

**SECRET**

HYCON MFG. COMPANY  
2961 E. Colorado Street  
Pasadena 8, California

AGREEMENT OF EMPLOYMENT

AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_ 195\_\_ by and between Hycon Mfg. Company, a Delaware corporation with its principal place of business in Pasadena, California, (hereinafter sometimes referred to as the Company), and \_\_\_\_\_ (hereinafter sometimes referred to as Employee), an individual residing at \_\_\_\_\_

RECITALS

Company does or may do work in foreign countries throughout the world. In contracting with employees for such work, it is essential that the Employee understand as fully as possible the conditions prevailing in the particular foreign country to which he may be assigned and that the conditons under which he is expected and agrees to there do work for the Company may be rigorous in any and all respects.

Company is required by its clients to maintain in strictest confidence the nature of the work it does and the results thereof. Any violation of that confidence by the Company or any of its employees may result in serious consequences to Company.

It is extremely important to the Company that an employee fulfill his duties for the full term of contracted service, because the replacement of an employee who does not do so works a financial and operational hardship upon the Company. The purpose of this Agreement is to set forth the respective rights and obligations of the parties to it.

There is attached hereto as Exhibit "A" an executed schedule which is by execution of the agreement incorporated herein and made a part hereof.

SECTION 1. CONTINENTAL UNITED STATES

For the purpose of this Agreement the terms "Continental limits of the United States" or "Continental United States" shall be deemed to, and shall include only the forty-eight states of the United States and the District of Columbia.

DOCUMENT NO. 279  
NO CHANGE IN CLASS.   
CLASSIFIED   
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: 2/5/11  
AUTH: HR 70-2  
DATE: 11/2/47

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## SECTION 2. EMPLOYMENT AND DUTIES

The Company hereby employs Employee to render such services and perform such duties as the Company may direct or designate; and Employee accepts such employment with knowledge of the terms and conditions herein set forth and agrees throughout the term of this Agreement of Employment to give his exclusive time and attention to the diligent and faithful performance of such services and duties, and to abide by and be subject to all rules, regulations and requirements of the Company, its officers, agents and supervisory employees, as well as all civil laws and regulations in effect from time to time at the place or places of duty where Employee may be assigned during the continuance of, and in connection with, Employee's employment hereunder.

## SECTION 3. CANCELLATION OF PRIOR AGREEMENTS

If Employee is presently employed by the Company under any agreement of employment, written or oral, the parties hereto agree that such agreement of employment will be cancelled and terminated concurrently with the execution of this Agreement of Employment which shall be substituted in lieu of the agreement so cancelled and shall set forth the terms and conditions of Employee's employment by the Company, provided, however, that if Employee at the time of execution of this agreement shall enjoy seniority with the Company, the execution of this agreement shall not deprive Employee of such seniority or of any rights that may accrue to him by reason thereof, including without limitation the right to participate in any retirement plan of the Company, in accordance with the requirements of said plan as they may be amended from time to time.

## SECTION 4. TERM OF EMPLOYMENT

The term of Employee's employment hereunder shall commence on the date when employee reports for duty hereunder at the time and place designated by the Company and as stated in Exhibit "A" of this agreement.

## SECTION 5. AMOUNT, TIME, AND MODE OF PAYMENT OF SALARY

A. Beginning with the date the Employee's Term of Employment commences, as provided in Exhibit "A" entitled "TERM OF EMPLOYMENT", and until said Term of Employment shall expire under the terms of this Agreement or be terminated in accordance with Section 15 of this Agreement, Employee shall be paid for such portions of said Term of Employment as are expressly spelled out in Exhibit "A" of this Agreement.

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SECTION 5. AMOUNT, TIME, AND MODE OF  
PAYMENT OF SALARY, Cont'd.

B. Employee shall designate in writing the portion of his salary which he desires paid to him at his place of duty while employed outside the Continental United States. The balance, if any, of Employee's salary shall be deposited (less any lawful deductions) for the account and risk of Employee in a bank or trust company in the United States to be mutually agreed upon by Employer and Employee, or, in the absence of such designation, in a member bank of the Federal Reserve System selected by the Company. The receipt therefor of such bank or trust company shall constitute conclusive evidence of payment to Employee.

C. Salary payments shall be monthly; subject, however, to the payment of a portion thereof only on completion of all obligations under this Agreement, as specified in Section 7, A. Failure on the part of the Company to respond to the precise time and mode of payment of salary prescribed herein shall not be considered as a breach or default on the part of the Company in those cases in which such failure is the result of causes beyond the Company's control.

