

(b) All reports, drawings and other data called for hereunder shall be delivered to the AAF Station Supply Officer, Wright Field, Dayton, Ohio, Attention: Power Plant Laboratory.

(c) All materials and articles called for hereunder or furnished to the Contractor by the Government for use hereunder shall, unless consumed in the performance of this contract, be delivered by the Contractor to the Government packed for domestic shipment f.o.b. cars and/or freight station, Williamsport, Pennsylvania. Shipping instructions will be furnished later. The Contractor shall make written request to OTT Branch, Traffic Section, Department 33, AAF Materiel Command, Wright Field, Dayton, Ohio, for shipping instructions not later than fifteen (15) days prior to the date on which any articles called for hereunder are ready for shipment.

(d) All applications hereunder for Government bills of lading shall be made to the District Supervisor of the AAF Materiel Command Procurement District embracing the f.o.b. point for the supplies referred to in such application, or otherwise as may be specified in writing to the Contractor by such District Supervisor, and shall state such f.o.b. point. All applications hereunder for tax exemption certificates shall be made to the District Supervisor of the Procurement District to which the administration of this contract has been assigned by the Government, or otherwise as may be specified in writing by such District Supervisor. On request of the Contractor the Contracting Officer will advise the address of the respective District Supervisors above referred to.

ARTICLE 4 - DELIVERY (Cont'd)

e () The Contractor shall not be liable for any delay in the performance of this contract which results without fault or negligence on the part of the Contractor and which is due to unforeseeable causes beyond its control including, without being limited to, acts of God or of the public enemy, any preference, priority or allocation order issued by the Government or any other act of the Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather; and, unless the Contracting Officer shall determine that the materials or supplies to be furnished under a subcontract are procurable in the open market, any delay of a subcontractor which results without fault or negligence on the part of the Contractor, and which is due to unforeseeable causes beyond the control of the Contractor, including without being limited to the types or causes above enumerated; provided, that the Contractor shall notify the Contracting Officer in writing of such delay and the cause thereof, within ten days from the beginning thereof or within such further period as the Contracting Officer shall, with the approval of the Secretary of War or his duly authorized representative, prior to the date of final settlement of this contract, grant for the giving of such notice. The Contracting Officer shall then ascertain the facts and the extent of the delay and shall make an equitable adjustment in the fee and in the prescribed time of performance when in his opinion the facts justify such action. If the Contractor objects to any adjustment made by the Contracting Officer under this Article, the dispute shall be determined as provided in Article 16. Delay in the performance of this contract resulting from the inability of the Contractor, acting with due diligence, to procure materials or parts required for the manufacture of the articles called for hereunder, and delay in the performance of this contract resulting from the loss of a substantial number of skilled employees through being drafted or volunteering for service in the Armed Forces and inability of the Contractor, despite due diligence, to replace such employees, shall each be considered a delay "which results without fault or negligence on the part of the Contractor and which is due to unforeseeable causes beyond its control" within the meaning of this paragraph.

ARTICLE 5 - CHANGES

The Contracting Officer may, at any time, by a written order make changes in or additions to the drawings and specifications, issue additional instructions, require additional work, or direct the omission of work covered by the contract. If such changes cause a material increase or decrease in the amount or character of the work to be done under this contract, or in the time required for its performance, an equitable adjustment of the estimated cost and of the amount of the fixed fee to be paid to the Contractor shall be made and the contract shall be modified in writing accordingly. Any claim for adjustment under this Article must be asserted within 10 days from the date the change is ordered: Provided, however, that the Contracting Officer, if he determines that the facts justify such action,

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may receive and consider, and, with the approval of the Chief of Branch, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made the dispute shall be determined as provided in Article 16 hereof. But nothing provided in this Article shall excuse the Contractor from proceeding with the prosecution of the work so changed.

ARTICLE 6 - PAYMENTS

(a) Reimbursement for Cost. - The Government will currently reimburse the Contractor for such expenditures made in accordance with Article 3 hereof as may be approved or ratified by the Contracting Officer, and upon certification to and verification by the Contracting Officer of the original signed payrolls for labor, the original paid invoices for materials or other original papers; provided, however, that subject to the requirement of paragraph (b) of Article 7 hereof, in respect of the maintenance so far as practicable of a complete separate system of accounts for work under this contract, in the event it be impracticable to furnish the Contracting Officer with original signed payrolls for labor, original paid invoices for materials, or other original papers, the Contractor shall furnish evidence in a form satisfactory to the Contracting Officer, covering expenditures to be reimbursed under this Article. Generally, reimbursement will be made weekly, but may be made at more frequent intervals if the conditions so warrant.

(b) Payment of the Fixed Fee. - Ninety percent (90%) of the fixed fee set forth in paragraph (a) of Article 3 hereof shall be paid as it accrues, in monthly installments based upon the percentage of the completion of the work as determined from estimates made and approved by the Contracting Officer. Upon completion of the work and its final acceptance, any unpaid balance of the fee, including the additions thereto, if any, to which the Contractor may be entitled, as provided in said paragraph (a) of Article 3, shall be paid to the Contractor.

(c) As of the date of the execution of this contract there has been allotted for it the total sum of \$3,651,575.00. This sum may be increased from time to time by the Government solely in its discretion. Upon the making of any such increase the Contracting Officer shall notify the Contractor in writing of the amount of such increase.

