, small disadvantaged or women-owned small business concern.)
252.243-7001	Pricing of Contract Modifications (Dec 1991)
252.243-7002	Requests for Equitable Adjustments (Mar 1998)
252.246-7000	Material Inspection and Receiving Report (Dec 1991)
252.246-7001	Warranty of Data (Dec 1991)

SECTION I-1 – CLAUSES INCORPORATED BY REFERENCE (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES:

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.202-1	Definitions (Dec 2001)
52.203-3	Gratuities (Apr 1984)
52.203-5	Covenant Against Contingent Fees (Apr 1984)
52.203-6	Restrictions on Subcontractor Sales to the Government (Jul 1995)
52.203-7	Anti-Kickback Procedures (Jul 1995)
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (Jan 1997)
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Jun 2003)
52.204-2	Security Requirements (Aug 1996)
52.204-4	Printed/Copied Double-Sided on Recycled Paper (Aug 2000)
52.204-7	Central Contractor Registration (Oct 2003)
52.209-6	Protecting the Governments Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Jul 1995)
52.211-5	Material Requirements (Aug 2000)
52.211-15	Defense Priority and Allocation Requirement (Sep 1990)
52.215-2	Audit and Records—Negotiation (Jun 1999)

**Cost-Reimbursement R&D (Commercial Organization) – October 27, 2003
Updated through FAC 2001-17 and DFARS Change Notice 20031001**

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.215-10	Price Reduction for Defective Cost or Pricing Data (Oct 1997)
52.215-11	Price Reduction for Defective Cost or Pricing Data—Modifications (Oct 1997)
52.215-12	Subcontractor Cost or Pricing Data (Oct 1997)
52.215-13	Subcontractor Cost or Pricing Data—Modifications (Oct 1997)
52.215-15	Pension Adjustments and Asset Reversions (Dec 1998)
52.215-18	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) other than Pensions (Oct 1997)
52.216-7	Allowable Cost and Payment (Feb 2002)
52.216-8	Fixed Fee (Mar 1997)
52.219-4	Notice of Price Evaluation Preference for HubZone Small Business Concerns (Jan 1999)
52.219-8	Utilization of Small Business Concerns (May 2004)
52.219-9	Small Business Subcontracting Plan (Oct 2000)
52.219-16	Liquidated Damages—Subcontracting Plan (Jan 1999)
52.222-1	Notice to the Government of Labor Disputes (Feb 1997)
52.222-3	Convict Labor (Jun 2003)
52.222-4	Contract Work Hours and Safety Standards Act—Overtime Compensation (Sep 2000)
52.222-19	Child Labor—Cooperation with Authorities and Remedies (Sep 2002)
52.222-20	Walsh-Healey Public Contracts Act (Dec 1996)
52.222-21	Prohibition on Segregated Facilities (Feb 1999)
52.222-26	Equal Opportunity (Apr 2002)
52.222-35	Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.222-36	Affirmative Action for Workers with Disabilities (Jun 1998)
52.222-37	Employment Reports on Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)
52.222-38	Compliance with Veteran's Employment Report Requirements (Dec 2001)
52.223-6	Drug-Free Workplace (May 2001)
52.223-11	Ozone-Depleting Substances (May 2001)
52.223-12	Refrigeration Equipment and Air Conditioners (May 1995)
52.223-14	Toxic Chemical Release Reporting (Aug 2003)
52.225-8	Duty-Free Entry (Feb 2000)
52.227-1 and Alt I	Authorization and Consent (Jul 1995) and Alternate I (Apr 1984)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (Aug 1996)
52.227-10	Filing of Patent Applications—Classified Subject Matter (Apr 1984)
52.227-11	Patent Rights—Retention by the Contractor (Short Form) (Jun 1997)
52.227-12	Patent Rights—Retention by the Contractor (Long Form) (Jan 1997)
52.227-13	Patent Rights—Acquisition by the Government (Jan 1997)
52.228-7	Insurance—Liability to Third Persons (Mar 1996)
52.230-2	Cost Accounting Standards (Apr 1998)
52.230-3	Disclosure and Consistency of Cost Accounting Practices (Apr 1998)
52.230-6	Administration of Cost Accounting Standards (Nov 1999)
52.232-9	Limitation on Withholding of Payments (Apr 1984)
52.232-17	Interest (Jun 1996)
52.232-20	Limitation of Cost (Apr 1984) (Applies if this contract contains fully funded line items.)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.232-22	Limitation of Funds (Apr 1984) (Applies if this contract contains incrementally funded line items.)
52.232-23 and Alt I	Assignment of Claims (Jan 1986) and Alternate I (Jan 1986)
52.232-25	Prompt Payment (Oct 2003)
52.232-33	Payments by Electronic Funds Transfer—Central Contractor Registration (May 1999)
52.233-1 and Alt I	Disputes (Jul 2002) and Alternate I (Dec 1991)
52.233-3 and Alt I	Protest After Award (Aug 1996) and Alternate I (Jun 1985)
52.237-3	Continuity of Services (Jan 1991)
52.242-1	Notice of Intent to Disallow Costs (Apr 1984)
52.242-3	Penalties for Unallowable Costs (May 2001)
52.242-10	F.O.B. Origin—Government Bills of Lading or Prepaid Postage (Apr 1984)
52.242-11	F.O.B. Origin—Government Bills of Lading or Indicia Mail (Feb 1993)
52.242-12	Report of Shipment (RESHIP) (Jun 2003)
52.242-13	Bankruptcy (Jul 1995)
52.243-2 and Alt V	Changes—Cost-Reimbursement (Aug 1987) and Alternate V (Apr 1984)
52.243-6	Change Order Accounting (Apr 1984)
52.244-5	Competition in Subcontracting (Dec 1996)
52.246-23	Limitation of Liability (Feb 1997)
52.246-24	Limitation of Liability—High Value Items (Feb 1997)
52.246-25	Limitation of Liability—Services (Feb 1997)
52.247-1	Commercial Bill of Lading Notations (Apr 1984)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.248-1	Value Engineering (Feb 2000) (Applies if this contract equals or exceeds \$100,000.)
52.249-6	Termination (Cost Reimbursement) (May 2004)
52.249-14	Excusable Delays (Apr 1984)
52.253-1	Computer Generated Forms (Jan 1991)

