

Subcontract No.:
Subcontractor Name:
P.O. No.:
Effective Date:

GENERAL TERMS AND CONDITIONS FOR GOVERNMENT SUBCONTRACTS

1. DEFINITIONS. As used herein, "DRC" means Dynamics Research Corp. "Subcontractor" means the party to whom the purchase order and Subcontract are issued. "Client" means the U.S. Government or any department or agency thereof. "Prime Contract" means the DRC's contract with the Client. "Subcontract" means these Terms and Conditions, the Statement of Work, any applicable Federal Acquisition Regulations, and other documents, requirements and provisions attached to, incorporated into or otherwise made a part of the Subcontract by DRC, including the purchase order. "Services" means all of the goods, services, data, software and other items furnished or to be furnished to DRC under this Subcontract as set forth in the Statement of Work. "Information" means all information developed or disclosed during performance of Services, including but not limited to reports, designs, data, drawings, patents and patent applications, inventions, trade secrets and copyrights.

2. CONFLICT OF INTEREST. (a) Subcontractor shall not enter into any agreement or business arrangement with any other party for the identical Services as those performed under this Subcontract. (b) No member of or delegate to Congress, resident commissioner or governmental employee, shall have any share of the benefit that may arise from this Subcontract. (c) Subcontractor warrants that no person or selling agency has been employed or retained to solicit or secure this Subcontract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by Subcontractor for the purpose of securing business. Subcontractor shall indemnify DRC from any penalties for breach or violation of this warranty. DRC shall have the right to annul the Subcontract without liability or in its discretion to deduct from the consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

3. INDEPENDENT CONTRACTOR. Subcontractor's relationship with DRC is that of an independent contractor.

4. INSPECTIONS AND RESPONSIBILITY. (a) Subcontractor shall upon reasonable notice, make its facilities and pertinent project and financial records available to DRC or the Government and their
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representatives for the purpose of reviewing and inspecting the progress of Services. (b) If Subcontract is a cost reimbursement type (with or without fixed fee), Client or any of its duly authorized representatives may, until the expiration of three (3) years after final payment under this order, have access to and the right to examine any directly pertinent financial books, documents, papers, and records of Subcontractor related to the Subcontract. Subcontractor shall use generally accepted accounting principles in documenting its records. (c) Subcontractor shall be responsible for the professional quality, technical accuracy and the coordination of all Services. Subcontractor shall, without additional compensation, correct or revise any errors in its Services. (d) Neither DRC's review, approval or acceptance of, nor payment for, any of the Services shall be construed to operate as a waiver of any rights under this provision.

5. TECHNICAL DATA. (a) Subcontractor shall give DRC forty-eight (48) hours notice if required by a Court order or subpoena to provide any Information, either developed under this Subcontract or provided by DRC to Subcontractor, to a third party. (b) Subcontractor agrees to maintain (in sufficient detail as will properly reflect all Services performed and results achieved) books, notes, records, reports, drawings, charts, graphs, prototypes, analysis, computations, computer programs, samples, and any other documentation produced in relation to the Services. (c) Subcontractor shall not use, other than for performance of Services, and shall keep all Information secret and confidential except for such Information which Subcontractor can show by reasonable proof: (i) was available to the public in its disclosed combination(s) prior to the receipt of the Information; (ii) becomes available to the public following the receipt of the Information through no fault of Subcontractor; (iii) was in possession of Subcontractor prior to the receipt or development of the Information and was not acquired from a third party under a confidential obligation; or (iv) has been developed by Subcontractor as a result of activities carried out independently of the Subcontract and without access to the Information disclosed thereunder, as demonstrated by dated documentation in the files of Subcontractor; (d) Subcontractor shall not use any inventions produced with private funds during the Services without prior notification to DRC. (e) The obligations of secrecy, nonuse, and confidentiality for Information, including Information provided by DRC, imposed by this clause shall continue

for five (5) years following termination of the Subcontract or completion of Services, whichever is longer. (f) Subcontractor shall limit dissemination of Information to only those of its employees who have a need to know. If subcontractors are to be used, Subcontractor will obtain prior written approval from DRC before any disclosure of Information, and shall insert the provisions of this clause in any such subsubcontracts. This provision shall supplement but not supersede any previously agreed to confidentiality or nondisclosure agreements between DRC and Subcontractor.

