

NAVY DEPARTMENT
OFFICE OF NAVAL RESEARCH
WASHINGTON 25, D.C.

EXOS:ONR:262H
N6ori-20

CONTRACT NUMBER: N6ori-20
AMENDMENT NUMBER: 4

18 JUNE 1948

The University of Chicago
956 East 58th Street
Chicago 37, Illinois

Gentlemen:

It is deemed expedient to amend Contract N6ori-20 to embody provisions currently being used by the Office of Naval Research with regard to approval of overtime premium expenses and subcontracts and purchase orders.

In consideration of the above, said Contract N6ori-20, as amended, is hereby further amended as follows:

1. Delete from Section 3(b)(iv), the word "whatsoever", and substitute in lieu thereof the following:

"in excess of twenty five dollars (\$25.00) for any single item,".
2. Insert in the last sentence of Section 3(b), the words "consultants or", before the words "employment of personnel".
3. Delete from Section 4(a)(1)(B) the words "(iii) overtime premium expense to the extent approved in advance in writing by the Contracting Officer," and substitute in lieu thereof the following:

"(iii) overtime premium expense to the extent approved by the Contracting Officer."

CONTRACT NUMBER: N6ori-20
AMENDMENT NUMBER: 4

If the foregoing is acceptable to you, please indicate your acceptance thereof by executing the enclosed two (2) copies of this letter, and return them to the Office of Naval Research, whereupon this letter and your acceptance thereof will constitute this an amendment to the above numbered contract.

Very truly yours,

/s/ Kent D. Algire

KENT D. ALGIRE, Lt. Comdr., SC USN
Contracting Officer
Office of Naval Research
Navy Department

ACCEPTED The University of Chicago
(Contractor)

By /s/ W. B. Harrell
W. B. Harrell

Title Business Manager

WITNESSES:

(1) _____

(2) _____

NOTE: In the case of a corporation witnesses are not required but certificate below must be completed.

C E R T I F I C A T E

I, H. B. Matthews, certify that I am the Ass't Secretary of the Board of Trustees of the corporation named as Contractor in the foregoing amendment; that W. B. Harrell, who signed said amendment on behalf of the Contractor was then Business Manager of said corporation; that said amendment was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

/s/ H. B. Matthews
(Signature of person certifying)

(CORPORATE SEAL)

NAVY DEPARTMENT
OFFICE OF NAVAL RESEARCH
WASHINGTON 25, D.C.

EXOS:ONR:N366
N6ori-20

CONTRACT NUMBER: N6ori-20
AMENDMENT NUMBER: 3

The University of Chicago
956 East 58th Street
Chicago 37, Illinois

Gentlemen:

The provisions used by the Office of Research and Inventions at the time of execution of Contract N6ori-20 have been superseded by certain provisions which have proved more advantageous both to the Government and to contractors performing research therefor.

In consideration of the foregoing, it is now deemed expedient to amend Contract N6ori-20 to embody therein certain of the provisions currently being used by the Office of Naval Research. Therefore, said Contract, as amended, is hereby further amended as follows:

1. On Page 1, after the word "Witnesseth:", delete the first paragraph and substitute in lieu thereof the following:

"WHEREAS, the Government is authorized to enter into negotiated contracts under the First War Powers Act of 1941 and the Act of August 1, 1946, Public Law 588, 79th Congress; and",
2. On Page 2, delete subsection (a) under Section 3 in its entirety and substitute in lieu thereof the following:

"(a) The Contractor shall not enter into any subcontract or purchase order which is primarily for research or development work incident to the performance of this contract without obtaining the prior written approval of the Contracting Officer."
3. On Page 3, in the sixth and seventh lines of subparagraph (1) under subsection 4 (a), delete the words "subparagraph (I)" and substitute in lieu thereof the words "subparagraphs (I) and (J)".
4. On Page 4, in the last line of subparagraph (F) under subsection 4 (a) (1), delete the words "(A) through (I)", and substitute in lieu thereof the words "(A) through (J)".

5. On Page 4, in the third line of subparagraph (H) under subsection 4 (a) (1), add the words "and (J)" after "(I)".
6. On Page 5, delete subsection 4 (b) in its entirety and substitute in lieu thereof the following:

"(b) Once each month (or at more frequent intervals as may be approved by the Bureau of Supplies and Accounts) the Contractor shall submit to an authorized representative of the Bureau of Supplies and Accounts an invoice supported by a statement of cost incurred by the Contractor in the performance of this contract and claimed to be includable in Allowable Costs. Such invoices and statements of cost shall be in such form and reasonable detail as the Bureau of Supplies and Accounts shall require but in no greater detail as to itemization and substantiation than is provided for in Section 12 (b). The statement of cost shall be certified by two officers of the Contractor one of whom shall be a person supervising accounting with respect to the contract."

7. On Page 6, delete subsections (c) and (d) under Section 5 in their entirety and substitute in lieu thereof the following:

"(c) Upon termination in whole or in part, or upon completion of any task order under this contract, any Government property which has not been consumed in the performance of such task order or of this contract and is not required for performance of work not terminated, shall be either,

- (1) upon the written request of the Contracting Officer and subject to agreement by the Contractor, stored or otherwise preserved and protected at the Government's expense, or upon agreement by the Contractor delivered by the Contractor to the Government, at the Government's expense, at a place specified by the Contracting Officer, or,
- (2) removed by the Contractor from its premises and stored elsewhere, at the Government's expense, if the Contractor so elects, upon failure of the Government to provide for such removal within ninety (90) days after the Contractor has given the Contracting Officer written notice so to do, or,
- (3) retained by the Contractor for use under other contracts or task orders, as specified by the Contracting Officer, or
- (4) if mutually agreed upon by the Contractor and the Contracting Officer, acquired by the Contractor at such prices and upon such other terms and conditions as may be determined by negotiation between the Contractor and the Contracting Officer to be fair and proper, or,

- (5) sold, loaned, transferred, or otherwise disposed of by the Contractor upon such terms and conditions as the Contracting Officer or his authorized representative shall first in writing prescribe. Expenses of any such disposition shall be borne by the Government. Such expenses and the proceeds of any disposition shall be paid, deposited, or applied as the Bureau of Supplies and Accounts shall direct.

"(d) Upon termination, in whole or in part, or upon completion of any task order under this contract, any unimproved real property, including unexpired leases thereof, not required for performance of work not terminated, for the cost of which the Contractor has been reimbursed hereunder by the Government, shall be either,

- (1) upon the written request of the Contracting Officer, retained by the Contractor for use under other task orders, or contracts as specified by the Contracting Officer, or,
- (2) if mutually agreed upon by the Contractor and the Contracting Officer, retained by the Contractor, free and clear of all liens and equities arising in favor of the Government by reason of reimbursement of the Contractor's costs under this contract, at such prices and upon such other terms and conditions as may be determined by negotiation between the Contractor and the Contracting Officer to be fair and proper, or
- (3) sold, assigned, transferred, or otherwise disposed of by the Contractor upon such terms and conditions as the Contracting Officer shall first in writing prescribe. Expenses of any such disposition shall be borne by the Government. Such expenses and the proceeds of any dispositions shall be paid, deposited, or applied as the Bureau of Supplies and Accounts shall direct."