II. DEFENSE FAR SUPPLEMENT (48 CFR CHAPTER 2) CLAUSES:

<u>SOURCE</u>	<u>TITLE AND DATE</u>
252.201-7000	Contracting Officer's Representative (Dec 1991)
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract Related Felonies (Mar 1999)
252.203-7002	Display of DOD Hotline Poster (Dec 1991) (Applies if this contract exceeds \$5,000,000.)
252.204-7000	Disclosure of Information (Dec 1991)
252.204-7003	Control of Government Personnel Work Product (Apr 1992)
252.204-7004	Alternate A (Nov 2003)
252.204-7005	Oral Attestation of Security Responsibilities (Nov 2001)
252.205-7000	Provision of Information to Cooperative Agreement Holders (Dec 1991) (Applies if this contract exceeds XXXXXXXXXX)
252.209-7000	Acquisition from Subcontractors Subject to on-site inspection under the Intermediate Range Nuclear Forces (INF) Treaty (Nov 1995)
252.209-7004	Subcontracting with Firms that are Owned or Controlled by the Government of a Terrorist Country (Mar 1998)
252.211-7000	Acquisition Streamlining (Dec 1991)
252.215-7000	Pricing Adjustments (Dec 1991)
252.215-7002	Cost Estimating System Requirements (Oct 1998)
252.219-7003	Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (DOD Contracts) (Apr 1996)
252.223-7004	Drug-Free Work Force (Sep 1988)
252.225-7001	Buy American Act and Balance of Payments Program (Apr 2003)
252.225-7002	Qualifying Country Sources as Subcontractors (Apr 2003)
252.225-7004	Reporting of Contract Performance Outside the United States (Apr 2003)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
252.225-7013	Duty-Free Entry (Apr 2003)
252.225-7012	Preference for Certain Domestic Commodities (Feb 2003)
252.225-7014 and Alt I	Preference for Certain Domestic Specialty Metals (Apr 2003) and Alternate I (Apr 2003)
252.225-7015	Restriction on the Acquisition of Hand or Measuring Tools (Apr 2003)
252.225-7016	Restriction on Acquisition of Ball or Roller Bearings (Apr 2003)
252.225-7019	Restrictions on Acquisition of Anchor and Mooring Chain (Apr 2003)
252.225-7022	Restriction on Acquisition of Polyacrylonitrile (PAN) Based Carbon Fiber (Apr 2003)
252.225-7025	Restriction on Acquisition of Forgings (Apr 2003)
252.225-7033	Waiver of United Kingdom Levies (Apr 2003)
252.225-7031	Secondary Arab Boycott of Israel (Apr 2003)
252.225-7038	Restriction on the Acquisition of Air Circuit Breakers (Apr 2003)
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (Oct 2003)
252.227-7013	Rights in Technical Data—Noncommercial Items (Nov 1995)
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (Jun 1995)
252.227-7016	Rights in Bid or Proposal Information (Jun 1995)
252.227-7019	Validation of Asserted Restrictions—Computer Software (Jun 1995)
252.227-7027	Deferred Ordering of Technical Data Computer Software (Apr 1988)
252.227-7030	Technical Data—Withholding of Payment (Mar 2000)
252.227-7034	Patents—Subcontracts (Dec 1991)
252.227-7036	Declaration of Technical Data Conformity (Jan 1997)

<u>SOURCE</u>	<u>TITLE AND DATE</u>
252.227-7037	Validation of Restrictive Markings on Technical Data (Sep 1999)
252.227-7039	Patents—Reporting of Subject Inventions (Apr 1990)
252.231-7000	Supplemental Cost Principles (Dec 1991)
252.231-7000	Supplemental Cost Principles (Dec 1991)
252.235-7011	Final Scientific or Technical Report (Sep 1999)
252.242-7000	Postaward Conference (Dec 1991)
252.242-7003	Application for U.S. Government Shipping Documentation/Instructions (Dec 1991)
252.242-7004	Material Management and Accounting System (Dec 2000) (Applies if this contract provides progress payments, unless it is set aside exclusively for a small, small disadvantaged or women-owned small business concern.)
252.243-7001	Pricing of Contract Modifications (Dec 1991)
252.243-7002	Requests for Equitable Adjustments (Mar 1998)
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DOD Contracts) (Mar 2000)
252.245-7001	Reports of Government Property (May 1994)
252.246-7000	Material Inspection and Receiving Report (Mar 2003)
252.246-7001	Warranty of Data (Dec 1991)
252.249-7002	Notification of Anticipated Contract Termination or Reduction (Dec 1996)

SECTION I-2 – CLAUSES INCORPORATED IN FULL TEXT

FAR 52.215-8 ORDER OF PRECEDENCE - UNIFORM CONTRACT FORMAT (APPLICABLE TO ALL LINE ITEMS)

Any inconsistency in this solicitation or contract shall be resolved by giving precedence in the following order:

- (a) The Schedule (excluding the specifications). ■
- (b) Representations and other instructions.
- (c) Contract clauses.
- (d) Other documents , exhibits, and attachments*
- (e) The specifications

* For Items 0001-0003: In the event of any conflicts or inconsistencies amongst the attachments, Attachment J-4 shall take precedence.

For Items 0004-0019: In the event of any conflicts or inconsistencies amongst the attachments, Attachment J-4A shall take precedence.

FAR 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA--MODIFICATIONS (OCT 1997) (APPLICABLE TO ALL LINE ITEMS)

(a) *Exceptions from cost or pricing data.*

(1) In lieu of submitting cost or pricing data for modifications under this contract, for price adjustments expected to exceed the threshold set forth at FAR 15.403-4 on the date of the agreement on price or the date of the award, whichever is later, the Contractor may submit a written request for exception by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable--

(i) Identification of the law or regulation establishing the price offered. If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) Information on modifications of contracts or subcontracts for commercial items.

(A) If—

(1) The original contract or subcontract was granted an exception from cost or pricing data requirements because the price agreed upon was based on adequate price competition or prices set by law or regulation, or was a contract or subcontract for the acquisition of a commercial item; and

(2) The modification (to the contract or subcontract) is not exempted based on one of these exceptions, then the Contractor may provide information to establish that the modification would not change the contract or subcontract from a contract or subcontract for the

acquisition of a commercial item to a contract or subcontract for the acquisition of an item other than a commercial item.

(B) For a commercial item exception, the Contractor shall provide, at a minimum, information on prices at which the same item or similar items have previously been sold that is adequate for evaluating the reasonableness of the price of the modification. Such information may include—

(1) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities.