6. EQUIPMENT. (a) If this Subcontract is not fixed-price, Subcontractor agrees that any special equipment purchased as part of the Services which is paid for by DRC shall be the property of DRC or Client. (b) Subcontractor shall be responsible for the care, custody and maintenance of any DRC or Client supplied equipment or equipment purchased by Subcontractor as part of Services. Subcontractor shall, upon DRC's direction, return the equipment at its own cost to the equipment's point of origin or to DRC or Client in the same condition as received, usual wear excepted, when requested by DRC. (c) Subcontractor shall not purchase and charge to DRC or Client any equipment for use in the performance of the Services that is not required to be purchased by the Statement of Work.

7. HARDWARE PROVISIONS AND WARRANTIES. The following shall be applicable if Services include the production of any hardware: (i) Subcontractor warrants the hardware to be in conformance with specifications and to be free from defects in material and workmanship. Subcontractor also warrants the hardware to be suitable for the purpose intended if designed by Subcontractor. All rejected hardware shall be returned to the Subcontractor for credit, transportation collect; and it shall be the responsibility of Subcontractor to furnish a like quantity acceptable to DRC's inspection; (ii) During the ten (10) months after final acceptance of each hardware item by DRC, Subcontractor shall, at its own expense, make such changes and replacements to correct defective installation, material and workmanship of hardware as DRC or Client may require. If any hardware is changed or replaced in accordance with the foregoing, Subcontractor shall guarantee to correct any defective installation, material and workmanship of the corrected hardware for ten (10) months after final acceptance of the corrected hardware. (iii) Subcontractor, if providing a standard commercial item, warrants, express or implied, that the item as designed or when installed and placed in operation and used by DRC or Client, will comply with all occupational safety and health standards, rules, regulations, orders issued pursuant to the O.S.H.A. Regulations or other laws unless otherwise stated herein; (iv) Risk of loss or damage to the hardware shall remain with Subcontractor until delivery to DRC. Subcontractor warrants to deliver the hardware free of liens and encumbrances; (v) Subcontractor shall be responsible for the payment of any tax or other Federal, State or local

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governmental charge directly or indirectly related to the production or shipment of the hardware; (vi) Subcontractor shall be responsible for the procurement of any necessary special permits required for the design, production, or testing prior to acceptance by DRC of the hardware and costs incidental thereto unless otherwise stated in writing by DRC; (vi) DRC reserves the right to cancel without cost all or any part of the undelivered portion of the hardware if delivery is not made within the time specified or if no specification of time is made, within a reasonable time. DRC also reserves the right to cancel without cost all or any part of the undelivered portion of the hardware if Subcontractor breaches any of the terms hereof, including the warranties of Subcontractor; (vii) Any cost estimates are F.O.B. Andover, Massachusetts unless otherwise stated.

8. TERMINATION. (a) DRC may, by written notice, terminate Subcontract in whole or in part at any time. Upon receipt of such notice, Subcontractor shall: (i) discontinue all Services affected (unless notice directs otherwise), and (ii) protect and secure and if requested deliver to DRC all data, drawings, specifications, reports, estimates, summaries, and such other Information, hardware and materials as may have been accumulated by Subcontractor in performing Services, whether completed or in progress. (b) In the event of termination, Subcontractor will preclude or minimize continuing charges and expenses, however, DRC agrees to pay Subcontractor for all reasonable close-out costs, a prorated share of any fee due based upon the percent completion of the Services, and noncancellable commitments incurred prior to the date of termination. In no case shall termination costs exceed the total authorized and funded costs. DRC and Client shall not be held responsible for any lost or anticipated profits or consequential damages due to termination or cancellation of the Services by either of them. (c) Nothing in this termination provision shall effect the continuing obligations of confidentiality, patent rights, indemnifications or warranties under the Subcontract. (d) If termination occurs due to the failure of Subcontractor to perform the Services within the Period of Performance specified in the attached Exhibit A or any extensions thereof granted by DRC in writing, DRC may procure, upon such terms and in such manner as DRC deems appropriate, Services similar to those so terminated, and Subcontractor shall be liable to DRC for any excess costs for such similar Services, unless such failure to perform arises out of causes beyond the reasonable control of Subcontractor. If failure to perform is caused by a Sub-subcontractor and arises out of causes beyond the reasonable control of both the Subcontractor and Sub-subcontractor, Subcontractor shall only be liable for any excess costs to the extent the Services to be provided by Sub-subcontractor were obtainable from other sources in sufficient time to permit Subcontractor to perform the Services within the Period of Performance.

