

Date: January 2002

EXHIBIT A**GOVERNMENT PROVISIONS
APPLICABLE TO
PRIME CONTRACT MCB/40-0132**

The clauses contained in the following Government regulations are incorporated by reference. Where necessary or appropriate to derive proper meaning in a subcontract situation, "Contractor" shall mean Seller. Government clauses cited elsewhere in the contract shall be those in effect February 1, 2000.

<u>FAR/DFARS Reference</u>	<u>Title</u>
52.215-19	Notification of Ownership Changes (OCT 97)
52.222-1	Notice to the Government of Labor Disputes (FEB 97) ("Contracting Officer" means Buyer.)
52.222-21	Prohibition of Segregated Facilities (FEB 99) (Certification required. The clause is to be included in every subcontract or purchase order subject to the equal opportunity clause.)
52.222-26	Equal Opportunity (FEB 99) [Subparagraphs (b)(1) through (11)]
52.225-3	Buy American Act - Supplies (JAN 94)
52.227-1, Alt. I	Authorization and Consent (JUL 95, APR 84)
52.227-10	Filing of Patent Applications - Classified Subject Matter (APR 84) (Applies only if contract will involve access to classified information)
52.227-12, Alt I	Patent Rights - Retention by Contractor (Long Form) (JAN 97) [Applies only if Special Provision F.1 is included. If Seller is a small business or nonprofit organization, include FAR 52.227-11, Patent Rights - Retention by the Contractor (Short Form), in such subcontract or purchase order instead of this clause.]
52.237-2	Protection of Government Buildings, Equipment and Vegetation (APR 84) (Applies only if work will be performed on a government installation. "Contracting Officer" means Buyer.)
52.242-15	Stop Work Order (AUG 89) ("Contracting Officer" means Buyer)
52.244-5	Competition in Subcontracting (DEC 96)
52.245-2	Government Property (Fixed Price Contracts) (DEC 89), Alt. I (APR 84)
52.245-17	Special Tooling (APR 84) (This clause applies only if tooling is acquired for or furnished by the Government and to be retained for use by the Seller.)
52.246-23	Limitation of Liability (FEB 97) (This clause can be used only at the request of the supplier and with the advance written consent of the Contracting Officer.)

52.246-25	Limitation of Liability -- Services (FEB 97) (This clause can be used only at the request of the supplier and with the advance written consent of the Contracting Officer.)
252.223-7001	Hazard Warning Labels (DEC 91)
252.223-7007	Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives (SEP 99)
252.225-7002	Qualifying Country Sources as Subcontractors (DEC 91)
252.225-7043	Antiterrorism/Force Protection Policy for Defense Contractors Outside the United States (JUN 98)
252.227-7025	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends (JUN 95)
252.231-7000	Supplemental Cost Principles (DEC 91)
252.243-7001	Pricing of Contract Modifications (DEC 91)
252.243-7002	Requests for Equitable Adjustment (MAR 98)
252.244-7000	Subcontracts for Commercial Items and Commercial Components (MAR 00)

The following clauses also apply if the contract price exceeds \$100,000:

52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (APR 91) (Seller's signed proposal provided the required certification.)
52.223-2	Clean Air and Water (APR 84) (Also applicable if Seller's facility has been the subject of a conviction under the Clean Air Act or Federal Water Pollution Control Act.)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (AUG 96). (A copy of each notice sent to the Government will be sent to Buyer.) ("Contracting Officer" means Buyer.)
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies (MAR 99) (This clause does not apply to the purchase of commercial items or commercial components. "Contractor" and "contract" are not changed in paragraphs (a) and (b). In paragraph (e), "Government" shall mean Government or Buyer. In paragraph (f), "through the Buyer" is inserted after "Contracting Officer". Paragraph (g) is deleted and "Contracting Officer" shall mean Contracting Officer.)

The following clauses also apply if the contract price exceeds \$500,000:

52.230-2	Cost Accounting Standards (APR 98) (This clause applies only if Seller is subject to Cost Accounting Standards (CAS).)
52.230-3	Disclosure and Consistency of Cost Accounting Practices (APR 98) [excluding paragraph (b)]. This clause applies only if Seller is subject to Cost Accounting Standards (CAS). In paragraph (c), "Government" shall mean Government.

