

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code
Firm Fixed Price

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2. Amendment/Modification No. 76	3. Effective Date 2013DEC19	4. Requisition/Purchase Req No. SEE SCHEDULE	5. Project No. (If applicable)
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6. Issued By U.S. ARMY CONTRACTING COMMAND DAVID W. DANIELS WARREN, MICHIGAN 48397-5000 HTTP://CONTRACTING.TACOM.ARMY.MIL EMAIL: DAVID.W.DANIELS2@US.ARMY.MIL	Code W56HZV	7. Administered By (If other than Item 6) DCMA DETROIT 35803 MOUND ROAD STERLING HEIGHTS MI 48310	Code S2305A
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8. Name And Address Of Contractor (No., Street, City, County, State and Zip Code) GENERAL DYNAMICS LAND SYSTEMS INC. 38500 MOUND RD STERLING HEIGHTS, MI 48310-3200	<input type="checkbox"/>	9A. Amendment Of Solicitation No.
	<input type="checkbox"/>	9B. Dated (See Item 11)
	<input checked="" type="checkbox"/>	10A. Modification Of Contract/Order No. W56HZV-06-G-0006/0004
	<input type="checkbox"/>	10B. Dated (See Item 13) 2006AUG17
Code 7W356	Facility Code	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers

is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendments; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. **FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.** If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting And Appropriation Data (If required)

ACRN: AC NET DECREASE: -\$2,299,849.00

**13. THIS ITEM ONLY APPLIES TO MODIFICATIONS OF CONTRACTS/ORDERS
It Modifies The Contract/Order No. As Described In Item 14.**

<input type="checkbox"/>	A. This Change Order is Issued Pursuant To: The Contract/Order No. In Item 10A.	The Changes Set Forth In Item 14 Are Made In
<input type="checkbox"/>	B. The Above Numbered Contract/Order Is Modified To Reflect The Administrative Changes (such as changes in paying office, appropriation data, etc.) Set Forth In Item 14, Pursuant To The Authority of FAR 43.103(b).	
<input type="checkbox"/>	C. This Supplemental Agreement Is Entered Into Pursuant To Authority Of:	
<input checked="" type="checkbox"/>	D. Other (Specify type of modification and authority)	H. 31, H. 32, H. 34

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the Issuing Office.

14. Description Of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

SEE SECOND PAGE FOR DESCRIPTION

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name And Title Of Signer (Type or print)		16A. Name And Title Of Contracting Officer (Type or print) LISA M. JONES LISA.M.JONES3@US.ARMY.MIL (586)282-6973	
15B. Contractor/Offeror (Signature of person authorized to sign)	15C. Date Signed	16B. United States Of America By _____ /SIGNED/ (Signature of Contracting Officer)	16C. Date Signed 2013DEC19

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

SECTION A - SUPPLEMENTAL INFORMATION

Buyer Name: DAVID W. DANIELS
 Buyer Office Symbol/Telephone Number: CCTA-ACP-A/(586)282-4865
 Type of Contract: Firm Fixed Price
 Kind of Contract: System Acquisition Contracts
 Type of Business: Large Business Performing in U.S.
 Surveillance Criticality Designator: A
 Weapon System: Tank, M1 Abrams Family of Vehicles

*** End of Narrative A0000 ***

1. The purpose of this Modification 76 to Contract W56HZV-06-G-0006/0004 is as follows:
 - a. To definitize the re-opener for SA and TUSK components as described in Clause H.31 (Qty 350) and H.32 (Option Qty 50 note: only 16 vehicles were exercised)
 - b. To definitize the re-opener for a change in Configuration as described in Clause H.34
2. SA/TUSK Definitization (Section H.31 and H.32): Modification 01 originally incorporated the SA and TUSK configuration for the AIM Bridge program requirements under a ceiling price of \$15,786,681 (after overheads and profit are applied) for the full quantity of 366 vehicles. Included within this ceiling price are the following items: 1) Situational Awareness material, 2) Tank Urban Survivability Kit material, 3) Bustle Rack Extension material, 4) EAPU Assembly material.
 - a. Contract negotiations to definitize this requirement are now complete. The parties agree that the negotiated price for the SA/TUSK requirements described above is \$9,231,284. As a result of this action the total credit for this definitization is (\$6,434,278). However, this credit will be offset by the increase in price due to the Configuration Change re-opener definitization, as further described in Paragraph 3 below.
3. Configuration Definitization (Section H.34): Modification 01 also incorporated a reopener for material and labor due to the change in configuration from 7th year inducted vehicles to 10 13th year inducted vehicles. H.34.7 states that this reopener will be definitized at the same time as the SA/TUSK reopener in H.31 and that the net equitable adjustment will be a downward adjustment in price.
 - a. Contract negotiations to definitize this requirement are now complete. The parties agree that the negotiated price for the Configuration change re-opener is \$4,134,429.
4. As a result of the definitization of the above re-openers and in accordance with H.34.7, the net downward adjustment to the contract is summarized as follows:

SA/TUSK Definitization:	\$(6,434,278)
Configuration Change Definitization:	\$ 4,134,429
Net Adjustment:	\$(2,299,849)
5. The total credit listed above is rounded to \$2,299,849.00 for administrative convenience. To incorporate this credit, CLIN 0001AC is reduced by \$2,194,026.28 and CLIN 0002AB is reduced by \$105,822.72.
6. As a result of this modification, Section H.31, H.32 and H.34 is revised to add the following: NOTE: This clause is definitized by Modification 76.
7. The contractor shall issue a check to DFAS Columbus in accordance with the demand letter signed by the PCO on the date of award of this modification.
8. As a result of this Modification, the total contract price is decreased by \$2,299,849. from \$384,565,476.54 to \$382,265,627.54.
9. In consideration of the modification agreed to herein as complete equitable adjustments for the Contractors proposals to definitize the above described re-openers, the Contractor hereby releases the Government from any and all liability under this contractor for further equitable adjustments attributable to such facts or circumstances giving rise to these re-openers.
10. Except as stated herein, all other contract terms and conditions remain in full force and effect.

