



**CONTINUATION SHEET****Reference No. of Document Being Continued****Page 2 of 11****PIIN/SIIN** DAAE07-01-G-N001/0010**MOD/AMD** 08**Name of Offeror or Contractor:** GENERAL DYNAMICS LAND SYSTEMS INC.

## SECTION A - SUPPLEMENTAL INFORMATION

1. The purpose of this modification is to lower the ceiling price of this letter contract by \$30,727,035 from \$244,000,000 to \$213,272,965.
2. Inclusive in the lowered ceiling price is the \$1.8M ceiling for the transmission re-opener in Special Provision H.21.
3. Special Provision H.15, "Not-To-Exceed Definitization Amount", is added to this letter contract. Page H8 is deleted and replaced by the attached identically numbered page.
3. The contract funded amount and contract value are changed as follows:

Current Funded Amount:	\$121,756,000
Amount Changed:	-0-
Current Funded Amount:	\$121,756,000
Current Contract Value:	\$244,000,000
Decrease in Contract Value:	\$ 30,727,035
New Contract Value:	\$213,272,965
4. All other terms and conditions remain unchanged and in full force and effect.

\*\*\* END OF NARRATIVE A 009 \*\*\*

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**Name of Offeror or Contractor:** GENERAL DYNAMICS LAND SYSTEMS INC.SECTION H - SPECIAL CONTRACT REQUIREMENTS  
SPECIAL PROVISIONS

## H.1. DEMILITARIZATION OF ITEMS

H.1.1. The Government shall provide demilitarization instructions as required.

## H.2. SMALL, SMALL DISADVANTAGED, AND WOMEN-OWNED BUSINESS SUBCONTRACTING PLAN (DOD CONTRACTS) 252.219-7003 (APR 1996)

H.2.1. In furtherance of the Government's policy of promoting the development of small disadvantaged business enterprises, the contractor agrees to award subcontracts to such enterprises, as they are defined in the referenced clause to the maximum practicable extent consistent with efficient contract performance.

H.2.2. The Contractor's Small Business Subcontracting Plan, P-1294-R2, dated May 3, 2004 and incorporated into the Contract by reference.

## H.3. CONTRACT - ORDER OF PRECEDENCE

Any inconsistency in this solicitation or contract shall be resolved by giving precedence in the following order:

- (a) the Schedule (excluding the specifications);
- (b) representations and other instructions;
- (c) contract clauses;
- (d) other documents, exhibits, and attachments; and
- (e) the specifications.

The specifications include the ERR.

Among the specifications, the following is the order of precedence for the Retrofit M1A2 SEP/CEEP specifications contained in C.2.

1. Any Interface Control Document referenced in the System Specification and Provision C.2.7.;
2. System Specification;
3. Prime Item Product Fabrication;
4. LRU Specifications listed in Attachment 003
5. The ERR/Technical Specifications; and
6. Other specifications.

## H.4 Progress Payments FAR 52.232-16 (APR 2003) (ALT II APR 2003)

## H.5. SYSTEMIC WARRANTY

## H.5.1. Definitions:

H.5.1.1. Acceptance" is execution by an authorized Government Representative of a DOD Form 250 and means the act by which the Government assumes, for itself or as an agent of another, ownership of the identified supplies or recognizes completion of total performance specified in the Order.

H.5.1.2. Supplies" are all new and refurbished SEP hardware, all M1A2 hardware upgraded to the M1A2 SEP configuration, the installation and assembly of the foregoing hardware into M1A2 SEP Retrofit Tanks, and all software. The contractor is responsible for any defect or non-compliance with the essential performance requirements (see H.5.1.5) that is caused by these supplies except as limited by Provision H.5.9.3. The warranty rights and responsibilities of the Government and the contractor for the M1A2 hardware re-used without modification are set forth in DAAE07-01-G-N001/0003 and remain unchanged.

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H.5.1.3. Vehicle" is the Abrams Series Tank delivered with new or upgraded LRUs and SRUs under this Delivery Order.

H.5.1.4. Failure" is any condition or characteristic in any supplies furnished under the Order that is not in compliance with the requirements of the Order and authorized maintenance documentation.

H.5.1.5. Essential Performance Requirement" is defined as delivered vehicles under warranty meeting the requirements in C.2. (see C.2.6 for GPM converted to CFM), and C.3. of the order.

