

ORDER FOR SUPPLIES OR SERVICES

1. CONTRACT/PURCH. ORDER/ AGREEMENT NO. W9113M-04-D-0001	2. DELIVERY ORDER/ CALL NO. 0004	3. DATE OF ORDER/ CALL (YYYYMMDD) 2005 Oct 15	4. REQ./ PURCH. REQUEST NO. TASK ORDER 0004	5. PRIORITY
--	--	--	--	-------------

6. ISSUED BY US ARMY SPACE & MISSILE DEFENSE COMMAND [REDACTED] PO BOX 1500 HUNTSVILLE AL 35807-3801	CODE W31RPD	7. ADMINISTERED BY (if other than 6) DCM LOCKHEED MARTIN MISSILES & SPACE P.O. BOX 3504 SUNNYVALE CA 94088-3504	CODE S0543A	8. DELIVERY FOB <input checked="" type="checkbox"/> DESTINATION <input type="checkbox"/> OTHER (See Schedule if other)
--	-----------------------	--	-----------------------	---

9. CONTRACTOR LOCKHEED MARTIN SPACE SYSTEMS COMPANY NAME MISSILES AND SPACE OPERATIONS AND 1111 LOCKHEED MARTIN WAY ADDRESS SUNNYVALE CA 94088-3504	CODE 06887	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 SEE SCHEDULE	CODE	15. PAYMENT WILL BE MADE BY DFAS-COLUMBUS CENTER DFAS-CO/WEST ENTITLEMENT OPERATION P.O. BOX 182381 COLUMBUS OH 43218-2381	CODE HQ0339	MARK ALL PACKAGES AND PAPERS WITH IDENTIFICATION NUMBERS IN BLOCKS 1 AND 2.
--	------	--	-----------------------	--

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	<input type="checkbox"/>	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:			

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	\$134,658,644.00
		26. DIFFERENCES	

27a. QUANTITY IN COLUMN 20 HAS BEEN
 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
--	-----------------------	---

e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE	28. SHIP NO.	29. DO VOUCHER NO.	30. INITIALS
--	--------------	--------------------	--------------

f. TELEPHONE NUMBER	g. E-MAIL ADDRESS	<input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	32. PAID BY	33. AMOUNT VERIFIED CORRECT FOR
---------------------	-------------------	--	-------------	---------------------------------

36. I certify this account is correct and proper for payment.

a. DATE (YYYYMMDD)	b. SIGNATURE AND TITLE OF CERTIFYING OFFICER
-----------------------	--

<input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	31. PAYMENT
34. CHECK NUMBER	
35. BILL OF LADING NO.	

37. RECEIVED AT	38. RECEIVED BY	39. DATE RECEIVED (YYYYMMDD)	40. TOTAL CONTAINERS	41. S/R ACCOUNT NO.	42. S/R VOUCHER NO.
-----------------	-----------------	---------------------------------	----------------------	---------------------	---------------------

Section B - Supplies or Services and Prices

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001			Dollars, [REDACTED]		
	MKV TASK ORDER 0004				
	CPAF				
	Scope of Work entitled, "Multiple Kill Vehicles System Development Hover Kill Vehicle Development, Task Order 0004." *THE AMOUNT OF [REDACTED] IS THE UNDEFINITIZED NTE AMOUNT FOR PERFORMANCE OF THIS TASK ORDER.				
	PURCHASE REQUEST NUMBER: TASK ORDER 0004				
				ESTIMATED COST	[REDACTED]
				BASE FEE	[REDACTED]
				SUBTOTAL EST COST + BASE	[REDACTED]
				MAX AWARD FEE	[REDACTED]
				TOTAL EST COST + FEE	\$134,658,644.00
				ACRN AA Funded Amount	\$1,000,000.00

FOB: Destination

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 summary 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>
-------------------------	----------------------------	-------------------------	---

Functional Performance Area:

First	\$ *	\$ **	\$ **
Second	\$ *	\$ **	\$ **
Third	\$ *	\$ **	\$ **

Key Performance Events:

First	\$ *	\$ **	\$ **
Second	\$ *	\$ **	\$ **
Third	\$ *	\$ **	\$ **

Special Award Fee Pool:

The Task Order 0004 Baseline Plan assumes a Hover Test in FY08. However, a special award fee amount of [REDACTED] will be paid to the Contractor if it completes a successful Hover Test on or before 31 December 2007. Criteria to determine a successful Hover Test will be submitted to and approved by government NLT 30 November 2006. FY07 dollars are planned for this Special Award Fee Pool. In the event that actual MKV Program funding for FY07 is not sufficient to fund this Special Award Fee Pool, it shall be deleted from the Award Fee Plan, and the government will have no obligation to pay any award fee hereunder or make any equitable adjustment to the contract as a result of such decision.

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

**to be completed after award fee evaluations

Section C - Descriptions and Specifications

STATEMENT OF WORK**MULTIPLE KILL VEHICLES SYSTEM DEVELOPMENT****HOVER KILL VEHICLE DEVELOPMENT****TASK ORDER NUMBER 0004****1.0 TASK DESCRIPTION**

This Task Order (TO) defines activities in support of the Multiple Kill Vehicles (MKV) System Development Program. The contractor shall perform kill vehicle (KV) development activities, Demonstration Carrier Vehicle (DCV) development activities, and DCV/KV interface requirements definition and system integration and test activities necessary to support overall MKV Program objectives. Milestones for this TO include MKV Flight Test System Requirements Review (SRR); KV seeker, KV avionics, and kill vehicle hardware-in-the-loop testing (HWIL); and KV hover testing no later than 31 March 2007. The focus of activities under this task order will continue to be on KV development with DCV development and system integration proceeding but at a lower level of effort.