(2) For market-price items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market.

(3) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The Contractor grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this clause, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the Contractor's determination of the prices to be offered in the catalog or marketplace.

(b) *Requirements for cost or pricing data.* If the Contractor is not granted an exception from the requirement to submit cost or pricing data, the following applies:

(1) The Contractor shall submit cost or pricing data and supporting attachments in accordance with Table 15-2 of FAR 15.408.

(2) As soon as practicable after agreement on price, but before award (except for unpriced actions), the Contractor shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

**52.216-10 INCENTIVE FEE (MAR 1997) (APPLICABLE TO OPTION ITEM(S)
0007-0009, IF EXERCISED)**

(a) *General.* The Government shall pay the Contractor for performing this contract a fee determined as provided in this contract.

(b) *Target cost and target fee.* The target cost and target fee specified in the Schedule are subject to adjustment if the contract is modified in accordance with paragraph (d) below.

- (1) "Target cost" as used in this contract, means the estimated cost of this contract as initially negotiated, adjusted in accordance with paragraph (d) below.
- (2) "Target fee," as used in this contract, means the fee initially negotiated on the assumption that this contract would be performed for a cost equal to the estimated cost initially negotiated, adjusted in accordance with paragraph (d) below.

(c) *Withholding of payment.* Normally, the Government shall pay the fee to the Contractor as specified in the Schedule. However, when the Contracting Officer considers that performance or cost indicates that the Contractor will not achieve target, the Government shall pay on the basis of an appropriate lesser fee. When the Contractor demonstrates that performance or cost clearly indicates that the Contractor will earn a fee significantly above the target fee, the Government may, at the sole discretion of the Contracting Officer, pay on the basis of an appropriate higher fee. After payment of 85 percent of the applicable fee, the Contracting Officer may withhold further payment of fee until a reserve is set aside in an amount that the Contracting Officer considers necessary to protect the Government's interest. This reserve shall not exceed 15 percent of the applicable fee or \$100,000, whichever is less. The Contracting Officer shall release 75 percent of all fee withholds under this contract after receipt of the certified final indirect cost rate proposal covering the year of physical completion of this contract, provided the contractor has satisfied all other contract terms and conditions, including the submission of the final patent and royalty reports, and is not delinquent in submitting final vouchers on prior years' settlements. The Contracting Officer may release up to 90 percent of the fee withholds under this contract based on the Contractor's past performance related to the submission and settlement of final indirect cost rate proposals.

(d) *Equitable adjustments.* When the work under this contract is increased or decreased by a modification to this contract or when any equitable adjustment in the target cost is authorized under any other clause, equitable adjustments in the target cost, target fee, minimum fee, and maximum fee, as appropriate, shall be stated in a supplemental agreement to this contract.

(e) *Fee payable.*

(1)

- i. CLIN 0007: The fee payable under this contract shall be the target fee increased by 80 cents for every dollar that the total allowable cost is less than the target cost or decreased by 50 cents for every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than 10 percent or less than 0 percent of the target cost.
- ii. CLIN 0008: The fee payable under this contract shall be the target fee increased by 80 cents for every dollar that the total allowable cost is less than the target cost or decreased by 50 cents for every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than 10 percent or less than 0 percent of the target cost.
- iii. CLIN 0009: The fee payable under this contract shall be the target fee increased by 60 cents for every dollar that the total allowable cost is less than the target cost or

decreased by 50 cents for every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than 10 percent or less than 0 percent of the target cost.

- (2) The fee shall be subject to adjustment, to the extent provided in paragraph (d) above, and within the minimum and maximum fee limitations in subparagraph (1) above, when the total allowable cost is increased or decreased as a consequence of (i) payments made under assignments or (ii) claims excepted from the release as required by paragraph (h)(2) of the Allowable Cost and Payment clause.
- (3) If this contract is terminated in its entirety, the portion of the target fee payable shall not be subject to an increase or decrease as provided in this paragraph. The termination shall be accomplished in accordance with other applicable clauses of this contract.
- (4) For the purpose of fee adjustment, "total allowable cost" shall not include allowable costs arising out of--
 - (i) Any of the causes covered by the Excusable Delays clause to the extent that they are beyond the control and without the fault or negligence of the Contractor or any subcontractor;
 - (ii) The taking effect, after negotiating the target cost, of a statute, court decision, written ruling, or regulation that results in the Contractor's being required to pay or bear the burden of any tax or duty or rate increase in a tax or duty;
 - (iii) Any direct cost attributed to the Contractor's involvement in litigation as required by the Contracting Officer pursuant to a clause of this contract, including furnishing evidence and information requested pursuant to the Notice and Assistance Regarding Patent and Copyright Infringement clause;
 - (iv) The purchase and maintenance of additional insurance not in the target cost and required by the Contracting Officer, or claims for reimbursement for liabilities to third persons pursuant to the Insurance--Liability to Third Persons clause;
 - (v) Any claim, loss, or damage resulting from a risk for which the Contractor has been relieved of liability by the Government Property clause; or
 - (vi) Any claim, loss, or damage resulting from a risk defined in the contract as unusually hazardous or as a nuclear risk and against which the Government has expressly agreed to indemnify the Contractor.
- (5) All other allowable costs are included in "total allowable cost" for fee adjustment in accordance with this paragraph (e), unless otherwise specifically provided in this contract.

(f) *Contract modification.* The total allowable cost and the adjusted fee determined as provided in this clause shall be evidenced by a modification to this contract signed by the Contractor and Contracting Officer.

(g) *Inconsistencies.* In the event of any language inconsistencies between this clause and provisioning documents or Government options under this contract, compensation for spare parts or other supplies and services ordered under such documents shall be determined in accordance with this clause.

52.222-2 PAYMENT FOR OVERTIME PREMIUMS (JUL 1990) (APPLICABLE TO ITEM 0004/0005 (AS APPLICABLE), ONLY)

(a) The use of overtime is authorized under this contract if the overtime premium cost does not exceed zero dollars or the Overtime Premium is paid for work that is:

- (1) Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature;
- (3) By indirect-labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;
- (3) To perform tests, industrial processes, laboratory procedures, loading or unloading of transportation conveyances, and operations in flight or afloat that are continuous in nature and cannot reasonably be interrupted or completed otherwise; or
- (4) That will result in lower overall costs to the Government.

