
EXHIBIT : TERMINATION FOR CONVENIENCE OF NSPA

1. The performance of work under this contract may be terminated by NSPA in accordance with this PART in whole or from time to time in part, whenever NSPA shall determine that such termination is in the best interest of NSPA, or of the customer country. Any such termination shall be effected by delivery to the Contractor of a written Notice of Termination specifying the extent to which performance of work under this contract is terminated, and the date upon which such termination becomes effective.

2. After receipt of a Notice of Termination and except as otherwise directed by NSPA the Contractor shall :

a. Stop work under the contract on the date and to the extent specified in the Notice of Termination;

b. Place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portion of the work under the contract as is not terminated;

c. Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination;

d. Assign to NSPA in the manner, at the time, and to the extent directed by NSPA all of the rights, title, and interest of the Contractor under the orders and/or subcontracts so terminated, in which case NSPA shall have the right, in its discretion to settle or pay any or all claims arising out of the termination of such orders and subcontracts;

e. Settle all outstanding liabilities and all claims arising out of such termination of orders or subcontracts with the approval or ratification of NSPA, to the extent NSPA may require, which approval or ratification shall be final and conclusive for all purposes of this Part;

f. Transfer title to NSPA to the extent that title has not already been transferred and deliver to NSPA in the manner, at the time, and to the extent, if any, directed by NSPA :

(1) the fabricated or unfabricated parts, work in process, completed work, supplies and other materiel produced as a part of or acquired in connection with the performance of the work terminated by the Notice of Termination,

(2) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would have been required to be furnished to NSPA, and,

(3) the jigs, dies and fixtures, and other special tools and tooling acquired or manufactured for the performance of this contract, if expressly required by NSPA, for the cost of which the Contractor has been or will be reimbursed under this contract;

g. Use his best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by NSPA any property of the types referred to in subparagraph f. above, provided however, that :

(1) the Contractor shall not be required to extend credit to any purchaser,

(2) the Contractor may acquire any such property under the conditions prescribed by and at the price(s) approved by NSPA, and

(3) the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by NSPA to the Contractor under this contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as NSPA may direct.

h. Complete performance of such part of the work as shall not have been terminated by the Notice of Termination, and

i. Take such action as may be necessary, or as NSPA may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which NSPA has or may acquire an interest.

3. a. The Contractor shall submit to NSPA, not later than sixty (60) days after receipt of a Notice of Termination, a list containing :

(1) the state of the completion of his plans and production under this contract and those of his orders and subcontracts,

(2) actions planned or initiated by the contractor in order to fulfill his obligations under paragraph 2. above.

b. NSPA shall be entitled to be represented during the Contractor's preparation of the list mentioned in subparagraph a. above.

4. a. After receipt of a Notice of termination, the Contractor shall submit to NSPA its termination claim, in the form and with the certification prescribed by NSPA. Such claim shall be submitted promptly but in no event later than nine (9) months from the effective date of termination, unless one or more extensions in writing are granted by NSPA, upon request of the Contractor made in writing within such nine (9) months period or extension thereof, if NSPA determines that the facts justify such action.

b. Upon failure of the Contractor to submit his termination claim within the time allowed, NSPA may, subject to the provisions of paragraph 6. below, determine on the basis of information available to it, the amount, if any, due to the Contractor by reason of the termination and shall thereupon pay the Contractor the amount so determined. NSPA's decision on the amount due to the Contractor shall in such case, be final, subject to no appeal nor arbitration. However, the decision of NSPA relative to whether an extension of time should be granted shall be subject to appeal as a "dispute" within the meaning of the Clause entitled "Disputes" in the General Provisions.