8. Add the following subsections (e) and (f) under Section 5:

"(e) Within ninety (90) days after termination in whole or in part, or completion of any task order under this contract, the Contractor (i) shall submit an itemized statement of the cost of all alterations and all construction work done under such task order, including the cost of acquisition thereunder by purchase, lease, or otherwise, of any site in connection with such alteration or construction, for which the Contractor has claimed or will claim reimbursement under this contract, and (ii) shall elect, with respect to each item of such alteration or construction work not required for performance of work not terminated, whether,

- (1) to retain the benefit of such construction or alteration, in which case the Contractor shall return to or credit the Government, as directed by the Bureau of Supplies and Accounts, with the portion of the reimbursement by the Government for its expenditure therefor determined by negotiation between the Contractor and the Contracting Officer to be fair and proper, or,

- (2) to have such premises restored to substantially the same condition as prior to such alteration or construction, in which case it shall retain all such reimbursement and the Government shall pay the cost of such restoration under Section 4 of this contract:

Provided, That, unless the Contractor makes such election within said ninety (90) day period, it is agreed that the Contractor shall be deemed to have made the election described in subsection (e) (1), above.

"(f) Except to the extent specified in other provisions of this contract or any task order hereunder, the Government assumes the risk of loss or damage to Government property under this contract, including expenses incidental to such loss or damage; Provided, that, the Contractor shall be responsible for any loss or damage to such property due to,

- (1) the Contractor's use or disposition of such property for purposes other than performance of this contract or any task order hereunder, unless such use or disposition is authorized by or pursuant to the terms of this contract or task order hereunder or applicable provisions of law governing use of disposal of Government property, or,
- (2) the wilful misconduct or lack of good faith of any of the Contractor's directors, officers, or any of the Contractor's representatives having supervision of all or substantially all of the Contractor's business or all or substantially all of any plant, factory, or laboratory used by the Contractor in the performance of this contract."

9. On Page 18 add the following sentence at the end of subsection (d) of Section 20:

"The Contractor shall not be liable under this subsection providing reasonable care is taken to obtain compliance with this provision."

10. Add the following new Sections 23 and 24:

"SECTION 23 - CONFLICTING PROVISIONS OF TASK ORDERS

"In case of a conflict between the provisions of this contract and those contained in any task order hereunder, the provisions of the task order shall prevail.

"SECTION 24 - CHANGE IN CLASSIFICATION OF TASK ORDERS

"If the Government desires to classify any task order hereunder, the Contracting Officer shall so notify the Contractor in writing, and the Contractor shall forthwith have the right to elect to discontinue performance of such task order. Exercise of the election to discontinue performance of such task order shall be deemed to be a termination for the interest of the Government within the meaning of Section 15 of this contract."

CONTRACT NO. N6ori-20

AMENDMENT NO. 3

This amendment is made pursuant to the provisions of the Act of August 1, 1946, Public Law 588, 79th Congress.

If the foregoing is acceptable to you, please indicate your acceptance thereof by executing the enclosed two (2) copies of this letter, and return them to the Office of Naval Research, whereupon this letter and your acceptance thereof will constitute this an amendment to the above numbered contract.

Very truly yours,

Chief of Naval Research
Contracting Officer
Office of Naval Research
Navy Department

WITNESSES:

ACCEPTED THE UNIVERSITY OF CHICAGO
(Contractor)

(1) _____

(2) _____

By _____
W. B. Harrell
TITLE Business Manager

NOTE: In the case of a corporation witnesses are not required but certificate below must be completed.

CERTIFICATE

I, H. B. Matthews, certify that I am Asst. Secy of the Board of Trustees of the Corporation named as Contractor in the foregoing amendment; that W. B. Harrell, who signed said amendment on behalf of the Contractor was then Business Manager of said corporation; that said amendment was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Signature of person certifying)

(CORPORATE SEAL)

NAVY DEPARTMENT
OFFICE OF NAVAL RESEARCH
WASHINGTON 25, D.C.

EXOS:ONR:366
N6ori-20
(Naval Research Group)

CONTRACT NUMBER: N6ori-20
AMENDMENT NUMBER: 2

25 AUG 1947

The University of Chicago
956 East 58th Street
Chicago 37, Illinois

Gentlemen:

In order to correct a mutual mistake of fact, Contract N6ori-20, as amended by Amendment Number 1 dated April 7, 1947, is hereby further amended by deleting the first paragraph under Section 4(a)(1)(H) in its entirety and substituting in lieu thereof the following:

"(H) An amount to cover all indirect charges and other elements of cost not specifically covered by the foregoing subparagraphs hereof equal to the percentage specified in each Task Order of the amounts payable under subparagraph (B) above, excluding charges under retirement policies maintained by the Contractor, chargeable to the work performed under such Task Order, subject to the following conditions:"

CONTRACT NO. N6ori-20

AMENDMENT NO. 2

This amendment is made pursuant to the provisions of the Act of August 1, 1946, Public Law 588, 79th Congress.

If the foregoing is acceptable to you, please indicate your acceptance thereof by executing the enclosed two (2) copies of this letter, and return them to the Office of Naval Research, whereupon this letter and your acceptance thereof will constitute this an amendment to the above numbered contract.

Very truly yours,

/s/ P. F. Lee P.F.LEE
Rear Admiral, USN
Chief of Naval Research
Contracting Officer
Office of Naval Research
Navy Department

ACCEPTED: THE UNIVERSITY OF CHICAGO
(Contractor)

BY /s/ W. B. Harrell
W. B. Harrell
TITLE Business Manager

WITNESSES:

(1) _____

(2) _____

NOTE: In the case of a corporation witnesses are not required but certificate below must be completed.

CERTIFICATE

I, H. B. Matthews, certify that I am Assistant Secretary of the Board of Trustees of the corporation named as Contractor in the foregoing amendment, that W. B. Harrell, who signed said amendment on behalf of the Contractor was then Business Manager of said corporation, that said amendment was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

/s/ H. B. Matthews
(Signature of person certifying)

(CORPORATE SEAL)

NAVY DEPARTMENT
OFFICE OF NAVAL RESEARCH
WASHINGTON 25, D.C.

EXOS:ONR:256A
N6ori-20
(Planning Division)

7 APR 1947

Contract Number: N6ori-20
Amendment Number: 1

The University of Chicago
956 East 58th Street
Chicago 37, Illinois

Gentlemen:

In consideration of the execution of Amendments Numbered 1 to Task Orders I through XI, Amendment Number 2 to Task Order XII and Amendments Numbered 1 to Task Orders XIII through XVI, being executed concurrently herewith, Contract Number N6ori-20 is hereby amended by deleting subparagraph (H) of Section 4(a)(1) and inserting in lieu thereof a new subparagraph reading as follows:

"(H) An amount to cover all indirect charges and other elements of cost not specifically covered by the foregoing subparagraphs hereof equal to the percentage specified in each Task Order of the salaries and wages specified in subparagraph (B)(i), above, chargeable to the work performed under such Task Order, subject to the following conditions:

- (a) Any provisional percentage specified in a Task Order shall be subject to revision in order to substitute such fixed percentage as shall be agreed upon at a later date by the Contracting Officer and the Contractor, which fixed percentage shall apply retroactively from the effective date of the provisional percentage.
- (b) The Contracting Officer and the Contractor shall, after any fixed percentage specified in any Task Order issued hereunder has been in effect for a period of six (6) months, or for such other period as may be specified in the Task Order, negotiate and enter into a further agreement providing for a new fixed percentage for the next succeeding period, subject to extension of the time for performance with respect to any time beyond the date specified for completion of the work.
- (c) During any period within the life of a Task Order with respect to which no agreement in accordance with subparagraph (b), above, or determination in accordance with subparagraph (d), below, shall have been made, the percentage in effect during the immediately preceding period shall continue in effect as a provisional percentage pending such agreement or determination.

- (d) The failure of the Contracting Officer and the Contractor to enter into a further agreement for a new fixed percentage in a case contemplated by subparagraphs (a) and (b), above, shall be deemed to be a dispute concerning a question of fact to be decided in accordance with the section of the contract entitled 'Disputes'.
- (e) A new fixed percentage agreed upon in accordance with subparagraphs (a) or (b) or determined in accordance with subparagraph (d), above, shall be effective as of the commencement of the period to which it is applicable in substitution for the provisional percentage specified in a Task Order or applied to a Task Order in accordance with subparagraph (c), above. The Government and the Contractor shall effect any adjustments in payments and accounts made necessary by such substitution."

