

**SECRET**

DPS-2487  
Copy 1 of 7

APPROVED
DATE 8/15/58
TIME
FILE
REFER TO
RETURN

Contract No. HF-CT-695  
Amendment No. 3

MIG 11 1958

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 3 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States Government and said contract, as amended, is further amended as hereinafter set forth.

2. PART VII - FUNDS ALLOTTED of the schedule is amended by increasing the amount allotted to the contract for Customer No. 2 for the period 1 July 1958-30 June 1959 by the sum of \$65,000.00.

As a result of the foregoing a recapitulation of the funds allotted to the contract is as follows:

<u>Period</u>	<u>Customer</u>	<u>Amount</u>	<u>Total Amount</u>
1 March 1958 - 30 June 1958			
1 July 1958 - 30 June 1959			

(\*Contingent upon the availability of funds for this purpose for Customer No. 1 during the Government's Fiscal Year 1959)

3. All other terms, conditions and requirements of Contract No. HF-CT-695 remain unchanged.

4. Please indicate your receipt of this Amendment No. 3 to Contract No. HF-CT-695 and your acceptance thereof by executing

- 1 - *Executive*
- 2 - *Finance*
- 3 - *Contractor*

[Redacted]

7 - *Chrono*

25X1A

25X1A

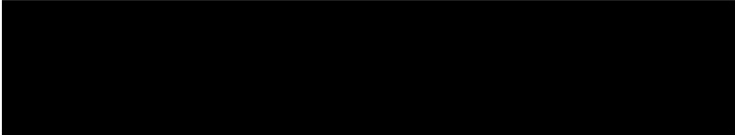
**SECRET**

**SECRET**

the original and two copies of this Amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

25X1A

Very truly yours,

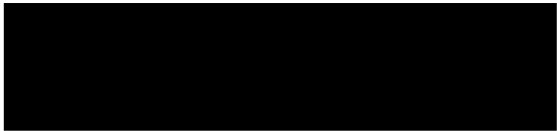


Contracting Officer

ACKNOWLEDGED AND ACCEPTED  
THIS 26 DAY OF August 1958

THE PERKIN-ELMER CORPORATION

25X1A



25X1A

TITLE 

**SECRET**

**SECRET**

*2 - cont*

25X1A



DPS-1569  
Copy 1 of 7

*1 chrono*

Contract No. HF-CT-695  
Amendment No. 2

JUN 26 1958

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 2 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States Government and said contract, as amended, is further amended as hereinafter set forth.

2. Pursuant to the provisions of paragraph (b) of PART V - PERIOD OF PERFORMANCE of the Schedule, the period of performance under this contract is hereby extended through 30 June 1959.

3. PART VII - FUNDS ALLOTTED of the Schedule is hereby deleted in its entirety and in lieu thereof the following is substituted:

**"PART VII - FUNDS ALLOTTED**

For the purposes of the contract there has been allotted the following amounts:

25X1A

<u>Period</u>	<u>Customer</u>	<u>Amount</u>	<u>Total Amount</u>
1 Mar 1958 - 30 June 1958	No. 1		
	No. 2		
1 Jul 1958 - 30 June 1959	No. 1		
	No. 2		
<b>GRAND TOTAL</b>			

(\*Contingent upon the availability of funds for this purpose for Customer No. 1 during the Government's Fiscal Year 1959).

When preparing the Priced Exhibits and invoices, Contractor shall indicate thereon the Customer to which such documents relate. Further, the invoices shall indicate (1) the period involved, (2) the total funds allotted for said period less the total of all previous invoices theretofore submitted, and thereby (3) showing the balance of funds available for expenditure in that period. Under this amount should be set

**SECRET**

forth the amount currently being claimed, reflecting the Priced Exhibit number, the line item number, quantity, unit price and total prices therefor.

All Production Lists received prior to the end of a period should be charged to the funds allotted for that period, notwithstanding the work being performed and invoices being submitted after close of the period.

Contractor will indicate on final invoices for each Customer that such invoice is its final claim for that period and inform the Contracting Officer of the unexpended amount for each Customer. Unexpended funds at the end of a period for Customer No. 1 are not authorized for use in a subsequent period. Unexpended funds at the end of a period for Customer No. 2 are authorized for use in a subsequent period and upon notification of the amount of such funds, the Contract shall be amended to either transfer such funds to the subsequent period or remove them from the Contract.

If, at any time, the Contractor is of the opinion that the cost of work authorized will exceed the amounts allotted by Customers for a particular period, it shall notify the Contracting Officer in accordance with the provisions of paragraph (c) of PART I of the Schedule. "

4. All other terms, conditions and requirements of Contract No. HF-CT-695 remain unchanged.

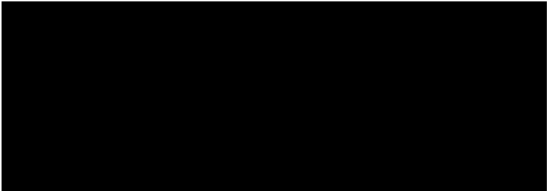
5. Please indicate your receipt of this Amendment No. 2 to Contract No. HF-CT-695 and your acceptance thereof by executing the original and two copies of this Amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

25X1A

Very truly yours,

  
Contracting Officer

ACKNOWLEDGED AND ACCEPTED  
THE PERKIN-ELMER CORPORATION

  
DATE July 22, 1958

**SECRET**

PROJ.
DIV. 4-2
RMS
INSTR
FILE
REFER TO
RETURN

SAPC-25707  
Cy 137

Contract HF-CT-695  
Amendment No. 1

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

APR 1 1958

Gentlemen:

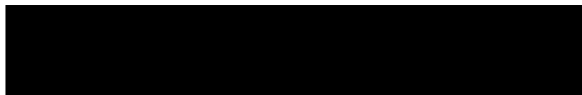
1. Reference is made to Contract No. HF-CT-695 between the United States Government and The Perkin-Elmer Corporation.

2. Pursuant to the Provisions of PART VI - ESTABLISHMENT OF A PRICING FORMULA, the parties hereto have negotiated and established a fixed pricing method for the first period of time under the contract. Said pricing method and applicable time period are attached to this Amendment No. 1 and is designated as Appendix I to Contract No. HF-CT-695.

3. All other terms, conditions and requirements of Contract HF-CT-695 remain unchanged.

4. Please indicate your receipt of this Amendment No. 1 by executing the original and two copies thereof. Return the fully executed original and one copy thereof to the undersigned and retain the remaining copy for your files.

Very truly yours,



Contracting Officer

ACKNOWLEDGED AND ACCEPTED  
THIS 2 DAY OF April, 1958.  
THE PERKIN-ELMER CORPORATION



25X1A

25X1A

**SECRET**

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

**SECRET**

*copy 1 37*

NEGOTIATED CONTRACT

Contract No. HF-CT-695

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Contract For: See Schedule

Amount: See Schedule

Mail Invoices to:

Performance Period: See Schedule

Administrative Data:

This contract is entered into by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the above named Contractor which is a corporation, incorporated in the State of New York, hereinafter called the Contractor.

The parties hereto agree that the Contractor shall furnish the facilities and deliver all supplies and perform all the services set forth in the attached Schedule issued hereunder, for the consideration stated therein.

The rights and obligations of the parties to this contract shall be subject to and governed by the attached Schedule and General Provisions. In the event of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of

*28 June 63*  
MAR 20 1958, 1958.

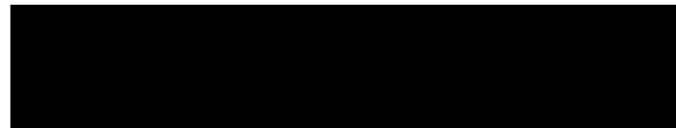
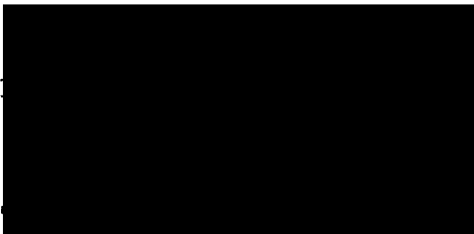
Signatures:

25X1A

THE PERKIN-ELMER CORPORATION

THE UNITED STATES OF AMERICA

25X1A



TITLE Contracting Officer

25X1A

*Orig - Octroi - 2*  
*2 - Contractor*  
*3 - Finance*

*zalic) 4/2 3/58*

25X1A

4

**SECRET**

**SECRET**

Contract No. HF-CT-695

CERTIFICATE

25X1A

25X1A

25X1A

25X1A

25X1A

I, \_\_\_\_\_, certify that  
 I am the \_\_\_\_\_ of the Corporation named  
 as Contractor herein; that \_\_\_\_\_ who  
 signed this contract on behalf of the Contractor was then \_\_\_\_\_  
 \_\_\_\_\_ of said Corporation; that said con-  
 tract was duly signed for and in behalf of said Corporation by  
 authority of its governing body, and is within the scope of its Cor-  
 porate powers.



Corporate Seal)

**SECRET**



**SECRET**

Contract No. HF-CT-695

INDEX TO SCHEDULE

PART I	ARTICLES AND SUPPLIES TO BE FURNISHED .....	4
PART II	PROCEDURE FOR PRICING .....	5
PART III	DELIVERY .....	6
PART IV	INSPECTION AND ACCEPTANCE .....	6
PART V	PERIOD OF PERFORMANCE .....	6
PART VI	ESTABLISHMENT OF A PRICING FORMULA .....	6
PART VII	FUNDS ALLOTTED .....	6
PART VIII	WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS .....	7
PART IX	SPECIAL SECURITY RESTRICTIONS .....	7

**SECRET**

**SECRET**

Contract No. ~~XXXXXXXXXX~~

SCHEDULE

PART I - ARTICLES AND SUPPLIES TO BE FURNISHED

(a) The Contractor shall furnish to the Government such equipment, spare parts, modification kits, components, and data for equipment of types which are being or may hereinafter be manufactured by the Contractor as the Government may call for hereunder. Quantities of the supplies to be furnished shall be determined as hereinafter provided.

(b) From time to time, the Government will furnish to the Contractor, Production Lists, numbered serially, setting forth the items which the Government desires to procure, together with the desired delivery schedule and preservation, packaging, packing and marking requirements therefor. Each such Production List shall set forth therein the estimated dollar amount thereof. Supplies of a critical nature in Production Lists shall be earmarked with an asterisk preceding the part number and the Contractor agrees to achieve earliest possible delivery of such items. The Contractor will promptly delete from said lists any items rendered obsolete by design changes and insert in lieu thereof superseding and interchangeable items, if any, in the same or lesser quantities, as appropriate. Upon acceptance or after these deletions and insertions, if any, the request will be an Approved Production List. The Contractor will immediately transmit six copies of the Approved Production List, together with any pertinent information concerning the superseded items and any superseding noninterchangeable items to the Contracting Officer and his duly authorized representatives so that superseding parts numbers can be procured on subsequent Production Lists. The Contractor will be obligated to furnish the items in the quantities listed therein, and subject to its rights elsewhere specified in this contract, the Government will be obligated to take delivery of the items so furnished on an Approved Production List. Where Approved Production Lists do not contain a quantitative delivery schedule, the Contractor shall forward direct to the Contracting Officer, an interim schedule indicating the estimated data of delivery of critical supplies. The Contractor is hereby authorized to make delivery in advance of the schedule appearing on any Approved Production List under this contract.

(c) If it appears to the Contractor at any time that the total price of the total quantity of items covered by any or all Approved Production Lists is likely to exceed the funds allotted hereunder in PART VII, the Contractor shall notify the Contracting Officer and the authorized representative of the amount of such excess. Within thirty (30) days after receipt of such notice, the Government will either notify the Contractor it has taken action to increase the funds allotted, or will notify the Contractor of the items or quantities to be deleted from such Approved Production Lists in order to bring it within the dollar amount thereof. If the Government fails to act within said thirty-day period, the Contractor shall submit to

**SECRET**

**SECRET**

Contract No. ██████████

the Contracting Officer and the authorized representatives a recommendation of the parts to be deleted to bring the Approved Production Lists within said dollar amount and the Contracting Officer shall approve or disapprove such recommendations within ten (10) days after receipt thereof. If the Contracting Officer fails to act within said ten (10) day period, the recommendation of the Contractor shall be deemed to have been approved and the Production Lists shall be modified accordingly. If the Government deletes items or quantities from an Approved Production Lists, such action shall be considered a partial termination under the clause hereof entitled Termination for Convenience of the Government.

PART II - PROCEDURE FOR PRICING

(a) As soon as possible after receipt by the Contractor from the Contracting Officer of a Production List, but in no event more than sixty (60) days after such receipt, the Contractor shall prepare and submit to the Contracting Officer a Proposed Priced Exhibit, numbered the same as the Approved Production List with the unit and total prices and delivery schedule covering the items shown thereon. A reproducible original and at least ten (10) copies of the Proposed Price Exhibit will be prepared and shall be delivered promptly by the Contractor to the Contracting Officer. The reproducible and three (3) copies shall carry at the end thereof, a certificate manually signed by an officer or other person authorized to bind the Contractor, stating that the prices therein represent a firm quotation. Each such Exhibit shall require the written approval of the Contracting Officer stating that the prices therein are fair and reasonable. Each such Exhibit shall set forth therein the total dollar amount.

(b) If the Proposed Priced Exhibit is approved by the Contracting Officer it shall be a numbered exhibit to the contract. If the Contracting Officer and the Contractor fail to agree on Prices in the Proposed Priced Exhibit, the failure to agree shall be deemed a disagreement as to a question of fact which shall be disposed of in accordance with the clause thereof entitled "Disputes". The Contracting Officer shall reduce to writing by a Proposed Priced Exhibit his decision, containing prices he believes fair and reasonable. The prices decided by the Contracting Officer shall be paid upon all deliveries, pending final decision of the dispute.

(c) Upon approval of any Priced Exhibit, the Contracting Officer shall deliver a copy thereof to the Contractor and forward one copy thereof bearing his written approval to the Finance Officer responsible for making payments under this contract. Upon Government's acceptance of delivery of any of the items listed on an Approved Priced Exhibit, the Contractor shall be entitled to be paid therefor at the prices shown on the Approved Priced Exhibit.

**SECRET**

**SECRET**

Contract No. HF-CT-695

(d) The Contractor shall be paid upon the submission monthly of properly certified invoices or vouchers, for partial deliveries accepted by the Government, or, when requested by the Contractor, payment for accepted partial deliveries shall be made whenever such payment would equal or exceed either \$1,000.00 or 50% of the total amount of the Approved Price Exhibit.

PART III - DELIVERY

Deliveries shall be made in accordance with the delivery schedules set forth in the Approved Priced Exhibits as may be generated under this contract from time to time.

PART IV - INSPECTION AND ACCEPTANCE

All supplies and services to be furnished under this contract shall be shipped F.O.B. destination in accordance with shipping instructions to be issued at a later date. Inspection and acceptance of the supplies or services called for herein, shall be made by the Government at destination.

PART V - PERIOD OF PERFORMANCE

(a) The Contractor shall furnish the articles and supplies requested hereunder during the period 1 March 1958 through 31 December 1958.

(b) The Government is granted the right and option of renewing or extending this contract for any additional periods of time ~~but not to exceed 30 June 1959~~. This option to extend will be exercised by issuance of an Amendment to this contract.

PART VI - ESTABLISHMENT OF A PRICING FORMULA

The parties hereto shall negotiate and establish a fixed pricing method for certain periods of time. The agreed upon formula(ae) shall be set forth in an amendment hereto.

PART VII - FUNDS ALLOTTED

For the purposes of this contract there has been a total [redacted] allotted for the performance of work as may be called for by the Government from time to time. Of this amount, [redacted] has been allotted for [redacted]. If, at any time, the Contractor is of the opinion that the cost of such work for [redacted] will exceed the amounts set forth above, it shall notify the Contracting Officer in accordance with the provisions of paragraph (c) of PART I. The Contractor shall segregate the Priced Exhibits by [redacted] requirements.

25X1A  
25X1A  
25X1A  
25X1A  
25X1A

**SECRET**

ILLEGIB

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

**SECRET**

Production List No. \_\_\_\_\_ To Contract No. **HP-57-695**

From \_\_\_\_\_  
(Authorized Representative)

To \_\_\_\_\_  
(Contractor)

Through \_\_\_\_\_  
(Contracting Officer)

Item No.	Part No.	Nomenclature	Qty	Est. Cost	Remarks

Preservation, Packing, Packaging and Preservation:

Delivery: Shipment of above parts is desired in \_\_\_\_\_.

Approved \_\_\_\_\_  
(Date)

Signed \_\_\_\_\_  
(Authorized Representative)

**SECRET**

**SECRET**

## INDEX TO GENERAL PROVISIONS

<u>Article No.</u>		<u>Page No.</u>
1.	DEFINITIONS-----	1
2.	CHANGES-----	1
3.	EXTRAS-----	2
4.	VARIATION IN QUANTITY-----	2
5.	INSPECTION-----	2
6.	RESPONSIBILITY FOR SUPPLIES-----	3
7.	ASSIGNMENT OF CLAIMS-----	3
8.	ADDITIONAL BOND SECURITY-----	4
9.	FEDERAL STATE & LOCAL TAXES-----	4
10.	DISPUTES-----	6
11.	BUY AMERICAN ACT-----	7
12.	EIGHT HOUR LAW OF 1912-----	7
13.	WALSH-HEALEY PUBLIC CONTRACTS ACT-----	8
14.	NONDISCRIMINATION IN EMPLOYMENT-----	8
15.	OFFICIALS NOT TO BENEFIT-----	9
16.	COVENANT AGAINST CONTINGENT FEES-----	9
17.	AIRCRAFT IN THE OPEN-----	9
18.	MILITARY SECURITY REQUIREMENTS-----	11
19.	UTILIZATION OF SMALL BUSINESS CONCERNS-----	13
20.	EXAMINATION OF RECORDS-----	13
21.	GRATUITIES-----	13
22.	CONVICT LABOR-----	14
23.	NOTICE & ASSISTANCE REGARDING PATENT INFRINGEMENT-----	14
24.	REPORTING OF ROYALTIES-----	14
25.	FILING OF PATENT APPLICATIONS-----	16
26.	AUTHORIZATION & CONSENT-----	17
27.	PATENT RIGHTS-----	17
28.	COPYRIGHT-----	22
29.	REPRODUCTION AND USE OF TECHNICAL DATA-----	22
30.	GOVERNMENT FURNISHED PROPERTY-----	23
31.	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT-----	27
32.	PAYMENTS-----	31
33.	DEFAULT-----	32
34.	SUBCONTRACTS FOR WORK OR SERVICES-----	33
35.	ALTERATIONS IN CONTRACT-----	34

**SECRET**

**SECRET**

GENERAL PROVISIONS

1. DEFINITIONS

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

(a) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department and the head or any assistant head of the executive agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary; and the term "Department" means that component of the Government having cognizance of this contract and represented by the Contracting Officer executing this contract.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes purchase orders under this contract.

(d) The term "contract work" means all work to be performed under this contract including any studies covering fundamental, theoretical, or experimental investigations; any extension of the investigative findings and theories of a scientific and technical nature into practical application; any tangible terms, hereinafter referred to as supplies, if called for herein, furnished to the Government; and any reports, data, computations, plans, drawings, and specifications with respect to the foregoing.

2. CHANGES

The Contracting Officer may at any time, by a written order, and without notice to the sureties, make changes, within the general scope of this contract, in any one or more of the following: (i) drawings, designs, or specifications, where the supplies to be furnished are to be specially manufactured for the Government in accordance therewith; (ii) method of shipment or packing; and (iii) place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within 60 days from the date of receipt by the Contractor of the notification of change; PROVIDED, however, that the Contracting

**SECRET**



**SECRET**

Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

~~3. EXTRAS~~

~~Except as otherwise provided in this contract, no payment for extras shall be made unless such extras and the price therefor have been authorized in writing by the Contracting Officer.~~

4. VARIATION IN QUANTITY

No variation in the quantity of any item called for by this contract will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in manufacturing processes, and then only to the extent, if any, specified elsewhere in this contract.

5. INSPECTION

(a) All supplies (which term throughout this clause includes without limitation raw materials, components, intermediate assemblies, and end products) 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.

(b) In case any supplies or lots of supplies are defective in material or workmanship or otherwise not in conformity with the requirements of this contract, the Government shall have the right either to reject them (with or without instructions as to their disposition) or to require their correction. Supplies or lots of supplies which have been rejected or required to be corrected shall be removed or corrected in place, as requested by the Contracting Officer, by and at the expense of the Contractor promptly after notice, and shall not again be tendered for acceptance unless the former tender and either the rejection or requirement of correction is disclosed. If the Contractor fails promptly to remove such supplies or lots of supplies, when requested by the Contracting Officer, and to proceed promptly with the replacement or correction thereof, the Government either (i) may by contract or otherwise replace or correct such supplies and charge to the Contractor the cost occasioned the Government thereby, or (ii) may terminate this contract for default as provided in the clause of this contract entitled "Default". Unless the Contractor elects to correct or replace the supplies which the Government has a right to reject and is able to make such correction or replacement within the required delivery schedule, the Contracting Officer may require the delivery of such supplies at a reduction in price.

