

Pacific Ship Repair & Fabrication, Inc.
SPECIAL TERMS AND CONDITIONS FOR CVN WORK UNDER
HII NNS Contract N0024-13-C-4315

Rev. August 2015

PRIME CONTRACT CLAUSES

The following clauses are flowed down from Buyer to Seller pursuant to the requirements of Buyer's subcontract with Huntington Ingalls Industries/NNS in support of Huntington Ingalls Industries/NNS's Prime Contract with the Government. In addition to any General Purchase Order Terms and Conditions, they shall be incorporated into any agreement between Buyer and Seller when referenced on the Purchase Order.

1. **GOVERNMENT CONTRACT RATING.** U.S. NAVY CONTRACT: N00024-13-C-4315 PRIORITY RATING: DOA3. The Prime Contract is a rated order certified for national defense, emergency preparedness, and energy program use, and the Contractor shall follow all the requirements of the Defense Priorities and Allocations System regulation (15 CFR 700). If applicable to subcontract Orders, the rating will be included on the face of the Order.
2. **CLARIFICATION ON BASIC SPECIFICATION AND DOCUMENTATION.** Requirements of the basic specification concerning standard items and amendments thereto are included as part of the task order issued to Seller. Test and inspection documentation for all Contract Work accomplished by Seller is to be mailed to Buyer's Procurement Representative with a duplicate copy to accompany any shipment. Buyer's Procurement Representative is obligated to provide a copy to its customer's designated purchasing representative.
3. **NO WAIVER.** Nothing herein shall be construed as a waiver of Seller's obligation in regard to the risk of loss of the Contract Work or as a waiver of Buyer's right to require Seller to replace unsatisfactory materials, workmanship, software or services.
4. **PROPERTY CONTROL SYSTEM.** Seller is to maintain a Government property control system per NAVSEA Standard Item 009-20.
5. **LONG LEAD TIME MATERIAL.** Seller shall strive to establish long term Seller relationships to maximize cost savings for material requirements. All standard long lead time material (LLTM) listed in the Navy data environment (NDE) for the program and fleet ship alterations shall be requisitioned from the Navy and Defense Supply Systems. The exceptions to this requirement are when the Navy and Defense Supply Systems material is unable to support the start of an availability period, or local procurement is more cost effective to obtain the identical item.
6. **4E SPECIFICATION.** Seller shall coordinate and execute Contract Work in accordance with 4E specification, drawings and documentation as provided by Buyer.
7. **NAVY SUPPLY SYSTEM ACCESS.** With prior approval from Buyer, Seller is authorized to access the Navy Supply System to purchase material for the logistics. Purchase of the material from the Navy Supply System shall be in accordance with FAR 52.251-1, "Contractor Use of Government Supply Sources and FAR 52.251-1, "Government Supply Sources (APR 2012) and Technical Specification titled "Access to the Naval Supply System by Ship Repair Contractors for Contractor Furnished Material with National Stock Numbers.
8. **REPRESENTATIONS AND CERTIFICATIONS.** As of the time a Purchase Order is issued to Seller, Seller represents and warrants that: (i) upon request, Seller will submit to Buyer annual certifications and representations; (ii) Seller's certifications and representations provided are current, accurate and complete at the time of submittal; and (iii) Seller has not been debarred, suspended or proposed for debarment by the Government.
9. **PROPOSAL TURNAROUND TIMES.** Unless otherwise stated, proposals for New Work Items are to be turned around within 4 days of issue. Growth Work is due within 2 days.
10. **BASIS OF ESTIMATE.** All submitted proposals must be able to support your Basis Of Estimate (BOE), and should be available to the Government if requested. This information should clearly include answers for: (i) What is being estimated (what, where, when and how); (ii) How is it being estimated; (iii) What empirical data was used to derive the estimate; and (iv) Why is the estimate reasonable?
11. **SITE CONDITIONS.** If the Purchase Order requires work to be performed aboard ship while located at a Government installation, Seller is urged and expected to inspect the site where Contract Work will be performed and to satisfy itself as to all general and local conditions, including security requirements that may affect the cost of performing the work, in the event such information is reasonably obtainable. In no event will the failure to inspect the site constitute grounds for a claim after award of the task order/contract against Buyer, its customer or the Government.
12. **MERCURY EXCLUSION.** All Contract Work delivered shall not contain or have come in direct contact with mercury, mercury compounds or with any mercury containing device employing a single boundary of containment. Mercury contamination will be cause for rejection of Contract Work.
13. **POLYCHLORINATED BIPHENYLS PROHIBITION.** Seller shall not employ equipment or use material that is known or suspected of containing polychlorinated biphenyls.
14. **TOXIC SUBSTANCES/HAZARDOUS MATERIAL.** Buyer will not accept, store or dispose of any toxic substances or hazardous material except as and to the extent, if at all, expressly provided for in the Purchase Order. In particular, paints or primers

on products required by the Purchase Order which contain the following components shall not be shipped without prior written approval by the Buyer: arsenic, mercury, lead, chromates, or organo-metallic material. Materials containing asbestos shall not be provided without Buyer's prior written permission. If invoked specifications and standards permit other materials, they shall be used in lieu of asbestos.

15. **DELIVERY OF REQUIRED DRAWINGS, TEST REPORTS, SOFTWARE AND OTHER DATA.** (a) All drawings, procedures, manuals, forms, test reports, software (including software documentation) and other Seller provided data ("Seller Data") shall comply with the requirements of the Contract and shall be delivered to Buyer on or before the time specified in the Purchase Order, or if no time is specified, 45 days after receipt of the Purchase Order. Seller shall submit Seller Data to the address specified in the Purchase Order. If no address is specified or Seller is unsure of where to send Seller Data, Seller shall contact Buyer's Procurement Representative identified on the face of the Purchase Order for further instructions. Buyer may withhold payment if Seller fails to deliver any Seller Data in accordance with the requirements of this paragraph. When furnished with the shipment, Seller shall enclose all required documents and data in the first box of the shipment and mark, CERTIFICATES AND/OR TEST REPORTS ENCLOSED. (b) All unclassified data shall be prepared for shipment in accordance with standard commercial practice; classified reports, data, and documentation shall be prepared for shipment in accordance with National Industrial Security Program Operating Manual (NISPO), DOD 5220.22-M dated February 28, 2006 and when applicable, NISPO Supplement 1 dated February 1995.
16. **PROHIBITION OF YELLOW WRAPPINGS OR PROTECTION DEVICES.** SELLER SHALL NOT USE YELLOW WRAPPING MATERIAL OR ATTACHED YELLOW PROTECTION DEVICES SUCH AS CAPS OR PLUGS.
17. **USE OF BLACK OXIDE COATED THREADED FASTENERS (BOCTFs).** Due to safety concerns, use of BOCTFs is not authorized when installing or replacing threaded fasteners in the accomplishment of any Contract Work.
18. **INSPECTION AND TEST (COST-REIMBURSEMENT ORDERS).** (a) Buyer, its customer or the Government may inspect Contract Work in progress at all times and places. Seller shall promptly rectify any defects discovered during any inspection or test for no additional fee. If inspection is on Seller's or Seller's suppliers' premises, Seller shall provide and require its suppliers to provide reasonable facilities and assistance for the safety and convenience of the inspectors in performing their duties. Neither Buyer's in-process inspection nor Buyer's approval of any of drawings or procedures or other submittals shall: (i) constitute acceptance of any work or (ii) relieve Seller of complying fully with all of the requirements of the Contract. (b) Seller shall provide and maintain an inspection system acceptable to the Government covering the supplies, fabricating methods, and special tooling under this contract. Complete records of all inspection work performed by Seller shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires. The inspection system, which Seller is required to maintain, as provided in this clause shall be in accordance with Military Specification MIL-I-45208 in effect on the date of Buyer's contract and NAVSEA Standard Item 009-04 in effect on the date of Buyer' contract unless otherwise specified. (c) Seller shall make its records of all inspections available to the Buyer, its customer or the Government for a period of six (6) months after completion of all Contract Work called for in the Purchase Order or Contract.
19. **WARRANTIES (COST-REIMBURSEMENT ORDERS).** Seller guarantees that all Contract Work provided under the Contract (i) conform to all of the requirements of the Contract; (ii) are new and of good quality; (iii) are free from defects in material and workmanship; and (iv) are of adequate size and capacity to fulfill all operating conditions specified in the Contract. The warranty period shall begin upon Buyer's acceptance of the Contract Work and end sixty (60) days after final acceptance by Buyer's customer or the Government of the end product incorporating the Contract Work provided by Seller. Buyer will promptly notify Seller of possible deficiencies that arise during the warranty period. For all deficiencies that arise during the warranty period, Seller shall promptly remedy the deficiency for no additional fee. If Seller fails to remedy the deficiency within a reasonable time after having been notified of the deficiency, Buyer may, at its option, remedy the deficiency by contract or otherwise and charge to Seller any increased costs or make an equitable reduction in any fixed fee paid or payable under the Contract. In computing the warranty period, there shall be excluded any time that Contract Work delivered under the Contract is prevented from entering service or is taken out of service on account of any warranty deficiency. These warranties shall inure to the benefit of Buyer, its customer or the Government. Seller shall immediately notify Buyer's Procurement Representative by telephone of deficiencies of which Seller becomes aware during the performance of the Contract and the warranty period. Seller shall promptly follow up its telephonic notice with a letter to the Buyer's Procurement Representative identified on the face of the Purchase Order describing the deficiency and its plan for remedying it. For the purposes of this paragraph, a deficiency occurs when Seller's Contract Work fails to meet any of the performance obligations set forth in subparagraphs (i) through (iv) of this paragraph. Seller's notice shall in no way affect the rights and remedies of Buyer.
20. **GOVERNMENT-INDUSTRY DATA EXCHANGE PROGRAM.** Seller shall participate in the appropriate interchange of the Government-Industry Data Exchange Program (GIDEP) in accordance with NAVSEA S0300-BU-GYD-010 dated November 1994. Data entered will be retained by the program and provided to qualified participants. Compliance with this requirement shall not relieve Seller from complying with any other requirements of the Contract. GIDEP materials,

software and information are available without charge from the GIDEP Operations Center, P.O. Box 8000, Corona, California 92878-8000. For further information, see this web site: <http://www.gidep.org> or call phone 951.898.3207 or fax 951.898.3250.