D. Employee will not seek reimbursement from the Company for any foreign exchange loss that he may incur as a result of converting into foreign or American money any sums paid or payable to him under the terms of this Agreement of Employment, and it is understood that the Company shall be under no obligation to exchange foreign exchange or currency of any country into American currency or exchange.

E. There shall be no restriction upon the number of Employee's work hours per day or the number of Employee's work days per week. The salary and compensation herein provided to be paid Employee is substantially in excess of that which Employee would receive for similar services rendered in the United States at the date hereof and includes compensation for any extra or overtime services to be performed, and Employee shall not be paid or compensated otherwise for services which ordinarily would be extra or overtime services.

SECTION 6. SUBSISTENCE ALLOWANCE

Subsistence will be furnished to the Employee when away from the factory, (except when on Leave Status) therefore payment of a subsistence allowance will be unnecessary.

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SECTION 7. SALARY AND OVERSEAS DIFFERENTIAL  
UPON COMPLETION OF CONTRACT

A. Of the monthly salary specified in Exhibit "A", the sum of one hundred dollars (\$100.00) per month shall be payable only upon satisfactory completion by the employee of all of his obligations under this Agreement, or upon termination of the employment without cause under Paragraph "B" of Section 15 hereof. In the event employee does not complete his obligations under this Agreement, including termination of his employment for cause under Paragraph "A" of Section 15 hereof, the employee's salary as set forth in Exhibit "A" shall be reduced by the sum of one hundred dollars (\$100.00) per month.

B. The Company will, upon satisfactory completion by the employee of all of his obligations under this agreement, pay to the employee a contract overseas differential in the sum of <sup>2000</sup> in addition to the amount of contingent salary referred to in Paragraph "A" of this Section 7, above. If the employment of the employee is terminated without cause under Paragraph "B" of Section 15 hereof, a portion of the total overseas differential amount shall be paid equal to the proportionate completion of the total term of employment specified in this agreement.

SECTION 8. VACATION, SICK LEAVE AND OTHER  
BENEFITS

A. An employee shall be given three weeks' (21 days) of vacation with pay at approximately the mid point of the term of employment set forth in Exhibit "A" hereof. Such vacation must be spent in the United States if so specified by the Company. Immediately preceding or following such vacation the employee shall spend a week at the plant or plants of the Company in the Pasadena area in accordance with instructions from the Company. The vacation rights specified in this paragraph shall not impair the accrual of vacation rights under the standard personnel practices of the Company provided that any vacation rights accrued in excess of those specified herein shall be deferred until completion or termination of employment under this agreement. If this Agreement of Employment shall be terminated for any reason other than in accordance with the provisions of Paragraph "A" and Paragraph "C" of Section 15, hereof, the Company will pay to Employee pro-rata compensation for said vacation time accrued and unused by the Employee to the date of such termination. Vacation accrued and unused by the Employee to the date of such termination will be computed as 6.6 hours for each full month of service. In the event Employee should, at the request of the Company continue service for a period of time beyond the Term of Employment provided under Exhibit "A" hereof, Employee shall accrue a right to vacation pay at the same rate provided above, on a pro-rata basis, for the period of time of such additional service. Such paid vacation shall be at the base salary rate set forth in Exhibit "A" hereof.

B. Sick Leave: Employee shall be entitled to sick leave benefits in accordance with the plan for sick leave benefits as presently in effect for salaried employees of the Company at its Pasadena, California, base. During any period of paid sick leave an Employee shall be entitled to his regular pay and if during such period of paid sick leave employee is outside the Continental limits of the United States he shall also be provided subsistence as specified under Section 6 hereof.

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SECTION 8. VACATION, SICK LEAVE AND  
OTHER BENEFITS, Continued

C. Local Leave: Employees will be subject to duty 7 days per week, 24 hours per day, however employee may receive Local Leave from time to time at the location of employment outside the Continental limits of the United States. Such local leave will be granted subject to Operational requirements at the sole discretion of the Team Supervisor, or other person designated by Hycon, on the basis of 8-1/2 days leave per month of employment. Unused Local Leave shall accrue to a maximum of 30 days. Leave as granted shall be applied first against Local Leave allowance for the current month and thereafter to reduce the amount of accrued Local Leave. Employees will be paid for the local leave allowance remaining on completion of employment contract period at the base salary rate.