**SECRET**

**SECRET**

which is equitable under the circumstances. Failure to agree to such reduction of price shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes".

(c) If any inspection or test is made by the Government on the premises of the Contractor or a subcontractor, the Contractor without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of the Government inspectors in the performance of their duties. If Government inspection or test is made at a point other than the premises of the Contractor or a subcontractor, it shall be at the expense of the Government, PROVIDED, that in case of rejection the Government shall not be liable for any reduction in value of samples used in connection with such inspection or test. All inspections and tests by the Government shall be performed in such a manner as not to unduly delay the work. The Government reserves the right to charge to the Contractor any additional cost of Government inspection and test when supplies are not ready at the time such inspection and test is requested by the Contractor. Final acceptance or rejection of the supplies shall be made as promptly as practicable after delivery, except as otherwise provided in this contract; but failure to inspect and accept or reject supplies shall neither relieve the Contractor from responsibility for such supplies as are not in accordance with the contract requirements nor impose liability on the Government therefor.

(d) The inspection and test by the Government of any supplies or lots thereof does not relieve the Contractor from any responsibility regarding defects or other failures to meet the contract requirements which may be discovered prior to final acceptance. Except as otherwise provided in this contract, final acceptance shall be conclusive except as regards latent defects, fraud, or such gross mistakes as amount to fraud.

(e) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies hereunder. Records of all inspection work by the Contractor shall be kept complete and available to the Government during the performance of this contract and for such longer period as may be specified elsewhere in this contract.

## 6. RESPONSIBILITY FOR SUPPLIES

Except as otherwise provided in this contract, (i) the Contractor shall be responsible for the supplies covered by this contract until they are delivered at the designated delivery point, regardless of the point of inspection; and (ii) the Contractor shall bear all risks as to rejected work after notice of rejection.

## 7. ASSIGNMENT OF CLAIMS

(a) Pursuant to the provisions of the Assignment of Claims Act of 1940 as amended (31 U.S. Code 203, 41 U.S. Code 15), if this

**SECRET**

**SECRET**

contract provides for payments aggregating \$1,000 or more, claims for moneys due or to become due to the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing. Notwithstanding any provision of this contract, payment to an assignee of any moneys due or to become due under this contract shall not, to the extent provided in said Act as amended, be subject to reduction or set-off.

(b) In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "TOP SECRET," "SECRET," "CONFIDENTIAL," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same; PROVIDED, that a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer

(c) The Contractor shall obtain the written authorization of the Contracting Officer prior to the assignment of any rights under this contract.

#### 8. ADDITIONAL BOND SECURITY

If any surety upon any bond furnished in connection with this contract becomes unacceptable to the Government, or if any such surety fails to furnish reports as to his financial condition from time to time as requested by the Government, the Contractor shall promptly furnish such additional security as may be required from time to time to protect the interests of the Government and of persons supplying labor or materials in the prosecution of the work contemplated by this contract.

#### 9. FEDERAL, STATE AND LOCAL TAXES

(a) DEFINITIONS. As used throughout this clause, the following terms shall have the meanings set forth below:

(i) The term "direct tax" means any tax or duty directly applicable to the completed supplies or services (as distinguished from taxes directly applicable to materials and components used in the manufacture or furnishing of the completed supplies or services) covered by this contract or any other tax or duty from which the Contractor or this transaction is exempt. It includes any tax or duty directly

**SECRET**

**SECRET**

applicable to the importation, production, processing, manufacture, construction, sale, or use of such supplies or services; it also includes any tax levied on, with respect to, or measured by sales, receipts from sales, or use of the supplies or services covered by this contract. The term does not include transportation taxes, unemployment compensation taxes, social security taxes, income taxes, excess profits taxes, capital stock taxes, property taxes, and such other taxes as are not within the definition of the term "direct tax" as set forth above in this paragraph.

(ii) The term "contract date" means the effective date of this contract if it is a negotiated contract or the date set for the opening of bids if it is a contract entered into as a result of formal advertising. For the purpose of any additional procurement of supplies or services called for by any agreement supplemental hereto, the term "contract date" shall refer to the date of such supplemental agreement.

(b) FEDERAL TAXES. Except as may be otherwise provided in this contract, the contract price includes all applicable Federal taxes in effect on the contract date.

(c) STATE OR LOCAL TAXES. Except as may be otherwise provided in this contract, the contract price does not include any State or local direct tax in effect on the contract date.

(d) EVIDENCE OF EXEMPTION: The Government agrees, upon request of the Contractor, unless there exists no legal basis to sustain an exemption, to furnish a Tax Exemption Certificate or other similar evidence of exemption with respect to any direct tax not included in the contract price pursuant to this clause; and the Contractor agrees, in the event of the refusal of the applicable taxing authority to accept such evidence of exemption, (i) promptly to notify the Contracting Officer of such refusal, (ii) to cause the tax in question to be paid in such manner as to preserve all rights to refund thereof, and (iii) if so directed by the Contracting Officer, to take all necessary action, in cooperation with and for the benefit of the Government, to secure a refund of such tax (in which event the Government agrees to reimburse the Contractor for any and all reasonable expenses incurred at its direction).

(e) PRICE ADJUSTMENT. If, after the contract date, (i) the Federal Government or any State or local government either imposes or increases (or removes an exemption with respect to) any direct tax, or any tax directly applicable to the materials or components used in the manufacture or furnishing of the completed supplies or services covered by this contract, or (ii) the Federal Government or any State or local government refuses to accept the evidence of exemption, furnished under paragraph (d) hereof, with respect to any direct

**SECRET**

**SECRET**

tax excluded from the contract price, or (iii) the Federal Government does not furnish a tax exemption certificate or other similar evidence of exemption with respect to any direct tax excluded from the contract price, and if under either (i), (ii), or (iii) the Contractor is obliged to and does pay or bear the burden of any such tax (and does not secure a refund thereof), the contract price shall be correspondingly increased, and if interest and penalties are incurred by reason of delay in payment of such tax on the instruction of the Contracting Officer, and such interest and penalties are legally imposed, the contract price shall be correspondingly increased. If, after the contract date, the Contractor is relieved in whole or in part from the payment or the burden of any direct tax included in the contract price, or any tax directly applicable to the materials or components used in the manufacture or furnishing of the completed supplies or services covered by this contract, the Contractor agrees promptly to notify the Contracting Officer of such relief, and the contract price shall be correspondingly decreased or the amount of such relief paid over to the Government. Invoices or vouchers covering any increase or decrease in contract price pursuant to the provisions of this paragraph shall state the amount thereof, as a separate added or deducted item, and shall identify the particular tax imposed, increased, eliminated, or decreased.

(f) REFUND OR DRAWBACK. If any tax or duty has been included in the contract price or the price as adjusted under paragraph (e) of this clause, and if the Contractor is entitled to a refund or drawback by reason of the export or re-export of supplies covered by this contract, or of materials or components used in the manufacture or furnishing of the completed supplies or services covered by this contract, the Contractor agrees that he will promptly notify the Contracting Officer thereof and that the amount of any such refund or drawback obtained will be paid over to the Government or credited against amounts due from the Government under this contract; PROVIDED, however, that the Contractor shall not be required to apply for such refund or drawback unless so requested by the Contracting Officer.

#### 10 DISPUTES

Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. Within thirty (30) days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Secretary, and the decision of the Secretary or his duly authorized representative for the hearing of such appeals shall, unless determined by a court of competent jurisdiction to have been fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence, be final and conclusive: PROVIDED, That, if no such appeal is taken, the decision of the Contracting Officer shall be final and conclusive. In

**SECRET**

**SECRET**

connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

#### 11. BUY AMERICAN ACT

The Contractor agrees that there will be delivered under this contract only such unmanufactured articles, materials and supplies (which term "articles, materials and supplies" is hereinafter referred to in this clause as "supplies") as have been mined or produced in the United States, and only such manufactured supplies as have been manufactured in the United States substantially all from supplies mined, produced or manufactured, as the case may be, in the United States. Pursuant to the Buy American Act (41 U. S. Code 10a-d), the foregoing provision shall not apply (i) with respect to supplies excepted by the Secretary from the application of that Act, (ii) with respect to supplies for use outside the United States, or (iii) with respect to the supplies to be delivered under this contract which are of a class or kind determined by the Secretary or his duly authorized representative not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or (iv) with respect to such supplies from which the supplies to be delivered under this contract are manufactured, as are of a class or kind, determined by the Secretary or his duly authorized representative not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality: PROVIDED, That this exception (iv) shall not permit delivery of supplies manufactured outside the United States if such supplies are manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

#### 12. EIGHT-HOUR LAW OF 1912

This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912 as amended (40 U. S. Code 324-326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35-45) is subject to the following provisions and exceptions of said Eight-Hour Law of 1912 as amended, and to all other provisions and exceptions of said Law.

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Contractor or any subcontractor contracting for any part of the said work shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every such laborer and mechanic employed by the Contractor or any subcontractor engaged in the performance of this contract shall be computed on a basic day rate of

FP (Oct. 8, 1956)

**SECRET**

**SECRET**

eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed upon the Contractor for each such laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause; and all penalties thus imposed shall be withheld for the use and benefit of the Government.

### 13. WALSH-HEALEY PUBLIC CONTRACTS ACT

If this contract is for the manufacture or furnishing of materials, supplies, articles or equipment in an amount which exceeds or may exceed \$10,000 and is otherwise subject to the Walsh-Healey Public Contracts Act as amended (41 U. S. Code 35-45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect, except that the Contractor shall not be required to include this clause in subcontracts issued hereunder when the inclusion of this clause in a subcontract would jeopardize or conflict with the security considerations established in connection with this contract.

### 14. NONDISCRIMINATION IN EMPLOYMENT

(a) In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of the nondiscrimination clause.

(b) The Contractor further agrees to insert the foregoing provision in all subcontracts issued hereunder, except subcontracts for standard commercial supplies or raw materials, and except as insertion of the foregoing provision in a subcontract would jeopardize or conflict with the security considerations established in connection with this contract.

**SECRET**

15. OFFICIALS NOT TO BENEFIT

**SECRET**

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

16. COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

~~17. AIRCRAFT IN THE OPEN~~

If this contract is a negotiated fixed-price type of contract for production or modification of aircraft (or missiles having the general characteristics of aircraft) the clause set forth below shall apply:

(a) Subject to the definitions and limitations prescribed in this clause, the Government assumes the risk of damage to or loss or destruction of aircraft (or missiles having the general characteristics of aircraft) in the open; PROVIDED, that such damage, loss, or destruction is caused by any of the following perils;

(1) Fire; lightning, windstorm, cyclone, tornado, hail; explosion; riot, riot attending a strike, civil commotion, vandalism and malicious mischief; sabotage; aircraft or objects falling therefrom, vehicles running on land or tracks, excluding vehicles owned or operated by the Contractor or any agent or employee of the Contractor; smoke; earthquake or volcanic eruption; flood, meaning thereby rising of a body of water, hostile or warlike action, including action in hindering, combating, or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto), or by any authority using military, naval, or air forces, or by any agent of any such government, power, authority, or forces; or

(ii) Other peril of a type not listed above, if such other peril is customarily covered by insurance (or by a reserve for self-insurance) in accordance with the normal practice of the Contractor, or a prevailing practice in the industry in which the Contractor is engaged with respect to similar property.

FP (Oct. 8, 1956)  
Price Rev.

- 9 - **SECRET**



**SECRET**

~~(b) For purposes of this clause:~~

(i) The term "Aircraft" means aircraft to be furnished to the Government under this contract, including complete aircraft; and aircraft in the course of manufacture or modification, including engines, instruments, subassemblies, parts, and equipment installed therein, or in process of installation, and all uninstalled property withdrawn from stores for installation in aircraft in the open or temporarily removed from such aircraft, provided such uninstalled property is in the open.

(ii) The term "in the open" means located wholly outside of buildings or roofed structures.

(c) The Government's obligation under this clause shall extend only to aircraft in the open under conditions approved by the Contracting Officer, and shall not extend to the following:

(i) loss, destruction, or damage resulting from failure of the Contractor, due to willful misconduct or lack of good faith of any of the Contractor's managerial personnel, to maintain and administer a program for the maintenance, repair, protection, and preservation of aircraft in the open, in accordance with sound industrial practice. The term "Contractor's managerial personnel" means the Contractor's directors, officers, and any of its managers, superintendents, or other equivalent representatives who have supervision or direction of all or substantially all of the Contractor's business, or all or substantially all of the Contractor's operation at any one plant or separate location at which this contract is performed, or a separate and complete major industrial operation in connection with the performance of this contract;

(ii) loss, destruction or damage to aircraft in the possession or control of any subcontractor, except to the extent that the subcontract, with the approval of the Contracting Officer and consistent with this clause, may otherwise provide.

(d) The Contractor warrants that the contract price does not and will not include any charge or reserve for insurance (including self-insurance funds or reserves) covering damage to or loss or destruction of aircraft in the open caused by any of the perils set forth in paragraph (a) hereof.

(e) In the event of damage to or loss or destruction of aircraft in the open, the Contractor shall take all reasonable steps to protect such aircraft from further damage, repair damaged and undamaged aircraft, put all aircraft in the best possible order, and furnish to the Contracting Officer a statement of:

- (i) the lost, destroyed, or damaged aircraft;
- (ii) the time and origin of the loss, destruction, or damage;
- (iii) all known interests in commingled property of which

~~aircraft in the open are a part;~~

**SECRET**

**SECRET**

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

~~(iv) the insurance, if any, covering any part of the interest in such commingled property.~~

The Contractor shall be reimbursed for expenditures made by it in performing its obligations under this paragraph, to the extent approved by the Contracting Officer and this contract shall be modified in writing accordingly.

(f) If prior to acceptance by and delivery to the Government any aircraft in the open is lost, destroyed, or damaged due to any of the perils set forth in paragraph (a) hereof, the Government may, unless otherwise provided in this contract, elect to require that such aircraft be replaced by the Contractor or restored by the Contractor to the condition in which it was immediately prior to such damage. If the Government requires the aircraft to be replaced or restored, an equitable adjustment shall be made in the amount due under this contract and in the time required for its performance, and this contract shall be modified in writing accordingly. Alternatively, the Government may elect to terminate this contract as to any such lost, destroyed, or damaged aircraft, and in that event the rights of the parties shall be as provided in the clause entitled Termination for Convenience of the Government.

(g) In the event the Contractor is at any time reimbursed or compensated by any third person for any damage to or loss or destruction of any aircraft in the open caused by any peril set forth in paragraph (a) hereof for which the Contractor has been compensated by the Government, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment or subrogation in favor of the Government) in obtaining recovery.

(h) Any loss or destruction of, or damage to, property furnished by the Government will be governed by the clause of this contract entitled "Government-Furnished Property," to the extent that such clause is, by its terms, applicable.

(i) Any loss, or destruction of, or damage to, aircraft occurring in connection with operations of said aircraft will be governed by the clause of this contract entitled "Flight Risk," to the extent that such clause is, by its terms, applicable.

#### 18. MILITARY SECURITY REQUIREMENTS

(a) The provisions of this clause shall apply to the extent that this contract involves access to security information classified "Confidential" including "Confidential - Modified Handling Authorized" or higher.

FP (Oct. 8, 1956)

Price Rev

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

**SECRET**

**SECRET**

(b) The Government shall notify the Contractor of the security classification of this contract and the elements thereof, and of any subsequent revisions in such security classification, by the use of a Security Requirements Check List (DD Form 254 and 254-I).

(c) To the extent the Government has indicated as of the date of this contract, or thereafter indicates, security classification under this contract as provided in paragraph (b) above, the Contractor shall safeguard all classified elements of this contract and shall provide and maintain a system of security controls within its own organization in accordance with the requirements of:

(i) the Security Agreement (DD Form 441), including the Department of Defense Industrial Security Manual for Safeguarding Classified Information as in effect on date of this contract, and any modification to the Security Agreement for the purpose of adapting the Manual to the Contractor's business; and

(ii) any amendments to said Manual made after the date of this contract, notice of which has been furnished to the Contractor by the Security Office of the Military Department having security cognizance over the facility.

(d) Representatives of the Military Department having security cognizance over the facility and representatives of the contracting Military Department shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the Contractor in complying with the security requirements under this contract. Should the Government, through its authorized representative, determine that the Contractor has not complied with such requirements, the Government shall inform the Contractor in writing of the proper actions to be taken in order to effect compliance with such requirements.

(e) If, subsequent to the date of this contract, the security classifications or requirements under this contract are changed by the Government as provided in this clause and the security costs under this contract are thereby increased or decreased, the contract price shall be subject to an equitable adjustment by reason of such increased or decreased costs. Any equitable adjustment shall be accomplished in the same manner as if such changes were directed under the "Changes" clause in this contract.

(f) The Contractor agrees to insert, in all subcontracts hereunder which involve access to classified security information, provisions which shall conform substantially to the language of this clause, including this paragraph (f) but excluding the last sentence of paragraph (e) of this clause.

(g) The Contractor also agrees that it shall determine that any subcontractor proposed by it for the furnishing of supplies and services which will involve access to classified information in the Contractor's custody has been granted an appropriate facility security

FP (Oct. 8, 1956)

Price Rev.

**SECRET**

~~SECRET~~

clearance, which is still in effect, prior to being accorded access to such classified security information.

#### 19. UTILIZATION OF SMALL BUSINESS CONCERNS

(a) It is the policy of the Government as declared by the Congress to bring about the greatest utilization of small business concerns which is consistent with efficient production.

(b) The Contractor agrees to accomplish the maximum amount of subcontracting to small business concerns that the Contractor finds to be consistent with the efficient performance of this contract.

#### 20. EXAMINATION OF RECORDS

The following clause will be applicable in all negotiated fixed-price supply contracts and purchase orders in excess of \$1,000.

##### EXAMINATION OF RECORDS

(a) The Contractor agrees that the Contracting Officer or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Contractor involving transactions related to this contract.

(b) The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Contracting Officer or any of his duly authorized representatives shall, until the expiration of three years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding \$1,000 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

#### 21. GRATUITIES

(a) The Government may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performance of such contract; PROVIDED, That the existence of the facts upon which the Secretary or his duly authorized representative

~~SECRET~~

~~SECRET~~

makes such findings shall be in issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the Government shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

## 22. CONVICT LABOR

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

## 23. NOTICE AND ASSISTANCE REGARDING PATENT INFRINGEMENT

The provisions of this clause shall be applicable only if the amount of this contract is in excess of \$5,000.

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent infringement based on the performance of this contract of which the Contractor has knowledge.

(b) In the event of litigation against the Government on account of any claim of patent infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to the Government, upon request, all evidence and information in possession of the Contractor pertaining to such litigation. Such evidence and information shall be furnished at the expense of the Government except in those cases in which the Contractor has agreed to indemnify the Government against the claim being asserted.

## 24. REPORTING OF ROYALTIES

The provisions of this clause shall be applicable only if the amount of the contract is in excess of \$10,000.

(a) The Contractor shall report in writing (in quadruplicate) to the Contracting Officer as soon as practicable after execution of this contract whether or not any royalties in excess of \$250 have been paid

FP (Oct. 8, 1956)

Price Rev

~~SECRET~~

or are to be paid by the Contractor directly to any person or firm in connection with the performance of this contract. If royalties in excess of \$250 have been paid or are to be paid to any person or firm, the report shall include the following items of information with respect to such royalties (including the initial \$250):

- (1) The name and address of each licensor to whom royalties in excess of \$250 have been paid or are to be paid,
- (2) The patent numbers, patent application serial numbers (with filing dates), or other identification of the basis for such royalties,
- (3) The manner of computing the royalties consisting of (i) a brief identification of each royalty-bearing unit or process, (ii) the total amount of royalties, and (iii) the percentage rate or dollars and cents amount of royalties on each such unit or process; PROVIDED that if the royalties cannot be computed in terms of units or dollars and cents value, then other data showing the manner in which the Contractor computes the royalties.