9. DELAYS. Neither party shall be considered in default of its obligations under the Subcontract to the extent that any

obligation is prevented or delayed by a cause that is beyond the reasonable control of the party. Subcontractor shall notify DRC within seven (7) days of any circumstance that may delay Services.

10. INDEMNIFICATIONS. (a) Subcontractor shall indemnify and save harmless DRC from and against any and all liability for bodily injury to persons or property damage occasioned by any willful or negligent act or omission of Subcontractor, or its subcontractors, agents, or employees, including any and all expenses, legal or otherwise, incurred by DRC in the defense of any such claim or suit arising out of the Services, however, nothing herein shall be construed as making Subcontractor liable for any claim or liability caused by the willful or negligent acts or omissions of DRC or any third parties. (b) DRC shall indemnify and save harmless Subcontractor from and against any and all liability for bodily injury to persons or property damage occasioned by any willful or negligent act or omission of DRC, its agents, or employees, including any and all expenses, legal or otherwise, incurred by Subcontractor in the defense of any such claim or suit, arising out of the Subcontract, however, nothing herein shall be construed as making DRC liable for any claim or liability caused by the willful or negligent acts or omissions of Subcontractor or any third parties.

11. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA. (a) This section is applicable if cost or pricing data was furnished or was required to be furnished to DRC or Client; (b) If any price, including profit or fee, negotiated in connection with this Subcontract, was increased by a significant amount because Subcontractor or Subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data or furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the Subcontract shall be modified to reflect the reduction. (c) Subcontractor agrees to indemnify and save DRC harmless from any reduction in the price (or cost and fee, as applicable) of the Prime Contract, including applicable overhead and profit markup, on account of any such defective data, whenever such reduction may occur.

12. INSURANCE. Subcontractor shall carry and give evidence thereof to DRC prior to commencing Services of Comprehensive General Liability Insurance with limits not less than \$1,000,000 per occurrence for Bodily Injury and \$500,000 per occurrence for Property Damage, Automobile Liability Insurance with limits not less than \$500,000 per person and \$1,000,000 per occurrence for Bodily Injury and \$500,000 per occurrence for Property Damage, and Worker's Compensation Insurance as required by law. Such insurance shall not be cancelable except upon thirty (30) days written notice to DRC.

13. DISPUTES. (a) Subcontractor shall promptly notify DRC in writing within seven (7) days of any occurrence

which may give rise to a claim against DRC under this Agreement. (b) If the claim is one that falls within the Disputes clause of DRC's prime contract with Client, DRC will request a final decision of the Contracting Officer for such prime contract, which decision, if, and to the extent it is finally binding upon DRC under such prime contract, shall in turn be binding upon DRC and the Subcontractor; provided however, that (i) DRC shall provide the Subcontractor with a copy of such decision within thirty (30) days from the date of its receipt by DRC, and (ii) if the Subcontractor disagrees with such decision, and if DRC elects not to appeal such decision on its own behalf, the Subcontractor shall have the right to take a timely appeal of such decision in DRC's name to the appropriate board of contract appeals. DRC will lend reasonable assistance in connection with such appeal by the Subcontractor, at the Subcontractor's request, and the Subcontractor shall control the prosecution of such appeal and shall bear all costs thereof. The Subcontractor shall keep DRC informed of the progress of any such appeal by forwarding to DRC copies of all pertinent documents. (c) If DRC elects to appeal a decision made by the Contracting Officer under such prime contract, which decision is related to this Subcontract, the Subcontractor shall, upon DRC's request, provide such information as is reasonably required in support of DRC's appeal. (d) For all appeals, whether taken by DRC or by the Subcontractor in DRC's name, in which the Subcontractor seeks to recover for itself fifty thousand dollars (\$50,000) or more, the Subcontractor will certify that (i) the claim is made in good faith, (ii) the supporting data is accurate and complete to the best of the Subcontractor's knowledge and belief, and (iii) the amount requested accurately reflects the price adjustment for which the Subcontractor believes Client is liable. (e) Pending final adjudication of any such appeal or dispute, the Subcontractor shall proceed diligently with Services.