D. Retirement Plan: The provisions of the Hycon Profit Sharing Retirement Plan and Trust shall be made available to Employee on the same basis and subject to the same conditions and requirements as they are made available to salaried employees of the Company, at its Pasadena, California, base.

E. The provisions of the Hycon Group Insurance Plan as presently in effect for salaried employees of the Company at its Pasadena, California, base shall be made available to Employees on the same basis as they are made available to said employees of Hycon Mfg. Company.

F. The Company may, in its sole discretion, grant emergency leave to the Employee. In the event such leave is granted and the Employee returns to his station within the time limit specified, in the written consent by the Company, (which period shall in no event exceed forty-five days from the time the leave commences) the Employee's right to receive payment of the overseas differential and contingent salary specified in Section 7 hereof, shall not be impaired. Failure to return to work within the period specified shall constitute a failure to satisfactorily complete the obligations under this Agreement. Transportation in connection with emergency leave shall be solely at the expense of the Employee.

SECTION 9. TRANSPORTATION AND TRAVEL  
EXPENSE

A. In reporting for and rendering services during his employment hereunder, and in traveling to and from his place or places of duty hereunder, Employee consents to travel by land, sea and air, according to routes and by any mode of conveyance which the Company may specify. When so directed by the Company, Employee agrees to return to the United States without delay by such routes and means as the Company may designate.

B. Except as herein otherwise provided, and subject to the rules and regulations prescribed in respect thereof by the Company, the Company shall furnish or cause to be furnished to Employee transportation necessary to the employment which is the subject of this Agreement, including transportation for vacations required to be spent in the United States under Section 8, Paragraph "A", hereof.

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**SECTION 10. PASSPORTS AND PREPARATION  
FOR TRAVEL**

A. This Agreement is predicated upon satisfactory proof furnished by Employee that he is a citizen of the United States of America and upon his ability to secure necessary passports, visas and such other permits as may be necessary, to authorize his departure and absence from the United States, and entrance into and stay in such foreign countries as may be necessary, to pass such physical examination, and to submit to such disease immunization, finger printing and to comply with other regulations as may be required by proper authority or by the Company.

B. If Employee is so qualified, the Company shall assist Employee in obtaining the necessary passports, travel permits and visas.

**SECTION 11. SECURITY AND OTHER  
REGULATIONS**

A. The employment which is the subject of this Agreement will involve access to information affecting the national defense of the United States within the meaning of the Espionage Laws, Title 18, United States Code, Sections 793 and 794. Transmission or revelation of such information in any manner to unauthorized persons may be a criminal offense and may lead to prosecution and conviction. It will also be a cause for immediate termination of employment within the meaning of Paragraph "A" of Section 15. The Employee agrees to abide by all security rules and regulations applicable to the employment.

B. Employee agrees to comply with all applicable customs, laws and regulations of the countries from, to or through which Employee or any of his property may be transported.

**SECTION 12. MEDICAL SERVICES**

A. Prior to each departure from the United States, Employee shall submit to such physical examination, vaccination and inoculation as the Company shall direct, at no expense to Employee. Employee shall further from time to time, while engaged in overseas service, and shall immediately prior to Employee's termination as provided herein under this Agreement of Employment, submit, without expense to Employee, to such further examination, vaccination, inoculation and other medical, dental, surgical, nursing and hospital treatment, preventative or curative, as the Company's medical staff (or medical examiners appointed by the Company) at Employee's place of duty or elsewhere, may from time to time specify as necessary or desirable.

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SECTION 13. COMPENSATION FOR DEATH  
OR DISABILITY

- A. Employees shall be covered by Workman's Compensation insurance.
- B. If the Company pays salary as provided for under Section 8 (B) hereof during any period in which Employee or his beneficiaries are entitled to benefits under the first paragraph of this Section 13, any benefits so payable for such period, shall be a part of, and not in addition to, the salary thus paid.
- C. Employer will take out accidental death and dismemberment insurance providing benefits up to \$25,000 for accidents involving employees which occur as a result of travel, or any other activity incident to the discharge of the responsibility of the employee under this agreement, including flying as observers in any aircraft, but excluding accidents which are directly or indirectly caused or contributed to by war or invasion. Coverage will extend anywhere in the world, except in countries specifically excluded from the policy provisions by the insurance carrier.
- D. It is understood and agreed that if any Insurer providing insurance under the terms of this Section 13, fails to pay claims arising thereunder for any reason whatsoever, the Company will not be liable for the payment of such claims.
- E. In the event of the death of the Employee while outside the Continental limits of the United States during the term of this Employment Agreement, the Employee authorizes the Company to make appropriate disposition, as shall be deemed best by it under the prevailing circumstances, of the body and personal effects of the Employee.
- F. Employee is required to furnish the Company with a copy of his last will and testament or provide the Company with an execution accomplishing the same purpose .