(b) In lieu of furnishing a report under paragraph (a), the Contractor may furnish a single, consolidated report for each accounting period of the Contractor during which the Contractor has contracts with the Government, provided the Contractor has requested and obtained the prior written approval of the Contracting Officer. Such consolidated reports shall be furnished, when the furnishing thereof has been approved, in the number of copies as approved, as soon as practicable after the close of the accounting period covered by the report. Such consolidated report shall be made in accordance with Contractor's established accounting practice, and shall include, for the accounting period, the total amount of royalties accruing to each licensor at a rate in excess of \$1,000 per annum on the Contractor's over-all business, together with (i) the name and address of each such licensor, (ii) the patent numbers, patent application serial numbers (with filing dates), or other identification of the basis for such royalties, (iii) a brief description of the subject matter of the license under which royalties are charged, (iv) the percentage rate or unit amount, or if the royalties do not accrue by rate or unit amount, such other data showing the manner by which the royalties accrue to licensor, and (v) an estimate or approximation (without detailed accounting) of the portion of such royalties that may be attributable to Government contracts. The Contractor shall, if requested by the Government, furnish at Government expense a more detailed allocation of such royalty payments attributable to Government contracts.

(c) In the event that the Contractor requests written approval to furnish consolidated reports under paragraph (b) above, the Contracting Officer shall promptly consider the request and furnish to the Contractor a letter stating whether or not the request is approved and, notwithstanding any such approval, the Contracting Officer shall have the right to question any such subsequently furnished report as to accuracy or completeness of data and to ask for additional information. The Contractor shall furnish a copy of such letter of approval to the Contracting Officer administering this contract.

**SECRET**

(d) After payment of eighty percent (80%) of the amount of this contract, as from time to time amended, further payment shall be withheld until a reserve of either (i) ten percent (10%) of such amount or (ii) \$5,000, whichever ever is less, shall have been set aside, such reserve or the balance thereof to be retained until the Contractor shall have furnished to the Contracting Officer the report called for by paragraph (a) hereof or the copy of the letter approving the Contractor's request to furnish the report under paragraph (b); PROVIDED that no amount shall continue to be withheld from payment for the causes specified in this paragraph (d) if the Contracting Officer shall find that the Contractor has not been furnished a letter as required by paragraph (c) within a reasonable time after making written request to submit a single, consolidated report under the provisions of paragraph (b) of this clause; and PROVIDED FURTHER that the Contracting Officer may, in his discretion, order payment to be withheld in the amount and manner above provided if the report called for by paragraph (a) is unsatisfactory or (b) is ~~disputed~~ has not been received, or if received, is found to be unsatisfactory. No amount shall be withheld under this paragraph when the minimum amount specified by this paragraph is being withheld under other provisions of this contract. The withholding of any amount or subsequent payment thereof to the Contractor shall not be construed as a waiver of any right accruing to the Government under this contract.

## 25. FILING OF PATENT APPLICATIONS

(a) Before filing or causing to be filed a patent application disclosing any subject matter of this contract, which subject matter is classified "Secret" or higher, the Contractor shall, citing the thirty (30) day provision below, transmit the proposed application to the Contracting Officer for determination whether, for reasons of national security, such application should be placed under an order of secrecy or sealed in accordance with the provisions of 35 U. S. Code 181-188 or the issuance of a patent should be otherwise delayed under pertinent statutes or regulations; and the Contractor shall observe any instructions of the Contracting Officer with respect to the manner of delivery of the patent application to the U. S. Patent Office for filing, but the Contractor shall not be denied the right to file such patent application. If the Contracting Officer shall not have given any such instructions within thirty (30) days from the date of mailing or other transmittal of the proposed application, the Contractor may file the application.

(b) The Contractor shall furnish to the Contracting Officer, at the time of or prior to the time when the Contractor files or causes to be filed a patent application disclosing any subject matter of this contract, which subject matter is classified "Confidential," a copy of such application for determination whether, for reasons of national security, such application should be placed under an order of secrecy or the issuance of a patent should be otherwise delayed under pertinent statutes or regulations.

**SECRET**

**SECRET**

(c) In filing any patent application coming within the scope of this clause, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter

## 26. AUTHORIZATION AND CONSENT

The following clause shall be applicable in all contracts for supplies (including construction work), except purchase orders of \$5,000 or less:

The Government hereby gives its authorization and consent (without prejudice to its rights of indemnification, if such rights are provided for in this contract) for all use and manufacture, in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract), of any patented invention (i) embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract, or (ii) utilized in the machinery, tools, or methods the use of which necessarily results from compliance by the Contractor or the using subcontractor with (a) specifications or written provisions now or hereafter forming a part of this contract, or (b) specific written instructions given by the Contracting Officer directing the manner of performance. The Contractor's entire liability to the Government for patent infringement shall be determined solely by the provisions of the indemnity clause, if any, included in the contract and the Government assumes liability for all other infringement to the extent of the authorization and consent hereinabove granted.

## 27. PATENT RIGHTS

(a) As used in this clause, the following terms shall have the meanings set forth below:

(i) The term "Subject Invention" means any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice either (A) in the performance of the experimental, developmental, or research work called for or required under this contract, or (B) in the performance of any experimental, developmental, or research work relating to the subject matter of this contract which was done upon an understanding in writing that a contract would be awarded; PROVIDED that the term "Subject Invention" shall not include any invention which is specifically identified and listed in the Schedule for the purpose of excluding it from the license granted by this clause.

(ii) The term "Technical Personnel" means any person employed by or working under contract with the Contractor (other than a subcontractor whose responsibilities with respect to rights accruing to the Government in inventions arising under subcontracts are set forth in paragraphs (g), (h), and (i) of this clause) who, by reason of the nature of his duties in connection with the performance of this contract, would reasonably be expected to make inventions.

FP (Oct. 8, 1956)

**SECRET**



**SECRET**

(iii.) The terms "subcontract" and "subcontractor" mean any subcontract or subcontractor of the Contractor, and any lower-tier subcontract or subcontractor under this contract.

(b) (1) The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, nontransferable, and royalty-free license to practice, and cause to be practiced by or for the United States Government throughout the world, each Subject Invention in the manufacture, use and disposition according to law, of any article or material, and in the use of any method. No license granted herein shall convey any right to the Government to manufacture, have manufactured, or use any Subject Invention for the purpose of providing services or supplies to the general public in competition with the Contractor or the Contractor's commercial licensees in the licensed fields.

(2) With respect to:

(i) any Subject Invention made by other than Technical Personnel;

(ii) any Subject Invention conceived prior to, but first actually reduced to practice in the course of, any of the experimental, developmental, or research work specified in (a)(i) above: and

(iii) the practice of any Subject Invention in foreign countries; the obligation of the Contractor to grant a license as provided in (b)(1) above, to convey title as provided in (d)(ii)(B) or (d)(iv) below, and to convey foreign rights as provided in (e) below, shall be limited to the extent of the Contractor's right to grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant. Nothing contained in this Patent Rights clause shall be deemed to grant any license under any invention other than a Subject Invention.

(c) The Contractor shall furnish to the Contracting Officer the following information and reports concerning Subject Inventions which reasonably appear to be patentable:

(i) a written disclosure promptly after conception or first actual reduction to practice of each such Invention together with a written statement specifying whether or not a United States patent application claiming the Invention has been or will be filed by or on behalf of the Contractor;

(ii) interim reports, at least every twelve months, commencing with the date of this contract, each listing all such Inventions conceived or first actually reduced to practice more than three months prior to the date of the report, and not listed on a prior interim report, or certifying that there are no such unreported Inventions; and

(iii) prior to final settlement of this contract, a final report listing all such Inventions including all those previously listed in interim reports.

(d) In connection with each Subject Invention referred to in (c)(i) above, the Contractor shall do the following:

FP (Oct. 8, 1956)

**SECRET**

**SECRET**

(i) if the Contractor specifies that a United States patent application claiming such Invention will be filed, the Contractor shall file or cause to be filed such application in due form and time; however, if the Contractor, after having specified that such an application would be filed, decides not to file or cause to be filed said application, the Contractor shall so notify the Contracting Officer at the earliest practicable date and in any event not later than eight months after first publication, public use or sale.

(ii) if the Contractor specifies that a United States patent application claiming such Invention has not been filed and will not be filed (or having specified that such an application will be filed thereafter notifies the Contracting Officer to the contrary), the Contractor shall:

(A) inform the Contracting Officer in writing at the earliest practicable date of any publication of such Invention made by or known to the Contractor or, where applicable, of any contemplated publication by the Contractor, stating the date and identity of such publication or contemplated publication; and

(B) convey to the Government the Contractor's entire right, title, and interest in such Invention by delivering to the Contracting Officer upon written request such duly executed instruments (prepared by the Government) of assignment and application, and such other papers as are deemed necessary to vest in the Government the Contractor's right, title, and interest aforesaid, and the right to apply for and prosecute patent applications covering such Invention throughout the world, subject, however, to the right of the Contractor specified in (e) below to file foreign applications, and subject further to the reservation of a non-exclusive and royalty-free license to the Contractor (and to its existing and future associated and affiliated companies, if any, within the corporate structure of which the Contractor is a part) which license shall be assignable to the successor of that part of the Contractor's business to which such Invention pertains:

(iii) the Contractor shall furnish promptly to the Contracting Officer on request an irrevocable power of attorney to inspect and make copies of each United States patent application filed by or on behalf of the Contractor covering any such Invention;

(iv) In the event the Contractor, or those other than the Government deriving rights from the Contractor, elects not to continue prosecution of any such United States patent application filed by or on behalf of the Contractor, the Contractor shall so notify the Contracting Officer not less than sixty days before the expiration of the response period and, upon written request, deliver to the Contracting Officer such duly executed instruments (prepared by the Government) as are deemed necessary to vest in the Government the Contractor's entire right, title, and interest in such Invention and the application, subject to the reservation as specified in (d)(ii) above; and

(v) the Contractor shall deliver to the Contracting Officer duly executed instruments fully confirmatory of any license rights herein agreed to be granted to the Government.

FP (Oct. 8, 1956)

**SECRET**

(e) The Contractor, or those other than the Government deriving rights from the Contractor, shall have the exclusive rights to file applications on Subject Inventions in each foreign country within:

(i) nine months from the date a corresponding United States application is filed;

(ii) six months from the date permission is granted to file foreign applications where such filing had been prohibited for security reasons; or

(iii) such longer period as may be approved by the Contracting Officer. The Contractor shall, upon written request of the Contracting Officer, convey to the Government the Contractor's entire right, title, and interest in each Subject Invention in each foreign country in which an application has not been filed within the time above specified, subject to the reservation of a non-exclusive and royalty-free license to the Contractor together with the right of the Contractor to grant sublicenses, which license and right shall be assignable to the successor of that part of the Contractor's business to which the Subject Invention pertains.

(f) If the Contractor fails to deliver to the Contracting Officer the interim reports required by (c)(ii) above, or fails to furnish the written disclosures for all Subject Inventions required by (c)(i) above shown to be due in accordance with any interim report delivered under (c)(ii) or otherwise known to be unreported, there shall be withheld from payment until the Contractor shall have corrected such failures either ten percent (10%) of the amount of this contract, as from time to time amended, or five thousand dollars (\$5,000), whichever is less. After payment of eighty percent (80%) of the amount of this contract, as from time to time amended, payment shall be withheld until a reserve of either ten percent (10%) of such amount, or five thousand dollars (\$5,000), whichever is less, shall have been set aside, such reserve or balance thereof to be retained until the Contractor shall have furnished to the Contracting Officer:

(i) the final report required by (c)(iii) above;

(ii) written disclosures for all Subject Inventions required by (c)(i) above which are shown to be due in accordance with interim reports delivered under (c)(ii) above or in accordance with such final reports or are otherwise known to be unreported; and

(iii) the information as to any subcontractor required by (h) below. The maximum amount which may be withheld under this paragraph (f) shall not exceed ten percent (10%) of the amount of this contract or five thousand dollars (\$5,000), whichever is less, and no amount shall be withheld under this paragraph (f) when the amount specified by this paragraph (f) is being withheld under other provisions of this contract. The withholding of any amount or subsequent payment thereof to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract. This paragraph (f) shall not be construed as requiring the Contractor to withhold any amounts from a subcontractor to enforce compliance with the patent provisions of a subcontract.

**SECRET**

**SECRET**

(g) The Contractor shall exert all reasonable effort in negotiating for the inclusion of this Patent Rights clause in any subcontract hereunder of three thousand dollars (\$3,000) or more having experimental, developmental, or research work as one of its purposes. In the event of refusal by a subcontractor to accept the Patent Rights clause, the Contractor shall not proceed with the subcontract without written authorization of the Contracting Officer, and upon obtaining such authorization, shall cooperate with the Government in the negotiation with such subcontractor of an acceptable patent rights clause; PROVIDED, however, that the Contractor shall in any event require the subcontractor to grant to the Government patent rights under Subject Inventions of no less scope and on no less favorable terms than those which the Contractor has under such subcontracts, except that in no event shall the subcontractor be required to grant to the Government patent rights in excess of those herein agreed to be granted to the Government by the Contractor.

(h) The Contractor shall, at the earliest practicable date, notify the Contracting Officer in writing of any subcontract containing a patent rights clause, furnish the Contracting Officer a copy of such clause, and notify the Contracting Officer when such subcontract is completed. It is understood that with respect to such subcontract clause, the Government is a third party beneficiary, and the Contractor hereby assigns to the Government all the rights that the Contractor would have to enforce the subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any subcontractor hereunder relating to Subject Inventions.

(i) When the Contractor shows that it has been delayed in the performance of this contract by reason of its inability to obtain in accordance with (g) above a suitable patent rights clause from a qualified subcontractor for any item or service required under this contract for which the Contractor itself does not have available facilities or qualified personnel, the Contractor's delivery dates shall be extended for a period of time equal to the duration of such delay; and, upon request of the Contractor, the Contracting Officer shall determine to what extent, if any, an additional extension of the delivery dates and an increase in contract prices based upon additional costs incurred by such delay are proper under the circumstances; and the contract shall be modified accordingly. If the Contractor, after exerting all reasonable effort, is unable to obtain a qualified subcontractor as set forth above, the Contractor may submit to the Contracting Officer a written request for waiver or modification of the requirement that a suitable patent rights clause be included in the subcontract.

Such request shall specifically state that the Contractor has used all reasonable effort to obtain such qualified subcontractor, and shall cite the waiver or termination provision hereinafter set forth. If, within thirty-five (35) days after the date of receipt of such request

**SECRET**

**SECRET**

for a waiver or modification of said requirement, the Contracting Officer shall fail to deny in writing such request, the requirement shall be deemed to have been waived by the Government. If within such period the Contractor shall receive a written denial of such request by the Contracting Officer, this contract shall thereupon automatically terminate and the rights and obligations of the parties shall be governed by the provisions of the clause of this contract providing for termination for the convenience of the Government.

28. COPYRIGHT

(a) The Contractor agrees to and does hereby grant to the Government, and to its officers, agents and employees acting within the scope of their official duties, (i) a royalty-free, nonexclusive and irrevocable license to reproduce, translate, publish, use, and dispose of, and to authorize others so to do, all copyrightable material first produced or composed and delivered to the Government under this contract by the Contractor, its employees or any individual or concern specifically employed or assigned to originate and prepare such material; and (ii) a license as aforesaid under any and all copyrighted or copyrightable work not first produced or composed by the Contractor in the performance of this contract but which is incorporated in the material furnished under the contract, provided that such license shall be only to the extent the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.

(b) The Contractor agrees that it will exert all reasonable effort to advise the Contracting Officer, at the time of delivering any copyrightable or copyrighted work furnished under this contract, of any adversely held copyrighted or copyrightable material incorporated in any such work and of any invasion of the right of privacy therein contained.

(c) The Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, any notice or claim of copyright infringement received by the Contractor with respect to any material delivered under this contract.

~~29. REPRODUCTION AND USE OF TECHNICAL DATA~~

~~The Contractor agrees to and does hereby grant to the Government, to the full extent of the Contractor's right to do so without payment of compensation to others, the right to reproduce, use, and disclose for governmental purposes (including the right to give to foreign governments for their use as the national interest of the United States may demand) all or any part of the reports, drawings, blueprints, data, and technical information specified to be delivered by the Contractor to the Government under this contract. PROVIDED, however, that nothing~~

SP (Oct. 8, 1956)

Price Rev.

**SECRET**

**SECRET**

~~contained in this paragraph shall be deemed, directly or by implication, to grant any license under any patent now or hereafter issued or to grant any right to reproduce anything else called for by this contract.~~

30. GOVERNMENT-FURNISHED PROPERTY

(a) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the property described in the Schedule or specifications, together with such related data and information as the Contractor may request and as may reasonably be required for the intended use of such property (hereinafter referred to as "Government-furnished Property"). The delivery or performance dates for the supplies or services to be furnished by the Contractor under this contract are based upon the expectation that Government-furnished Property suitable for use 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 such delivery or performance dates. In the event that Government-furnished Property is not delivered to the Contractor by such time or times, the Contracting Officer shall, upon timely written request made by the Contractor, make a determination of the delay occasioned the Contractor thereby, and shall equitably adjust the delivery or performance dates or the contract price, or both, and any other contractual provision affected by such delay, in accordance with the procedures provided for in the clause of this contract entitled "Changes." In the event the Government-furnished Property is received by the Contractor in a condition not suitable for the intended use the Contractor shall, upon receipt thereof, notify the Contracting Officer of such fact and, as directed by the Contracting Officer, either (i) return such property at the Government's expense or otherwise dispose of the property, or (ii) effect repairs or modifications. Upon the completion of (i) or (ii) above, the Contracting Officer upon written request of the Contractor shall equitably adjust the delivery or performance dates or the contract price, or both, and any other contractual provision affected by the rejection or disposition, or the repair or modification, in accordance with the procedures provided for in the clause of this contract entitled "Changes." The foregoing provisions for adjustment are exclusive and the Government shall not be liable to suit for breach of contract by reason of any delay in delivery of Government-furnished Property or delivery of such property in a condition not suitable for its intended use.

(b) By notice in writing the Contracting Officer may decrease the property furnished or to be furnished by the Government under this contract. In any such case, the Contracting Officer upon the written request of the Contractor shall equitably adjust the delivery or performance dates or the contract price, or both, and any other contractual provisions affected by the decrease, in accordance with the procedures provided for in the clause of this contract entitled "Changes."

FP (Oct. 8, 1956)  
Price Rev.

**SECRET**

**SECRET**

(c) Title to the Government-furnished property shall remain in the Government. Title to Government-furnished property shall not be affected by the incorporation or attachment thereof to any property not owned by the Government, nor shall such Government-furnished property, or any part thereof, be or become a fixture or lose its identity as personalty by reason of affixation to any realty. The Contractor shall maintain adequate property control records of Government-furnished property in accordance with the provisions of the "Manual for the Control of Government Property in the Possession of Contractors" (Appendix B, Armed Services Procurement Regulation) as in effect on the date of the contract, which Manual is hereby incorporated by reference and made a part of this contract.

(d) The Government-furnished property shall, unless otherwise provided herein, be used only for the performance of this contract.

(e) The Contractor shall maintain and administer, in accordance with sound industrial practice, a program for the maintenance, repair, protection and preservation of Government-furnished property, until disposed of by the Contractor in accordance with this clause. In the event that any damage occurs to Government-furnished Property the risk of which has been assumed by the Government under this contract, the Government shall replace such items or the Contractor shall make such repair of the property as the Government directs; provided, however, that if the Contractor cannot effect such repair within the time required, the Contractor shall dispose of such property in the manner directed by the Contracting Officer. The contract price includes no compensation to the Contractor for the performance of any repair or replacement for which the Government is responsible, and an equitable adjustment will be made in the contract price for any such repair or replacement of Government-furnished property made at the direction of the Government. Any repair or replacement for which the Contractor is responsible under the provisions of this contract shall be accomplished by the Contractor at its own expense.

(f) (i) Except for loss, destruction or damage resulting from a failure of the Contractor, due to willful misconduct or lack of good faith of any of the Contractor's managerial personnel as defined herein, to maintain and administer the program for the maintenance, repair, protection and preservation of the Government-furnished property as required by paragraph (c) hereof, and except as specifically provided in clause (s).....of this contract or in the clause or clauses of this contract designated in the Schedule, the Contractor shall not be liable for loss or destruction of or damage to the Government-furnished property (A) caused by any peril while the property is in transit off the Contractor's premises, or (B) caused by any of the following perils while the property is on the Contractor's or sub-contractor's premises, or on any other premises where such property may properly be located, or by removal therefrom because of any of the following perils:

~~SECRET~~

(I) Fire, lightning; windstorm, cyclone, tornado, hail; explosion; riot, riot attending a strike, civil commotion; vandalism and malicious mischief; sabotage; aircraft or objects falling therefrom; vehicles running on land or tracks, excluding vehicles owned or operated by the Contractor or any agent or employee of the Contractor; smoke, sprinkler leakage; earthquake, or volcanic eruption; flood, meaning thereby rising of a body of water; hostile or warlike action, including action in hindering, combating, or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto), or by any authority using military, naval, or air forces, or by an agent of any such government, power, authority, or forces; or

(II) Other peril, of a type not listed above, if such other peril is customarily covered by insurance (or by a reserve for self-insurance) in accordance with the normal practice of the Contractor, or the prevailing practice in the industry in which the Contractor is engaged with respect to similar property in the same general locale.