CONTRACT NO. N6ori-20

AMENDMENT NO. 1

This amendment is made pursuant to the provisions of the Act of August 1, 1946, Public Law 588, 79th Congress.

If the foregoing is acceptable to you, please indicate your acceptance thereof by executing the enclosed two (2) copies of this letter, and return them to the Office of Naval Research, whereupon this letter and your acceptance thereof will constitute this an amendment to the above numbered contract.

Very truly yours,

/s/ P. F. Lee

P.F.LEE
Rear Admiral, USN

Chief of Naval Research
Contracting Officer
Office of Naval Research
Navy Department

WITNESSES:

ACCEPTED: THE UNIVERSITY OF CHICAGO
(Contractor)

(1) _____

(2) _____

BY /s/ W. B. Harrell
W. B. Harrell
TITLE Business Manager

NOTE: In the case of a corporation witnesses are not required but certificate below must be completed.

CERTIFICATE

I, H. B. Matthews, certify that I am the Assistant Secretary of the Board of Trustees of the corporation named as Contractor in the foregoing amendment, that W. B. Harrell, who signed said amendment on behalf of the Contractor was then Business Manager of said corporation, that said amendment was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

/s/ H. B. Matthews
(Signature of person certifying)

(CORPORATE SEAL)

Navy Department
Office of Research and Inventions
Contract Number: N6ori-20

RESEARCH AND DEVELOPMENT TASK ORDER CONTRACT

Contractor: The University of Chicago, Chicago, Illinois

Appropriation: The appropriation or fund, and appropriate expenditure account number, chargeable for work performed under this contract, will be specified in each Task Order for the work under that Task Order.

THIS NEGOTIATED CONTRACT, entered into as of the 1st day of March, 1946 between the UNITED STATES OF AMERICA, hereinafter called the "Government", represented by the Contracting Officer executing this contract, and The University of Chicago, hereinafter called the "Contractor", whose address is 5750 Ellis Avenue, Chicago, Illinois.

WITNESSETH:

WHEREAS, the Government is authorized to enter into negotiated contracts under the First War Powers Act of 1941; and

WHEREAS, the Contractor has the necessary personnel and facilities for conducting research and development work of the type specified in Task Order I hereunder, and in such additional Task Orders as may from time to time be agreed upon for performance hereunder; and

WHEREAS, the Government desires the Contractor to conduct such research and development work.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, it is understood and agreed as follows:

SECTION 1 - SCOPE OF CONTRACT

The Contractor agrees to supply all necessary personnel, facilities, and materials, and shall use its best efforts to conduct, within the limits of the continental United States, the work specified in Task Order I hereunder, and the work specified in such additional Task Orders as may from time to time hereafter be agreed upon by the Government and the Contractor for performance hereunder. It is mutually agreed and understood that the Contractor shall have control of, and the responsibility for, the personnel and facilities furnished by the Contractor hereunder.

SECTION 2 - ESTIMATED ALLOWABLE COST

(a) It is estimated that the total cost to the Government for the performance of the work specified in any Task Order will not exceed the total estimated cost set forth in such Task Order, and the Contractor agrees to use its best efforts to complete the work specified in each Task Order within such estimated cost. The Government shall not be obligated to reimburse the Contractor for, and the Contractor shall not be obligated to incur, expenditures in the performance of work to be performed under any Task Order in excess of the total estimated cost specified therein unless and until the Contracting Officer shall notify the Contractor in writing that such estimated cost has been increased, and specify in such notice a revised estimated cost which shall thereupon be the total estimated cost of the performance of such Task Order.

(b) The Contractor shall notify the Contracting Officer in writing whenever it appears to the Contractor that the cost of completing the performance of any Task Order, will exceed the estimated cost specified in such Task Order.

SECTION 3 - SUBCONTRACTS AND PURCHASE ORDERS

(a) The Contractor shall not enter into any subcontract or purchase order involving research or development work incident to the performance of this contract without obtaining the prior written approval of the Contracting Officer.

(b) The Contractor shall obtain the prior written approval of the Contracting Officer before (i) entering into any subcontract on a cost or a cost-plus-a-fixed fee basis, (ii) issuing any subcontract or purchase order exceeding Two Thousand Five Hundred Dollars (\$2,500.00), (iii) purchasing any scientific or technical capital equipment costing in excess of Five Hundred Dollars (\$500.00) for any single item, (iv) purchasing any other capital equipment whatsoever, and (v) making any building alteration costing in excess of One Hundred Dollars (\$100.00); Provided, that the Contracting Officer may at any time waive, generally or specifically, the requirement of such prior approval. It is understood that contracts or agreements entered into by the Contractor covering the employment of personnel to perform the work undertaken hereunder by the Contractor shall not be construed as subcontracts hereunder.

(c) No subcontract or purchase order shall provide for: (i) payment on a cost-plus-percentage-of-cost basis or (ii) without the prior written approval of the Contracting Officer, the payment of a fixed fee in excess of seven percentum (7%) of the estimated cost, exclusive of the fee.

(d) It is not contemplated that the Contractor will obtain formal competitive bids from prospective subcontractors or vendors.

(e) The Contractor will give to the Contracting Officer immediate notice of any suit or action filed or any claim made against the Contractor by any subcontractor or vendor relating in any way to this contract and with respect to which the Contractor may be entitled to reimbursement from the Government.

SECTION 4 - COMPENSATION

(a) The Government shall pay to the Contractor as full compensation for the performance of this contract:

(1) The Allowable Cost of the performance of this contract, which, except as otherwise specified in any Task Order with respect to the Allowable Costs chargeable under that Task Order, are hereby defined as (i) overhead in the amount determined in accordance with subparagraph (H) below; and (ii) all necessary costs of the nature described in subparagraphs (A) to (G) and subparagraph (I) below, incurred by the Contractor directly and specifically in the performance of this contract which shall be claimed by the Contractor and accepted as such cost by the Bureau of Supplies and Accounts in accordance with the following:

- (A) The cost of materials and services including (i) the net cost to the Contractor of materials, apparatus, supplies, equipment and other property which may from time to time, with the written approval of the Contracting Officer or his duly authorized representative, be transferred from the cognizance of this contract for use by subcontractors under this contract or for use under other Government contracts; (ii) the net cost, after deducting all discounts actually received by the Contractor; Provided, that the Contractor shall set up a procedure reasonably designed to obtain all discounts, of materials, apparatus, supplies, equipment and other property purchased directly for the performance of this contract; (iii) the cost of such materials withdrawn from the Contractor's store or stock rooms, the cost of materials fabricated or partially fabricated in the Contractor's plant, and the cost of repair and other services rendered by the service department of the Contractor, for the performance of this contract charged in accordance with a sound accounting method consistently followed by the Contractor; and (iv) the cost of services of others, including consultants, and the rental of equipment from others, required for the performance of this contract.
- (B) (i) The salaries and wages of scientists, technicians, draftsmen, workmen, and other personnel directly employed in connection with the performance of this contract and properly chargeable directly thereto, at rates computed in accordance with a sound accounting method consistently followed by the Contractor; (ii) discontinuance or separation wages or salaries, or charges under employees' welfare, retirement and other employee relations policies maintained by the Contractor, at rates computed in accordance with a sound accounting method consistently followed by the Contractor; and (iii) overtime premium expense to the extent approved in advance in writing by the Contracting Officer.