SECTION 14. DEPENDENTS

Dependents of the Employee will not be permitted to join the Employee at his foreign duty station.

SECTION 15. TERMINATION

- A. The Company may by notice in writing or by telegram or cablegram terminate Employee's employment and his right to receive further salary and other benefits hereunder for any of the following causes:
1. If Employee, in the opinion of the Company, is not trustworthy, careful, or is otherwise disqualified to render the services required hereunder, or does not abide by all rules, regulations and requirements of the Company, its

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SECTION 15. TERMINATION, Continued

A. 1. Cont'd.

officers, agents and supervisory employees, or does not abide by the rules, regulations and requirements of the customer of the Company to which services are being rendered.

2. If Employees, in the opinion of the medical examiner or examiners designated or approved by the Company, is found to be afflicted with any venereal disease.
3. If Employee violates any of the provisions of this Agreement or fails to perform faithfully and diligently the services and duties required of him hereunder.
4. If Employee in any respect fails to meet the standards or requirements of the Company for overseas service.
5. If the performance or the personal conduct of the Employee is unsatisfactory to the Company.

Upon termination by the Company under this Paragraph (A), the Company will make available to Employee return transportation to Pasadena, and/or the place of Employee's recruitment or last permanent residence in the Continental United States, but will not be required to pay Employee any salary or other benefits for any period from and after such termination.

B. The Company may further by notice in writing or by telegram or cable-gram terminate Employee's employment under this Agreement, without cause under the following circumstances:

1. Upon or after completion of Employee's performance under this Agreement as determined by the Company.
2. If, in the opinion of the Company, the performance provided for in this Agreement not having been completed or terminated, the services of Employee are no longer required hereunder.
3. If the Employee shall be inducted into or recalled to active duty (as distinguished from voluntarily entering) in the Armed Forces of the United States.

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SECTION 15. TERMINATION Continued

Upon termination by the Company under this Paragraph "B", the Company shall make available to Employee return transportation and his salary until he shall be returned to the place of his recruitment or last permanent residence in the Continental United States.

C. In the event that Employee terminates his employment hereunder voluntarily, he shall not from and after such termination be entitled to any salary or other benefits, including without limitation overseas differential payments or per diem allowances hereunder.

SECTION 16. CONFIDENTIAL INFORMATION

Employee shall treat as confidential any information or knowledge received or acquired by him relating to his employment or to his services hereunder, or to the products or processes of manufacture of the Company not disclosed by the Company to the general public, and shall not, without the prior written consent of the Company, publish or cause to be published, or disclose to any person, firm or corporation, in any manner or by any means, either by statements, photographs, pictures, books, articles, reports, charts, graphs, maps, or in any other manner or by any other means, written, pictorial, oral or otherwise, any information directly or indirectly relating to such employment, services, products and/or processes of manufacture. The provisions of this Section may be enforced by injunctive relief or by any other legal means.

SECTION 17. SEPARABILITY OF CONTRACT TERMS

In the event that any one or more of the provisions of this Agreement shall, for any reason whatsoever, be held by competent authority to be invalid or unenforceable, such particular provision or provisions shall be deemed to be separable from the remainder of this Agreement; and all of the remaining provisions, terms and conditions of this Agreement shall continue in full force and effect and be binding upon the parties hereto, in the same manner as if the severed provision or provisions had never been included herein.

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## SECTION 18. MISCELLANEOUS

This Agreement of Employment constitutes the entire Agreement between the parties hereto relating to the subject matter hereof and the provisions thereof shall be construed and interpreted solely in accordance with the laws of the State of California. It is specifically agreed that the Company may assign its rights and delegate its duties under this Agreement of Employment or subsequent Agreements requiring the services of the Employee to any Hycon Mfg. Company organization, affiliate or subsidiary. It is further agreed that no assignment of rights under this Agreement of Employment or subsequent agreements requiring the services of the Employee shall be made by Employee without the written consent of the Company. Unless this Agreement of Employment is executed on behalf of the Company by an officer or authorized representative thereof, it shall not become binding.