21. **STANDARDIZATION.** (a) In order to support commonality and/or standardization, variation, within systems, sub-systems and components across the fleet must be reduced. When it is necessary for Seller to replace equipment (e.g., changes have been made to requirements, systems, sub-systems or components) or where such sub-systems, equipment or components are not available, Seller shall select Hull Mechanical and Electrical (HM&E) equipment/components in the following order. (b) The virtual shelf items are to be applied if they meet the contractual requirements. The virtual shelf is a repository of Total Ownership Cost (TOC) preferred common designs. NAVSEA commonality program identified HM&E equipment/components for the virtual shelf that meet cross platform requirements and specifications and provide superior TOC. Information to gain access to the virtual shelf is located on the following web site: <http://ACC.DAU.MIL/COMMONALITY>. Some equipment listed on the virtual shelf may have supporting commodity contracts. For the virtual shelf items supported by commodity contracts, a supporting commodity contract will appear in the HM&E corridor of the DOD e-mail (<https://DOD-EMALL.DLA.MIL/ACCT/WELCOME.ACTION>). These contracts include provisions for direct contractor orders against the contracts. Seller will contact Buyer and request instructions to register to place orders through the DOD e-mail. When shelf items are available that meet all Purchase Order requirements, Seller shall design, plan, procure and install according to shelf guidance. If shelf items are available and Seller intends to use a design other than that on the shelf, Seller shall request from Buyer a deviation for the shelf in accordance with the CDRL and configuration management procedures that Buyer receives from its customer. (c) For Seller furnished HM&E equipment that meets Purchase Order requirements, have an APL assigned and meet at least one of the following requirements, only a Statement of Prior Submission (SPS) is required. The SPS will be prepared in accordance with NAVSEA Standard Items 009-19. (1) Are in use on current ships of the USS Enterprise (CVN 65), CVN 68 Class ships, and CVN 78 Class ships and are listed in HM&E Equipment Data Research System (HEDRS) with an Engineering Support Code (ESC) of either A, *, G, S, X, Z, P. (2) Are listed in HM&E equipment data research system (HEDRS) with an Engineering Support Code (ESC) of either A, *, G, S, X, Z, P. (3) Have the same form, fit, function of the equipment and components on current ships of the USS Enterprise (CVN 65), CVN 68 Class ships, and CVN 78 Class ships. (d) For HM&E equipment that meet Purchase Order requirements and have no assigned APL (non-standard equipment), or for non-standard HM&E equipment, Provisioning Technical Documentation (PTD) shall be submitted in accordance with NAVSEA Standard Item 009-19, Provisioning Technical Documentation, and the requirements of the CDRL in Buyer's contract with its customer. (e) For non-standard HM&E equipment that does not meet the requirements of paragraph (B) above, new/revised technical manuals shall be developed in accordance with NAVSEA Standard Items 009-39, Technical Manual Contract Requirement (TMCR) for new technical manuals for commercial equipment/component, 009-41, Technical Manual Contract Requirement (TMCR) for a topically structured technical manual, and 009-42, Technical Manual Contract Requirement (TMCR) for updating technical manuals. Technical manual management data shall include those deliverable data items required for Government monitoring/tracking approval of Seller's technical manual efforts and the requirements of the CDRL in Buyer's contract with its customer.
22. **PROVISIONING TECHNICAL DOCUMENTATION – WITHOLDING OF PAYMENT (NAVSEA) (SEP 1990).** The PTD is considered to be a part of the "Seller Data" specified to be delivered under the Contract for the purposes of the "delivery of required drawings, test reports, software and other data" clause.
23. **COMPUTER SOFTWARE AND DATABASE(S) DELIVERED TO AND/OR RECEIVED FROM BUYER OR BUYER'S CUSTOMER OR THE GOVERNMENT (NAVSEA) (APR 2004) [Modified by Buyer].** (a) Seller agrees to test for viruses in all computer software and/or computer databases, as defined in the clause entitled "Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation" (DFARS 252.227-7014), before delivery of that computer software or computer database in whatever media and on whatever system the software is delivered using the most current version of commercially available anti-virus software. Seller warrants that any such computer software and/or computer database will be free of viruses when delivered to the extent such viruses could have been deleted with the most current version of commercially available anti-virus software at the time of delivery of the computer software or database. (b) Seller agrees to test any computer software and/or computer database(s) received from Buyer or Buyer's customer or the Government for viruses prior to use under this Contract using the most current version of commercial software. (c) If Seller intends to deliver commercial computer software either by itself or incorporated into a non-commercial computer software deliverable, Seller shall forward the associated license to Buyer for review and approval prior to incorporation of the commercial computer software into any computer software deliverables. Unless otherwise agreed in writing, any license agreement governing the use of any computer software and/or computer database to be delivered as a result of this Contract must be paid-up and perpetual, or so nearly perpetual as to allow the use of the computer software and/or computer database with the equipment for which it is obtained, or any replacement equipment, for so long as such equipment is used; otherwise, the computer software and/or computer database does not meet the minimum functional

requirements of this Contract. In no event shall any computer software and/or computer database that is delivered include any routine to disable the computer software and/or computer database in the future. (d) No copy protection devices or systems shall be used in any computer software and/or computer database delivered under this Contract to restrict or limit Buyer, Buyer's customer or the Government from making copies. This does not prohibit license agreements from specifying the maximum amount of copies that can be made. (e) Delivery by Seller to Buyer, or Buyer's customer or the Government of certain technical data and other data is now frequently required in digital form rather than as hard copy. Such delivery may cause confusion between data rights and computer software rights. It is agreed that to the extent that any such data is computer software by virtue of its delivery in digital form, then Buyer's customer and the Government will be licensed to use that digital form with exactly the same rights and limitations as if the data had been delivered as hard copy. (f) Any limited rights legends or other allowed legends placed by Seller on technical data or other data delivered in digital form shall be digitally included on the same media as the digital-form data and must be associated with the corresponding digital-form technical data to which the legends apply to the extent possible. Such legends shall also be placed in human readable form on a visible surface of the media carrying the digital form data as delivered, to the extent possible.

24. **ACCESS TO PROPRIETARY DATA OR COMPUTER SOFTWARE** (a) performance under the Contract may require that Seller have access to technical data, computer software, or other sensitive data of another party who asserts that such data or software is proprietary. If access to such data or software is required to be provided, Seller shall enter into a written agreement with such party prior to gaining access to such data or software. The agreement shall address, at a minimum, (1) access to, and use of, the proprietary data or software exclusively for the purposes of performance of the work required by the Contract, and (2) safeguards to protect such data or software from unauthorized use or disclosures so long as the data or software remains proprietary. In addition, the agreement shall not impose any limitation upon the government or its employees with respect to such data or software. A copy of the executed agreement shall be provided to Buyer who shall provide a copy to its customer under Buyer's subcontract so that its customer can meet the requirements of the prime contract with the Government. (b) Seller agrees to: (1) indoctrinate its personnel who will have access to the data or software as to the restrictions under which access is granted; (2) not disclose the data or software to another party or other Seller personnel except as authorized by Buyer; (3) not engage in any other action, venture, or employment wherein this information will be used, other than under the Contract, in any manner inconsistent with the spirit and intent of this requirement; (4) not disclose the data or software to any other party, including, but not limited to, joint venturer, affiliate, successor, or assign of Seller, and (5) reproduce the restrictive stamp, marking, or legend on each use of the data or software whether in whole or in part. The restrictions on use and disclosure of the data and software described above also applies to such information received from Buyer through any means to which Seller has access in the performance of the Contract that contains proprietary or other restrictive markings; (d) Seller agrees that it will promptly notify Buyer of any attempt by an individual, company, Buyer representative, customer representative or Government representative not directly involved in the effort to be performed under the Contract to gain access to such proprietary information. Such notification shall include the name and organization of the individual, company, or Government representative seeking access to such information. (e) Seller shall include this requirement in subcontracts of any tier which involve access to information covered by paragraph (a), substituting "subcontractor" for "Seller" where appropriate; (f) Compliance with this requirement is a material requirement.
25. **PATENTS AND COPYRIGHTS**. Except to the extent that FAR 52.227-1, *Authorization and Consent*, may apply to an alleged patent infringement, Seller shall indemnify and hold harmless and, if requested, defend Buyer and its customer, their officers, directors, and employees against any claims, losses or expenses (to include reasonable attorneys' fees) for alleged infringement of patents, licenses, registered trademarks or copyright, arising out of Seller's performance, brought against Buyer or its customer as a result of such alleged infringement.
26. **CAST COPPER NICKEL (CuNi) AND PERVASIVE COMMODITY SPECIAL REQUIREMENTS**. (i) Quality. Seller shall ensure that cast Copper-Nickel (CuNi) and Pervasive Commodity material is obtained only from manufacturers or other suppliers approved by Buyer. Specific certifications, test reports, or other non-hardware deliverables shall be provided by Seller as specified in the Purchase Order. (ii) Cast CuNi. Seller and its suppliers shall only use Buyer approved CuNi foundries in the performance of the Contract. The current list of approved CuNi foundries is available at Buyer's customer's website: http://supplier.huntingtoningalls.com/sourcing/res_technical.html. Seller's use of an approved foundry does not relieve Seller of its responsibility to ensure all technical, service, and Contract requirements are met. (iii) CuNi testing. The following supplemental requirements apply to the testing of CuNi castings manufactured for Buyer at any level and are in addition to, or in conjunction with, testing required elsewhere in the Contract. Seller shall invoke these requirements on orders at all levels for CuNi castings from an approved foundry: (a) For each heat, the foundry shall test and have available a chemical test report for an "A" (beginning of furnace charge pour) and "B" (end of furnace charge pour) test specimen. The test reports and the specimen shall be identified as "A" and "B" in addition to the heat number traceability. (b) Mechanical test bars shall be poured no sooner than 50% through the furnace charge pour. (c) The foundry or supplier shall maintain the "A" and "B" test specimens, the mechanical test bars, and the test results as objective quality evidence,

subject to audit and further analysis by Buyer or its customer. (d) Retention time shall be a minimum of seven (7) years following certification of the heat. (e) Notify Buyer for disposition prior to disposal of records and specimens. (f) Buyer's products may be poured in the same heat; however, the heat shall be unique to Buyer. No other customer's product shall be included in the heat. (g) Chemistry and mechanical test report submittal shall be in accordance with the requirements contained elsewhere in the Purchase Order. If chemical test reports are required to be submitted, the "B" chemistry test results shall *be* submitted, unless otherwise specified. (iv) Butt Weld and Socket Weld Pipe Fittings are considered herein to be included in the Pervasive Commodities Program. Examples of these Fittings include, but are not limited to, non-nuclear parts of standard dimensions used in the assembly of a piping system, such as couplings, elbows, tees, crosses, caps, unions, reducers, and flanges. Seller and its suppliers shall only use Buyer approved manufacturers for Butt Weld and Socket Weld Pipe Fittings provided under the Purchase Order. The current list of approved Butt Weld and Socket Weld Pipe Fittings manufacturers is available at this website: http://supplier.huntingtoningalls.com/sourcing/res_technical.html. Seller's use of an approved manufacturer does not relieve Seller of its responsibility to ensure that all technical, service, and Contract requirements are met.

27. **RESTRICTION ON CERTAIN PAYMENTS (ORDERS TO WHICH THE COST PRINCIPLES AT FAR PART 31 APPLY)**. Seller shall obtain Buyer's Procurement Representative's written permission prior to requiring employees to perform work under the Contract for which the employees will be eligible to receive overtime premium pay as defined in FAR 22.103-1. Any overtime premium pay that is paid to Seller's employees for work performed under the Contract for which Seller has failed to obtain Buyer's Procurement Representative's prior written approval shall be an unallowable cost under the Contract.
28. **TRAVEL COSTS**. (a) Seller shall not charge, and Buyer shall not pay, as an allowable cost under the Contract, any man-hour costs (whether straight-time or overtime) for Seller personnel or subcontractor personnel traveling to or from the worksites, including travel to worksites other than Seller's facility for performance of work under the Contract. (b) Workers being paid under this Contract, as an employee of Seller or a subcontractor of Seller, will complete a full shift at the worksite, and no compensation will be paid for travel time before or after the shift. (c) This requirement pertains only to payments for travel time before or after these workers' regular shifts, and does not apply to legitimate travel costs incurred during normal working hours, provided that those costs are otherwise reasonable, allocable and allowable. This requirement does not apply to manufacturer's representatives or Original Equipment Manufacturer (OEM) representatives when specifically required by Buyer or Buyer's customer or the Government. (d) Additionally, Seller shall not charge and Buyer shall not pay, any transportation costs under the Contract associated with transporting Seller or subcontractor personnel between Seller's facility (or subcontractors facility), and any other worksite to perform Planned Incremental Availabilities (PIAs), CIAs, POMs, PSAs, SRAs, non-scheduled availabilities or upkeeps. Transportation costs include, but are not limited to, bus fare, car fare, train fare, or boat fare, paid by the work force or paid by Seller on behalf of the work force. (e) Paragraph (d) does not preclude payments to Seller for allowable transportation costs incurred such as that for bus and driver to transport workers to a Government facility or other Government directed work site for performance of scheduled ship availability or inter-availability work. Transportation costs incurred in the replacement of personnel when such replacement is accomplished for Seller's or employee's convenience shall not be reimbursed by Buyer. (f) Otherwise, allowable travel costs are not fee-bearing costs under this Purchase Order. Seller shall obtain prior written approval by Buyer per trip occurrence. Travel shall be funded under a separate SLIN under each CLIN. All estimated and incurred travel costs shall be in accordance with FAR 31.205-46.
29. **BUYER PROPERTY/CUSTOMER PROPERTY/GOVERNMENT-FURNISHED PROPERTY**. The parties will abide by the terms of FAR 52.245-1 dated August 2010 as flowed down to Buyer from its customer.
30. **PAYMENT FOR OVERTIME PREMIUMS (JULY 1990) (FAR 52.222-2)**. (a) The use of overtime is authorized under the Purchase Order if the overtime premium cost does not exceed "zero" or the overtime premium is paid for work—(1) Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature; (2) By indirect-labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting; (3) To perform tests, industrial processes, laboratory procedures, loading or unloading of transportation conveyances, and operations in flight or afloat that are continuous in nature and cannot reasonably be interrupted or completed otherwise; or (4) That will result in lower overall costs to the Government. (b) Any request for estimated overtime premiums that exceeds the amount specified above shall include all estimated overtime for Contract Work completion and shall—(1) Identify the work unit; e.g., department or section in which the requested overtime will be used, together with present workload, staffing, and other data of the affected unit sufficient to permit the Government to evaluate the necessity for the overtime; (2) Demonstrate the effect that denial of the request will have on the Contract delivery or performance schedule; (3) Identify the extent to which approval of overtime would affect the performance or payments in connection with other Government contracts, together with identification of each affected purchase order; and (4) Provide reasons why the required work cannot be performed by using multi-shift operations or by employing

additional personnel. *Insert either “zero” or the dollar amount agreed to during negotiations. The inserted figure does not apply to the exceptions in paragraph (a)(1) through (a)(4) of the clause.