- (C) Unless specifically prohibited in any Task Order, costs of the following nature shall be charged as direct items of cost to the extent allocable to the work under such Task Order:
- (1) Social security taxes.
 - (2) Packing, crating, shipping, communication toll and storage charges.
 - (3) Insurance procured in compliance with the provisions of Section 8 entitled "Insurance - Liability to Third Persons".
 - (4) Medical examination of employees.
- (D) The transportation expenses of persons employed in the performance of this contract, plus the reasonable actual subsistence expenses in an amount not exceeding Ten Dollars (\$10.00) per person per day, of such persons incurred during periods of travel or, at the Contractor's option, an allowance in lieu of actual subsistence expenses of such persons not exceeding Seven Dollars (\$7.00) per person for each calendar day or major fraction thereof during the period of travel; Provided, That expenses for transportation hereunder by motor vehicle other than common carrier or rented automobile shall be reimbursed on a reasonable actual expense basis or, at the Contractor's option, on a mileage basis at a rate not exceeding five cents (5¢) per mile.
- (E) Subject to the conditions provided in Section 16, payments of royalties to the extent provided in such Section, and costs which the Government has agreed to assume under Section 7 entitled "Property Loss or Damage", and under Section 8 entitled "Insurance - Liability to Third Persons".
- (F) All costs which have been incurred by the Contractor in anticipation, and prior to the signing, of this contract or any Task Order hereunder, and which if incurred after the signing of this contract or any Task Order hereunder, would have been considered as items of direct Allowable Costs under subparagraphs (A) through (I) of this Section.
- (G) Purchase and installation cost of miscellaneous equipment necessary for the performance of the contract and the cost of building alterations.
- (H) An amount to cover all overhead indirect charges and other elements of cost not specifically covered by subparagraphs (A) to (G), both inclusive, and (I), and equal to the percentage specified in each Task Order, of the salaries and wages specified in subparagraph (B) above, excluding charges under retirement policies maintained by the Contractor, chargeable to the work performed under such Task Order.
- (I) Other costs specifically stated in any Task Order.

(J) such other costs, not expressly excluded by other provisions of this contract, as should, in the opinion of the Contracting Officer, be included in the cost of the work called for by this contract, and any such costs allowed by the Contracting Officer shall be specifically identified by the Contracting Officer as being allowable under this subparagraph.

(b) Once each month (or at more frequent intervals as may be approved by the Bureau of Supplies and Accounts) the Contractor shall submit to an authorized representative of the Bureau of Supplies and Accounts an invoice supported by a statement of cost incurred by the Contractor in the performance of this contract and claimed to be includable in Allowable Costs. Such invoices and statements of cost shall be in such form and reasonable detail as the Bureau of Supplies and Accounts shall require. The statements of cost shall be certified by two officers or other responsible officials of the Contractor, one of whom shall be a person supervising accounting with respect to the contract.

(c) Within fifteen (15) days after submission of each interim invoice and statement of cost, the Government shall make provisional payment, except as provided below, of the amount claimed by the Contractor. At any reasonable time or times prior to final payment on account of Allowable Costs, the Bureau of Supplies and Accounts shall make such audit of the invoices and statements of cost as it shall deem proper. Each provisional payment shall be subject to reduction to the extent of amounts included in the related invoice and statement of cost which are found not to constitute Allowable Costs, and shall also be subject to reduction for overpayments or to increase for underpayments on preceding invoices. The Contractor and the assignee or assignees, if any, shall execute and deliver at the time of and as a condition precedent to final payment, a release in form and substance satisfactory to and containing such exceptions as may be found appropriate by the Contracting Officer, discharging the Government, its officers, agents, and employees of and from all claims arising under this contract. Upon receipt of the release and submission by the Contractor of the final invoice and statement of cost, the Government shall promptly pay any balance of allowable costs, if any, due the Contractor hereunder.

(d) Any and all partial or advance payments made under this contract shall be secured, when made, by a lien in favor of the Government upon the articles and things contracted for and on all material and other property acquired for or allocated to the performance of this contract, except to the extent that the Government, by virtue of any other provision of this contract, or otherwise, shall have valid title to such articles, things, materials, or other property as against other creditors of the Contractor. If such property is not identified by marking or segregation, the Government shall be deemed to have a lien upon a proportionate part of any mass of property with which such property is commingled. Such lien shall be paramount to all other liens under the provisions of an Act approved August 22, 1911 (Pub. No. 41, 62nd Cong.; 37 Stat. 32; 34 U.S.C. 582).

SECTION 5 - TITLE AND IDENTIFICATION

(a) The title to all materials, parts, assemblies, sub-assemblies, supplies, equipment and other property for the cost of which the Contractor is entitled to be reimbursed hereunder except property to which the Government already shall have title, automatically shall pass to and vest in the Government.

(1) in the case of such property which is purchased by the Contractor for the performance of this contract, upon delivery to the Contractor at the Contractor's establishment or at the plant of the supplier on f.o.b. purchases if the cognizant Naval Inspector at the Contractor's establishment shall have given his approval or (2) in the case of property not so purchased, upon the allocation thereof to the contract by the commencement by the Contractor or processing or use thereof or otherwise. Such passage and vesting of title shall not impair any right which the Government might otherwise have under this contract, including but not limited to the right to reject any supplies hereunder, and shall not relieve the Contractor of any of its obligations under this contract.

(b) The Contractor agrees that it will, to the extent determined necessary and practical by the cognizant Naval Inspector, identify such property by marking or segregation in such a way as to indicate its ownership by the Government and its allocation to this contract. In any event the Contractor shall maintain adequate accounting control over such property on its books and records.

(c) Subject to the provisions of the Section hereof entitled "Property Loss or Damage", following the completion of each Task Order all such property to which the Government shall have taken title thereunder (including tools, dies, jigs, fixtures, patterns, etc.), and which has not been consumed in the performance thereof, disposed of in accordance with paragraph (d) thereof or delivered to the Government, shall be retained by the Contractor for use under other Task Orders or contracts with the Government or delivered to the Government, f.o.b. the Contractor's establishment as the cognizant Naval Inspector may approve or specify.

(d) It is contemplated that all property to which the Government has title hereunder will be retained by the Contractor for the performance of this contract or of other cost or cost-plus-fixed-fee contracts with the Navy Department. However, as to any such property not immediately essential to the performance of this contract, including salvage or scrap material, the Contractor with the written consent of the cognizant Naval Inspector may, and at the Inspector's written direction shall, transfer at the expense of the Government such property to such person, persons or corporation and at such times as the Contracting Officer or his duly authorized representatives may direct.

SECTION 6 - GOVERNMENT FURNISHED MATERIAL

(a) The Government shall furnish the material and equipment listed as Government Furnished Material in each Task Order hereunder, and will furnish such additional material and equipment as it may consider desirable for the Contractor's performance of the contract. All such material and equipment hereafter called "Government Furnished Material". Title to Government Furnished Material shall be and remain in the Government, and such Government Furnished Material shall be used by the Contractor only for the performance of this contract or other cost or cost-plus-fixed-fee contracts with the Navy Department unless otherwise authorized in writing by the Contracting Officer.

(b) It is understood that delivery or performance schedules for Task Orders hereunder will be based upon the expectation that such Government Furnished Material will be delivered to the Contractor in sufficient time to enable it to meet said delivery schedules. In the event that any of the Government Furnished Material is not delivered to the Contractor in sufficient time to enable it to meet such delivery or performance schedules, the Contracting Officer, upon written request of the Contractor, shall make a determination of the delay occasioned the Contractor thereby and shall grant to the Contractor a corresponding extension of time for the completion of performance.

(c) Upon the completion or termination of this contract, the Contractor shall deliver to the Government, at the cost and expense of the Government, at such place as shall be specified by the Contracting Officer, any of the Government Furnished Material not consumed in the tasks covered by the terms of this contract or not incorporated in any articles delivered hereunder or not already paid for by the Contractor, subject, however, to the provisions of the Section hereof entitled "Property Loss or Damage".