## SECTION 19. FINAL SETTLEMENT

On the termination of this agreement and payment to the Employee of all amounts due to him hereunder, the Employee shall execute and deliver to the Company upon a form prepared by it a receipt for said sums and a release of all claims, except claim for compensation insurance or such claims as may have been submitted pursuant to the provisions of Section 13 hereof and which may remain undisposed. It is understood that in preparing the final record of employment on termination, the Employee shall submit to such physical examinations, both at the job site and after his return to the United States, as the Company may deem necessary for the preparation of such record herein required.

## SECTION 20. CERTIFICATION BY EMPLOYEE

The Employee certifies to the Company that he has read the foregoing Agreement and that he fully understands its terms and conditions, and further certifies that the foregoing terms and conditions constitute his entire agreement with the Employer, and that no promises or understandings have been made other than those stated above; and it is specifically agreed by the parties hereto that this Agreement shall be subject to modification only by written instrument signed by both the Company and the Employee.

No promises or representations of any kind have been made to the Employee regarding exemption from payment of the United States or any other income tax. United States income tax will be withheld as well as any other applicable tax. (United States and California)

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SECTION 20. CERTIFICATION BY EMPLOYEE  
Continued

Employee certifies that he is a citizen of United States of America; that he does not advocate and is not a member of any political party or organization which advocates the overthrow of our constitutional form of government in the United States.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in triplicate in the City of \_\_\_\_\_, State of \_\_\_\_\_ by its officer or other person thereunto duly authorized and its corporate seal to be affixed hereto, and Employee has executed the same, in triplicate, the day and year first above written.

HYCON MFG. COMPANY

By \_\_\_\_\_

\_\_\_\_\_  
Employee

Witness to Signature of Employee:  
  
\_\_\_\_\_

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EXHIBIT "A"

Attached to and Part of  
AGREEMENT OF EMPLOYMENT

Dated \_\_\_\_\_

Item  
No.

- 1. Area of Employment \_\_\_\_\_
  - 2. Starting Point \_\_\_\_\_
  - 3. Capacity (Type of Work) \_\_\_\_\_
  - 4. Term of Continuous Service \_\_\_\_\_ month commencing  
date of departure for foreign assignment \_\_\_\_\_ 195 \_\_\_\_\_
  - 5. Base Salary (US Dollars per month) \_\_\_\_\_
  - 6. Regular Vacation \_\_\_\_\_
  - 7. Special Agreements \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Employee

Approved at \_\_\_\_\_ on \_\_\_\_\_  
(Place) (Date)

by \_\_\_\_\_  
(Signature) (Title)

\_\_\_\_\_  
(Company)

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TERMINATION OF AGREEMENT  
OF EMPLOYMENT

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by and between Hycon Mfg. Company, a Delaware corporation with its  
principal place of business in Pasadena, California, (hereinafter some-  
times referred to as the "Company"), and \_\_\_\_\_  
(hereinafter sometimes referred to as "Employee"), an individual re-  
siding at \_\_\_\_\_.

RECITALS

Company and Employee are parties to an "Agreement of  
Employment" dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
The services of Employee are no longer required under such Agreement  
and, pursuant to the provisions of said Agreement, the Company desires  
to terminate Employee's employment thereunder. The Company and the  
Employee desire, however, that the cancellation of such Agreement shall  
not affect Employee's general employment benefits with the Company so  
long as Employee shall remain in the employ of the Company.

NOW, THEREFORE, in consideration of the terms and  
provisions hereof, the parties hereto agree as follows:

1. The agreement of employment between the parties hereto  
dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ is hereby terminated.

2. Termination of said agreement of employment shall not  
prejudice Employee's enjoyment of any seniority, so long as he continues  
as an employee of the Company, or any rights that may have accrued to  
him by virtue of his employment by the Company.

IN WITNESS WHEREOF the Company and the Employees have  
caused this Agreement to be executed in triplicate the day and year first  
above written.

HYCON MFG. COMPANY

BY \_\_\_\_\_

\_\_\_\_\_  
Employee

Witness to Signature of Employee:

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**GENERAL PROVISIONS**  
**(TECHNICAL SERVICES CONTRACTS)**

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.

(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. The Commander of the Air Force activity to which any contractor personnel may be assigned hereunder is hereby designated an authorized representative of the Contracting Officer with regard to contractor personnel so assigned.