31. **ADDITIONAL NOTICE PROVISIONS.** In addition to any other notice requirement set forth in the Purchase Order, letters of notification must be issued by Seller to Buyer’s Procurement Representative when Seller reaches 75% of its funding level.
32. **SUBCONTRACTING RESTRICTIONS (COST-REIMBURSEMENT ORDERS).** No subcontract at any tier placed under the Purchase Order shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in paragraph 15.404-4(c) (4) (i) of the Federal Acquisition Regulation (FAR).
33. **INDEMNIFICATION - GOVERNMENT REQUIREMENTS.** In addition to any other remedies provided for in the Contract, Seller shall indemnify and hold harmless and, if requested, defend Buyer and its parent and affiliates and each of their officers, directors, and employees against any claims, losses or expenses (to include reasonable attorneys’ fees) for Seller's failure, in conjunction with the Contract: (a) to comply with any cost principles or Cost Accounting Standards applicable to the Contract or to follow Seller's disclosed accounting practices or both; (b) to furnish complete, accurate or current cost or pricing data when such data were required by law or regulation: (i) in support of any TINA certification made by Buyer to its customer or the Government related to Seller’s Contract Work, or (ii) in the negotiation of the Contract or any modifications thereto; or (c) to comply with any applicable laws, regulations or ordinances.
34. **BUYER, CUSTOMER OR GOVERNMENT PROPERTY.** Unless otherwise noted in the Purchase Order, Seller shall assume the risk of, and be responsible for, any loss, destruction of or damage to property provided to Seller by the Buyer, its customer or the Government while such property is in Seller's possession or control. Excluding property authorized to be consumed in the performance of the Purchase Order, Seller shall return such property in as good a condition as when received except for reasonable wear and tear, or in the case of property to be overhauled or repaired, in such better condition as may be required by the terms of the Purchase Order. Seller shall control and maintain Government or Buyer furnished property in accordance with a system that meets the requirements of FAR 52.245-1(b), (f), (g), (j), and (k) and NAVSEA STANDARD ITEM 009-20. Scrap. (i) All Government scrap resulting from accomplishment of any job order is the property of Seller to be disposed as it sees fit. Scrap is defined as property that has no reasonable *prospect* of being sold except for the *recovery* value of its basic material content. The determination as to which materials are scrap and which materials are salvage, will be made, or concurred in, by Buyer after consulting with the duly appointed Property Administrator for the cognizant SUPSHIP Office under Buyer's contract. (ii) As consideration for retaining the Government's scrap, Seller's price for the performance of the work required herein shall be a net price reflecting the value of the Government scrap. (iii) This requirement is not intended to conflict in any way with the other provisions of this paragraph which apply to the maintenance and control of Government property.
35. **GOVERNMENT TITLE (COST REIMBURSEMENT AND TIME & MATERIALS ORDERS).** Title to any property purchased by Seller for which Seller is or will be directly reimbursed as an item of cost under the Contract shall pass to the Government upon the use of the property in performing the requirements of the Contract, or reimbursement of the cost of such property under the Contract, whichever occurs first.
36. **EQUITABLE ADJUSTMENTS; WAIVER AND RELEASE OF CLAIMS.** Whenever Seller, after receipt of a change made pursuant to the clause entitled *Changes-Fixed Price* (FAR 52.243-01) or *Changes-Cost Reimbursement* (FAR 52.243-02) as applicable, or after assertion of a constructive change under the clause entitled *Notification Of Changes* (FAR 52.243-07), submits any claim for equitable adjustment under the foregoing, such claim shall include all types of adjustments in the total amounts to which the foregoing entitle Seller, including but not limited to adjustments arising out of delays or disruptions or both caused by such change. In support of any Seller request for equitable adjustment brought under the applicable “Changes” clause or any other clause of the Purchase Order, Seller shall provide Buyer’s Procurement Representative sufficient detail to reasonably support Seller's proposal for a request for equitable adjustment or which Buyer's customer or the Government should require in evaluating such request. Further, Seller agrees that, if required by Buyer, it will execute a release, in form and substance satisfactory to Buyer, as part of the supplemental agreement providing an equitable adjustment.
37. **NAVAL NUCLEAR PROPULSION INFORMATION.** (i) During the performance of this Contract naval nuclear propulsion information (NNPI) may be developed or used. Naval nuclear propulsion information is defined as that information and/or hardware-concerning the design, arrangement, development, manufacturing, testing, ops., administration, training, maintenance, and repair of the propulsion plants of naval nuclear powered ships including the associated ship-board and shore-based nuclear support facilities. Appropriate safeguards must be implemented by the supplier for the safeguarding from actual potential or inadvertent release by Seller, or any subcontractor, of any naval nuclear propulsion information in any form, classified or unclassified. (ii) Such safeguards shall ensure that only governmental and contractor parties, including subcontractors that have an established need-to-know have access in order to perform work under this Contract, and then only under conditions which assure that the information will be properly protected. Access by foreign nationals or immigrant aliens is not permitted. A foreign national or immigrant alien is defined as a person not a United States citizen or

a united states national. United States citizens representing a foreign government, foreign private interests or other foreign nationals, are considered to be foreign nationals for industrial security purposes and the purpose of this restriction. In addition, any and all issue or release of such information beyond such necessary parties, whether or not ordered through an administrative or judicial tribunal, shall be brought to the attention of Buyer's Procurement Representative. (iii) Buyer's Procurement Representative shall be immediately notified of any litigation, subpoenas, or requests which either seek or may result in the release of naval nuclear propulsion information. In the event that a court or administrative order makes immediate review by Buyer is impractical, Seller agrees to take all necessary steps to notify the court or administrative body of the navy's interest in controlling the release of such information through review and concurrence in any release. (iv) Buyer, its customer and the Government reserve the right to audit Seller's facilities for compliance with navy nuclear propulsion information restrictions. (vi) Naval nuclear propulsion information received or generated under this contract shall be returned to Buyer upon completion of this Contract or destroyed in accordance with industrial security manual DOD 5220.22-M requirements for classified data.

38. **ACCEPTANCE.** Buyer will accept Contract Work delivered under the Contract, or give Seller notice of rejection, within a reasonable time after completion of all required performance and deliveries, notwithstanding any prior payments made or prior tests or inspections performed. Determination of a reasonable time shall take into consideration the nature and complexity of the Contract Work delivered, but in no event shall such time be less than forty-five (45) days. Notice of rejection may be given in any reasonable form, including but not limited to Quality Notifications, Discrepancy Reports, Inspection Reports, Engineering review sheets, or communications via telephone, e-mail, facsimile, or other correspondence. No inspection, test, delay, failure to inspect or test, or failure to discover any defect or other nonconformance shall relieve Seller of any of its obligations under the Contract or impair any rights or remedies of Buyer, its customer or the Government.
39. **SUSPENSION OF WORK.** Buyer, may, by written notice, suspend work under the Contract at any time. Upon receipt of such notice, Seller shall immediately comply with its terms and, during the work suspensions, take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the suspension notice. If the suspension of work ordered under this paragraph results in an increase in the time required for, or in Seller's cost properly allocable to the performance of any part of the Contract, Buyer shall make an adjustment in the delivery schedule or Contract Price or both. Seller shall assert its right to an adjustment no later than 20 calendar days after the work suspension is lifted.
40. **BANKRUPTCY.** In the event Seller enters into proceedings relating to bankruptcy or insolvency, whether voluntary or involuntary, Seller agrees to furnish to Buyer, by certified mail, written notification of the bankruptcy or insolvency proceeding. This notification shall be furnished within five days of the initiation of such proceedings, and shall include the date of filing, the identity of the court in which the petition was filed, and a listing of all of Buyer's orders against which final payment has not been made. This obligation remains in effect until final payment under the Contract.
41. **SECTION AND PARAGRAPH HEADINGS.** The section and paragraph headings herein are for convenience only and shall not limit in any way the scope of any provision of the Contract.
42. **AUDIT RESTRICTIONS.** Notwithstanding any other provisions of the Purchase Order, the audit rights contained in FAR 52.215-2, Audit and Records — Negotiation, shall apply only to the Government.
43. **PERFORMANCE OF WORK.** Seller shall not perform any work or provide any materials for Contract Work without valid written authorization by a member of Buyer's Procurement Representative with contractual authority through a task order, purchase order or such other written authorization as agreed between the parties or without an emergent work request signed by the Buyer's ship manager or his/her designated representative.
44. **SCHEDULING FLEXIBILITY.** Seller is advised that the purpose of the Contract is to provide the Navy with scheduling flexibility in the execution and maintenance and modernization of these ships. Schedule changes will occur and Seller will be expected to accommodate them within reason within the scope and terms of the Contract.
45. **REPORTING.** Seller shall submit contract funds status reports (CFSR), cost/schedule status reports (CSSR), and such other reports as required by Buyer.
46. **ACCESS TO THE NAVY SUPPLY SYSTEM (NAVSEA) (MAR 2011) (Modified by Buyer)** (a) In compliance with the comparability requirement of 10 U.S.C. 7313, Public and Private Shipyards will be provided equal access to the Naval Supply System. Use by private yards is permissive, not mandatory. (b) Pursuant to the clause entitled "GOVERNMENT SUPPLY SOURCES" (FAR 52.251-1) Buyer's customer has given authority to Buyer to use the Navy Supply System, and Buyer is hereby authorizing Seller to place orders with the Navy Supply System for materials and equipment or other supplies necessary to perform the required work. The Naval Supply System shall process such orders in the same manner as it would for any other Navy supply user, and Seller shall make payment on account of materials and equipment and other supplies ordered and/or received in accordance with the normal requirements of the Naval Supply Systems Command, but in no event shall payment in full be any later than 30 days after receipt by Seller of each order. Seller shall pay the Naval Supply System any costs for materials, equipments, or other supplies obtained including any surcharges normally charged to any other Naval Supply System user. (b) The Contract has been priced on the basis that, except as specifically provided elsewhere in the

Purchase Order with regards to Buyer, Buyer's customer or Government furnished property, and Seller shall provide all necessary materials, equipments and supplies for performance of the Contract. If Seller uses the Naval Supply System, it has elected to use the system for its own convenience to meet its obligations to perform the work under the Contract. The Naval Supply System is considered to be an alternate source or vendor of Seller furnished material; therefore materials, equipments, or other supplies ordered and/or obtained from the Naval Supply System are specifically not considered to be Buyer, Buyer's customer or Government furnished material, but are considered to be Seller furnished material. Buyer, its customer and the Government make no representation as to the availability of materials, equipments, or other supplies for the performance of the Contract Work required under the Contract, nor shall unavailability, late delivery, delivery of nonconforming supplies, higher costs of the Naval Supply System (if any), or any failure of the Naval Supply System to meet the expectations or requirements of Seller constitute excusable delay or grounds for equitable or any other adjustment to the Contract or relief from the requirement to perform in accordance with the terms of the Contract.