Use of readily available, low risk components will be emphasized. For higher risk key components, risk mitigation strategies must be maintained and kept available for contingency execution (after consultation with the Government) if necessary to meet program objectives.

2.0 TASK**2.1 Background**

Prior to completion of Task Order 0002, the contractor will deliver a pathfinder KV seeker for integration into a KV HWIL facility, complete stabilization engineering tests for the KV pathfinder Seeker, conduct a KV Seeker software CDR and a KV Mission Controller software CDR, and develop KV Mission Controller and Seeker software build 1 for KV HWIL build-up. The contractor will have completed hover test KV CDR, verification tests of the solid divert and attitude control system (DACS) including divert valve/actuator assembly, attitude control valve/actuator assembly, controller circuitry, and case burst test; performed design verification testing of the KV mission processor; performed integration testing and demonstration of an integrated KV seeker and inertial measurement unit; and conducted a KV HWIL Readiness Review.

2.2 Overall MKV Program Objectives**2.2.1 KV Objectives**

KV1. Demonstrate navigation and flight to an assigned acquisition basket.

KV2. Demonstrate target acquisition, aimpoint selection, and terminal homing.

2.2.2 DCV Objectives

DCV1. Demonstrate weapon-to-target assignment and effective management of KVs.

2.2.3 System-level Objectives

S1. Demonstrate interception of multiple midcourse targets from a single launcher.

S2. Demonstrate successful integration into the existing ballistic missile defense system

2.3 Task 0004 Objective

The primary objective of this task is to continue to completion the detailed design, development, integration and testing of the hover test KV and to conduct a KV hover test, including data reduction and final reporting. A secondary objective is to continue KV flight test configuration development, DCV development, systems engineering, and integration and limited flight test planning activities to maintain software design integrity and to ensure all hardware /software interfaces and functional designs are sufficiently mature to support post TO 4 milestones.

2.3.1 KV Subtask

The contractor shall continue development of the MKV kill vehicle by conducting seeker, avionics, and vehicle hardware-in-the-loop testing (HWIL); HT KV Software CDR; and KV hover testing. Prior to all major testing, whether system, component, or subsystem, the contractor shall conduct Test Readiness Reviews (TRRs). These TRRs shall include descriptions of the test set-up, objectives, procedures, entrance/exit criteria, and validation of meeting entrance criteria through analysis, simulation, subscale test/demonstrations, and/or inspection. As a minimum the contractor shall conduct TRRs for the following:

- 1) SDACS Hot Gas Valve Test #6
- 2) SDACS Multi-Pulse Testing
- 3) SDACS Design Verification Test #1
- 4) SDACS Design Verification Test #2
- 5) Pathfinder Seeker Environmental Tests
- 6) Hover-1 Seeker ESS/ATP
- 7) Hover-2 Seeker ESS/ATP
- 8) Hover Test

Test results which demonstrate and substantiate the level of success in meeting the exit criteria will be presented to the Government following each test event. Periodic reviews of KV activities will be conducted under this task order to assess the contractor's progress toward meeting overall program objectives and to insure the contractor is on track for a 31 March 2007 KV hover test and is completing activities necessary to conduct KV and system flight tests in follow-on task orders.

The contractor shall refine and document the Liquid DACS requirements and design, conduct analyses, update specifications, conduct risk reduction testing, and identify KV design changes that are necessary for potential Liquid DACS insertion into the KV baseline. The contractor shall perform modeling and simulation of critical hardware and software KV functions to verify designs based on appropriate duty cycles and requirements associated with tactical scenarios for both the Solid and Liquid DACS designs. The contractor shall prepare a Task Order 0004 debit/credit proposal that includes all actions necessary to change kill vehicle propulsion baseline from solid to liquid DACS, to execute kill vehicle hover testing with a liquid DACS, and to continue solid DACS research and development to support potential future reinsertion into the baseline. Assume for the purposes of this change proposal, the liquid will remain the baseline through KV flight testing. The contractor shall submit proposal by 15 December 2005 based on a potential authority to proceed of 31 January 2006. The contractor shall conduct a DACS decision review not later than 31 December 2005 which includes detailed review of design, analysis, and test activities to date for both liquid and solid DACS subsystems and a technical, schedule, risk, and cost assessment characterizing program flow of solid and liquid DACS alternatives through hover test.

2.3.2 DCV Subtask

The contractor shall continue design and development activities to define a DCV that provides sufficient functional capability to support the system level flight test demonstrations. Existing and readily available hardware and software subsystems and technology shall be used as much as possible. The contractor shall support activities

associated with MDA development of a radiation hardened inertial measurement unit. The contractor shall complete a DCV SRR . The contractor shall perform DCV subsystem requirements definition, interface requirements definition, and system integration activities necessary to support MKV system flight tests in a follow-on task order. Periodic reviews of DCV activities will be conducted under this task order to assess the contractor's progress toward meeting overall program objectives and that the contractor is completing activities necessary to conduct MKV system flight tests in follow-on task orders. The contractor shall also support DCV advanced sensor development activities by maturing sensor requirements, assessing viable technologies and generating preliminary designs and development approaches.

2.3.3 System Subtask

The effort during this period will consist of KV and DCV requirements balancing and system design updates as the KV and DCV designs mature. Both hardware and software interfaces for the MKV system will be matured to support KV flight tests, an MKV System Flight Test PDR and CDR, delivery of a DCV flight test vehicle, and Pacific test operations under follow-on task orders.

The contractor shall ensure that the DCV and KV designs are compatible from a software perspective or, if not, that potential conflicts are identified, reconciled and controlled. System integration issues will be addressed at in-process reviews and other technical interchange meetings in conjunction with DCV and KV design activities. An MKV Flight Test System Requirements Review (SRR) shall be conducted. Either in conjunction with or following the MKV SRR, SRRs shall be conducted for the Flight Test Kill Vehicle (FT KV), Flight Test Vehicle (FTV), and the DCV.