*** END OF NARRATIVE A0106 ***

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

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT						
	SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS										
0001	FY07 AIM PRODUCTION - PAA										
0001AC	<p><u>AIM BRIDGE 350 VEHICLES (PAA)</u></p> <p>SERVICE REQUESTED: FY07 AIM PRODUCTION - PAA CLIN CONTRACT TYPE: Firm Fixed Price PRON: 477APMS447 PRON AMD: 04 ACRN: AC AMS CD: 31206406014</p> <p>(See Section C "Description/Specification/Work Statement" for a description of the scope of work for this requirement.)</p> <p>*TOTAL PRICE: \$99,324,215.72 *UNIT PRICE: \$ 283,783.47 (QTY 350)</p> <p>The column for unit of measure that specifies "LO" is incorrect and should reflect "EA"</p> <p>*Changed by Mod 76</p> <p>(End of narrative B001)</p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u></p> <table border="0"> <tr> <td>DLVR SCH</td> <td>PERF COMPL</td> </tr> <tr> <td><u>REL CD</u></td> <td><u>QUANTITY</u> <u>DATE</u></td> </tr> <tr> <td>001</td> <td>1 30-SEP-2010</td> </tr> </table> <p>\$ 99,324,215.72</p>	DLVR SCH	PERF COMPL	<u>REL CD</u>	<u>QUANTITY</u> <u>DATE</u>	001	1 30-SEP-2010	1	LO		\$ 99,324,215.72
DLVR SCH	PERF COMPL										
<u>REL CD</u>	<u>QUANTITY</u> <u>DATE</u>										
001	1 30-SEP-2010										

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

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT									
0002	PY7 AIM PROG OPTION (16 VEHS)													
0002AB	<p><u>PARTIAL OPTION BRIDGE 50 EA (PAA)</u></p> <p>SERVICE REQUESTED: PY7 AIM PROG OPTION (16 VEHS) CLIN CONTRACT TYPE: Firm Fixed Price PRON: 477APMS547 PRON AMD: 03 ACRN: AC AMS CD: 31206406014</p> <p>(SEE SECTION H. PROVISION H.33 "OPTION FOR 50 EACH AIM VEHICLES (SEPARATELY PRICED LINE ITEM)" FOR A DESCRIPTION OF THE WORK TO BE PERFORMED UNDER THIS OPTION)</p> <p style="text-align: center;">(End of narrative B001)</p> <p>PARTIAL EXERCISE OF OPTION QUANTITY (16 VEHICLE SETS), PURSUANT TO CLAUSE H.33 ENTITLED "OPTION FOR 50 EACH AIM VEHICLES".</p> <p>ORIGINAL OPTION QUANTITY: 50 EXERCISE THIS MODIFICATION: 16 REMAINING OPTION QUANTITY: 34</p> <p>*TOTAL PRICE: \$ 4,830,336.64 *UNIT PRICE: \$ 301,896.04 (QTY 16)</p> <p>The column for unit of measure that specifies "LO" is incorrect and should reflect "EA"</p> <p>*Changed by Mod 76</p> <p style="text-align: center;">(End of narrative B002)</p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">DLVR SCH</td> <td style="width: 30%;">PERF COMPL</td> <td style="width: 40%;"></td> </tr> <tr> <td><u>REL CD</u></td> <td><u>QUANTITY</u></td> <td><u>DATE</u></td> </tr> <tr> <td>001</td> <td>1</td> <td>31-DEC-2010</td> </tr> </table> <p style="text-align: right;">\$ 4,830,336.64</p>	DLVR SCH	PERF COMPL		<u>REL CD</u>	<u>QUANTITY</u>	<u>DATE</u>	001	1	31-DEC-2010	1	LO		\$ 4,830,336.64
DLVR SCH	PERF COMPL													
<u>REL CD</u>	<u>QUANTITY</u>	<u>DATE</u>												
001	1	31-DEC-2010												

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT

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

SECTION G - CONTRACT ADMINISTRATION DATA

LINE	PRON/ AMS CD/ MIPR/ <u>GFEBs ATA</u>	OBLG <u>STAT</u>	JO NO/ <u>ACCT ASSIGN</u>	<u>ACRN</u>	<u>PRIOR AMOUNT</u>	<u>INCREASE/ DECREASE</u>	<u>CUMULATIVE AMOUNT</u>
0001AC	477APMS447 31206406014 A17P30142R47	2	7GAAPM	AC	\$ 101,518,242.00	\$ -2,194,026.28	\$ 99,324,215.72
0002AB	477APMS547 31206406014 A17P30142R47	2	7GAAPM	AC	\$ 4,936,159.36	\$ -105,822.72	\$ 4,830,336.64
NET CHANGE						\$ -2,299,849.00	

<u>ACRN</u>	<u>ACCOUNTING CLASSIFICATION</u>	<u>INCREASE/ DECREASE</u>
AC 21 72033000075R5R02P31206431E9 S20113 W56HZV		\$ -2,299,849.00
NET CHANGE		\$ -2,299,849.00

	<u>PRIOR AMOUNT OF AWARD</u>	<u>INCREASE/DECREASE AMOUNT</u>	<u>CUMULATIVE OBLIG AMT</u>
NET CHANGE FOR AWARD:	\$ 384,565,476.54	\$ -2,299,849.00	\$ 382,265,627.54

LINE	<u>ACRN</u>	<u>EDI/SFIS ACCOUNTING CLASSIFICATION</u>		
0001AC	AC 21 070920330000 S20113 75R5R023120640601431E9		7GAAPMS20113	W56HZV
0002AB	AC 21 070920330000 S20113 75R5R023120640601431E9		7GAAPMS20113	W56HZV

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

SECTION H - SPECIAL CONTRACT REQUIREMENTS

SPECIAL CONTRACT REQUIREMENTS

<u>PARAGRAPH NO.</u>	<u>TITLE</u>
H.1	Performance Based Payments
H.2	Subcontracting Plan for Subcontract Award to Small Busi.& Small Disadvantaged Busi. Concerns
H.3	Contract - Order of Precedence
H.4	Government Plant Facilities
H.5	Additional Taxes
H.6	Facilities Funding
H.7	Related Contracts
H.8	Government Production and Research Property
H.9	OSHA and EPA Laws and Regulations
H.10	Reserved
H.11	Sales to Other Government Contractors
H.12	Value Engineering Data
H.13	Reserved
H.14	Reserved
H.15	Material Cost
H.16	Commingling of Material
H.17	Systemic Warranty
H.18	Special Tooling and Special Test Equipment
H.19	GPS Containers (P/N 12304570)
H.20	Plant Employee Layoff Notification
H.21	Reserved
H.22	Reserved
H.23	Reserved
H.24	Reserved
H.25	ANAD Rebuild Components
H.26	RESERVED
H.27	RESERVED
H.28	RESERVED
H.29	RESERVED
H.30	Material Management and Accounting System
H.31	SA and TUSK Re-Opener (AIM Bridge 350)
H.32	SA and TUSK Re-Opener (AIM Bridge Option - 50 Vehicle Sets)
H.33	Option AIM Bridge 50 Vehicle Sets
H.34	Reopener for Material & Labor Due to Change in Configuration from 7th Year Inducted Vehicles, to 10th, 11th, 12th, and 13th Year Inducted Vehicles - AIM Bridge 350 Vehicles with Option for 50 each Vehicles.
H.35	Anniston Warehouse and Space Requirements
H.36	Safety Monitoring and Surveillance for DU Armor Effort
H.37	Re-Opener for Combined Material Purchases with Potential Contract Awards for AIM and SEP Reset Requirements
H.38	Engine Memory Unit Re-Opener

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SECTION H - SPECIAL CONTRACT REQUIREMENTS

SEE BASIC ORDERING AGREEMENT FOR ALL REQUIRED REGULATORY CLAUSES/PROVISIONS

H.1 The parties have agreed to change the form of contract financing from Progress Payments to Performance Based Payments (PBP) pursuant to FAR 52.232.32. Reference Section G.1 for PBP terms and conditions and Exhibit D for requirements and payments.