(d) Notwithstanding any other provisions of this contract the Contractor shall not be bound to take any action in connection with the performance of this contract that would cause the amount for which the Government will be obligated hereunder to exceed the sum allotted for this contract, and the obligation of the Contractor to proceed with the performance of this contract shall be limited accordingly. If at any time the Contractor has reason to believe that the amount to be expended by it in the next succeeding 30 days, when added to all previous expenditures and to the total amount of the Contractor's fixed fee, will exceed the sum allotted for this contract, it shall notify the Contracting Officer to that effect, giving a new estimate of its total expenditures under this contract, so that an appropriate increase may be made in the sum allotted for this contract. Anything in this contract to the contrary notwithstanding, the Government shall not be obligated to pay to the Contractor either for reimbursement of expenditures or fixed fee or otherwise any amount in excess of the sum allotted for this contract; provided, however, that if the Contractor makes any expenditures for which funds are not allotted, the Contracting Officer may ratify such expenditures when funds are allotted.

ARTICLE 7 - INSPECTION AND AUDIT

(a) All material and workmanship shall be subject to inspection and test by representatives of the Government. For this purpose, the Contractor shall allow at all times inspectors and other Government personnel free access to the plant and operations and shall furnish such facilities, supplies and services as may be required for this work.

(b) The Contracting Officer and his representatives shall have access to all accounting records applicable to this contract. The method of accounting used by the contractor shall be subject to the approval of the Contracting Officer but no material change will be made in the contractor's method if it conforms to good accounting practice and the costs are readily ascertainable therefrom. So far as practicable, the contractor shall maintain a complete separate system of accounts for work under this contract and shall preserve for a period of at least three years after completion or cessation of said work all the books, papers and other accounting records pertaining thereto; Provided, that, if the contractor, at any time after the three-year period has elapsed, desires to dispose of said books, papers and accounting records, he shall so notify the Chief of Branch who shall either authorize their destruction or notify the contractor to turn them over to the Government for disposition.

(c) All information obtained from the contractor's records shall be treated as confidential.

ARTICLE 8 - MATERIAL AND WORKMANSHIP

(a) The work shall be executed in the best and most workmanlike manner by qualified, careful and efficient workers, in strict conformity with the best standard practices.

(b) Except it be otherwise authorized by the Contracting Officer, all materials shall be of the best quality of their respective kinds. If the Contracting Officer requires that the Contractor submit for prior approval samples of materials proposed for use in the work covered by this

ARTICLE 8 - SERIAL AND WORKMANSHIP (Cont.,)

contract, the Contractor shall make no commitments for such materials until the submitted sample has been approved by the Contracting Officer.

(c) In the event that public necessity requires the acceptance of articles contracted for but not conforming to the specifications or failing to meet contract guarantees, payment therefor shall be made by the Government subject to a suitable reduction in the fee.

ARTICLE 9 - TERMINATION OF CONTRACT BY GOVERNMENT

(a) Should the Contractor at any time refuse, neglect or fail to prosecute the work with promptness and diligence, or default in the performance of any of the agreements herein contained, or should conditions arise which make it advisable or necessary in the interest of the Government that work be discontinued under this contract, the Government may terminate this contract by a notice in writing from the Contracting Officer to the Contractor. Such termination shall be effective in the manner and upon the date specified in said notice and shall be without prejudice to any claims which the Government may have against the Contractor. Upon receipt of such notice the Contractor shall, unless the notice directs otherwise, immediately discontinue all work and the placing of all orders for materials, facilities and supplies in connection with performance of this contract and shall proceed to cancel promptly all existing orders and terminate work under all sub-contracts insofar as such orders and/or work are chargeable to this contract.

(b) Upon the termination of this contract as hereinbefore provided, full and complete settlement of all claims of the Contractor arising out of this contract shall be made as follows:

(1) The Government shall assume and become liable for all obligations, commitments and claims that the Contractor may have theretofore

in good faith undertaken or incurred in connection with said work and in accordance with the provisions of this contract, and the Contractor shall, as a condition to receiving the payments mentioned in this Article, execute and deliver all such papers and take all such steps as the Contracting Officer may require for the purpose of fully vesting in the Government the rights and benefits of the Contractor under such obligations or commitments..

(2) The Government shall reimburse the Contractor for all expenditures made in accordance with Article 3 and not previously reimbursed.

(3) The Government shall reimburse the Contractor for such further expenditures after the date of termination for the protection of Government property and for accounting services in connection with the settlement of this contract as the Contracting Officer may approve.

(4) If the contract is terminated for the convenience of the Government the Contractor shall be paid a percentage of the fee set forth in Article 3, equivalent to the percentage of completion of the contract, less payments previously made.

(5) If the contract is terminated for the fault of the Contractor, the Contractor shall be paid a percentage of the fee set forth in Article 3, equivalent to the percentage of completion of the contract, less ten per cent (10%) of such amount and less payments previously made.

(6) The obligation of the Government to make any of the payments required by this Article shall be subject to any unsettled claims for labor or materials or any claim the Government may have against the Contractor.

ARTICLE 9 - TERMINATION OF CONTRACT BY GOVERNMENT (Cont'd)

(c) Upon the making of said payments all obligations of the Government to make further payments or to carry out other undertakings hereunder shall cease forthwith and forever, except that all rights and obligations of the respective parties under the Articles, if any, of this contract applicable to Patent Infringements and Reproduction Rights shall remain in full force and effect.

ARTICLE 10 - PREFERENCE FOR DOMESTIC ARTICLES

Unless the Secretary of War shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States shall be delivered pursuant to this contract, except as noted in the specifications and/or other papers hereto attached. The provisions of this Article shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used, or the articles, materials, or supplies from which they are manufactured are not mined, produced or manufactured, as the case may be, in the United States in sufficient and reasonable available commercial quantities and of a satisfactory quality. This Article shall be applicable only to the extent that this contract shall relate to articles of food, and clothing not specifically exempted from such restrictions.

