

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

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POOR ORIGINAL

U.S. Nuclear Regulatory Commission
 Division of Contracts
 Washington, DC 20555

CONTRACTOR NAME AND ADDRESS
 CODE FACILITY CODE
 Dames & Moore
 20 Harlem Avenue
 White Plains, NY 10603

AMENDMENT OF SOLICITATION NO
 DATED (See block 9)
 MODIFICATION OF CONTRACT/ORDER NO NRC-02-77-201-23
 DATED 6/13/77 (See block 11)

9. THIS BLOCK APPLIES ONLY TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in block 12. The hour and date specified for receipt of Offers is extended, is not extended.
 Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation, or as amended, by one of the following methods:
 (a) By signing and returning _____ copies of this amendment, (b) By acknowledging receipt of this amendment on each copy of the offer submitted, or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE ISSUING OFFICE PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If, by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided such telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

10. ACCOUNTING AND APPROPRIATION DATA (If required)

N/A

11. THIS BLOCK APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS

(a) This Change Order is issued pursuant to _____
 The Changes set forth in block 12 are made to the above numbered contract/order.
 (b) The above numbered contract/order is modified to reflect the administrative changes (such as changes in printing office, appropriation data, etc.) set forth in block 12.
 (c) This Supplemental Agreement is entered into pursuant to authority of Article XII of NRC-02-77-201-20 Entitled "Conditions For Maintaining Agreement"
 It modifies the above numbered contract as set forth in block 12.

12. DESCRIPTION OF AMENDMENT/MODIFICATION

In accordance with Article XII - Conditions For Maintaining Agreement, the Waste Management Basic Ordering Agreement is revised by adding the following new articles:

Except as provided here in, all terms and conditions of the document referenced in block 8, as heretofore changed, remain unchanged and in full force and effect

CONTRACTOR/OFFEROR IS NOT REQUIRED TO SIGN THIS DOCUMENT CONTRACTOR/OFFEROR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN 3 COPIES TO ISSUING OFFICE

14. NAME OF CONTRACTOR/OFFEROR Dames & Moore
 BY James G. Cline (Signature of person authorized to sign)
 15. NAME AND TITLE OF SIGNER (Type or print) James G. Cline
Managing Principal-in-Charge
 16. DATE SIGNED 12/30/80
 17. UNITED STATES OF AMERICA
 BY [Signature] (Signature of Contracting Officer)
 18. NAME OF CONTRACTING OFFICER (Type or print) Barry Dougherty
 19. DATE SIGNED 1/13/81

ARTICLE XX - RESPONSIBILITIES OF THE PROJECT OFFICER

The Project Officer is responsible for: (1) Monitoring the Contractor's technical progress, including the surveillance and assessment of performance and recommending to the Contracting Officer changes in requirements; (2) interpreting the Statement of Work; (3) performing technical evaluation as required; (4) performing technical inspections and acceptances required by this contract; and (5) assisting the Contractor in the resolution of technical problems encountered during performance. Within the purview of this authority, the representative is authorized to approve payment vouchers for supplies/ services required under the contract. The Contracting Officer is responsible for directing or negotiating any changes in terms, conditions, or amounts cited in the contract.

For guidance from the Project Officer to the Contractor to be valid, it must: (1) be consistent with the description of work set forth in this contract; (2) not constitute new assignment of work or change to the expressed terms, conditions, or specifications incorporated into this contract; (3) not constitute a basis for an extension to the period of performance or contract delivery schedule; (4) not constitute a basis for any increase in the contract price.

If the Contractor receives guidance from the Project Officer which the Contractor feels is not valid under the criteria cited above, the Contractor shall immediately notify the Project Officer. If the two are not able to resolve the question within 5 days, the Contractor shall notify the Contracting Officer.