(b) Any request for estimated overtime premiums that exceeds the amount specified above shall include all estimated overtime for contract completion and shall—

- (1) Identify the work unit; e.g., department or section in which the requested overtime will be used, together with present workload, staffing, and other data of the affected unit sufficient to permit the Contracting Officer to evaluate the necessity for the overtime;
- (2) Demonstrate the effect that denial of the request will have on the contract delivery or performance schedule;
- (3) Identify the extent to which approval of overtime would affect the performance or payments in connection with other Government contracts, together with identification of each affected contract; and
- (4) Provide reasons why the required work cannot be performed by using multishift operations or by employing additional personnel.

**52.229-8 TAXES--FOREIGN COST-REIMBURSEMENT CONTRACTS (MAR 1990)
(APPLICABLE TO ALL COST TYPE LINE ITEMS)**

(a) Any tax or duty from which the United States Government is exempt by agreement with the Government of N/A, or from which the Contractor or any subcontractor under this contract is exempt under the laws of N/A, shall not constitute an allowable cost under this contract.

(b) If the Contractor or subcontractor under this contract obtains a foreign tax credit that reduces its Federal income tax liability under the United States Internal Revenue Code (Title 26, U.S. Code) because of the payment of any tax or duty that was reimbursed under this contract, the amount of the reduction shall be paid or credited at the time of such offset to the Government of the United States as the Contracting Officer directs.

**FAR 52.243-7 NOTIFICATION OF CHANGES (APR 1984) (APPLICABLE TO ALL
LINE ITEMS)**

(a) Definitions. "Contracting Officer," as used in this clause, does not include any representative of the Contracting Officer.

"Specifically Authorized Representative (SAR)," as used in this clause, means any person the Contracting Officer has so designated by written notice (a copy of which shall be provided to the Contractor) which shall refer to this subparagraph and shall be issued to the designated representative before the SAR exercises such authority.

(b) Notice. The primary purpose of this clause is to obtain prompt reporting of Government conduct that the Contractor considers to constitute a change to this contract. Except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Administrative Contracting Officer in writing promptly, within 7 calendar days from the date that the Contractor identifies any Government conduct (including actions, inactions, and written or oral communications) that the Contractor regards as a change to the contract terms and conditions. On the basis of the most accurate information available to the Contractor, the notice shall state --

- (1) The date, nature, and circumstances of the conduct regarded as a change;
- (2) The name, function, and activity of each Government individual and Contractor official or employee involved in or knowledgeable about such conduct;
- (3) The identification of any documents and the substance of any oral communication involved in such conduct;
- (4) In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;
- (5) The particular elements of contract performance for which the Contractor may seek an equitable adjustment under this clause, including --
 - (i) What contract line items have been or may be affected by the alleged change;
 - (ii) What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;

(iii) To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;

(iv) What adjustments to contract price, delivery schedule, and other provisions affected by the alleged change are estimated; and

(6) The Contractor's estimate of the time by which the Government must respond to the Contractor's notice to minimize cost, delay or disruption of performance.

(c) Continued performance. Following submission of the notice required by paragraph (b) of this clause, the Contractor shall diligently continue performance of this contract to the maximum extent possible in accordance with its terms and conditions as construed by the Contractor, unless the notice reports a direction of the Contracting Officer or a communication from a SAR of the Contracting Officer, in either of which events the Contractor shall continue performance; provided, however, that if the Contractor regards the direction or communication as a change as described in paragraph (b) of this clause, notice shall be given in the manner provided. All directions, communications, interpretations, orders and similar actions of the SAR shall be reduced to writing promptly and copies furnished to the Contractor and to the Contracting Officer. The Contracting Officer shall promptly countermand any action which exceeds the authority of the SAR.

(d) Government response. The Contracting Officer shall promptly, within 7 calendar days after receipt of notice, respond to the notice in writing. In responding, the Contracting Officer shall either --

(1) Confirm that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance;

(2) Countermand any communication regarded as a change;

(3) Deny that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance; or

(4) In the event the Contractor's notice information is inadequate to make a decision under subparagraphs (d)(1), (2), or (3) of this clause, advise the Contractor what additional information is required, and establish the date by which it should be furnished and the date thereafter by which the Government will respond.

(e) Equitable adjustments.

(1) If the Contracting Officer confirms that Government conduct effected a change as alleged by the Contractor, and the conduct causes an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether changed or not changed by such conduct, an equitable adjustment shall be made --

(i) In the contract price or delivery schedule or both; and

(ii) In such other provisions of the contract as may be affected.

(2) The contract shall be modified in writing accordingly. In the case of drawings, designs or specifications which are defective and for which the Government is responsible, the equitable adjustment shall include the cost and time extension for delay reasonably incurred by the Contractor in attempting to comply with the defective drawings, designs or specifications before the Contractor identified, or reasonably should have identified, such defect. When the cost of property made obsolete or excess as a result of a change confirmed by the Contracting Officer

under this clause is included in the equitable adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of the property. The equitable adjustment shall not include increased costs or time extensions for delay resulting from the Contractor's failure to provide notice or to continue performance as provided, respectively, in paragraphs (b) and (c) of this clause.

FAR 52.244-2 SUBCONTRACTS (AUG 1998) (APPLICABLE TO ITEMS 0001-0003)

(a) Definitions. As used in this clause-

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR)

"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

"Subcontract" means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) This clause does not apply to subcontracts for special test equipment when the contract contains the clause at FAR 52.245-18, Special Test Equipment.

(c) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (d)(or) (e) or this clause.

(d) If the contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that--

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds-

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the national Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For contracts awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(e) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts: None.

(f)(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (c), (d), or (e) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting --

(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason cost or pricing data were or were not required;

(D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;

(E) The extent to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and the subcontractor; and the effect of any such defective data on the total price negotiated;

(F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and

(G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.

(2) The Contractor is not required to notify the Contracting Officer in advance of entering into any subcontract for which consent is not required under paragraph (c), (d), or (e) or this clause.

(g) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination --

(1) Of the acceptability of any subcontract terms or conditions;

(2) Of the allowability of any cost under this contract; or

(3) To relieve the Contractor of any responsibility for performing this contract.

(h) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404-4(c)(4)(i).

(i) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(j) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

52.244-2 SUBCONTRACTS (AUG 1998) AND ALTERNATE I (AUG 1998)(APPLICABLE TO ALL COST TYPE LINE ITEMS)

(a) Definitions. As used in this clause-

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR)

"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

"Subcontract" means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) This clause does not apply to subcontracts for special test equipment when the contract contains the clause at FAR 52.245-18, Special Test Equipment.