14. SUBLETTING, ASSIGNMENT OR TRANSFER. Subcontractor shall not sublet, sell, transfer, assign, or otherwise dispose of Subcontract or any portion thereof, or of its right, title, or interest therein, without consent of DRC. The Subcontract shall be binding upon and shall inure to the benefit of the parties and their successors and assigns.

15. CONTRACTOR'S RELEASE. Upon completion of Services, Subcontractor shall submit to DRC a certified statement of release or documentation of any claims Subcontractor may have against DRC arising out of the Subcontract. Subcontractor shall also certify in such statement that it has paid in full all subcontractors and materialmen.

16. PERSONNEL. Subcontractor agrees that it will not solicit to hire any employee of DRC during the term of the Subcontract or for one (1) year thereafter unless otherwise agreed in writing.

17. PUBLICITY. Subcontractor shall not issue any publicity releases relating to Services or with regard to the existence of the Subcontract without prior approval by DRC.

18. COMPLIANCE WITH LAWS. Subcontractor shall perform all Services in compliance with all applicable Federal, State and Local Laws and Regulations.

19. ENFORCEABILITY. If any portion or provision of the Subcontract shall to any extent be declared illegal or unenforceable by a duly authorized court of competent jurisdiction, then the remainder of the Subcontract or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of the Subcontract shall be valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. The Subcontract shall be construed under and be governed in all respects by the law of the Commonwealth of Massachusetts.

21. INCORPORATION OF EXHIBITS. Any Exhibits attached hereto are hereby incorporated into this Subcontract.

22. PRECEDENCE. All component parts of this Subcontract are intended to be complementary, and shall be read as such to the extent practicable. If the Subcontractor knows or has reason to believe that there is or may be a conflict or inconsistency within or among the component parts of the Subcontract, the Subcontractor shall immediately notify DRC in writing before proceeding with the work or incurring any further liabilities, expense or obligations for itself or DRC. In the event of any inconsistencies between the component parts of this Subcontract, the order of precedence for the documents and clauses in this Subcontract shall be: (1) the Statement of Work and Period of Performance as set forth in the attached Exhibit A to this Subcontract; (2) the FAR and DFAR clauses as set forth in paragraphs 28, 29 and 30 of these Terms & Conditions For Government Subcontracts; (3) the remaining preprinted provisions of these Terms & Conditions For Government Subcontracts; and (4) any additional documents incorporated herein by reference, including but not limited to, the DRC Purchase Order and Subcontractor's Representations and Certifications. Any additional or different terms in Subcontractor's invoice or any other document supplied by Subcontractor under this Subcontract are deemed to be material alterations and notice of objection to such terms is hereby given. Subcontractor will be deemed to have assented to all terms and conditions contained herein if any part of the articles covered by this Subcontract is shipped or services are performed.

23. BASIS OF COMPENSATION. Subcontractor shall be paid for Services on the following basis: (applicable basis denoted by "X")

() **Firm-Fixed Price (FFP)** basis of \$ _____ for the total performance of Services.

() **Time and Materials (T&M)** basis Not to Exceed \$ _____ for Subcontractor's best professional efforts to complete Services. All labor rates shall include all compensation, overhead, General and Administrative expenses, fringe benefits and profits unless otherwise agreed in writing. Other Direct Costs, including direct materials, direct travel, consultants costs, subcontract costs, and out of pocket expenses shall be billed at actual cost plus a ___% General and administrative expense markup unless otherwise agreed to in writing.

() **Cost-Plus-Fixed-Fee (CPFF)** basis for the total performance of Services. The estimated total cost for Services is \$ _____ including a fixed fee of \$ _____.