ARTICLE 11 - RESPONSIBILITY FOR SUPPLIES TENDERED

Deleted.

ARTICLE 12 - INCREASE OR DECREASE

Unless otherwise specified, any variation in the quantities herein called for, not exceeding 10 percent, will be accepted as a compliance with the contract, when caused by conditions of loading, shipping, packing, or allowances in manufacturing processes, and payments shall be adjusted accordingly. (Not applicalbe unless specifically authorized in writing by the Contracting Officer.)

ARTICLE 13 - ADDITIONAL SECURITY

Deleted.

ARTICLE 14 - 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.

ARTICLE 15 - COVENANT AGAINST 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 fees. This warranty shall not apply to commissions payable by contractors 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.

ARTICLE 16 - DISPUTES

Except as otherwise specifically provided in this contract, all disputes concerning questions of fact which may arise under this contract, and which are not disposed of by mutual agreement, shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail a copy thereof to the Contractor at his address shown herein. Within 30 days from said mailing the Contractor may appeal in writing to the Secretary of War, whose written decision or that of his designated representative or representatives thereon shall be final and conclusive upon the parties hereto. The Secretary of War may, in his discretion, designate an individual, or individuals, other than the Contracting Officer, or a board as his authorized representative to determine appeals under this Article. The Contractor shall be afforded an opportunity to be heard and offer evidence in support of his appeal. The president of the board, from time to time, may divide the board into divisions of one or more members and assign members thereto. A majority of the members of the board or of a division thereof shall constitute a quorum for the transaction of the business of the board or of a division, respectively, and the decision of a majority of the members of the board or of a division shall be deemed to be the decision of the board or of a division, as the case may be. If a majority of the members of a division are unable to agree on a decision or if within 30 days after a decision by a division, the board or the president thereof directs that the decision of the division be reviewed by the board, the decision will be so reviewed, otherwise the decision of a majority of the members of a division shall become the decision of the board. If a majority of the members of the board is unable to agree upon a decision, the president will promptly submit the appeal to the Under Secretary of War for his decision upon the record. A vacancy in the board or in any division thereof shall not impair the powers nor affect the duties of the board or division nor of the remaining members of the board or division, respectively. Any member of the board, or any examiner designated by the president of the board for that purpose, may hold hearings, examine witnesses, receive evidence and report the evidence to the board or to the appropriate division, if the case is pending before a division. Pending decision of a dispute hereunder the Contractor shall diligently proceed with the performance of this contract. Any sum or sums allowed to the Contractor under the provisions of this Article shall be paid by the United States as part of the cost of the articles or work herein contracted for and shall be deemed to be within the contemplation of this contract.

ARTICLE 17 - DEFINITIONS

(a) The term "head of the department" as used herein shall mean the head or any assistant head of the executive department or independent establishment involved, and the term "his duly authorized representative" shall mean any person or board authorized to act for him other than the Contracting Officer.

(b) Except for the original signing of this contract, and except as otherwise stated herein, the term "Contracting Officer" as used herein shall include his duly appointed successor or his authorized representative.

(c) The term "Commanding General, Army Air Forces" as used herein shall include any authorized representative, and the term "Chief of Branch" as used herein shall mean the Commanding General Army Air Forces or any authorized representative.

ARTICLE 18 - ALTERATIONS

The following changes were made in this contract before it was signed by

the parties hereto: This contract consists of Articles 1, 2, 3, 3A, 4 to 10, inclusive, 12, 14 to 24, inclusive, 24A, 25, 26, 27, 28, 28A, 29, 30, 32 to 41, inclusive, and 43 to 46, inclusive (Articles 11, 13, 31 and 42 being omitted), on pages 1, 2, 2A, 2B, 2C, 2D, 2E, 3, 4, 4A, 5, 5A, 6, 6A, 7 to 21, inclusive, 21A, 21B, 21C, 22 to 26, inclusive, 26A, 27, 28 and 30 (there being no page 29) to 33, inclusive. The first ten lines on page 24 deleted.

ARTICLE 19 - REPRESENTATIONS AND STIPULATIONS PURSUANT TO PUBLIC ACT
NO. 846, 74th CONGRESS

(a) The Contractor is the manufacturer of or a regular dealer in the materials, supplies, articles, or equipment to be manufactured or used in the performance of the contract.

(b) All persons employed by the Contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under the contract: Provided, however, That this stipulation with

respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor.

(c) No person employed by the Contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor: Provided, however, That the provisions of this stipulation shall not apply to any employer who shall have entered into an agreement with his employees pursuant to the provisions of paragraphs 1 or 2 of subsection (b) of section 7 of an act entitled "The Fair Labor Standards Act of 1938": Provided further, That in the case of such an employer, during the life of the agreement referred to, the applicable overtime rate set by the Secretary of Labor shall be paid for hours in excess of 12 in any 1 day or in excess of 56 in any 1 week and if such overtime is not paid, the employer shall be required to compensate his employees during that week at the applicable overtime rate set by the Secretary of Labor for hours in excess of 8 in any 1 day or in excess of 40 in any 1 week.

(d) No male person under 16 years of age and no female person under 18 years of age and no convict labor will be employed by the Contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in the contract.

(e) No part of the contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings or surroundings or under working conditions which are unsanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of the

ARTICLE 19 - REPRESENTATIONS AND STIPULATIONS PURSUANT TO PUBLIC ACT
NO. 846, 74th CONGRESS (Cont'd)

Contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima-facie evidence of compliance with this paragraph.

