

ORDER FOR SUPPLIES OR SERVICES

1. CONTRACT/PURCH. ORDER/ AGREEMENT NO. W9113M-04-D-0001		2. DELIVERY ORDER/ CALL NO. 0008		3. DATE OF ORDER/ CALL (YYYYMMDD) 2007 Jan 04		4. REQ./ PURCH. REQUEST NO. TO0008		5. PRIORITY	
6. ISSUED BY CODE W9113M US ARMY SPACE & MISSILE DEFENSE COMMAND P.O. BOX 1500 HUNTSVILLE AL 35807-3801				7. ADMINISTERED BY (if other than 6) CODE S0543A DCM LOCKHEED MARTIN MISSILES & SPACE P.O. BOX 3504 SUNNYVALE CA 94088-3504				8. DELIVERY FOB <input checked="" type="checkbox"/> DESTINATION <input type="checkbox"/> OTHER (See Schedule if other)	
9. CONTRACTOR CODE 06887 LOCKHEED MARTIN SPACE SYSTEMS COMPANY MISSILES AND SPACE OPERATIONS 1111 LOCKHEED MARTIN WAY SUNNYVALE CA 94088-3504				FACILITY		10. DELIVER TO FOB POINT BY (Date) (YYYYMMDD) SEE SCHEDULE		11. MARK IF BUSINESS IS <input type="checkbox"/> SMALL <input type="checkbox"/> SMALL DISADVANTAGED <input type="checkbox"/> WOMEN-OWNED	
				12. DISCOUNT TERMS		13. MAIL INVOICES TO THE ADDRESS IN BLOCK See Item 15			

14. SHIP TO CODE SEE SCHEDULE		15. PAYMENT WILL BE MADE BY CODE HQ0339 DFAS-COLUMBUS CENTER DFAS-CO/WEST ENTITLEMENT OPERATION P.O. BOX 182381 COLUMBUS OH 43218-2381		MARK ALL PACKAGES AND PAPERS WITH IDENTIFICATION NUMBERS IN BLOCKS 1 AND 2.	
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16. TYPE OF ORDER	DELIVERY/ CALL	<input checked="" type="checkbox"/>	This delivery order/call is issued on another Government agency or in accordance with and subject to terms and conditions of above numbered contract.
	PURCHASE		Reference your quote dated Furnish the following on terms specified herein. REF:

ACCEPTANCE. THE CONTRACTOR HEREBY ACCEPTS THE OFFER REPRESENTED BY THE NUMBERED PURCHASE ORDER AS IT MAY PREVIOUSLY HAVE BEEN OR IS NOW MODIFIED, SUBJECT TO ALL OF THE TERMS AND CONDITIONS SET FORTH, AND AGREES TO PERFORM THE SAME.

NAME OF CONTRACTOR	SIGNATURE	TYPED NAME AND TITLE	DATE SIGNED (YYYYMMDD)
<input checked="" type="checkbox"/> If this box is marked, supplier must sign Acceptance and return the following number of copies: 1			

17. ACCOUNTING AND APPROPRIATION DATA/ LOCAL USE
See Schedule

18. ITEM NO.	19. SCHEDULE OF SUPPLIES/ SERVICES	20. QUANTITY ORDERED/ ACCEPTED*	21. UNIT	22. UNIT PRICE	23. AMOUNT
SEE SCHEDULE					

* If quantity accepted by the Government is same as quantity ordered, indicate by X. If different, enter actual quantity accepted below quantity ordered and encircle.		24. UNITED STATES OF AMERICA	25. TOTAL	\$37,200,000.00
27a. QUANTITY IN COLUMN 20 HAS BEEN			26. DIFFERENCES	

INSPECTED RECEIVED ACCEPTED, AND CONFORMS TO THE CONTRACT EXCEPT AS NOTED

b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE	c. DATE (YYYYMMDD)	d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE
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c. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE	28. SHIP NO.	29. DO VOUCHER NO.	30. INITIALS
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f. TELEPHONE NUMBER	g. E-MAIL ADDRESS	<input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	32. PAID BY	33. AMOUNT VERIFIED CORRECT FOR
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36. I certify this account is correct and proper for payment.

a. DATE (YYYYMMDD)	b. SIGNATURE AND TITLE OF CERTIFYING OFFICER	31. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	34. CHECK NUMBER
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37. RECEIVED AT	38. RECEIVED BY	39. DATE RECEIVED (YYYYMMDD)	40. TOTAL CONTAINERS	41. SR ACCOUNT NO.	42. SR VOUCHER NO.
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Section B - Supplies or Services and Prices