24. ADDITIONAL PROVISIONS FOR FIRM-FIXED PRICE PAYMENT TERMS. The following provisions shall apply only if Subcontract is denoted as Firm-Fixed Price: (a) Subcontractor shall be paid, upon submission of proper invoices or vouchers, the prices stipulated herein for work delivered or rendered and accepted, less deductions, if any as herein provided. Unless otherwise specified, payment will be made upon acceptance of any portion of the work delivered or rendered for which a price is separately stated in the contract; (b) Changes to Services shall be quoted on a Firm-Fixed Price basis. If such quote is rejected by DRC, Subcontractor shall, if authorized by DRC, proceed with the changed work on a Time and Materials basis not to exceed the Firm-Fixed Price quote for such change in Services.

25. ADDITIONAL PROVISIONS FOR TIME AND MATERIALS PAYMENT TERMS. The following provisions are applicable only if Subcontract is denoted as Time and Materials: (a) Subcontract is subject to funding by the Client. Subcontractor is authorized to expend or commit up to a maximum of \$ _____ for the period ending _____. If Subcontractor believes that the costs it will incur in the performance of Services in the next succeeding thirty (30) days, when added to previous costs incurred, will exceed 80% of the "Not to Exceed" amount in Section 23 above, Subcontractor shall notify DRC in writing and give a revised estimate to complete Services. Neither DRC or Client shall be liable for any costs incurred by Subcontractor in excess of the "Not to Exceed" amount in Section 23; (b) DRC shall pay Subcontractor the amount of each invoice received and

approved minus five percent (5%) of the invoiced amount, up to a maximum of fifty thousand dollars (\$50,000), to be held by DRC as retainage and to be paid to Subcontractor in a lump sum upon Subcontractor's completion of Services and final acceptance for the release of all amounts retained following final acceptance of Services by DRC; (c) DRC or Client may request supporting documentation to verify the accuracy and allocability of direct charges claimed under this Subcontract, including certification of hours charged. Such certification shall not be construed to include any audit of the Subcontractor's accounting records, other than verification of time charges, rates, and non-salary direct expenses. DRC shall not take dispute with any verifications acceptable to Client. Subcontractor agrees to reimburse DRC or DRC may deduct from retainage, any amounts incorrectly invoiced to and paid by DRC or Client; (d) If, in order to comply with the proposed Subcontract delivery schedule, costs are incurred by Subcontractor in performance of Services prior to execution of the Subcontract by both parties such costs shall be recognized for payment by both parties; provided, however, that the costs claimed shall be in accordance with the Client's allowable costs principles incorporated herein and not rejected by the Client; (e) All rates and markups set forth by Subcontractor are deemed provisional and are subject to audit and final adjustment.

26. ADDITIONAL PROVISIONS FOR COST-PLUS-FIXED-FEE PAYMENT TERMS. The following provisions are applicable only if Subcontract is denoted as Cost-Plus-Fixed-Fee: (a) Subcontractor represents that it has had previous contracts or subcontracts with Client and that Client has found the Subcontractor's system of accounting acceptable for the auditing or cost reimbursable type contracts. Subcontractor shall notify DRC of any changes in its accounting system which may affect the total estimated cost of Subcontract prior to such change being adopted; (b) This Subcontract is subject to funding by Client. Subcontractor is authorized to expend or commit up to a maximum amount (including fixed fee, if any) of \$ _____ for the period ending _____. If Subcontractor believes that the costs it will incur in the performance of Services in the next succeeding thirty (30) days, when added to previous costs incurred, will exceed eighty percent (80%) of this or any subsequently authorized amount, Subcontractor shall notify DRC in writing and give a revised estimate to complete Services. Neither DRC or Client shall be liable for any costs incurred by Subcontractor in excess of any authorized amounts; (c) DRC shall pay to Subcontractor the amount of each invoice received and approved minus fifteen percent (15%) of the fixed fee to be held by DRC as retainage and to be paid to Subcontractor in a lump sum upon Subcontractor's