H.5.1.6. "Design and Manufacturing Requirements" are defined as those structural and engineering plans and manufacturing particulars, including precise measurements, tolerances, materials and finished product tests for the system being produced, as identified in H.5.1.5. above.

H.5.1.7. A "Warranted Design Item" is defined as an item of "supplies" in H.5.1.2., which:

a) is introduced into the baseline configuration by a unilateral decision of the Contractor; or

b) is introduced into the baseline configuration by a change to design, manufacturing, or software requirements embodied in an executed contract change order to the baseline configuration and which has satisfactorily completed the appropriate development and planned tests, as mutually agreed upon, by cognizant Contractor and Government technical personnel.

H.5.1.8. Defects" are defined as:

a) Any condition or characteristic in "supplies" that is not in compliance with the requirements of the Prime Item Product Fabrication Specification, Tank, Combat, as defined in Section C.2.

b) "Defects" under the System Specification defined in Section C.2. are defined as specification non-compliance(s).

c) During this Order, a system level test may result in achievement of a characteristic which i.) was previously untested or ii.) confirms the correction to a known prior non-compliance. If any Warranted Design Item change is introduced subsequent to such test and the change degrades the newly demonstrated compliance, then the degradation will constitute a defect under this clause. This requirement will be applicable on a prospective basis.

H.5.1.9. Reserved.

H.5.1.10. Redesign" is defined as the remedy applicable to correct defective warranted design items when workmanship and material and manufacturing non-conformance have been eliminated as the cause of the failure or defect. "Redesign" applies to systemic defects only.

H.5.1.11. Systemic Defect" is a classification of failures which occurs, or may occur, with a frequency, pattern, or sameness to indicate a logical regularity of occurrence which exceeds expected failures and would justify multiple vehicle corrective action.

H.5.1.12. A "Production Lot" for this Order is the tanks produced under a CLIN of this Delivery Order.

H.5.1.13. Appropriate development and planned tests," as it is used in H.5.1.7, is defined as development together with verification testing that is commensurate with the complexity of the subject change as mutually agreed between the parties. Verification testing may include component, subsystem, system and vehicle level testing, incorporating environmental, EMI, EMC, NBC and Nuclear Testing and any necessary vehicle level verification to include confirmation to the Prime Item Product Fabrication Specification, the System Specification, testing in accordance with the FIR and funded by the Government under the current STS contract. Software verification testing may include CSU Test, Integration Test, CSCI Test, Vetronic System Test, Quality Assurance Vehicle Test, Prime Item FIR Vehicle Test (at Lima Army Tank Plant), as well as Government Testing including User-conducted "Beta" testing. In the event that the Government fails to conduct any of the agreed upon testing the parties agree that any characteristic not tested shall not be warranted until such time as the Government funds and the Contractor successfully completes testing on that characteristic as defined in the appropriate test plan.

H.5.2. Coverage:

H.5.2.1. Notwithstanding inspection and acceptance by the Government of supplies furnished under this Order or any clause of this Order concerning the conclusiveness thereof, the Contractor warrants for the periods set forth herein that all supplies provided under this Order:

a. Will be free from all defects in material and workmanship at the time of delivery that would cause the warranted items to fail to meet the requirements of this Order.

b. Will conform to the design and manufacturing requirements set forth in Section C of this Order; and

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c. Will meet the essential performance requirements identified in Paragraph H.5.1.5. above.

H.5.2.2. The Contractor shall, to the extent the Contractor's suppliers customarily provide to customers a Greater Warranty covering specific supplies, provide such greater warranty as available for those specific components. The contractor is identifying such supplies and warranty terms under the Contractor/Government TAPS Contract.

H.5.3. Contractor Liability: The Contractor's maximum liability under this entire clause H.5 for the cumulative corrective action taken on supplies delivered under each CLIN shall be limited to the ceiling prices given below.

CLIN 0001: \$ TBD

H.5.4. WARRANTY FOR SYSTEMIC DEFECTS:

H.5.4.1. MATERIAL REPAIR/REWORK/REPLACEMENT: In the event the Government determines that a systemic defect exists in the warranted vehicles delivered under this contract, and such defect is determined to be the result of a breach of any of the warranties set forth in paragraph H.5.2 above, then the Contractor shall be liable for timely correction of such systemic defect(s) by repair, rework or replacement of the defective supplies. The Government shall provide reasonable evidence in support of each claim of systemic defect, and where necessary evidence of adequate testing of the warranted design items, to establish the nature of the defect at Government expense. Government expense shall include payment to the Contractor for locating and identifying any failed components in tanks which have been unconditionally accepted by the Government, when so directed to do so by the Contracting Officer.