(c) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (d)(or (e) or this clause.

(d) If the contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that--

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds-

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the national Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For contracts awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(e) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts: Any subcontract over \$5,000,000 dollars.

(f)(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (c), (d), or (e) of this clause, including the following information:

- (i) A description of the supplies or services to be subcontracted.
 - (ii) Identification of the type of subcontract to be used.
 - (iii) Identification of the proposed subcontractor.
 - (iv) The proposed subcontract price.
 - (v) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.
 - (vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.
 - (vii) A negotiation memorandum reflecting --
 - (A) The principal elements of the subcontract price negotiations;
 - (B) The most significant considerations controlling establishment of initial or revised prices;
 - (C) The reason cost or pricing data were or were not required;
 - (D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;
 - (E) The extent to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and the subcontractor; and the effect of any such defective data on the total price negotiated;
 - (F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and
 - (G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.
- (f)(2) If the Contractor has an approved purchasing system and consent is not unrequired under paragraph (c), (d), or (e) of this clause, the Contractor nevertheless shall notify the Contracting Officer reasonably in advance of entering into any (i) cost-plus-fixed-fee subcontract, or (ii) fixed-price subcontract that exceeds the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of this contract. The notification shall include the information required by paragraphs (f)(1)(i) through (f)(1)(iv) of this clause.

(g) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination --

- (1) Of the acceptability of any subcontract terms or conditions;
- (2) Of the allowability of any cost under this contract; or
- (3) To relieve the Contractor of any responsibility for performing this contract.

(h) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404-4(c)(4)(i).

(i) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(j) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(k) Paragraphs (d) and (f) of this clause do not apply to the following subcontracts, which were evaluated during negotiations: Gibbs and Cox; Marinette Marin Corporation; Bollinger Shipyards Lockport; EADS; Izar; Raytheon; UDLP; Ultra.

**FAR 52.245-2 GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (DEC 1989)
(DEVIATION) (APPLICABLE TO ITEMS 0001-0003)**

(a) Government-furnished property.

(1) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the Government-furnished property described in the Schedule or specifications together with any related data and information that the Contractor may request and is reasonably required for the intended use of the property (hereinafter referred to as "Government-furnished property").

(2) The delivery or performance dates for this contract are based upon the expectation that Government-furnished property suitable for use (except for property furnished "as is") will be delivered to the Contractor at the times stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet the contract's delivery or performance dates.

(3) If Government-furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt of it, notify the Contracting Officer, detailing the facts, and, as directed by the Contracting Officer and at Government expense, either repair, modify, return, or otherwise dispose of the property. After completing the

directed action and upon written request of the Contractor, the Contracting Officer shall make an equitable adjustment as provided in paragraph (h) of this clause.

(4) If Government-furnished property is not delivered to the Contractor by the required time, the Contracting Officer shall, upon the Contractor's timely written request, make a determination of the delay, if any, caused the Contractor and shall make an equitable adjustment in accordance with paragraph (h) of this clause.

(b) Changes in Government-furnished property.

- (1) The Contracting Officer may, by written notice,
 - (i) decrease the Government-furnished property provided or to be provided under this contract, or
 - (ii) substitute other Government-furnished property for the property to be provided by the Government, or to be acquired by the Contractor for the Government, under this contract.

The Contractor shall promptly take such action as the Contracting Officer may direct regarding the removal, shipment, or disposal of the property covered by such notice.

(2) Upon the Contractor's written request, the Contracting Officer shall make an equitable adjustment to the contract in accordance with paragraph (h) of this clause, if the Government has agreed in the Schedule to make the property available for performing this contract and there is any --

- (i) Decrease or substitution in this property pursuant to subparagraph (b)(1) of this clause; or
- (ii) Withdrawal of authority to use this property, if provided under any other contract or lease.

(c) Title in Government property.

(1) The Government shall retain title to all Government-furnished property.

(2) All Government-furnished property and all property acquired by the contractor, title to which vests in the Government under this paragraph (collectively referred to as "Government property"), are subject to the provisions of this clause. However, special tooling accountable to this contract is subject to the provisions of the Special Tooling clause and is not subject to the provisions of this clause. Title to Government property shall not be affected by its incorporation into or attachment to any property not owned by the Government, nor shall Government property become a fixture or lose its identity as personal property by being attached to any real property.

(3) Title to each item of facilities and special test equipment acquired by the Contractor for the Government under this contract shall pass to and vest in the Government when its use in performing this contract commences or when the Government has paid for it, whichever is earlier, whether or not title previously vested in the Government.

(4) If this contract contains a provision directing the Contractor to purchase material for which the Government will reimburse the Contractor as a direct item of cost under this contract--

- (i) Title to material purchased from a vendor shall pass to and vest in the Government upon the vendor's delivery of such material; and
- (ii) Title to all other material shall pass to and vest in the Government upon--
 - (A) Issuance of the material for use in contract performance;
 - (B) Commencement of processing of the material or its use in contract performance; or

(C) Reimbursement of the cost of the material by the Government, whichever occurs first.

(d) Use of Government property. The Government property shall be used only for performing this contract, unless otherwise provided in this contract or approved by the Contracting Officer.

(e) Property administration.

(1) The Contractor shall be responsible and accountable for all Government property provided under this contract and shall comply with Federal Acquisition Regulation (FAR) Subpart 45.5, as in effect on the date of this contract.

(2) The Contractor shall establish and maintain a program for the use, maintenance, repair, protection, and preservation of Government property in accordance with sound industrial practice and the applicable provisions of Subpart 45.5 of the FAR.

(3) If damage occurs to Government property, the risk of which has been assumed by the Government under this contract, the Government shall replace the items or the Contractor shall make such repairs as the Government directs. However, if the Contractor cannot effect such repairs within the time required, the Contractor shall dispose of the property as directed by the Contracting Officer. When any property for which the Government is responsible is replaced or repaired, the Contracting Officer shall make an equitable adjustment in accordance with paragraph (h) of this clause.

(4) The Contractor represents that the contract price does not include any amount for repairs or replacement for which the Government is responsible. Repair or replacement of property for which the Contractor is responsible shall be accomplished by the Contractor at its own expense.

(f) Access. The Government and all its designees shall have access at all reasonable times to the premises in which any Government property is located for the purpose of inspecting the Government property.