H.1.1 RESERVED.

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.H.2 SUBCONTRACTING PLAN FOR SUBCONTRACT AWARDS TO SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

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 clause hereof entitled. "Utilization of Small Business and Small Disadvantaged Business Concerns," to the maximum practicable extent consistent with efficient contract performance.

H.2.2. AIM Bridge 350 Vehicles: The Contractor's Approved Small Business Subcontracting Plan, GDLS No. S-1111 dated 13 Nov 2006, is incorporated into the contract by reference.

H.3. CONTRACT ORDER OF PRECEDENCE

In the event of an inconsistency between provisions of this contract, the inconsistency shall be resolved by giving precedence in the following order:

- a. The detailed drawings and the Prime Item Product Fabrication Specification (in the event of a conflict regarding an M1A1 component, the Prime Item Product Fabrication Specification take precedence over the detailed drawings).
- b. The schedule (excluding the Specifications), FAR 15.406-2.
- c. Terms and Conditions of the Contract, if any.
- d. General Provisions.
- e. Other provisions of the contract, when attached or incorporated by reference.
- f. Other specifications.

H.4 GOVERNMENT PLANT FACILITIES

H.4.1 The Government will provide rent-free use of the Joint Service Manufacturing Center (JSMC).

H.5 ADDITIONAL TAXES

Pursuant to FAR 52.229-4, the contract prices as stated herein specifically exclude Allen County Manufacturing Inventory Tax and Allen County Personal Property Tax on production inventories held at JSMC, Lima, Ohio.

H.5.1 In the event GDLS or its subcontractors, vendors, etc., are required to directly or indirectly pay duty, taxes, etc. as a result of off shore procurement it is agreed and understood between the parties that the contractor will be entitled to submit a separately priced proposal and the contractor or its subcontractor shall be to entitled an equitable adjustment.

H.6 FACILITIES FUNDING

H.6.1 The contract prices set forth herein are based on the contractor utilizing Government-Owned Production and Research Property accountable under various other contracts, but within the period of performance of this contract, authorized for use hereunder on a rent-free basis.

H.6.2. It is understood and agreed that the prices set forth herein are also based on the Government continuing to provide sufficient facilities funding and authority to enable the Contractor to maintain a production capacity adequate to produce the M1 Series Tanks, as required by this contract, at a reasonable level of efficiency, through its normal repair, replacement and rehabilitation. It is also recognized and agreed that the normal repair, replacement and rehabilitation program may result in updated and more efficient methods and processes and that this has been contemplated in pricing of the contract efforts, and constitutes complete satisfaction of the facilities Equipment Modernization clause contained in the applicable facility contract. The cost of repairs to any item of Government Production and Research Property, Real Property or Installed Systems, including OPE and IPE, exceeding \$10,000 and repairs to Mobile Equipment that exceed \$1,000, shall be accomplished by the Contractor under the respective (Lima or Scranton) facilities contracts. All such costs, not in excess of \$10,000 and \$1,000 respectively, per item, per occasion, are included in the price of end items under this contract as allocable items included in the applicable burden amount.

H.6.3. In the event that the Government does not provide facilities funding sufficient to maintain adequate production capacity, as stated above, it is foreseeable that the contractor's production effectiveness may be adversely affected. In such event the contract prices will be equitably adjusted to offset any adverse impact. In the event that modernization projects, as distinguished from the normal repair, replacement and rehabilitation program, are implemented so as to achieve improved and more efficient production results than contemplated in the pricing of contract performance, the contract prices will be equitably adjusted to credit the Government for the resulting savings.

H.7 RELATED CONTRACTS

H.7.1 It is understood by the parties that contractual undertakings presently specified in contract W56HZV-04-E-0001 (JSMC Facilities), and DAAE07-00-E-A001 (Multi-Use Multi-Site Facilities) and successor contracts, will be continued during the period of performance of this contract and that utilities at JSMC will be provided the Contractor on a no-charge basis.

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.H.8 GOVERNMENT PRODUCTION AND RESEARCH PROPERTY

The award hereunder is based on the contractor and its subcontractors and vendors, for the period of performance of this contract, obtaining authority for rent-free noninterference use of Government Production and Research Property accountable under the following contracts. If any Government Property becomes unavailable for use by the contractor because of interference with another Government Program or otherwise, the provisions of FAR 52.245-2 (Government Property) (Alternate 1) shall apply

CONTRACTORCONTRACT NUMBER

Hughes Industries	DAAE08-87-E-A002
General Dynamics Land Systems, Inc.	DAAA25-74-C-0210
Cadillac Gage	DAAE07-82-E-0005
General Dynamics Land Systems, Inc.	DAAE07-91-E-A002
General Dynamics Land Systems, Inc.	DAAE07-83-E-A001
General Dynamics Land Systems, Inc.	DAAE07-83-E-A007
General Dynamics Land Systems, Inc.	DAAE07-89-C-R045
General Dynamics Land Systems, Inc.	DAAE07-90-E-A001
General Dynamics Land Systems, Inc.	DAAE07-92-C-A030
General Dynamics Land Systems, Inc.	DAAE07-91-E-A002
General Dynamics Land Systems, Inc.	DAAE07-83-C-R129
General Dynamics Land Systems, Inc.	DAAE07-91-C-A037
General Dynamics Land Systems, Inc.	DAAE07-90-C-A021
General Dynamics Land Systems, Inc.	DAAE07-93-C-A016

H.9. OSHA AND EPA LAWS AND REGULATIONS

Contract prices do not include any contingent cost for corrections to Government Production and Research Property, nor for related costs and penalties that may be incurred as a consequence of such property not being in compliance with OSHA and EPA regulatory requirements. If the noncompliance of any Government Production and Research Property with OSHA or EPA requirements causes an increase in the cost of, or the time required for the performance under this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both, provided however, there shall be no adjustment for violations as a consequence of new Special Tooling and Special Test Equipment acquired nor for modification to existing Special Tooling and Special Test Equipment accomplished during performance of this contract. Notwithstanding this clause or pending negotiation of any equitable adjustment required under this clause, the Contractor is required to comply with all OSHA and EPA requirements. The Contractor will provide the Government written notice 30 days prior to incurring any cost required to comply with such requirements. In the event any standard is added, altered, modified, extended, delayed, postponed or otherwise changed subsequent to the date of definitization, the contract shall be equitably adjusted for costs associated with mandatory changes or other such changes the Government elects to implement.