(f) Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the contract, in the sum of \$10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of the contract, and a sum equal to the amount of any deductions, rebates, refunds, or underpayment of wages due to any employee engaged in the performance of the contract; and, in addition, the agency of the United States entering into the contract shall have the right to cancel same and to make open-market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original Contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of the contract as set forth herein may be withheld from any amounts due on the contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayments of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered: Provided, That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the Contractor of the withholding or recovery of such sums by the United States of America.

ARTICLE 19 - REPRESENTATIONS AND STIPULATIONS PURSUANT TO PUBLIC ACT
NO. 846 74th CONGRESS (Cont'd)

(g) The Contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

(h) The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of \$10,000.

(i) This Article shall be subject to such exemptions and exceptions as have been authorized, or shall hereafter be authorized from time to time, by the Secretary of Labor or otherwise in accordance with law, so long as such exemptions or exceptions shall remain in effect.

ARTICLE 20 - INVENTS

No invention described in and covered by a patent of the United States shall be knowingly used in connection with the performance of this contract by the Contractor, unless either: (1) the use thereof is expressly or impliedly required by the specifications, or otherwise required or specified by the Government; or (2) the Contractor is the owner of, or the licensee under, the patent therefor; or (3) in the case of a patented article, the Contractor procures the same in the open market; or (4) the Contractor shall furnish to the Contracting Officer such information as may come to the knowledge of its executives relative to any such inventions. Subject to the foregoing, the Government approves the use of such inventions. It is expressly understood that no agreement, warranty or representation, express or implied, shall be deemed to have been made by the Contractor that the articles to be furnished hereunder, or any part thereof, can or will be so manufactured or sold without infringing any United States letters patent. The Contractor shall notify the Government immediately of any claim of infringement of any patent in connection with the performance of this contract. Subject to the foregoing, the Government will make no claim by way of indemnity or otherwise, against the Contractor for any liability or loss to which it may be subjected by virtue of the provisions of the Act of June 25, 1910, as amended (Title 35, U. S. Code Annotated, Section 68).

ARTICLE 21 - PROPERTY ACCOUNTABILITY

The necessary property records in connection with this contract as contemplated by the War Department Industrial Property Accounting Manual, dated February 16, 1943, as amended, and other applicable regulations will be maintained by an Accountable Property Officer appointed by the District Supervisor of the AAF Materiel Command Procurement District to which the administration of this contract has been assigned by the Government.

ARTICLE 22 - TITLE TO PROPERTY

The title to all work under this contract, completed or in the course of manufacture or assembly at the Contractor's plant, shall be in the Government. Upon delivery thereof to the Contractor at any point within the continental limits of the United States or at any place approved by Contracting Officer, title to all purchased materials, parts, assemblies, sub-assemblies, tools, machinery, equipment and supplies, for which the Contractor shall be entitled to be reimbursed hereunder shall vest in the Government.

ARTICLE 23 - ASSIGNMENT OF RIGHTS HEREUNDER

(a) The following provisions of this Article shall be deemed inoperative if this contract does not provide for payments aggregating \$1,000 or more.

(b) Claims for monies due or to become due the Contractor from the Government under this contract may be assigned to a bank, trust company or other financing institution, including any Federal lending agency. 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 such financing.

ARTICLE 23 - ASSIGNMENT OF RIGHTS HEREUNDER (Cont'd)

(c) In the event of any such assignment the assignee shall file four signed copies of a written notice of the assignment, together with one copy of the instrument of assignment, with each of the following:

- (i) General Accounting Office;
- (ii) the Contracting Officer;
- (iii) the surety or sureties upon the bond or bonds if any, in connection with this contract;
- (iv) the officer designated in this contract to make payments thereunder.

(d) Any claim under this contract which has been assigned pursuant to the foregoing provisions of this Article may be further assigned and re-assigned to a bank, trust company or other financing institution, including any Federal lending agency. In the event of such further assignment or re-assignment the assignee shall file one signed copy of a written notice of the further assignment or reassignment together with a true copy of the instrument of further assignment or reassignment with the Contractor; and shall file four signed copies of such written notice and one copy of such instrument with each of the parties designated in the preceding paragraph.

(e) No assignee shall divulge any information concerning the contract except to those persons concerned with the transaction.

(f) Payment to an assignee of any claim under this contract shall not be subject to reduction or set-off for any indebtedness of the assignor to the United States arising independently of this contract.

(g) Indication of the assignment of claim and of any further assignment thereof and the name of the assignee will be made on all vouchers or invoices certified by the Contractor.

(h) (1) If a classification of Secret, Confidential or Restricted appears in Article 1 hereof, or in the event this contract be hereafter made Secret, Confidential or Restricted, the following subparagraphs (2) and (3) shall be applicable during the existence of such classification.

(2) In no event shall copies of any plans, specifications or other similar documents marked "Secret", "Confidential" or "Restricted" and annexed or attached to this contract be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same.

(3) The Contractor agrees that he will obtain from the assignee an agreement signed by such assignee similar to that required by paragraph 51, AR 380-5. In such agreement the assignee shall also agree that, in case of further assignment, it will obtain a similar agreement from such assignee.

ARTICLE 24 - INSURANCE

(a) The Contractor shall procure and thereafter maintain such bonds and insurance in such forms and in such amounts and for such periods of time as the Contracting Officer may require in writing and shall be reimbursed for the cost thereof.

(b) In every instance where this contract requires the United States to pay the premium on a bond or insurance policy, the bond or insurance policy shall contain an endorsement or other recital excluding by appropriate language any claim on the part of the insurer or obligor to be subrogated, on payment of loss or otherwise, to any claim against the United States.

