

LIMITATION OF COMPANY'S OBLIGATION (Dec 2000)

(a) Of the total subcontract price, \$_____ is currently allotted and available for payment. It is anticipated that from time to time additional funds will be allotted until the total subcontract price is allotted.

(b) The Seller agrees to perform work on the subcontract up to the point at which, if the subcontract is terminated for convenience, the total amount payable by the Company (including amounts payable for lower-tier subcontracts and settlement costs), would in the exercise of reasonable judgment by the Seller approximate the amount at the time allotted. The Company is not obligated in any event to pay or reimburse the Seller more than the amount allotted, anything in the Termination for Convenience clause to the contrary notwithstanding.

(c) (1) Funds currently allotted are expected to cover the work to be performed until _____.

(2) If the Seller considers the funds allotted to be inadequate to cover the work until that date, or an agreed date substituted for it, the Seller must notify the Company in writing when, within the next thirty days, the work will reach a point at which, if the subcontract is terminated for convenience, the total amount payable by the Company (including amounts payable for lower-tier subcontracts and settlement costs), will approximate 85 percent of the amount then allotted.

(3) The notice shall state the expected date when the point in (c)(2) will be reached and the estimated amount of additional funds required to continue performance to the date in (c)(1) or an agreed substituted date.

(4) Thirty days before the date in (c)(1) or an agreed substituted date, the Seller must advise the Company in writing of the estimated additional funds required for performance for a further period as may be specified in the subcontract or otherwise agreed to by the parties.

(5) If after the notification in (c)(4), additional funds are not allotted by the date in (c)(1) or by an agreed substituted date, the Company will, upon written request of the Seller, terminate this subcontract on that date or the date set forth in the request, whichever is later, pursuant to the Termination for Convenience clause.

(d) When additional funds are allotted for continued performance, the parties shall agree on the period of performance covered by the funds.

Paragraphs (b) and (c) above shall apply to the additional allotted funds and the substituted date pertaining to them, and the subcontract shall be modified accordingly.

(e) If the Seller incurs additional costs or is delayed in performance solely because the Company failed to allot sufficient additional funds, and if additional funds are allotted, an equitable adjustment shall be made in price (including target, billing, and ceiling prices and hourly rates where applicable) or in the time for delivery, or both.

(f) The Company may at any time before termination (and, after notice of termination, with the consent of the Seller), allot additional funds for this subcontract.

(g) Nothing in this clause affects the rights of the Company to terminate this subcontract under the Termination for Default and Termination for Convenience clauses.