The perils as set forth in (A) and (B) above are hereinafter called "excepted perils."

This clause shall not be construed as relieving a subcontractor from liability for loss or destruction of or damage to the Government-Furnished property while in its possession or control, except to the extent that the subcontract, with the prior approval of the Contracting Officer, may provide for the relief of the subcontractor from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government-Furnished property in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with the provisions of the prime contract.

The term "Contractor's managerial personnel" as used herein means the Contractor's directors, officers and any of its managers, superintendents, or other equivalent representatives who have supervision or direction of (I) all or substantially all of the Contractor's business; (II) all or substantially all of the Contractor's operation at any one plant or separate location at which the contract is being performed; (III) a separate and complete major industrial operation in connection with the performance of this contract.

(ii) The Contractor represents that it is not including in the price hereunder, and agrees that it will not hereafter include in any price to the Government, any charge or reserve for insurance (including self-insurance funds or reserves) covering loss or destruction of or damage to the Government-furnished property caused by any excepted peril.

(iii) Upon the happening of loss or destruction of or damage to any Government-furnished property caused by an excepted peril, the Contractor shall notify the Contracting Officer thereof, and shall

~~SECRET~~



**SECRET**

communicate with the Loss and Salvage Organization, if any, now or hereafter designated by the Contracting Officer, and with the assistance of the Loss and Salvage Organization so designated (unless the Contracting Officer has directed that no such organization be employed), shall take all reasonable steps to protect the Government-furnished property from further damage, separate the damaged and undamaged Government-furnished property, put all the Government-furnished property in the best possible order, and furnish to the Contracting Officer a statement of: (A) the lost, destroyed and damaged Government-furnished property (B) the time and origin of the loss, destruction or damage, (C) all known interests in commingled property of which the Government-furnished property is a part, and (D) the insurance, if any, covering any part of or interest in such commingled property. The Contractor shall be reimbursed for the expenditures made by it in performing its obligations under this subparagraph (iii) (including charges made to the Contractor by the Loss and Salvage Organization, except any of such charges the payment of which the Government has, at its option, assumed directly), to the extent approved by the Contracting Officer and set forth in a Supplemental Agreement.

(iv) With the approval of the Contracting Officer after loss or destruction of or damage to Government-furnished property, and subject to such conditions and limitations as may be imposed by the Contracting Officer, the Contractor may, in order to minimize the loss to the Government or in order to permit resumption of business or the like, sell for the account of the Government any item of Government-furnished property which has been damaged beyond practicable repair, or which is so commingled or combined with property of others, including the Contractor, that separation is impracticable.

(v) Except to the extent of any loss or destruction of or damage to Government-furnished property for which the Contractor is relieved of liability under the foregoing provisions of this clause, and except for reasonable wear and tear or depreciation, or the utilization of the Government-furnished property in accordance with the provisions of this contract, the Government-furnished property (other than property permitted to be sold) shall be returned to the Government in as good condition as when received by the Contractor in connection with this contract, or as repaired under paragraph (e) above.

(vi) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to the Government-furnished property, caused by an excepted peril, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of or damage to the Government-

**SECRET**

CONFIDENTIAL

Furnished property, the Contractor shall enforce the liability of the subcontractor for such loss or destruction of or damage to the Government-Furnished property for the benefit of the Government.

(vii)(Where applicable). In the event any aircraft are to be furnished under this contract, any loss or destruction of, or damage to, such aircraft or other Government-furnished property occurring in connection with operations of said aircraft will be governed by the clause of this contract captioned "Flight Risks", to the extent such clause is, by its terms, applicable.

(g) The Government shall at all reasonable times have access to the premises wherein any Government-furnished property is located.

(h) Upon the completion of this contract, or at such earlier date 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-furnished property not consumed in the performance of this contract (including any resulting scrap), or not theretofore delivered to the Government, and shall deliver or make such other disposal of such Government-furnished property, as may be directed or authorized by the Contracting Officer. Recoverable scrap from Government-furnished property shall be reported in accordance with a procedure and in such form as the Contracting Officer may direct. The net proceeds of any such disposal shall be credited to the contract price or shall be paid in such other manner as the Contracting Officer may direct.

(i) Directions of the Contracting Officer and communications of the Contractor shall be in writing.

### 31. TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interest of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right,

**SECRET**

title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Government shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts; (5) settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title and deliver to the Government, in the manner, at the times, and to the extent, if any, directed by the Contracting Officer, (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of, the work terminated by the Notice of Termination, and (ii) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would have been required to be furnished to the Government, (7) use its best efforts to sell, in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provision (6) of this paragraph, PROVIDED, HOWEVER, that the Contractor (i) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer; and PROVIDED further that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this Contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which the Government has or may acquire an interest. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept title to such items and remove them or enter into a storage agreement covering the same, PROVIDED that the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) After receipt of a Notice of Termination, the Contractor shall submit to the Contracting Officer its termination claim, in the form and

FP (Oct. 8, 1956)

Price Rev.

**SECRET**

**SECRET**

with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly but in no event later than two years from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer, upon request of the Contractor made in writing within such two-year period or authorized extension thereof. However, if the Contracting Officer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such two-year period or any extension thereof. Upon failure of the Contractor to submit its termination claim within the time allowed, the Contracting Officer may determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall thereupon pay to the Contractor the amount so determined.

(d) Subject to the provisions of paragraph (c), the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of work pursuant to this clause, which amount or amounts may include a reasonable allowance for profit on work done. The contract shall be amended accordingly, and the Contractor shall be paid the agreed amount. Nothing in paragraph (c) of this clause, prescribing the amount to be paid to the Contractor in the event of failure of the Contractor and the Contracting Officer to agree upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, shall be deemed to limit, restrict, or otherwise determine or affect the amount or amounts which may be agreed upon to be paid to the Contractor pursuant to this paragraph (d).

(e) In the event of the failure of the Contractor and the Contracting Officer to agree as provided in paragraph (d) upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, the Contracting Officer shall determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amounts determined as follows:

(1) For completed supplies accepted by the Government (or sold or acquired as provided in paragraph (b)(7) above) and not theretofore paid for, a sum equivalent to the aggregate price for such supplies computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges;

(2) The total of --

(i) The costs incurred in the performance of the work terminated, including initial costs and preparatory expense allocable thereto, but exclusive of any costs attributable to supplies paid or to be paid for under paragraph (e)(1) hereof;

FP (Oct. 8, 1956)  
Price Rev.

**SECRET**

**SECRET**

(ii) The cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph (b)(5) above, which are properly chargeable to the terminated portion of the contract (exclusive of amounts paid or payable on account of supplies or materials delivered or services furnished by subcontractors or vendors prior to the effective date of the Notice of Termination, which amounts shall be included in the costs payable under (i) above).

(iii) An allowance for profit in keeping with the provisions of the clause, "Price Redetermination," of the Schedule hereto.

(3) The reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to this contract.

The total sum to be paid to the Contractor under (1) and (2) of this paragraph (e) shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage, and except to the extent that the Government shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to the Contractor as provided in paragraph (e)(1) and paragraph (e)(2)(i), the fair value, as determined by the Contracting Officer, of property which is destroyed, lost, stolen, or damaged so as to become undeliverable to the Government, or to a buyer pursuant to paragraph (b)(7).

(f) Any determination of costs under paragraph (c) or (e) hereof shall be governed by the Statement of Principles for Consideration of Costs set forth in Part 4 of Section VIII of the Armed Services Procurement Regulation, as in effect on the date of this contract.

(g) The Contractor shall have the right of appeal, under the clause of this contract entitled "Disputes," from any determination made by the Contracting Officer under paragraphs (c) or (e) above, except that if the Contractor has failed to submit its claim within the time provided in paragraph (c) above and has failed to request extension of such time, he shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraph (c) or (e) above, the Government shall pay to the Contractor the following: (i) if there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or (ii) if an appeal has been taken, the amount finally determined on such appeal.

FP (Oct. 8, 1956)

Price Rev.

- 30 -

**SECRET**

(h) In arriving at the amount due the Contractor under this clause there shall be deducted (1) all unliquidated advance or other unliquidated payments on account theretofore made to the Contractor, (2) any claim which the Government may have against the Contractor in connection with this contract, and (3) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things acquired by the Contractor or sold, pursuant to the provisions of this clause, and not otherwise recovered by or credited to the Government.

(i) If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the Contractor may file with the Contracting Officer a request in writing for an equitable adjustment of the price or prices specified in the contract relating to the continued portion of the contract (the portion not terminated by the Notice of Termination), and such equitable adjustment as may be agreed upon shall be made in such price or prices.

(j) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of this contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed or determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6% per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government; provided, however, that no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until ten days after the date of such retention or disposition.

(k) Unless otherwise provided for in this contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of six years after final settlement under this contract, shall preserve and make available to the Government at all reasonable times at the office of the Contractor but without direct charge to the Government, all its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this contract and relating to the work terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, micro-photographs, or other authentic reproductions thereof.

~~32 PAYMENTS~~

~~The Contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for supplies delivered and accepted or services rendered and accepted, less deductions,~~

FP (Oct. 8, 1956)  
Price Rev.

**SECRET**

**SECRET**

~~if any, as herein provided. Unless otherwise specified, payment will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or, when requested by the Contractor, payment for accepted partial deliveries shall be made whenever such payment would equal or exceed either \$1,000 or 50% of the total amount of this contract.~~

---

33. DEFAULT

(a) The Government may, subject to the provisions of paragraph (b) below, by written Notice of Default to the Contractor, terminate the whole or any part of this contract in any one of the following circumstances:

(i) If the Contractor fails to make delivery of the supplies or to perform the services within the time specified herein or any extension thereof; or

(ii) If the Contractor fails to perform any of the other provisions of this contract, or so fails to make progress as to endanger performance of this contract in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of 10 days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure.

(b) The Contractor shall not be liable for any excess costs, if any failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes include, but are not restricted to, acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather, and defaults of subcontractors due to any of such causes unless the Contracting Officer shall determine that the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule

(c) In the event the Government terminates this contract in whole or in part as provided in paragraph (a) of this clause, the Government may procure, upon such terms and in such manner as the Contracting Officer may deem appropriate, supplies or services similar to those so terminated, and the Contractor shall be liable to the Government for any excess costs for such similar supplies or services, PROVIDED that the Contractor shall continue the performance of this contract to the extent not terminated under the provisions of this clause.

(d) If this contract is terminated as provided in paragraph (a) of this clause, the Government, in addition to any other rights provided in this clause, may require the Contractor to transfer title

**SECRET**

**SECRET**

and deliver to the Government, in the manner and to the extent directed by the Contracting Officer, (i) any completed supplies, and (ii) such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights (hereinafter called "manufacturing materials") as the Contractor has specifically produced or specifically acquired for the performance of such part of this contract as has been terminated; and the Contractor shall, upon direction of the Contracting Officer, protect and preserve property in possession of the Contractor in which the Government has an interest. The Government shall pay to the Contractor the contract price for completed supplies delivered to and accepted by the Government, and the amount agreed upon by the Contractor and the Contracting Officer for manufacturing materials delivered to and accepted by the Government and for the protection and preservation of property. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes."

(e) If, after notice of termination of this contract under the provisions of paragraph (a) of this clause, it is determined that the failure to perform this contract is due to causes beyond the control and without the fault or negligence of the Contractor pursuant to the provisions of paragraph (b) of this clause, such Notice of Default shall be deemed to have been issued pursuant to the clause of this contract entitled "Termination for Convenience of the Government" and the rights and obligations of the parties hereto shall in such event be governed by such clause. Except as otherwise provided in this contract, this paragraph (e) applies only if this contract is with a military department.

(f) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

#### 34. SUBCONTRACTS FOR WORK OR SERVICES

(a) No contract shall be made by the Contractor with any other party for furnishing any of the completed or substantially completed articles, spare parts or work, herein contracted for, without the written approval of the Contracting Officer as to sources.

(b) The Contractor shall give specific advance notification to the Contracting Officer of any proposed subcontract hereunder which (i) is on a cost or cost-plus-a-fixed-fee basis, or (ii) is on a fixed-price basis exceeding in dollar amount either \$25,000 or five percent (5%) of the total amount of this contract.

FP (Oct. 8, 1956)  
Price Rev.

**SECRET**



**SECRET**

(c) The Contractor shall not, without the prior written consent of the Contracting Officer, place any subcontract which (i) is on a cost or cost-plus-a-fixed-fee basis, or (ii) is on a fixed price basis exceeding in dollar amount either \$25,000 or five percent (5%) of the total amount of this contract, or (iii) provides for the fabrication, purchase, rental, installation or other acquisition, of any item of industrial facilities, or of special tooling having a value in excess of \$1,000, or (iv) is on a time-and-material or labor-hour basis. The Contracting Officer may, in his discretion, ratify in writing any such subcontract; such action shall constitute the consent of the Contracting Officer as required by this paragraph (c).

(d) The Contractor agrees that no subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(e) The Contracting Officer may, in his discretion, specifically approve in writing any of the provisions of a subcontract. However, such approval or the consent of the Contracting Officer obtained as required by this clause shall not be construed to constitute a determination of the acceptability of the subcontract price, unless such approval specifically provides that it constitutes a determination of the acceptability of the subcontract price.

(f) The Contracting Officer may approve all or any part of the Contractor's purchasing system and from time to time rescind or reinstate such approval. Such approval shall be deemed to fulfill the requirements of paragraphs a, b, and c of this Article 34. The Contracting Officer has approved the Contractor's purchasing system, and such approval shall remain in effect unless rescinded by the Contracting Officer in writing.

### 35. ALTERATIONS IN CONTRACT

The following alterations were made in this contract prior to signature thereof by the parties to this contract:

(a) The following articles were added:

### 36. INSPECTION AND AUDIT

(a) The Contractor agrees that its books and records and its plants, or such part thereof as may be engaged in the performance of this contract, shall at all reasonable times be subject to inspection and audit by and authorized representative of the Contracting Officer.

(b) The Contractor shall cause a like provision to be included in all subcontracts hereunder.

### 37. SUPERSEDING SPECIFICATIONS

All references in any Government specification incorporated herein to other Government specifications shall be deemed to include all specifications supplementary to or superseding the specifications so referred to, to the extent that such supplementary or superseding specifications are in effect at the date of Contractor's latest quotation, if the Contractor was furnished or otherwise notified of the existence of such supplementary or superseding specification at the time of said quotation.

### 38. DELAY IN DELIVERY DATA

(a) It is understood that the efficient use by the Government of the supplies called for hereunder requires that the data called for hereunder be delivered not later than the time or respective times herein specified. If such data is not delivered at said time or times, the Government may at its election, so long as such data remains undelivered, unless the delay in delivery thereof arises out of causes beyond the control and without the fault or negligence of the Contractor within the meaning of the clause hereof entitled "Default," withhold payment to the Contractor for any of the amounts then due, refuse approval of the Contractor's vouchers and refuse to accept further deliveries hereunder from the Contractor or take any other action authorized by law or regulation now or hereafter in effect including termination of the

**SECRET**

contract for default to the extent and in the manner authorized by said clause, and may take any or all of the foregoing actions separately or in combination.

(b) The provisions of this clause shall only be applicable to technical data, such as handbooks, service manuals, or other information necessary for the proper maintenance or servicing of the end items called for herein.

#### 39. QUALITY CONTROL SPECIFICATION

Except as otherwise provided in this contract, the Contractor's system of quality control during the performance of this contract shall be in accordance with the provisions of Military Specification MIL-Q-5923, as in effect on the date of this contract, incorporated herein by reference, unless this contract is one of the types specified in paragraph 1.2 of said specification.

#### 40. ADDITIONAL TAX PROVISION

The term "contract date" under the clause hereof entitled "Federal, State and Local Taxes" shall also be deemed to refer to the date of approval of the respective Exhibits or Spare Parts Change Requests submitted pursuant to this contract.

#### 41. SHIPMENTS

(a) Unless otherwise provided in this contract or unless the Contracting Officer acting under the "Changes" clause hereof directs in writing otherwise, all supplies to be furnished under this contract shall be delivered f.o.b. carrier's equipment at the plant or plants at which such supplies are to be finally inspected and accepted, or if the facilities for shipment by carrier's equipment are not available at the Contractor's plant, f.o.b. the point or points nearest thereto that carrier service is available. When the carrier's equipment is rail, any shipment occupying sufficient space in a railroad car to constitute a carload shipment subject to carload freight rates shall be properly and adequately loaded in freight cars by the Contractor, and any shipment subject to less-than-carload freight rates shall be delivered by the Contractor into the carrier's possession at the Contractor's plant, or at the point or points nearest thereto at which delivery can be effected.

(b) Whenever it is provided in this contract that supplies shall be delivered f.o.b. specified destinations, such supplies shall be shipped direct by the Contractor to the specified destinations on commercial bills of lading, at the expense of the contractor. Provided, however, that nothing contained herein shall preclude reimbursement of the Contractor by the Government of any such transportation expenses if this is a cost-reimbursement type contract.

(c) Notwithstanding other provisions of this contract, shipments made under cost reimbursement contracts which do not exceed (i) 1000 pounds if shipped by rail, truck, or freight forwarded, or (ii) 100 pounds if shipped by railway express, or (iii) 50 pounds if shipped by commercial air, shall be made by commercial bills of lading, charges to destination(s) paid by the Contractor.

(d) Consignment Instructions. Consignment instructions shall be made by the authorized Representative on the respective Projecting Lists.

FP (Oct. 8, 1956)  
Price Rev.

- 35 -

**SECRET**

**SECRET**

(e) Shipping Instructions. If not otherwise provided herein, names of consignees of all supplies to be delivered by the Contractor hereunder will be furnished in writing by the Contracting Officer at a later date. Request therefor shall be made to such address as the Contracting Officer may direct, not later than thirty (30) days prior to the date on which any of the articles are ready for shipment.

(f) Routing Instructions. If not otherwise provided herein and deliveries are other than f.o.b. specified destinations, Government routing instructions will be furnished to the Contractor in writing by the Contracting Officer at a later date. If the Government routing instructions have not been received by the Contractor thirty (30) days prior to date on which any of the articles are anticipated to be ready for shipment, request therefor shall immediately be made to the Contracting Officer.

(g) Notice of Shipments. At the time of delivery of any shipment of supplies to a carrier for transportation, the Contractor shall give prepaid notice of shipment to the consignee establishment, and to such other persons or installations designated by the Contracting Officer, in accordance with instructions of the Contracting Officer. If such instructions have not been received by the Contractor at least 24 hours prior to such delivery to a carrier, the Contractor shall request instructions from the Contracting Officer concerning the notice of shipment to be given.

(h) Computation of Delivery Time. For the purpose of determining the fulfillment of this contract so far as delivery dates are concerned, in the event the delivery point or points are not the same as the point or points of destination, the time of delivery of the supplies shall be the date of delivery to the carrier ready for shipment to destination.

(i) Shipments by the Government. Unless this is a cost-reimbursement type contract, any articles, supplies or other items to be delivered by the Government to the Contractor shall, unless otherwise provided herein, be delivered to the Contractor f.o.b. carrier's equipment at the plant or plants of the Contractor designated, or if facilities for shipment by carrier's equipment are not available at the Contractor's plant or plants, f.o.b. the point or points nearest thereto that carrier's equipment is available.

(j) Where the contract provides that inspection and acceptance shall be accomplished at a subcontractor's plant (whether in whole or in part) the foregoing provisions, except paragraphs (e) and (f), shall be equally applicable to such subcontractors as provided in said subcontract. Subcontractors' shipping instructions and routing instructions, if not previously furnished, shall be requested from the Prime Contractor.

#### 42. TIME FOR ISSUANCE OF PRODUCTION LISTS

No new Production List shall be issued under this contract after the date set forth in the Schedule unless such time is extended by written agreement of the parties hereto.

#### 43. FORMS

Attached hereto are samples of the format for Production Lists and Exhibits to which the parties hereto shall conform in the preparation of such instruments.

**SECRET**

**SECRET**

44. RIGHTS IN DATA - UNLIMITED

(a) The term "Subject Data" as used herein includes writings, sound recordings, pictorial reproductions, drawings or other graphical representations, and works of any similar nature (whether or not copyrighted) which are specified to be delivered under this contract. The term does not include financial reports, cost analyses and other information incidental to contract administration.

(b) Subject to the proviso of (c) below, the Government may duplicate, use, and disclose in any manner and for any purpose whatsoever, and have others so do, all Subject Data delivered under this contract.