(c) The Contractor shall give the Contracting Officer or his representative immediate notice in writing of any suit or action filed against the Contractor arising out of the performance of this contract and of any claim against the Contractor, the cost and expense of which are reimbursable under the provisions of Article 3 hereof, 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 Contracting Officer copies of all pertinent papers received by the Contractor. Insofar as the following shall not conflict with any policy or contract of insurance and, upon request of the Contracting Officer, the Contractor shall do any and all things to effect an assignment and subrogation in favor of the Government of all Contractor's rights and claims, except against the Government, arising from or growing out of such asserted claims, and, if required by the Contracting Officer, shall authorize representatives of the Government to settle and/or defend any such claim and to represent or take charge of any such litigation affecting the Contractor.

ARTICLE 24A - ADDITIONAL PROVISIONS TO BE INSERTED IN COST-PLUS-A-FIXED-FEE SUBCONTRACTS

(a) The Contractor will include in each cost-plus-a-fixed-fee subcontract made under this contract a provision as follows:

(1) The title to all work under this subcontract, completed or in the course of manufacture or assembly in the Subcontractor's plant, shall be in the Government. Upon delivery thereof to the Subcontractor at any point within the continental limits of the United States or any place approved by the Contractor, title to all purchased materials, parts, assemblies, subassemblies, tools, machinery, equipment and supplies, for which the Subcontractor shall be entitled to be reimbursed hereunder, shall vest in the Government.

(2) The Subcontractor shall not be reimbursed for the cost of any insurance on any property of the Government.

(3) As used herein the term "Government" shall be deemed to mean the United States of America.

(b) The Contractor will, if so requested by the Contracting Officer, include in any particular cost-plus-a-fixed-fee subcontract, a provision as follows:

The Subcontractor shall procure and thereafter maintain the following insurance: _____ (here shall be inserted the

types, amounts and limits of insurance, as specified in writing by the Contracting Officer). The cost of such insurance and losses or expenses (including settlements made with the written consent of the Contracting Officer who executed the principal contract or his duly authorized successor or representative) not compensated by insurance or otherwise and found and certified by the Contractor and said Contracting Officer or his duly authorized successor or representative to be just and reasonable, actually sustained by the Subcontractor in the defense and/or discharge of such claims of others on account of death or bodily injury of persons or loss or destruction of or damage to property as may arise out of or in connection with the performance of the work under this subcontract shall be allowable items of cost hereunder; provided that such reimbursement shall not include any amount for which the Subcontractor would have been indemnified or compensated except for the failure of the Subcontractor to procure or maintain insurance in accordance with the requirements of this subcontract. The Subcontractor shall give the Contractor immediate notice in writing of any suit or action filed against the Subcontractor, arising out of the performance of this subcontract and of any claims against the Subcontractor, the cost and expense of which is reimbursable under the provisions of this subcontract pertinent to allowable items of cost, and the risk of which is then uninsured or in which the amount claimed exceeds the amount of insurance coverage. The Subcontractor shall furnish immediately to the Contractor copies of all pertinent papers received by the Subcontractor. Insofar as the following shall not conflict with any policy or contract of insurance, and upon request of the Contractor, the Subcontractor shall do any and all things to effect an assignment and subrogation in favor of the Contractor or its nominee of all Subcontractor's rights and claims, except rights and claims of the Subcontractor against the Contractor or such nominee, arising from or growing out of such asserted claim, and, if required by the Contractor, shall authorize representatives of the Contractor or of its nominee to settle and/or defend any such claim and to represent the Subcontractor in or take charge of any such litigation. Every policy for the insurance referred to in this paragraph shall contain an indorsement or other recital excluding by appropriate language any claim on the part of the insurer or obligor to be subrogated, on payment of a loss or otherwise, to any claim against the Contractor or the Government.

(c) Whenever a provision as set forth in paragraph (b) of this Article is inserted in any subcontract, then the Contractor will forthwith transmit to the Contracting Officer all notices and copies of papers received by it from the Subcontractor, will make the Government its nominee for all assignments and subrogations received by it from the Subcontractor thereunder and, if required by the Contracting Officer, will do everything in its power to have representatives of the Government authorized to settle and/or defend the claims therein referred to and to represent the Subcontractor in or to take charge of the litigation therein referred to.

ARTICLE 25 - PROVISIONS REFERENCE PUBLIC WORK OR SERVICE

Under the authority of the Act approved April 29, 1941 (Public No. 43, 77th Congress), the furnishing of performance and payment bonds required by the Act of August 24, 1935 (49 Stat. 793) is hereby waived.

ARTICLE 26 - LIABILITY FOR GOVERNMENT-OWNED PROPERTY

(a) Except as otherwise specifically provided, the Contractor shall not be liable for loss or destruction of or damage to property of the Government in the possession or control of the Contractor in connection with this contract (hereinafter called "Government property") unless such loss, destruction or damage results from wilful misconduct or failure to exercise good faith on the part of the Contractor's corporate officers or other representatives having supervision or direction of the operation of the whole of the Contractor's business or of the whole of any plant operated by the Contractor in the performance of this contract.

(b) The Contractor represents that it is not maintaining and agrees that it will not hereafter maintain insurance (including self-insurance funds or reserves) covering loss or destruction of or damage to Government property, and represents that it is not including and agrees that it will not hereafter include in any price to the Government any charge or reserve for such insurance.