47. **HAZARDOUS WASTE MANAGEMENT.** (a) Seller shall segregate and manage its hazardous waste in accordance with the requirements of the Resource Conservation And Recovery Act and all other federal and state laws and regulations. In accordance with NAVSEA clause 5252.223-9114(NOV 1996) entitled, "Management And Disposal Of Hazardous Waste," 10 U.S.C. 7311, and EPA's guidance document entitled, "EPA identification number, site status, and site tracking guidance" (issued March 25, 2005), Seller shall provide its EPA generator identification number to Buyer for shipments of wastes in accordance with the applicable clause and legal requirements. (i) Buyer's customer (Continental Maritime) will provide Department of Transportation approved hazardous waste receptacles for each Seller and their subcontractors. 32 hour advance notice will be sufficient for this request. (ii) Seller will manage its hazardous materials and hazardous waste in accordance with all applicable regulations. This includes all Seller subcontractors. (iii) Seller will provide its EPA ID number on their hazardous waste label until such waste is ready for disposal. (iv) Buyer needs to be notified by Seller when hazardous waste is ready for disposal with sufficient notice not to exceed the appropriate accumulation time limit, so that Buyer can fulfill the obligations under its customer contract.
48. **PROTECTION OF THE VESSEL (NAVSEA) (SEP 1990)** (a) Seller shall exercise reasonable care to protect the vessel from fire, and shall maintain a system of inspection over the activities of its welders, burners, riveters, painters, pipe fitters, and similar workers, and of its subcontractors, particularly where such activities are undertaken in the vicinity of the vessel's magazines, fuel oil tanks, or store rooms containing inflammable materials. All ammunition, fuel oil, motor fuels, and cleaning fluids shall have been off-loaded and the tanks cleaned, prior to work on the vessel by Seller. Fire hose lines shall be maintained by Seller ready for immediate use on the vessel at all times while the vessel is berthed alongside Seller's pier or in dry dock. All tanks under alteration or repair shall be cleaned, washed, and steamed out or otherwise made safe to the extent necessary, and Seller shall furnish the vessel's Gas Free Officer and the Supervisor with a "Gas Chemists' Certificate" before any hot work is done. Seller shall maintain a fire watch aboard the vessel in areas where Seller is working. All other fire watches aboard the vessel shall be the responsibility of the Government. (b) Except as otherwise provided in contractually invoked technical specifications or NAVSEA furnished directives, while the vessel is at Seller's plant and when the temperature becomes as low as thirty-five degrees Fahrenheit, Seller shall assist the Government when requested in keeping all pipe-lines, fixtures, traps, tanks, and other receptacles on the vessel drained to avoid damage from freezing, or if this is not practicable, the vessel shall be kept heated to prevent such damage. The vessel's stern tube and propeller hubs shall be protected by Seller from frost damage by applied heat through the use of a salamander or other proper means. (c) The work shall, whenever practicable, be performed in such manner as not to interfere with the work performed by military personnel attached to the vessel, and provisions shall be made so that personnel assigned shall have access to the vessel at all times, it being understood that such personnel will not unduly interfere with the work of Seller's workmen. (d) Seller shall at all times keep the site of the work on the vessel free from accumulation of waste material or rubbish caused by its employees, or the work performed by Seller in accordance with the Contract, and at the completion of such work shall remove all rubbish from and about the site of the work, and shall leave the work in its immediate vicinity "broom clean", unless more exactly specified by Buyer or the Government Supervisor.
49. **NOTIFICATION OF CHANGES (CT) (JAN 1983)** [Modified by Buyer] (a) Definitions. As used in this requirement, the term "Buyer" does not include Buyer's Contracting Representative whether or not such representative is acting within the scope of his authority nor does it include any other individuals or activities that in any way communicate with Seller. The term "conduct" includes both actions and failures to act, and includes the furnishing of, or the failure to furnish, any item under any requirement of the Contract. (b) Notice. The primary purpose of this requirement is to obtain prompt reporting of any conduct which Seller considers would constitute or would require a change to the Contract. The parties acknowledge that proper administration of the Contract requires that potential changes be identified and resolved as they arise. Buyer is under strict authorization work requirements in the subcontract with its customer, and the same true with the customer under its prime contract. Therefore, except for changes identified as such in writing and signed by Buyer's Procurement Representative, Seller shall notify Buyer's Procurement Representative of any conduct which Seller considers would constitute or would require a change to the Contract. Furthermore, Seller shall notify Buyer's Procurement Representative

of any conduct which Seller considers would constitute or would require a change to this Contract. Such notice shall be provided promptly, and in any event within twenty-five (25) calendar days from the date Seller identifies any such conduct. The Notice shall be written and shall state, on the basis of the most accurate information available to Seller: (i) The date, nature, and circumstances of the conduct regarded as a change; (ii) The name, function, and activity of the individuals directly involved in or knowledgeable about such conduct; (iii) The identification of any documents and the substance of any oral communication involved in such conduct; (iv) The particular elements of performance for which Seller might seek an equitable adjustment under this requirement, including: (1) What ship(s) have been or might be affected by the potential change; (2) To the extent practicable, labor or materials or both which have been or might be added, deleted, or wasted by the potential change; (3) To the extent practicable, Seller's preliminary order of magnitude estimate of cost and schedule effect of the potential change; and (4) What and in what manner are the particular technical requirements or requirements regarded as changed. (c) Continued Performance. Except as provided in paragraph (f) below, following submission of notice, Seller shall take no action to implement a potential change until advised by the Buyer in writing as provided in (d) below, unless the potential change was previously directed by the Buyer, in which case Seller shall conform therewith. Nothing in this paragraph (c) shall excuse Seller from proceeding with work other than implementation of the potential change or from proceeding in accordance with directions issued by the Buyer. (d) Buyer Response. The Buyer shall promptly, and in any event within thirty (30) calendar days after receipt of Notice, respond thereto in writing. In such response, the Buyer shall either: (i) Confirm that the conduct of which Seller gave notice would constitute a change, and when necessary, direct the mode of further performance, or; (ii) Countermand any conduct regarded by Seller as a change, or; (iii) Deny that the conduct of which Seller gave notice would constitute a change and, when necessary, direct the mode of further performance, or; (iv) In the event Seller's notice information is inadequate to make a decision under (i), (ii) or (iii) above, advise Seller what additional information is required. Failure of the Buyer to respond within the time required above shall be deemed a countermand under (d)(ii). (e) Equitable Adjustments. Equitable adjustments for changes confirmed or countermanded by Buyer shall be made in accordance with the clause entitled "CHANGES", or any other requirement of the Purchase Order which provides for an equitable adjustment. (f) Special Procedures. Paragraph (c) provides that Seller is to take no action to implement a potential change pending Buyer's Procurement Representative response to Seller's notice of the potential change, except where specifically directed by Buyer's Procurement Representative. In special situations, however, where (1) The circumstances do not allow sufficient time to notify Buyer's Procurement Representative of the facts prior to the need to proceed with the work, and; (2) The work must proceed to avoid hazards to personnel or property or to avoid additional cost to Buyer, its customer or the Government, Seller may proceed with work in accordance with the potential change. In such special situations, Seller shall advise the Buyer in writing within seven (7) days of the conduct giving rise to the potential change that Seller has proceeded and shall describe the nature of the special situation which required proceeding prior to notification. Within thirty (30) calendar days of the conduct giving rise to the potential change, Seller shall provide notice as required in (b) above. Buyer's Procurement Representative shall respond as set forth in (d) above. Buyer's Procurement Representative determines that the conduct constitutes a change and countermands it, Seller shall be entitled to an equitable adjustment for performance in accordance with that change prior to the countermand including performance resulting from the countermand. (g) When Seller identifies any conduct which may result in delay to delivery of the ship(s), Seller shall promptly so inform Buyer's Procurement Representative thereof prior to providing the notice required by paragraph (b) above. (h) Despite good faith best efforts, occasions may arise in which Seller does not provide notice within the time periods specified in paragraphs (b) and (f) above. Accordingly, prior to the end of the first and third quarters of each calendar year through the period of performance of the Contract, beginning with the fourth quarter of 2014, Seller shall deliver to Buyer's Procurement Representative an executed bilateral Contract modification, in the format set forth in Exhibit "A" to this requirement, covering the six month period of time ending with the second and fourth quarters, respectively, of the preceding year, with such specific exceptions, if any, as are identified by Seller. If Seller cites specific exceptions to the release, Seller shall concurrently provide Buyer's Procurement Representative with notice, containing the information set forth in paragraph (b) of this requirement, for each item excepted from the release. However, the release required by this requirement shall not make unallowable any costs which are otherwise allowable under any other requirement of the Contract. Within sixty (60) days of receipt of the release, Buyer shall sign and return a copy of the release to Seller. If Buyer fails to execute and return the release within the required time, then the release shall be deemed to be void and of no effect for the period involved. (i) If the release in accordance with paragraph (h) above is not provided to Buyer's Procurement Representative by Seller in the time required, Buyer may execute the release as set forth in Exhibit "A" and send it to Seller. If Seller fails to execute the release and return it to the Government (with any specific exceptions) within forty five (45) days of receipt thereof, the required release shall then be deemed effective as if signed by Seller. Exhibit A to the Requirement entitled "NOTIFICATION OF CHANGES" This modification reflects the agreement of the parties to the mutual full and final releases for the consequences of that conduct (as conduct is defined in the requirement entitled "NOTIFICATION OF CHANGES"), described below, except the conduct identified in Attachment A hereto is excluded and not

covered by the terms of this release. 1. Except for the conduct listed in Attachment A by either party, Seller, Buyer, or Buyer's customer shall not be entitled to any equitable adjustment or to money damages and/or other relief for any conduct, as specified below. 2. In consideration of the foregoing the parties hereby agree to the following release: a. Buyer, for itself, its assigns, vendors, suppliers, and contractors, hereby remises, releases, and forever discharges Seller, its officers, agents and employees from any and all entitlement of Buyer to equitable adjustment of the Contract cost and fee and delivery schedule due to conduct under the Contract, which occurred on or before [TBD]. b. Seller, for itself, its successors, assigns, vendors, suppliers, and subcontractors, hereby remises, releases and forever discharges Buyer and Buyer's customer and their directors, officers, agents and employees from (i) any and all entitlement of Seller to equitable adjustment of the Contract cost and fee and/or delivery schedule of the Contract or of any other purchase order or any other contract or any purchase order or contract between Seller and any third party by reason of any conduct which increases Seller's cost or time of performance of work under the Purchase Order and meets the following conditions (1) known to Seller, (2) occurred on or before [TBD], and (3) Seller failed to give notice prior to date of this release, and (ii) any and all liabilities to Seller for money damages and/or other relief for the impact of any such conduct, upon the Contract or any other purchase order or contract or any purchase order or contract between Seller and any third party.