ACCEPTANCE

The Government accepts the terms of Lockheed Martin's acceptance letter dated 22 December 2006, MKV40643U06; however, no changes will be made to clauses until negotiations are complete and task order is definitized.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001					
	MKV Task Order 0008				
	CPAF				
	Statement of Work entitled, "Multiple Kill Vehicle Payload System Development, Hover Test Bed, Component Development and Testing, Task Order 0008," dated 19 December 2006.				
	FOB: Destination				
	PURCHASE REQUEST NUMBER: TO0008				
				ESTIMATED COST	
				BASE FEE	
				SUBTOTAL EST COST + BASE	
				MAX AWARD FEE	
				TOTAL EST COST + FEE	\$0.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AA					
	MKV Task Order 0008				
	CPAF				
	See CLIN 0001 for description. The CLIN is for COST only.				
	FOB: Destination				
				ESTIMATED COST	
				BASE FEE	
				SUBTOTAL EST COST + BASE	
				MAX AWARD FEE	
				TOTAL EST COST + FEE	\$31,000,000.00
	ACRN AA				\$31,000,000.00

CIN: 00000000000000000000000000000000

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AB					
	MKV Task Order 0008				
	CPAF				
	See CLIN 0001 for description. This CLIN is for AWARD FEE only.				
	FOB: Destination				
				ESTIMATED COST	
				BASE FEE	
				SUBTOTAL EST COST + BASE	
				MAX AWARD FEE	
				TOTAL EST COST + FEE	\$6,200,000.00
	ACRN AA				\$6,200,000.00
	CIN: 00000000000000000000000000000000				

CLAUSES INCORPORATED BY FULL TEXT

AWARD FEE:

a. The contractor's performance hereunder shall be evaluated in accordance with the process described in the Award Fee Determination Plan clause in Section H hereto.

b. Following is a list by award fee period of the Award Fee Available, Award Fee Earned, and Award Fee Not Earned Removed From Contract, applicable to this contract:

<u>AWARD FEE PERIOD</u>	<u>AWARD FEE AVAILABLE</u>	<u>AWARD FEE EARNED</u>	<u>AWARD FEE NOT EARNED REMOVED FROM CONTRACT</u>
First	\$ *	\$ **	\$ **
Second	\$ *	\$ **	\$ **
Third	\$ *	\$ **	\$ **
Fourth	\$ *	\$ **	\$ **
Fifth	\$ *	\$ **	\$ **
Sixth	\$ *	\$ **	\$ **

*To be completed in the definitization mod. The maximum total award fee pool for the execution of this undefinitized task order is [REDACTED]

**To be completed after award fee evaluations.

Section G - Contract Administration Data

AWARD FEE INVOICING

a. The contractor may submit vouchers for provisional monthly payments of Key Performance Event (KPE) award fee, subject to later reconciliation against the government's formal KPE award fee determinations. The contractor may provisionally bill up to [REDACTED] of the maximum award fee available during the period.

b. The contracting officer may reduce or suspend these provisional Key Performance Events award fee payments based on an interim assessment/determination that the contractor's KPE performance is less than acceptable.

ACCOUNTING AND APPROPRIATION DATA

AA: 97 7 0400 2501 36 2216 40603894C00 255Y W31RPD7353SBKN 7HES01 S01021
AMOUNT: \$1,000,000.00
CIN 00000000000000000000000000000000: \$1,000,000.00

CLAUSES INCORPORATED BY FULL TEXT

IMPLEMENTATION OF AND EXPLANATION OF THE RELATIONSHIP OF THE LIMITATION OF FUNDS (LOF) CLAUSE TO FEE OBLIGATIONS: The amount of funds estimated to be required for full performance, including fee(s); the amount of funds allotted pursuant to the Contract Clause hereof entitled, Limitations of Funds; the amount of funds currently obligated for fee; and the estimated period of performance covered by the funds allotted are set forth below. Amounts obligated for fee are separate from and are not to be commingled with the amounts allotted for costs and are not available to the contractor to cover costs in excess of those allotted to the contract for cost.

a. CLIN 0001:

(1) Amount Required for Full Funding, Including Fee(s):	[REDACTED]
(2) Amount Allotted Under the LOF Clause for Payment of Costs:	[REDACTED]
(3) Amount Separately Obligated for Payment of Fee:	[REDACTED]
(4) Total Amount Allotted and Obligated:	\$1,000,000
(5) Net Amount Required for Full Funding:	[REDACTED]
(6) Estimated Period of Performance the Allotted Amount Will Cover:	30 Jan 2007

* This is the undefinitized NTE amount for performance of this task order.

