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**GENERAL TERMS AND CONDITIONS FOR
WASHINGTON GOVERNMENT GROUP
STRATEGIC AGREEMENT**

1. DEFINITIONS

The following terms shall have the meanings below:

- (a) Buyer means any Washington Government Group (WGG) participating Company utilizing this Agreement. (Reference Attachment B.)

- (b) Company-Specific Terms and Conditions means those unique requirements of the WGG Company issuing Orders under this Agreement which will supplement the general terms and conditions.
- (c) Government means the United States of America and includes the U.S. Department of Energy (DOE) and the Department of Defense (DOD) or any duly authorized representative thereof.
- (d) Order means individual releases for products and services issued under this Agreement. (Reference Attachment A.)
- (e) Seller means the person or organization that has entered into this Agreement to provide products, services or both to the WGG Companies
- (f) Strategic Agreement Administrator (hereinafter, Administrator) means (i) for this Agreement (including these terms and conditions) but exclusive of Company-Specific Terms and Conditions, WGG's Primary Representative as identified within the face of this Agreement and (ii) for any Company-Specific Terms and Conditions, the WGG Company's Primary Representative as identified in an attachment to the face of this Agreement.

2. ORDER OF PRECEDENCE

Any inconsistencies shall be resolved in accordance with the following descending order of precedence: (1) item description, (2) face of the Order, (3) Company-Specific Terms and Conditions, (4) face of this Agreement, and (5) general terms and conditions.

3. TITLE AND ADMINISTRATION

All property rights and interests resulting from Orders shall pass directly from Seller to either the Buyer or the Government. Should the Buyer make payments under Orders from funds advanced or reimbursed by the Government and agreed to be advanced or reimbursed by the government, and not from its own assets, title shall pass to the Government, in which event Orders may be assigned by the Buyer to the Government or its designee, and in case of such transfer and notice thereof to Seller, the Buyer shall have no further responsibilities hereunder.

4. ACCEPTANCE OF TERMS AND CONDITIONS

Seller, by signing this Agreement or Orders or delivering the items identified therein, agrees to comply with all the terms and conditions and all specifications and other documents that this Agreement or Order incorporates by reference or attachment. WGG and buyer hereby objects to any terms and conditions contained in any acknowledgment of this Agreement or Order that are different from or in addition to those mentioned in this document. Failure of WGG and buyer to enforce any of the provisions of this Agreement or Order shall not be construed as evidence to interpret the requirements of this Agreement or Order, nor a waiver of any requirement, nor of the right of WGG and buyer to enforce each and every provision. All rights and obligations shall survive final performance of this Agreement or any Orders.

5. GENERAL WARRANTY

Seller expressly warrants that products delivered under the Orders shall be in accordance with Seller's affirmation, description, sample, or model and compliant with all requirements of this Agreement and Order. The warranty shall begin upon acceptance and extend for a period of (1) the manufacturer's warranty period or six months, whichever is longer, if Seller is not the manufacturer and has not modified the products or (2) one year or the manufacturers warranty period, whichever is longer, if Seller is the manufacture, of the item or has modified it. The warranty for services shall begin upon acceptance and extend for a period of one year. If any nonconformity appears within that time, Seller shall promptly repair or replace such products or reperform services. Transportation of replacement items and return of nonconforming products and repeat performance of services shall be at Seller's expense. If repair or replacement or reperformance of services is not timely, Buyer may elect to return the nonconforming products or repair or replace them or reprocur the services at Seller's expense.

6. YEAR 2000 WARRANTY

The Seller warrants that each hardware, software, and firmware product delivered under this Agreement shall be able to accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty first centuries, and the years 1999 and 2000 and leap year calculations to the

extent that other information technology, used in combination with this information technology being acquired, properly exchanges date/time data with it. If this Agreement requires that specific listed products must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those listed products as a system. The duration of this warranty and the remedies available to the Buyer for breach of this warranty shall be as defined in, and subject to, the terms and limitations of the Seller's standard commercial warranty or warranties contained in this Agreement, provided that notwithstanding any provisions to the contrary in such commercial warranty or warranties, the remedies available to the Buyer under this warranty shall include repair or replacement of any listed product whose non-compliance is discovered and made known to the Seller in writing within ninety (90) days after acceptance. Nothing in this warranty shall be construed to limit any rights or remedies the Buyer may otherwise have under this Agreement with respect to defects other than Year 2000 performance.