H.10 RESERVEDH.11 SALES TO OTHER GOVERNMENT CONTRACTORS

11.1. The contractor agrees that it shall sell to the government and other government contractors (at any tier) for delivery during the term of this contract on a non-interference basis such parts and/or components of the Abrams Tank that it manufactures as requested by the Procuring Contracting Officer, on fair and reasonable terms.

H.11.2. The contractor agrees to use its best efforts to encourage its major subcontractor (items over \$100) as are requested by the PCO to agree to sell or perform for the Government or its other contractors any supplies or processes (including computer software) made or furnished by the subcontractor under this contract or any follow-on production contract on fair and reasonable terms.

H.12. VALUE ENGINEERING DATA

Data furnished in accordance with the provisions of the clause entitled, "Value Engineering" (Mar 1989), FAR 52.248-1, pertaining to items, components, or processes developed at private expense will include only form, fit and function information as required by DOD-STD-100 under the definition of "envelope drawing."

H.13 RESERVEDH.14 RESERVEDH.15 MATERIAL COST

The parties agree that the prices contained herein reflect the total cost for acquisition of material necessary for manufacturing the supplies to be acquired under the terms of this contract including any costs for loss allowance (buyout), alternate source development,

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vendor mortality, special means and material control labs.

H.16 COMMINGLING OF MATERIAL

The Contractor and its subcontractors are authorized to commingle material produced, purchased, or otherwise furnished by the Contractor and its subcontractors under this contract, with material inventory from all past and current M1 production contracts. Accordingly, use of the commingled material in all common usage areas under this or other contracts is hereby authorized, provided the material is new and meets current requirements for the vehicles to be delivered under this contract and provided such material is issued for use on a first-in, first-out inventory basis to the maximum extent practicable. For the purpose of this provision, the same part manufactured to different revision levels may be commingled, except where parts are specifically designated as obsolete by TDP revision.

H.16.1 The Contractor is authorized to commingle "REFURBISHED" material under this Delivery Order W56HZV-06-G-0006/0004 with "REFURBISHED" material under Delivery Order(s) DAAE07-01-G-N001/0007, 0011, 0014 and 0016.

H.17. SYSTEMIC WARRANTY

H.17.1. Definitions:

H.17.1.1. "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 contract.

H.17.1.2. "Supplies" are the end item vehicle and each component thereof furnished by the Contractor under this contract. The word includes system software, but does not include any other "data," such as documentation, technical manuals, software not integrated in on-tank vehicle systems, reports, and the like.

H.17.1.3. "Vehicle" is the Abrams Series Tank delivered under this contract.

H.17.1.4. "Failure" is any condition or characteristic in any supplies furnished under the contract, that is not in compliance with the requirements of the contract and authorized maintenance documentation.

H.17.1.5. "Essential Performance Requirement" is defined as delivered vehicles under warranty meeting the requirements in C.3 of the Contract.

H.17.1.6. "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.17.1.5. above.

H.17.1.7. A "Warranted Design Item" is defined as an item of "supplies" in H.17.1.2., 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.17.1.8. "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, SC-X-10020, Rev G dated 01 November 2007.

b) "Defects" under the above Prime Item Product Fabrication Specification are defined as specification non-compliance(s) resulting from the introduction of a warranted design item as defined in H.17.1.7.1. a) or b). For the purpose of this paragraph a specification non-compliance is a non-compliance to the Prime Item Product Fabrication Specification to the extent that the Contractor has achieved compliance as previously documented by the Contractor and/or Government test results referenced in Section C.3. of this Contract.

c) During this Contract, a test may result in achievement of a characteristic which i) was previously untested or ii) confirms the correction to a known prior non-compliance. Notice of such test will be made in accordance with Section C.3. of the contract. 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.17.1.9. The word "Defect" does not apply to known hardware non-compliance(s) in the current vehicle baseline as defined in section C.3. of the Contract.

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H.17.1.10. "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.17.1.11. "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.17.1.12. A "Production Lot" for this contract, Delivery Order 0004 is the 280 tanks produced under this delivery order.

H.17.1.13. "Appropriate development and planned tests," as it is used in H.17.1.7, 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. 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.17.2. Coverage:

H.17.2.1. Notwithstanding inspection and acceptance by the Government of supplies furnished under this Contract or any clause of this contract concerning the conclusiveness thereof, the Contractor warrants for the periods set forth herein that all supplies provided under this Contract:

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 Contract.

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

c. Will meet the essential performance requirements identified in Paragraph H.17.1.5. above.

H.17.2.2. The Contractor will, 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 shall identify such supplies and warranty duration upon invocation of the warranty by the Government.

H.17.3. Contractor Liability: The Contractor's maximum liability under this entire clause H.17 for the cumulative corrective action taken on supplies delivered under this contract is as follows: AIM Bridge 350 Vehicles (TBD).

H.17.4. WARRANTY FOR SYSTEMIC DEFECTS:

H.17.4.1. 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.17.2 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 ACO.

H.17.4.2. REDESIGN: In addition to the remedy set forth in paragraph H.17.4.1. 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.17.4.3. NOTICE OF A CLAIM: Any claim for correction of a systemic defect, including redesign effort, shall be invoked by the ACO 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 ACO. 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 ACO documents with the notice of claim that the noncompliance was a defect as defined in H.17.1.8. The ACO'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).

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H.17.4.4. The Contractor shall submit to the ACO 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 ACO's notice in accordance with H.17.4.3. The ACO 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.17.4.5. 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.17.4.6. 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.17.4.7. Where the Government funded tests for a warranted design item are not satisfactorily completed until after incorporation of the design change into the contract, 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.17.5. WARRANTY PERIOD:

H.17.5.1. The warranty for material and workmanship for Systemic Defects shall extend from the date of acceptance of the AIM vehicle at JSMC for a period of fifteen (15) 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.

H.17.5.2. The Contractor's responsibility for redesign of warranted design items delivered under this contract shall continue for a thirty-six (36) month period following first delivery of the component, part, or system software in a warranted vehicle.

H.17.6. RIGHT TO EQUITABLE ADJUSTMENT:

H.17.6.1. If, upon determination of a warranty claim as provided under H.17.4, 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 Contract shall be subject to a downward equitable adjustment.