SECTION 7 - PROPERTY LOSS OR DAMAGE

(a) The Government has requested the Contractor not to carry or incur the expense of any insurance against any form of loss of or damage to equipment or materials furnished by the Government or any property to which the Government has taken and continues to hold title hereunder, and no reimbursement will be allowed for such insurance premium expense.

(b) In view of the foregoing, the Government assumes the risk of loss or damage to such property, including expenses incidental to such loss or damage. If the Government determines that the repair or replacement of any such property is necessary or advisable for the efficient performance of this contract, the Contractor shall make such repair or replacement and shall be reimbursed by the Government for the cost of so doing; Provided, however, That in the case of Government Furnished Material, the Government shall make such repair or replacement unless the Contractor undertakes such repair with the approval of the cognizant Naval Inspector. Notwithstanding the foregoing assumption of risk, the Contractor shall be responsible for any loss or damage to Government owned property which results from the Contractor's use of such property for purposes other than the performance of this contract, and for any other loss or damage thereto for which it is expressly made responsible under any other provision of this contract, or which results from wilful misconduct or lack of good faith on the part of any of the Contractor's directors, officers, or any of its representatives having supervision or direction of all or substantially all of the work under any Task Order or all or substantially all of any laboratory used by the Contractor in the performance of this contract.

(c) Notwithstanding the foregoing provisions, if any property, title to which shall be in the Government, shall be in the plant or laboratory of a subcontractor in connection with the work to be done under this contract, the Contractor shall require that the subcontractor shall carry insurance (fire and extended coverage) against the usual risks of loss of such property while in the possession of such subcontractor, payable to the subcontractor, the Contractor and the Government as their interests may appear.

SECTION 8 - INSURANCE - LIABILITY TO THIRD PERSONS

(a) The Contractor shall procure and thereafter maintain workmen's compensation, employer's liability and bodily injury liability insurance, with respect to work done under this contract, and such other liability insurance with respect to work done under this contract as the Government may from time to time require or approve, except that the Contractor may self-insure with respect to Workmen's Compensation claims pursuant to statutory authority. All such other liability insurance shall be in such form, in such amounts, for such periods of time, and with such insurers, as the Government may from time to time require or approve.

(b) The Contractor shall be reimbursed: (1) for the cost of such insurance of the character described in paragraph (a) of this Section as may be required or approved by the Government, (2) for the portion allocable to this contract of the reasonable cost of insurance covering the Contractor's property or property for which the Contractor is responsible to someone other than the Government and which is used or to be used in the performance of this contract, and (3) for liabilities to third persons for loss of or damage to property, death or bodily injury, not compensated by insurance or otherwise, arising out of the performance of this contract, whether or not caused by the negligence of the Contractor, its agents, servants, or employees, provided such liabilities are represented by final judgments or by settlements approved in writing by the Government, and expenses incidental to such liabilities, except liabilities (i) for which the Contractor is otherwise responsible under the express terms of this contract, or (ii) with respect to which the Contractor has failed to insure as required or approved by the Government, or (iii) which result from wilful misconduct or lack of good faith on the part of any of the Contractor's directors, officers or of any of its other representatives having supervision or direction of all or substantially all of the Contractor's business or all or substantially all of any plant used by the Contractor in the performance of this contract.

(c) The Contractor shall give the Government or its representative immediate notice of any suit or action filed, or any claim made, against the Contractor arising out of the performance of this contract, the cost and expense of which is reimbursable to the Contractor under the provisions of this contract, and the risk of which is then uninsured or in which the amount claimed exceeds the amount of insurance coverage. The Contractor shall furnish immediately to the Government copies of all pertinent papers received by the Contractor. If the amount of the liability claimed exceeds the amount of insurance coverage, the Contractor shall authorize representatives of the Government to collaborate with counsel for the insurance carrier, if any, in settling or defending such claim. If the liability is not insured, the Contractor shall, if required by the Government, authorize representatives of the Government to settle or defend any such claim and to represent the Contractor in or take charge of any litigation in connection therewith.

SECTION 9 - REPORTS OF WORK AND INSPECTION

(a) The Contractor shall from time to time as requested, submit to the Technical Officer, progress reports in triplicate making full disclosure of all work done under the applicable Task Order, and the results of such work, provided that the Contractor shall not be required to submit reports more frequently than quarterly during the term of the contract. Authorized representatives of the Navy Department shall at all reasonable times have the right to inspect the work being performed under this contract.

(b) At the completion of each Task Order, or upon the termination thereof, the Contractor will submit to the Technical Officer a complete report in triplicate of all work done and the results thereof, together with working drawings and specifications of such prototypes, if any, as may have been developed.

SECTION 10 - EIGHT HOUR LAW .

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Contractor or any subcontractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work at the site thereof, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this Section. The wages of every laborer and mechanic employed by the Contractor or any subcontractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day and work in excess of the eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this Section a penalty of five dollars shall be imposed upon the Contractor for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this Section, and all penalties thus imposed shall be withheld for the use and benefit of the Government: Provided, That this stipulation shall be subject in all respects to the exceptions and provisions of U. S. Code, Title 40, sections 321, 324, 325, and 326, relating to hours of labor, as in part modified by the provisions of Section 303 of Public Act No. 781, 76th Congress, approved September 9, 1940, relating to compensation for overtime.

SECTION 11 - TRANSFER OF CONTRACT AND ASSIGNMENT OF CONTRACTOR'S CLAIMS

(a) Neither this contract nor any interest herein nor any claim arising hereunder, except as otherwise provided in this Section, shall be transferred by the Contractor to any party or parties.

(b) If this contract is not classified as "Confidential" or "Secret" and if it provides for payments aggregating \$1,000 or more, claims for moneys due or to become due to the Contractor from the Government arising out of this contract may be assigned to any bank, trust company, or other financing institution, including any Federal agency authorized to make loans. Any such

assignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract. In the event of any such assignment, the assignee thereof shall file written notice of the assignment together with a true copy of the instrument of assignment, with (1) the General Accounting Office of the Government, (2) the Contracting Officer, (3) the surety or sureties upon the bond or bonds, if any, in connection with this contract, and (4) the disbursing officer designated to make payments under this contract.

(c) Claims under this contract which have been assigned pursuant to the foregoing provisions of this Section may be further assigned and reassigned to a bank, trust company, or other financing institution, including any Federal agency authorized to make loans. In the event of such further assignment or reassignment the assignee shall file with the Contractor written notice of the further assignment or reassignment, together with a true copy of the instrument of further assignment or reassignment; and shall file true copies of such written notice and of such instrument with each of the parties designated in the preceding paragraph (b).

(d) Payments to an assignee of any claims arising under this contract shall not be subject to reduction or set off for any indebtedness of the Contractor to the United States arising independently of this contract.

(e) Information contained in plans, specifications, or any similar document, relating to the work under this contract and marked "Secret", "Confidential", or "Restricted", shall not, in connection with the assignment of any claim under the contract, be communicated, transmitted, or disclosed to any person not otherwise entitled to receive it, except with the prior consent of the Contracting Officer in each instance.

SECTION 12 - RECORDS

(a) The Contractor shall keep books, records, documents and other evidence (herein collectively called "the records") bearing on its costs and expenses under this contract and in respect of any termination of work hereunder. The Contractor's method of accounting shall be subject to the approval of the Navy Department, but no material change need be made therein if it conforms to good accounting practice.