(c) Upon the happening of loss or destruction of or damage to Government property caused by:

Fire; lightning; windstorm, cyclone, tornado, hail; explosion; riot, riot attending a strike, civil commotion; vandalism and malicious mischief; aircraft or objects falling therefrom; vehicles running on land or tracks, excluding vehicles owned or operated by the Contractor or any agent or employee of the Contractor; smoke; sprinkler leakage; earthquake, or volcanic eruption; flood, meaning thereby rising of rivers or streams; enemy attack or any action taken by the military, naval or air forces of the United States in resisting enemy attack,

the Contractor shall communicate with the Contracting Officer and with the Loss and Salvage Organization now or hereafter designated by the Contracting Officer and, with the assistance of that organization employed by the Contractor to perform services in accordance with instructions or regulations of the Government (unless the Contracting Officer directs that no such organization be employed), shall take all reasonable steps to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the Government property in the best possible order, and furnish to the Contracting Officer a statement of:

(1) the lost, destroyed and damaged Government property, (2) the time and origin of the loss, destruction or damage, (3) all known interests in commingled property of which the Government property is a part, and (4) the insurance, if any, covering any part of or interest in such commingled property. The Contractor shall be reimbursed the expenditures made by it and approved by the Contracting Officer in performing its obligations under this paragraph (c) (including charges made to the Contractor by the Loss and Salvage Organization, except any of such charges the payment of which the Government has, at its option, assumed direct).

(d) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to Government property, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery.

(e) The Government shall at all times have access to the premises wherein any Government property is located.

(f) The Contractor shall insert in all cost-plus-a-fixed-fee subcontracts under this contract provisions which will make applicable to the Government and the subcontractors substantially the same rights and obligations in respect to the Government property as are made applicable to the Government and the Contractor under this Article.

(g) The Contractor shall, notwithstanding the provisions of paragraph (a), be liable for loss and destruction of and damage to aircraft (including equipment and accessories installed therein) to which the Government has title pursuant to the provisions of this contract or otherwise occurring in the course of operations of such aircraft conducted by the Contractor in the performance of this contract (including in the term "operations" tests of aircraft and the operation of any power plant installed in any such aircraft whether or not the aircraft is in motion) unless personnel conducting such operations are furnished by the Government or are approved in writing by the AAF Representative for the Contractor's plant or by the Contracting Officer. If such personnel are furnished by the Government or approved as aforesaid, the provisions of paragraph (a) shall be applicable. The provisions of this Article shall supersede any provisions of applicable AAF specifications insofar as such specifications relate to Contractor's liability in connection with such operations.

ARTICLE 27 - SUBCONTRACTS

(a) No contract shall be made by the Contractor with any other party for furnishing any of the completed or substantially completed articles, spare parts, or work herein contracted for, or for furnishing articles or services to be paid for on a time and material or labor-hour basis, without the written approval of the Contracting Officer. With the approval of the Contracting Officer, the Contractor may modify a subcontract or purchase order under this contract to increase the price or extend more favorable terms to the subcontractor.

(b) It is mutually understood and agreed that the policy of the Government, as declared by Congress in Public Law 603 - 77th Congress (the

ARTICLE 27 - SUBCONTRACTS (Cont'd)

Smaller War Plants Act) is to bring about the greatest utilization of small plants which is consistent with efficient production of war materials. It is also recognized that business concerns operating small plants are frequently unable to produce certain articles at as low a per unit cost as business concerns operating large plants. Accordingly, the Contractor, with the written approval of the Contracting Officer, may, in cases where the manufacturing costs are found to be greater, pay to firms operating small plants higher prices than to firms operating large plants, to the extent determined to be reasonable in the light of the differences in their costs of manufacturing the article to be sub-contracted.

ARTICLE 28 - REPRODUCTION RIGHTS

It is understood and agreed that the Contractor does not convey to the Government any reproduction rights in or to the articles and/or spare parts called for herein by virtue of the terms of this contract unless herein otherwise specifically provided.

ARTICLE 28A - EMERGENCY PRICE CONTROL ACT

In case the Contractor is unable, because of the establishment of any maximum price under the Emergency Price Control Act of 1942, to purchase materials and/or supplies required by the Contractor for the performance of this contract and the Contracting Officer does not furnish the same under the terms of Article 29 within a reasonable period after receiving the Contractor's written request to do so, the Contractor's delay in delivery or failure to deliver resulting therefrom shall be deemed to be due to an act of the Government within the meaning of Article 4 hereof, and, upon the request of the Contractor, the Government will enter into negotiations with the Contractor with a view to making such adjustment in the contract, if any, as may be equitable in the circumstances.

ARTICLE 29 - FURNISHING OF MATERIALS AND SUPPLIES BY THE GOVERNMENT

The Contracting Officer may at his option from time to time furnish the Contractor with materials and/or supplies not readily obtainable in the open market and which are required by the Contractor for the performance of this contract. In such event, an equitable adjustment of the estimated cost and of the amount of the fixed fee to be paid to the Contractor shall be made as provided in Article 5.

ARTICLE 30 - REPRODUCTION AND LICENSE RIGHTS

The contractor agrees to, and by the execution of this contract does, grant, sell and convey to the Government, a non-exclusive, irrevocable and royalty-free right and license (a) to make, have made, use for all Governmental purposes and sell or otherwise dispose of in accordance with law, any and all engines, of the type made or developed by the contractor in the performance of this contract and any modifications or improvements thereof under any and all patent or other rights now owned or controlled by the contractor or under which the contractor has the right (without obligation to make payment to others) to grant licenses and (b) to practice and cause to be practiced, and to make, have made, use and sell articles embodying, any and all discoveries, inventions or improvements made, or first reduced to practice by the Contractor, its representatives or employees in the performance of this contract, under any and all patent or other rights based upon such discoveries, inventions or improvements. The right and license hereby granted shall extend throughout the United States and its territories, and (insofar as the contractor has the right to grant such licenses therein) throughout all foreign countries, and shall remain in full force and effect during the full term of the patent or other rights under which the grant to the Government is or shall be made as herein set forth. The Contractor agrees (1) to make to the Government, prior to final settlement under this contract, a complete disclosure of all discoveries, inventions and improvements made or first reduced to practice in the performance of this contract (2) to designate in writing which of said discoveries, inventions and improvements have been or will be covered by applications for Letters Patent filed or caused to be filed by the contractor (3) to furnish to the Government, upon request, copies of any applications for Letters Patent filed or caused to be filed by the contractor with respect to any such discoveries, inventions or improvements (4) to grant to the Secretary of War or his duly authorized representative, upon request, a power to inspect the papers involved in the prosecution of any of such application for Letters Patent, (5) to execute or to procure the execution of all papers necessary to enable the Government to obtain (subject to a non-exclusive, royalty-free license retained by the contractor) Letters Patent covering such of said discoveries, inventions or improvements as are not covered or to be covered by applications for Letters Patent filed or caused to be filed by the contractor and (6) to execute or procure and deliver to the Government such confirmatory licenses as the Government may request under patents under which the Government becomes entitled to License Rights as herein provided.