completion of Services and final acceptance by DRC. After payment of ninety-five percent (95%) of the fixed fee, as provided herein, further payments on account of the fixed fee will be withheld until final payment is made. Subcontractor shall submit an invoice to DRC for release of all amounts retained following final acceptance of Services by DRC; (d) Subcontractor agrees to permit Client or DRC access to its pertinent financial records and to be bound by the Client's or DRC's determination of allowable costs incurred in the performance of Services. DRC shall not take dispute with any costs acceptable to Client. Subcontractor agrees to reimburse DRC, or DRC may deduct from retainage, any costs incorrectly invoiced to and paid by DRC to Subcontractor; (e) If, in order to comply with the proposed Subcontract delivery schedule, costs are incurred by Subcontractor in performance of Services prior to execution of Subcontract by both parties such costs shall be recognized for payment to the same extent as had the costs been incurred after execution of the Subcontract by both parties, provided however, that the costs claimed shall be in accordance with any of the Client's allowable costs principles incorporated herein; (f) All rates and markups set forth by Subcontractor are deemed provisional and are subject to audit and final adjustment.

27. INVOICES. (a) All invoices shall be submitted in triplicate and in a form acceptable to DRC. (b) For Time and Materials Subcontracts, the invoice shall contain itemized hours, rates, and totals for the billing period of that invoice. The invoice shall also reflect itemized cumulative totals of costs incurred on the Subcontract to the date of such invoice. All invoices shall reflect the exact dates covered and be supported by adequate documentation. The invoices shall be detailed and in a format reasonably acceptable to DRC. Allowable costs shall be in accordance with Part 31 of the Federal Acquisition Regulations (FAR) in effect on the date of the execution of the Subcontract unless otherwise agreed to in writing. Subcontractor shall invoice DRC monthly for labor, materials, and other expenses for Services actually performed or incurred during their month including a pro rata proportion of the fixed fee. Each invoice shall contain itemized totals for the billing period of that invoice, and shall also reflect itemized cumulative totals of costs incurred to the date of the invoice.

28. FAR FLOWDOWN CLAUSES. The following Federal Acquisition Regulation ("FAR") clauses are hereby incorporated by reference in this Subcontract and shall have the same contractual effect as if they were given in full text. The flowdown clauses shall take precedence over any other clauses in this Contract. If the date or substance

of any of the clauses listed below is different than the date or substance of the clause actually incorporated in the Prime Contract and referenced by number herein, the date or substance of the clause incorporated by the Prime Contract shall apply instead. Whenever necessary to make the context of the clauses set forth in this section applicable to the Subcontract, the term "Contract" shall mean this Subcontract, the term "Contractor" shall mean Subcontractor, and the term "Government", "Contracting Officer" and equivalent phases shall mean DRC, except when used as part of the terms "Government Equipment", "Government Furnished Property" and "Government-Owned Equipment" or when a right, act, authorization or obligation can be granted or performed only by the Government or the prime Contracting Officer or his duly authorized representative or when access to proprietary financial information or other proprietary data is required or when title to property is to be transferred directly to the Government. The Federal Acquisition Regulations are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.

REFERENCE TITLE

52.203-6 Restrictions On Subcontractor Sales To The Government (July 1995)

52.203-7 Anti-Kickback Procedures (Jul. 1995) (except subparagraph (c)(1) of the clause.)

52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (Apr. 1991)

52.203-12 Limitation on Payments to Influence Certain Federal Transactions (June 1997)

52.204-2 Security Requirements (Aug. 1996) (except paragraph (c); applicable only if Services involve access to classified information.)

52.209-6 Protecting the Government's Interest When Subcontracting With Contractor's Debarred, Suspended or Proposed For Debarment (Jul. 1995)

52.215-2 Audit - Negotiation (June 1999) (applicable only if Subcontract exceeds \$25,000.00.)

52.215-21 Requirements for Cost and Pricing Data or Information Other Than Cost

or Pricing Data-Modifications(Oct. 1997)

52.219-8 Utilization of Small Business Concerns (Oct. 2000)

52.219-9 Small Business Subcontracting Plan (Oct. 2000)

52.222-1 Notice to the Government of Labor Disputes (Feb. 1997)

52.222-4 Contract Work Hours and Safety Standards Act Overtime Compensation (Sept. 2000)

52.222-21 Prohibition of Segregated Facilities (Feb. 1999)

52.222-22 Previous Contracts and Compliance Reports (Feb. 1999)

52.222-25 Affirmative Action Compliance (Apr. 1984)

52.222-26 Equal Opportunity (Feb. 1999)

52.222-35 Affirmative Action For Disabled Veterans and Veterans of the Vietnam Era (Apr. 1998) (applicable if Subcontract exceeds \$10,000.00.)