50. **SECURITY.** All employees and company representatives must adhere to the Buyer's and its customer's local access procedure now in your possession. Upon request, Seller shall provide a copy of the latest access control procedure, highlighting the steps taken to preclude access by non-U.S. citizens to shop areas working CVN components. Buyer's security facility will forward under separate cover the control and format procedures for submitting access lists for processing. A communication will follow under separate cover from Buyer detailing task and detail breakdown and update requirements for scheduling input. Also included in this communication will be the requirements for Earned Value Management System (EVMS) reporting and updates.
51. **LIMITATIONS OF COST/LIMITATIONS OF FUNDS (NAVSEA) (SEP 1990).** The clause entitled "Limitation of Cost" (FAR 52.232-20) or "Limitation of Funds" (FAR 52.232-22), as appropriate, shall apply separately and independently to each SUBCLIN.
52. **COST OF MONEY FOR FACILITIES CAPITAL.** The Cost of Money for Facilities Capital is not a fee-bearing cost under the Purchase Order. However, such amount is included in the Total Estimated Cost for purpose of the "LIMITATIONS OF COST" clause.
53. **LIMITATIONS OF INDIRECT COST.** (a) Pursuant to FAR 42.707, an indirect cost rate ceiling is incorporated into the Purchase Order. "Indirect Cost" is defined as set forth at FAR 31.001 and 31.203. "Indirect cost rate" is defined as set forth at FAR 42.700. For purposes of the Contract, dry dock rates (whether owned or rented by Seller), when used in the performance of the work scope of the Contract, are also considered rates subject to this clause. (b) Notwithstanding the clause entitled "ALLOWABLE COST AND PAYMENT" (FAR 52.216-7), the allowable indirect costs under the Contract shall be obtained by applying limitations on indirect cost rates to the allocation bases agreed upon by the parties, as specified below. (c) Allowability of costs and acceptability of a cost allocation method shall be determined in accordance with FAR subpart 31.2 in effect on the date of the Contract, as limited by the indirect cost rates established by this requirement. (d) Indirect cost rate(s) (and the allocation bases that each rate is applied to) as contained in Seller's accepted proposal shall be incorporated into the Contract schedule as the ceiling limitation rate(s) for the initial Seller fiscal year of performance. The bases to which the indirect cost rates apply shall be those contained in Seller's accepted proposal and hereby, incorporated into the Contract schedule, in accordance with Seller's accounting system upon which its proposal was based. (e) For each subsequent Seller fiscal year, Seller shall submit a proposal to the Government by way of Buyer's customer or the Government's designee to establish the limitation on indirect cost rate(s) for that fiscal year. Seller shall submit its proposal not later than 30 days prior to the start of a new year in order to permit time for review. After review, the Government's Contracting Officer or his designee and Seller shall negotiate indirect rate(s) subject to this clause and execute a written agreement, which will be incorporated as part of the Purchase Order. When applicable, subsequent agreements shall specify any changes agreed to by the parties that affect the overhead base or pool, provided that no agreement shall be made which would increase the costs paid by Buyer under the Purchase Order. Pending establishment of indirect cost rates for any subsequent Seller fiscal year (or other period agreed to by the parties), Seller shall be reimbursed at the rate(s) established by the previous fiscal year. (f) Buyer will not be obligated to pay any additional amount should any final indirect incurred cost rates for any Seller fiscal year exceed the indirect rates determined under this clause. Incurred allowable indirect cost rates for each Seller year under the Purchase Order will be the lesser of: (1) the final agreed upon incurred indirect rates for each year or (2) the Purchase Order indirect ceiling limitations rates for each year applied to the applicable base for each rate. (g) The limitations on indirect cost rates shall not change any monetary ceiling, Purchase Order obligation or specific cost allowance or disallowance provided for in the Purchase Order. If facilities capital cost of money is proposed as an allowable cost, the rates proposed shall also be subject to this clause of the Purchase Order. (h) Notwithstanding any of the terms of this requirement, should Seller initiate a change to its accounting systems which would alter the composition of any overhead base or pool affected by this requirement, the Government Contracting Officer contract or his designee and Seller shall negotiate to determine the rate ceilings to be applied to the new overhead pools,

provided that no agreement shall *be* made, which would increase the costs paid by the United States under the Purchase Order. (i) The limitations on the indirect cost rates shall apply to all work performed under the Purchase Order, including but not limited to all change orders and supplemental agreements, including changes due to growth, emergency and new work.

54. **ORGANIZATIONAL CONFLICT OF INTEREST (NAVSEA) (JUL 2000)**

(a) "Organizational Conflict of Interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, or the person's objectivity in performing the Contract Work is or might be otherwise impaired, or a person has an unfair competitive advantage. "Person" as used herein includes Corporations, partnerships, joint ventures, and other business enterprises.

(b) Seller warrants that to the best of its knowledge and belief, and except as otherwise set forth in the Contract, Seller does not have any organizational conflict of interest(s) as defined in paragraph (a).

(c) It is recognized that the effort to be performed by Seller under the Contract may create a potential organizational conflict of interest on the instant Contract or on a future acquisition. In order to avoid this potential conflict of interest, and at the same time to avoid prejudicing the best interest of the Government, the right of Seller to participate in future procurement of equipment and/or services that are the subject of any work under the Contract shall be limited as described below in accordance with the requirements of FAR 9.5.

(d) (1) Seller agrees that it shall not release, disclose, or use in any way that would permit or result in disclosure to any party outside the Government or Buyer's organization any information provided to Seller by the Government or Buyer or Buyer's customer during or as a result of performance of the Contract. Such information includes, but is not limited to, information submitted to the Government or Buyer or Buyer's customer on a confidential basis by other persons. Further, the prohibition against release of Government or Buyer provided information extends to cover such information whether or not in its original form, e.g., where the information has been included in Seller generated work or where it is discernible from materials incorporating or based upon such information. This prohibition shall not expire after a given period of time. (2) Seller agrees that it shall not release, disclose, or use in any way that would permit or result in disclosure to any party outside the Government or Buyer's or Buyer's customer's organization any information generated or derived during or as a result of performance of the Contract. This prohibition shall expire after a period of three years after completion of performance of the Contract. (3) The prohibitions contained in subparagraphs (d)(1) and (d)(2) shall apply with equal force to any affiliate of Seller, any subcontractor, consultant, or employee of Seller, any joint venture involving Seller, any entity into or with which it may merge or affiliate, or any successor or assign of Seller. The terms of paragraph (1) of this Special Purchase Order Requirement relating to notification shall apply to any release of information in contravention of this paragraph (d).

(e) Seller further agrees that, during the performance of the Contract and for a period of three years after completion of performance of the Contract, Seller, any affiliate of Seller, any subcontractor, consultant, or employee of Seller, any joint venture involving Seller, any entity into or with which it may subsequently merge or affiliate, or any other successor or assign of Seller, shall not furnish to the United States Government, either as a prime contractor or as a subcontractor, or as a consultant to a prime contractor or subcontractor, any system, component or services which is the subject of the work to be performed under the Contract. This exclusion does not apply to any re-competition for those systems, components or services furnished pursuant to the Contract. As provided in FAR 9.505-2, if the Government procures the system, component, or services on the basis of work statements growing out of the effort performed under the Contract, from a source other than Seller, subcontractor, affiliate, or assign of either, during the course of performance of the Contract or before the three year period following completion of the Contract has lapsed, Seller may, with the authorization of the cognizant contracting officer, participate in a subsequent procurement for the same system, component, or service. In other words, Seller may be authorized to compete for procurement(s) for systems, components or services subsequent to an intervening procurement

(f) Seller agrees that, if after award, it discovers an actual or potential organizational conflict of interest, it shall make immediate and full disclosure in writing to Buyer. The notification shall include a description of the actual or potential organizational conflict of interest, a description of the action which Seller has taken or proposes to take to avoid, mitigate, or neutralize the conflict, and any other relevant information that would assist the Government in making a determination on this matter. Notwithstanding this notification, Buyer may terminate the Contract if determined to be in the best interest of Buyer or Buyer's customer and the Government.

(g) Notwithstanding paragraph (f) above, if Seller was aware, or should have been aware, of an organizational conflict of interest prior to the award of the Contract or becomes, or should become, aware of an organizational conflict of interest after award of the Contract and does not make an immediate and full disclosure in writing to the Buyer, the Buyer may terminate the Contract for default.

(h) If Seller takes any action prohibited by this requirement or fails to take action required by this requirement, Buyer may terminate the Contract for default.

- (i) The decision from the Government as to the existence or nonexistence of an actual or potential organizational conflict of interest shall be final.
- (j) Nothing in this requirement is intended to prohibit or preclude Seller from marketing or selling to the United States Government its product lines in existence on the effective date of the Contract; nor, shall this requirement preclude Seller from participating in any research and development or delivering any design development model or prototype of any such equipment. Additionally, sale of catalog or standard commercial items are exempt from this requirement.
- (k) Seller shall promptly notify the Buyer, in writing, if it has been tasked to evaluate or advise the Government concerning its own products or activities or those of a competitor in order to ensure proper safeguards exist to guarantee objectivity and to protect the Government's interest.
- (l) Seller shall include this requirement in subcontracts of any tier which involve access to information or situations/conditions covered by the preceding paragraphs, substituting "subcontractor" for "Seller" where appropriate.
- (m) The rights and remedies described herein shall not be exclusive and are in addition to other rights and remedies provided by law or elsewhere included in the Contract.
- (n) Compliance with this requirement is a material requirement of the Contract.
55. **REQUISITIONS FROM THE FEDERAL SUPPLY SYSTEM (NAVSEA) (JUL 1992).** Requisitions for Government furnished material from the Federal Supply System which are requisitioned by Seller, or are to be shipped directly by Seller, must be submitted to the following Management Control Activity (MCA): MCA Name: Kevin Cormier, Telephone: 202.781.4166. Address: Kevin.cormier@navy.mil. For purposes of requisitions of Government furnished material from the Federal Supply System, Seller: has been assigned Defense Activity Address Code (DODAAC).
56. **USE OF POWER GRINDERS AND SAWS (NAVSEA) (SEP 1990).** (a) Seller agrees that all portable pneumatic grinders or reciprocating saws that it purchases or acquires subsequent to the date of the Contract, for use in performance of the Contract in Naval workplace areas shall be equipped with safety lock-off devices. (b) A "safety lock-off device" is any operating control which requires positive action by the operator before the tool can be turned on. The lock-off device shall automatically and positively lock the throttle in the off position when the throttle is released. Two consecutive operations by the same hand shall be required first to disengage the lock-off device and then to turn on the throttle. The lock-off device shall be integral with the tool, shall not adversely affect the safety or operating characteristics of the tool, and shall not be easily removable. (c) Devices, such as a "dead man control" or "quick-disconnect", which do not automatically and positively lock the throttle in the off position when the throttle is released, are not safety lock-off devices.
57. **NON SMOKING POLICY.** Seller is advised that in light of the Navy's policy regarding smoke-free facilities, the entire vessel, and top-side and below decks, is to be considered a "No Smoking Area" unless otherwise indicated by shipboard policy.
58. **COSAL CONFIGURATION CHANGE DOCUMENTATION (NAVSEA) (JUN 1992)** Seller shall document all changes to the ship's configuration and prepare all documentation required to bring the ship's COSAL and SPCC Weapons Systems Files (WSF) into agreement with the actual end of availability configuration. Perform COSAL/WSF maintenance action on all planned and actual equipments/components/equipment, whether furnished by the Government, Buyer, Buyer's customer or Seller.
59. **USE/POSSESSION OF PERSONAL FT ELECTRONIC DEVICES (PEDs)** The possession and use of portable electronic devices (PEDs) within the confines of any naval vessel, or in Seller facility where equipment removed from the vessel is being worked, is strictly controlled. PEDs include: mobile computing devices such as personal digital assistants (PDAs); hand-held or laptop computers; mobile telephone devices such as data-enabled cellular telephones; two-way pagers, including those with e-mail capability; analog and digital sound recorders; and digital cameras, including cellular phones with digital imaging capabilities. Cellular phones with digital imaging capabilities are strictly prohibited. PEDs may not be connected to any Navy owned or controlled network. PEDs may not be used to store or process any digital information associated with the conduct of the contract without written authorization from the Naval Supervising Activity (NSA).
60. **DELIVERY SCHEDULE.** Delivery shall be affected in accordance with the delivery schedule established in the purchase order/modification. Contract Work shall be performed at the Naval Air Station North Island located in San Diego, California, or as determined by Buyer. From time to time Seller may be required to provide repair support to ships at remote locations. This work shall be accomplished per the direction of Buyer and the requirements of the Contract. The Provisioning Technical Documentation provided by Seller shall be delivered as specified by Buyer direction. Execution planning activities may be performed at Seller's facilities or at various Government activities, in accordance with specification work items.
61. **ASBESTOS, POLYCHLORINATED BIPHENYLS (PCBs) AND OTHER REGULATED SUBSTANCES** (a) For the purposes of the Contract, regulated substances are those substances (excluding radioactive material) for which: (1) Applicable federal, state or local regulations, or the safety and health standards cited in Section C - General Requirement "Department of Labor Occupational Safety and Health Standards for Ship Repair" may require special exposure control measures to protect worker health and safety, or (2) In the absence of the specific regulations and standards, Seller shall utilize Occupational Safety and Health Act (OSHA) recognized standards for identifying and controlling substances, and requiring special exposure control measures to protect workers in accordance with Section 5(a)(1) of Public Law 91-596 OSHA. Such