ARTICLE XXI- TECHNICAL DIRECTION

- (a) The NRC Project Officer named in this contract is responsible for guiding the technical aspects of the project and for general surveillance of the work performed. The Project Officer is not authorized to make any commitments or any changes which constitute work not within the general scope of this contract, or constitute a basis for any increase in contract price or extension of the contract period of performance.
- (b) Technical direction must be within the general scope of work stated in the contract. The Project Officer does not have the authority to and may not issue any technical direction which:
- (1) Constitutes an assignment of additional work outside the general scope of the contract.
 - (2) Constitutes a change as defined in the clause of the General Provisions, entitled "Changes."
 - (3) In any way causes an increase or decrease in the total estimated contract cost, the fixed fee, if any, or the time required for contract performance.
 - (4) Changes to any of the expressed terms, conditions or specifications of the contract.
- (c) ALL TECHNICAL DIRECTIONS SHALL BE ISSUED IN WRITING BY THE PROJECT OFFICER OR SHALL BE CONFIRMED BY HIM/HER IN WRITING WITHIN TEN (10) WORKING DAYS AFTER VERBAL ISSUANCE. A copy of said written direction shall be provided to the Contracting Officer.
- (d) In the event the Project Officer desires a change to the contract within one or more of the categories as defined in (1) through (4) of paragraph B above, he/she must direct such request to the Contracting Officer. The Contracting Officer will handle the request in accordance with applicable laws and regulations.
- (e) Any unauthorized commitment or direction issued by the Project Officer may result in an unnecessary delay in the Contractor's performance and may even result in the Contractor expending its own funds for unallowable costs under the contract.

ARTICLE XXII - SPECIAL PROVISIONS

1. Private Use Protection or Unclassified Government Information and Contract Information and Data

- (a) Except as specifically authorized by this contract, or as otherwise approved by the Contracting Officer, records, data, information, documents and material developed or acquired by or furnished to the contractor in the performance of this contract shall be used only in connection with the work performed under this contract. The contractor shall, upon completion or termination of this contract, transmit to the Commission all records or other information, documents and material, and any copies thereof, furnished by the Commission to the contractor in the performance of this contract.
- (b) The contractor shall be responsible for safeguarding from unauthorized disclosure any information or other documents and material exempt from public disclosure by the Commission's regulations and made available to the contractor in connection with the performance of the work under this contract. The contractor agrees to conform to all regulations, requirements, and direction of the Commission with respect to such material.
- (c) The contractor's duties under this clause shall not be construed to limit or affect in any way the contractor's obligation to conform to all security regulations and requirements of the Commission pertaining to classified information and material.

2. Disclaimer

The following notice shall be added to any report prepared under the provisions of this contract: "This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, or any of their employees, makes any warranty, expressed or implied, or assumes any legal liability or responsibility for any third party's use, or the results of such use, of any information, apparatus, product or process disclosed in this report, or represents that its use by such third party would not infringe privately owned rights."

3. Inspection of Services

- (a) All services (which term throughout this clause includes services performed, material furnished or utilized in the performance of services, and workmanship in the performance of services) shall be subject to inspection and test by the Government, to the extent practicable at all times and places during the term of the contract. All inspections by the Government shall be made in such a manner as not to unduly delay the work.
- (b) If any services performed hereunder are not in conformity with the requirements of this contract, the Government shall have the right to require the Contractor to perform the services again in conformity with the requirements of the contract, at no additional increase in total contract amount. When the services to be performed are of such a nature that the defect cannot be corrected by reperformance of the services, the Government shall have the right to (i) require the Contractor to immediately take all necessary steps to ensure future performance of the services in conformity with the requirements of the contract; and (ii) reduce the contract price to reflect the reduced value of the services performed. In the event the Contractor fails promptly to perform the services again or to take necessary steps to insure future performance or the services in conformity with the requirements of the contract, the Government shall have the right to either (i) by contract or otherwise have the services performed in conformity with the contract requirements and charge to the Contractor any cost occasioned to the Government that is directly related to the performance of such services; or (ii) terminate this contract for default as provided in the clause of this contract entitled "Default."

ARTICLE XXIII - BILLING INSTRUCTIONS FOR NRC COST-TYPE CONTRACTS

(Revises Billing Instructions previously added to BOA under Modification No. 1) General.

The contractor shall submit vouchers for cost-reimbursement in the manner and format described herein and as illustrated in the sample voucher.