Section H - Special Contract Requirements

AWARD FEE DETERMINATION PLAN

3. AWARD FEE DETERMINATION PROCESS

- 3.1 Within five (5) working days of achieving the milestone, the contractor submits a written self-evaluation in his format.
- 3.2 Within fifteen (15) working days after completion of each award fee evaluation period, the award fee review board evaluates the contractor's performance according to criteria and information in paragraph 4.0 and submits its recommendation to the fee determining official.
- 3.3 The fee-determining official gives the contractor a written decision that discusses contractor performance, specifies the amount of fee earned, and describes areas of emphasis for the next award fee period. The fee-determining official will give this document to the contractor within thirty (30) working days after the end of each period.
- 3.4 The Contracting Officer will modify the contract to incorporate the fee determining official's fee decision within three (3) business days after the decision.
- 3.5 The final dates for completing the criteria for the key performance event appear in paragraph 5.3. Failure to complete the key performance event by the final date will weigh very heavily against the contractor's opportunity to earn any award fee under the criteria set forth below. However, in all cases the Government will subjectively consider all facts and circumstances (to include Government's cooperation and interaction) leading up to the completion in determining the final award fee. Unearned fee from one award fee phase will not be rolled over to the next award fee phase.

4. PERFORMANCE AND EVALUATION CRITERIA

4.1 Key Performance Events

The contractor shall submit detailed entrance/exit criteria for completion of the key performance event no later than 01 February 2007. The Government will provide concurrence/comments on the entrance/exit criteria no later than 01 April 2007

- 4.1.1 Key Performance Event: Successful demonstration of the pathfinder vehicle in the hover test bed described in the agreed-to entrance/exit criteria
- 4.2 Cost Control/Management: Contractor successfully performs task order within established yearly and total cost controls

5. AWARD FEE POOL

- 5.1 The total award fee pool is [REDACTED] of the negotiated cost of Task Order 0008. The following table specifies the Award Fee Pool percentages.

Event	Award Fee Pool Percentage
Key Performance Event	[REDACTED]
Cost Control/Management	[REDACTED]

Comment [A1]: 1 or 2 periods for cost control management?

5.2 Award Fee available¹ for Key Performance Event – The available award fee pool is based on the contractor’s ability to successfully accomplish the entrance and exit criteria for the key performance event by the timetable described below. If the contractor successfully completes the key performance event prior to or on the first date listed in the schedule performance chart below, █████ of the award fee pool assigned to that key performance event will be available for the earned fee. The Government may progressively reduce the available award fee pool for the key performance event in accordance with the table below. The Government will not apply such sliding scale reductions to the available award fee pool in a purely mechanical manner, but instead, will subjectively consider all facts and circumstances (to include Government cooperation and interaction) leading up to successful key performance event completion. In addition, the Government will not penalize the contractor for acts, circumstances and events that are beyond the reasonable control of the contractor and their subcontractors. Once the Government’s Award Fee Review Board has determined the final available award fee pool for the key performance event based on contractor’s performance and achievement of each key performance event entrance and exit criteria, the fee determining official will make the final determination on the fee earned. The Cost Control/Management award fee pool is not subject to the sliding scale reduction.

5.3 Key Performance Event – Award Fee Pool Sliding-Scale

Completion Date	Available Award Fee Pool
by 01 July 2008	█████
by 15 July 2008	█████
by 29 July 2008	█████
by 04 August 2008	█████
by 18 August 2008	█████
by 02 September 2008 or later	█████

6. CONTRACT TERMINATION

In the event the Government cancels any portion of Task Order 0008 pursuant to the “Termination” provisions of the task order, the fee determining official determines the award fee based on the contractor’s progress.

¹While the Award Fee Pool table reflects the possible award fee the contractor can earn, the presumption is that the Government will determine the actual award amount based on a positive fee scale with a zero base fee. The available award fee pool for a period must be earned for performance and results rather than decremented for non-performance.

7. EQUITABLE CONSIDERATIONS

The Government will subjectively consider acts, circumstances and events (to include Government actions and interactions) beyond the reasonable control of contractor/subcontractors in applying the above award fee provisions for Task Order 0008. Any Government modifications to Task Order 0008 under the Changes Clause of the contract will entitle the contractor to submit a request for equitable adjustment to the above award fee provisions pursuant to provisions of the changes clause.

PRE-NEGOTIATED AWARD FEE

Pre-Negotiated Fee Arrangements:

The [REDACTED] Award Fee in the basic contract is waived for this task order. The Award Fee established for this task order is [REDACTED].