measures include, but are not limited to, respiratory protection, protective clothing, industrial hygiene surveys and workplace controls such as containment and ventilation. (b) The Government will remediate or reduce the amount of any identified substance determined to be in such concentrations as to require worker protection measures in the workplace environment as required by paragraph (a) to the extent such remediation or removal is feasible. (c) Despite the best efforts of Seller and Government personnel to anticipate and remediate any conditions where the workplace environment is affected by asbestos, PCBs or other regulated substances, Seller may nevertheless encounter unanticipated situations where worker protection measures are required. In this case: (1) Seller shall not be relieved of his duty to continue to perform the requirements of the Contract, including taking any actions necessary to comply with Section C - General Requirement "Department of Labor Occupational Safety and Health Standards for Ship Repair." (2) Any Seller effort, except for that specified in C.3. below, resulting from the actions of paragraph C.I above shall be an allowable cost under the Contract but shall not be the subject of equitable adjustment under the "Changes" clause of the Contract. (3) Cost and/or schedule impact resulting from remediation measure (i.e. clean up) by paragraph A. above and worker protection measures in a level greater than the worker protection measures Seller must employ to comply with paragraph C.1. above shall be the subject of equitable adjustment under the "Changes" clause of the Contract.

62. **HAZARDOUS WASTE AND PCB WASTE** (a) Pursuant to 10 U.S.C. 7311, Seller is informed that the amount and types of Hazardous Waste expected to be generated during performance of the availability will be estimated as set forth in Attachment (To Be Provided By The Government). In addition, the amount of polychlorinated biphenyl (PCB) Waste (including both radioactive and non-radioactive PCB Waste) will be estimated as set forth in Attachment (To Be Provided By The Government). (b) The amounts and types of Hazardous Waste set forth in Attachment (To Be Provided By The Government) will be based on the best information available at the time of Contract award. PCB Waste or Hazardous Waste generated during the actual performance of the work may vary in type or amount from that listed in Attachment (To Be Provided By The Government), which will result in an equitable adjustment in accordance with the "Changes" clause as set forth in Section H - Special Contract Requirement NAVSEA 5252.223-9114 "Management and Disposal of Hazardous Waste," and Section C, Part C-2 clauses, "Radioactive PCB Waste," and "Non-Radioactive PCB Waste." Some of the items listed in Attachment (To Be Provided By The Government) may be neutralized, recycled, or otherwise removed from the requirements of the Resource Conservation and Recovery Act (RCRA). Inclusion of the items in Attachment (To Be Provided By The Government) does not preclude Seller from taking action consistent with the RCRA or the Toxic Substances Control Act (TSCA) to reduce or eliminate the hazardous constituents of any waste required to be disposed of under the Contract.
63. **MIXED RADIOACTIVE AND HAZARDOUS WASTE** (a) "Mixed waste" is defined as waste that is both hazardous and radioactive. Radioactive waste is defined in NAVSEA 389-0288. Hazardous waste is as defined in the Resource Conservation and Recovery Act (RCRA) and its implementing state of California requirements. (b) If, during preparation to perform any work under the Purchase Order, Seller identifies that mixed waste may be generated, Seller shall notify the Buyer as soon as practicable, but shall continue preparation to perform the work which may result in such generation. The notification should include type, amount, characteristics, and circumstances behind the potential generation of this mixed waste, including alternatives to generation of this mixed waste.
64. **NON-RADIOACTIVE PCB WASTES** (a) Non-Radioactive PCB Waste is any waste that contains polychlorinated biphenyls (PCBs) subject to the disposal regulations of 40CFR761, promulgated under the Toxic Substances Control Act (TSCA). Non-Radioactive PCB waste is defined as any item or material, containing concentrations of PCBs regulated for disposal that is removed from service for disposal. (b) Seller shall not employ equipment or material that are known to or suspected of containing PCBs in the performance of any work under the Purchase Order. If Seller does introduce PCBs into the work process, Seller shall be the Generator (as defined by TSCA) of the resulting PCB waste. (c) Except as provided in paragraph 2 of this clause, the Government agrees that the Navy is the Generator (as defined by TSCA) of any PCB which is produced in the course of performing work under the Contract by the servicing, repair, or removal of PCB waste from Government property. (d) Seller shall manage PCB Waste produced while performing Contract work in accordance with 40CFR761 as applicable. (e) To the extent practical, materials shall not be mixed or adulterated with products that could cause the resulting waste to be subject to the requirements of TSCA. (f) The estimated quantity and the locations of any PCBs which might be encountered in the performance of any work under the Purchase Order will be identified and quantified in accordance with Section C - General Requirements "Asbestos, Polychlorinated Biphenyls (PCBs) and Other Regulated Substances" and "Hazardous Waste and PCB Waste", including the Government providing documentation of potential PCB Waste to Seller as early as practicable. Other information relating to handling and disposition of PCBs or PCB Wastes, such as copies of NAVSEA PCB Advisories and documentation of experience of other shipyards relating to PCBs shall be provided to Seller in a timely manner. (g) If during the preparation to perform any work under the Purchase Order, Seller identifies that PCB Waste may be generated, Seller shall notify the Buyer as soon as practicable but shall continue preparation to perform work which may result in that generation and shall, if practicable, disassemble the materials to minimize the amount of PCB Waste generated. The notification should include type, amount, characteristics, and circumstances behind the potential generation of this PCB Waste, including alternatives to its generation. (h) For purposes of the Purchase Order,

generation of P03 Waste occurs when an item containing PCBs is removed from service without intent to reuse it. Upon receipt of notification that PCB Waste has been, or will be generated, Buyer and Seller agree to cooperate to assure PCB Wastes are removed from Seller's premises no later than thirty days of its generation. Seller shall prepare such waste in accordance with the "MANAGEMENT AND DISPOSAL OF HAZARDOUS WASTE" clause of the Purchase Order. (i) All documentation related to Navy-generated PCB Waste produced under the Purchase Order shall only bear the generic Generator Identification Number of 40CFR761.205(c) (I), unless applicable state law contains additional requirements under its authority to regulate hazardous wastes, in which case Seller shall also comply with the state requirements. (j) The intent of this clause is to ensure that Seller does not assume any responsibilities for PCB waste management that would subject it to the requirements of a Commercial Storer of PCB Waste as defined in 40CFR761. However, if management of the PCB Waste in accordance with this clause results in Seller becoming a Commercial Storer of PCB Waste (as defined in 40CFR761) or suffering any additional cost and/or schedule impact to Seller, Seller shall be entitled to an equitable adjustment in accordance with the "Changes" clause. (k) Contract Adjustment - The Purchase Order shall be subject to adjustment pursuant to Section C - General Requirement "Hazardous Waste and PCB Waste".

65. **POST SEA TRIAL INCOMPLETE WORK ITEMS** Seller shall schedule Seller responsible items planned for post sea trial accomplishment in accordance with standard practices. Seller shall provide a list of planned Seller-responsible post sea trial work and sea trial deficiencies (incomplete work list) as soon as practical after sea trial completion. Accomplishment of planned work and correction of deficiencies will be planned/coordinated with Buyer and Ship's Force. Estimated completion dates for significant items (as mutually agreed upon by Seller and Buyer will be provided to Buyer.
66. **TESTS AND TRIALS** During the conduct of required tests and trials, the vessel shall be under the control of the vessel's Commander and crew with representatives of Seller, Buyer, Buyer's customer and the Government on board to determine whether or not the work done by Seller has been satisfactorily performed. Seller shall provide and install all fittings and appliances which may be necessary for dock and sea trials to enable the representatives of Buyer, its customer and Government to determine whether the requirements of the Contract have been met, and Seller shall install and remove instruments and apparatus furnished by the Government or Buyer or its customer for such trials, as required by the specifications.
67. **DOCK TRIALS AND FAST CRUISE** (a) Dock Trials. The purpose of this trial is to conduct preliminary tests necessary to ensure that the ship is ready for operating at sea. Ship's personnel will conduct all tests and perform all operational functions; however, Seller personnel will observe tests, record data, and make minor repairs and adjustments as necessary. The dock trial shall be scheduled in accordance with work items. Seller personnel are not to interfere with functions of ship's personnel. (b) Fast Cruise. The "fast cruise" is a simulated underway period. The purpose of fast cruise is to test to the maximum extent possible, the ship's material and operational readiness condition. This includes normal watch stations and engineering casualty control procedures. Seller personnel will not be allowed onboard during this period unless specifically requested by Buyer. Fast cruise shall be scheduled after dock trials and prior to sea trials as cited in Specifications.
68. **OTHER CHANGE PROPOSALS** (a) Buyer, in addition to proposing engineering changes pursuant to other requirements of the Contract, and in addition to issuing changes pursuant to the clause of the Contract, may propose other changes within the general scope of the Contract as set forth below. Within thirty (30) days from the date of receipt of any such proposed change, or within such further time as Buyer may allow, Seller shall submit the proposed scope of work, plans and sketches, and its estimate of: (A) the cost, (B) the weight and moment effect, (C) effect on delivery dates of the vessel(s), and (D) status of work on the vessels affected by the proposed change. The proposed scope of work and estimate of cost shall be in such form and supported by such reasonably detailed information as the Buyer may require. Within seventy five (75) days from the date of receipt of Seller's estimate, the Buyer agrees to either (A) enter into a supplemental agreement covering the estimate as submitted, or (B) if the estimate as submitted is not satisfactory to Buyer, enter into negotiations in good faith leading to the execution of a bilateral supplemental agreement. In either case, the supplemental agreement shall cover an equitable adjustment in the Contract cost including an equitable adjustment for the preparatory work set forth above, scope, and all other necessary equitable adjustments. Seller's estimate referred to in this subparagraph shall be a firm offer for seventy five (75) days from and after the receipt thereof by the Buyer unless such period of time is extended by mutual consent.
- (b) Pending execution of a bilateral agreement or the direction of Buyer, Seller shall proceed diligently with contract performance without regard to the effect of any such proposed change. (c) In the event that a change proposed by Buyer is not incorporated into the Contract, the work done by Seller in preparing the estimate in accordance with subparagraph (a) above shall be treated as if ordered by Buyer. Seller shall be entitled to an equitable adjustment in the Contract cost for the effort required under subparagraph (a), but Seller shall not be entitled to any adjustment in delivery date.
69. **GROWTH AND NEW WORK (SEP 1990) (NAVSEA 5252.217-9107)** (Modified by Buyer) (a) It is Buyer's intention to ensure that, where it is determined by its customer's customer (the Government) that the work will be performed by the private sector, any growth or new work identified during the overhaul will be awarded to Seller if a fair and reasonable price can be negotiated for such work. If a fair and reasonable price cannot be negotiated for the above actions, the parties

acknowledge that the Government may, at its election, pursue any or all of the following courses of action: (1) defer the work to a repair period after completion of this Contract; (2) Accomplish the work using Government employees during the original overhaul period. (Government employees may engage in and complete the assigned work while the ship is undergoing overhaul in Buyer's customer's facility or Buyer's facility pursuant to the "Access to Vessel" clause (DFARS 252.217.7011; and/or (3) Conduct a separate competitive procurement for growth or new work. Performance will be during the original overhaul period. Seller may be given the opportunity to bid on the growth or new work.