The following clauses also apply if Technical Data or Computer Software will be Generated or Delivered:

252.227-7013	Rights in Technical Data--Noncommercial Items (NOV 95)
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (JUN 95)
252.227-7016	Rights in Bid or Proposal Information (JUN 95)
252.227-7019	Validation of Asserted Restrictions - Computer Software (JUN 95)
252.227-7030	Technical Data - Withholding of Payment (MAR 00) (This clause applies only if the delivery of data is required by this contract.) ("Contracting Officer" and "Government" means Buyer.)
252.227-7036	Certification of Technical Data Conformity
252.227-7037	Validation of Restrictive Markings on Technical Data (SEP 99)

Additional Provisions:

DEFENSE PRIORITY RATING. If a defense priority rating is identified on the face of this contract, this is a rated order certified for national defense use and the Seller shall follow all the requirements of the Defense Priorities and Allocations Systems Regulation (15 CFR Part 700). Including accepting or rejecting this contract in writing within ten working days after receipt of DO rated or five days after receipt if DX rated. If rejected, the reason(s) for such rejection shall be included in the notice to the Buyer.

TRUTH IN NEGOTIATIONS ACT. (Applicable if certified cost or pricing data was provided.) Seller shall comply with the provisions of FAR 52.215-10 and 52.215-12 which are incorporated herein by reference to the extent such clauses are or become applicable to this contract. In the absence of other instructions, Seller shall submit cost or pricing data for changes which exceed the established threshold consistent with the cost or pricing data instructions applicable to the proposal for this contract. Seller shall reimburse the Buyer any amount by which this contract is determined by the Government to have been overpriced because of Seller's or Seller's subcontractor's failure to comply with such provisions plus any interest, fines or other penalties imposed upon the Buyer as a result of the Seller's or the Seller's subcontractor's defective pricing.

TRUTH IN NEGOTIATIONS ACT - Modifications. (Applies if certified cost or pricing data was not provided.) Seller shall comply with the provisions of FAR 52.215-11 and 52.215-13 which are incorporated herein by reference to the extent such clauses are or become applicable to this contract. In the absence of other instructions, Seller shall submit cost or pricing data for changes which exceed the established threshold consistent with the cost or pricing data instructions applicable to the proposal for this contract. Seller shall reimburse the Buyer any amount by which this contract is determined by the Government to have been overpriced because of Seller's or Seller's subcontractor's failure to comply with such provisions plus any interest, fines or other penalties imposed upon the Buyer as a result of the Seller's or the Seller's subcontractor's defective pricing.

SPECIAL CONTRACT REQUIREMENTS:

Inspection

The prime contract contains an Inspection Clause which provides for Government's rights regarding inspection. These inspection rights are extended to inspection of Seller's work. Should the Government or its designated contractor(s) wish to inspect Seller's work at Seller's facility, Seller is required to furnish all reasonable facilities and assistance for the safe and convenient performance of such inspection duties by the Government or its designated contractors under this purchase order. In furtherance of this requirement, the following information and detailed requirements are provided:

(a) The Government has entered into contracts with various contractors for the services of a technical group(s) which will support the project management organization by performing general systems engineering, appraising Seller performance and submitting recommendations on a continuing basis as to the technical guidance which should be given to the Seller. This clause applies to all levels of subcontractors.

(b) Terms defined:

1. "General Systems Engineering" is defined as that portion of system engineering dealing with the overall integration of a system, design compromises among subsystems, definitions of interfaces, analysis of subsystems and supervision of system testing, all to the extent required to assure that the system concept and objectives are being met in an economical and timely manner.

2. "Technical Guidance" is restricted to scientific, engineering, or other technical field-of-discipline matters directly related to the work to be performed. Such guidance may be provided for the purposes of filling in details, clarifying, interpreting or otherwise serving to accomplish the technical objectives and requirements of the contract.

(c) In the performance of this order, the Seller agrees to cooperate with the Government and designated Government support contractors by responding to invitations from authorized personnel to meetings, by providing access to technical information and research and development planning data as requested, and by discussing technical matters related to this order.

The Seller further agrees to accept technical guidance as follows:

1. Technical guidance under this order will be given to the Seller solely by the Buyer's authorized purchasing representative. While the designated Government support contractors are responsible for recommending technical guidance, neither these personnel nor Government personnel are authorized to direct the Seller in any manner.

2. Whenever the process of technical guidance generates a need for a purchase order modification, this will be accomplished by issuance of change orders or modifications to this order signed by the Buyer's authorized purchasing representative.