H.17.6.2. 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 HBCT 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 contract number under which each claim arose. A copy of the list marked with the identifying check number shall be provided to the ACO concurrent with payment. The Contract will be equitably adjusted in an amount equal to the payment.

H.17.7. Field Maintenance Responsibility and Liability:

H.17.7.1. 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.17.7.2. 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.17.8. 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.

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- 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.17.9. Disclaimers and Limitations:

H.17.9.1. Disputes arising under this contract shall be resolved in accordance with the clause of this contract entitled "Disputes."

H.17.9.2. 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. Additionally, the Contractor shall not be liable for consequential damages resulting from a failure under this clause of supplies delivered hereunder.

H.17.9.3. With respect to Government-Furnished Property (GFP), 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.17.9.4. Unless specifically provided under this contract, this warranty is non-transferable to other than the intended user of the vehicles.

H.17.9.5. 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 contract 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 contract including, but not limited to, initial acceptance test criteria.

H.17.9.6. 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.17.9.7. 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.17.9.8. 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.17.9.9. The Government shall bear the costs and liability for transportation resulting from actions under this clause.

H.17.10. 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.17.11. OTHER: The parties agree that the contract 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.18. SPECIAL TOOLING AND SPECIAL TEST EQUIPMENT

H.18.1. Special Tooling and Special Test Equipment acquired or accountable under Contracts DAAE07-93-C-A003 and DAAE07-95-C-0292 to be used on this contract shall be authorized on a rent free use non-interference basis under contracts DAA07-93-C-A003 and DAAE07-95-C-0292.

H.18.2. The contractor and the Government recognize that the Contractor has in its possession various items of Special Test Equipment and Special Tooling necessary for the manufacture of the M1A1 Abrams Tank under this contract to which the Government has acquired a title under contract DAAK30-77-C-0007 and the Capacity Engineering Support provisions of the prior Abrams tank production contracts, and that such STE and ST are normally acquired under the fixed price tank contract in the absence of the above referenced contractual arrangements. The parties further recognize that it is not in their mutual interest, practicable, nor of benefit to the Government for the Contractor to be required to comply with property administration procedures otherwise applicable to such items of Government property. Accordingly, the parties hereto agree that the Contractor shall modify repair, replace and rehabilitate, as necessary, such items of Government property so as to assure their full suitability for the manufacture of M1A1 Abrams Tanks, at no further cost to the Government, and that the Contractor shall administer such Government property solely in accordance with the terms of the Special Tooling clause contained herein.

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Reference W56HZV-06-G-0006, D.O. 0001 (SEP Retrofit 60/120). As indicated in referenced SEP Contract, the government will provide 80 each reusable GPS containers (P/N 12304570, NSN: 8145-01-134-7112) as GFE for GDLS' use in transporting GPS units from ANAD to JSMC to support the increased production rate. The 80 containers are to be delivered to ANAD, 40 units by 30 Apr 07 and the remaining 40 units by 31 Oct 07.

H.20. PLANT EMPLOYEE LAYOFF NOTIFICATION

(a) The purpose of this clause is to set forth the requirements for notification of contractor employee layoffs at Government Owned, Contractor Operated (GOCO) plants and plants operated under a Facility contract.

(b) These requirements are applicable when it is determined by the operating contractor that the circumstances require the layoff of 100 or more contractor employees. These procedures do not apply to:

(1) Furloughs or temporary layoffs (i.e., those which are expected to last for no more than 60 calendar days).

(2) "Seasonal" layoffs consistent with the conditions of employment and identified to employees at the time of employment.

(3) Layoffs of personnel whose duties are not in direct support of the basic GOCO or Facility contract (i.e., employees performing under "third party" contracts).

(4) Plants with fewer than 50 contractor employees.

(c) The Contractor must notify the Procuring and Administrative Contracting Officers (PCO and ACO) at least 10 days before it gives notification to its employees of any plant closing or covered reduction in work force.

(d) The notification to the PCO and ACO will be in writing and include the following information (reference DFARS 249-7001):

(1) Name and location of the affected plant(s).

(2) Name and address of contractor resource management representative.

(3) Number of hourly personnel affected and date of proposed notification/separation.

(4) Number of salary personnel affected and date of proposed notification/separation.

(5) A statement which specifically identifies the reason for the layoff.

(6) The estimated sum of the annual wages of the affected employees.

(7) Number of contractor employees prior to layoff.

(8) A draft of any proposed press and public announcement (or a statement that no announcement is contemplated), indicating who will receive the announcement and the exact time and date the information will be released.

(9) A Statement of the anticipated impact on the company and the community.

(10) The area labor category, and any known impact on hard core disadvantaged employment programs.

(11) Total number of subcontractors involved and the impact in this area.

H.21. RESERVED

H.22. RESERVED

H.23. RESERVED

H.24. RESERVED

H.25 ANAD Rebuild Components

H.25.1 Unless stated otherwise, this clause applies to rebuild components provided to GDLS by ANAD and does not apply to GFM, which is identified on Attachment 004.

H.25.2 GDLS shall provide new material to ANAD and ANAD shall provide code-F components and code-A ANAD rebuild components to GDLS in accordance with the workshare agreement, Attachment 003.

H.25.3 For ANAD rebuild components, the contractor shall be entitled to all equitable adjustments available to him under the Government property clause of this contract subject to the following:

H.25.3.1 No adjustment shall result from instances where the contractors supplies to ANAD result in defects in, damage in, or late delivery of rebuild components from ANAD.

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H.25.3.2 The cost to remove and replace defective ANAD rebuild components received from ANAD, including the packaging, handling, and preparation cost for return shipment, is included in the vehicle price

H.25.3.3 The parties agree that price adjustments shall be limited to the costs associated with line disruptions and the acquisition of additional Lima supplemental material (LSM) if authorized by the Contracting Officer (see H.6).

H.25.4 If tanks are otherwise ready for acceptance, otherwise meet the contracts requirements, and the contractor is missing ANAD rebuild components or GFM (Attachment 004), the contractor may elect conditional acceptance of tanks as an equitable remedy. Subject to verification that the conditions of this clause have been met, the Government shall conditionally accept tanks subject to a mutually agreeable withhold of payment. Conditional acceptance may be deemed by the Government at its sole discretion to release the Government from claims for equitable adjustment for late delivery of GFM or ANAD parts on any tanks so accepted.

H.26 RESERVED

H.27 RESERVED

H.28 RESERVED

H.29 RESERVED

H.30 Material Management and Accounting System

There is no requirement for the contractor to maintain an MMAS for material provided to and in the possession of Anniston Army Depot.