70. **DOCUMENTATION OF REQUESTS FOR EQUITABLE ADJUSTMENT (APR 1999) (NAVSEA 5252.233-9103)** [Modified by Buyer]

(a) The term "change" includes not only a change that is made pursuant to a written order designated as a "change order" but also (1) an engineering change proposed by the Government or by Seller; and (2) Any act or omission to act on the part of the Government in respect of which a request is made for an equitable adjustment. (b) Whenever Seller requests or proposes an equitable adjustment of \$100,000 or more per vessel in respect of a change made pursuant to a written order designated as a "change order" or in respect to a proposed engineering change and whenever Seller requests an equitable adjustment in any amount in respect to any other act or omission to act on the part of Buyer, Buyer's customer or the Government, the proposal supporting such request shall contain the following information for each individual item or element of the request: (1) A description (i) of the work required by the Contract before the change, which has been deleted by the change, and (ii) of the work deleted by the change which already has been completed. The description is to include a list of components, equipment, and other identifiable property involved. Also, the status of manufacture, procurement, or installation of such property is to be indicated. Separate description is to be furnished for design and production work. Items of raw material, purchased parts, components and other identifiable hardware, which are made excess by the change and which are not to be retained by Seller, are to be listed for later disposition; (2) Description of work necessary to undo work already completed which has been deleted by the change; (3) Description of work not required by the terms hereof before the change, which is substituted or added by the change. A list of components and equipment (not bulk materials or items) involved should be included. Separate descriptions are to be furnished for design work and production work; (4) Description of interference and inefficiencies in performing the change; (5) Description of each element of disruption and exactly how work has been, or will be disrupted: (i) The calendar period of time during which disruption occurred or will occur; (ii) Area(s) aboard the vessel where disruption occurred, or will occur; (iii) Trade(s) disrupted, with a breakdown of man hours for each trade; (iv) Scheduling of trades before, during, and after period of disruption; (v) Description of measures taken to lessen the disruptive effect of the change; (6) Delay in delivery attributable solely to the change; (7) Other work attributable to the change; (8) Supplementing the foregoing, a narrative statement of the direct "causal" relationship between any alleged Government act or omission and the claimed consequences therefore, cross referenced to the detailed information provided as required above; and (9) A statement setting forth a comparative enumeration of the amounts "budgeted" for the cost elements, including the material costs, labor hours and pertinent indirect costs, estimated by Seller in preparing its initial and ultimate proposal(s) for this Contract, and the amounts claimed to have been incurred and/or projected to be incurred corresponding to each such "budgeted cost" elements. (c) Each proposal in excess of \$100,000 submitted in support of a claim for equitable adjustment under any requirement of this Contract shall, in addition to the information required by paragraph (b) hereof, contain such information as the Government may require with respect to each individual claim item. (d) It is recognized that individual claims for equitable adjustment may not include all of the factors listed in paragraph (b) above. Accordingly, Seller is required to set forth in its proposal information only with respect to those factors which are comprehended in the individual claim for equitable adjustment. In any event, the information furnished hereunder shall be in sufficient detail to permit the Government to cross-reference the claimed increased costs, or delay in delivery, or both, as appropriate, submitted pursuant to paragraph (c) of this requirement, with the information submitted pursuant to paragraph (b) hereof.

71. **ADDITIONAL PROVISIONS RELATING TO GOVERNMENT PROPERTY (NAVSEA) (SEP 2009)**. (a) For purposes of paragraph (h) of the clause entitled "Government Property" (FAR 52.245-1) in addition to those items of property defined in the clause as Government property, the following shall also be included within the definition of Government property: (1) the vessel; (2) the equipment on the vessel; (3) movable stores; (4) cargo; and (5) other material on the vessel. (b) For purposes of paragraph (b) of the clause entitled "Government Property", notwithstanding any other requirement of this Contract, the following shall not be considered Government property: (1) the vessel; (2) the equipment on the vessel; (3) movable stores; (4) cargo; and (5) other material on the vessel.

72. **EXTENSION OF COMMERCIAL WARRANTY (NAVSEA) (NOV 1996)** [Modified by Buyer] Seller shall extend to the Government the full coverage of any standard commercial warranty that Seller normally offers in a similar commercial sale for the Contract Work specified in each CLIN, provided that such warranty is available at no additional cost. Seller shall provide a copy of its standard commercial warranty upon redelivery of the vessel or upon completion of the PO LINE ITEM. The standard commercial warranty period shall begin upon the final acceptance of the vessel or PO LINE ITEM. Acceptance of the standard commercial warranty does not waive any right under the "inspection" clause, nor does it limit any rights with regard to other terms and conditions of this Contract.

73. **GOVERNMENT SURPLUS PROPERTY (NAVSEA) (SEP 1990)**. No former Government surplus property or residual inventory resulting from terminated Government contracts shall be furnished under this Contract unless (i) such property is identified in the special contract requirements or (ii) is approved in writing by Buyer. Notwithstanding any such identification in the special contract requirements or approval by Buyer, Seller agrees all items or components described in this requirement shall comply in all respects with the Contract specifications.
74. **SELLER SAFETY AND HEALTH REQUIREMENTS FOR ACCESS TO NAVSEA/PEO SITE (NAVSEA) (MAY 2012)**. (a) Seller personnel shall comply with all badging and security procedures required to gain access to any NAVSEA/PEO site. Contact Buyer for specific requirements. (b) Seller is required to adhere to the requirements of 29 CFR 1910, 29 CFR 1926 and applicable state and local requirements while in NAVSEA/PEO Government spaces. If Seller's personnel are injured on site, Seller shall notify SEA 04RS, Safety Office via Buyer. (c) NAVSEA/PEO site facilities are low to mid-rise buildings with elevators and a contractor operated restaurant facility in the building 197. Utility areas, electrical/phone closets and the roof are generally secured areas with restricted access. NAVSEA/PEO HQ sites generally exhibit low hazards with no personal protection equipment (PPE) requirements. Hazards are those typically found in an office environment. Slips, trips and falls on wet/icy/surfaces, pest control, and ergonomic concerns are the primary hazards. It is expected that Seller's employees will have received training from the employer on hazards associated with the areas in which they will be working and know what to do in order to protect themselves. (d) Seller's employees who perform work within NAVSEA/PEO Government spaces in excess of 1,000 hours per calendar quarter during a calendar year shall submit the data elements on OSHA Form 300A, summary of work related injuries and illnesses, for those employees, with the information to be sent to SEA 04RS via the Contracting Representative or through Buyer by 15 January for the previous calendar year, even if no work related injuries or illnesses occurred. (e) Any Seller employee exhibiting unsafe behavior may be removed from the NAVSEA/PEO site. Such removal shall not relieve Seller from meeting its Contract obligations and shall not be considered an excusable delay as defined in FAR 52.249-14.
75. **POST-AWARD SUBMISSION**. Upon request by Buyer, after receipt of award and prior to starting work aboard the vessel, Seller shall submit a list of employees who will work aboard the vessel to Buyer. The list should be on company letterhead, include each employee's name, social security number, and security clearance when required, and bear the signature of a company official.
76. **CITIZENSHIP REQUIREMENTS**. In addition to any requirements contained in the Contract, Seller shall comply with the Department of Defense Industrial Security Manual (DOD 5220.22), and with any revisions to that manual for verification of all U.S. citizens.
77. **USE OF THE NAVY SUPPLY SYSTEM/STANDARD LOGISTICS SYSTEM – OBJECTIVE QUALITY EVIDENCE (DOCUMENTATION) AND NATIONAL STOCK NUMBER (NSN) EFFECTIVE ISSUE OF SPECIFICATIONS (REVISION 3/9/2012)**. 1. Navy Supply System – Non-Nuclear Level 1 Controlled Material: A. Specification Effectivity Revision Issue for NSN – I. The specification revision of National Stock Numbered Non-Nuclear Level 1 Material (Special Material Identification Code of L1, S1 or C1) that is specifically authorized by Allowance Parts List (APL), or other Navy approved document such as maintenance standard or drawing is considered acceptable for the cited end use application. II. Where no APL or documentation exists to authorize the use of a specific Non-Nuclear Level 1 NSN in an application, the technical description of the NSN in FEDLOG, Haystack or equivalent Navy recognized source must be reviewed to ensure that the NSN fully meets the requirements of the intended end use. Specification effectivity may be determined when specifically cited in FEDLOG, Haystack or equivalent Navy recognized source or by the procuring activity. III. Where no specification effectivity can be determined, Seller shall use the appropriate process to ensure the specification effectivity and technical requirements of the Contract are met. B. Objective Quality Evidence – I. National Stock Number (NSN) material with a SMIC of L1, S1 or C1 contained in the Navy Supply System meet all objective quality evidence (OQE) documentation requirements of NAVSEA 0948-LP-045-7010 and its intended end-use applications. Seller is required to receipt-inspect stock system furnished Level 1 material in accordance with NAVSEA 0948-LP-045-7010 procedures for pre-certified material. II. It is understood that pre-approved OQE (i.e., production Level 3 drawings, welding/NDT procedures, 1st article/pre-production test reports, H.I. shock/vibration test reports, certificates for Level 1 controlled material, etc.), to include the provision of complete and accurate technical manuals, will not be supplied with Navy Supply System Material. This information will be maintained by the Navy Supply System. Therefore, the Government shall not require Seller to obtain such OQE for Level 1 material acquired via the MILSTRIP process and Seller may identify the NSN and the Navy Stock System as the source of supply for the material in order to satisfy contractually required OQE deliverables. 2. Navy Supply System – Non-Nuclear standard material: A. Specification Effectivity Revision Issue for NSN – I. The specification revision of National Stock Numbered Non-Nuclear Standard Material that is specifically authorized by Allowance Parts List (APL), or other Navy approved document such as maintenance standard or drawing is considered acceptable for the cited end-use application. II. Where no APL or documentation exists to authorize the use of a specific Non-Nuclear NSN in an application, the technical description of the NSN in FEDLOG, Haystack or equivalent Navy recognized source must be reviewed to ensure that the NSN fully meets the requirements of the intended end use. Specification effectivity may be determined when specifically cited in FEDLOG,

Haystack or equivalent Navy recognized source or by the procuring activity. Where the specification effectivity is not specifically cited for the NSN, the revision of the Navy Stock System material may be considered to be the specification revision in effect at the time of the last material procurement by the Navy Stock System. III. Where no specification effectivity can be determined, Seller shall use the appropriate process to ensure that the specification effectivity and technical requirements of the Contract are met. B. Objective Quality Evidence – “Non-Controlled” National Stock Number (NSN) material contained in the Navy Supply System shall be considered as having been procured in accordance with the NSN’s material specification document requirements, as identified in FEDLOG, Haystack or equivalent Navy recognized data source. Seller is required to receipt-inspect this material, in accordance with approved procedures, to ensure material meets required procurement specifications. II. When specifically required by the applicable procurement specifications, standard material has been procured from a qualified vendor and has received the required pre-production testing such as first article testing and H.I. shock/vibration qualifications. This OQE, to include provision of complete and accurate technical manuals, will not be supplied with the NSN material. However, NNS will ensure various Navy maintenance databases (i.e., Technical Document Management Information System (TDMIS)) are updated with applicable tech manual information. Clarification – any items procured from the Navy and Defense Supply Systems are deemed to comply with the following clauses: 252.225-7015 (Restriction on Acquisition of Hand or Measuring Tools), 252.225-7019 (Restriction on Acquisition of Anchor and Mooring Chain), 252.225-7025 (Restriction on Acquisition of Forgings), 252.225-7030 (Restriction on Acquisition of Carbon, Alloy, and Armor Steel), 252.225-7038 (Restriction on Acquisition of Air Circuit Breakers).