The contractor shall continue to support working groups for overall system communication approach and for selecting proper Radio Frequency operating bands. The contractor shall also support MDA sponsored MKV performance assessments and relevant GMD architecture studies and insertion planning. The contractor shall support any Special Topic activities on an as needed basis with data on MKV requirements, designs, or performance issues. The contractor will implement a contractor-to-contractor relationship with the GMD integrator.

The contractor shall assess design changes and implementation strategies including long lead activities to support the development of an MKV system that is able to survive/operate through the Level 1 nuclear environments specified in the MDA Ballistic Missile Defense System (BMDS) High Altitude Exoatmospheric Nuclear Survivability (HAENS) Standard dated 17 March 2004 not later than the first System Integrated Flight Test and present initial and updated findings at the KV Flight Test PDR, DCV PDR, and MKV System Flight Test PDR under subsequent task orders. The contractor shall also develop a HAENS assessment and transition plan and maintain a plan/roadmap that identifies the cost/schedule/performance impacts of adapting the MKV system to survive/operate through the Level 2 nuclear environment as specified in the HAENS Standard.

3.0 Deliverables	CDRL	Submittal
Briefing Packages	A001	As Required
Software Development Plan	A002	As Required
Monthly Report	A003	Monthly
Final Report	A004	31 October 2007
Contract Work Breakdown Structure	A006	Update
Cost Performance Report	A007	Monthly
Contract Funds Status Report	A008	Quarterly
Simulation Development Plan	A009	Update

Conference Minutes	A00A	As Required
Software Requirement Specification (KV and DCV)	A00B	As Required
Integrated Master Schedule	A00C	Monthly
Hover Test Documentation	A00D	As Required
Documents Required by National Ranges	A00D	As Required
Program Management Plan	A00E	Update
System/Subsystem Specifications (KV, FTV & DCV)	A00F	As Required
Master Test Plan	A00G	Update
Test Plans As a minimum	A00H	As Required
1) SDACS Hot Gas Valve Test #6		
2) SDACS Multi-Pulse Testing		
3) SDACS Design Verification Test #1		
4) SDACS Design Verification Test #2		
5) Pathfinder Seeker Environmental Tests		
6) Hover-1 Seeker ESS/ATP		
7) Hover-2 Seeker ESS/ATP		
8) Hover Test		
Configuration Management Plan	A00J	As Required
Data Accession List	A00K	Quarterly
Product Drawing and Associated Lists	A00L	As Required
Test/Inspection Reports	A00M	As Required
System Safety Program Plan	A00N	As Required
System Safety Hazard Analysis Report	A00P	As Required
Explosive Hazard Classification Data	A00Q	As Required
Software Test Plan (KV-DCV Update)	A00R	As Required
Interface Requirements Specification (KV-DCV)	A00S	As Required
Software Design Description (HT KV, FT KV & DCV)	A00T	As Required
Interface Design Description (KV-DCV Interface)	A00U	As Required
Cost Analysis Requirements Document	A00V	Update
Product Assurance/Quality Assurance Plan	A00W	As Required
HAENS Assessment & Transition Plan	A00X	As Required

4.0 Program Management. The contractor shall implement a system to ensure integrated cost, schedule, and technical performance management and shall conduct periodic reviews to assess the degree of completion of technical and programmatic efforts. The contractor shall manage and track data and related correspondence and support interface/integration activities. The contractor shall implement and maintain a Program Management Plan (PMP). The PMP shall document the management approach and provide for risk assessment and risk mitigation. The Integrated Master Schedule (IMS) shall document the transition from the PMP to the design, development, fabrication, integration, and test and evaluation planning to meet performance requirements.

4.1 Subcontract Management. The contractor shall implement a system to ensure integrated cost, schedule, and technical performance management of all subcontractor efforts. They shall conduct reviews to assess the degree of completion of technical and programmatic efforts and implement corrective actions and controls when necessary. The contractor shall identify and implement specific actions to ensure appropriate subcontractor oversight all subcontracted design, analysis, and development activities to include areas such as parts, materials, and procedures characterization; end-to-end test planning; and overall mission assurance.

4.2 Integrated Cost, Schedule and Technical Performance Management. The contractor shall implement, document, and use an earned value based management system compliant with the contractor's earned value management system (EVMS) for integrated cost, schedule, and technical performance management. The contractor shall report EVMS information to the government using the cost performance report (CPR) "no criteria" approach. The contractor shall flow down earned value management and reporting requirements to major subcontracts which are not firm fixed price and that, based on risk, schedule criticality, and dollar value, have the potential to impede the successful completion of the program. The contractor shall have a conservative plan of action based on historical analysis to ensure success despite risk. The contractor shall relate technical accomplishments with cost and schedule in contract performance reports and at reviews. The program Technical Performance Measures (TPM) and program metrics to include software shall continue to be in effect but maybe tailored as required for this task order. The contractor shall maintain the contract work breakdown structure (CWBS) and the CWBS dictionary. The contractor shall also prepare and maintain an overall MKV program schedule, KV and CV system schedules and associated KV and CV component schedules in the current government agreed to format and present these to the MKV Program office on a weekly basis. The contractor shall perform top-level planning to support subsequent task order schedules leading to the end of the overall contract.