Form. Claims shall be submitted on the payee's letterhead, invoice or on the Government Standard Form 1034, "Public Voucher for Purchases and Services Other than Personal," and Standard Form 1035, "Public Voucher for Purchases Other than Personal--Continuation Sheet." These forms are available from the Government Printing Office, 710 North Capitol Street, Washington, DC 20801.

Number of Copies. An original and four copies shall be mailed to the NRC office identified below.

Frequency. The contractor shall submit claims for reimbursement once each month unless otherwise authorized in writing by the Contracting Officer.

Billing of Costs After Expiration of Contract: If cost-reimbursements are incurred during the contract period and claimed after the contract has expired, the period during which these costs were incurred must be cited.

Currency. Billings may be expressed in the currency normally used by the contractor in maintaining his accounting records; payments will be made in that currency. However, the U.S. dollar equivalent for all invoices paid under the contract may not exceed the total U.S. dollars authorized in the contract.

Supersession. These instructions supersede all previous billing instructions.

Preparation and Itemization of the Voucher. The contractor shall furnish the information set forth in the explanatory notes below. These notes are keyed to the entries on the sample voucher.

- (a) Payor's Name and Address. (i) Address the original voucher (with copies to: U.S. Nuclear Regulatory Commission, Division of Accounting, Office of the Controller, ATTN: GOV/COM Accounts Section, Washington, DC 20555.
- (b) Voucher Number. Insert the appropriate serial number of the voucher. This must be in sequential order beginning with 001 as the number to be used for the first voucher submitted under this contract.
- (c) Date of Voucher. Insert the date the voucher is prepared.
- (d) Contract Number and Date. Insert the contract number and the effective date of the contract.
- (e) Payee's Name and Address. Show the name of the contractor as it appears in the contract and its correct address; except when an approved assignment has been made by the contractor, or a different payee has been designated, then insert the name and address of the payee. Include name of voucher preparer and telephone number.
- (f) Contract Amount. Insert the total estimated cost of the contract, exclusive of fixed fee. For incrementally funded contracts enter the amount currently obligated and available for payment.
- (g) Fixed Fee. Where applicable, insert total fixed fee.

(h) Billing Period. Insert the beginning and ending dates (day, month, and year) of the period in which costs were incurred and for which reimbursement is claimed.

(i) Direct Costs. Insert the major cost elements as follows:

(i)(1) Direct Labor. This consists of salaries and wages paid (or accrued) for direct performance of the contract. Itemize by name/labor category, hours, and rate per hour.

(i)(2) Fringe Benefits. This represents fringe benefits applicable to direct labor and billed as a direct cost. Fringe benefits included in direct costs should not be identified here.

(i)(3) Capitalized Nonexpendable Equipment. For educational institutions list each item costing \$1,000 or more; for contractors other than educational institutions, list each item costing \$200 or more and having a life expectancy of more than one year. List only those items of equipment for which reimbursement is requested. A reference shall be made to the following (as applicable): (1) the item number for the specific piece of equipment listed in the Property Schedule; (2) the Contracting Officer's Approval Letter, if the equipment covered by the Property Schedule; or (3) be preceded by an asterisk (*) if the equipment is below the approval level. Further itemization of vouchers shall only be required for items having specific limitations set forth in the contract.

(i)(4) Materials, Supplies, and Noncapitalized Equipment. This is consumable materials and supplies and equipment other than that described in (i)(3) above. Specify separately all items over \$1,000.

- (i)(5) Premium Pay. This is remuneration in excess of the basic hourly rate.
- (i)(6) Consultant's Fee. These are fees paid to consultants. List name, hours, rate per hour, and total cost.
- (i)(7) Travel. Domestic travel is travel within the United States, its territories, possessions, and Canada; it should be billed separately from foreign travel. List cost elements and locations of travel: Airfare, car rental, lodging, food, parking, misc.
- (i)(8) Other. List all other direct costs in total unless in excess of \$500. If over \$500, list cost elements and dollar amount separately, e.g., subcontracts. For computer costs, specify computer type, total hours, and cost per hour of computer time.
- (j) Indirect Costs--Overhead. Cite the provisional rate specified in the contract.
- (k) G&A Expenses. Cite the provisional rate specified in the contract.
- (l) Fixed Fee. If the contract provides for a fixed fee, it must be claimed as provided for by the contract. Cite the formula or method of computation. (See (p)).
- (m) Amount Billed for Current Period. Insert the amount billed for the major cost elements, adjustment, and adjusted amounts for the period.
- (n) Cumulative Amount from Inception to Date of this Billing. Insert the cumulative amounts billed for the major cost elements and adjusted amounts claimed during this contract.