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

(d) The terms "contractor employee" and "contractor personnel" as used throughout this contract shall be deemed to refer to all contract technical services personnel, including all of the specific types of technicians referred to in the Schedule, and shall be defined as persons, such as advisers, instructors, or technical specialists, obtained through the contractor to perform services pertaining to the operation and maintenance engineering of Air Force equipment. The terms include both:

(i) "Technical representatives" who are employees of a manufacturer furnishing end items of equipment to the Air Force, and furnishing services only in connection with such end items; and

(ii) "Contract technicians" who are employees of a commercial concern furnishing services to the Air Force at least a part of which are in connection with end items not manufactured by the Contractor.

(e) The term "man month" as used herein shall be deemed to be the time devoted to the performance of services hereunder by one contractor employee during a period of one calendar month.

(f) The term "continental limits of the United States" as used herein means any place within the territorial limits of the 48 states and the District of Columbia.

(g) The term "domestic services" as used herein means services within the continental limits of the United States.

(h) The term "overseas" as used herein means any place outside the continental limits of the United States.

2. **CHANGES.**—The Contracting Officer may, at any time, by a written order, and without notice to the sureties, if any, make changes in or additions to drawings and specifications, issue additional instructions, require modified or additional work or services within the general scope of the contract, change the place of delivery or method of shipment, or the amount of Government furnished property. 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 time of performance, 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 sixty (60) days from the date of receipt by the Contractor of the notification of change: provided, however, that the Contracting 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. **INSPECTION.**—All services, material and workmanship, shall be subject to inspection and test by representatives of the Government. For this purpose, the Contractor shall allow at all reasonable times inspectors and other Government personnel free access to the plant and operations and shall furnish such facilities, supplies, and services as may be required for this work.

4. **PAYMENTS**

(a) The Contractor shall be paid in monthly installments upon submission of properly certified invoices therefor for services rendered and accepted less deductions, if any, as herein provided.

(b) Any payments in reimbursement of the cost of any transportation furnished by the Contractor for which it is entitled to be reimbursed under paragraph (a) of the Clause hereof entitled "Services Furnished by the Government" shall be made upon the submission of properly certified invoices and other evidence satisfactory to the Contracting Officer covering the expenditures for which reimbursement is so sought.

(c) If this contract provides for overseas services, the domestic rates, if any, specified in the Schedule are applicable to that portion of the time necessary for travel between the Contractor's plant and the overseas site which is spent within the continental limits of the United States.

5. **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 contract provides for payments aggregating \$1,000 or more, claims for moneys due or to become due 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 other provision of this contract, payments to any assignee of any money hereunder shall be made in accordance with the contract terms and the provisions of the Assignment of Claims Act, as amended, be subject to reduction or set-off.

(b) In no event shall copies of this contract or of any other documents relating to work under this contract, if marked "Top Secret," "Secret," or "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.

**6. 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 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 an 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 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 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.

**7. 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 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 ten (10) days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such a 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.

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(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 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.

8. **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 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.

9. **CONVICT LABOR.**—In connection with the performance of work under this contract, the Contractor agrees not to employ any persons undergoing sentence of imprisonment at hard labor.

10. **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 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.

11. **NONDISCRIMINATION IN EMPLOYMENT.**—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; lay-off 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.

The Contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

12. **OFFICIALS NOT TO BENEFIT.**—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.

13. **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 pay to the Contractor a sum not exceeding the amount of any commission, percentage, brokerage, or contingent fee.

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14. **TERMINATION FOR CONVENIENCE OF THE GOVERNMENT.**—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 interests 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) discontinue all work to the extent and on the dates specified in such Notice; (2) proceed promptly with the return to its plant of such of its Contractor personnel as may be covered by said Notice; and (3) transfer title and deliver to the Government, in the manner, and to the extent and at the times directed by the Contracting Officer, the completed and partially completed work, material, plans, drawings, data, information, reports, and other property produced as a part of, or acquired in connection with the performance of the work terminated in such Notice.

(c) Upon termination of work, as provided in this clause, the Contractor shall, in respect to such Contractor Personnel as may be covered by said Notice of Termination, be paid that part of the fixed price set forth in the Clause of this contract entitled "Consideration and Payment" which has accrued for services rendered hereunder up to the effective date of such Notice, and for time necessary for such Contractor Personnel to return to the plant of the Contractor after the effective date of said Notice and any other amounts properly owing to the Contractor under said "Consideration and Payment" clause which are theretofore unpaid. If, at the date of said Notice, certain costs have actually been incurred by the Contractor in connection with the contract preliminary to the departure of the Contractor Personnel covered by said Notice of Termination from the plant of the Contractor which are allocable to the entire period of performance contemplated hereunder, the Government will pay to the Contractor such sum as the Contracting Officer and the Contractor may agree is properly allocable to the terminated portion of the contract. Settlement under the provisions of this paragraph (c) shall be evidenced by a Supplemental Agreement to the contract. In the event of the 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, 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 amount so determined.