4.3 Configuration Management. The contractor shall maintain a configuration management program to ensure control of the documentation, hardware and software that will be used in the program. The Configuration Management Plan (CMP) shall be updated as required. The contractor's CMP shall describe the processes, methods, and procedures to be used to manage the functional and physical characteristics of the assigned configuration items (CI) under the program. The contractor shall maintain a configuration control function that ensures regulation of the flow of proposed changes, documentation of the complete impact of the proposed changes, and release only of approved configuration changes into CI's and their related configuration documentation. The contractor shall also maintain a configuration identification process to incrementally establish and maintain a definitive basis for control and status accounting for each CI throughout the program cycle. The KV and DCV designs shall be controlled IAW the approved CMP not later than completion of their respective CDRs. The Government shall be notified in advance of any Configuration Control Board meeting that could result in a change in the hover test KV configuration. The contractor shall maintain a log of all CCB actions and decisions and provide updates to the Government within one week of each CCB meeting.

4.4 Data Management. The contractor shall manage the preparation, submittal, maintenance, and tracking of data and related correspondence to include the maintenance and submittal of a Data Accession List (DAL). The contractor shall develop and maintain the DAL in contractor format to provide a single objective repository of contractor and subcontractor analytic and technical information. It shall document evolution of KV and DCV component and subsystem designs, traceability of performance requirements and their allocation to hardware and software configuration items, design margin assessments, component and subsystem test results, and integrated

MKV system test results. The DAL shall reflect the current state of the MKV system design and be revised as the design matures. To facilitate data management, the contractor shall maintain requirements, engineering, logistics, and program data including a program management plan (PMP) and an integrated master schedule (IMS) in an electronic database accessible by the government.

4.5 Interface/Integration Activities. The contractor shall provide technical support to the government in executing the MKV program. The contractor shall participate in technical interchange meetings and program management meetings as necessary. The contractor shall on an as needed basis address actions to support understanding of the MKV System, component technologies, and BMDS interfaces. The contractor shall conduct limited analyses/assessments upon request to address specific issues/actions regarding MKV plans, design, performance, or integration relative to but not limited to topic areas such as other BMDS systems, threats, engagement environments, and test facilities. The contractor shall also present via briefings or white papers the results of their analyses/assessments upon request.

4.6 Quality Assurance (QA). The contractor shall implement a quality assurance plan, IAW ISO 9001 and ISO 9000-3. The QA Plans specified by these requirements shall be included in the DAL. The contractor's quality program shall ensure that all inspections/tests required by the contract requirements are contained in the contractor's production planning and manufacturing methods and are being performed. These same requirements must be flowed down to subcontractors and suppliers to ensure overall compliance to the contract.

4.7 Product Assurance (PA). The contractor shall plan and conduct a PA program that integrates PA requirements into the design, manufacture, and test of all MKV system hardware and software. The contractor's PA program shall be based on best practices to establish the necessary PA processes, controls, and approval authority to ensure that product quality, reliability, safety, and other system attributes are not comprised. Audits and analyses shall be conducted on both hardware and software to ensure the major subcontractors and vendors are compliant with the PA program.

5.0 System Engineering. The contractor shall perform system engineering and specialty engineering to (1) define and allocate MKV system functions and requirements and incorporate them into a design comprising balanced HW/SW components, (2) ensure that the design is verified by appropriate development plans, tests, and data/data analysis; inspections and performance demonstrations that yield the necessary and appropriately documented results needed to satisfy the SOW. The contractor shall develop simulations and HWIL plans that support the establishment, balancing, verification and validation of the MKV system requirements and design.

5.1 Requirements Analysis. The contractor shall perform requirements analysis, functional decomposition and synthesis of the MKV design. This allocation shall be documented and maintained in the MKV System Specifications and other lower level specifications. As part of the requirements allocation process, the contractor shall conduct trade studies to assess affordability, producibility, and supportability by evaluating MKV performance requirements against projected or potential design, testing, manufacturing, maintenance, operations and support, and overall life cycle costs. The contractor shall define the MKV design margin assessment process and the reporting process for margin against the allocated performance requirements in the PMP. The contractor shall include requirements verification plans for the integrated MKV system and major components, subsystems, ground support equipment, and interfaces to other test system elements in the PMP. The contractor shall provide the plans and processes for coupling requirements validation with design/critical issue resolution by integrating analysis, simulation, ground test, and flight test data.

5.2 Technical and Program Reviews. The contractor shall identify, conduct, and document reviews both formal and informal to assess the degree of completion of technical and programmatic efforts related to major schedule milestones including, but not limited to design reviews, in-process reviews (IPRs), integrated baseline reviews (IBRs), and technical interchange meetings (TIMs). It is anticipated that formal technical reviews will be conducted quarterly. Major reviews such as IBRs, PDRs, TRRs, and SRRs may be conducted independently or in conjunction with an IPR. The contractor shall conduct a program review process to ensure complete insight into

the program by the government. This review process shall include monthly informal cost, schedule, performance, and affordability status reviews and via e-mail monthly program status reports. The contractor shall identify milestones necessary for coordination of key elements and interfaces to accomplish an orderly, event-driven program. Action items identified at reviews shall be documented, distributed, and tracked through an electronic database accessible by the government. It is also anticipated that informal TIMs will be held nominally monthly to address system or program topics. There may also be periodic TIMs to address subsystem topics within the KV and DCV. Government and contractor participants in TIMs will jointly prepare agenda and/or define discussion topics prior to each TIM. The method of distribution of presentation material and resolution of action items for each TIM will be jointly determined by TIM participants. The contractor shall also support quarterly management team meetings to assess program progress, program strategy, and team relationships.

5.3 Risk Management. The contractor shall implement and maintain a risk management process to include planning, assessing, handling and monitoring program risks. Risk matrices shall be developed to identify risks as high, medium or low. Risk mitigation activities shall be performed to bring risks under control. Risk management approach shall be documented in the PMP.