H.5.4.2. REDESIGN: In addition to the remedy set forth in paragraph H.5.4.1. above, if such a systemic defect exists in a warranted design item, the Contractor shall be liable for redesign of such defective item including any testing required to validate/qualify the proposed redesign, any other effort normally associated with an ECP, provide the redesigned item for vehicles delivered with the defective item and incorporation of the redesign into remaining vehicles to be manufactured under this contract, at no increase in cost to the Government.

H.5.4.3. NOTICE OF A CLAIM: Any claim for correction of a systemic defect, including redesign effort, shall be invoked by the Contracting Officer giving notice to the Contractor within forty-five (45) days after the conditions evidencing systemic defect as set forth in this clause have been provided to the Contracting Officer. The Contractor shall have no liability under this warranty unless such notice is received within forty-five (45) days after completion of the applicable warranty period for systemic defects relating to workmanship and material, design and manufacturing requirements, essential performance requirements or warranted design items. Similarly, the Contractor shall have no liability for System Specification non-compliance unless the Contracting Officer documents with the notice of claim that the noncompliance was a defect as defined in H.5.1.8. The Contracting Officer's notification to the Contractor will include the applicable equipment serial number or the part number or the Federal Stock Number of the defective part, location of equipment to the best of the Government's knowledge, the circumstances surrounding the defect(s), evidence of adequate testing including appropriate test reports if not in the Contractor's possession for warranted design claims, and a point of contact to include phone number. The Government shall provide the Contractor at its request, all reasonably available test data related to a test report(s) provided in a claim, if the data is not included in the report(s).

H.5.4.4. The Contractor shall submit to the Contracting Officer a written reasonable recommended redesign plan or corrective action plan within forty-five (45) days, or such other period as may be mutually agreed, after receipt of the Contracting Officer's notice in accordance with H.5.4.3. The Contracting Officer shall, within thirty (30) days after receipt of the Contractor's redesign plan or corrective action plan, either accept or reject the plan. If the Government accepts the plan, the Contractor will proceed with the redesign effort or corrective action at the Contractor's expense. If the Contractor's recommended plan is determined to be inadequate, the Contractor shall be informed of the extent of the inadequacies and shall submit a revised recommendation within thirty (30) days after receipt of such information.

H.5.4.5. The Contractor upon receipt of a warranty claim will provide in the Contractor's format, the Government with warranty tracking data pertaining to the claim to the extent such data may be available in the Contractor's system.

H.5.4.6. If the initial and/or revised recommended redesign is reasonable and can be demonstrated to correct the systemic defect, but the Government directs an alternative design to be implemented, the Contractor shall be entitled to an equitable adjustment for any increased cost to the Contractor caused by implementing the Government's redesign rather than the Contractor's recommended design. In such an event, the Contractor shall have no continuing warranty obligation with respect to the Government directed redesign.

H.5.4.7. Where the Government funded tests for a warranted design item are not satisfactorily completed until after incorporation of the design change into the delivery order, warranty coverage shall commence when items incorporating the design change are initially incorporated into supplies, except that when the item configuration has been further changed as a result of test problems, warranty coverage shall commence when the item containing the configuration that satisfactorily completed the Government funded tests was initially incorporated into supplies.

H.5.5. WARRANTY PERIOD:

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H.5.5.1. The warranty for material and workmanship for Systemic Defects shall extend from the date of acceptance of the retrofitted M1A2 SEP/CEEP vehicle at destination for a period of twelve (12) months. If the contractor receives notice of a valid material or workmanship defect within this warranty period, the contractor shall correct such defect in all tanks in which it occurs within the unbroken production lot of the tank upon which notice was given. For this warranty clause, a production lot consists of all vehicles delivered in a squadron.

H.5.5.2. The Contractor's responsibility for redesign of warranted design items delivered under this Order shall continue for a twenty-four (24) month period following first delivery of the component, part, or system software in a warranted vehicle.