(d) Any dispute arising out of the termination of the contract under this clause shall be decided in accordance with the procedure prescribed in the "Disputes" clause hereof.

15. **SUBCONTRACTS FOR WORK OR SERVICES.**—No contract shall be made by the Contractor with any other party for furnishing any of the work or services herein contracted for without the written approval of the Contracting Officer, but this provision will not be taken as requiring the approval of contracts of employment between the Contractor and personnel assigned for services thereunder.

16. **INSPECTION AND AUDIT.**—(a) The Contractor agrees that its books and records and its plant, or such parts 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 department.

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

17. **EXAMINATION OF RECORDS.**—(The provisions of this clause shall be applicable only if this contract is a negotiated contract in excess of \$1,000.)—(a) The Contractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three (3) 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 Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three (3) 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.

(c) The provisions of paragraphs (a) and (b) above are in addition to any other provisions of this contract relating to access to, retention of, and inspection of records.

18. **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 performing, of such contract; provided that the existence of the facts upon which the Secretary or his duly authorized representative 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 cost 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.

19. **CONTRACTOR PERSONNEL.**—(a) Subject to the provisions of PART II of the Schedule, the number of contractor personnel and the number of man-months specified in the Schedule may be exceeded with the prior written approval of the Contracting Officer, but only to the extent necessary to provide continuous service in the event that a transfer, reassignment, or other cause would result in an interruption of service.

(b) Contractor personnel will normally be assigned to major air command headquarters. Such personnel shall perform services at such places within the command as the Contracting Officer may direct.

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(c) The Contractor shall be responsible for selecting personnel who are well qualified to perform the required services, for supervising techniques used in their work, and for keeping them informed of all improvements, changes and methods of operations.

(d) Contractor personnel, upon assignment, either within the continental limits of the United States or overseas, are subject to call 24 hours a day. Normally they will perform their assigned duties on the same daily and hourly basis as the personnel of the organization to which they are assigned. Holidays will be observed in accordance with the direction of the Commander of the air activity to which Contractor personnel are assigned. In the event that a Contractor employee is required to perform services hereunder on an observed holiday, reimbursement shall be made as provided in the Schedule.

(e) The Contractor shall be required to furnish a replacement for any Contractor personnel who may be returned to the Contractor's plant or become incapacitated or die or otherwise be unable to complete performance hereunder prior to the expiration of the period of performance, unless otherwise agreed upon by the parties hereto.

(f) The Contractor shall furnish all necessary equipment, salaries and wages of its personnel, all costs of subsistence and lodging, costs of passports, insurance, and any and all other costs in connection with the services to be rendered hereunder except as otherwise provided in the Clause hereof entitled "Services Furnished by the Government."

(g) The Contractor, promptly after receipt of official notice from the Contracting Officer that the services of Contractor personnel are required hereunder, shall furnish in writing to the Contracting Officer the name of each person assigned by the Contractor under this contract, his qualifications, his security clearance, and such other pertinent information as the Contracting Officer may request. The Contractor shall have the right to replace or transfer its personnel and to substitute other qualified personnel in lieu thereof; provided, however, that such transfers or reassignments will not be due cause for a break in services rendered and that such replacements or transfers have been coordinated with the Contracting Officer. Any transfers or reassignments for the convenience of the Contractor, including travel and training cost of replacement personnel, shall be at the Contractor's expense. Transfers and reassignments of personnel shall be construed as being for the convenience of the Contractor unless directed or approved by the Contracting Officer or his authorized representative. The selection of personnel by the Contractor shall be subject to approval of the Contracting Officer.

(h) The Contracting Officer may, if he finds it to be in the best interest of the Government, direct the Contractor to remove, and the Contractor shall remove, any employee from an assignment to perform services under this contract.

(i) The Contractor shall furnish to and file with the Contracting Officer such copies of the Employment Contracts, if any, entered into with Contractor personnel engaged in performing the services to be rendered under this contract, as may be required by the Contracting Officer.

(j) Personnel employed by the Contractor hereunder and sent overseas shall be accredited to the United States Air Force with a recognized status under the Hague Regulations and the Geneva Covenants, shall be given proper credentials and identification cards, shall wear a uniform when prescribed by the theater commander, shall be subject to appropriate recognition under the rules of war, and shall be subject to such regulations as have been or may hereafter be issued by the United States Air Force governing Contractor personnel serving with the United States Air Force in foreign theaters of operation.

