

## PURCHASE ORDER ATTACHMENT FN-001

### ALLOTTED FUNDS UNDER FIXED PRICE PROCUREMENT

- I. INITIAL ALLOTMENT AND PERFORMANCE PERIOD. The sum that is presently available for payment and allotted to this purchase order and the period of performance which such allotted sum will cover are identified in the body of this purchase order as "Phase Funding" and "Performance Period", respectively. It is anticipated, but not agreed, that from time to time additional sums will be made available pursuant to this purchase order's provisions entitled "Phase Funding", and change notices shall be issued until the total price and period of performance have been assigned.
- II. LIMITATIONS ON OBLIGATIONS. Seller agrees to perform or have performed work hereunder up to the point at which, in the event that additional sums are not provided under the terms of the purchase order or this attachment, the total amount paid and payable by Buyer for work done (including but not limited to costs and fair profit) by Seller would in the exercise of reasonable judgment approximate, but in no event exceed, the then allotted sum. Seller shall not be obligated to continue performance of the work beyond such point, and Buyer shall not be obligated to pay any amount in excess of then total allotted sum. Anything to the contrary in other provisions, whether relating to changes, termination, overhead rates, or other matters shall not be considered as giving rise to an increase in Buyer's obligations over the allotted sum from time to time. Any request from Buyer's personnel to continue performance shall not affect the aforesaid limitations on Seller's obligation to perform or on Buyer's obligation to make payment.
- III. ADDITIONAL ALLOTMENTS. In the event Seller considers the allotted funds to be inadequate to cover the work to be performed during any performance period, Seller shall notify Buyer in writing at least 45 days prior to the date when the work will reach a point at which, in the event of termination of this order for Buyer's convenience, the total amount paid and payable to Buyer, covering all costs incurred (including subcontractors' charges and termination settlement costs) and a fair profit earned on work done will approximate 85% of the total allotted funds. The notice shall state the estimated date when such point will be reached and the estimated amount of additional allotted funds required to continue performance during the balance of the performance period.
- IV. SUSPENSION OR TERMINATION FOR LACK OF FUNDS. If additional allotted funds are not made available by (a) the 45th day after delivery of the notification required by Clause III, or (b) the date additional allotted funds are declared in the notice to be needed, or (c) the date such funds are actually needed, whichever date is the latest, Seller may request that Buyer, at Buyer's option, either order work suspension in accordance with the Changes provision elsewhere provided or terminate this order for Buyer's convenience, Buyer shall do so within 15 days after such request unless additional allotted funds are made available. Nothing herein shall be construed to require Seller to perform beyond the point described in Clause II. above, whether or not work suspension has been ordered. In the event of termination pursuant to this clause, Seller shall not be entitled to an amount as final termination settlement which, together with previous payments, would exceed the allotted funds plus stand-by costs authorized as a result of any work suspension ordered pursuant to this clause. Buyer may, at any time prior to termination, provide additional allotted funds for this purchase order. With the consent of Seller, after notice of termination, Buyer may rescind such termination in whole or in part and provide additional allotted funds for this purchase order.
- V. ADDITIONAL PERFORMANCE PERIOD. If and when additional allotted sums are made available for continued performance under the purchase order, then, unless already specified in this purchase order, the parties shall agree as to the performance period covered by such allotted sums, and the

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Allotted Funds Under Fixed Price Procurement



provisions of this attachment shall apply in like manner to such additional allotted sums and performance period, and the order amended accordingly.

VI. REDUCTION IN ALLOTMENTS. Buyer shall be entitled to reduce the allotted funds from time to time except that if the allotted funds as reduced are less than any amount to which Seller would be entitled. If Buyer, on the reduction date, terminates this order for Buyer's convenience, then Seller shall notify Buyer within 30 days thereafter and Buyer shall then increase the allotted funds to such amount, provided that the increase shall in no event be in excess of the amount of allotted funds immediately prior to the reduction.

VII. CHANGES TO PURCHASE ORDER. No change to this purchase order, whether made pursuant to the Changes provision elsewhere set forth or otherwise, shall require Buyer to make any adjustment in the allotted funds.

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