H.31 SA and TUSK Re-Opener for AIM Bridge 350

**NOTE: This clause is definitized by modification 76

H.31.1 The AIM Bridge material funded in Modification 01 (CLIN 0001AB & 0001AC) includes the ceiling cost of \$11,202,450.00 (\$32,007 per unit) (material cost) for Situational Awareness (SA), Tank Urban Survivability Kit (TUSK), Bustle Rack Extension, and EAPU Installation components. For clarification the EAPU Installation components consist of the following items:

<u>Part Number</u>	<u>Description</u>
12931866	Wiring Harness Assembly
12931872	Wiring Harness Assembly
12931964	Cover
12347656-20	Washer
12347656-5	Washer
B1821BH025C063N	Screw
B1821BH050C150N	Screw

H.31.2 The parties agree that SA, TUSK and Bustle Rack Extension material shall be incorporated into all 350 vehicles under AIM Bridge Program requirements. The configurations for SA, TUSK and the Bustle Rack Extension material are specified in Clauses C.3.5 and C.3.6.3.

H.31.3 The parties agree that the ceiling costs stated above shall be subject to a downward adjustment only. This downward adjustment in material costs shall be based on quotes or purchase orders if the contract has final negotiated subcontracts with his suppliers. The parties agree that at the time of definitization the dollars associated with all applicable rates will be adjusted based on the final definitized material cost. The parties agree that the FPRR (dated 18 Oct 06) that was utilized for the negotiated material price will be used for the definitization of SA, TUSK, Bustle Rack Extension, and EAPU Installation components.

H.31.3.1 SA/TUSK Material Definitization Schedule. The contractor shall submit a firm proposal for the adjustment according to the schedule below:

Submission of a Qualifying Proposal:	28 February 2007
Completion of Negotiations:	30 March 2007
Completion of Definitization:	30 April 2007

H.31.3.2 Bustle Rack Extension Definitization Schedule. The contractor shall submit a firm proposal for the adjustment according to the schedule below:

Submission of a Qualifying Proposal:	28 February 2007
Completion of Negotiations:	30 March 2007
Completion of Definitization:	30 April 2007

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H.31.3.3 EAPU Installation Definitization Schedule. The contractor shall submit a firm proposal for the EAPU Accessory parts according to the schedule below:

Submission of a Qualifying Proposal:	28 February 2007
Completion of Negotiations:	30 March 2007
Completion of Definitization:	30 April 2007

H.31.3.4 In the event that the Contractor and the Government do not reach a definitive agreement, the Contracting Officer shall have the right to adjust the price unilaterally. Any such adjustment shall be subject to contractor appeal under the Dispute clause of the contract.

H.32 SA and TUSK Re-Opener for AIM Bridge Option 50

**NOTE: This clause is definitized by modification 76

H.32.1 The AIM Bridge Option Prices established under Modification 01 includes the ceiling cost of \$1,600,350.00 (\$32,007 per unit) (material cost) for Situational Awareness (SA), Tank Urban Survivability Kit (TUSK), Bustle Rack Extension, and EAPU Installation components. For clarification the EAPU Installation components consist of the following items:

<u>Part Number</u>	<u>Description</u>
12931866	Wiring Harness Assembly
12931872	Wiring Harness Assembly
12931964	Cover
12347656-20	Washer
12347656-5	Washer
B1821BH025C063N	Screw
B1821BH050C150N	Screw

H.32.2 The parties agree that SA, TUSK and Bustle Rack Extension material shall be incorporated into all 50 vehicles under AIM Bridge Option Program requirements. The configurations for SA, TUSK and the Bustle Rack Extension material are specified in Clauses C.3.5 and C.3.6.3.

H.32.3. The parties agree that the ceiling costs stated above shall be subject to a downward adjustment only. This downward adjustment in material costs shall be based on quotes or purchase orders if the contract has final negotiated subcontracts with his suppliers. The parties agree that at the time of definitization the dollars associated with all applicable rates will be adjusted based on the final definitized material cost. The parties agree that the FPRR (dated 18 Oct 06) that was utilized for the negotiated material price will be used for the definitization of SA, TUSK, Bustle Rack Extension, and EAPU Installation components.

H.32.3.1 SA/TUSK Material Definitization Schedule. The contractor shall submit a firm proposal for the adjustment according to the schedule below:

Submission of a Qualifying Proposal:	30 March 2007
Completion of Negotiations:	30 April 2007
Completion of Definitization:	31 May 2007

H.32.3.2 Bustle Rack Extension Definitization Schedule. The contractor shall submit a firm proposal for the adjustment according to the schedule below:

Submission of a Qualifying Proposal:	30 March 2007
Completion of Negotiations:	30 April 2007
Completion of Definitization:	31 May 2007

H.32.3.3 EAPU Installation Definitization Schedule. The contractor shall submit a firm proposal for the EAPU Accessory parts according to the schedule below:

Submission of a Qualifying Proposal:	30 March 2007
Completion of Negotiations:	30 April 2007
Completion of Definitization:	31 May 2007

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H.32.3.4 In the event that the Contractor and the Government do not reach a definitive agreement, the Contracting Officer shall have the right to adjust the price unilaterally. Any such adjustment shall be subject to contractor appeal under the Dispute clause of the contract.

H.32.4 The parties agree that clause(s) H.34 "Reopener for Material and Labor Due to Change in Configuration from 7th year Inducted Vehicles to 10th, 11th, 12th and 13th year Inducted Vehicles - AIM Bridge 350 Vehicles with Option for 50 each Vehicles", and H.31 "SA and TUSK Re-Opener for AIM Bridge 350" (and H.32 for the Option 50), will be definitized at the same time (total base followed by total option) and that the net equitable adjustment resulting from this H.34 and H.31 (to include costs associated with proposal preparation to the extent consistent with Contractors disclosure statement) shall be a downward adjustment to the contract price.

H.33 OPTION AIM BRIDGE 50 VEHICLE SETS (SEPARATELY PRICED LINE ITEM)

H.33.1 This requirement includes an option for a quantity of 50 each AIM Vehicles. The parties agree that the option vehicles will be built to the same scope of work requirements as the AIM Bridge 350 vehicles; and that at the time of option exercise the appropriate Section C clauses will be updated. The Government may unilaterally exercise this separately priced option quantity at anytime, but in any event not later than 31 December 2007. In addition such option may be exercised in increments, subject to the stated total additional quantity limitation (50 each), unit/total price(s), and below period for exercise of option. The parties agree to the following unit price(s) for the option vehicles:

<u>Option Exercise Period</u>	<u>Option Unit Price</u>
From Date of Award of Modification 01 through 31 Dec 07	\$1,030,426.61

H.33.2 The parties agree that the above option prices are based on the induction of 7th year vehicles, and that the option prices will be adjusted accordingly at the time of definitization of the change from 7th year configuration to the inducted 11th year configurations (see clause H.34 below).