(g) Risk of loss. Unless otherwise provided in this contract, the Contractor assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government property upon its delivery to the Contractor or upon passage of title to the government under paragraph (c) of this clause. However, the Contractor is not responsible for reasonable wear and tear to Government property or for Government property properly consumed in performing this contract.

(h) Equitable adjustment. When this clause specifies an equitable adjustment, it shall be made to any affected contract provision in accordance with the procedures of the Changes clause. When appropriate, the Contracting Officer may initiate an equitable adjustment in favor of the Government. The right to an equitable adjustment shall be the Contractor's exclusive remedy. The Government shall not be liable to suit for breach of contract for --

(1) Any delay in delivery of Government-furnished property;

(2) Delivery of Government-furnished property in a condition not suitable for its intended use;

(3) A decrease in or substitution of Government-furnished property; or

(4) Failure to repair or replace Government property for which the Government is responsible.

(i) Final accounting and disposition of Government property. Upon completing this contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government property (including any resulting scrap) not consumed in performing this contract or delivered to the Government. The Contractor shall prepare for shipment, deliver f.o.b. origin, or dispose of the Government property as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the contract price or shall be paid to the Government as the Contracting Officer directs.

(j) Abandonment and restoration of Contractor's premises. Unless otherwise provided herein, the Government --

(1) May abandon any Government property in place, at which time all obligations of the Government regarding such abandoned property shall cease; and

(2) Has no obligation to restore or rehabilitate the Contractor's premises under any circumstances (e.g., abandonment, disposition upon completion of need, or upon contract completion). However, if the Government-furnished property (listed in the Schedule or specifications) is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (h) of this clause may properly include restoration or rehabilitation costs.

(k) Communications. All communications under this clause shall be in writing.

(l) Overseas contracts. If this contract is to be performed outside of the United States of America, its territories, or possessions, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government-furnished," respectively.

**FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)
(APPLICABLE TO ALL LINE ITEMS)**

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):

FAR clauses & provisions: <http://farsite.hill.af.mil/VFFARA.HTM>

DFARS clauses & provisions: <http://farsite.hill.af.mil/VFDFARA.HTM>

NAPS clauses & provisions: <http://farsite.hill.af.mil/VFNAPSa.htm>

FAR 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984) (APPLICABLE TO ALL LINE ITEMS)

(a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.

(b) The use in this solicitation or contract of any Defense Federal Acquisition Regulation Supplement (48 CFR Chapter 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

DFARS 252.211-7005 SUBSTITUTIONS FOR MILITARY OR FEDERAL SPECIFICATIONS AND STANDARDS (AUG 2000) (APPLICABLE TO ALL LINE ITEMS)

(a) *Definition.* "SPI process," as used in this clause, means a management or manufacturing process that has been accepted previously by the Department of Defense under the Single Process Initiative (SPI) for use in lieu of a specific military or Federal specification or standard at specific facilities. Under SPI, these processes are reviewed and accepted by a Management Council, which includes representatives of the Contractor, the Defense Contract Management Command, the Defense Contract Audit Agency, and the military departments.

(b) Offerors are encouraged to propose SPI processes in lieu of military or Federal specifications and standards cited in the solicitation. A listing of SPI processes accepted at http://www.dcmc.hq.dla.mil/dcmc_o/oc/spi/files/dbreport/files/modified.pdf and Excel format at http://www.dcmc.hq.dla.mil/dcmc_o/oc/spi/files/dbreport/files/modified.xls.

(c) An offeror proposing to use an SPI process in lieu of military or Federal specifications or standards cited in the solicitation shall—

- (1) Identify the specific military or Federal specification or standard for which the SPI process has been accepted;
- (2) Identify each facility at which the offeror proposes to use the specific SPI process in lieu of military or Federal specifications or standards cited in the solicitation;
- (3) Identify the contract line items, subline items, components, or elements affected by the SPI process; and
- (4) If the proposed SPI process has been accepted at the facility at which it is proposed for use, but is not yet listed at the Internet site specified in paragraph (b) of this clause, submit documentation of Department of Defense acceptance of the SPI process.

(d) Absent a determination that an SPI process is not acceptable for this procurement, the Contractor shall use the following SPI processes in lieu of military or Federal specifications or standards:

(Offeror insert information for each SPI process)

SPI Process: _____

Facility: _____

Military or Federal Specification
or Standard: _____

Affected Contract Line Item
Number, Subline Item Number,
Component, or Element: _____

(e) If a prospective offeror wishes to obtain, prior to the time specified for receipt of offers, verification that an SPI process is an acceptable replacement for military or Federal specifications or standards required by the solicitation, the prospective offeror—

(1) May submit the information required by paragraph (d) of this clause to the Contracting Officer prior to submission of an offer; but

(2) Must submit the information to the Contracting Officer at least 10 working days prior to the date specified for receipt of offers.

DFARS 252.225-7043 ANTITERRORISM/FORCE PROTECTION POLICY FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (JUN 1998) (APPLICABLE TO ALL LINE ITEMS)

(a) Except as provided in paragraph (b) of this clause, the Contractor and its subcontractors, if performing or traveling outside the United States under this contract, shall—

(1) Affiliate with the Overseas Security Advisory Council, if the Contractor or subcontractor is a U.S. entity;

(2) Ensure that Contractor and subcontractor personnel who are U.S. nationals and are in-country on a non-transitory basis, register with the U.S. Embassy, and that Contractor and subcontractor personnel who are third country nationals comply with any security related requirements of the Embassy of their nationality;

(3) Provide, to Contractor and subcontractor personnel, antiterrorism/force protection awareness information commensurate with that which the Department of Defense (DoD) provides to its military and civilian personnel and their families, to the extent such information can be made available prior to travel outside the United States; and

(4) Obtain and comply with the most current antiterrorism/force protection guidance for Contractor and subcontractor personnel.

(b) The requirements of this clause do not apply to any subcontractor that is—

(1) A foreign government;

(2) A representative of a foreign government; or

(3) A foreign corporation wholly owned by a foreign government.

(c) Information and guidance pertaining to DoD antiterrorism/force protection can be obtained from Naval Criminal Investigative Service (NCIS), Code 24, Telephone, DSN 228-9113 or commercial (202) 433-9113.