52.222-36 Affirmative Action For Workers with Disabilities (June 1998) (applicable only if Subcontract exceeds \$2,500.00.)

52.222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era (Jan 1999) (applicable if Subcontract exceeds \$10,000.00.)

52.223-2 Clean Air and Water (Apr. 1984) (applicable only if Subcontract exceeds 100,000.00.)

52.223-3 Hazardous Material Identification and Material Safety Data (Jan. 1997) (applicable only if Subcontract involves "hazardous materials" as defined in this clause.)

52.223-6 Drug-Free Workplace (Jan. 1997)

52.223-7 Notice of Radioactive Materials (Jan. 1997) (applicable only if Subcontract is for radioactive materials.)

52.225-10	<u>Notice of Buy American Act/Balance of Payments Program Requirement-Construction Materials</u> (Feb.2000)	()	(Apr. 1984)
52.227-1	<u>Authorization and Consent</u> (Jul. 1995) (applicable if supplies and services are expected to exceed \$25,000.00.)	52.216-7 ()	<u>Allowable Cost and Payment</u> (March 2000)
52.227-2	<u>Notice and Assistance Regarding Patent and Copyright Infringement</u> (Aug. 1996) (applicable only to Subcontracts that exceed \$25,000.00.)	52.222-20 ()	<u>Walsh-Healey Public Contracts Act</u> (Dec. 1996) (applicable only if Subcontract is for materials, supplies, articles, or equipment in excess of \$10,000.00).
52.227-9	<u>Refund of Royalties</u> (Apr. 1984) (applicable if the amount of royalties reported during the negotiation of the Subcontract exceeds \$250.00.)	52.227-17 ()	<u>Rights in Data - Special Works</u> (June 1987)
52.227-10	<u>Filing of Patent Applications - Classified Subject Matter</u> (Apr. 1984)	52.227-18 ()	<u>Rights in Data - Existing Works</u> (June 1987)
52.227-11	<u>Patent Rights - Retention by the Contractor</u> (Short Form) (June 1997)	52.227-19 ()	<u>Commercial Computer Software - Restricted Rights</u> (June 1987)
52.227-20	<u>Rights in Data - SBIR Program</u> (Mar 1994)	52.227-23 ()	<u>Rights to Proposal Data (Technical)</u> (June 1987)
52.244-2	<u>Subcontracts</u> (Aug. 1998)	52.229-2 ()	<u>North Carolina State and Local Sales and Use Tax</u> (Apr. 1984)
52.245-17	<u>Special Tooling</u> (Dec. 1989)	52.229-10 ()	<u>State of New Mexico Gross Receipts and Compensating Tax</u> (Oct. 1988)
52.245-18	<u>Special Test Equipment</u> (Feb. 1993)	52.230-2 ()	<u>Cost Accounting Standards</u> (April 1998)
52.246-23	<u>Limitation of Liability</u> (Feb. 1997) (the term "Government" as used therein shall mean only the U.S. Government and shall not mean DRC, and the term "Government acceptance" shall mean U.S. Government acceptance of services performed under this Subcontract).	52.230-3 ()	<u>Disclosure and Consistency of Cost Accounting Practices</u> (April 1998)
52.249-6	Termination (Cost Reimbursement (Sep 1996)	52.230-4 ()	<u>Consistency in Cost Accounting Practices</u> (Aug. 1992)
		52.230-6 ()	<u>Administration of Cost Accounting Standards</u> (Nov. 1999)
		52.245-2 ()	<u>Government Property (Fixed Price Contracts)</u> (Dec. 1989)
		52.245-5 ()	<u>Government Property (Cost-Reimbursement, Time-and-Material or Labor-Hour Contracts)</u> (Jan 1986)
29. ADDITIONAL FAR FLOWDOWN REQUIREMENTS. (applicable clauses have been denoted by a "X".)		52.249-1 ()	<u>Termination for the Convenience of the Government (Fixed Price) (Short Form)</u> (Apr. 1984)
REFERENCE	TITLE	52.249-9 ()	<u>Default (Fixed Price Research & Development)</u> (Apr. 1984)
52.203-3 ()	<u>Gratuities</u> (Apr. 1984)		
52.203-5 Rev.09/01	<u>Covenant Against Contingent Fees</u>		

30. DOD FAR SUPPLEMENT FLOWDOWN CLAUSES. The following clauses of the Department of Defense Federal Acquisition Regulation Supplement (DFARS) are incorporated herein by reference, with the same force and effect as if they were given in full text, are applicable during the performance of this Subcontract. If the date or substance of any of the clauses listed below is different than the clause actually incorporated in the Prime Contract shall apply instead. The DFARS is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.