H.5.6. RIGHT TO EQUITABLE ADJUSTMENT:

H.5.6.1. If, upon determination of a warranty claim as provided under H.5.4, the Government elects to repair the warranted items at Government expense, or if the Government elects not to require redesign, repair or replacement of defective or non-conforming warranted supplies to which it is otherwise entitled at Contractor expense under this warranty, the Order shall be subject to a downward equitable adjustment.

H.5.6.2. The amount of the equitable adjustment for repair/replacement of warranted supplies shall be the lower of the replacement cost or the agreed upon repair cost to the Contractor. The replacement cost shall be the amount originally charged to the Government in the Contractor's Bill of Material for the defective supplies plus Contractor mark-ups and profit (Component's price not cost). The Contractor shall forward payment quarterly for all warranty claims by the Government for money reimbursement, which were resolved during the previous quarter. Payment shall be sent to the Abrams PM Office, Plans and Program Branch (SFAE-ASM-AB-PP) with checks made out to "THE TREASURER OF THE UNITED STATES (SFAE-ASM-AB-PP), with a list identifying the user's warranty claim number, date of the claim, amount of each, and Order number under which each claim arose. A copy of the list marked with the identifying check number shall be provided to the Contracting Officer concurrent with payment. The Order will be equitably adjusted in an amount equal to the payment.

H.5.7. Field Maintenance Responsibility and Liability:

H.5.7.1. Maintenance performed by Government personnel in accordance with published maintenance procedures, shall not void any coverage under this warranty and shall be at Government expense, including parts and labor.

H.5.7.2. There will be no voiding of warranty for use by the Government of MIL Spec Parts unless it can be determined that failure is caused thereby.

H.5.8. Exclusions: The provisions of this warranty shall not apply to any warranted supplies if failure has been caused by:

- a. Improper installation or maintenance by the Government.
- b. Operation contrary to the validated and verified Technical Manuals (TMs), design operating parameters, or other written instructions provided to and approved by the Government in such a way as to be a principal cause of the failure.
- c. Repair or alteration by the Government in such a way as to cause the failure.
- d. Misuse, neglect, or accident, including, but not limited to, fire or explosion.
- e. Participation in a combat mission or having sustained combat damage from a combat mission.
- f. Operation outside the specific installation and operating limits specified in Prime Item Product Fabrication Specification or System Specification operating parameters in such a way as to be a principal cause of the failure.
- g. Foreign object damage.
- h. Installation or operation in other than its intended use.
- i. Force Majeure, subversion, riots, vandalism, or sabotage, or fire or explosion induced by or originating from sources external to the warranty items.
- j. Damage attributable to improper packaging, crating, handling, or storage by the Government to the extent of said damage.

H.5.9. Disclaimers and Limitations:

H.5.9.1. Disputes arising under this Order shall be resolved in accordance with the clause of this Order entitled "Disputes."

H.5.9.2. This warranty is the only warranty applicable to the supplies delivered hereunder and is expressed in lieu of all other guarantees or warranties, express or implied, including any implied warranty of merchantability or fitness for a particular purpose.

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Additionally, the Contractor shall not be liable for consequential damages resulting from a failure under this clause of supplies delivered hereunder.

H.5.9.3. With respect to Government-Furnished Materials (GFM), the Contractor's warranty including its warranty with respect to design shall extend only to proper installation in accordance with the TDP so as not to degrade its performance and/or reliability, unless the Contractor is required to perform modification or authorized repair on such property, in which case the Contractor's warranty shall extend to such modification or authorized repair.

H.5.9.4. Unless specifically provided under this contract, this warranty is non-transferable to other than the intended user of the vehicles.

H.5.9.5. The rights and remedies of the Government provided in this clause:

a. Shall not be affected in any way by any terms and conditions of this Order concerning the conclusiveness of inspection and acceptance.

b. Are in addition to, and do not limit, any rights afforded to the Government by any other clause of this Order including, but not limited to, initial acceptance test criteria.

H.5.9.6. Individual claims where the total amount of systemic defect hardware replacement/repair prices are less than \$75,000 each will not be covered by this clause.

H.5.9.7. The Contractor shall not be liable for warranty claims if it is determined that the failed part(s) was provided by any source other than the Contractor.

H.5.9.8. The Government will provide the Contractor with reimbursement for reasonable and necessary expenses incurred for analysis, inspection and testing of alleged systemic defects where no failure is determined to have occurred and the warranty claim was asserted without reasonable cause.

H.5.9.9. The Government shall bear the costs and liability for transportation resulting from actions under this clause.