(b) The Contractor agrees that it will furnish the Bureau of Supplies and Accounts, for submission to the General Accounting Office, the following types of documentary evidence to substantiate the costs for which payments are made by the Government under this contract: (i) a listing in one total, without detailed listing or further substantiation, of all charges involving individual items amounting to less than Fifty Dollars (\$50.00), (ii) a detailed listing of all charges involving individual items amounting to \$50.00 or more; Provided, That the Contractor may at its option furnish original invoices and original payrolls, each showing the number of the appropriate check by which payment was made, or authenticated copies thereof, in lieu of such listings.

(c) Except for such of the records furnished by the Contractor to the Navy Department pursuant to paragraph (b) of this Section and retained by the Navy Department or the General Accounting Office, the Contractor shall preserve and make available the records in accordance with the provisions of paragraph (g) of the Section hereunder entitled "Termination by the Government".

(d) The provisions of this Section shall be applicable to, and included in, each fixed-price-adjusted, cost or cost-plus-fixed-fee subcontract made by the Contractor incident to the performance of this contract.

SECTION 13 - CONTINGENT FEES

The Contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fee. This warranty shall not apply to commissions payable by Contractor upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

SECTION 14 - CLASSIFIED PROVISIONS

This Section shall apply to any Task Order which is marked "restricted", "Confidential", "Secret", or "Top Secret".

(a) Alien Employees of Contractor and Subcontractors.

(i) This contract is identified by the Navy Department as a Government contract within the meaning of Section 11 of 54 Stat. 676 (Public No. 671, 76th Congress) and it is agreed that no aliens in the employ of the Contractor shall be permitted to have access to the plans or specifications or the work under the contract or to participate in the contract trials unless the written consent of the Secretary of the Navy has first been obtained.

(ii) In each subcontract or purchase order which the Contractor may make or place under this contract there shall be included a stipulation that no aliens in the employ of the corporation, partnership, or other person undertaking the performance of the subcontract or purchase order shall be permitted to have access to the plans or specifications, or the work under the contract, or to participate in the contract trials, unless the written consent of the Secretary of the Navy has first been obtained: Provided, That such stipulation need not be included in any subcontract or purchase order for standard or commercial products procured under specifications which will not disclose the nature or character of the subject matter of this contract or any other information relative thereto which has been identified by the Navy Department as Top Secret, Secret, Confidential or Restricted; Provided, further, that such stipulation need not be included in a subcontract or purchase order if the Contracting Officer or the Naval Inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to the omission of such stipulation from such subcontract or purchase order or to the inclusion of a different stipulation therein.

(b) Disclosure of Information

(i) It is understood that the work contracted for hereunder relates to and is connected with the national defense (the prosecution of the war effort) and it is agreed: (1) That no information relating to the work under this contract shall be communicated, transmitted, or disclosed to any person not entitled to receive it; and (2) That the Contractor shall be responsible for safeguarding matters within the Contractor's control identified by the Navy Department as Top Secret, Secret, Confidential or Restricted.

(ii) Information contained in the plans and specifications may be disclosed to the officers, agents, or employees of the Contractor to the extent that such disclosure is essential to the performance of this contract, subject to any restrictions which may be imposed by the Contracting Officer or the Naval Inspector charged with the duty of inspecting the work or materials covered by this contract. Information contained in the plans and specifications may be disclosed to officers, agents, or employees of corporations, partnerships or persons undertaking the performance of subcontracts or purchase orders made or placed under this contract only if the Contracting Officer or the Naval Inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to such disclosure.

(iii) It is further understood that disclosure of information relating to the work contracted for hereunder to any person not entitled to receive it, or failure to safeguard all matters within the Contractor's control identified by the Navy Department as Top Secret, Secret, Confidential, or Restricted, may subject the Contractor, his or its agents, employees, and subcontractors to criminal liability under the laws of the United States, including Title I of an Act approved June 15, 1917 (Public No. 24, 65th Congress; 40 Stat. 217), as amended by an Act approved March 28, 1940 (Public No. 443; 76th Congress; 54 Stat. 79) (50 U. S. Code (1940 ed.) Chap. 4), and the provisions of an Act approved January 12, 1938 (Public No. 418, 75th Congress; 52 Stat. 3; U. S. Code (1940 ed.) 45-45d), as supplemented by Executive Order No. 8381, dated March 22, 1940.

(c) Reports of Espionage, Sabotage or Subversive Activities

(i) The Contractor agrees that it will immediately submit a confidential report to the Navy Department or its duly authorized representatives, with copies to such other Government agencies as the Navy Department or its duly authorized representatives may designate, whenever it has information indicating (1) that any of its employees may be engaged in subversive activity at any place or (2) that an active danger of espionage or sabotage exists at any plant, factory or site at which work under this contract is being performed or at which material acquired, fabricated or manufactured in connection with the performance of this contract is stored. The report shall contain a complete statement of such information. The Contractor agrees that it will instruct its personnel to submit any information coming to their attention with respect to the foregoing.

(ii) The Contractor agrees that it will, whenever directed by duly authorized representatives of the Navy Department, submit any and all information which the Contractor may have concerning any of its employees engaged in work at any laboratory or site at which work under this contract is being performed.

(iii) The Contractor agrees that it will refuse to employ, or if already employing will forthwith discharge from employment, and will exclude from any laboratory or site at which work under this contract is being performed, any person or persons whom the Secretary of the Navy or his duly authorized representatives, in the interest of security against espionage, sabotage or subversive activity, may designate.

(iv) In each subcontract or purchase order which the Contractor may make or place under this contract the Contractor shall include stipulations which shall conform substantially to the language of the preceding paragraphs of this Section; Provided, That such stipulations need not be in any subcontract or purchase order for standard or commercial products procured under specifications which will not disclose the nature or character of the subject matter of this contract; Provided, further, that such stipulations need not be included in a subcontract or purchase order if the Contracting Officer or the Naval Inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to the omission of such stipulations or to the inclusion of different stipulations therein.

SECTION 15 - TERMINATION BY THE GOVERNMENT

(a) Notice of Termination of Contractor's Right to Proceed. The performance of work under this contract may be terminated by the Government in whole, or from time to time in part, by delivery to the Contractor of a Notice of Termination, issued by the Contracting Officer, and specifying the extent to which performance of work under the contract shall be terminated, and the date upon which such termination shall become effective; Provided, That the date specified for such termination shall be at least thirty (30) days subsequent to the date on which the Notice of Termination is received by the Contractor.

(b) Certain Obligations of the Contractor. After receipt of a Notice of Termination and except as otherwise directed by the Contracting Officer, the Contractor shall (1) terminate work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portions of the work under the contract as may not be terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of any work terminated by the Notice of Termination; (4) assign to the Government, in the manner and to the extent directed by the Contracting Officer, all of the right, title and interest of the Contractor under the orders or subcontracts so terminated; (5) settle, with the approval or ratification of the Contracting Officer to the extent that he shall require such approval or ratification (which approval or ratification shall be final for all the purposes of this Section), all subcontracts (whether fixed-price or cost-plus-a-fixed-fee), obligations, commitments, liabilities and claims,

the cost of which would be reimbursable in accordance with the provisions of this contract in whole or in part; (6) transfer title (to the extent that title has not already been transferred) and deliver to the Government in the manner to the extent and at the times directed by the Contracting Officer (i) the fabricated or unfabricated parts, work in process, completed work, supplies and other material produced as a part of, or acquired in respect of the performance of, the work terminated in the Notice of Termination, (ii) the plans, drawings, information and other property which, if the contract had been completed, would be required to be furnished to the Government, and (iii) the equipment and apparatus acquired or manufactured for the performance of this contract for the cost of which the Contractor has been or will be reimbursed under this contract; (7) the Contractor may retain any such property at a price or prices approved by the Contracting Officer, and provided further that the proceeds of any such disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be paid in such manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary or as the Contracting Officer may direct for the protection and preservation of property which is in the possession of the Contractor and in which the Government has or may acquire an interest. The Contractor shall proceed with the prosecution of any work not terminated and required under this contract.