(c) The Contractor agrees to and does hereby grant to the Government, and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, non-exclusive and irrevocable license throughout the world, to publish, translate, reproduce, deliver, perform, dispose of and to authorize others so to do, all Subject Data now or hereafter covered by copyright; provided, that with respect to such Subject Data not originated in the performance of this contract but which is incorporated in the work furnished under this contract such license shall be only to the extent that the Contractor, its employees, or any individual or concern specifically employed or assigned by the Contractor to originate and prepare such Data under this contract, now has, or prior to completion or final settlement of this contract may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.

(d) The Contractor shall exert all reasonable effort to advise the Contracting Officer, at the time of delivery of the Subject Data furnished under this contract, of all invasions of the right of privacy contained therein and of all portions of such Data copied from work not composed or produced in the performance of this contract and not licensed under this clause.

(e) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of copyright infringement received by the Contractor with respect to all Subject Data delivered under this contract.

(f) Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

(g) The Contractor shall not affix any restrictive markings upon any Subject Data, and if such markings are affixed, the Government shall have the right at any time to modify, remove, obliterate or ignore any such marking."

(b) The following articles were deleted:

3	EXTRAS
17	AIRCRAFT IN THE OPEN
29	REPRODUCTION & USE OF TECHNICAL DATA
32	PAYMENTS

**SECRET**

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

25X1A

SEC. CL.		ORIGIN		CONTROL NO.	
S		CMD/OSA		OSA-2219-70	
DATE OF DOC	DATE REC'D	DATE OUT	SUSPENSE DATE	CROSS REFERENCE-OR POINT OF FILING	
9-4-70					
MEMO FOR THE RECORD (2167)				ROUTING	
TO Contracting Officer				DATE SENT	
FROM Adt. # 46 to WF-CT-695/FIN					
SUBJ.					
DISTR: 1 - CMD/OSA					
2 - BFD/OSA					
3 - RB/OSA					
COURIER NO.		ANSWERED		NO REPLY	
				5	

SECRET

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

PRECONTRACT APPROVAL RECORD

(PART TWO)

PERKIN-ELMER CORP

The services and equipment being procured by this Contract No HF-CT-695 Adt. # 46/FINAL are in furtherance of the \_\_\_\_\_ Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

- SUBJ: A. Contract O-CT-551
- B. Contract HF-CT-695  
Perkin-Elmer Contracts

1. Final amendments were mailed to the Contractor. A above was dated 15 Dec 1969 and B was dated 30 Dec 1969. These amendments were returned unsigned by the Contractor on March 12, 1970. The Contractor contending the Amendments as written did not reflect the agreement reached on March 8, 1968 for FY-67.

2. The Negotiator wrote the amendments based on the existing correspondence in the file without benefit of oral inputs from the Negotiator or Auditor responsible for these contracts in March 1968.

3. The various pertinent correspondence is attached in the indexed summary. The ensuing paragraphs paraphrase and reflect contention of each party to the March 68 meeting and the basis for the rewritten contract amendments.

4. The Contractor contends that the \$90,000 refund made as a result of the March 8, 1968 settlement meeting reflected a refund of what the Government considered excess profit for spares delivered and billed as of 31 July 1967. Included in the base for arriving at the settlement was the following FY-67 sell price figures (Billings for FY-67 thru 31 July 1967).

O-CT-551 \$71,000

HF-CT-695 \$48,000

The total of spares ordered for FY-67 had not been priced as the parties had not agreed upon a pricing formula. FY-67 spares delivered and billed as of 31 July 1967 were priced using the FY-66 formula on a provisional basis. Part of the settlement agreement per the Contractor's understanding was that the FY-66

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 2 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4



1. Contract HF-CT-695 - IDEALIST  
Effective 1 March 1958 - 30 June 1968
2. Contract O-CT-551 - OXCART  
Effective 11 June 1963 - 30 June 1968
3. Type -
  - a. Fixed Price Call Type for Spares
  - b. Depot issues Purchase Requests
  - c. Contractor prices within 60 days
  - d. Priced by using a negotiated pricing formula.
4. Audit Rights -
  - a. For Contract O-CT-551  
See Att. I
  - b. For Contract HF-CT-695  
See Att. II
5. Profit - Special Report on Profits Realized for FY-63 thru 66  
on FP Call Contracts O-CT-551 and HF-CT-695  
See Att. III - Audit Report C3-67-5-97 dated 21 Feb. 1968.
6. \$90,000 Refund -
  - a. Results of Negotiation  
Profit realized for FY-63 thru 67.  
See Att. IV - Audit Report A-68-27-175 dated 25 Mar. 1968.
  - b. Contractor's letter March 8, 1968 confirming negotiation  
meeting -  
See Att. V.
  - c. Contract Officer letter of 12 Mar. 1968 re (b) above.  
See Att. VI.
  - d. Contractor transmittal of CHECK letter dated 27 Mar. 1968.  
See Att. VII.
  - e. Transmittal of \$90,000 check to CMD & BFD. See Att. VIII.
7. Final Amendment -
  - a. Att. IX - Copy of Amendment No. 46 to HF-CT-695  
dated 30 Dec. 1969.
  - b. Att. X - Copy of Amendment No. 19 to D-CT-551  
dated 15 Dec. 1969.
8. Unsigned Amendment -
  - a. Att. XI - Contractor returned Amendments unsigned per  
letter dated Mar. 12, 1970, PAR-M-1958.

9. Audit Evaluation of FY-67 PR's -

Att. XII - Audit review dated April 30, 1970 of Att. XI and revised figures for O-CT-551, FY-67.

10. Government reply to Contractor -

25X1A

Att. XIII - [REDACTED] dated 16 May 1970 in reply to Contractor's letter in Att. XI.

11. Contractor's reply -

Att. XIV - Contractor's letter, PAR-P-798, dated May 21, 1970 setting forth reasons why all costs were not included in March 8, 1968 settlement.

12. Government reply -

25X1A

Att. XV - [REDACTED] dated 8 June 1970 reiterating Government feels proposed amendments represent settlement agreement.

13. Att. XVI - Audit Review dtd 6-29-70 of FY-67 costs.

25X1A

14. Att. XVII - [REDACTED] memo of 8 July 1970.

25X1A

15. Att. XVIII [REDACTED] ltr. of Aug 20, 1970

including Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4  
practicable. (5) Except to the extent of any loss or destruction of or damage to Government-furnished property for which the Contractor is relieved of liability under the foregoing provisions of this clause, and except for reasonable wear and tear or depreciation, or the utilization of the Government-furnished property in accordance with the provisions of this contract, the Government-furnished property (other than property permitted to be sold) shall be returned to the Government in as good condition as when received by the Contractor in connection with this contract, or as repaired under paragraph (e) above.

(6) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to the Government-furnished property, caused by an excepted peril, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of or damage to the Government-furnished property, the Contractor shall enforce the liability of the subcontractor for such loss or destruction of or damage to the Government-furnished property for the benefit of the Government.

(7) If this contract is for the development, production, modification, maintenance or overhaul of aircraft, or otherwise involves the furnishing of aircraft by the Government, the "Ground and Flight Risk" clause of this contract shall control, to the extent it is applicable, in the case of loss or destruction of, or damage to, aircraft. [Rev. No. 6, 11/5/61.]

(g) The Government shall at all reasonable times have access to the premises wherein any Government-furnished property is located.

(h) Upon the completion of this contract, or at such earlier date 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-furnished property not consumed in the performance of this contract (including any resulting scrap), or not theretofore delivered to the Government, and shall deliver or make such other disposal of such Government-furnished 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 in such other manner as the Contracting Officer may direct.

(8) Discussions of the Contractor and communications of the Contractor issued pursuant to this clause shall be in writing.

#### 42. INTEREST (ASPR 7-303.26) (Feb. 1962)

Notwithstanding any other provision of this contract, unless paid within 30 days all amounts that become payable by the contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code) shall bear interest at the rate of six percent per annum from the date due until paid, and shall be subject to the adjustments as provided by Part 6 of Appendix E of the Armed Services Procurement Regulation, as in effect on the date of this contract. Amounts shall be due upon the earliest one of (i) the date fixed pursuant to this contract, (ii) the date of the first demand for payment, (iii) the date of a supplemental agreement fixing the amount, or (iv) if this contract provides for revision of prices, the date of written notice to the contractor stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by contract supplement.

#### 43. AUDIT AND RECORDS (ASPR 7-104.41) (Nov. 1962)

I. The following clause shall apply to all contracts, changes, or modifications where the contractor has furnished a Certificate of Current Cost or Pricing Data.

(a) For purposes of verifying that cost or pricing data submitted, in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000 are accurate, complete, and current, the Contracting Officer, or his authorized representatives shall—until the expiration of three years from the date of final payment under this contract—have the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(b) The Contractor agrees to insert the substance of this clause including this paragraph (b) in all subcontracts hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

II. In the event this contract provides for incentive or price redetermination, the following alternate AUDIT AND RECORDS clause shall apply.

(a) The Contractor shall maintain books, records, documents, and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this contract. The foregoing constitute "records" for the purposes of this clause.

(b) The Contractor's plants, or such part thereof as may be engaged in the performance of this contract, and his records shall be subject at all reasonable times to inspection and audit by the Contracting Officer or his authorized representative.

(c) The Contractor shall preserve and make available his records (i) until the expiration of three years from the date of final payment under this contract, and (ii) for such longer period, if any, as is required by applicable statute, or by other clauses of this contract, or by (A) or (B) below.

(A) If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.

(B) Records which relate to (i) appeals under the "Disputes" clause of this contract or (ii) litigation or the settlement of claims arising out of the performance of this contract, shall be retained until such appeals, litigation, or claims have been disposed of.

(d) (1) The Contractor shall insert the substance of this clause, including the whole of this paragraph (d), in each subcontract hereunder that is not on a firm fixed-price basis.

(2) The Contractor shall insert the substance of the following clause in each firm fixed-price subcontract hereunder in excess of \$100,000, except those subcontracts covered by subparagraph (3) below.

#### Audit

(a) For purposes of verifying that cost or pricing data submitted in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000 are accurate, complete, and current, the Contracting Officer, or his authorized representatives, shall—until the expiration of three years from the date of final payment under this contract—have the right to examine those books, records, documents, and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(b) The Contractor agrees to insert the substance of this clause including this paragraph (b) in all

subcontracts hereunder in excess of \$100,000, unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(3) The Contractor shall insert the substance of the following clause in each firm fixed-price subcontract hereunder in excess of \$100,000 where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

#### Audit—Price Adjustments

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000, unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) For purposes of verifying that any cost or pricing data submitted in conjunction with a contract change or other modification involving an amount in excess of \$100,000 are adequate, complete, and current, the Contracting Officer, or his authorized representatives, shall—until the expiration of three years from the date of final payment under this contract—have the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(c) The Contractor agrees to insert the substance of this clause including this paragraph (c) in all subcontracts hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

#### 44. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (ASPR 7-104.29) (Nov. 1962)

The following clause shall apply to all contracts where the contractor has furnished a Certificate of Current Cost or Pricing Data.

(a) If the Contracting Officer determines that any price, including profit or fee, negotiated in connection with this contract was increased by any significant sums because the Contractor, or any subcontractor in connection with a subcontract covered by (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as certified in the Contractor's Certificate of Cur-

rent Cost or Pricing Data, then such price shall be reduced accordingly and the contract shall be modified in writing to reflect such adjustment.

(b) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(c) The Contractor agrees to insert the substance of paragraphs (a) and (c) of this clause in each of his cost-reimbursement type, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder which exceeds \$100,000, the Contractor shall insert the substance of the following clause.

**Price Reduction for Defective Cost or Pricing Data—Price Adjustments**

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The right to price reduction under this clause shall be limited to such price adjustments.

(b) If the Contractor determines that any price, including profit or fee, negotiated in connection with any price adjustment under this contract was increased by any significant sums because the subcontractor or any of his subcontractors in connection with a subcontract covered by paragraph (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as of the date of execution of the subcontractor's certificate of current cost or pricing data, then such price shall be reduced accordingly and the subcontract shall be modified in writing to reflect such adjustment.

(c) The subcontractor agrees to insert the substance of this clause in each subcontract hereunder which exceeds \$100,000.

**45. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA—PRICE ADJUSTMENTS (ASPR 7-104.29) (Nov. 1962)**

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The right to price reduction under this clause shall be limited to such price adjustments.

(b) If the Contracting Officer determines that any price, including profit, or fee, negotiated in connection with any price adjustment under this contract was increased by any significant sums because the Contractor or any subcontractor in connection with a subcontract covered by paragraph (d) below, furnished incomplete or inaccurate cost or pricing data or data not current as of the date

of execution of the Contractor's Certificate of Current Cost or Pricing Data, then such price shall be reduced accordingly and the contract shall be modified in writing to reflect such adjustment.

(c) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(d) The Contractor agrees to insert the substance of paragraphs (a), (b), and (d) of this clause in each subcontract hereunder that exceeds \$100,000. [Rev. No. 3, 1/31/61; Rev. No. 12, 11/26/62.]

**46. AUDIT — PRICE ADJUSTMENTS (ASPR 7-104.41) (Nov. 1962)**

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000, unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) For purposes of verifying that cost or pricing data submitted in conjunction with a contract change or other modification involving an amount in excess of \$100,000 are accurate, complete, and current, the Contracting Officer, the Comptroller General of the United States, or any authorized representatives, shall—until the expiration of three years from the date of final payment under this contract—have the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(c) The Contractor agrees to insert the substance of this clause including this paragraph (c) in all subcontracts hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

**47. INSPECTION AND AUDIT (AFPI 7-4023) (July 1948)**

(a) The Contractor agrees that its books and records and its plants, or such part thereof as may be engaged in the performance of this contract, shall at all reasonable times be subject to inspection and audit by any authorized representative of the Contracting Officer.

(b) The Contractor shall cause a like provision to be included in all subcontracts hereunder.

**48. ALTERATIONS IN CONTRACT (ASPR 7-105.1)**

The following alterations have been made in the provisions of this contract:

20. EXAMINATION OF RECORDS

The following clause will be applicable in all negotiated fixed-price supply contracts and purchase orders in excess of \$1,000.

EXAMINATION OF RECORDS

(a) The Contractor agrees that the Contracting Officer or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Contractor involving transactions related to this contract.

(b) The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Contracting Officer or any of his duly authorized representatives shall, until the expiration of three years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding \$1,000 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

*file CT-695*

OSA-0644-68  
C3-67-5-97

25X1A

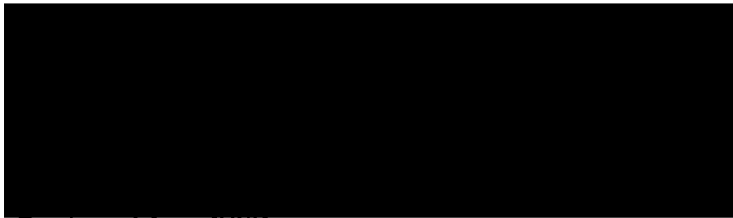


Rosslyn Station  
Arlington, Virginia 22209

February 21, 1968

25X1A

**SUBJECT:**



*What of 58-62?  
O-CT-551 contract  
started w/ 77-63*

**TO :** Contracting Officer

1. Purpose of Audit. Per our previous discussions, we have performed a complete analysis on fixed-price spare call contract Nos. O-CT-551 and HF-CT-695 for fiscal years 1963 thru 1966 to determine the reasonableness of the priced spare parts lists.

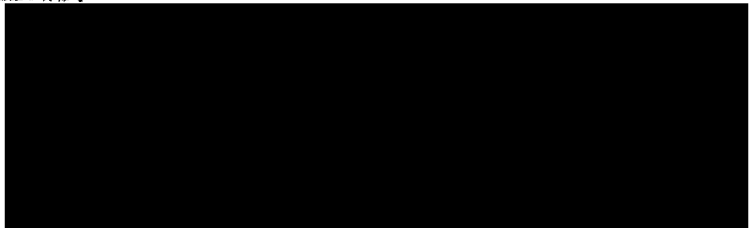
2. Scope of Audit. The audit was performed in accordance with generally accepted auditing standards, and accordingly included such tests and procedures as were considered necessary in the circumstances. Our analysis included the following:

a. A verification that the final negotiated pricing formulas were used in pricing the spares;

b. A calculation of the resulting profit earned, and an investigation of the causes for any unreasonably high profit.

3. Results of Audit. As detailed in Exhibit A, the audit review disclosed a high profit which was due mainly to the inclusion of a non-existent 8% packing factor and to errors in costing and pricing. A summary of the results of audit are as follows:

Sell Price  
Incurred Cost  
Booked Profit  
Less: adjustments  
Adjusted Profit



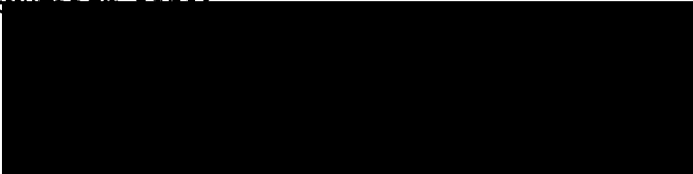
25X1A

*Handwritten notes at bottom right*

25X1A

Percentage of Profit to Incurred Cost:

Booked  
Less: adjustments  
Adjusted Profit



4. The results of review were discussed with the contractor's representatives. The contractor has indicated a general willingness to accept the adjustments mentioned under reference notes a thru d of Exhibit A. This would amount to \$52,272. At the present time they are refusing to refund any of the amount recovered by use of the [redacted]. We consider a minimum refund to be in the area of \$100,000 which would reduce the overall realized profit to [redacted]. Any settlement between \$100,000 and \$164,000 would be considered reasonable by this office.

5. Special Comment. It is strongly recommended that all contract negotiator's be alerted to the dangers of negotiating factors which in reality do not exist in the contractor's accounting system. Such procedures are subject to outside criticism and should be avoided in the future.

25X1A

[redacted]  
DCAA Representative - APL

*When was the Audit Staff when these costs were proposed. also verify at this late date is the issue raised. This should have been surfaced a long time ago.*

25X1A



*2/21/69  
The packing charge was originally proposed in 1957 and has been in our contracts since, there having been no basis for questioning the charges as non-existent. The packing charge has always been represented as an item of cost. according to an audit report it represented costs of a separate packing operation necessitated for security reasons.*



25X1A



25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4



DEFENSE CONTRACT AUDIT AGENCY  
CAMERON STATION  
ALEXANDRIA, VIRGINIA 22314

706 09-695

OSA-1067-68  
A-68-27-175

25X1A

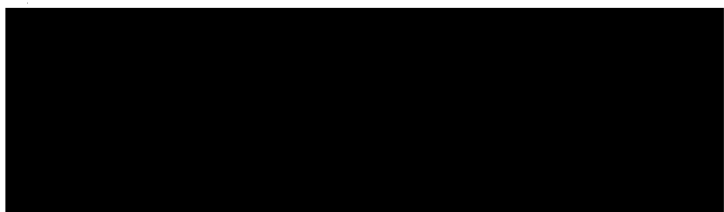


Rosslyn Station  
Arlington, Virginia 22209

March 25, 1968

25X1A

SUBJECT:



TO : Contracting Officer

REF : Audit Report C3-67-5-97 dated February 21, 1968

1. Based on the mutually acceptable ground-rules discussed in advance with the Contracting Officer, this office concluded negotiations with the subject corporation on March 8, 1968.

2. As a result of our discussions, the contractor has agreed to refund \$90,000 of what we consider to be excess profits on the Call Contracts mentioned above.

3. You will note that we have accepted \$10,000 less than our minimum refund recommended in the referenced audit report. This action was taken since:

a. The contractor proved extremely reluctant to refund any amount that had already been reported as profits and was based on a fixed billing formula established in the contract.

25X1A

b. An analysis of all agency contracts prepared by the contractor indicated that they have realized an overall pre tax profit of


25X1A

On the initial CPFF development contract the pre tax profit was of total cost.


25X1A

c. The resulting adjusted profit of on the two contracts in question is in line with the recommended in our initial audit report. (See calculation attached to this memorandum.)

