



Terms & Conditions:

2XXX - FINANCIAL

20XX ACCOUNTING

2001 892 CHANGE ORDER ACCOUNTING

When MDC estimates that the cost of a change or series of related changes will exceed one hundred thousand dollars (\$100,000), MDC may require change order accounting. Seller, for each such change or series of related changes, shall maintain separate accounts, by job order or other suitable accounting procedure, of all incurred segregatable, direct costs (less allocable credits), of work, both changed and not changed, allocable to the change. Such accounts shall be maintained until the parties agree to an equitable adjustment for the change order.

21XX AUDIT

2101 845 AUDIT BY MDC

1. Seller shall maintain books, records, documents and other evidence and accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of the work hereunder.
2. Seller's books, records, documents and other supporting data shall be made available to MDC, or its authorized representative, for inspection and audit as required by MDC in conjunction with the negotiation of any changes hereunder, including termination claims, and in the event MDC elects to exercise an option for the purpose of additional quantities or request a price quotation for follow-on orders for the same or similar item or services.
3. In any of the above events, Seller shall, upon request of MDC, furnish a statement of related historical cost experience by cost element, or in such form as stipulated by MDC, together with applicable projections and supporting data. Such statements shall be based on current, accurate and complete cost information and so certified by a responsible officer.
4. Seller shall cause a like provision to be included in all subcontracts valued over five hundred thousand dollars (\$500,000).

22XX PRICING

2201 110 TERMINATION LIABILITY

1. The Not-To-Exceed prices set forth herein are subject to negotiation and downward adjustment only. However, Seller agrees to proceed immediately with the effort hereunder, except as expressly provided to the contrary herein, and to pursue such work with all diligence so that the supplies and services may be delivered or performed in accordance with the schedules noted herein.

2. Seller agrees to promptly provide such price and cost information as may be reasonably required to definitize the Not-To-Exceed prices herein. If this Purchase Order/Letter Contract is issued under a Department of Defense prime contract or subcontract thereunder, such information shall consist of complete MD-7050, Contract Pricing Proposal Cover Sheet, substantiation in accordance with Federal Acquisition Regulations.

3. The maximum termination liability amount under this Purchase Order/Letter Contract, including a reasonable amount for termination costs and for profit or fee (if any), for which MDC shall be liable is set forth in the Purchase Order/Letter Contract. This termination liability amount shall be MDC's total liability whatsoever to Seller, including the price of any changes (bilateral or unilateral) made under this Purchase Order/Letter Contract.

23XX INVOICING

RESERVED

24XX PAYMENT

2401 851 PROGRESS PAYMENTS FOR OTHER THAN SMALL BUSINESS CONCERNS (DAR)

The provisions of DAR 7-104.35(a) are incorporated herein by reference (excluding that portion of Paragraph (h) commencing with "and (2) with respect to all property...". In such Clause "Contractor" shall mean Seller, "Contract" shall mean this Purchase Order/Contract and "Contracting Officer" and "Government" shall mean MDC except that for the purposes of Paragraph (d) of said Clause, title shall vest in the Government and in Paragraph (g), (1) and (2), the references to the Contracting Officer and the Government shall also include MDC. Said progress payments will be made monthly upon receipt by MDC of an accurate invoice for same accompanied by a properly completed SF 1443, Contractor's Request for Progress Payments.

2402 852 PROGRESS PAYMENTS FOR SMALL BUSINESS CONCERNS (DAR)

The provisions of DAR 7-104.35(b) are incorporated herein by reference (excluding that portion of Paragraph (h) commencing with "and (2) with respect to all property...". In such Clause "Contractor" shall mean Seller, "Contract" shall mean this Purchase Order/Contract and "Contracting Officer" and "Government" shall mean MDC except that for the purposes of Paragraph (d) of said Clause, title shall vest in the Government and in Paragraph (g), (1) and (2),

the references to the Contracting Officer and the Government shall also include MDC. Said progress payments will be made monthly upon receipt by MDC of an accurate invoice for same accompanied by a properly completed SF 1443, Contractor's Request for Progress Payments.

2404 891 PROGRESS PAYMENTS FOR OTHER THAN SMALL BUSINESS CONCERNS (FAR)

If Seller is other than a small business concern, the provisions of FAR 52.232-16 are incorporated herein by reference. In such Clause "Contractor" shall mean Seller, "Contracting Officer" and "Government" shall include MDC in Paragraph (g) and in all other paragraphs shall mean MDC (except that pursuant to Paragraph (d), title to property shall vest in the Government). Progress payments will be made monthly upon receipt by MDC of an accurate invoice accompanied by a properly completed SF 1443, Contractor's Request for Progress Payments.