7. ASSIGNMENT

Seller shall not assign rights or obligations to third parties without the prior written consent of Buyer, which consent, in the case of a transfer of all or substantially all of Seller's assets to a successor in interest, shall not be unreasonably denied or delayed. However, Seller may assign rights to be paid amounts due or to become due to a financing institution if Buyer is promptly furnished written notice and a signed copy of such assignment. Payments to an assignee shall be subject to set off or recoupment for any present or future claims of Buyer against Seller.

8. NEW MATERIALS

Unless otherwise specified in this Agreement or Order, all products delivered shall consist of new materials. New is defined as previously unused which may include residual inventory or unused former Government surplus property. This does not include the use of recycled or recovered material as defined by the Environmental Protection Agency in 40 CFR 247.

9. TRANSPORTATION

Transportation shall be in accordance with the Agreement Article entitled "Delivery/Payment". Transportation under a U.S. Government bill of lading shall indicate that the transportation is for the

Government and is subject to the standard Government bill of lading terms and any special rates or charges. No insurance cost shall be allowed unless authorized in writing on the specific Order.

10. RISK OF LOSS

Where Buyer is liable to Seller for loss of conforming items occurring after the risk of loss has passed to Buyer, Buyer shall pay Seller the lesser of (1) the agreed price of such items, or (2) Seller's cost of replacing such items. Such loss shall entitle Seller to an equitable extension in delivery schedule obligations.

11. PAYMENT

Unless otherwise provided in the Agreement Article entitled "Delivery/Payment", terms of payment shall be net 30 days from the latter of (1) receipt of Seller's proper invoice, if required, or (2) delivery of products/completion of work.. Any offered discount shall be taken if payment is made within the discount period that Seller indicates. Payments may be made either by check or electronic funds transfer, at the option of Buyer. Payment shall be deemed to have been made as of the date of mailing or the date on which an electronic funds transfer was made. Notwithstanding anything herein, the Buyer shall be entitled at any and all times to set off against any amounts payable by the Buyer hereunder any amount owing from Seller to the Buyer under Orders with Seller.

12. COMPLIANCE WITH LAWS

Seller shall comply with all applicable federal, state, and local laws and ordinances and all pertinent lawful orders, rules, and regulations and such compliance shall be a material requirement of this Agreement or any resulting Orders. Seller warrants that each chemical substance constituting or contained in items furnished is on the list of substances published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act as amended. With each delivery Seller shall provide Buyer any applicable Material Safety Data Sheet as required by the Occupational Safety and Health Act and applicable regulations including, without exception 29 CFR 1910.1200.

13. TERMINATION FOR CAUSE

(a) The Buyer may terminate any Orders for cause, in whole or in part, if the Seller fails to

comply with any of the terms of any Orders, or fails to provide adequate assurance of future performance. In that event, the Buyer shall not be liable for any amount for products or services not accepted.

- (b) If any Order is terminated for cause, the Buyer may require Seller to deliver to the Buyer any supplies and materials, manufacturing materials, and manufacturing drawings that Seller has specifically produced or acquired for the terminated portion of Order. The Buyer shall pay the agreed-upon price for completed items delivered and accepted. The Buyer and Seller shall agree on the amount of payment for all other deliverables.
- (c) Seller shall not be liable to Buyer for delays in performance occasioned by causes beyond Seller's reasonable control and without its fault or negligence.
- (d) The rights and remedies of the Buyer in this Article are in addition to any other rights and remedies provided by law or under this Agreement.

14. BANKRUPTCY

If Seller enters into any proceeding relating to bankruptcy, it shall give written notice via certified mail to the WGG Strategic Agreement Administrator within five days of initiation of the proceedings. The notification shall include the date on which the proceeding was filed, the identity and location of the court and a listing of this Agreement and Order numbers for which final payment has not been made.

15. TAXES

Taxes shall be collected and paid in accordance with the Company-Specific Terms and Conditions of the respective Order. (Reference Strategic Agreement Article entitled "Company-Specific Terms and Conditions"..)

16. CHANGES

- (a) The Buyer reserves the right to make changes within the general scope of any Order by issuance of a unilateral change order, or by a bilateral modification to this Agreement or any Order. Such changes may include, without limitation, changes in (1) the description of the products; (2) the quantities of products ordered;

(3) the method of shipment or packaging, and
(4) the time or place of delivery, inspection, or acceptance. The Seller shall promptly comply with any such change made by the Buyer. If any change affects the cost of or the time required for performance, an equitable adjustment to the price and/or delivery requirements and other affected provisions of any Order shall be made by the parties in a bilateral modification. Any claim for adjustment by Seller must be made within 30 days from the date of receipt of Buyer's change notice, although Buyer in its sole discretion may receive and act upon any claim for adjustment at any time before final payment.