(k) In accordance with the Uniform Code of Military Justice, Article 2, Contractor personnel serving with, employed by, or accompanying an armed force outside the continental limits of the United States and territories specified in Article 2(11) and 2(12) are subject to the Uniform Code of Military Justice.

**20. PERIOD OF PERFORMANCE.**—(a) The services shall be performed during the period set forth in PART III of the Schedule, but the time of starting and ending performance and the number of Contractor personnel furnished at any time shall be as directed by the Contracting Officer.

(b) It is understood that time necessary for Contractor personnel to proceed from the plant or plants of the Contractor to the site or sites for the performance of services hereunder shall be considered as time spent in the performance of services hereunder. It is also understood that time necessary for the transfer of Contractor personnel between different sites for the performance of services hereunder and time necessary for the return of such personnel to the plant of the Contractor shall be considered as time spent in the performance of services hereunder.

**21. SERVICES FURNISHED BY THE GOVERNMENT.**—In connection with services to be rendered hereunder, the Government shall furnish and supply to the Contractor the following facilities and services:

(a) Suitable transportation for Contractor personnel and their baggage and for any equipment to be furnished by the Contractor hereunder from the Contractor's plant to the site or sites of work, at any site of work while on official business, between sites of work, and return to the plant of the Contractor. In the event of failure by the Government to furnish suitable transportation, the Contractor shall furnish such transportation, and the Government will reimburse the Contractor for the actual and reasonable cost of such transportation, provided the same has been approved as provided in this paragraph. All travel of Contractor personnel will require prior approval from the Commander, Air Materiel Command, or the Commander of the major Air Command having operating responsibility in connection with this contract, except that prior approval of nonexpense travel in connection with the unit mission is not required.

(b) Use of Government communication facilities for the exchange of messages between Contractor personnel and the Contractor, where and when available if the Contractor is unable to procure commercial communication services; but the use thereof shall be subject to the regulations of the Representatives of the Government in charge thereof.

(c) Use of Government services and agencies in the transmittal of funds to Contractor personnel and as a medium of commercial exchange for said personnel when adequate commercial services and facilities are not available.

(d) Contractor personnel assigned to Air Force activities will be accorded the same privileges as commissioned personnel when available. Emergency medical facilities may be furnished as prescribed by applicable regulations.

22. **APPROVED FOR RELEASE 2001/04/10 : CIA-RDP81B00878R001200020319-9**  
APPLICABLE SECURITY REQUIREMENTS.—(a) The provisions of this clause shall apply to the extent that this contract involves access to information classified "Confidential" including "Confidential—Modified Handling Authorized" or higher.

(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 Forms 254 and 254-1).

(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 these representatives, determine that the Contractor is not complying with the security requirements of this contract, the Contractor shall be informed in writing by the Security Office of the cognizant Military Department of the proper action to be taken in order to effect compliance with such requirements.

(e) If subsequent to the date of this contract, the security classifications or security 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 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 clearance, which is still in effect, prior to being accorded access to such classified information.

**23. 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."

(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 requirements of the "Manual for Control of Government Property in 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 is assumed by the Contractor, the Government shall replace such items

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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 (e) hereof, and except as specifically provided in this contract, 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 subcontractor'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:

(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 reserve) 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 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 judgments and decrees) in favor of the Government in obtaining recovery. In addition, where

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a subcontractor shall be held liable for such loss 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.

(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 dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government-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 issued pursuant to this Clause shall be in writing.

(j) Such equipment, services, and facilities as are to be furnished and paid for by the Contractor under the provisions of the clause hereof entitled "Contractor Personnel," if not commercially available to the Contractor after the Contractor has made every effort to procure the same, may be furnished by the Government. Such equipment, services, and facilities, when supplied by the Government for the Contractor personnel shall be approximately of the same standard as supplied to commissioned officers of the United States Air Force. In the event that such equipment, services, and facilities are supplied by the Government, an equitable adjustment of the fixed price to be paid to the Contractor hereunder shall be made by the Contracting Officer and the contract amended accordingly. Such equipment and facilities shall be considered Government-furnished Property and subject to the provisions of this clause.

#### 24. 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.

#### 25. ALTERATIONS

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

(a) In Paragraph 17 entitled "EXAMINATION OF RECORDS" delete the words "Comptroller General of the United States" and substitute "Comptroller of the Contracting Agency."