2405 895 PROGRESS PAYMENTS FOR SMALL BUSINESS CONCERNS (FAR)

If Seller is a small business concern, the provisions of FAR 52.232-16 (Alternate I) are incorporated herein by reference. In such Clause "Contractor" shall mean Seller, "Contracting Officer" and "Government" shall include MDC in Paragraph (g) and in all other paragraphs shall mean MDC (except that pursuant to Paragraph (d), title to property shall vest in the Government). Progress payments will be made monthly upon receipt by MDC of an accurate invoice accompanied by a properly completed SF 1443, Contractor's Request for Progress Payments.

2407 894 DEFINITIVE CONTRACT

Seller agrees that in the process of definitizing this Letter Contract, the terms and conditions herein may be added to, deleted and/or revised as necessary in accordance with the definitized Government prime contract.

2408 897 PROGRESS PAYMENTS FOR OTHER THAN SMALL BUSINESS CONCERNS (FAR)

If Seller is other than a small business concern, the provisions of FAR 52.232-16 and DFARS 252.232-7004 are incorporated herein by reference. In such Clauses "Contractor" shall mean Seller, and in FAR 52.232-16 "Contracting Officer" and "Government" shall include MDC in Paragraph (g) and in all other Paragraphs shall mean MDC (except that pursuant to Paragraph (d), title to property shall vest in the Government). Progress payments will be made monthly upon receipt by MDC of an accurate invoice accompanied by a properly completed SF 1443, Contractor's Request for Progress Payments.

2409 899 PROGRESS PAYMENTS FOR SMALL BUSINESS CONCERNS (FAR)

If Seller is a small business concern, the provisions of FAR 52.232-16 and DFARS 252.232-7004 are incorporated herein by reference. In such Clauses "Contractor" shall mean Seller, and in FAR 52.232-16 "Contracting Officer" and "Government" shall include MDC in Paragraph (g) and in all other Paragraphs shall mean MDC (except that pursuant to Paragraph (d), title to property shall vest in the Government). Progress payments will be made monthly upon receipt by MDC of an accurate invoice accompanied by a properly completed SF 1443, Contractor's Request for

Progress Payments.

2410 906 TECHNICAL DATA WITHHOLDING OF PAYMENT

MDC reserves the right, if Seller fails to deliver required technical data or computer software (hereinafter "data") by the dates set forth herein or such data is found to be deficient at the time of delivery (including but not limited to having restrictive markings not authorized by this Purchase Order/Contract) to withhold ten percent (10%) of the total price of this Contract until such time as Seller makes the required delivery or corrects any such deficiency. MDC will not withhold such amount if Seller's failure to deliver data is due to causes beyond its reasonable control and without its fault or negligence; provided Seller has reasonably notified MDC and has provided MDC with documentary evidence supporting such claim.

After payments total ninety percent (90%) of the total contract price and if all technical data specified to be delivered under this Contract has not been accepted, MDC may withhold from further payment such sum as MDC considers appropriate, not exceeding ten percent (10%) of the total contract price.

The withholding of any amount or subsequent payment to Seller shall not be construed as a waiver of any rights accruing to MDC under this Contract.

2411 898 PROGRESS PAYMENT AND LIQUIDATION INVOICES

Progress payment and liquidation invoices will be processed by MDC in accordance with MDC's payment cycle. Payments are scheduled for the Friday following the last Sunday of the month. The check for such payments will be mailed on Wednesday following the scheduled Friday payment date. To assure timely processing, it is recommended that the progress payment and liquidation invoices be submitted to MDC's Accounts Payable by the first week of month in which Seller wishes to receive payment.

2412 890 PAYMENT IN FOREIGN CURRENCY

The U.S. Dollar price set forth in this purchase order are for internal MDC purposes only. The foreign currency and prices applicable to the Seller for the line items set forth in this purchase order are as stated on the purchase order. MDC reserves the right to determine the currency of payment at the time of each option exercise, if applicable.

25XX OFFSET

2501 267 MDC OFFSET/CO-PRODUCTION REQUIREMENT - FOREIGN SELLER

MDC reserves the right to credit the value of this Purchase Order/Contract to meet any offset/co-production commitment by MDC (present or future) to your country or a third party. Seller agrees

to work with appropriate in-country agencies as required, including, but not limited to, completing and filing all required documentation that will effect the passing through of offset credits to MDC or a third party.

2502 **504** **OFFSET COMMITMENT CONTRACTUAL IMPLEMENTATION**

Seller agrees to negotiate and enter into a separate contact with MDC not later than one hundred twenty (120) days after acceptance of this Contract in order to implement Seller's firm commitment to support MDC's offset obligations. MDC reserves the right to extend this time frame in order to facilitate the establishment of Seller's separate Contract with MDC.

This Clause supersedes the Article in the General Terms and Conditions/General Provision entitled "Offsets".