

PURCHASE ORDER ATTACHMENT FN-002

ALLOTTED FUNDS UNDER COST REIMBURSEMENT PROCUREMENT

- I. ESTIMATE. It is estimated that the total payment by Buyer to Seller for performance hereunder will not exceed the sum of the estimated cost and any fee set forth in this purchase order. Seller agrees to use its best efforts to perform the work and obligations hereunder within such estimated amount.
- II. INITIAL ALLOTMENT AND PERFORMANCE PERIOD. The sum presently available for payment and allotted to this purchase order, and the period of performance which the allotted amounts will cover are identified in 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 order's provisions entitled "Phase Funding", and change notices shall be issued until the total cost and fee and period of performance have been assigned.
- III. LIMITATIONS ON OBLIGATIONS. Seller agrees to perform or have performed work hereunder up to the point at which, in the event that additional funding is 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 fees) by Seller would in the exercise of reasonable judgment approximate 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 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.
- IV. ADDITIONAL ALLOTMENTS.
 - A. 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 purchase order for Buyer's convenience, the total amount paid and payable to Seller, covering all costs incurred (including subcontractors' charges and termination settlement costs) and any fee 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 during the balance of the performance period.
 - B. When, and to the extent that, the total allotted funds have been increased, any costs incurred by Seller and any fee to which Seller would have been entitled prior to the increase had not the same been in excess of the amount previously allotted shall be allowable to the same extent as if such costs had been incurred and fee earned after such increase in amount allotted.
- V. 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 IV. above, 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 III. 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 order.

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER ATTACHMENT FN-002 (Continued)
Allotted Funds Under Cost Reimbursement Procurement



- VI. ADDITIONAL PERFORMANCE PERIOD. If and when additional allotted sums are made available for continued performance under this purchase order, then, unless already specified in the purchase order, the parties shall agree as to the performance period covered by such allotted sums, and the provisions of this attachment shall apply in like manner to such additional allotted sums and performance period, and the order amended accordingly.
- VII. 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 cover such costs and fees, provided that such increase shall in no event be in excess of the allotted funds immediately prior to the reduction.
- VIII. CHANGES TO PURCHASE ORDER. No change to this order, whether made pursuant to the Changes provision elsewhere set forth or otherwise, shall require Buyer to make any adjustment in the allotted funds.
- IX. LIMITATION OF COST CLAUSE. If an attachment containing a provision entitled "Limitation of Cost" is incorporated in this order, then such provision shall be inapplicable until such time as the allotted funds equal the total estimated cost and fee set forth herein, and thereafter the provision entitled; "Limitation of Cost" shall be applicable and this attachment shall be inapplicable.

END OF DOCUMENT

The text of this document shall not be changed except by written agreement between Buyer and Seller.