78. **PROVISIONS INCORPORATED BY REFERENCE.** The below listed Federal Acquisition Regulation (FAR) and the Department of Defense Federal Acquisition Regulation Supplement (DFARS) clauses are hereby incorporated by reference and made part of the Contract with the same force and effect as though set forth in full text *herein*. Unless the text in these clauses clearly reserves rights in the Government only or as otherwise noted, the terms “Purchase Order” shall be substituted for “Contract:” “Buyer” for “Government” or “Contracting Officer:” “Seller” for “Contractor:” and “Seller’s subcontractor” for “Subcontractor”, when the text of the clause indicates a proper substitution. The terms “Government” or “Contracting Officer remain with the Government and the Government’s Contracting Officer when: (i) A right, act authorization or obligation can be granted or performed only by the Government; (ii) When access to proprietary financial information or other proprietary data is required beyond the customary prime contractor rights to subcontractor cost performance data; (iii) Title to property or rights in technical data and/or computer software are to be transferred directly to the Government; (iv) With regards to a disputes or changes clause, or (v) A clause permits auditing of Seller (i.e., only the Government may audit Seller). The full text of a clause may be accessed electronically at <http://farsite.hill.af.mil>.

CLAUSE NUMBER.	CLAUSE NAME	CLAUSE DATE
52.202-01	Definitions (<i>“solicitation” means the Government’s solicitation under which the Contract is issued</i>)	JAN 2012
52.203-03	Gratuities	APR1984
52.203-06	Restrictions On Subcontractor Sales To The Government	SEP 2006
52.203-07	Anti-Kickback Procedures (<i>except paragraph (c)(1)</i>)	OCT 2010
52.203-08	Cancellation, Rescission, And Recovery Of Funds For Illegal Or Improper Activity	JAN1997
52.203-10	Price Or Fee Adjustment For Illegal Or Improper Activity	JAN1997
52.203-12	Limitation On Payments To Influence Certain Federal Transactions	OCT 2010
52.203-13	Contractor Code of Business Ethics and Conduct	APR 2010
52.203-14	Display of Hotline Poster(s)	DEC 2007
52.204-02	Security Requirements	AUG1996
52.204-4	Printed or Copied Double-Sided on Postconsumer Fiber Content Paper	MAY 2011
52.204-09	Personal Identity Verification Of Contractor Personnel (<i>applies only when performance will require access to a federally-controlled facility or access to a federal information system; contact Buyer for procedures</i>)	JAN 2011
52.209-6	Protecting the Government’s Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment	DEC 2010
52.211-05	Material Requirements (<i>For the purposes of this clause “surplus property” includes residual inventory resulting from terminated Government contracts or purchase orders awarded thereunder.</i>)	AUG 2000
52.211-15	Defense Priority And Allocation Requirement	APR 2008
52.215-02	Audit And Records - Negotiation	OCT 2010
52.215-10	Price Reduction For Defective Cost Or Pricing Data	AUG 2011
52.215-11	Price Reduction for Defective Cost or Pricing Data Modifications	OCT 2010
52.215-12	Subcontractor Cost Or Pricing Data	OCT 2010
52.215-13	Subcontractor Cost or Pricing Data – Modifications	OCT 2010

CLAUSE NUMBER.	CLAUSE NAME	CLAUSE DATE
52.215-14	Integrity Of Unit Prices And Alt 1 (Oct 1997)	OCT1997
52.215-15	Pension Adjustments And Asset Reversions	OCT 2010
52.215-18	Reversion Or Adjustment Of Plans For Post Retirement Benefits (PRB) Other Than Pensions	JUL 2005
52.215-19	Notification Of Ownership Changes	OCT 1997
52.215-21	Requirements For Cost Or Pricing Data Or Information Other Than Cost Or Pricing Data - Modifications	OCT 2010
52.216-07	Allowable Cost And Payment (<i>cost-reimbursement orders only</i>)	JUN 2011
52.219-08	Utilization Of Small Business Concerns	JAN 2011
52.219-09	Small Business Subcontracting Plan	JAN 2011
52.219-16	Liquidated Damages-Subcontracting Plan	JAN1999
52.222-1	Notice to the Government of Labor Disputes	FEB 1997
52.222-19	Child Labor - Cooperation With Authorities And Remedies (except paragraph (a))	MAR 2012
52.222-20	Walsh-Healey Public Contracts Act	OCT 2010
52.222-21	Prohibition On Segregated Facilities	FEB1999
52.222-24	Pre-award On-Site Equal Opportunity Compliance Evaluation (applies to first-tier orders over \$10 million)	FEB1999
52.222-26	Equal Opportunity	MAR 2007
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	SEP 2010
52.222-36	Affirmative Action For Workers With Disabilities	OCT 2010
52.222-37	Employment Reports On Special Disabled Veterans, Veterans Of The Vietnam Era, and Other Eligible Veterans	SEP 2010
52.222-40	Notification of Employee Rights Under the National Labor Relations Act	DEC 2010
52.222-50	Combating Trafficking in Persons	FEB 2009
52.222-54	Employment Eligibility Verification	JUL 2012
52.223-03	Hazardous Material Identification And Material Safety Data	JAN1997
52.223-05	Pollution Prevention And Right-To-Know Information (<i>applies only when work will be performed on a Government facility</i>)	MAY 2011
52.223-06	Drug-Free Workplace	MAY 2001
52.223-07	Notice Of Radioactive Materials	JAN 1997
52.223-11	Ozone-Depleting Substances	MAY 2001
52.223-12	Refrigeration Equipment and Air Conditioners	MAY1995
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving	AUG 2011
52.225-13	Restrictions On Certain Foreign Purchases	JUN 2008
52227-01	Authorization And Consent	DEC 2007
52.227-02	Notice And Assistance Regarding Patent And Copyright Infringement	DEC 2007
52.227-10	Filing Of Patent Applications - Classified Subject Matter	DEC 2007
52.227-12	Patent Rights-Retention By The Contractor (Long Form) (except that paragraph o. is deleted)	JAN1997
52.228-3	Worker's Compensation Insurance (Defense Base Act)	APR 1984
52.230-02	Cost Accounting Standards (<i>except paragraph "(b)"</i>)	MAY 2012
52.230-06	Administration Of Cost Accounting Standards	JUN 2010
52.232-20	Limitation Of Cost (<i>except that "60" is changed to "65" in paragraph (bX1) (cost-reimbursement orders that are fully funded)</i>)	APR1984
52.232-22	Limitation Of Funds (<i>except that "60" is changed to "65" in paragraph (c) (cost-reimbursement orders that are incrementally funded)</i>)	APR1984
52.234-01	Industrial Resources Developed Under Defense Production Act Title III	DEC1994
52.237-02	Protection Of Government Building, Equipment And Vegetation	APR1984
52.237-03	Continuity Of Services	JAN1991
52.242-02	Production Progress Reports	APR1991
52.242-03	Penalties For Unallowable Costs (<i>cost reimbursement orders only</i>)	MAY2001
52.242-04	Certificate Of Final Indirect Costs (<i>cost reimbursement orders only</i>)	JAN1997
52.242-15	Stop Work Order	AUG 1989
52.243-02	Changes - Cost-Reimbursement (<i>except that paragraph (c) is changed from "30" to "20" (cost-reimbursement orders only)</i>)	AUG1987
52.243-06	Change Order Accounting	APR 1984

CLAUSE NUMBER.	CLAUSE NAME	CLAUSE DATE
52.243-07	Notification Of Changes <i>(insert 'five (5)' in paragraph (b))</i>	APR1984
52.244-05	Competition In Subcontracting	DEC 1996
52.244-06	Subcontracts For Commercial Items	DEC 2010
52.245-1	Government Property	AUG 2010
52.245-2	Government Property Installation Operation Services	APR 2012
52.245-9	Use and Charges	APR 2012
52.248-01	Value Engineering	OCT 2010
52.249-06	Termination (Cost-Reimbursement) <i>(except that paragraph "(d)" is changed from "120" to "60" and paragraph "f" is changed from one year to six months and except that all references to default are deleted) (cost-reimbursement orders only)</i>	MAY 2004
52.249-14	Excusable Delay	APR1984
52.251-01	Government Supply Sources	APR 2012
252.203-7001	Prohibition On Persons Convicted Of Fraud Or Other Defense-Contract-Related Felonies	DEC 2008
252.203-7003	Agency Office of the Inspector General	APR 2012
252.203-7004	Display of Fraud Hotline Poster	SEP 2011
252.204-7000	Disclosure Of Information	DEC 1991
252.204-7003	Control Of Government Personnel Work Product	APR1992
252.204-7005	Oral Attestation Of Security Responsibilities	NOV 2001
252.204-7008	Export-Controlled Items	APR 2010
252.209-7004	Subcontracting With Firms That Are Owned or Controlled By The Government of a Terrorist Country	DEC 2006
252.211-7003	Item Identification and Valuation	JUN 2011
252.211-7006	Passive Radio Frequency Identification	SEP 2011
252.211-7007	Reporting of Government-Furnished Property	AUG 2012
252.215-7000	Pricing Adjustments	DEC 1991
252.215-7002	Cost Estimating System Requirements	FEB 2012
252.219-7003	Small, Small Disadvantaged And Women-Owned Small Business Subcontracting Plan (DoD Contracts)	AUG 2012
252.222-7006	Restrictions on the Use of Mandatory Arbitration Agreements	DEC 2010
252.223-7004	Drug Free Work Force	SEP 1988
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Material	APR 2012
2.52.225-7001	Buy American Act And Balance Of Payments Program	JUN 2012
252.225-7002	Qualifying Country Sources As Subcontractors	JUN 2012
252.225-7004	Report of Intended Performance Outside the United States and Canada—Submission After Award	OCT 2010
252.225-7006	Quarterly Reporting of Actual Contract Performance Outside the United States	JUN 2005
252.225-7007	Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military	SEP 2006
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals	JUN 2012
252.225-7012	Preference For Certain Domestic Commodities	JUN 2012
252.225-7013	Duty-Free Entry	JUN 2012
252.225-7015	Preference For Domestic Hand Or Measuring Tools	JUN 2011
252.225-7016	Restriction On Acquisition Of Ball And Roller Bearings	JUN 2011
252.225-7019	Restriction On Acquisition Of Anchor And Mooring Chain	DEC 2009
252.225-7025	Restriction On Acquisition Of Forgings	DEC 2009
252.225-7030	Restriction On Acquisition Of Carbon, Alloy, And Armor Steel Plate	DEC 2006
252.225-7038	Restriction on Acquisition of Air Circuit Breakers	JUN 2005
252.227-7013	Rights In Technical Data - Noncommercial Items	FEB 2012
252.227-7014	Rights In Noncommercial Computer Software And Noncommercial Computer Software Documentation	FEB 2012

252.227-7016	Rights In Bid Or Proposal Information	JAN 2011
252.227-7019	Validation Of Asserted Restrictions - Computer Software	SEP 2011
252.227-7027	Deferred Ordering Of Technical Data Or Computer Software	(Apr 1988)
252.227-7013	Rights in Technical Data—Noncommercial Items	FEB 2012
252.227-7037	Validation Of Restrictive Markings On Technical Data	JUN 2012
252.227-7038	Patent Rights—Ownership by the Contractor	JUN 2012
252.227-7039	Patents - Reporting Of Subject Inventions (<i>applies only when FAR 52.227-11 applies</i>)	(Apr 1990)
252.231-7000	Supplemental Cost Principles	(Dec 1991)
252.243-7002	Requests For Equitable Adjustment	(Mar 1998)
252.244-7000	Subcontracts For Commercial Items And Commercial Components (DoD Contracts)	JUN 2012
252.245-7001	Tagging, Labeling, and Marking of Government-Furnished Property	APR 2012
252.245-7002	Reporting Loss of Government Property	APR 2012
252.245-7003	Contractor Property Management System Administration	APR 2012
252.245-7004	Reporting, Reutilization, and Disposal	APR 2012
252.246-7001	Warranty Of Data	(Dec 1991)
252.246-7003	Notification of Potential Safety Issues	JAN 2007
252.246-7006	Warranty Tracking of Serialized Items	JUN 2011
252.247-7023	Transportation Of Supplies By Sea	(May 2002)
252.247-7024	Notification of Transportation of Supplies by Sea	MAR 2000
252.249-7002	Notification Of Anticipated Contract Termination Or Reduction (<i>orders over \$500,000 except that \$500,000 is changed to \$100,000 in paragraph (d)(1)</i>)	(Dec 1996)
252.251-7000	Ordering From Government Supply Sources	AUG 2012