inspection work shall be kept complete and shall be available to the Government representative at all times. The work of construction shall at all times be open to the duly authorized Government representative for the purpose of inspection, and every facility shall be afforded such inspectors for the prosecution of their work. The Government representative shall have the right to require replacement of parts not in accordance with the approved drawings or showing inferior workmanship or material, or which, in his opinion, are unsuited for the purpose intended or seriously overweight. The Contractor shall inform the inspector when materials or parts are ready for inspection. The Contractor shall, in the manufacture of the articles to be supplied under this contract, be required to use jigs, fixtures, and/or other devices and appliances in all processes where such use is conducive to interchangeability and uniformity of the product, of such character as will reduce the necessity for selective assembly to the least practicable minimum, and whenever the inspector shall determine that any jig, fixture, device or other appliance is incorrect, worn, damaged, or defective to such an extent as to adversely affect basic interchangeability of the article manufactured, he shall so inform the Contractor in the same manner as applied to the rejection of defective material presented for acceptance by the Government representative, and the Contractor shall not thereafter use the said jig, fixture, or appliance, in its incorrect, worn, damaged, or defective form in the manufacture of articles intended for delivery under this contract. The passing as satisfactory of any particular part or piece of material by the Government representative does not relieve the Contractor from any responsibility regarding faulty workmanship or material which may be subsequently discovered prior to final acceptance.

ARTICLE 34 - GUARANTY

(a) The Contractor guarantees that all articles called for under the terms of this contract shall meet and comply with the requirements of the pertinent specifications hereinbefore set forth, including performance of any and all articles called for under the terms of this contract or which may be furnished under the provisions of any option herein contained.

(b) In the event any of the articles called for under the terms of this contract fail to meet any of the requirements contained in this contract and/or in the pertinent specifications applicable thereto, the Government may accept such article and/or articles not conforming to the terms of this contract and/or specification requirements relating to same and in that event payment therefor shall be made at a proper reduction in the fixed-fee as hereinbefore stipulated.

ARTICLE 35 - INSPECTION AND AUDIT OF BOOKS

The Contractor agrees that the manufacturing plant, and books, of the Contractor, or such part of any manufacturing plant as may be engaged in furnishing or constructing aircraft, aircraft parts, or aeronautical accessories for the Government under this contract, shall at all times be subject to inspection and audit by any person designated by the head of any executive department of the Government. See also Title XIII, Sec. 1301, "Second War Powers Act, 1942".

ARTICLE 36 - INSPECTION

(a) The plant of the Contractor at Williamsport, Pennsylvania,

designated as the point for final inspection and acceptance by the Government of all the supplies to be furnished under this contract; provided, however, that at the option of the Contracting Officer any of said supplies may be accepted without Government inspection, and in such event the Contractor, promptly after each delivery without Government inspection, shall furnish to the Finance Officer designated to make payments under this contract, and to the Contracting Officer, a certificate reading substantially as follows:

"I hereby certify that I did, on the _____ day of _____, 194____, ship via _____, in accordance with shipping instructions issued by the Contracting Officer, the supplies called for by Contract No. _____; that such supplies were in the quantities and of the quality called for, and were in all respects in accord with the applicable specifications."

(b) Notwithstanding any provisions of the certificate above referred to, the liability of the Contractor with respect to the supplies covered by this contract, will, after inspection by the Government, or after the expiration of a reasonable time following delivery to the Government within which inspection may be made, whichever occurs first, be limited (except as to supplies rejected upon such inspection) to liability for latent defects, fraud, or such gross mistakes as amount to fraud.

(c) All reports, drawings and other data called for hereunder shall be finally inspected and accepted by the Government at Wright Field, Dayton, Ohio.

ARTICLE 37 - NOTICE TO CONSIGNEES

At the time of delivery of any of the following types of shipments to a carrier for rail, motor or water commercial transport, the contractor shall give notice to the consignee establishment including date, route, size and brief general description of the supplies being shipped; (a) shipments of one carload or more consigned to ports of embarkation, depots, arsenals and arsenal plants; (b) shipments of ammunition or gasoline of one carload or more, and shipments of ten carloads or more regardless of the character of the supplies, consigned to any War Department installation or unit of the Army. In the case of shipment to port of embarkation, the notice shall be by prepaid telegraph or teletype; if such shipment is "classified", all classified information shall be omitted and such general terminology substituted therefor as is permissible under security regulations. In respect to the other types of shipments, prepaid telegraph or teletype notice shall be used, except that (i) the contracting officer may permit mail or airmail notice (which may consist of bills of lading, or shipping tickets, or copies of War Department shipping documents) to be substituted if such notice will normally arrive 24 hours prior to arrival of shipment; (ii) if the shipment is "classified", registered mail or registered airmail notice addressed personally to the commanding officer of the consignee establishment and transmitted in double envelopes, or such other method of notice as the contracting officer may specify, shall be used exclusively. A shipment is "classified" within the meaning of this Article if the Contracting Officer so indicates, or if it is made under a contract marked secret, confidential, or restricted.