- (o) Total Amounts Claimed. Insert the total amounts claimed for the current and cumulative periods.
- (p) Adjustments. This includes amounts conceded by the contractor, outstanding suspensions, disapprovals subject to appeal, and 15% withholding of earned fixed fee.
- (q) Grand Totals.

SAMPLE VOUCHER

<p>(a) Payor's Name and Address The U.S. Nuclear Regulatory Commission Division of Accounting, CON Attention: Gov/Com Accts Section Washington, DC 20555</p>	<p>(b) Voucher No. (c) Date Voucher Prepared (d) Contract No. and Date (e) Contract Period of Performance</p>
<p>(f) Payee's Name and Address ABC CORPORATION 100 Main Street Anywhere, U.S.A. ATTN: Jane Count(555)987-6543"OR The National Bank, Anywhere, U.S.A. Assignee for ABC Corporation Anywhere, U.S.A. (When Payments are Assigned)</p>	<p>(g) Total Estimated Cost of Contract (h) Total Fixed-Fee</p>
<p>(i) This voucher represents reimburseable costs from <u>July 1, 1978</u> through <u>July 31, 1978</u></p>	

	(m) Amount Billed for Current Period	(n) Cumulative Amount From Inception to Date of this Billing
(i) Direct Costs		
(i)(1) Direct Labor(itemize)	\$ 3,400	\$ 6,800
(i)(2) Fringe Benefits(rate)	600	1,200
(i)(3) Capitalized Nonexpendable Equipment	5,000	8,000
(i)(4) Materials, Supplies and Noncapitalized Equipment	2,000	4,000
(i)(5) Premium Pay	100	150
(i)(6) Consultant's Fee(s)	100	100
(i)(7) Travel -- Domestic Foreign	200 200	200 200
(i)(8) Other	-0-	-0-
Total Direct Costs	<u>\$11,600</u>	<u>\$20,650</u>
(j) INDIRECT COSTS		
% of Direct Labor or Other Base(Formula)	4,000 700	6,000 1,400
(k) G&A Expenses	<u>\$16,300</u>	<u>\$28,050</u>
(l) FIXED FEE EARNED(Formula) _____%	(105)	
(o) Total Amounts Claimed	<u>(0)</u>	<u>(1,700)</u>
(p) Adjustments(Less 15% fee withheld) and Outstanding Suspensions, if applicable •		
(q) Grand Totals	<u>\$16,195</u>	<u>\$26,350</u>

GENERAL PROVISIONS

THE FOLLOWING ADDITIONAL CHANGES ARE MADE TO THE BASIC ORDERING AGREEMENT:

Article XI - GENERAL PROVISIONS AND MODIFICATIONS THERETO, (b) Appendix A, General Provisions, Cost-Type Contracts With Concerns Other Than Educational Institutions dated 2/15/78 is hereby deleted in its entirety and the attached General Provisions entitled "Appendix A - Cost Type Research and Development Contracts With Commercial Organizations" dated 11/80 hereby replace those provisions. In addition, the General Provisions dated 11/80 are hereby modified by adding the following clauses. The full text of the clauses are attached hereto.

3.12 Utilization of Women-Owned Business Concerns

5.8 Cost Accounting Standards

5.9 Administration of Cost Accounting Standards

5.10 Price Reduction For Defective Cost Or Pricing Data

5.11 Price Reduction For Defective Cost Or Pricing Data - Price Adjustments

All references to the General Provisions dated 2/15/78 are hereby changed to refer to the provisions dated 11/80.

In addition to the above, page 2 of the Basic Ordering Agreement entitled, CONTENTS OF BASIC ORDERING AGREEMENT is modified to add the following:

6. NRC Manual Chapter 3202 - PUBLICATION OF UNCLASSIFIED REGULATORY AND TECHNICAL DOCUMENTS PREPARED BY NRC CONTRACTORS, INCLUDING REPORTS PREPARED UNDER OR PURSUANT TO INTERAGENCY AGREEMENTS.