H.33.3 The delivery schedule for the vehicles to be delivered under this option is as follows and will be incorporated into Section F. (Attachment 008) when the option is exercised.

2010			
<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
7	16	16	11

H.34 Reopener for Material and Labor Due to Change in Configuration from 7th Year Inducted Vehicles, to 10th, 11th, 12th and 13th Year Inducted Vehicles - AIM Bridge 350 Vehicles with Option for 50 each Vehicles

**NOTE: This clause is definitized by modification 76

H.34.1 The parties are aware that the M1A1 vehicles to be inducted into the AIM Bridge 350 Program (with Option for 50 each vehicles) will be 10th, 11th, 12th and 13th year configurations. However, due to time constraints and the need to expedite contract award, the parties have agreed to negotiate the price for these requirements based on the negotiated data from AIM PY9 (which inducted 7th year configuration vehicles).

H.34.2 The parties agree that based on the induction of more current vehicle configurations, the negotiated price for CLINs 0001AA, 0001AB, 0001AC shall be subject to a downward equitable adjustment (see H.34.7). The contractor shall provide a delta proposal for the induction adjustment for 10th, 11th, 12th, and 13th year configurations in accordance with the following definitization schedule:

AIM Bridge 350 Vehicles

Government Identification of 10th, 11th, 12th, 13th year quantities: (see H.34.5)
 Submission of Qualifying Proposal: 28 February 2007
 Completion of Govt Review/Negotiation: 30 March 2007
 Completion of Definitization: 30 April 2007

AIM Bridge 50 Option Vehicles

Government Identification of 11th year quantities: (see H.34.5)
 Submission of Qualifying Proposal: 30 March 2007
 Completion of Govt Review/Negotiation: 30 April 2007
 Completion of Definitization: 31 May 2007

H.34.3 The delta proposal will be based on the negotiated material and labor cost for the AIM Bridge 350 Program (and Option for 50 each vehicles). The parties agree on the following parameters for calculating the equitable adjustment:

- a. A change in part quantity will be re-calculated as its existing cost multiplied by the delta quantity.

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b. If a part is no longer required, its cost within the BOM will be deleted.

c. If a part is new, it will be priced based on the cost negotiated as part of the definitization process.

d. Labor impacts as a result of the change in configuration will be included in the contractor's proposal. Such labor impacts shall be limited to changes in labor standards using negotiated efficiencies.

H.34.4 If agreement on a definitive contract price adjustment is not reached by the above target definitization date, or within any extension of it granted by the Contracting Officer, the Contracting Officer may determine a reasonable price adjustment in accordance with Subpart 15.4 and Part 31 of the FAR, subject to Contractor appeal as provided in the Disputes clause.

H.34.5 The parties agree that the Government has identified the vehicles scheduled to be inducted into the AIM Bridge 350 Program as 10th, 11th, 12th, and 13th year configuration M1A1 vehicles. The Government must provide the exact vehicle quantity for each of these configurations by 1 December 2006. In addition, the Government shall provide the vehicle induction schedule by configuration year to the Contractor by 31 January 2007. In the meantime, in order to facilitate the contractor's need to position its material ordering process, the Government is identifying the below configuration/quantities for the AIM Bridge 350 and Option 50 Program. It is agreed that any changes to the below quantities are to be confirmed by the Procuring Contracting Officer (PCO) by 1 December 2006.

<u>Vehicle Configuration (Base 350)</u>	<u>Quantity</u>
10th year	17
11th year	138
12th year	129
13th year	66
<u>Vehicle Configuration (Option 50)</u>	<u>Quantity</u>
11th year	50

H.34.6 The parties agree that the contractor's definitization proposal to be submitted under this clause will include the labor impact as a result of re-using the Armor Backpack material and incorporation of the scope of work identified under clause C.16 "Disposal of DU Armor Packages Removed From JSMC".

H.34.7 The parties agree that clause(s) H.34 "Reopener for Material and Labor Due to Change in Configuration from 7th year Inducted Vehicles to 10th, 11th, 12th and 13th year Inducted Vehicles - AIM Bridge 350 Vehicles with Option for 50 each Vehicles", and H.31 "SA and TUSK Re-Opener for AIM Bridge 350" (and H.32 for the Option 50), will be definitized at the same time (total base followed by total option) and that the net equitable adjustment resulting from this H.34 and H.31 (to include costs associated with proposal preparation to the extent consistent with the Contractors disclosure statement) shall be a downward adjustment to the contract price.

H.34.8 The contractor is not authorized to procure any material (to include DOF differentials) that will be displaced as a result of the induction of 10th, 11th, 12th and 13th year vehicles, except as provided in H.34.5. To preclude the purchase of material that will not be necessary as a result of the change in configurations, the contractor will load the basis for the delta proposal into its MRP system, and such loading will be the basis for compliance with this clause.

H.34.9 The parties agree that Exhibit B, Attachment 003 and Attachment 010 identified in Section J of Modification 01 are based on the induction of 7th year configuration vehicles, and that at the time of contract definitization for the induction of 10th, 11th, 12th and 13th year vehicles these Attachments will be updated accordingly.

H.35 Anniston Warehouse and Space Requirements

H.35.1 The Contractor is authorized to use the non-recurring material/equipment purchased under SEP for this program.

H.35.2 The parties recognize that the Contractor's performance of this effort is contingent upon the provision of 90,000 additional square feet of warehouse space by the Government in phases near the location of ANAD warehouse Building 136, which currently provides 60,000 square feet.

H.35.3 In support of this requirement, the parties have agreed to the following combination of additional Government provided warehouse space at ANAD pursuant to H.35.2 plus authorized Contractor lease of commercial warehouse space near ANAD:

	<u>Additional</u>	<u>Total</u>
Existing space Government provided		60,000
Government-provided in Bldg 136	28,200	88,200
Government-provided in Bldg 509	<u>20,000</u>	<u>20,000</u>
Total Government provided space:	48,200	108,200
Contractor-provided Leased space	<u>50,000</u>	<u>50,000</u>
Total space provided (in Square Feet)	98,200	158,200

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H.35.4 The authorized period of performance for contractor lease of 50,000 square feet of commercial warehouse space near ANAD, along with its associated costs including lease, labor, and material/equipment, is from the start of contract performance through 31 Oct 2010. Modification 11 authorizes and fully funds this effort. The parties agree that the cost for this effort is included in CLIN 0005AG.