H.5.10. Bar Coding: If the Contractor elects to bar code parts or components, information collected pursuant to the Bar Coding system shall be made available to the Government upon request.

H.5.11. OTHER: The parties agree that the Order as awarded includes no direct cost for administration or contingent costs related to this warranty. The parties further agree that the Prime Contractor's own direct administrative or contingent costs related to warranty shall not be recoverable under any equitable adjustment made pursuant to the Changes clause of this contract.

H.6. MATERIAL COST

H.6.1 Obsolescence Responsibility.

H.6.1.1 With the exception of GFM, the contractor is responsible for providing all hardware for vehicles on contract. This responsibility includes microcircuits and other electronic components that are susceptible to going out of production.

H.6.2. To assure conformance to the nuclear hardness requirement of SA-S00001C, the Contractor may use electronic material that is certified as being nuclear hard to the appropriate levels. Semiconductors and higher assemblies procured from the Radiation Tolerant Assurance Source of Supply Center (RTASSC) are considered certified, to the levels and conditions specified on the corresponding White Sands Standard Drawings (WSDs). Additionally, a nuclear hardness Letter of Certification (LOC) from the RTASSC for higher assemblies will meet this material requirement. The use of source controlled drawings to ensure nuclear hardness requirements are met is no longer required. The Contractor is not responsible for the nuclear hardness of electronic material procured using WSDs and LOCs from RTASSC, to the extent and under the conditions provided by the WSDs and LOCs. For semiconductors microcircuit and higher assemblies procured from other than RTASSC, the Contractor is responsible for meeting the nuclear hardness requirements of the System Specification to the extent previously demonstrated in Government testing.

H.7. COMMINGLING OF MATERIAL

H.7.1. The Contractor and its subcontractors are authorized to commingle material produced, purchased, or otherwise furnished by the Contractor under this Delivery Order, as well as Shop Replaceable Units (SRU's) and Line Replaceable Units (LRU), and other materials provided by the Government, except for the material described in H.7.2 below. For the purpose of this provision, the same part manufactured to different revision levels may be commingled, except as described in H.7.2. below and where parts are specifically designated as obsolete by TDP revision.

H.7.2. Parts and Components which may not be commingled are:

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H.7.2.1. Engine. The Contractor will have received as GFM three types of engines: PROSE Abrams engines, SLE Abrams engines, and Egyptian Engines (for kitting).

- a. PROSE engines only go into SEP, Wolverine, and A2 to SEP A2 retro-fit vehicles.
- b. SLE engines only go into AIM vehicles.
- c. Egyptian engines only go into kits for shipment to Egypt.

H.7.2.2. Transmissions. The Contractor will have four transmission types as listed below. M1A1 Transmissions, M1A2 which are the same as the M1A1 transmission except they have a valve body change incorporated and Egyptian transmissions (M1A1).

- a. SEP M1A2 and M1A2 to SEP transmissions. These are SEP M1A2 transmissions with the valve body and go into Delivery Order 0009 SEP-Retrofit Vehicles.
- b. SEP/CEEP transmissions. These are contractor-furnished M1A2 SEP/CEEP transmissions only go into Delivery Order 0010s M1A2 SEP/CEEP Retrofit Vehicles.
- c. AIM transmissions. These are M1A1 transmissions without the valve body.
- d. Egyptian transmissions.

H.7.2.3. Cannon Assemblies. These can be either new or reclaimed. These cannot be mixed.

- a. AIM, A2 to SEP A2 Retro-fit use reclaimed cannon assemblies.
- b. SEP and GOE use new 120mm cannon assemblies.

**H.8. M1A2 SEP ABRAMS RETROFIT TANK (M1A2 SEP/CEEP) PROGRAM CLOSE-DOWN**

H.8.1. The Delivery Order prices do not include any direct costs associated with the close-down of the M1A2 SEP/CEEP vehicle program.

H.8.2. The Contractor's close-down actions not in the vehicle prices, based on Part 45 of the Federal Acquisition Regulations, are:

- a. Preparation of machines for shipment.
- b. Preparing final inventories, boxing and identifying special tooling, test equipment, fixtures and gages required to process parts assigned to various pieces of equipment.
- c. Boxing and protecting any special controllers, etc., that are required for machines.
- d. Layaway and ninety (90) day in-place maintenance of Government production and research property.
- e. Update of all property records for Government production and research property.
- f. Maintenance of real property from the last production delivery through 31 December 2004.