5. Subject to the provisions of paragraph 4. above, the Contractor and NSPA agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination or work pursuant to this Part, which amount or amounts may include a reasonable allowance for profit on work done, provided the contract terms do not otherwise prohibit the allowance of profit on items thereunder, and provided that such agreed amount or amounts, exclusive of settlement costs, shall not

exceed the total contract price as reduced by the amount or payments otherwise made and as further reduced by the contract price of work not terminated. The Contract shall be amended accordingly and the Contractor shall be paid the agreed amount. Nothing in paragraph 6. below, prescribing the amount to be paid to the Contractor in the event of failure of the Contractor and NSPA to agree upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this Part, shall be deemed to limit, restrict, or otherwise determine or affect the amount or amounts which may be agreed upon to be paid to the Contractor pursuant to this paragraph 5.

6. If NSPA terminates the contract according to this PART and the Contractor and NSPA fail to agree in whole or in part on the amount to be paid to the Contractor by reason of the termination of work pursuant to this PART as provided in paragraph 5. above, the Contractor shall be entitled to the following reimbursement :

a. For completed supplies accepted by NSPA (or sold or acquired as provided in paragraph 2.g. above) and not paid for previously, a sum equivalent to the aggregate price of such supplies computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges.

b. (1) the costs incurred in the performance of the work terminated, including initial costs and preparatory expenses allocable thereto, but exclusively of any costs attributable to supplies and/or services paid, or to be paid for under subparagraph a. above.

(2) the cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph 2.e. above, which are properly chargeable to the terminated portion of the contract exclusive of amounts paid or payable on account of supplies or materials delivered or services furnished by subcontractors or vendors prior to the effective date of the Notice of Termination, which amounts shall be included in the costs payable under (1) above, and,

(3) a sum, as a profit, equal to two percent (2 %) of that part of the amount determined under (1) above, which represents the costs of articles and materials not processed by the Contractor, plus a sum equal to eight percent (8 %) of the remainder of such amount, but the aggregate of such sums shall not exceed six percent (6 %) of the whole of the amount determined under (1) above, which amount for the purpose of this subdivision (3) shall exclude any charges for interest on borrowings, provided, however, that if it appears that the Contractor would have sustained a loss on the entire contract had it been completed, no profit shall be included or allowed under this subdivision (3) and an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated rate of loss.

c. The reasonable costs of settlement including accounting, legal, clerical and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with protection or disposition of property allocable to this contract;

d. The total sum to be paid to the Contractor under subparagraphs a. and b. of this paragraph 6., shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage, and except to the extent that NSPA shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to the Contractor as provided in paragraph a. above and paragraph b.

(1) above, the fair value, as determined by NSPA of property which is destroyed, lost, stolen or damaged, so as to become undeliverable to NSPA, or to a buyer pursuant to paragraph 2.g. above.

e. In arriving at the amount due to the Contractor under this clause there shall be deducted :

(1) all unliquidated advance or other payments on account therefor, previously made to the Contractor, applicable to the terminated portion of this contract.

(2) any claim which NSPA may have against the Contractor in connection with this contract, and,

(3) the agreed price for, or the proceeds of the sale of, any materials, supplies or other things acquired by the Contractor or sold, pursuant to the provisions of this clause, and not otherwise recovered by or credited to NSPA.

f. If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the Contractor may file a request in writing for an equitable adjustment of the price or prices specified in the contract relating to the continued portion of the contract, i.e. the portion not terminated by the Notice of Termination, and such equitable adjustment as may be agreed upon shall be made in such price or prices.

7. NSPA may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of this contract whenever, in the opinion of NSPA, the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed or determined to be due under this Part, such excess shall be payable by the Contractor to NSPA upon demand, together with interest computed at the rate of six percent (6 %) per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to NSPA, provided, however, that no interest shall be charged with respect to any excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until ten (10) days after the date of such retention or disposition, or such later date as determined by NSPA by reason of the circumstances.

8. Except as otherwise provided for in this contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of three (3) years after final settlement under this contract, shall preserve and make available to NSPA at all reasonable times at the office of the Contractor but without direct charge to NSPA, all his books, records, documents and other evidence bearing on work terminated hereunder or to the extent approved by NSPA, photographs, microphotographs, or other authentic reproduction thereof.