6.0 Integration and Test. The contractor shall plan a comprehensive and cost effective test program for the ground and flight tests. The contractor's test program shall consist of a logical sequence of ground and flight tests to validate and document performance of KV and DCV components and the integrated MKV system as documented in the MKV System Specification and lower level specifications. The contractor shall ensure balance in the planning, development, and conduct of the test effort to meet system performance and safety requirements. The contractor shall define and document ground and flight test objectives. The contractor shall maintain the Master Test Plan.

6.1 Ground and Flight Test Planning. Ground and flight test planning shall include development test planning and detailed test specifications, plans, and procedures for hover test. The contractor shall conduct initial flight test planning to include coordination with the ranges, attendance at technical interchange meetings, and participation in working groups necessary to support KV and system flight testing in follow-on task orders. The contractor shall include and maintain in the test plan(s) a set of criteria by which the performance of components, subsystems, and integrated systems will be measured. Collected data from ground and flight test activities shall be traceable to verification of a requirement. Schedule risk mitigation techniques shall be employed. The contractor shall plan for test data acquisition, handling, and analysis. The contractor shall update the complete test and analysis plan for the hover test and submit each update to the government for approval. The contractor shall investigate targets of opportunity for component flight testing, and investigate KV flight testing that would piggy back on other tests or utilize alternative booster vehicles for KV testing.

7.0 Specialty Engineering. The contractor shall conduct specialty engineering efforts to execute the MKV program. Processes, methods, and procedures utilized to implement these specialty engineering activities shall be identified and defined in the PMP and IMS. Status of these efforts shall be discussed during program reviews.

7.1 Environmental, Safety, and Health (ESH). The contractor shall implement practices and initiatives throughout the life of the program to ensure that all program activities are environmentally compliant, that both system safety and health requirements are met, hazardous materials are minimized and controlled and that pollution prevention measures are observed. The ESH considerations to be addressed during design, fabrication, integration, testing, and fielding shall address the following:

7.1.1 Environmental Protection. The contractor shall assist the Government's assessments required by the National Environmental Policy Act (NEPA) (42 USC 4321-4370d) implementing regulation 40 CFR 1500-1508 and 32 CFR Part 651. If necessary, the contractor shall provide a description of proposed contractor actions along with qualitative and quantitative data describing the constituent materials, emissions, effluents, wastes, and hazardous materials used in and produced from these activities.

7.1.2 Hazardous Material Management. The contractor shall not use, or require the use of substances listed in Emergency Planning and Community Right-to-Know Act (EPCRA) Section 313 “toxic chemicals” and EPCRA Section 302 , “extremely hazardous substances” (available at: [REDACTED] nor the use of substances identified in the EPA 17 list (available at: [REDACTED] in the design, fabrication, integration, or test activities associated with the MKV program unless written approval is provided by the government via the engineering change process. The contractor shall not use any Class I Ozone Depleting Chemicals/Ozone Depleting Substances (ODC/ODS), listed at [REDACTED] in the manufacture of items required by this task order, unless a waiver is obtained from the government. The contractor shall minimize the use of other hazardous materials and Class II ODSs. The contractor shall provide immediate notification of any proposed hazardous material mitigation/elimination efforts that may adversely impact schedules, cost and/or performance. The contractor may use NAS411 as a guide for implementing a Hazardous Materials Management Program (HMMP). The HMMP will be prepared IAW DI-MISC-81398 and results of the HMMP shall be made available to the government IAW DI-MISC-81397.

The contractor shall prevent pollution to minimize program environmental and cost impacts and ensure that all pollutants whose generation cannot be prevented will be recycled or disposed of in an environmentally safe manner.

7.1.3 System Safety/Health. The contractor shall plan, develop and implement a System Safety/Health Program for the MKV IAW DI-SAFT-81626. The System Safety/Health Program shall be integrated with the concurrent engineering processes used to develop, mature and support the MKV System. The contractor shall use MIL-STD 882D, as tailored by AR 386-16 and AR 385-10, in determining whether System Safety/Health engineering objectives are met.

7.1.3.1. System Safety/Health Program Plan. The contractor shall develop a System Safety/Health Plan that defines safety/health activities and relationships to other contractor organizations and the overall MKV Program.

7.1.3.2 Safety Hazard Analyses. The contractor shall develop and/or update System, Subsystem, Operating and Support and Software Safety (top level and detailed level) hazard analyses to address MKV system design or peculiar modifications IAW DI-SAFT-80101. Analyses shall identify design and procedural hazards of safety critical components and operations of the MKV system throughout its life cycle. The analysis efforts shall include a fault tree analysis of all catastrophic and critical events impacted by the MKV system design. A single hard copy of each final hazard analysis, complete with contractor’s signed signature page shall be delivered to the Government for approval, IAW DI-SAFT-80101. Existing hazard analyses may be used to the fullest extent as applicable. The contractor shall institute a system for tracking hazards. This management control process should include the method to be used for determination of hazard resolution and safety compliance. Hazard resolution and safety compliance shall be demonstrated by evidence of implementing corrective actions to adequately control hazards. Data shall be made electronically available to the Government for residual risk acceptance.