H.35.5 The above authorized combination of 108,200 square feet of Government provided warehouse space at ANAD and 50,000 square feet of Contractor leased warehouse space near ANAD is fully sufficient for contractor performance under this contract and under any other Abrams contract (e.g. SEP 180 contract W56HZV-06-G-0006/0001) that specifically states that its performance is based on the Government providing or authorizing additional warehouse space pursuant to H.35 of this Contract. During the authorized performance period listed in H.35.4, the Contractor may also use the off-site warehouse space in support of other Abrams contracts including SEP, AIM and RESET provided it is on a noninterference basis and is at no additional cost to the Government.

H.36 Safety Monitoring and Surveillance for DU Armor Effort

CLINs 0001AA, 0001AB, and 0001AC vehicle prices do not include any DU Armor labor or Other Direct Cost (ODC) (that were proposed by the contractor for Department 2082 (Monitoring and Surveillance) under the SEP program). The parties agree that necessary and reasonable costs for such effort during performance of C.16 "Disposal of DU Armor Packages Removed from JSMC" will be covered on a cost-no fee basis under Facilities Contract W56HZV-04-E-0001.

H.37 Re-Opener for Combined Material Purchases with Potential Contract Award for SEP Reset Requirements

****THIS CREDIT IS TAKEN VIA MODIFICATION 21****

H.37.1 Prices for vehicle CLINs 0001AA, 0001AB, 0001AC (total 350 each vehicles) and 0002AA, 0002AB (Option 50 vehicles) do not include the negotiated material bundling factors and corresponding price reductions that would apply if GDLS' purchases are combined with anticipated requirements for SEP Reset vehicles.

H.37.2 The parties agree that the following price decrease shall apply in the event the potential SEP Reset contract identified below is executed by 1 December 2006:

<u>POTENTIAL CONTRACTS FOR</u>	<u>CLINs 0001AA, 0001AB, 0001AC</u> <u>DECREASE PER VEHICLE</u>	<u>CLINs 0002AA, 002AB</u> <u>DECREASE PER VEHICLE</u>
312 SEP Reset vehicles	(7,783.93)	(7,786.32)

Letter Contract for SEP Reset vehicles and/or Termination Liability funding for SEP Reset vehicle sets of Material (Contract definitization of labor and material will be later).

H.37.3 If the above potential contract is awarded by the above deadline, the Contracting Officer may unilaterally adjust the prices by the above corresponding amount.

H.37.4 If actual contract award quantities vary from the estimated quantities of 312 SEP Reset vehicles, the applicable price decrease for material bundling shall be renegotiated by the parties as if the changed vehicle quantities had been known at the time the prices for contract Modification 01 were negotiated and the revised price decreases to vehicle CLINs 0001AA, 0001AB, 0001AC, 0002AA and 0002AB will be calculated in a manner consistent with the original determination of cost and price for Modification 01. If agreement on definitive revised price decreases is not reached by 31 Mar 07, or any extension granted by the Contracting Officer, the Contracting Officer may determine reasonable price adjustments in accordance with Subpart 15.4 and Part 31 of the FAR, subject to Contractor appeal as provided in the Disputes clause.

H.37.5 The parties acknowledge that a credit in the amount of (\$87,885.58) remains available under this clause to be used by the Government.

* H.37.6 The purpose of this clause is to acknowledge modification 3E in which the government exercised its rights to use a portion of its available credit under this clause in the amount of \$36,913.84 to settle Request for Equitable Adjustment REA S-0954-R 117. As a result of this action the available credit due to the government in regards to refurbished spacers as identified in P34, Para A.2, dated 6 Aug 2009, \$55,703.00 is reduced by \$36,913.84 to \$18,789.16. As previously identified in modification P68, dated 22 Nov 2010, \$87,885.58 also remains available in the form of a material purchase credit. The parties agree that these residual credit(s) of \$87,885.58 (material purchase credit) and \$18,789.16 (refurbished spacer) will remain available to the US government either in the form of a credit, or as a deobligation to the contract price.

H.38 Re-Opener for DRS TEM Subcontracts with respect to ECP GDLU 9515 Engine Memory Unit (EMU) Integration Kits

THIS RE-OPENER IS DEFINITIZED BY MODIFICATION 31

H.38.1 Prices for SLIN 0005AM (affecting 236 vehicles) include a NTE ceiling of \$1,133,175.00 concerning material to be purchased from subcontractor DRS TEM, that does not include GDLS markups. The part numbers affected by this Re-opener are as follows:

Sidecar Module	PN 12992559
Wiring Harness	PN 12992561

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Sidecar Bracket	PN 12992576
DRS Misc. Hardware	PN PE73792

H.38.2 The parties agree that the cumulative material cost amount to the Government for these parts (without GDLS markups) shall be subject to a downward adjustment only from the NTE ceiling figure. This downward adjustment shall be based on assist audit results and the final negotiated subcontracts between the contractor and subcontractor. GDLS markups relevant to the DRS TEM parts will be computed based on the negotiated rates and profit in effect at the time of Modification 14 award. The contractor shall submit to the PCO the results of the negotiations and the price negotiation memos to substantiate the definitive subcontract prices.

H.38.3 The target date for the downward adjustment contract modification is 120 days after issuance of Modification 14 of this contract. Should the parties fail to agree to a definitive agreement by the target modification date, the PCO shall have the unilateral right to adjust the contract subject to contractor dispute in accordance with the disputes clause.

H.39. TRANSFER OF OUT OF PRODUCTION MATERIAL INTO DELIVERY ORDER W56HZV-06-G-0006/0004

H.39.1. 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 Contract W56HZV-07-D-0062, and TACOM-Rock Island delivery orders/contracts and managed under W56HZV-07-D-0062.

H.39.2. The contractor's requirements for microcircuits GFM are indicated on Attachment 0012 in total. For several of the chips, the Government has purchased sufficient quantities for all AIM tanks. For those microcircuit chips where the quantities are less than the required quantity for vehicles, redesign of the applicable upper assembly component has eliminated the need for additional microcircuits. The contractor has assured the Government that the quantities of microcircuits listed in Attachment 0012 are sufficient to build up to 366 AIM vehicles.

H.39.3. The Government has agreed to transfer to this Delivery Order the Out of Production material in the Qty Req'd column under the conditions below. The quantities in this column contain an 8% attrition factor. 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 at time of delivery order award.

a. The contractor is authorized utilization of material identified in Attachment 0012 and shall confirm the transfer of this material from the previous contracts to this delivery order by execution of a DD Form 1149.

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.39.4. The contractor has confirmed that costs associated with transfer of Government provided Out of Production material identified in Attachment 0012 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.

* NOTE: (H.37.6 added by AMOD 3E)

** Updated by modification 76

*** END OF NARRATIVE H0002 ***