ARTICLE 38 - ANTI-DISCRIMINATION

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

(b) The Contractor agrees that the provisions of paragraph (a) above will also be inserted in all of its subcontracts. For the purpose of this Article, a subcontract is defined as any contract entered into by the Contractor with any individual, partnership, association, corporation, estate or trust, or other business enterprise or other legal entity, for a specific part of the work to be performed in connection

with the supplies or services furnished under this contract; provided, however, that a contract for the furnishing of standard or commercial articles or raw material shall not be considered as a subcontract.

ARTICLE 39 - Renegotiation - (a) The following provisions of this Article shall be deemed inoperative if this contract is for an amount of \$100,000 or less.

(b) This contract shall be deemed to contain all the provisions required by subsection (b) of the Renegotiation Act, as amended by Section 701 of the Revenue Act of 1943 (Public Law No. 235, 78th Congress, enacted 25 February 1944).

(c) In compliance with said subsection (b) of the Renegotiation Act, the Contractor shall insert in the subcontracts specified in said subsection (b) either the provisions of this Article or the provisions required by said subsection (b).

(a) The Contractor agrees to be responsible in matters within its control for the safeguarding of all Secret, Confidential or Restricted matters that may be disclosed or that may be developed in connection with the work under this contract and to require a similar agreement of all subcontractors and agents of the Contractor to whom any work or duty relating to this contract may be allotted.

(b) The Contractor agrees to file no application for registration under the Securities Act of 1933, as amended, containing any reference to this contract or to its terms and provisions without first securing the consent of the War Department. Requests for such consent will be addressed to the Contracting Officer.

(c) (1) If a classification of Secret, Confidential or Restricted appears in Article 1 hereof, or in the event this contract be hereafter made Secret, Confidential or Restricted, the following subparagraphs (2), (3) and (4) shall be applicable during the existence of such classification.

(2) This contract and its related documents and subject matter include, refer to or incorporate classified military information within the scope of the laws and regulations governing the safeguarding of military information. The Contractor shall comply with the requirements of the pertinent regulations, particularly paragraphs 54 and 61 of Army Regulations No. 380-5, dated September 28, 1942, as they may be amended or supplemented from time to time, and with any special instructions, which may be issued pursuant thereto, and shall not publish, divulge or sell anything which includes, refers to or incorporates such classified military information without specific authority therefor from the Government.

(3) The Contractor will not permit any alien employed or to be employed by it or by any sub-bidder or subcontractor to have access to the drawings, specifications and accompanying enclosures relating to the performance of this contract, or to the models or material referred to therein, or to engineering principles, composition, subassemblies, or assemblies which are vital to the functioning or use of the articles or articles forming the subject matter of this contract, without the written consent beforehand of the Secretary of War.

(4) It is 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 secret, confidential, and restricted matter that may come to the Contractor or any person under his control in connection with the work under this contract, may subject the Contractor, his agents, employees, and subcontractors to criminal liability under the laws of the United States, (See Title 1 of an Act approved June 15, 1917. (40 Stat., 217; 50 U.S.C. 30-42), as amended by an Act approved March 23, 1940 (54 Stat. Chap. 72); and the provisions of an Act approved January 12, 1938, (52 Stat. 3; 50 U.S.C., Supp. V 45-45d), as supplemented by Executive Order No. 8381, dated March 22, 1940, 5 F. R. 1147, D.I.). The Contractor shall cause a like provision to be inserted in all subcontracts under this contract.

(d) No aliens employed by a Contractor for furnishing or constructing

ARTICLE 44 - ADVANCE PAYMENTS

Advance payments may be made from time to time for the work called for hereunder when the Secretary of War deems such action necessary to facilitate the prosecution of the war, provided, however, that such advances, if made, shall bear interest at the rate of two and one-half per cent (2-1/2%) per annum and shall be upon such other terms and conditions and in such amount and for such adequate security as the Secretary of War may prescribe.

ARTICLE 45 - LETTER CONTRACT

This is the contract contemplated by Letter Contract addressed by the War Department to the Contractor under date of 24 August 1943 and this formal contract supersedes said Letter Contract. In the event of conflict between said Letter Contract and this formal contract, this formal contract shall govern.

ARTICLE 46 APPROVAL

This contract shall be subject to the written approval of The Secretary of War or such individual as said Secretary may designate and shall not be binding until so approved. The date of such approval shall be deemed to be the true date for the purpose of determining all times of performance. IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By *John E. Sholey*
EVERETT G. WRIGHT Major, Air Corps
Contracting Officer
.....
(Official Title)
THE AVIATION CORPORATION
(LYCOMING DIVISION)
Contractor

Two witnesses:
E. G. Johnson
Johnson

By *W. A. Mogensen*
Via *Mrs.*
Business Address
Williamsport, Pennsylvania

I, R. G. McKendry ; certify that I am the Assistant Secretary of the corporation named as Contractor herein; that W. A. Mogensen who signed this contract on behalf of the Contractor was then Vice-President 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.

R. G. McKendry (Corporate Seal)
Asst. Secretary

I hereby certify that, to the best of my knowledge and belief, based upon observation and inquiry, THE AVIATION CORPORATION (LYCOMING DIVISION) who signed this contract for the had authority to execute the same, and is the individual who signs similar contracts on behalf of this corporation with the public generally.