The full text of NRC Manual Chapter 3202 is attached hereto.

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UTILIZATION OF WOMEN-OWNED BUSINESS
CONCERNS (OVER \$10,000)

(a) It is the policy of the United States Government that women-owned businesses shall have the maximum practicable opportunity to participate in the performance of contracts awarded by any Federal agency.

(b) The Contractor agrees to use his best efforts to carry out the policy in the award of subcontracts to the fullest extent consistent with the efficient performance of this contract. As used in this contract, "woman-owned business" concern means a business that is at least 51% owned and operated by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management. "Women" means all women business owners.

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5.8 COST ACCOUNTING STANDARDS (1-3.1204)
(CONTRACTS EXCEEDING \$100,000)

(a) Unless the Cost Accounting Standards Board, or the General Services Administration in the case of nondefense contracts, has prescribed rules or regulations exempting the Contractor or this contract from standards, rules, and regulations promulgated pursuant to 50 U.S.C. App. 2168 (P.L. 91-379, August 15, 1970), or other statutory authority, the Contractor, in connection with this contract shall:

(1) By submission of a Disclosure Statement, disclose in writing his cost accounting practices as required by regulations of the Cost Accounting Standards Board. The required disclosures must be made prior to contract award unless the Contracting Officer provides a written notice to the Contractor authorizing postaward submission in accordance with regulations of the Cost Accounting Standards Board. The practices disclosed for this contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contain this Cost Accounting Standards clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement will not be released outside of the Government.

(2) Follow consistently the cost accounting practices disclosed pursuant to (1), above, in accumulating and reporting contract performance cost data concerning this contract. If any change in disclosed practices is made for purposes of any contract or subcontract

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subject to Cost Accounting Standards Board requirements, the change must be applied prospectively to this contract, and the Disclosure Statement must be amended accordingly. If the contract price or cost allowance of this contract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5), below, as appropriate.

(3) Comply with all Cost Accounting Standards in effect on the date of award of this contract or if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any Cost Accounting Standard which hereafter becomes applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

(4) (A) Agree to an equitable adjustment (as provided in the Changes clause of this contract, if any) if the contract cost is affected by a change which, pursuant to (3) above, the Contractor is required to make to his established cost accounting practices whether such practices are covered by a Disclosure Statement or not.

(B) Negotiate with the Contracting Officer to determine the terms and conditions under which a change to either a disclosed cost accounting practice, other than a change under (4)(A), above, may be made. A change to a practice may be proposed by either the Government or the Contractor, provided, however, that no agreement may be made under this provision that will increase costs paid by the United States.

(5) Agree to an adjustment of the contract price or cost allowance, as appropriate, if he or a subcontractor fails to comply with an applicable Cost Accounting Standard or to follow any practice disclosed pursuant to subparagraphs (a)(1) and (a)(2), above, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the rate determined by the Secretary of the Treasury pursuant to P.L. 92-41, 85 Stat. 97, or 7 percent per annum, whichever is less, from the time the payment by the United States was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Contractor or a subcontractor has complied with an applicable Cost Accounting Standard, rule, or regulation of the Cost Accounting Standards Board and as to any cost adjustment demanded by the United States, such failure to agree shall be a dispute concerning a question of fact within the meaning of the Disputes clause of this contract.

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(c) The Contractor shall permit any authorized representative of the head of the Commission, of the Cost Accounting Standards Board, or of the Comptroller General of the United States to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.

(d) The Contractor shall include in all negotiated subcontracts which he enters into the substance of this clause except paragraph (b), and shall require such inclusion in all other subcontracts of any tier, except that this requirement shall apply only to negotiated subcontracts in excess of \$100,000 where the price negotiated is not based on:

(1) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(2) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to accept the Cost Accounting Standards clause by reason of § 331.30(b) of Title 4, Code of Federal Regulations (4 CFR 331.30(b)) or § 1-3.1203(a)(2) of Title 41, Code of Federal Regulations (41 CFR 1-3.1203(a)(2)).