7.1.3.3. Eliminate or Reduce Hazards to Acceptable Levels. Hazards will be eliminated or reduced to an acceptable level through appropriate design and or materiel selection. Contractor shall use the following order of precedence to eliminate or control potential safety/health hazards.

a. Design for Minimum Risk – Unacceptable hazards and environmental conditions shall be eliminated or their associated risks mitigated by design when feasible.

b. Incorporate Safety Devices – Hazards or unacceptable environmental conditions that cannot be eliminated or controlled through design selection shall be controlled to an acceptable level of risk through the use of fixed, automatic or other protective safety design features or devices. Provision shall be made for periodic functional checks of safety devices.

c. Provide Warning Devices - Devices will be installed to detect hazardous or unacceptable environmental conditions that cannot be otherwise eliminated or controlled. Adequate warnings shall be provided to alert personnel of the hazard or unacceptable condition and afford sufficient time for personnel response.

d. Develop Procedure and Training – When all other reasonable possibilities of hazard resolution or environmental protection have been exhausted, procedural controls and specialized training may be used to counter hazardous or unacceptable environmental conditions and actions. Warning and inspection provisions and procedures will be used to detect and correct failures, malfunctions, and errors before the hazard or environmental damage manifests itself. In no case will a single warning or caution or other form of written advisory be the only form of risk reduction.

7.1.3.4 Insensitive Munition (IM). The MKV flight configuration shall be designed to a Type V reaction in bullet and fragment impact, Fast Cook-Off and Slow Cook-Off tests and no Type I (detonation) reaction of acceptor in Sympathetic Detonation Test for final Government IM testing. The contractor shall make provisions within development plans to provide test assets in future task orders in the configuration specified in the government furnished IM test plan.

7.1.3.5 Explosives Hazard Classification. The contractor shall design the packaged MKV system (in a protective case) to a hazard class 1.3 and so that the tactical MKV system passes the 40-foot drop test without the energetic components functioning and so that the MKV system is safe for disposal by normal means. The contractor shall provide data for Interim Hazard Classification (IHC) IAW DI-SAFT-81299.

7.1.3.6 Radioactive Material. No radioactive, carcinogenic, or highly toxic materials, as defined by 29 CFR (OSHA), current revision, shall be incorporated into the system without prior Government approval.

7.1.3.7 Contractor Facilities. All explosives and related dangerous material facilities and operations shall comply with DOD 4145.26-M for Privately Owned, Privately Operated (POPO) contractor facilities. If Government Owned, Contractor Operated (GOCO) facilities are used, the contractor shall comply with the providing service explosive standards.

7.1.3.8 Safety Tests. The contractor shall plan safety tests on all new or modified explosive items of the MKV flight configuration. The plans shall include drop tests (in packaged configuration) to verify (1) no functioning of any energetic portion of the KV and DCV, (2) no rupture of the test item(s) which dislodges or disrupts explosives material, (3) the item is safe to handle and dispose of by normal EOD procedures and, (4) all safety devices remain in the safe condition. The contractor shall ensure safety test plans and strategies are compatible with GBI/EKV testbed and tactical system development safety requirements. An IM test program will be managed by the Government as described in paragraph 6.1.3.4. The contractor developmental plan shall include an asset (in packaged configuration) for the Government conducted test.

7.2 Operations Security. The contractor shall prepare an Operations Security (OPSEC) Plan or an annex to a previously approved plan for the MKV program. The OPSEC Plan or annex shall identify the perceived collection threat to the contractor's portion of the MKV program, essential elements of friendly information and protective counter measures that the contractor will employ to protect relevant sensitive unclassified information.

7.3 Threat Intelligence Information. The contractor shall use government furnished threat definitions in all planning, analysis, and testing documents where intelligence and threat information is required. The contractor shall coordinate any additional requests for intelligence and threat materials through the contracting officer's representative (COR) or Task Order Monitor to ensure that the most current Defense Intelligence Agency validated sources are used in planning, analysis, and testing documents. Threat positions or assessments developed by the contractor shall be submitted to the COR or Task Order Monitor for approval and/or validation.

8.0 Facilities. The contractor shall perform analyses/studies required to define/modify existing facilities for ground

testing. The contractor shall provide input for site surveys, environmental impact documentation, facilities planning, and preliminary facility design efforts if required.

9.0 Period of Performance: 15 October 2005 – 31 March 2008

10.0 Task Order Monitor

The Task Order Monitor for this effort is [REDACTED] Alternate Task Order Monitor for this effort is [REDACTED].

Section G - Contract Administration Data

AWARD FEE INVOICING

a. The contractor may submit vouchers for provisional monthly payments of Functional Performance Area (FPA) award fee and anticipated Key Performance Event (KPE) award fee, subject to later reconciliation against the government's formal FPA and KPE award fee determinations. The contractor may provisionally bill up to 80% of the maximum award fee available during the period.

b. The contracting officer may reduce or suspend these provisional FPA or Key Performance Events award fee payments based on an interim assessment/determination that the contractor's FPA and KPE performance is less than acceptable. Provisional vouchering/payment of award fee does not apply to the Special Award Fee Pool of this contract.

ACCOUNTING AND APPROPRIATION DATA

AA: 97 6 0400 2501 36 2216 30603175C00 255Y W31RPD6285JSK2 6HHA05 S01021
 AMOUNT: \$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):	████████████████████
(2) Amount Allotted Under the LOF Clause for Payment of Costs:	████████████████
(3) Amount Separately Obligated for Payment of Fee:	████████████████████
(4) Total Amount Allotted and Obligated:	\$ <u>1,000,000</u>
(5) Net Amount Required for Full Funding:	████████████████████
(6) Estimated Period of Performance the Allotted Amount Will Cover:	31 Oct 05

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

Section H - Special Contract Requirements

AWARD FEE DETERMINATION PLAN AWARD FEE PROCESS

A. Separate Award Fee Pools:

1) Functional Performance Area (FPA) Award Fee Pool:

A separate award fee pool will be established to provide incentive for successful contractor performance under the following FPAs: Program Management, Cost Management and Technical Management. The Government will notify the contractor at least 30 days prior to each award fee evaluation period of the FPAs and their relative importance for the upcoming evaluation period. The Government may also include in such notice detailed evaluation criteria and special points of emphasis within these FPAs for the upcoming evaluation period. The government will discuss the FPAs, their relative importance, special criteria/emphasis and/or other evaluation details for the upcoming evaluation period with the contractor through the Integrated Product Team (IPT) structure. This discussion process does not alter or diminish the government's unilateral right to establish the evaluation criteria/factors/weighting, etc. for each upcoming evaluation period in accordance with paragraph E. below. Performance monitors will informally provide mid-point assessments advising the contractor of the strengths and weaknesses found during the first half of the rating period.