(c) The Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts payable in connection with the Contractor's claim under the contract in the event of the total or partial termination of work pursuant to this Section.

(d) In the event of the failure of the Contractor and Contracting Officer to agree as provided in paragraph (c) upon the whole amount to be paid to the Contractor in connection with the termination of work pursuant to this Section, the Government, but without duplication of any amounts agreed upon in accordance with paragraph (c), shall pay to the Contractor the following amounts:

(1) All costs and expenses reimbursable in accordance with this contract not previously paid to the Contractor for the performance of this contract prior to the effective date of the Notice of Termination and such of these costs as may continue for a reasonable time thereafter with the approval of or as directed by the Contracting Officer (which approval shall not be unreasonably withheld), provided, however, that the Contractor shall proceed as rapidly as practicable to discontinue such costs.

(2) The cost (so far as not included in payments under subparagraph 1 above) of settling and paying claims either arising out of the termination of work under subcontracts or orders or with respect to any other obligations, commitments and liabilities the cost of which would be reimbursable in accordance with the provisions of this contract or arising in connection with the termination of the contract in whole or in part and properly chargeable to this contract, provided:

(A) Any such claim has been settled by negotiation or otherwise and (1) the Contracting Officer has approved or authorized such settlement in writing or (2) such settlement of a fixed-price subcontract or order calls for payment of an amount not in excess of the amount which would be payable under paragraph (b) of the Approved Termination Provision for Use in Fixed Price Orders or Subcontracts for the Manufacture of Supplies under Government War Contracts, as amended by General Regulation No. 6 of the Director of Contract Settlement; or

(B) A final judgment has been rendered against the Contractor by a court of competent jurisdiction determining the liability of the Contractor with respect to any such claim, and the Contractor has (1) given the Contracting Officer prompt notice of the initiation of the proceedings in which judgment was rendered and offered in writing to give the Government complete control of the defense of the proceedings, and (2) diligently defended the suit or, in the event that the Government has assumed control of the defense of the proceedings, rendered such reasonable assistance as has been requested by the Government; and provided further that with respect to a judgment determining the liability of the Contractor under any subcontract or order one of the following conditions is satisfied;

(i) the Contracting Officer has approved in writing such subcontract or order or the provisions of such subcontract or order dealing with the rights of the parties thereto upon its termination in whole or in part;

(ii) such subcontract or order (if fixed price) provides in the event of termination thereof in whole or in part for payments to the subcontractor or supplier of an amount not in excess of the amount which would be payable under paragraph (b) of the Approved Termination Provision referred to in paragraph (d) (2) (A) above;

(iii) such subcontract or order (if cost-plus-a-fixed-fee) provides in the event of termination thereof in whole or in part for payment to the subcontractor or supplier of an amount not in excess of cost (together with incidental termination expenses) plus a portion of the fee determined on any reasonable and appropriate basis;

(3) Any other reasonable cost, approved or ratified by the Contracting Officer or his representative (which approval or ratification shall not be unreasonably withheld), incidental to the termination work under this contract, including legal, accounting, clerical and other costs and expenses (taking into account a reasonable allocation of executive, administrative, and office expenses of the Contractor properly allocable to the termination of such work) incidental to:

(i) termination of subcontracts or orders hereunder;

(ii) cessation of work in accordance with the Notice of Termination and the determination of the amounts due to subcontractors and other third parties;

(iii) obtaining payment from the Government, but only to the extent reasonably necessary for the preparation and presentation of settlement proposals and cost evidence in connection therewith, provided that termination is not due to default of the Contractor, and;

(iv) protection, disposition, removal, storage, and transportation (including delivery costs into and out of storage resulting from directions of the Contracting Officer), pursuant to paragraphs (b) (7) and (b) (9) hereof, of property in which the Government has or may acquire an interest under this contract (including any Government Furnished Material or Equipment).

(e) Partial Payments. The Government shall make advance and partial payments and payments on account, from time to time, of the amounts to which the Contractor shall be entitled under this Section, whether determined by agreement or otherwise, whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. Any such partial payment or payments, in the discretion of the Contracting Officer, may be made to the Contractor or directly to, or in escrow form any subcontractor or third party.

(f) Limitations on the Liability of the Government. The obligation of the Government to make any payments under this Section (1) shall be subject to deduction in respect of (i) all unliquidated partial or progress payments, payments on account theretofore made to the Contractor and unliquidated advance payments, (ii) any claim which the Government may have against the Contractor in connection with this contract, and (iii) the price agreed upon or the proceeds of sale of any materials, supplies or other things retained by the Contractor or sold, and not otherwise recovered by or credited to the Government, and (2) in the discretion of the Contracting Officer, shall be subject to deductions in respect of any claim of any subcontractor or supplier whose subcontract or order shall have been terminated as provided in paragraph (b) (3) except to the extent that such claim covers (i) property or materials delivered to the Contractor, or (ii) services furnished to the Contractor in connection with the production of completed articles under this contract.

(g) Contractor's Records. Unless a longer period is otherwise provided for in this contract, or by applicable statute, the Contractor for a period of five years after final settlement under each Task Order hereunder shall make available to the Government at all reasonable times at the office of the Contractor all of its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under each such Task Order and in respect of the termination of work thereunder.

SECTION 16 - PAYMENT OF ROYALTIES

The Contractor shall not pay any sum for royalties or patent rights not included in the ordinary purchase price of parts embodied in the articles, if any, purchased hereunder, unless and until duly authorized to make such payment by the Government, except royalties payable under the existing license agreements, if any, listed (with the patent numbers and the serial numbers of the

patent applications covered by said agreements and the rates of royalty thereunder) in Exhibit A hereto. Recognition of such royalties as are payable pursuant to such license agreements as items of Allowable Cost hereunder shall in no way constitute a recognition by the Government of the validity of any of the patents involved, nor shall any such recognition constitute a waiver of any rights or defenses respecting such patents.

SECTION 17 - DISPUTES

Except as otherwise specifically provided in this contract, all disputes concerning questions of fact arising under this contract shall be decided by the Contracting Officer, subject to written appeal by the Contractor within thirty (30) days to the Secretary of the Navy or his duly authorized representative whose decision shall be final and conclusive upon the parties hereto. In the meantime the Contractor shall diligently proceed with performance.

SECTION 18 - OFFICIALS NOT TO BENEFIT

No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

SECTION 19 - NONDISCRIMINATION

(a) The Contractor hereby agrees that, in performing the work required by this contract, it will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin.

(b) The Contractor hereby agrees that a provision identical with paragraph (a) above will be included in all of its subcontracts.

(c) For the purposes of this Section, subcontracts shall be deemed to include all purchase orders and agreements to perform all or any part of the work, or to make or furnish any article, required for the performance of this contract, except purchase orders or agreements for the furnishing of standard commercial articles or raw materials.

SECTION 20 - PATENT RIGHTS

(a) Where used in this Article and not elsewhere in this contract the expression "Subject Invention" means each invention, improvement and discovery (whether or not patentable) conceived or first reduced to practice (i) in the performance of this contract, including any subcontract hereunder except subcontracts for standard commercial items or subcontracts which do not involve either research or development (including engineering which amounts to either research or development) beyond that normally incident to the performance of a supply contract for the class of item involved or (ii) in the performance of any research or development work relating to the subject-matter hereof which was done upon the understanding that this contract or any subcontract hereunder would be awarded, unless disclosed in a patent application filed prior to the commencement of such performance; the expression "Technical Personnel" means

each person employed by or working under the direction of Contractor or any subcontractor hereunder who, by reason of the nature of his duties in connection with the performance of this contract, or any subcontract hereunder, would reasonably be expected to make inventions; and the expression "Contractor's Patent Rights" means all patents and applications for patent, under which Contractor now has or may hereafter acquire the right to grant a license, to the extent that they are based upon the disclosure of inventions other than a Subject Invention.