25X1A

25X1A 4. Based on our audit review we recommend that the two contracts  
referenced above be closed for fiscal years 1963 thru 1967 for a total amount  
of 

25X1A

  
DCAA Representative / APL

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

March 8, 1968  
VSH-M-1829

Dear Dave:

Subject: Spares Proposal - Fiscal Years  
1963 through 1968  
Contracts O-CT-551 and HF-CT-695

After careful consideration of Auditor's Report and our own evaluation of our costing and pricing of spares provided during the fiscal years ended 1963 through 1967, and to be provided during fiscal 1968 and subsequent years under the subject contracts, we propose the following:

1. A voluntary refund of \$90,000 provided that the fiscal years ended 1963 through 1967 under the subject contracts will be closed without further claim by either party. OK
2. The issuance of amendments to Contracts 551 and 695:
  - a. Which will definitize that the spares pricing for the fiscal year ended June 30, 1967 will be based on the same formula and at the same rates as for fiscal year ended June 30, 1966. In consideration for voluntary refund there will be no adjustment in production request prices previously approved by Contracting Officer. OK if CG rate
  - b. Which will definitize the pricing formula for fiscal year ending June 30, 1968 and for subsequent years as follows:
    - (1) Extend estimated labor hours at current <sup>OK</sup> labor and overhead quoting rates *as per contract*
    - (2) Estimated material and other non-labor. OK

*actual cost*

*Labor - 11%  
Mat - 7%*

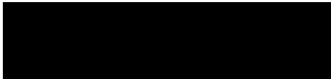
Dave

-2-

March 8, 1968

- (same comment) 08
- (3) Apply current G & A quoting rate<sup>↑</sup> to the total of (1) and (2).
- (4) Apply ~~15%~~ of total cost of (1), (2), and (3) as profit factor.

Please promptly consider the above proposal and provide us with your written acknowledgment and/or comments at your earliest convenience. Upon receipt of your written acceptance of (1) and (2) above, we will submit a credit memo, or a check for \$90,000.

If you have any questions, please call me 

25X1A

Regards,

Gus

vsh

OSA-0931-68

12 March 1968

Dear Gus:

Subject: Your Ltr. VSH-M-1829 dated 3/8/68  
Contracts O-CT-551 and HF-CT-695

1. Negotiations between your Company and the Government, concluded on 8 March 1968, resulted in a mutual agreement whereby you agreed to refund and the Government agreed to accept a voluntary refund of \$90,000 to provide for the closing of fiscal years 1963 through 1967 under subject contracts.

2. That agreement is hereby ratified. Said fiscal years will be closed out without further claim for those years. We agree that the spares pricing for the fiscal year ended June 30, 1967 will be based on the same formula and at the same rates as for the fiscal year ended June 30, 1966, without adjustment.

3. I prefer to keep the profit factor a negotiated one and, as I remarked during our recent telephonic communication, I consider the proposed factor of [redacted] excessive. Aside from this, I do agree to a pricing formula substantially as proposed in referent letter, with the modifications shown below:

a. "Rates" shall be subject to audit recommendations and possible negotiations thereof.

b. Profit factor is to be negotiated.

4. If you are in agreement, please submit your check for \$90,000, payable to the U.S. Government. Upon receipt of same, negotiations will be arranged promptly to definitize the fiscal year rate structures for 1967 and 1968.

Regards,

*Dave*  
Dave

25X1A

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4



OXC-0842-69  
Copy 1 of 5

Contract No. O-CT-551  
Amendment No. 19

15 DEC 1969

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. Reference is made to Contract No. O-CT-551 effective for the period 11 June 1963 through 30 June 1968.

25X1A

2. Pursuant to mutual agreement between the parties hereto, a final consideration of [REDACTED] for performance of this contract has been agreed upon.

25X1A

3. The above results in a net decrease of [REDACTED] or a net funded final consideration of [REDACTED] All other terms and conditions of Contract No. O-CT-551, as amended, remain unchanged.

25X1A

4. Please indicate your receipt of this Amendment No. 19 to Contract O-CT-551, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

25X1A

Very truly yours,

25X1A

THE UNITED STATES OF AMERICA

[REDACTED]

[REDACTED]

BY \_\_\_\_\_

Contracting Officer

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 3 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

4/30/70

1 of 2

25X1A



SUBJ: Final Contract Amounts for FP Call Contract # CT-695 and CT-551 (FY 1963 THRU 1968)

1. As requested, I have received the contents of Perkin-Elmer's letter PAP-M-1958 (attachment #1) to determine the final contract amounts for FP call contracts CT-695 and CT-551. The difference in amounts between PE and Hazel ~~is~~ pertained in total to FY 1967.

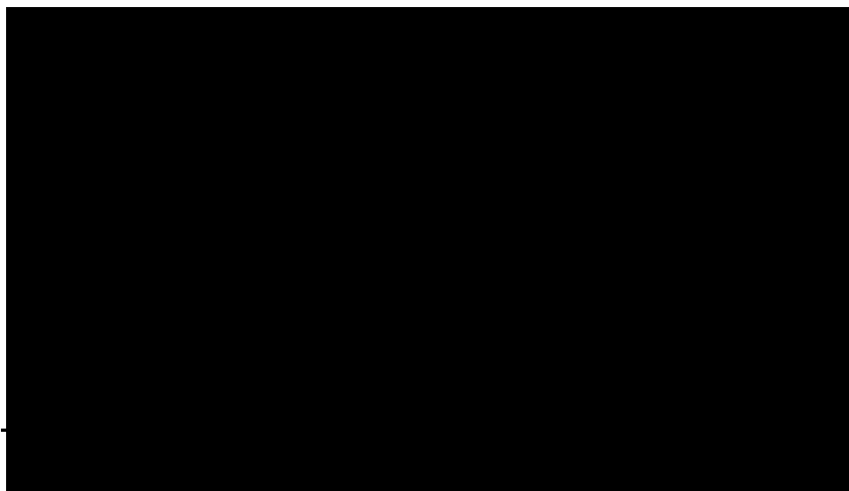
2. Contract # CT-695 = The total amount proposed by PE is correct. Attachment 2 contains a listing of the Production Lists for 1967.

3. Contract # CT-551 = As noted in attachment 1, the auditor's final amount is \$4011.70 less than the amount proposed by PE. Attachment 3 is a listing of the correct Production Lists for 1967, the difference between PE's amounts and my amounts is as follows (FY 1967):

25X1A

- a. Total Proposed
- b. Less: addition error
- c. Correction of following lists:

# 18  
46  
43



25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 5 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

CLASSIFIED MESSAGE

**S E C R E T**

ORIG :  
UNIT :  
EXT :  
DATE :

ROUTING			
1	9		
2	10		
3	11		
4	12		
5	13		
6	14		
7	15		
8	16		
PRIORITY	DEFERRED	PRIORITY	INITIAL
	ROUTINE	OPERATIONAL IMMEDIATE	INITIAL

TO :  
FROM :  
CONF :  
INFO :

25X1A TO INFO CITE 2750  
**S E C R E T** [REDACTED] PAGE 2 25X1A

3. YOUR COMPANY'S LETTER DATED MARCH 8, 1968 SIGNED [REDACTED] (VSH-M-1829) STATES IN PART AS FOLLOWS:

(A) "A VOLUNTARY REFUND OF \$90,000.00 PROVIDED THAT THE FISCAL YEARS ENDED 1963 THROUGH 1967 UNDER THE SUBJECT CONTRACTS WILL BE CLOSED WITHOUT FURTHER CLAIM BY EITHER PARTY."

(B) "THE ISSUANCE OF AMENDMENTS TO CONTRACTS 551 AND 695:

A. WHICH WILL DEFINITIZE THAT THE SPARES PRICING FOR THE FISCAL YEAR ENDED JUNE 30, 1967 WILL BE BASED ON THE SAME FORMULA AND AT THE SAME RATES AS FOR FISCAL YEAR ENDED JUNE 30, 1966. IN CONSIDERATION FOR VOLUNTARY REFUND THERE WILL BE NO ADJUSTMENT IN PRODUCTION REQUEST PRICES PREVIOUSLY APPROVED BY THE CONTRACTING OFFICER."

(UNDERSCORING ADDED).

COORDINATING OFFICERS

**S E C R E T**

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

RELEASING OFFICER

AUTHENTICATING OFFICER

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

Copy No.

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

CLASSIFIED MESSAGE

**S E C R E T**

ROUTING			
1	9		
2	10		
3	11		
4	12		
5	13		
6	14		
7	15		
8	16		
OPERATIONAL	DEFERRED	PRIORITY	INITIALS
	ROUTINE	OPERATIONAL IMMEDIATE	INITIALS

ORIG :  
UNIT :  
EXT :  
DATE :  
TO :  
FROM :  
CONF :  
INFO :

TO INFO CITE  
**S E C R E T** [REDACTED] PAGE 4 [REDACTED] 2750

25X1A  
25X1A

6. SINCE ALL ORDERS WERE PLACED BY 30 JUNE 1967 AND NEGOTIATIONS WERE CONDUCTED ON 8 MARCH 1968, IT IS FELT THAT YOUR COMPANY TOOK INTO ACCOUNT THE ACTUAL AND PROJECTED COSTS OF ALL FY-67 ORDERS. FURTHERMORE, OUR RECORDS DISCLOSE THAT THE BULK OF THE ITEMS WERE DELIVERED BY THE END OF CY 1967 UNDER BOTH CONTRACTS FURTHER SUBSTANTIATING THAT YOUR COMPANY KNEW THE BULK OF THE ACTUAL COSTS AT THE TIME OF NEGOTIATING.

7. THE UNDERScoreD PORTION QUOTED IN PARA 3 ABOVE INDICATES THAT REPRICING WAS NOT NECESSARY ON EXISTING PRICED PR'S; THEREFORE, WE FEEL ONE COULD NOT SUBTRACT INVOICED AMOUNTS OF JUNE & JULY 67 FROM TOTAL PRICED EXHIBIT AMOUNTS AND CONTEND THE BALANCE WAS DUE.

8. IN VIEW OF THE FACTS CITED ABOVE AND A RE-CHECK WITH A PARTY TO THE NEGOTIATION, WE FEEL OUR AMENDMENTS REPRESENT THE AGREEMENT OF MARCH 8, 1968. THEREFORE, WE ARE RETURNING THE AMENDMENTS FOR ACCEPTANCE BY YOUR COMPANY.

25X1A

25X1A

[REDACTED]

C/CMD/OSA  
RELEASING OFFICER

COORDINATING OFFICERS

**S E C R E T**

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

DCAA

AMERICAN OVERSIGHT PROJECT

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

Copy No.

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 4 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4



8 July 1970

MEMORANDUM FOR THE RECORD:

25X1A SUBJECT: [REDACTED]

1. Management of the PE Contracts by the undersigned commenced in March 1968. At that time I was made aware that an audit had revealed that the Contractor had realized unearned profits for several years as a result of the use of a pricing formula carrying a separate factor for packing when, in fact, a separate packing unit was not utilized by the Contractor. Specific details are reflected in the audit report.

2. The matter of recoupment was discussed by me with the Contracting Officer and the Chief, Industrial Audit Division. It was agreed that negotiation with the Contractor would be held at Norwalk, Connecticut in conjunction with the negotiation of a contract by the Office of Special Projects. [REDACTED] then Deputy Chief, of the Industrial Audit Division, represented the Government. It was agreed that it would not be necessary for the undersigned to be present, partly because there was no controversy over the facts and, to a lesser degree, because special clearances were required which were not held by the undersigned. It was the general understanding that the negotiation was to achieve settlement and finalization of claims through the Government's fiscal year 1966. At that time I had not negotiated a pricing formula for FY-67, but intended to do so later, using the unearned profits negotiation as a guide. When the rough draft audit report of the negotiations was submitted, however, it reflected that FY-67 was also used as a basis for a lump sum settlement. I discussed this with [REDACTED] who also expressed some concern over inclusion of FY-67 in the settlement. Subsequent discussion with [REDACTED] verified FY-67 coverage. He stated that an impasse had been reached and that the Contractor then proposed final settlement, to include repayment to the Government of \$90,000.00, "if you'll throw in FY-67."

25X1A

3. My memory is not entirely clear as to the details of the [REDACTED] discussion vis-a-vis application of the negotiation to final settlement for FY-67. The Contractor had not submitted a final claim as of that time period. However, I do recall that shortly thereafter the subject was discussed by me with the Contractor [REDACTED] who stated that only the pricing formula for FY-67 was agreed to and not a final figure for FY-67. He subsequently sent a letter which was understood by me to reflect the Contractor's position that, in so far as FY-67 was concerned, the agreement reached during the negotiations was that the same

25X1A pricing formula would be used for FY-67 as was proposed for FY-66  
(even though said formula contained the objectionable factor for  
25X1A packing). I was advised by [REDACTED] at that time, that  
invoicing was not completed for FY-67. It might be noted that  
[REDACTED] did not attend the negotiations in question, as I recall.

25X1A 4. The Contractor's letter regarding the FY-67 pricing  
formula was reviewed with [REDACTED] who stated that the pricing  
formula for FY-67 was correctly shown. To my knowledge there  
were no subsequent discussions of the negotiated agreement relative to  
its application to the FY-67 contract.

25X1A

[REDACTED]  
SC&PB/OEL/DDS&T

Distribution:

Orig - C/CMS/OSA/DDS&T

~~1 - SC&PB/OEL~~

THE PERKIN-ELMER CORPORATION

NORWALK, CONNECTICUT, U.S.A.

ROBERT H. SORENSEN SENIOR VICE PRESIDENT, OPTICAL GROUP

August 20, 1970

25X1A  
Dear [REDACTED]

Subject: Contracts HF-CT-695 and O-CT-551  
Voluntary Refund

The object of this letter is to record the intent of Perkin-Elmer in agreeing to the voluntary refund of \$90,000 relating to the subject spares contracts. I was the principal for our company in the discussions of March 8, 1968, leading to our agreement to make that refund; therefore, I feel that I can express a clear understanding of the intent of the parties. My further object in writing is to request prompt resolution and disposition of this matter.

Following an audit of the costs and application of the contract pricing formula for the "calls" for FY '63 through FY '66 and settlement of the basis for computing G&A, I agreed to a voluntary refund of \$90,000. Since the FY '67 pricing formula had not yet been definitized at that time, we agreed that priced production lists already signed by both parties would stand without change, and that unpriced lists would be priced using the FY '66 formula and rates. At no time did we agree to a total dollar value for the spares for FY '63 through FY '67, but assumed that the method and provision for pricing FY '67 spares would thus result in a mutually agreeable total for FY '67, which would provide a profit percentage for that year not at significant variance with the percentage negotiated for FY '63 through FY '66.

The simple question that apparently has now come to light and remains open is: Did the refund of \$90,000 close out the contracts through FY '67, or did the remaining unpriced orders at the time require pricing, incorporation into the contract, and payment following delivery of the spares? My intent was clearly that the \$90,000, voluntary refund did not close out the contract and I believe our subsequent actions support that fact. If I had intended to refund more than \$90,000, I would not have allowed my people to issue the refund prior to advising me what financial impact the unpriced orders, then in the house, would have. Certainly it would be imprudent on my part to enter into such an open-ended agreement and expose the corporation to unknown after-the-fact cost liability.

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 4 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

Approved For Release 2001/04/23 : CIA RDP71B00697R001600070001 4

PRECONTRACT APPROVAL RECORD  
(PART TWO)

CONTRACT

Perkin-Elmer Corporation

The services and equipment being procured by this Contract No. HF-CT-695, Int. only are in furtherance of the IDEALIST Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

1. Amendment No. 46 dated 30 December 1969 was sent to the Contractor for signature. This amendment reflected the final price for the total contract. The Contractor by letter dated March 12, 1970 returned the amendment unsigned. The Contractor contended that the amendment was understated by \$58,539.15. This difference results from the March 8, 1968 settlement agreement. (See Audit Report A-68-27-175 dated March 25, 1968 and the Contractor's letter of March 8, 1968, USH-M-1829). The auditor contends the \$90,000 refund received as a result of the March 8, 1968 meeting representing final settlement of the fiscal years 1963-1967; whereas, the Contractor contends that the \$90,000 reflected only a refund for existing profit for those years and an agreement of a pricing formula for FY-67. The spares for FY-67 still are to be priced and paid for.

2. This internal obligation is being made to cover the Contractor's claim in the event the Contracting Officer does agree with the Contractor's stand which was the subject of a meeting held on 17 June 1967. Those in attendance were as follows:

POSTED	
LEDGER	<i>[Signature]</i>
CONTRACT	<i>[Signature]</i>
REGISTER	<i>[Signature]</i>

Approved For Release 2001/04/23 : CIA RDP71B00697R001600070001 4

SECRET

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

PRECONTRACT APPROVAL RECORD  
(PART TWO)

CONTRACT

Perkin-Elmer Corporation

The services and equipment being procured by this Contract No. HF-CT-695, Add. #46 are in furtherance of the IDEALIST Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

1. Contract No. HF-CT-695 provides for spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and DRAGONLADY Programs.

2. This Amendment provides for the final price for the FY-68 period and the period 1 July 1962 through 30 June 1967.

3. FY periods from inception through 30 June 1962 had been finalized in prior amendments. The FY-63 through FY-67 period had been negotiated in March 8, 1968, but never reflected in the contract. This latter period had been settled in conjunction with another contract No. O-CT-551 and a \$90,000.00 refund for the two contracts had been realized. This was prorated as follows:

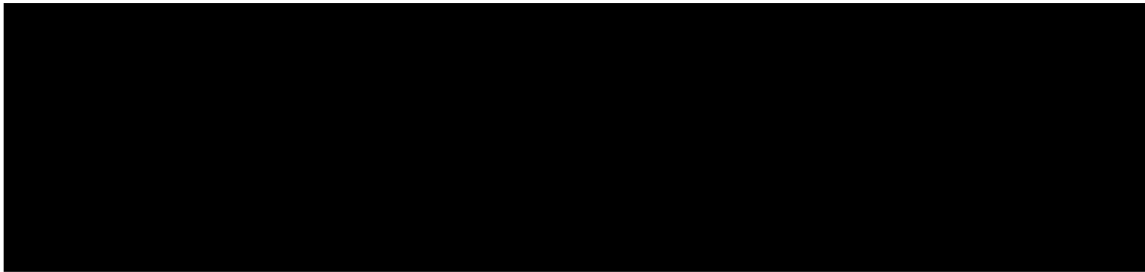
O-CT-551	\$71,826.00	
HF-CT-695	<u>18,174.00</u>	25X1A
	\$90,000.00	

This refund then reflected an overall [redacted] on the two contracts for the FY-63 - 67 period.

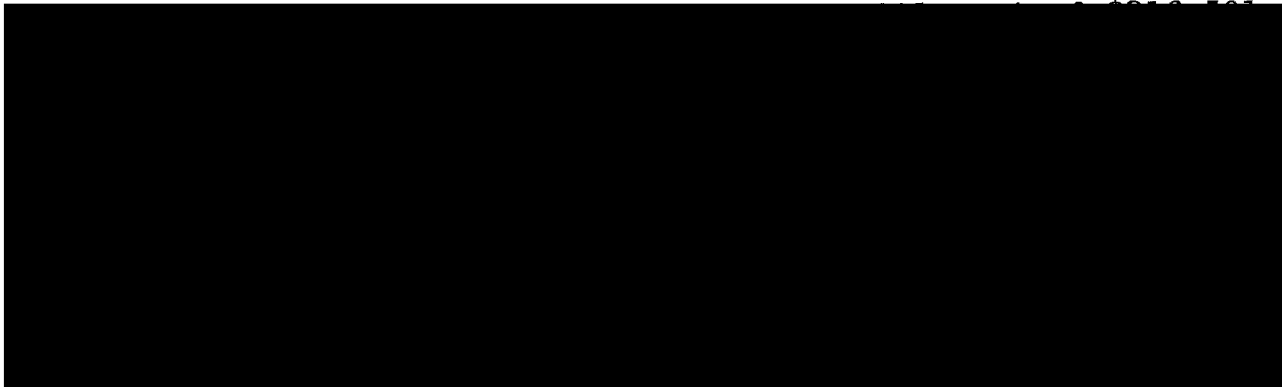
4. The Contractors claim for FY-68 and settlement was as follows:

JCK  
JCK

K1A



25X1A



6. The FY-70 spares contract provides for negotiation of a fixed price or FP Incentive type of contract within 60 days after the end of FY-70 when all orders for spares have been placed. This contract PE-4804-CT contemplates a [redacted] profit whereas the company in the past had been using a [redacted] profit factor.

25X1A

25X1A

25X1A

7. The Depot by [redacted] 1525 dated 23 Aug. 1969 certifies that all production lists have been completed.

8. The liquidation of funds has been based on BFD/OSA records as the Audit Reports did not give information by Customer. The Contractor claimed by Customer and by FY so it is felt that this method of liquidation reasonably reflects the refund to each Customer.

9. Upon receipt of the following and payment of the final invoice, this contract can be considered complete.

- a. Patent Statement
- b. Property Statement
- c. Signed Amendment
- d. Final Invoice



25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

CONTRACT

PRECONTRACT APPROVAL RECORD  
(PART TWO)

The services and equipment being procured by this Contract No. \_\_\_\_\_ are in furtherance of the \_\_\_\_\_ Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. HF-CT-695 provides for spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and DRAGONLADY Programs.