The Seller further agrees to include in each subcontract a clause requiring compliance by lower-tier subcontractors and succeeding levels of subcontractors with the response and access provisions outlined above, subject to coordination with the Seller. This agreement does not relieve the Seller of responsibility to manage the subcontracts effectively and efficiently, nor is it intended to establish privity of contract between the Government or its designated support contractors.

Under this clause, the Seller may require the Government support contractors to sign a "Proprietary Information Agreement/ Non-Disclosure/Agreement" when proprietary or confidential information is required in the performance of their duties.

It is expressly understood that the operations of this clause will not be the basis for an equitable adjustment.

2. Change Order Accounting. The Buyer may require change order accounting. The Seller, for each change or series of related changes, shall, if specifically directed by the Buyer, maintain separate accounts, by job order or other suitable accounting procedure, of all incurred segregable, direct costs (less allocable credits) of work, allocable to the change(s). If so directed, the Seller shall maintain such accounts until the parties agree to an equitable adjustment for the changes ordered by the Buyer or the matter is conclusively disposed of in accordance with the disputes resolution provisions of this order.

3. Right to Use Technical Information. Seller hereby grants and agrees to grant to Buyer and its customers at all higher tiers the right to reproduce and disclose the specifications, records, data and any other technical information to be delivered by Seller to Buyer under this order; provided, however, that nothing contained in this clause will be deemed to grant a license under any patent or copyright now or hereafter issued. The substance of this clause, including this sentence, will be included in all lower-tier subcontracts hereunder. This clause will not diminish any rights granted to Buyer under any other provisions of this order.

All specifications, records, drawings, data, and other technical information furnished to Seller under this purchase order will be returned to Buyer upon request. Notwithstanding the foregoing, Seller may utilize any such information for the manufacture by Seller of goods for end use by the U.S. Government to the extent that the U.S. Government has the right to the use of such information.

4. Audit Rights. When certified cost or pricing data is required, the following requirements apply:

(a) Seller will maintain adequate books, records, documents, other supporting data, sufficient to properly reflect all work performed under this order of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of the work hereunder.

(b) Seller's books, records, documents, and other supporting data will be made available to the Government, or its authorized representative, for inspection and audit as required by Buyer in conjunction with the negotiation of this contract and any perspective changes, including termination claims, and in the event Buyer elects to exercise an option for the purchase of additional quantities or requests a price quotation for follow-on orders for the same goods or services.

(c) In any of the above-mentioned circumstances, Seller will, upon request of the Government, furnish a statement of related historical cost experience by cost element or in such form as stipulated by the Government, together with applicable projections and supporting data. Such statements will be based on current, accurate, and complete cost information and will be so certified by a responsible officer.

(d) Seller agrees to include this clause, including this paragraph (d), in all lower-tier subcontracts when certified cost or pricing data is required.

5. Insurance

The following kinds and minimum amounts of insurance are applicable in the performance of the work under this purchase order.

(a) **WORKMEN'S COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE.** The Seller shall comply with applicable Federal and State worker's compensation and occupational disease statutes. If occupational diseases are not compensable under those statutes, they shall be covered under the employer's liability section of the insurance policy, except when contract operations are so commingled with Seller commercial operations that it would not be practical to require this coverage. Employer liability coverage of at least \$100,000 is required, except in states with exclusive or monopolistic funds that do not permit workers compensation to be written by private carriers.

(b) **GENERAL LIABILITY INSURANCE.** Bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence is required.

(c) **AUTOMOBILE LIABILITY INSURANCE.** Automobile liability insurance written on the comprehensive form of policy is required. The policy shall provide for bodily injury and property damage liability covering the operation of all automobiles used in connection with performing the contract. Policies covering automobiles operated in the United States shall provide coverage of at least \$200,000 per person and \$500,000 per occurrence for bodily injury and \$20,000 per occurrence for property damage. The amount of liability coverage on other policies shall be commensurate with any legal requirements of the locality and sufficient to meet normal and customary claims.

(d) **AIRCRAFT PUBLIC AND PASSENGER LIABILITY INSURANCE.** When aircraft are used in connection with performing the contract, aircraft public and passenger liability insurance coverage shall be at least \$200,000 per person and \$500,000 per occurrence for bodily injury, other than passenger liability, and \$200,000 per occurrence for property damage. Coverage for passenger liability bodily injury shall be at least \$200,000 multiplied by the number of seats or passengers, whichever is greater.