2) Key Performance Events (KPE) Award Fee Pool:

A separate award fee pool will be established to provide incentive for successful contractor performance of the Key Performance Events (KPE) in accordance with paragraph H below.

3) Special Award Fee Pool:

A separate award fee pool will be established to provide a special incentive for accelerated conduct of successful hover testing in accordance with paragraph I below.

B. Award Fee Determination: The FDO will determine the award fee amounts earned considering a comprehensive evaluation of information presented pursuant to this award fee plan and other factors. These determinations and the methodology for determining earned award fee amounts are unilateral decisions made solely at the discretion of the Government.

C. Award Fee Period: Award fee evaluations will be conducted at the end of the each fiscal year. If a Task Order ends at a point other than the end of a fiscal year, then the final Award Fee period will be at the end of the Task Order.

D. Notification of Award Fee Earned:

- 1) Award fee earned by the contractor, as determined by the FDO, will be awarded by the execution of a unilateral modification to the contract issued approximately thirty (30) days following completion of the evaluation period. Along with this modification, the Contracting Officer will transmit in writing to the contractor an outline of the FDO findings and applicable strengths and weaknesses. The award fee earned amount shall be payable upon submission of the fee voucher, subject to the withholdings clause of this contract. The amount payable will exclude provisional payments previously paid for the period. If the provisional payment received exceeds the award fee earned, the contractor will credit the government the difference.
- 2) The Government's determination as to the amount of fee earned shall be unilateral and final, subject to the contractor's right to appeal under the Disputes Clause of the Contract.
- 3) Rollover of unearned award fee is not automatic and will be permitted only

at the discretion of the FDO

E. Unilateral Changes: The Government may unilaterally change:

- 1) the FPAs;
- 2) the detailed evaluation criteria/factors/emphasis areas under the FPAs;
- 3) the relative importance of the FPAs, including percentage weightings,
- 4) the distribution of remaining FPA award fee pool among the remaining periods; and/or
- 5) the definition of the FPA and KPE pool adjective ratings;

by providing written notice to the contractor at least 30 days prior to the beginning of the evaluation period in which such change becomes effective.

F. Functional Performance Area (FPA) Evaluation Criteria and Weighting Factors: The FPA evaluation period weightings for the initial evaluation period are as follows. Subsequent unilateral changes to these weightings will be implemented in accordance with paragraph E.

<u>FPA Criteria</u>	<u>Percentage Weighting</u>
Program Management	
Cost Management	
Technical Management	

G. Description of Functional Performance Areas:

1) Program Management

This area evaluates the Contractor's performance in TO planning, execution, communication, team integration, subcontract management, system engineering, and resource and risk management. The Government program office emphasizes a proactive management and disciplined technical approach. The contractor shall implement program plans that effectively demonstrate a thorough system engineering methodology; establishing clear and effective team responsibilities and interrelations; maintaining the appropriate labor mix and spares available when needed; establishing methodologies for identifying cost, schedule, performance and risk management issues and tradeoffs; timely completion of initial and periodic Integrated Baseline Reviews; program execution via thorough integrated plans, schedule and activities with effective flow-down throughout the organization including suppliers. Specific interests include but are not limited to:

- a) Effectiveness of management intervention to identify, communicate, and resolve problems quickly;
- b) Responsiveness to Government changes in direction and requests for information;
- c) Effectiveness in executing common processes;
- d) Effective management of subcontractor activities;

- e) Comprehensive program master schedule with complete integration of subcontractor data:
- f) Accuracy of projections of milestone completion;
- g) Success in achieving Task Order schedule baseline:
- h) Accurate, complete, and traceable Earned Value Management schedule data which provides visibility into schedule variance analysis; and
- i) Effective use of risk management techniques to gain early insight into potential schedule-related problems, and realism of plans to reduce or eliminate schedule variances.

2) Cost Management

The Cost Management element addresses the Contractor's performance in the area of cost management, control, and reporting. The Government program office emphasizes a proactive approach to cost management centered on early planning and notification. Specific interests include but are not limited to:

- a) Timely and accurate cost data reporting;
- b) Consistently anticipating possible sources of cost growth and implementing solutions to maintain cost at current or below program baseline;
- c) Proactive notification of program office of projected cost overruns or underruns with fully documented rationale;
- d) Effectiveness of cost control concepts or initiatives which produce demonstrable reductions in cost without adding risk;
- e) Realism, currency, and adequacy of cost estimates/proposals;
- f) Efforts and success at performing within initial task order cost estimates; and
- g) Providing narratives that explicitly address both current and future programmatic and cost impacts of the current cost performance.

3) Technical Management

This area evaluates contractor performance in: 1) identifying and resolving technical challenges that arise during the course of MKV system development; and 2) the achievement of technical excellence in all planning, engineering, design, development, test, and integration activities required to develop the MKV system. The government program office encourages a technical management approach that fosters design ingenuity and exploits/incorporates developing technologies. Specific interests include but are not limited to:

- a) Effectiveness of design ingenuity, use of innovative approaches, and identification and application of technology exploitation in determining MKV capability, requirements, and hardware and software configurations;
- b) Effectiveness in using risk management techniques to identify technical issues and determine risk mitigation approaches;

- c) Effectiveness in working interface development with external organizations; and
- d) Effectiveness of implementing program software discipline per the Software Development Plan.