- (b) Only the Buyer's Primary Representative is authorized on behalf of Buyer to issue changes whether formal or informal. If Seller considers that any direction or instruction by Buyer personnel constitutes such a change, Seller shall not rely upon such instruction or direction without written confirmation from the Buyer's Primary Representative. Nothing in this Article, including any disagreement with Buyer about the equitable adjustment, shall excuse Seller from proceeding with any Order as changed.

17. TERMINATION FOR CONVENIENCE

The Buyer may, in its sole discretion, terminate any Order, or may terminate the fabrication of all or any portion of the products not then completed, at any time, by giving the Seller a written notice of termination. Upon receipt of a notice of termination, the Seller shall, unless the notice requires otherwise, discontinue all performance on the date and to the extent specified in the notice, and shall otherwise minimize costs, if any, to the Buyer. Payment for items already completed or in the process of completion, shall be adjusted between the Seller and the Buyer in a fair and reasonable manner, but such payment shall exclude any allowance for the uncompleted portion of the products, or any anticipated profits thereon. Such payment for products already completed or in the process of completion shall be the total compensation due to the Seller for termination at will by the Buyer.

18. SUSPENSION

The Buyer may, for any reason, direct the Seller to suspend performance of any part of or all of the performance of any Order for an indefinite period of

time. If any such suspension significantly delays the progress of or causes the Seller additional direct expenses in the performance of any Order, not due to the fault or negligence of the Seller, the compensation to the Seller shall be adjusted by a modification to any Order and the time of performance shall be extended by the actual duration of the suspension. Any claim by the Seller for compensation of a schedule extension must be supported by an appropriate document asserted within ten (10) days from the date an order is given to the Seller to resume the performance of any Order.

19. INSPECTION

Buyer may inspect and test material, work in progress, and supplies at all times and places, during the manufacture and otherwise. If inspection and test are made on Seller's premises, Seller, without additional charge, shall provide reasonable facilities and assistance for the safety and convenience of the inspectors. Inspections and test by Buyer shall be performed in such a manner as not to delay the work unduly.

20. DISPUTES

The parties shall exert their best efforts to reach a settlement of any disputes which may arise between them under any Order, however, any dispute arising under any Order which is not settled by agreement of the parties will be litigated in the state or federal courts of the State from which the Buyer's Order is issued. Pending any decision, appeal, or judgment in such proceedings, or the settlement of any dispute arising under or in connection with any Order, Seller shall proceed diligently with the performance of any Order in accordance with the decision of the Buyer.

21. NOTICE OF POTENTIAL DELAYS

Whenever the Seller has knowledge that any occurrence is delaying or threatens to delay the timely performance of any Order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to the Buyer.

22. SUBCONTRACTING

Seller shall not subcontract all or substantially all work to be performed under this Agreement or any resulting orders without prior written approval of the Administrator.

23. SUBSTITUTIONS

Seller shall not substitute material or accessories without written consent of Buyer.

24. COMPETITIVE OFFER

Should WGG receive a more competitive offer from a qualified supplier of like products and services in like quantities to be supplied over the same time span as is being supplied under this Agreement; WGG reserves the right to remove those products and services from the existing agreement and purchase those products and services from the offering supplier.

WGG, at its option, may extend the opportunity to the Seller to become competitive by giving the Seller fifteen (15) days notice, prior to the effective date of accepting the competitive offer. Seller shall, as a response to the WGG's invitation to become competitive, either become competitive or agree to remove said products or services from the existing Agreement.

Should the Seller elect to become competitive, Seller shall notify WGG in writing of its election. Should the Seller elect not to become competitive, Seller shall in writing, advise WGG of its election not to become competitive and remove the items from this Agreement as of the WGG designated effective date. All other Terms and Conditions and remaining items, if any, shall remain in effect for the duration of this Agreement.

25. SENSITIVE INFORMATION

To the extent the Seller's performance under this Agreement or any order requires access to U.S. Government-designated security information (whether classified information or sensitive controlled unclassified information), Seller shall comply with all applicable laws, regulations, directives, orders and other requirements governing the receipt, handling and dissemination of the information. To the extent the Seller's performance under this Agreement or any order requires access to WGG or Buyer confidential or proprietary information, Seller agrees to hold the same in confidence and to otherwise not release, disclose or disseminate the information absent WGG or Buyer consent.