REFERENCE TITLE

252.203-7001 Prohibition on Persons Convicted of Fraud or other Defense Contract Related Felonies (March 1999)

252.209-7002 Disclosure of Ownership or Control By a Foreign Government (Sep. 1994)

252.215-7002 Cost Estimating System Requirements (Oct. 1998)

252.219-7003 Small, Small Disadvantaged, and Women Owned Business Subcontracting Plan (DOD Contracts) (April 1996)

252.223-7001 Hazard Warning Labels (Dec. 1991)

252.223-7004 Drug-Free Work Force (Sep. 1988)

252.225-7000 Buy-American Act - Balance of Payments Program Certificate (Sept. 1999)

252.225-7001 Buy American Act and Balance of Payments Program (Sept. 1999)

252.225-7007 Buy American Act-Trade Agreements- Balance of Payments Program (April 2000)

252.225-7014 Preference For Domestic Specialty Metals (March 1998)

252.225-7016 Restriction on Acquisition of Ball and Roller Bearings (Dec. 2000)

252.225-7018 Notice of Prohibition of Certain Contracts With Foreign Entities For The Conduct of Ballistic Missile Defense RDT&E (Jan. 1997)

252.227-7013 Rights in Technical Data - Noncommercial Items (Nov. 1995)

252.227-7015 Technical Data - Commercial Items (Nov. 1995)

252.227-7018 Rights in noncommercial technical data and computer software- Small Business Innovation Research (SBIR) Program (Jun. 1995)

252.227-7025 Limitations on the Use or Disclosure of Government - Furnished Information Marked With Restrictive Legends (June 1995)

252.227-7027 Deferred Ordering of Technical Data or Computer Software (Apr. 1988)

52.227-7030 Technical Data - Withholding of Payment (March 2000)

252.227-7036 Declaration of Technical Data Conformity (Jan. 1997)

252.227-7037 Validation of Restrictive Markings on Technical Data (Sept. 1999)

252.227-7039 Patents - Reporting of Subject Inventions (Apr. 1990)

252.231-7000 Supplemental Cost Principles (Dec. 1991)

252.239-7016 Telecommunications Security Equipment, Devices, Techniques and Services (Dec. 1991)

In Witness Whereof, the parties hereto have caused these Terms and Conditions to be executed by their duly authorized officers and these Terms and Conditions to take effect as of the effective date written above.

DYNAMICS RESEARCH CORP.

By:

Name:

Title:

Date: _____

SUBCONTRACTOR

By:

Name:

Title:

Date: _____

EXHIBIT A
STATEMENT OF WORK AND PERIOD OF PERFORMANCE
FOR GOVERNMENT SUBCONTRACTS

1. STATEMENT OF WORK (SERVICES)

2. THE SERVICES SHALL BE COMPLETED IN ACCORDANCE WITH THE FOLLOWING SCHEDULE(S):

3. ADDITIONAL EXHIBITS ARE ATTACHED AS FOLLOWS:

4. REPORTS REQUIRED:

5. THE FOLLOWING PERSONNEL ARE CONSIDERED KEY TO THE PERFORMANCE OF THE SERVICES. THE SUBCONTRACTOR SHALL NOTIFY DRC SHOULD THEY BECOME UNAVAILABLE FOR ANY REASON.

1

DRC's Program Manager

All questions regarding invoices and payment should be directed to Accounts Payable at (978) 475-9090, extension 1513.

6. Notices

(a) All Subcontractor notices shall be sent to:

(b) All notices to DRC shall be sent to:

Dynamics Research Corp.
60 Frontage Road
Andover, MA 01810
Attention: Walter R. Collins

EXHIBIT B

Miscellaneous Provisions

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