H. Key Performance Events Pool: The Key Performance Events are shown below and their associated fee is addressed in paragraph J, Award Fee Allocation. When a Key Performance Event occurs, the FDO will subjectively determine the amount of fee earned and notification will be provided as part of the final evaluation for the award fee period in which the event occurred. The award fee earned will be subjectively based on technical and schedule performance of all contributing activities and enablers leading up to and executing the Key Performance Event. Event schedule will be submitted to and approved by the government within 30 days of period start. Entrance and Exit Criteria for events will be submitted to and approved by the government NLT 60 days prior to each event. The Key Performance Events are as follows:

<u>Award Fee Period</u>	<u>Fiscal Year</u>	<u>Key Performance Event</u>	<u>Weighting</u>	
1	06	SDACS HGVT #5		20
1	06	KVMC/KVSC Integration	15	
1	06	KV Software Build 1.0	15	
1	06	TM BB complete	5	
1	06	HWIL Iteration 1 complete	20	
1	06	HWIL Iteration 2 complete	20	
1	06	Hover IMUs delivered	5	
2	07	Pathfinder-2 Seeker delivered to MFC	10	
2	07	SDACS DVT-1	15	
2	07	KV Software Build 2.0	15	
2	07	Seeker/KV Pathfinder Integration	10	
2	07	Hover- 1 Seeker ESS/ATP	10	
2	07	Power Transfer Test	5	
2	07	Hover avionics cards available	5	
2	07	Hover Test Seeker available	10	
2	07	HT TRR complete	20	
3	08	KV delivered to test range	25	
3	08	Hover Test	75	

I. Special Award Fee Pool: The Task Order 0004 Baseline Plan assumes a Hover Test in FY08. However, a special award fee amount of [REDACTED] will be paid to the Contractor if it completes a successful Hover Test on or before 31 December 2007. Criteria to determine a successful Hover Test will be submitted to and approved by government NLT 30 November 2006. FY07 dollars are planned for this Special Award Fee Pool. In the event that actual MKV Program funding for FY07 is not sufficient to fund this Special Award Fee Pool, it shall be deleted from the Award Fee Plan, and the government will have no obligation to pay any award fee hereunder or make any equitable adjustment to the contract as a result of such decision.

J. Total Potential Award Fee Amount: The Total Potential Award Fee Amount for Task Order 0004 award fee pool is [REDACTED] of the total estimated task order cost plus an additional negotiated amount for the Special Award Fee Pool described in paragraph I above. This contract includes no base fee. The above noted [REDACTED] of total estimated task order cost shall be distributed between the FPA and KPE pools as follows: [REDACTED] to the FPA pool; [REDACTED] to the KPE pool

K. FPA and KPE Pool Rating Plan: The following are the adjective rating scale, the percentage range of available award fee which may be earned at each rating level, and the representative characteristics of each adjective rating to be used under this clause. Any changes to this plan will be identified and provided to the contractor 30 days prior to the evaluation period.

Unsatisfactory Performance Level: Means the Contractor meets few, if any, of the objectives and success criteria. There are many task execution recurring problems and unresolved issues. Few, if any, Contractor corrective/preventative actions are identified and effectively implemented. Overall unsatisfactory performance shall not earn an award fee.

Marginal Performance Level: Means the Contractor meets some of the objectives and success criteria. There are many task execution recurring problems and unresolved issues. For those task execution areas requiring improvement, some Contractor corrective/preventative actions are identified and effectively implemented. The Contractor requires considerable Government oversight to implement corrective action.

Satisfactory Performance Level: Means the Contractor meets many of the objectives and success criteria. There are some task execution recurring problems and unresolved issues. For those task execution areas requiring improvement, many Contractor corrective/preventative actions are identified and effectively implemented. The Contractor requires some Government oversight to implement corrective actions.

Good Performance Level: Means the Contractor meets most of the objectives and success criteria. There are few, if any, task execution recurring problems and unresolved issues. For those task execution areas requiring improvement, most corrective/preventative actions are identified by the Contractor and are effectively implemented. There are few, if any, instances requiring Government oversight to implement corrective actions.

Excellent Performance Level: Means the Contractor meets almost all of the objectives and success criteria. There are few, if any, minor task execution recurring problems or unresolved issues. For those task execution areas requiring improvement, almost all corrective/preventative actions are identified by the Contractor and effectively implemented. The Contractor requires little to no Government oversight.

The Contractor will earn award fee by achieving a level of performance in accordance with the award fee point scores shown below. Contractor's effort rated below the award fee standard of "Marginal" will receive zero award fee for that area of the Element.

Description	Point Score	Percent (%) of Award Fee
Excellent	91-100	
Good	81-90	
Satisfactory	66-80	
Marginal	51-65	
Unsatisfactory	1-50	

L. Timelines for Government Action: This plan sets forth timelines for government administrative actions/notices. While the government will make a good and reasonable attempt to meet its suspense dates under this plan, the highly dynamic nature of the MKV program that provides high transient workload to the government team could induce minor delays. Accordingly, in no way is the basic discretion of the FDO to unilaterally determine award fee reduced if a government deadline embedded in this plan is not met. Any delay on the part of the government in meeting its administrative suspense dates under this Plan shall be a potential mitigating factor or cause for equitable consideration in the award fee determination process, to the extent that such delay can be shown to have negatively impacted any aspect of contractor's performance under the applicable award fee evaluation criteria.

Section I - Contract Clauses

CLAUSES INCORPORATED BY REFERENCE

52.216-26 Payments Of Allowable Costs Before Definitization DEC 2002

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 not later than 17 Oct 05. 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.

(b) The schedule for definitizing this contract is 30 Nov 05.

(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)