**H.9. Transfer of Out of Production Material into Delivery Order DAAE07-01-G-N001/0010**

H.9.1. The Government has acquired Out of Production Material through the Contractor to provide the Government and Contractor material for production and spares. This material was acquired under Contracts DAAE07-00-C-N044 and DAAE07-95-C-0292, and TACOM-Rock Island delivery orders/contracts and managed under DAAE07-01-G-N001/0001.

H.9.2. The contractor's requirements for microcircuits GFM are indicated on Attachment 005 by CLIN and in total. For several of the chips, the Government has already purchased sufficient quantities for all retrofitted tanks. (Quantities purchased are shown in the column titled SEP retrofit LCB Qty; those with sufficient quantities for all retrofitted tanks are indicated by a positive number in the column titled Short/Over.)

H.9.3. For those that don't have a sufficient quantity, the Government plans either to furnish additional GFM or change the contract by incorporating an engineering change with a replacement chip.

H.9.4. The Government has agreed to transfer to this delivery order the material quantities shown in the SEP retrofit LCB Qty column(s) under the conditions below. If, as a result of normal production attrition, the contractor requires additional chips, he may request an addition of up to 5% of the original quantity. The cost of this material will not be transferred from the original contracts. The parties agree that this material is in the possession of the contractor or on order at time of delivery order award.

- a. The Contractor is authorized utilization of material identified in Attachment 005 and shall confirm the transfer of this material from the previous contracts to this delivery order by execution of a DD Form 1149.

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b. Although still Government-owned material, the contractor shall be responsible for meeting the contract requirements as if the material were contractor-furnished. Storage, protection and accountability shall be provided in accordance with the contractor's approved practices.

H.9.5. The Contractor has confirmed that costs associated with transfer of Government provided Out of Production material identified in Attachment 005 have been excluded from the Delivery Order prices and supplier purchase orders. Should the Contractor later find this condition to have changed or to have been reported incorrectly, the Contractor shall report this condition within ten (10) days to the TACOM Contracting Officer.

H.10 SPECIAL TOOLING AND SPECIAL TEST EQUIPMENT

H.10.1. Special Tooling and Special Test Equipment acquired or accountable under Contract DAAE07-95-C-0292 to be used on this contract shall be authorized on a rent free use non-interference basis under contract DAAE07-95-C-0292.

H.11. CONTRACTOR PROVIDED MATERIAL

H.11.1. Pursuant to Clause C.13.6, the unit price of CLIN 0001AA includes the purchase of material to be utilized by Anniston. The cost to remove and replace defective equipment received from Anniston including the packaging, handling and preparation cost for return shipment to Anniston is included under CLIN 0001AA. The Government shall bear the cost to return the damaged and/or defective material to Anniston. There will be no adjustment under this contract for the labor or material. The cost of installation of material identified on Attachment 001 GFM is included in the delivery order price(s) but the removal and/or replacement is separately priced under DGM CLIN TBD.

H.11.2. If tanks are otherwise ready for acceptance and the contractor is missing Government Furnished Material including parts supplied by ANAD, the contractor may elect conditional acceptance of tanks as a remedy. Subject to verification that the conditions of this clause have been met, the Government shall conditionally accept tanks. Conditional acceptance by the Government shall be deemed to release the Government from claims for equitable adjustment for late delivery of Government Furnished Material on any tanks so accepted.

H.12 OPTION FOR INCREASED QUANTITIES

H.12.1 The Government contemplates adding an option quantity of 64 vehicles prior to definitization of this unpriced contractual action. In the event an option quantity is added to this contract, it shall be in writing and executed by both parties as a bilateral modification to this contract. The Government may add these 64 tanks in one increment and with fielding schedule shown in Section F.

H.13 LIMITATION OF GOVERNMENT LIABILITY

H.13.1 Pursuant to FAR 52.216-24 (APR 1984):

H.13.2 In performing this contract, the contractor is not authorized to make expenditures or incur obligations exceeding \$121,756,000.

H.13.3 The maximum amount for which the Government shall be liable if this contract is terminated is \$121,756,000.