**DFARS 252.232-7007 LIMITATION OF GOVERNMENT'S OBLIGATION (AUG 1993)
(APPLICABLE TO ITEMS 0001, 0004/0005 (AS APPLICABLE), IF EXERCISED,
OPTION ITEM 0007)**

(a) Contract line items 0001 and 0004 are incrementally funded. For these item(s), the sum of:

0001: \$9,993,359
0004: \$28,156,673

of the total price is presently available for payment and allotted to this contract. An allotment schedule is set forth in paragraph (i) of this clause.

(b) For item(s) identified in paragraph (a) of this clause, the Contractor agrees to perform up to the point at which the total amount payable by the Government, including reimbursement in the event of termination of those item(s) for the Government's convenience, approximates the total amount currently allotted to the contract. The Contractor will not be obligated to continue work on those item(s) beyond that point. The Government will not be obligated in any event to reimburse the Contractor in excess of the amount allotted to the contract for those item(s) regardless of anything to the contrary in the clause entitled "Termination for Convenience of the Government." As used in this clause, the total amount payable by the Government in the event of termination of applicable contract line item(s) for convenience includes costs, profit, and estimated termination settlement costs for those item(s).

(c) Notwithstanding the dates specified in the allotment schedule in paragraph (i) of this clause the Contractor will notify the Contracting Officer in writing at least ninety days prior to the date when, in the Contractor's best judgment, the work will reach the point at which the total amount payable by the Government, including the cost for termination for convenience, will approximate 85 percent of the total amount when allotted to the contract for performance of the applicable item(s). The notification will state (1) the estimated date when that point will be reached and (2) an estimate of additional funding, if any, needed to continue performance of applicable line items up to the next scheduled date for allotment of funds identified in paragraph (i) of this clause, or to a mutually agreed upon substitute date. The notification will also advise the Contracting Officer of the estimated amount of additional funds that will be required for the timely performance of the item(s) funded pursuant to this clause, for a subsequent period as may be specified in the allotment schedule in paragraph (i) of this clause or otherwise agreed to by the parties. If after such notification additional funds are not allotted by the date identified in the Contractor's notification or by an agreed substitute date, the Contracting Officer will terminate any item(s) for which additional funds have not been allotted, pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(d) When additional funds are allotted for continued performance of the contract line item(s) identified in paragraph (a) of this clause, the parties will agree as to the period of contract

performance which will be covered by the funds. The provisions of paragraphs (b) through (d) of this clause will apply in like manner to the additional allotted funds and agreed substitute date, and the contract will be modified accordingly.

(e) If, solely by reason of failure of the Government to allot additional funds, by the dates indicated below, in amounts sufficient for timely performance of the contract line item(s) identified in paragraph (a) of this clause, the Contractor incurs additional costs or is delayed in the performance of the work under this contract and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the item(s), or in the time of delivery or both. Failure to agree to any such equitable adjustment hereunder will be a dispute concerning a question of fact within the meaning of the clause entitled "Disputes."

(f) The Government may at any time prior to termination allot additional funds for the performance of the contract line item(s) identified in paragraph (a) of this clause.

(g) The termination provisions of this clause do not limit the rights of the Government under the clause entitled "Default." The provisions of this clause are limited to the work and allotment of funds for the contract line item(s) set forth in paragraph (a) of this clause. This clause no longer applies once the contract is fully funded except with regard to the rights or obligations of the parties concerning equitable adjustments negotiated under paragraphs (d) or (e) of this clause.

(h) Nothing in this clause affects the rights of the Government to terminate this contract pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(i) The parties contemplate that the Government will allot funds to this contract in accordance with the following schedule:

ITEM 0001

Fully Funded as of 28 Nov 2003: \$9,993,359

ITEM 0004

Upon Exercise of Option: \$28,156,673
01 November 2004: \$14,128,515
Total Estimated Cost: \$42,285,188

**DFARS 252.234-7001 EARNED VALUE MANAGEMENT SYSTEM (MAR 1998)
(APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE) AND, IF EXERCISED,
OPTION ITEM(S) 0007-0009)**

(a) In the performance of this contract, the Contractor shall use an earned value management system (EVMS) that has been recognized by the cognizant Administrative Contracting Officer (ACO) as complying with the criteria provided in DoD 5000.2-R, Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs.

(b) If, at the time of award, the Contractor's EVMS has not been recognized by the cognizant ACO as complying with EVMS criteria (or the Contractor does not have an existing cost/schedule control system that has been accepted by the Department of Defense), the Contractor shall apply the system to the contract and shall be prepared to demonstrate to the ACO that the EVMS complies with the EVMS criteria referenced in paragraph (a) of this clause.

(c) The Government may require integrated baseline reviews. Such reviews shall be scheduled as early as practicable and should be conducted within 180 calendar days after (1) contract award, (2) the exercise of significant contract options, or (3) the incorporation of major modifications. The objective of the integrated baseline review is for the Government and the Contractor to jointly assess areas, such as the Contractor's planning, to ensure complete coverage of the statement of work, logical scheduling of the work activities, adequate resourcing, and identification of inherent risks.

(d) Unless a waiver is granted by the ACO, Contractor-proposed EVMS changes require approval of the ACO prior to implementation. The ACO shall advise the Contractor of the acceptability of such changes within 30 calendar days after receipt of the notice of proposed changes from the Contractor. If the advance approval requirements are waived by the ACO, the Contractor shall disclose EVMS changes to the ACO at least 14 calendar days prior to the effective date of implementation.

(e) The Contractor agrees to provide access to all pertinent records and data requested by the ACO or duly authorized representative. Access is to permit Government surveillance to ensure that the EVMS complies, and continues to comply, with the criteria referenced in paragraph (a) of this clause.

(f) The Contractor shall require the following subcontractors to comply with the requirements of this clause:

Bollinger Shipyards Lockport, LLC
Marinette Marine Corporation
Gibbs and Cox Inc.

DFARS 252.235-7010 ACKNOWLEDGMENT OF SUPPORT AND DISCLAIMER (MAY 1995)
(APPLICABLE TO ALL LINE ITEMS)

(a) The Contractor shall include an acknowledgment of the Government's support in the publication of any material based on or developed under this contract, stated in the following terms: This material is based upon work supported by the Naval Sea Systems Command under Contract No. N00024-03-C-2311.

(b) All material, except scientific articles or papers published in scientific journals, must, in addition to any notices or disclaimers by the Contractor, also contain the following disclaimer: Any opinions, findings and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the Naval Sea Systems Command.