However, if this is a contract with an agency which permits subcontracts to appeal final decisions of the Contracting Officer directly to the head of the agency or his duly authorized representative, then the Contractor shall include the substance of paragraph (b) as well.

NOTE: (1) Subcontractors shall be required to submit their Disclosure Statements to the Contractor. However, if a subcontractor has previously submitted his Disclosure Statement to a Government Contracting Officer he may satisfy that requirement by certifying to the Contractor the date of such Statement and the address of the Contracting Officer.

(2) In any case where a subcontractor determines that the Disclosure Statement information is privileged and confidential and declines to provide it to his Contractor or higher tier subcontractor, the Contractor may authorize direct submission of that subcontractor's Disclosure Statement to the same Government offices to which the Contractor was required to make submission of his Disclosure Statement. Such authorization shall in no way relieve the Contractor of liability as provided in paragraph (a)(5) of this clause. In view of the foregoing and since the contract may be subject to adjustment under this clause by reason of any failure to comply with rules, regulations, and standards of the Cost Accounting Standards Board in connection with covered subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately identify the Contractor. However, the inclusion of such a clause and the terms thereof

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are matters for negotiation and agreement between the Contractor and the subcontractor, provided that they do not conflict with the duties of the contractor under its contract with the Government. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification to be submitted by his subcontractors.

(e) The terms defined in Sec. 331.20 of Part 331 of Title 4, Code of Federal Regulations (4 CFR 331.20) shall have the same meanings herein. As there defined, "negotiated subcontract" means "any subcontract except a firm fixed-price subcontract made by a Contractor or subcontractor after receiving offers from at least two firms not associated with each other or such Contractor or subcontractor, providing (1) the solicitation to all competing firms is identical, (2) price is the only consideration in selecting the subcontractor from among the competing firms solicited, and (3) the lowest offer received in compliance with the solicitation from among those solicited is accepted."

5.9 ADMINISTRATION OF COST ACCOUNTING STANDARDS (1-3.1204-2) (When applicable)

For the purpose of administering Cost Accounting Standards requirements under this contract the Contractor shall:

(a) Submit to the cognizant contracting officer a description of the accounting change and the general dollar magnitude of the change to reflect the sum of all increases and the sum of all decreases for all contracts containing the Cost Accounting Standards clause:

(1) For any change in cost accounting practices required to comply with a new Cost Accounting Standard in accordance with paragraphs (a)(3) and (a)(4)(A) of the clause of this contract entitled "Cost Accounting Standards" within 60 days (or such other date as may be mutually agreed to) after award of a contract requiring such change;

(2) For any change to cost accounting practices proposed in accordance with paragraph (a)(4)(B) of the clause of this contract entitled "Cost Accounting Standards" not less than 60 days (or such other date as may be mutually agreed to) prior to the effective date of the proposed change; or

(3) For any failure to comply with an applicable Cost Accounting Standard or to follow a disclosed practice as contemplated by paragraph (a)(5) of the clause of this contract entitled "Cost Accounting Standards" within 60 days (or such other date as may be mutually agreed to) after the date of agreement of such noncompliance by the Contractor.

(b) Submit a cost impact proposal in the form and manner specified by the cognizant contracting officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to (a)(1), (2) or (3) above.

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(c) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with paragraphs (a)(4) and (a)(5) of the clause of this contract entitled "Cost Accounting Standards."

(d) Include the substance of this clause in all negotiated subcontracts containing the clause entitled "Cost Accounting Standards." In addition, include a provision in these subcontracts which will require such subcontractors, within thirty (30) days after receipt of award, to submit the following information to the contracting officer cognizant of the subcontractor's facility:

(1) Subcontractor's name and subcontract number;

(2) Dollar amount and date of award;

(3) Name of Contractor making the award; and

(4) A statement as to whether the subcontractor has made or proposes to make any changes to accounting practices that affect prime contracts or subcontracts containing the Cost Accounting Standards clause, unless such changes have already been reported. If award of the subcontract results in making a Cost Accounting Standard(s) effective for the first time this shall also be reported.