Release of News Information

It is a material condition of this purchase order that the Seller shall not release information, including photographs and films, public announcements or confirmation of same, or advertisements on any part of the subject matter of this purchase order without the prior written consent of the Buyer. Unauthorized disclosure shall constitute a material breach of this subcontract. It is further understood that this obligation shall not expire upon completion or termination of this purchase order, but will continue until rescinded by Buyer. The Seller may request a waiver or release from the foregoing, but shall not deviate therefrom unless authorized to do so in writing by Buyer. The Seller is not prohibited from identifying the existence of this purchase order pursuant to federal statute or regulation, e.g., Securities Exchange Commission filings.

SAFETY AND ACCIDENT PREVENTION

In performing work under this purchase order on a Government installation, Seller will (i) conform to the specific safety requirements contained in this contract, (ii) for those related activities not directly addressed by this contract, conform to the applicable safety rules prescribed by the Government installation, and (iii) take such additional precautions as Buyer or the Government may reasonably require for safety and accident prevention purposes. Any violation of such rules and requirements, unless promptly corrected as directed by Buyer or the Contracting Officer, will be grounds for termination of this purchase order in accordance with the default provisions hereof. Buyer may, by written order, direct additional safety and accident standards as may be required under Buyer's higher-tier contract, and any adjustments resulting from such direction will be in accordance with the Changes clause of this purchase order.

PERSONAL CONDUCT

(a) The Seller, its employees, and its sub-tier subcontractors shall comply with the conduct requirements in effect at the Government's work site. The Government reserves the right to exclude or remove from the work site any employee of the subcontractor or of a sub-tier subcontractor whom the Government deems careless, uncooperative, or whose continued employment on the work site is deemed by the Government to be contrary to the public interest.

(b) The Seller shall inform its employees that the Government has a zero tolerance policy for harassing behavior. Any Seller or sub-tier subcontractor employee determined by the Government to have engaged in harassing behavior shall be immediately escorted from the premises and denied further access to the worksite. The Seller shall emphasize this requirement to its employees.

(c) Exclusion from the worksite under the circumstances described in this clause shall not relieve the Seller from full performance of the purchase order, nor will it provide the basis for an excusable delay or any claims against Buyer or the Government.

ozone depleting substances

(a) Definition "Ozone-depleting substance," as used in this clause, means any substance designated as Class 1 by the Environmental Protection Agency (EPA) (40 CFR Part 82), including but not limited to chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or any substance designated as Class II by EPA (40 CFR Part 82), including but not limited to hydrochlorofluorocarbons.

(b) The Seller shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as follows:

"WARNING: Contains (or manufactured with, if applicable) _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere."

PROHIBITION ON STORAGE AND DISPOSAL OF TOXIC AND HAZARDOUS MATERIALS

(a) Definitions, as used in this clause:

(1) "Storage" means a non-transitory, semi-permanent or permanent holding, placement, or leaving of material. It does not include a temporary accumulation of a limited quantity of a material used in or a waste generated or resulting from authorized activities, such as servicing, maintenance, or repair of items, equipment, or facilities.

(2) "Toxic or hazardous materials" means those materials identified in the "EPA Title III List of Lists."

(b) The Seller is prohibited from transporting, storing, disposing or using toxic or hazardous materials in performing this purchase order except for those materials listed in (c) below or when authorized in writing by Buyer.

(c) Toxic and hazardous materials authorized for use in the performance of this contract are as listed below:

	Material	Material Usage	Hazard
	MMH, NTO	Fuel	Toxic, Flammable
	Hydrazine	Fuel	Toxic, Flammable
	Potassium Hydroxide	Electrolyte Battery Cells	Corrosion
	Zirconium (potassium perchlorate)	Initiators	Flammable
	Hydrogen Gas	Battery Cells	Flammable
	Ammonia	Heat Pipes	Toxic
	GaAs	Solar Cells	Toxic
	Hercules hi-temp explosive	Ordnance Devices	Flammable

APPROVAL TO ACQUIRE SPECIAL TEST EQUIPMENT

(a) General Requirement. Buyer approval is required prior to the purchase or fabrication of special test equipment (STE) when the cost for such is directly charged to this contract.