**DFARS 252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA
(MAR 2000) (APPLICABLE TO ITEMS 0001-0003)**

(a) The Contractor has indicated by the response to the solicitation provision, Representation of Extent of Transportation by Sea, that it did not anticipate transporting by sea any supplies. If, however, after the award of this contract, the Contractor learns that supplies, as defined in the Transportation of Supplies by Sea clause of this contract, will be transported by sea, the Contractor—

(1) Shall notify the Contracting Officer of that fact; and

(2) Hereby agrees to comply with all the terms and conditions of the Transportation of Supplies by Sea clause of this contract.

(b) The Contractor shall include this clause, including this paragraph (b), revised as necessary to reflect the relationship of the contracting parties—

(1) In all subcontracts under this contract, if this contract is a construction contract; or

(2) If this contract is not a construction contract, in all subcontracts under this contract that are for—

(i) Noncommercial items; or

(ii) Commercial items that—

(A) The Contractor is reselling or distributing to the Government without adding value (generally, the Contractor does not add value to items that it subcontracts for f.o.b. destination shipment);

(B) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or

(C) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643.

**DFARS 252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA
(MAR 2000) (APPLICABLE TO ITEMS 0004/0005 (AS APPLICABLE), AND 0010 AND, IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019)**

(a) The Contractor has indicated by the response to the solicitation provision, Representation of Extent of Transportation by Sea, that it did not anticipate transporting by sea any supplies. If, however, after the award of this contract, the Contractor learns that supplies, as defined in the Transportation of Supplies by Sea clause of this contract, will be transported by sea, the Contractor—

(1) Shall notify the Contracting Officer of that fact; and

(2) Hereby agrees to comply with all the terms and conditions of the Transportation of Supplies by Sea clause of this contract.

(b) The Contractor shall include this clause, including this paragraph (b), revised as necessary to reflect the relationship of the contracting parties—

- (1) In all subcontracts under this contract, if this contract is a construction contract; or
- (2) If this contract is not a construction contract, in all subcontracts under this contract that are for—

- (i) Noncommercial items; or
- (ii) Commercial items that—

(A) The Contractor is reselling or distributing to the Government without adding value (generally, the Contractor does not add value to items that it subcontracts for f.o.b. destination shipment);

(B) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or

(C) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643.

SECTION J – LIST OF ATTACHMENTS

A. The following document(s), exhibit(s), and other attachment(s) form a part of this contract (APPLICABLE TO ITEMS 0001-0003):

- Attachment J-1: Financial Accounting Data Sheet (to be provided at award)
- Attachment J-2: Contract Security Classification Specification, DD-254
- Attachment J-3: Data Requirements List
- Attachment J-4: Preliminary Design Interim Requirements Document (PD-IRD)
- Attachment J-5: Mission System Technical Architecture Requirements
- Attachment J-6: Preliminary Design Review (PDR) Requirements
- Attachment J-7: Performance Specification Template
- Attachment J-8: CONOPS (consists of two documents, text and slides)
- Attachment J-9: Option Items Description
- Attachment J-10: Navy Open Architecture Programs Criteria (consists of four separate documents)
- Attachment J-11: Performance Based Logistics Guidance
- Attachment J-12: "Carpet Plot" Performance Grid Guidance
- Attachment J-13: Schedule "C", Government Furnished Information (GFI)
- Attachment J-14: Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan
- Attachment J-15: LCS Preliminary Design Speed-Time Profile
- Exhibit A: Reserved
- Exhibit B: ONR/NWDC Sponsored Technology Demonstration Programs and Experimentations

Any classified information contained in these attachments will be provided at award.

Note 1: Attachment J-14: "Small, Small Disadvantaged, and Women-owned Small Business Subcontracting Plan" has not been distributed with the remainder of this contract due to the sensitive nature of the information contained therein. Any/all inquiries regarding this attachment shall be directed to Purchasing Office Representative identified in Section G of this contract.

B. The following document(s), exhibit(s), and other attachment(s) form a part of the contract for Phase II (APPLICABLE TO ITEM 0004/0005 (AS APPLICABLE), AND 0010 AND IF EXERCISED, OPTION ITEM(S) 0006-0009 AND 0011-0019):

- Attachment J-2: Contract Security Classification Specification, DD-254
- Attachment J-3A: Data Requirements List for Phase II
- Attachment J-4A: Flight 0 Capabilities Development Document (CDD)
- Attachment J-5A: LCS Reconfigurable Mission Package Interface Control Document
- Attachment J-6A: Final Critical Design Review (FCDR) Requirements
- Attachment J-8A: Littoral Combat Ship CONOPS
(Note: J-8A will be provided when available)
- Attachment J-10A: OACE Technologies and Standards Document (unsigned)
(Note: The signed J-10A will be provided when available)
- Attachment J-10B: Open Architecture Functional Architecture Definition Document
(unsigned)
(Note: The signed J-10B will be provided when available)
- Attachment J-11: Performance Based Logistics Guidance
- Attachment J-12: Reserved
- Attachment J-13A: Reserved
- Attachment J-14A: Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan
(Note: Attachment J-14A, "Small, Small Disadvantaged, and Women-owned Small Business Subcontracting Plan" has not been distributed with the remainder of this contract due to the sensitive nature of the information contained therein. Any/all inquiries regarding this attachment shall be directed to Purchasing Office Representative identified in Section G of this contract.
- Attachment J-15: Reserved
- Attachment J-16: Performance Specification
(Note: When the Performance Specification is approved at the beginning of Final Design at the second PDR, it will then be incorporated into the contract as Attachment J-16)

- Attachment J-17: Specification for Building LCS (Build Spec)
(Note: At FCDR when the Build Spec is approved, it shall be incorporated into the contract as Attachment J-17)
- Attachment J-18: Government Purpose Rights and Technical Data and Computer Software
- Attachment J-19: Event based Award Fee Key Events, Key Event Criteria, Period Assessment Criteria and Pools
- Attachment J-20: Rights in Technical Data and Computer Software
(Note: Attachment J-20, "Rights in Technical Data and Computer Software" has not been distributed with the remainder of this contract due to the sensitive nature of the information contained therein. Any/all inquiries regarding this attachment shall be directed to Purchasing Office Representative identified in Section G of this contract.

Note: In order to receive the classified LCS System Threat Analysis Report (STAR), contact:
Mr. Jim Singletary, SEA OOG (POC) (202) 781-5528.