H.14 CONTRACT DEFINITIZATION (October 1998) DFAR 252.217-7027

H.14.1 A Firm Fixed Price definitive price is contemplated for the Abrams M1A2 SEP/CEEP Retrofit tanks described in the schedule under CLIN 0001AA. The contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive price for CLIN 0001AA in the Schedule and the terms of a definitive contract to include 1) all clauses required by the Federal Acquisition Regulation (FAR) on the date of execution of the definitive 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 fixed-price proposal and cost or pricing data supporting its proposal for each CLIN in the Schedule.

H.14.2 The schedule for definitizing the unpriced CLINs in the schedule of the Contract is:

Submission of a Qualifying Proposal:	60 Days after award
Completion of Negotiations:	150 Days after award
Completion of Definitization:	180 Days after award

H.14.3 If agreement on a definitive contract to supersede this letter contract is not reached by the target date in paragraph H.14.2 of this section, 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 in the Disputes clause. In any event, the Contractor shall proceed with completion of the contract, subject only to the Limitation of Government Liability clause.

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H.14.3.1 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 H.14.3;

(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.

H.14.3.2 To the extent consistent with subparagraph H.14.3.1 of this section, 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.

H.15 NOT-TO-EXCEED DEFINITIZATION AMOUNT

H.15.1 The parties agree that the definitized firm fixed price of CLIN 0001 shall not exceed \$213,272,965.

H.16 Manufacturing Analysis and Planning (MAP)

H.16.1 The contract price(s) and deliverable configuration were established based on a known configuration of Government Furnished 16th Year Abrams vehicles. The combined base and option(s) quantity of this procurement exceeds the quantity of Government Furnished 16th Year vehicles available for induction, retrofit and subsequent delivery as M1A2 SEP configured retrofit tanks. The Government has determined that inducted GFM vehicles will be a combination of 16th, 17th and 18th year structures as identified at Attachment 001.

H.16.2 The parties recognize that the contractors trade studies under work directive MAP-15/Contract DAAE07-02-C-0004 for the conversion of 17th and 18th year M1A2s to SEPs may not be completed prior to the award of the option quantities. Any award of option quantities or definitization of any vehicle using 17th and 18th Year inducted M1A2 vehicles is predicated upon the Governments continued funding and the accomplishment of the requisite MAP effort for that years vehicle.

H.17. Escalation Provision for Power & Metals. The contractor has notified the Government of his intent to negotiate an escalation provision for the price of power & metals at time of the definitization of the letter contracts price. The contractor may include a proposed clause in his definitization proposal. Both parties agree, however, that the ceiling price of the letter contract is not subject to any such clause or escalation.

H.18 Performance-Based Payments (PBP). Both parties anticipate negotiating a performance-based-payment plan at definitization of the letter contracts price.

H.19 GOVERNMENT SUPPLY SYSTEM

The contractor is authorized to purchase material from the Government Supply System in accordance with C.13.6 (Supply Support), to obtain certain items that have historically been GFM, and to provide fielding support. The contractor is authorized to purchase material from this supply system provided the item manager concurs. The contractor shall assume complete responsibility for any such item as if he had made it and shall hold the Government harmless as regards the item.

H.20. Material Management Accounting System (MMAS) For Anniston Material

H.20.1 The contractor believes that, even without the Inventory Control System in C.13.7, he is in compliance with DFARS 252.242-7004 for material provided to ANAD. The DCAA has issued an audit on this subject. The parties agree to resolve this issue prior to definitization.

H.21 Transmission Re-opener.

H.21.1 Allison Transmission has conditioned (Allison letter DT:P002-008, dated 16 March 2004) its proposed subcontract price on the subsequent award of the anticipated option (64) in this contract, a contract for a minimum of 125 new X1100 transmissions for Egypt, and a minimum 125 X200 transmission upgrades. The contractor agrees that any adjustment to this letter contracts ceiling price will not exceed \$1.8M in the event any of these contracts is not awarded.

The Terms and Conditions and contract clauses specific to Section H of the Basic Order Agreement (DAAE07-01-G-N001) are incorporated by reference into this Delivery Order DAAE07-01-G-N001/0010 with the exception of the following:

**CONTINUATION SHEET**

**Reference No. of Document Being Continued**

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**PIIN/SIIN** DAAE07-01-G-N001/0010

**MOD/AMD** 08

**Name of Offeror or Contractor:** GENERAL DYNAMICS LAND SYSTEMS INC.

\*\*\* END OF NARRATIVE H 002 \*\*\*