SPECIAL TERMINATION COSTS

This clause is applicable only if this purchase order is incrementally funded:

(a) Definition. "Special termination costs," as used in this clause, means only costs in the following categories as defined in Part 31 of the Federal Acquisition Regulation (FAR):

- (1) Severance pay, as provided in FAR 31.205-6(g)
- (2) Reasonable costs continuing after termination, as provided in FAR 31.205-42(b)
- (3) Settlement of expenses, as provided in FAR 31.205-42(g)
- (4) Costs of return of field service personnel from sites, as provided in FAR 31.205-35 and FAR 31.205-46(c); and
- (5) Costs in paragraphs (a)(1), (2), (3), and (4) of this clause to which lower-tier subcontractors may be entitled in the event of termination.

(b) Notwithstanding any "Limitation of Funds" clause of this purchase order, the Seller shall not include in its estimate of costs incurred or to be incurred, any amount for special termination costs to which the Seller may be entitled in the event this purchase order is terminated for the convenience of Buyer.

(c) The Seller agrees to perform this purchase order in such a manner that the Seller's claim for special termination costs will not exceed \$____*____. Buyer shall have no obligation to pay the Seller any amount for the special termination costs in excess of this amount.

(d) In the event of termination for the convenience of Buyer, this clause shall not be construed as affecting the allowability of special termination costs in any manner other than lifting the maximum amount of the costs payable by Buyer.

(e) This clause shall remain in full force and effect until this contract is fully funded.

*The amount specifically identified in the Maximum Termination Liability Funding Schedule or CFSR, as applicable, at the time of notification.

CONTRACTOR COMPLIANCE WITH ENVIRONMENTAL, OCCUPATIONAL SAFETY AND HEALTH AND SYSTEM SAFETY REQUIREMENTS

(a) In performing work under this purchase order, the Seller shall comply with:

(1) All applicable federal, state and local environmental, occupational safety and health, and system safety laws, regulations, policies and procedures in effect as of the date the contract is executed;

(2) Any regulations, policies and procedures in effect at any Government facility where work will be performed;

(3) Any contract specific requirements; and

(4) Any Buyer direction.

(b) Conflicting Requirements. The Seller shall provide written notification to the Buyer of any conflicts in requirements. The notification will describe the conflicting requirements and their source; provide an estimate of any impact to the contract's cost, schedule, and any other terms and conditions, and provide a recommended solution. The notification will also identify any external organizations that the Buyer or the Seller may have to coordinate with in order to implement the solution. The Buyer will review the notification and provide written direction. Until the Buyer issues that direction, the Seller will continue performance of the contract, to the extent practicable, giving precedence in the following order to requirements that originate from:

(1) Federal, state and local laws, regulations, policies and procedures;

(2) Government facility regulations, policies and procedures; and

(3) Purchase Order specific direction.

(c) Material Condition of Contract. Environmental, occupational safety and health, and system safety requirements are a material condition of this contract. Failure of the Seller to maintain and administer an environmental and safety program that is compliant with the requirements of this contract shall constitute grounds for termination for default.

(d) The Seller shall include this clause in all subcontracts.

CALENDAR DATE AND ORIGINAL DATE INTERCHANGE REQUIREMENTS

American National Standard ANSI X3.30-1985, Representation for Calendar Date and ordinal date Information Interchange is implemented for this purchase and must be followed.

TIMELY NOTICE OF LITIGATION

(a) The Seller hereby agrees to immediately give notice to the Buyer of any anticipated or current litigation involving or in any way relating to this purchase order or pertinent subcontracts. Said notice shall include all relevant information with respect thereto.

(b) The Government shall have access to and the right to examine any pertinent books, documents, papers, and records of the Seller or its subcontractor(s) involving transactions related to any such litigation.

(c) The Seller agrees to insert this requirement in any subcontract under this contract.

PROPERTY IN POSSESSION OF SELLER

- (1) Unless stated otherwise in this purchase order, all Buyer-furnished property (including material) is Government-owned.
- (2) All property (including material) delivered under this purchase order will be Government-owned upon acceptance by Buyer, delivery to Buyer, or reimbursement of Seller's cost of the property by Buyer, whichever comes first.
- (3) Physical inventory shall be performed annually and reports sent within thirty (30) days of completion to Buyer's Property Administration contacts. The schedule for such annual inventory shall be as directed by the Buyer.
- (4) A copy of the purchase order is required to be provided to Seller's Property Administration department.

A = ADDED

D = DELETED

R = REVISED