CLAUSES INCORPORATED BY FULL TEXT

52.216-23 EXECUTION AND COMMENCEMENT OF WORK (APR 1984)

The Contractor shall indicate acceptance of this letter contract by signing three copies of the contract and returning them to the Contracting Officer. Upon acceptance by both parties, the Contractor shall proceed with performance of the work, including purchase of necessary materials.

(End of clause)

52.216-24 LIMITATION OF GOVERNMENT LIABILITY (APR 1984)

(a) In performing this contract, the Contractor is not authorized to make expenditures or incur obligations exceeding [REDACTED] dollars.

(b) The maximum amount for which the Government shall be liable if this contract is terminated is [REDACTED] dollars.

(End of clause)

52.216-25 CONTRACT DEFINITIZATION (OCT 1997)

(a) A CPAF definitive contract is contemplated. The Contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive contract that will include (1) all clauses required by the Federal Acquisition Regulation (FAR) on the date of execution of the letter contract, (2) all clauses required by law on the date of execution of the definitive contract, and (3) any other mutually agreeable clauses, terms, and conditions. The Contractor agrees to submit a CPAF proposal no later than sixty (60) days after the effective date of this undefinitized task order.

(b) The schedule for definitizing this contract is 120 days after the issue date of the undefinitized task order.

(c) If agreement on a definitive contract to supersede this letter contract is not reached by the target date in paragraph (b) above, or within any extension of it granted by the Contracting Officer, the Contracting Officer may, with the approval of the head of the contracting activity, determine a reasonable price or fee in accordance with Subpart 15.4 and Part 31 of the FAR, subject to Contractor appeal as provided with completion of the contract, subject only to the Limitation of Government Liability clause.

(1) After the Contracting Officer's determination of price or fee, the contract shall be governed by--

(i) All clauses required by the FAR on the date of execution of this letter contract for either fixed-price or cost-reimbursement contracts, as determined by the Contracting Officer under this paragraph (c);

(ii) All clauses required by law as of the date of the Contracting Officer's determination; and

(iii) Any other clauses, terms, and conditions mutually agreed upon.

(2) To the extent consistent with subparagraph (c)(1) above, all clauses, terms, and conditions included in this letter contract shall continue in effect, except those that by their nature apply only to a letter contract.

(End of clause)

52.216-26 PAYMENTS OF ALLOWABLE COSTS BEFORE DEFINITIZATION (DEC 2002)

(a) Reimbursement rate. Pending the placing of the definitive contract referred to in this letter contract, the Government will promptly reimburse the Contractor for all allowable costs under this contract at the following rates:

(1) [REDACTED] of approved costs representing financing payments to subcontractors under fixed-price subcontracts, provided that the Government's payments to the Contractor will not exceed [REDACTED] of the allowable costs of those subcontractors.

(2) [REDACTED] of approved costs representing cost-reimbursement subcontracts; provided, that the Government's payments to the Contractor shall not exceed [REDACTED] of the allowable costs of those subcontractors.

(3) [REDACTED] of all other approved costs.

(b) Limitation of reimbursement. To determine the amounts payable to the Contractor under this letter contract, the Contracting Officer shall determine allowable costs in accordance with the applicable cost principles in Part 31 of the Federal Acquisition Regulation (FAR). The total reimbursement made under this paragraph shall not exceed [REDACTED] of the maximum amount of the Government's liability, as stated in this contract.

(c) Invoicing. Payments shall be made promptly to the Contractor when requested as work progresses, but (except for small business concerns) not more often than every 2 weeks, in amounts approved by the Contracting Officer. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost incurred by the Contractor in the performance of this contract.

(d) Allowable costs. For the purpose of determining allowable costs, the term "costs" includes--

(1) Those recorded costs that result, at the time of the request for reimbursement, from payment by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(2) When the Contractor is not delinquent in payment of costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for--

(i) Supplies and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made--

(A) In accordance with the terms and conditions of a subcontract or invoice; and

(B) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government;

(ii) Materials issued from the Contractor's stores inventory and placed in the production process for use on the contract;

(iii) Direct labor;

(iv) Direct travel;

(v) Other direct in-house costs; and

(vi) Properly allocable and allowable indirect costs as shown on the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(3) The amount of financing payments that the Contractor has paid by cash, check, or other forms of payment to subcontractors.

(e) Small business concerns. A small business concern may receive more frequent payments than every 2 weeks.

(f) Audit. At any time before final payment, the Contracting Officer may have the Contractor's invoices or vouchers and statements of costs audited. Any payment may be (1) reduced by any amounts found by the Contracting Officer not to constitute allowable costs or (2) adjusted for overpayments or underpayments made on preceding invoices or vouchers.

(End of clause)