This Amendment No. 45 incorporates a pricing formula for the period 1 August 1967 through 30 June 1968. There is no change in the funding status.

This Contractor was selected as a sole source due to the unique quality of the spare parts, mod kits and supplies which are furnished hereunder. The equipment and supplies have undergone several generations of changes, such changes involving inventions resulting in a sophistication of equipment which could not be duplicated elsewhere without encountering untold expense and a great loss of time in attempting to duplicate.

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

**SECRET**

Date 10 Oct 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 45 to HF-CT-695 with  
The Perkin-Elmer Corporation.

The undersigned has reviewed the subject contract or amendment and finds that the Scope of Work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A

  
Lt. Col. USAF

11 DEC 1968

**SECRET**

22 May 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. ~~42~~<sup>4</sup> to HF-CT-695 with  
The Perkin-Elmer Corporation.

The undersigned has reviewed the subject contract or amendment and finds that the scope of work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A



COLONEL

USAF

7 MAY 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 43 to Contract No. HF-CT-695  
with The Perkin-Elmer Corporation, Norwalk, Connecticut.

The undersigned has reviewed the subject contract or amendment and finds that the scope of work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A



25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

PRECONTRACT APPROVAL RECORD  
(PART TWO)

CONTRACT

The services and equipment being procured by this Contract No. HF-CT-695 are in furtherance of the IDEALIST U2R Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract HF-CT-695 provides for spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and DRAGONLADY Programs.

This Amendment No. <sup>44</sup>43 deobligates \$20,000 (8,000 IDEALIST/12,000 DRAGONLADY) in FY-68 funding from the Common account (see [redacted] This reduction has been discussed with BPD/OSA and with Warner Robbins.

25X1A

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification



25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

PRECONTRACT APPROVAL RECORD  
(PART TWO)

CONTRACT

The services and equipment being procured by this Contract No. CT-695  
Amend. #43 are in furtherance of the IDEALIST U-2R  
Program(s), the nature of which cannot be publicly disclosed for security rea-  
sons. The Contracting Officer therefore determines that this procurement must  
be accomplished by negotiations pursuant to the authority of Section 3(a) of  
PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on  
15 October 1961.

Certification of funds for this contract will be handled under the pro-  
cedure approved by the Director of Central Intelligence on 15 December 1956  
which, in effect, results in all covert expenses involving issuance of Treasury  
Checks being accumulated in a separate account within the Finance Division. The  
amounts in this account will be periodically scheduled for certification of the  
vouchers by the Director. This procedure eliminates the necessity for a sepa-  
rate certification of authority under Section 8(b) of Public Law 110, 81st Con-  
gress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the  
terms and provisions generally of this contract/amendment, and a resume of  
major issues negotiated:

This contract provides for spare parts and support items  
for equipment supplied by P&E in connection with the Idealist,  
U-2R and Dragonlady Programs.

Amendment No. 43 has been drawn to allocate additional  
U-2R funds to the Contract under Customer No. 1 as recommended  
by [REDACTED] This increase of \$15,000 is sufficient to carry the  
contract through FY-68.

The remaining 15K under the T-35 Tracker line item and the  
685K under Drift Sights will not be needed and may be reprogrammed.

25X1A

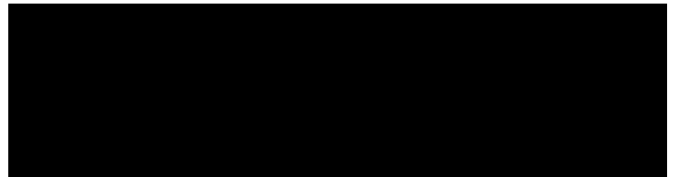
**SECRET**

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 42 to Contract No. HF-CT-695  
with The Perkin-Elmer Corporation, Norwalk, Connecticut.

The undersigned has reviewed the subject contract or amendment and finds that the scope of work included there in is in accordance with the requirements levied on the Project COEALIST procurement system by the Department of the Air Force.

25X1A



UNCLASSIFIED

UNCLASSIFIED

**SECRET**

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

PRECONTRACT APPROVAL RECORD  
(PART TWO)

CONTRACT

The services and equipment being procured by this Contract No. HF-CT-695 are in furtherance of the IDEALIST U2-R

Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. HF-CT-695 covers spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and [redacted] Programs. This Amendment No. 42 has been drawn to allocate additional U-2R Funds to the contract under Customer No. 1 to enable [redacted] to order additional driftsights, driftsight spare parts and T-35 Tracker spare parts for the Combat Shack Program.

25X1A

25X1A

**SECRET**

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

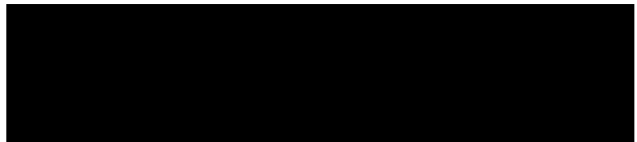
28 NOV 1967

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 41 with Perkin-Elmer Corporation, Contract No. HF-CT-695.

The undersigned has reviewed the subject contract of amendment and finds that the scope of work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A



COLONEL

USAF

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

**SECRET**

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

<p align="center"><b>PRECONTRACT APPROVAL RECORD</b> (PART TWO)</p>	<p align="center">CONTRACT</p>
---	--------------------------------

The services and equipment being procured by this Contract No. HF-CT-695 Am. #41 are in furtherance of the IDEALIST & FOG Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. HF-CT-695 covers spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and FOG Programs. This Amendment No. 41 has been drawn to obligate and adjust FY-67 funds in accordance with messages [REDACTED] attached.

25X1A



25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

ROUTING

1	CMD	9
2	"	10
3	EOD	11
4	Const	12
5	RB	13
6		14
7		15
8		16

SECRET

DATE

TO :

FROM :

ACTION:

INFO :

25X1A

[Redacted]

OSA 1-15

25X1A

TO SECRET 091833Z CITE

INFO

CITE

[Redacted]

25X1A

IDEALIST

REFER TO CONTRACT HF-CT-695 FOR FISCAL YEAR ENDED 30 JUNE 67. TO CONFIRM OUR RECENT MEETING WE REQUIRE A REALLOCATION OF FUNDING AS FOLLOWS:

		PRESENT CONTRACT	REQUIRED	DIFFERENCE
COMMON	IDEA 40% OL 60%	\$100,000	\$103,154	\$3,254
CUSTOMER NO. 1		14,000	10,746	(3,254)
	IDEA 100%	\$114,000	\$114,000	-

PLEASE AMEND THE ABOVE REFERENCED CONTRACT TO REFLECT REALLOCATION OF FUNDS AS REQUESTED.

SECRET

TOP: 101837Z OCT 67

SECRET

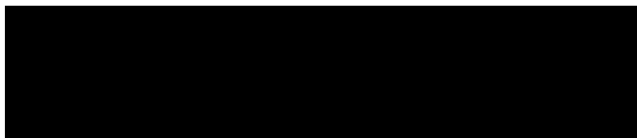
GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

MEMORANDUM FOR THE RECORD

**SUBJECT:** Concurrence in Amendment No. 40 to Contract No. HF-CT-695 with Perkin-Elmer Corporation, Norwalk, Connecticut.

The undersigned has reviewed the subject contract or amendment and finds that the scope of work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A



COLONEL

USAF

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

<b>PRECONTRACT APPROVAL RECORD</b> (PART TWO)	CONTRACT
--	----------

The services and equipment being procured by this Contract No. HF-CT-695 are in furtherance of the IDEALIST Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. HF-CT-695 covers spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and FOG Programs. Amendment No. 40 has been drawn to establish a Customer No. 1 account under the contract in the amount of \$82,000 under which [redacted] may order glass and driftsights in accordance with [redacted] for the "Combat Shack" program.

25X1A

25X1A

*\$ 30,000 - 25 sets LW Tracker Glass*  
*52,000 - 4 ec. MKIIA Unit Sights*  


---

*82,000*

*4 already procured at  
 LAC for [unclear]  
 [unclear]*

SECRET

GROUP 1 Excluded from automatic downgrading and declassification
---

**SECRET**

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

JUL 21 1967

29 JUN 1967

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 39 to Contract No. HF-CT-695  
with The Perkin-Elmer Corporation

The undersigned has reviewed the subject contract or amendment and finds that the scope of work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A



COLONEL

USAF

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

**SECRET**

SECRET

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

<b>PRECONTRACT APPROVAL RECORD (PART ONE)</b>	CONTRACTOR <b>Perkin-Elmer Corporation</b>		CONTROL NO. <b>OSA-2377-67</b> Copy <u>  </u> / of 2
	CONTRACT NO. <b>HF-CT-695</b>	AMENDMENT NO. <b>39</b>	<b>22 June 1967</b>
THIS CONTRACT APPROVAL RECORD CONTAINS A RECOMMENDATION SUBMITTED FOR CONCURRENCE OF THE UNDERSIGNED. CONCURRENCE IN THIS PRECONTRACT APPROVAL RECORD IS RECOMMENDED BY THE CONTRACTING OFFICER. BY CONCURRENCE, THE CHIEF, BUDGET AND FINANCE BRANCH, SIGNIFIES THAT SUFFICIENT FUNDS ARE AVAILABLE (NOT INCLUDING CONTINGENT & EXPOSURE) AND/OR HAVE BEEN ADJUSTED AS PROVIDED IN THIS DOCUMENT.			
TYPE OF CONTRACT			
<input type="checkbox"/> L.I.	<input type="checkbox"/> F.P. REDETERM	<input type="checkbox"/> CPIF	<input type="checkbox"/> TECH REP
<input type="checkbox"/> DEFINITIZED	<input type="checkbox"/> FPIP	<input type="checkbox"/> T&M	<input type="checkbox"/> FISCAL YEAR
<input type="checkbox"/> F.P.	<input type="checkbox"/> CPFF	<input checked="" type="checkbox"/> CALL TYPE	
FINANCIAL DATA			
CONTRACT VALUE \$ <b>114,000 FY-67</b> <b>50,000 FY-68</b>	PREVIOUS OBLIGATION - PRIOR FY \$ <b>FY-67 and FY-68</b> <b>stated only</b>	PREVIOUS OBLIGATION - CURRENT FY- <b>67</b> \$ <b>104,000</b>	
OBLIGATION BY THIS DOCUMENT			
DESCRIPTION, PROGRAM OR LINE ITEM	FISCAL YEAR	PROJECT	AMOUNT
<b>Cameras, Perkin-Elmer</b>			\$
<b>Spares, Mod Kits (CT-695)</b>	<b>1967</b>	<b>IDEALIST</b>	<b>4,000</b>
<b>DRAGONLADY - HF-CT-695</b>	<b>1967</b>	<b>FOG</b>	<b>6,000</b>

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4



SECRET

<p align="center"><b>PRECONTRACT APPROVAL RECORD (PART TWO)</b></p>	<p align="center">CONTRACT</p>
---	--------------------------------

The services and equipment being procured by this Contract No. HF-CT-695 are in furtherance of the **IDEALIST and FOG** Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. HF-CT-695 covers spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and FOG Programs. Amendment No. 39 has been drawn to extend the term of the contract to 30 June 1968 to obligate additional FY-67 funds and to obligate FY-68 funds subject to availability.

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Next 2 Page(s) In Document Exempt

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

PRECONTRACT APPROVAL RECORD  
(PART TWO)

CONTRACT

The services and equipment being procured by this Contract No. \_\_\_\_\_  
Amend. #38 are in furtherance of the IDEALIST/FOG

Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. HF-CT-695 covers spare parts and support items for equipment supplied by P&E in connection with the IDEALIST and FOG Programs. Amendment No. 38 obligates additional FY-67 IDEALIST and FOG Funds required for performance of the contract through 30 June 1967. Obligation of DL Funds is authorized in [redacted] 30 March 1967.

25X1A

The following is a summary of FY-67 Fund obligations under the contract by customers:

Common Customer	
IDEALIST - 40%	\$36,000
DRAGONLADY - 60%	54,000
Customer No. 1	14,000
Customer No. 2	<u>0</u>
Total Allocation	\$104,000

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

S E C R E T

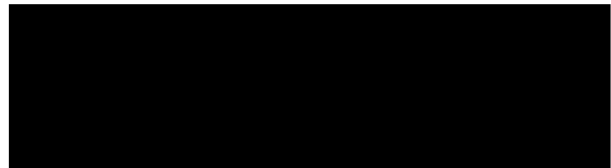
25 May 1967

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence with Amendment No. 38 to Contract HF-CT-695  
with Perkin-Elmer Corporation

The undersigned has reviewed the subject contract or amendment and finds that the scope of work included therein is in accordance with the requirements levied on the Project IDEALIST procurement system by the Department of the Air Force.

25X1A



SECRET

OSA- 2948 -70  
12 November 1970

MEMORANDUM FOR: Chief, Contracts Management Division, OSA

SUBJECT: Contract No. HF-CT-695

PERKIN-ELMER CORPORATION

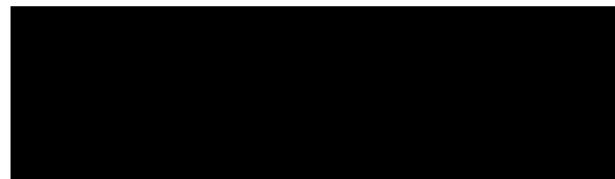
1. Our records indicate that subject contract was completed as of 1968, and that final action was taken 10 November 1970. Following is a summary of cost:

25X1A

<u>Amount Obligated</u>	<u>Amount Paid</u>	<u>Balance</u>
[REDACTED]	[REDACTED]	-0-

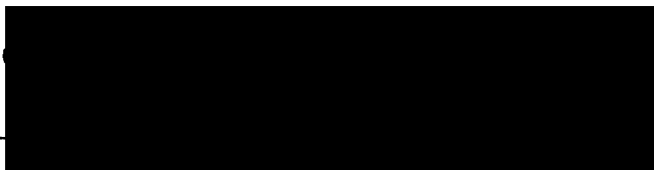
2. We are using this memorandum as a basis for closing this contract.
3. All deliveries and services have been completed.

25X1A



Chief, Budget & Finance Division  
OSA-DD/S&T

25X1A



Chief, Contracts Management Division, OSA

- Dist: Orig & 1 -Addressee
- 1 -CMD/OSA (Urban)
  - 1 -B&FD/OSA (Budg-JCL)
  - 1 -B&FD/OSA (Contr Pmt)
  - 1 - RB/OSA

RWE:k1b/B&FD/OSA

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

SECRET

PERKIN-ELMER - HF-CI-695

List No.	Amount	Depot Issue Date	Acceptance By Contractor	Contractor Exhibit Date	No. Days	Approval Date Contracting Officer
<u>Common</u>						
67-1	\$ 9,621.00	6 July 1966	No Date	18 Oct. 1966	104	8 Nov. 1966
2	516.00	27 July 1966	" "	18 Oct. 1966	83	8 Nov. 1966
3	3,972.00	24 Aug. 1966	" "	18 Oct. 1966	45	8 Nov. 1966
4	1,778.00	14 Oct. 1966	" "	22 May 1967	218	11 June 1967
5	400.00	2 Nov. 1966	" "	19 Jan. 1967	77	No Date
6	996.00	3 Nov. 1966	" "	19 Jan. 1967	76	" "
7	168.00	4 Nov. 1966	" "	19 Jan. 1967	75	" "
8	480.00	9 Nov. 1966	" "	19 Jan. 1967	70	" "
9	Customer No. 1	----	-----	----	--	-----
10	1,204.00	18 Nov. 1966	" "	19 Jan. 1967	60	" "
11	96.00	28 Nov. 1966	4 Jan. 1967	15 Mar. 1967	135	24 Mar. 1967
12	11,621.00	23 Nov. 1966	21 Feb. 1967	19 Apr. 1967	146	26 Apr. 1967
13	5,727.00	12 May 1967	19 May 1967	22 May 1967	10	1 June 1967
14	15.00	11 Jan. 1967	19 May 1967	22 May 1967	130	1 June 1967
15	83.00	7 Feb. 1967	21 Feb. 1967	9 Mar. 1967	28	20 Mar. 1967
16	Customer No. 1	----	-----	----	--	-----

Inst No.	Amount	Depot Issue Date	Acceptance By Contractor	Contractor Exhibit Date	No. Days	Approval Date Contracting Officer
<u>Common</u>						
67-17	\$ 5,362.00	2 Feb. 1966	21 Feb. 1967	19 Apr. 1967	77	26 Apr. 1967
18	104.00	17 Mar. 1967	21 Feb. 1967	19 Apr. 1967	28	26 Apr. 1967
19	5,297.00	13 Feb. 1967	26 Apr. 1967	19 May 1967	96	1 June 1967
20	1,578.00	14 Feb. 1967	26 Apr. 1967	19 May 1967	95	1 June 1967
21	4,400.00	24 Feb. 1967	26 Apr. 1967	22 May 1967	90	1 June 1967
22	208.00	2 Mar. 1967	26 Apr. 1967	19 May 1967	77	1 June 1967
23	600.00	9 Mar. 1967	26 Apr. 1967	19 May 1967	70	1 June 1967
24	455.00	3 Apr. 1967	26 Apr. 1967	22 May 1967	39	1 June 1967
25	176.00	11 Apr. 1967	26 Apr. 1967	22 May 1967	40	1 June 1967
26	192.00	13 Apr. 1967	26 Apr. 1967	22 May 1967	39	1 June 1967
27	140.00	12 May 1967	19 May 1967	22 May 1967	10	1 June 1967
28	4,299.28	19 May 1967	6 June 1967	24 July 1968	430	14 Aug. 1968
29	672.09	19 May 1967	6 June 1967	24 July 1968	430	14 Aug. 1968
30	10,822.27	No Date	29 June 1967	24 July 1968	---	14 Aug. 1968
31	12,016.19	" "	29 June 1967	24 July 1968	---	14 Aug. 1968
32	11,845.10	" "	29 June 1967	24 July 1968	---	14 Aug. 1968
33	58.06	9 June 1967	29 June 1967	24 July 1968	410	14 Aug. 1968



Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

List No.	Amount	Depot Issue Date	Acceptance By Contractor	Contractor Exhibit Date	No. Days	Approval Date Contracting Officer
<u>Common</u>						
67-34		16 June 1967	29 June 1967	24 July 1968	403	14 Aug. 1968
35		19 June 1967	29 June 1967	24 July 1968	<u>400</u>	14 Aug. 1968
Subtotals					<u>3,991</u>	
<u>Customer</u>						
67-9		No Date	No Date	15 Mar. 1967	---	24 Mar. 1967
16		27 January 1967	21 Feb. 1967	9 Mar. 1967	<u>13</u>	22 Mar. 1967
Subtotals					<u>13</u>	
GRAND TOTALS					<u>4,004</u>	

(Average days, 114)

25X1A



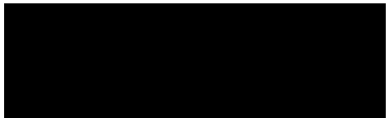
IN REPLY REFER TO

DEFENSE CONTRACT AUDIT AGENCY

CAMERON STATION  
ALEXANDRIA, VIRGINIA 22314

*Basis for Fiscal  
Amendment 46*

OSA-3341-69  
NY-70-132-374



Rosslyn Station  
Arlington, Virginia 22209

December 5, 1969

25X1A

SUBJECT: Report on Evaluation of Proposed FY 68 Priced Exhibits  
The Perkin-Elmer Corporation  
Electro-Optical Division, Wilton, Conn.  
Fixed Price Call Contract No. HF-CT-695

TO : Contracting Officer

25X1A

1. Purpose of Evaluation. As requested, an evaluation was made of the contractor's proposed spare parts Priced Exhibit Numbers 68-1 thru 68-22 in the total amount of

25X1A

2. Scope of Evaluation. Since all spare parts for Fiscal Year 1968 have been completed and shipped, the evaluation was limited to a comparison of incurred costs with proposed selling price, and a verification of the proposed pricing formula with contractual terms.

3. Results of Evaluation. The results of evaluation, as detailed in Exhibit A, are as follows:

25X1A

25X1A

25X1A

25X1A

*387394  
282590  
54824*

Total Proposed Selling Price  
Auditor's Recommended Selling Price  
Incurred Cost  
Recommended Selling Price  
Recommended Adjustment

*37374*

a  
b

*15% 42380  
320000  
316501  
3979  
1749*

25X1A

a. The proposed selling price would result in a profit of [redacted] of incurred cost, compared to the negotiated rate of [redacted] in the pricing formula. This significant under-run is primarily due to an excessive estimate for labor hours on Exhibit Numbers 12, 13, 16, and 17.