(b) Each Subject Invention made by Technical Personnel and, to the extent of Contractor's assignable rights therein, each Subject Invention made by others than Technical Personnel, shall be the sole and exclusive property of the Government, subject only to a non-exclusive, irrevocable, non-transferable, royalty-free license reserved to the Contractor, and the Contracting Officer or his designee shall have sole power to determine to whom, and in what manner and form, consistent with law, title thereto shall be assigned and patent protection therefor shall be obtained in any country; provided, however, (i) that as respects any Subject Invention made by Technical Personnel employed by or under contract with the Contractor prior to the date of this contract whom Contractor has in good faith endeavored to bring under agreement to pass, or giving Contractor the right to pass, to the Government the rights herein provided, the foregoing and other rights hereinafter provided shall be to the extent of Contractor's right to assign or grant the same; (ii) that nothing contained in this sentence shall be deemed to grant a license under Contractor's Patent Rights; (iii) that with respect to any subcontract hereunder, Contractor's obligations under this article will be discharged upon its including in such subcontract a patent rights article not less favorable to the Government than as herein provided; and (iv) that the Contractor shall not be obligated to make prior art searches, to prepare, file or prosecute patent applications, or to perform other usual functions of a patent attorney.

(c) Contractor agrees (i) to deliver to the Contracting Officer or his designee promptly, and in any event prior to final settlement, a complete written disclosure of each Subject Invention which reasonably appears to be patentable and, as to each such invention, to exert its best efforts to effect such delivery within six months after first publication, public use or sale; and (ii) to deliver to the Contracting Officer or his designee, duly executed, such instruments of assignment, application papers and rightful oaths, relating to each Subject Invention title to which is to be assigned pursuant to this contract, as the Contracting Officer or his designee may require in order to enable patent applications therefor to be filed and prosecuted, and title to such applications to be assigned and recorded, in any country.

(d) Contractor agrees to and does hereby grant to the Government to the full extent of Contractor's right to do so, the right to reproduce, use and disclose for any governmental purpose all or any part of the reports, drawings, blueprints, data and technical information to be delivered by Contractor to the Government under this contract; provided, however, that nothing contained in this sentence shall be deemed to grant a license under any patent now or hereafter issued.

(e) The Government agrees that, subject to the provisions of Section 14 hereof, the Contractor shall have the right to publish the results of the research hereunder, and of such further research as the Contractor may perform using any invention or discovery made hereunder.

SECTION 21 - AUTHORIZATION

(a) For the purpose set forth in Section 6 of the Royalty Adjustment Act 1942 (Public No. 768, 77th Cong.; 35 U.S.C. 94), insofar as said Section 6 refers to the Act of June 25, 1910, as amended (35 U.S.C. 68), and for no other purpose whatsoever, the Government shall, without prejudice to its rights of indemnification, if any, be deemed to have given its authorization and consent to the use and manufacture, in the performance of this contract or of any subcontract hereunder, (1) of any patented invention embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract and (2) of any patented invention utilized in machinery, tools or methods the use of which necessarily results from compliance by the Contractor or the using subcontractor with (i) specifications or written provisions now or hereafter forming a part of this contract or (ii) specific written instructions given by the Contracting Officer for the purpose of directing the manner of such performance.

(b) The Contractor shall diligently and promptly report to the Contracting Officer in reasonable written detail (i) each claim of patent infringement asserted with respect to, and (ii) the identity and apparent pertinence of each adversely-held domestic patent having a bearing or apparent bearing upon, the subject-matter or performance of this contract, which said claim or bearing has heretofore or shall hereafter prior to final settlement come to the attention of the Contractor's legal representatives or executive agents.

SECTION 22 - DEFINITIONS

(a) The term "Contracting Officer" means the Chief of Research and Inventions and any person designated by him as a Contracting Officer.

(b) The terms "Naval Inspector", and "Representative of the Office of Research and Inventions", except where otherwise indicated, mean the Naval Inspector or Research and Inventions Representative charged with the duty of inspecting the particular work or materials under this contract or under any subcontract let hereunder.

(c) The term "Task Order", as used herein shall mean a written specification of work authorized by the Government and accepted by the Contractor for performance in accordance with the terms specified in such Task Order and this agreement.

(d) The term "Technical Officer" as used herein, shall, with respect to the work to be performed by the Contractor under any Task Order, be the person designated in the particular Task Order as the Technical Officer therefor.

CONTRACT NO.

N6ori-20

IN WITNESS WHEREOF the parties hereto have executed this contract of the day and year first above written.

UNITED STATES OF AMERICA

BY _____
Contracting Officer
Office of Research and Inventions
Navy Department

WITNESSES:

(1) _____
(Contractor)

(2) _____ BY _____

NOTE: In the case of a corporation, witnesses are not required but certificate below must be completed.
TITLE _____

(Business address of Contractor)

CERTIFICATE

I, _____, certify that I am the Secretary of the corporation named as Contractor in the foregoing contract; that _____ who signed said contract on behalf of the Contractor was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Signature of person certifying)

(CORPORATE SEAL)

BILLING INSTRUCTIONS

Strict compliance with the Billing Instructions will facilitate early payment of invoices. No payment can be made, however, until the contract is returned, properly executed, to the Office of Research and Inventions, Navy Department, Washington 25, D. C.

1. GENERAL: In case of conflict between the provisions of the Billing Instructions and the express terms of the contract, the express terms of the contract shall control.

2. PREPARATION OF INVOICES:

(a) CONCERNING THE GENERAL FORM OF INVOICES: Invoices are to be prepared by contractors on their regular billing forms. There is required to be stamped, printed or typewritten upon the original copy of each invoice the following certificate:

I certify that the above bill is correct and just: that payment therefor has not been received; that all statutory requirements as to american production and labor standards, and all conditions of purchase applicable to the transactions have been complied with, and that state or local sales taxes are not included in the amounts billed.

Contractor

By _____
Authorized Representative

Such certificate must actually appear on the original copy of the invoice--an accompanying, annexed or separate certificate will not be acceptable--and must be signed in the name and on behalf of the contractor by an authorized representative.

(b) CONCERNING ASSIGNMENTS: Notwithstanding an assignment of money claims pursuant to authority contained in the contract, the contractor--not the assignee--is required to prepare invoices. Where such an assignment has been made, the original copy of the invoice must refer to the assignment and must show that payment of the invoice is to be made directly to the assignee, as follows:

Pursuant to the instrument of assignment, dated _____, make payment of this invoice to (name and address of assignee).

Contractor

By _____
Title

3. MARKING OF SHIPPING CONTAINERS:

The following information must plainly appear on all shipping boxes or containers:

- (1) Name of Contractor
- (2) Name and Address of Consignee
- (3) Contract Number Preceded by N6ori Symbol

- (4) Contents (only if contract is unclassified):
 - (a) Item or Items
 - (b) Identification or Model Designation of Item or Items
 - (c) Quantity of Each Item or Items

4. SUBMISSION OF INVOICES AND PLACE OF PAYMENT:

Invoices under Contract N6ori-20 will be submitted by you, in triplicate to the Supervisory Cost Inspector, Room 1260, Board of Trade Building, Chicago, Illinois for verification, preparation of the public vouchers and forwarding to the Office of Research and Inventions, Planning Division, Washington 25, D.C., for certification as to receipt and acceptance and transmittal to the Central Navy Disbursing Office, Bureau of Supplies and Accounts, Navy Department, Washington, D.C., where payment will be made.

(P)

NAVEXOS-2185-20