(e) In the event an adjustment is required to be made to any subcontract hereunder, notify the cognizant contracting officer in writing of such adjustment and agree to an adjustment in the price or estimated cost and fee of this contract, as appropriate, based upon the adjustment established under subcontract. Such notice shall be given within 30 days after receipt of the proposed subcontract adjustment, and shall include a proposal for adjustment to such higher tier subcontract or prime contract, as appropriate.

(f) When the Cost Accounting Standards clause and this clause are included in subcontracts, the term "contracting officer" shall be suitably altered to identify the purchaser.

5.10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (1-3.814-1(a))

If any price, including profit or fee, negotiated in connection with this contract or any cost reimbursable under this contract was increased by any significant sums because:

(a) The Contractor furnished cost or pricing data which was not accurate, complete and current as certified in the Contractor's Certificate of Current Cost or Pricing Data;

(b) A subcontractor, pursuant to the clause of this contract entitled "Subcontractor Cost or Pricing Data" or "Subcontractor Cost or Pricing Data--Price Adjustments" or any subcontract clause therein required, furnished cost or pricing data which was not accurate, complete and current as certified in the subcontractor's Certificate of Current Cost or Pricing Data;

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(c) A subcontractor or prospective subcontractor furnished cost or pricing data which was required to be accurate, complete and current and to be submitted to support a subcontract cost estimate furnished by the Contractor but which was not accurate, complete and current as of the date certified in the Contractor's Certificate of Current Cost or Pricing Data; or

(d) The Contractor or a subcontractor or prospective subcontractor furnished any data, not within (a), (b) or (c) above, which was not accurate as submitted; the price or cost shall be reduced accordingly and the contract shall be modified in writing as may be necessary to reflect such reduction. However, any reduction in the contract price due to defective subcontract data of a prospective subcontractor when the subcontract was not subsequently awarded to such subcontractor, will be limited to the amount (plus applicable overhead and profit markup) by which the actual subcontract, or actual cost to the Contractor if there was no subcontract was less than the prospective subcontract cost estimate submitted by the Contractor. Provided, The actual subcontract price was not affected by defective cost or pricing data.

(Note: Since the contract is subject to reduction under this clause by reason of defective cost or pricing data submitted in connection with certain subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification for defective cost or pricing data required to be submitted by his low tier subcontractors.)

5.11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA - PRICE ADJUSTMENTS (1-3.814-1(b))

(a) This clause shall become operative only with respect to any modification of this contract which involves aggregate increases and/or decreases in costs plus applicable profits in excess of \$100,000 unless the modification is priced on the basis of adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. The right to price reduction under this clause is limited to defects in data relating to such modification.

(b) If any price, including profit, or fee, negotiated in connection with any price adjustment under this contract was increased by any significant sums because:

(1) The Contractor furnished cost or pricing data which was not accurate, complete and current as certified in the Contractor's Certificate of Current Cost or Pricing Data;

GENERAL PROVISIONS

(2) A subcontractor, pursuant to the clause of this contract entitled "Subcontractor Cost or Pricing Data" or "Subcontractor Cost or Pricing Data--Price Adjustments" or any subcontract clause therein required, furnished cost or pricing data which was not accurate, complete and current as certified in the subcontractor's Certificate of Current Cost or Pricing Data;

(3) A subcontractor or prospective subcontractor furnished cost or pricing data which was required to be accurate, complete and current and to be submitted to support a subcontract cost estimate furnished by the Contractor but which was not accurate, complete and current as of the date certified in the Contractor's Certificate of Current Cost or Pricing Data; or

(4) The Contractor or a subcontractor or prospective subcontractor furnished any data, not within (1), (2) or (3) above, which was not accurate, as submitted; the price shall be reduced accordingly and the contract shall be modified in writing as may be necessary to reflect such reduction. However, any reduction in the contract price due to defective subcontract data of a prospective subcontractor, when the subcontract was not subsequently awarded to such subcontractor, will be limited to the amount-(plus applicable overhead and profit markup) by which the actual subcontract, or actual cost to the Contractor if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor: Provided the actual subcontract price was not affected by defective cost or pricing data.

(Note: Since the contract is subject to reduction under this clause by reason of defective cost or pricing data submitted in connection with certain subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification for defective cost or pricing data required to be submitted by his lower tier subcontractors.)

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