25X1A

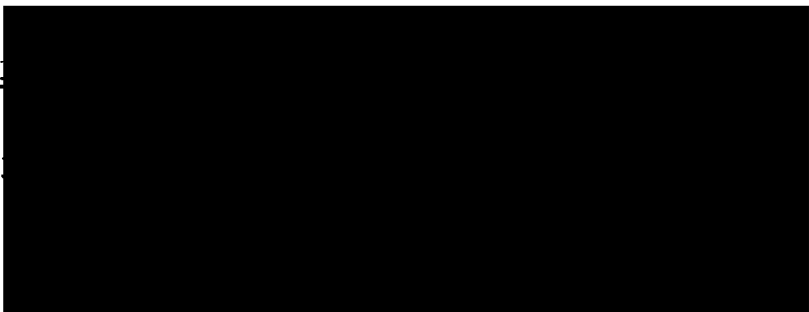
25X1A

b. The recommended selling price represents actual cost plus profit at the negotiated pricing formula rate of [redacted].

4. Special Comments. Discussions were held with the contractor in an attempt to resolve the recommended reductions of \$26,152 on the subject contract. In these discussions, the contractor has suggested that Contract No. HF-CT-695 should be combined with two other fixed price spare parts contracts in the determination of a reasonable profit. The contractor's suggested basis for settlement is detailed as follows:

25X1A

Contract		
No.	Year*	
4801	FY 69	\$
695	FY 68	
551	FY 68	
Total		



(1)  
(2) 10.11.69  
per audit

\*Performance Period

25X1A

In considering the contractor's proposal for an overall settlement, it should be noted that a profit factor of [redacted] was included in the contractor's originally proposed prices.

*Handwritten notes:*  
claim 1935  
audit Review 23402  
3339  
2039  
(1) High cost cont. They withdrew their request for added funding  
(2) amount included to Co 12.15.69

The settlement recommended by the auditor, assuming that the basis suggested by the contractor is acceptable, is determined as follows:

25X1A

Total Incurred Costs (Contracts Nos. 4801, 695, 551)



Recommended Settlement

Proposed Settlement

Recommended Voluntary Refund

25X1A



5. Concluding Remarks. We will be pleased to furnish any accounting counsel and any additional evaluation service which you may require. The use of this report for other than the negotiation of the subject proposal is not recommended without prior consultation with our office.

25X1A



DCAA Representative - APL

25X1A

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

Explanatory Notes.

1. Cost Accepted. The recommended acceptable cost represents incurred cost.

2. Cost Questioned. Cost questioned represents the difference between proposed cost and incurred cost. The significant under-run is primarily due to excessive estimates for labor hours.

25X1A

3. Profit. Profit is computed at the negotiated pricing formula rate of [REDACTED]

25X1A

4. Total Selling Price. The total recommended selling price represents actual cost plus profit at [REDACTED]

DATE 9-22-69

MEMORANDUM FOR: Chief, Industrial Audit Division, OSA

SUBJECT: REQUEST for AUDIT

CONTRACTOR: PERKIN-ELMER

Contract no. HF-CT-695

Type of Contract: F.P./call-type

Type of Audit Required: Price Analysis

Dollar Value of Contract: [REDACTED]

Date Audit Required: ASAP

NEGOTIATOR: [REDACTED]  
CMD/OSA

25X1A

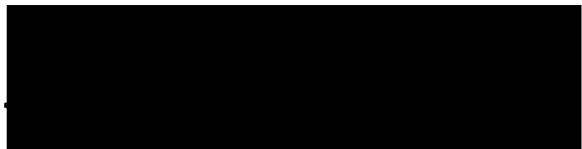
25X1A

Date Sept. 29, 1969

MEMORANDUM FOR: Contracts Management Division, OSA

Audit Scheduled For: ASAP

25X1A



SECRET

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

OSA-2220-70  
Copy 1 of 7

Contract No. HF-CT-695  
Amendment No. 46

Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

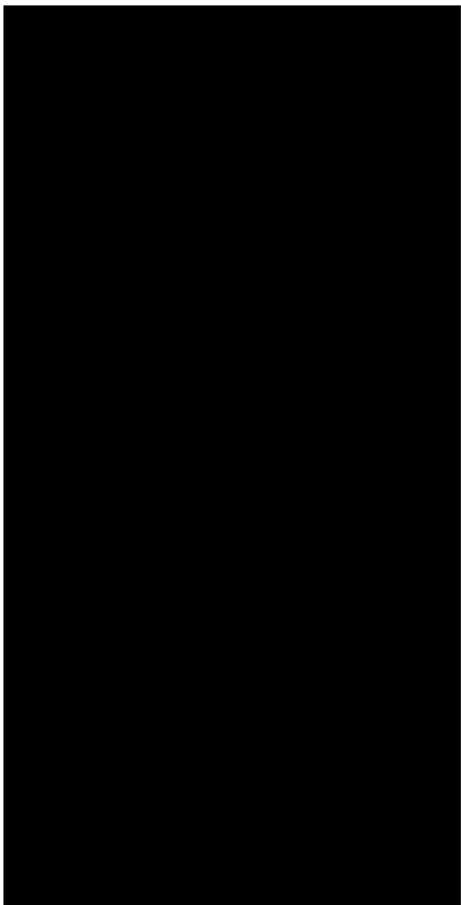
15 SEP 1970

Gentlemen:

1. This document constitutes Amendment No. 46 to Contract No. HF-CT-695 between the Perkin-Elmer Corporation and the United States Government. The contract was effective for the period 1 March 1958 through 30 June 1968.

2. The parties hereto have at various times agreed upon a final price for certain periods of time. Said incremental agreements are as follows:

25X1A

	<u>Period</u>	<u>Customer</u>	<u>Amount</u>	<u>Total</u>
a.	1 Mar. 1958 - 30 June 1958	No. 1 No. 2		
b.	1 July 1958 - 30 June 1959	No. 1 No. 2		
c.	1 July 1959 - 30 June 1960	No. 1 No. 2		
d.	1 July 1960 - 31 Dec. 1960	No. 1 No. 2		
e.	1 Jan. 1961 - 30 June 1961	No. 1 No. 2 Common		
f.	1 July 1961 - 30 June 1962	No. 1 No. 2 Common		
		Sub-total		
g.	1 July 1962 - 30 June 1967			
h.	1 July 1967 - 30 June 1968			
	Grand Total			

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

140-70-0088



SECRET

25X1A

3. The above results in a funded total final consideration of [redacted] The spares ordered under this contract have been satisfactorily delivered. All other terms and conditions, as amended, remain unchanged.

4. Please indicate your receipt and acceptance of this Amendment No. 46 to Contract No. HF-CT-695 by executing the original and two copies. Please return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

25X1A

THE UNITED STATES OF AMERICA

[redacted signature block]

25X1A

ACKNOWLEDGED AND ACCEPTED  
[redacted]

TITLE General Manager, Electro-Optical Division

DATE October 21, 1970

SECRET

OSA-3520-69

23 December 1969

Dear Charlie,

Enclosed is final Amendment No. 46 to Contract No. HF-CT-695.

25X1A

The settlement of [redacted] for FY-63 through FY-67 for the two contracts was handled as follows:

25X1A

O-CT-551  
HF-CT-695

[redacted]

25X1A

The period 1 March 1958 through 30 June 1962 totaling [redacted] was shown as final in Amendment No. 23. This Amendment No. 46 recaps the above plus reflecting our agreement of [redacted] for FY-68 or a total final contract price of [redacted]

25X1A

25X1A

A recap of the payment status is as follows:

25X1A

Final Price  
Paid a/o 4/16/69

[redacted]

Balance Due

Please submit the following in order that this contract be completed:

- a. Clause 24 - Reporting of Royalties
- b. Clause 27 - Patent Rights
- c. Clause 30 - Government Furnished Property
- d. FY-68 Receipted Delivery Tickets
- e. Executed Amendment No. 46
- f. Final Invoice

Very truly yours,

25X1A

[redacted signature]

Dist:

25X1A

- Orig & 1 - [redacted]
- 1 - BFD/OSA
- 1 - CMD/Contract Section
- 1 - RB/OSA

*Never accepted  
by P & E. Perkin-Elmer  
per their letter  
12 March 70  
PAR-m-1958*

OSA-3518-69  
Copy 1 of 7

Contract No. HF-CT-695  
Amendment No. 46

30 DEC 1969

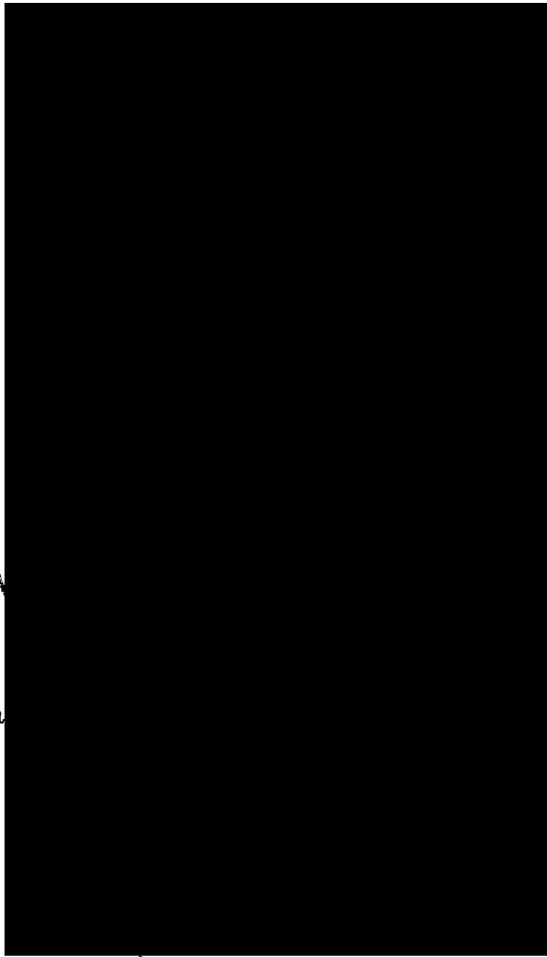
Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 46 to Contract No. HF-CT-695 between the Perkin-Elmer Corporation and the United States Government. The contract was effective for the period 1 March 1958 through 30 June 1968.

2. The parties hereto have at various times agreed upon a final price for certain periods of time. Said incremental agreements are as follows:

	<u>Period</u>	<u>Customer</u>
a.	1 Mar. 1958 - 30 June 1958	No. 1 No. 2
b.	1 July 1958 - 30 June 1959	No. 1 No. 2
c.	1 July 1959 - 30 June 1960	No. 1 No. 2
d.	1 July 1960 - 31 Dec. 1960	No. 1 No. 2
e.	1 Jan. 1961 - 30 June 1961	No. 1 No. 2 Common
f.	1 July 1961 - 30 June 1962	No. 1 No. 2 Common
		Sub-tota
g.	1 July 1962 - 30 June 1967	
h.	1 July 1967 - 30 June 1968	
	Grand Total	



25X1A

25X1A

25X1A

3. The above results in a net decrease of [REDACTED] or a total final consideration of [REDACTED]. The spares ordered under this contract have been satisfactorily delivered. All other terms and conditions, as amended, remain unchanged.

4. Please indicate your receipt and acceptance of this Amendment No. 46 to Contract No. HF-CT-695 by executing the original and two copies. Please return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

THE UNITED STATES OF AMERICA

25X1A

[REDACTED]  
Contracting Officer

ACKNOWLEDGED AND ACCEPTED  
PERKIN-ELMER CORPORATION

BY \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

25X1A

25X1A

SEC. CL.		ORIGIN		CONTROL NO.																					
S		CMD/OSA		OSA-3518-69																					
DATE OF DOC	DATE REC'D	DATE OUT	SUSPENSE-DATE	CROSS REFERENCE OR POINT OF FILING																					
23 Dec.																									
TO PERKIN-ELMER/ [REDACTED] /Norwalk, Conn.				<table border="1"> <thead> <tr> <th>ROUTING</th> <th>DATE SENT</th> </tr> </thead> <tbody> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> </tbody> </table>		ROUTING	DATE SENT																		
ROUTING	DATE SENT																								
FROM Contracting Officer																									
SUBJ. Cont. HF-CT-695 Amt. #46																									
<i>Filed 8-31-70</i>																									
Dist: Cy 1 - CMD/OSA																									
2 - Contractor																									
<i>8-31-70</i> 3 - BFD/OSA																									
4 - [REDACTED]																									
5 - [REDACTED]																									
6 - [REDACTED]																									
7 - RB/OSA																									
COURIER NO.	ANSWERED	NO REPLY																							
				<b>2</b>																					

25X1A

OSA-2967-68  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 45

16 OCT 1968

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 45 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

APPENDIX X, attached hereto, is added to the contract schedule. The pricing formula set forth therein shall be fixed for the period commencing 1 August 1967 and ending 30 June 1968. Payments made to the Contractor for work and services performed on and after 1 August 1967 computed on a provisional pricing formula shall be adjusted to the pricing formula established in APPENDIX X.

3. All other terms and conditions of this Contract No. HF-CT-695, as amended, remain unchanged.

4. Please indicate your receipt of this Amendment No. 45 to Contract No. HF-CT-695, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

25X1A

Very truly yours,

THE UNITED STATES OF AMERICA

25X1A

TITLE Sr. Vice-President, Optical  
Group

Contracting Officer

DATE November 13, 1968

APPENDIX X

Pricing Formula for Period 1 August 1967 through 30 June 1968

- (1) Extend the estimated labor hours at current labor and overhead quoting rates as recommended for acceptance by the cognizant DCAA auditor;
- (2) Estimated material and other non-labor at actual cost;
- (3) Apply current G&A quoting rate, as recommended for acceptance by the cognizant DCAA auditor, to the total of (1) and (2);
- (4) Apply a profit factor of [REDACTED] to (2) and (3);
- (5) All shipments shall be F.O.B. destination and all shipping costs shall be charged at actual cost.

25X1A

**SECRET**

OSA-1730-68  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 44

28 MAY 1968

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 44 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

Line 1. in PART VII - FUNDS ALLOTTED, of the contract schedule as amended is deleted and Line 1. stated below is substituted therefor:

"1. 1 July 1967 through 30 June 1968:

25X1A

Common  
Customer No. 1



25X1A

3. The above results in a reduction of the FY-68 Common account of

4. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

5. Please indicate your receipt of this Amendment No. 44 to Contract No. HF-CT-695, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

THE UNITED STATES OF AMERICA

25X1A

25X1A

ACKNO  
THE P

BY

TITLE Sr. Vice-President, Optical Group Contracting Officer

DATE 6/13/68

**SECRET**



~~SECRET~~

OSA-1337-68  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 43  
7 MAY 1968

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 43 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

Line 1. in PART VII - FUNDS ALLOTTED, of the contract schedule as amended is deleted and Line 1. stated below is substituted therefor:

"1. 1 July 1967 through 30 June 1968:  
Common  
Customer No. 1 [REDACTED]

25X1A

3. The effect of the above action is to increase the FY-68 Customer No. 1 account by \$15,000.

4. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

5. Please indicate your receipt of this Amendment No. 43 to Contract No. HF-CT-695, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

THE UNITED STATES OF AMERICA

25X1A

ACKNOWLEDGED AND ACCEPTED

[REDACTED]

[REDACTED]

25X1A

TITLE Vice-President & Chief Scientist Contracting Officer

DATE May 16, 1968

~~SECRET~~

~~SECRET~~

OSA-4436-67  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 42

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 42 to Contract No. HF-CT-695 between the Perkin-Elmer Corporation and the United States of America.

2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

Line 1. in PART VII - FUNDS ALLOTTED, of the contract schedule as amended is deleted and Line 1. stated below is substituted therefor:

"1. 1 July 1967 through 30 June 1968:

25X1A

Common  
Customer No. 1



3. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

4. Please indicate your receipt of this Amendment No. 42 to Contract No. HF-CT-695, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

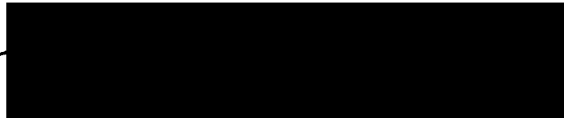
Very truly yours,

25X1A

25X1A

ACKNOWLEDGED, & ACCEPTED  
The Perkin-Elmer Corporation

THE UNITED STATES OF AMERICA



Contracting Officer

DATE January 19, 1968

~~SECRET~~

**SECRET**

OSA-4067-67  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 41

23 NOV 1967

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 41 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

2. Pursuant to mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

In PART VII - FUNDS ALLOTTED, of the contract schedule as amended, Paragraph k. is deleted and Paragraph k. set forth below is substituted therefor:

"k. 1 July 1966 through 30 June 1967:  
Common  
Customer No. 1

3. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

4. Please indicate your receipt of this Amendment No. 41 to Contract No. HF-CT-695, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

25X1A

ACKNOWLEDGED AND ACCEPTED  
THE PERKIN-ELMER CORPORATION

B [redacted] Contracting Officer

T [redacted] Group

DATE December 7, 1967

25X1A

25X1A

**SECRET**

**SECRET**

OSA-3281-67  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 40

9 OCT 1967

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 40 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

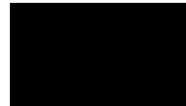
2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

Line 1. in PART VII - FUNDS ALLOTTED, of the contract schedule, as amended, is deleted and Line 1. stated below is substituted therefor:

"1. 1 July 1967 through 30 June 1968:

25X1A

Common  
Customer No. 1  
Customer No. 2



3. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

4. Please indicate your receipt of this Amendment No. 40 to Contract No. HF-CT-695, and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

25X1A

Very truly yours,

25X1A

ACKNOWLEDGED AND ACCEPTED  
THE PERKIN-ELMER CORPORATION



Contracting Officer

**SECRET**

**SECRET**

OSA-2376-67  
Copy    / of 5

Contract No. HF-CT-695  
Amendment No. 39

29 JUN 1967

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 39 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

a. In PART VII - FUNDS ALLOTTED, of the contract schedule as amended, Paragraph k. is deleted and the following Paragraphs k. and l. are added:

"k. 1 July 1966 through 30 June 1967:

25X1A

Common  
Customer No. 1  
Customer No. 2



"l. 1 July 1967 through 30 June 1968:

25X1A

Common



\* Contingent upon the availability of funds for this purpose during the Government's Fiscal Year 1968."

b. Paragraph (a) in PART V - PERIOD OF PERFORMANCE of the contract schedule as amended, is deleted and the following paragraph is substituted therefor:

"(a) The Contractor shall furnish the articles and supplies required hereunder during the period 1 March 1958 through 30 June 1968."

**SECRET**

SECRET

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

-2-

3. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

4. Please indicate your receipt of this Amendment No. 39 to Contract No. HF-CT-695 and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

25X1A



Contracting Officer

~~ACKNOWLEDGED~~ AND ACCEPTED  
THE PERKIN-ELMER CORPORATION

BY



TITLE

DATE 6 July 1967

Approved For Release 2001/04/23 : CIA-RDP71B00697R001600070001-4

SECRET

SECRET

OSA-1276-67  
Copy 1 of 5

Contract No. HF-CT-695  
Amendment No. 38

18 APR 1967

The Perkin-Elmer Corporation  
Main Avenue  
Norwalk, Connecticut

Gentlemen:

1. This document constitutes Amendment No. 38 to Contract No. HF-CT-695 between The Perkin-Elmer Corporation and the United States of America.

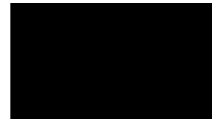
2. Pursuant to the clause of this contract entitled "CHANGES" and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

In PART VII - FUNDS ALLOTTED, of the contract schedule, as amended, Paragraph K. is deleted and the following Paragraph k. is substituted therefor:

"k. 1 July 1966 through 30 June 1967

25X1A

Common  
Customer No. 1  
Customer No. 2



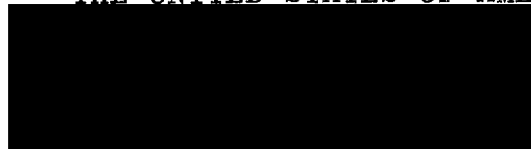
3. All other terms and conditions of Contract No. HF-CT-695, as amended, remain unchanged.

4. Please indicate your receipt of this Amendment No. 38 to Contract No. HF-CT-695 and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

THE UNITED STATES OF AMERICA

25X1A

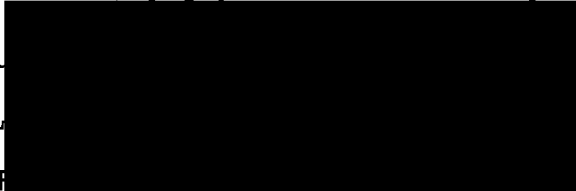


25X1A

ACKNOWLEDGED & ACCEPTED  
THE PERKIN-ELMER CORPORATION

BY \_\_\_\_\_ DATE 27 April 1967

TITLE \_\_\_\_\_



SECRET