26. INDEPENDENT CONTRACTOR

In the performance of the work and the supplying of the products and services under this Agreement or any resulting orders, the Seller shall act solely as an independent contractor, and nothing herein contained or implied will at any time be so construed as to create the relationship of employer and employee, partnership, principal and agent, or joint judgment. WGG or Buyer has no obligation under Federal, state or local law, regulation or other requirement and the total commitment and liability of WGG or Buyer in regard to any arrangement or work performed hereunder is to pay the fees and expenses pursuant to the provisions hereof.

27. EXPORT CONTROLS

In the performance of the work and the supplying of the products and services hereunder, Seller shall comply with all applicable export control laws, regulations and other requirements. Seller certifies that it will not, directly or indirectly, do *any* of the following with regard to Buyer's information with which it is provided access: (i) export or transmit such information to any country to which such export or transmission is restricted by any applicable U.S. law or regulation, without the prior written consent, if required, of the U.S. Governmental agencies having jurisdiction over such export or transmission, (ii) provide such information in any manner to any end-user whom Seller knows or has reason to know will utilize the same in the design, development or production of nuclear, chemical or biological weapons, or (iii) export or re-export any such information to any country or to any person, entity or end-user subject to U.S. export controls without first obtaining such license(s) as may be required by the U.S. Governmental agencies having jurisdiction over such export or transmission.

28. DISCLAIMER

To the extent permitted by law, neither party shall in any manner, whatsoever, be liable to the other party for any consequential, incidental, indirect, special, contingent or punitive damages, such as damages for loss of profits or revenue, loss of property or equipment, loss of use of property or equipment, or business failure or loss.

29. SELLER'S LIABILITY FOR FINES AND PENALTIES

(a) Supplier is liable to WGG or Buyer for all fines and penalties assessed by any governmental entity against WGG, Buyer or the Government as a result of Seller's failure to perform its work under this Agreement or any resulting orders in compliance

with the requirements of this agreement or any resulting orders.

(b) Seller shall indemnify and hold harmless WGG, Buyer or the Government from and against any and all claims, demands, actions, causes of action, suits, damages, expenses, including attorney's fees, and liabilities whatsoever resulting from or arising in any manner on account of the assessment of said fines and penalties against WGG, Buyer or the Government.

30. INCORPORATION BY REFERENCE

This Agreement incorporates certain Federal Acquisition Regulation (FAR) Clauses by reference when payment for resulting orders is made from funds advanced by, and agreed to be advanced by, the Government. These Clauses apply as if they were incorporated in their entirety. For FAR provisions incorporated by reference, "Contractor" means Seller and "Contracting Officer" means the Buyer. The following Clauses may be found at <http://www.arnet.gov/far/>

The following FAR Clauses are incorporated by reference:

FAR 52.222-26 Equal Opportunity

FAR 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans

FAR 52.222-36 Affirmative Action for Handicapped Workers

SPECIAL APPLICABILITY ARTICLES

WORK ON PREMISES

To the extent Seller performs any work on Buyer's premises, the following additional provisions shall apply:

(a.) Indemnification. Seller shall defend, indemnify and hold harmless Buyer, its subsidiaries and affiliates, and their respective officers, directors, employees, agents, consultants, contractors and invitees from and against any and all losses, expenses, liens, claims, demands and causes of action of every kind and character for death, personal injury, loss of, or damage to, any real or personal property, or any other liability, damages, fines or penalties (including cost, attorneys' fees and settlement) arising out of, or in connection with the acts or omissions of Seller, its directors, officers, employees, agents, contractors and permitted assigns.

(b.) Insurance. Seller shall provide and maintain, at its own expense, during the entire performance

period of the work, the following kinds and minimum amounts of insurance: (i) Comprehensive General Liability Coverage, including broad form contractual coverage providing limits for bodily injury, including death, of at least \$1,000,000 for each person and \$1,000,000 for each occurrence and property damage coverage of at least \$1,000,000 for each occurrence subject to an annual aggregate limit for product liability of at least \$1,000,000; (ii) Worker's Compensation as required by applicable federal and state worker's compensation and occupational disease statutes; and (iii) Comprehensive Auto of at least \$200,000 per person and \$500,000 per occurrence for bodily injury. Buyer makes no representations that the insurance required under this Section will be sufficient or adequate for Seller.

(c.) Supplier shall instruct its insurance "carrier" to include Buyer on its computerized notification list. Supplier shall ensure that a current copy of the insurance certificate from the "carrier" that covers (i) and (ii) above, and worker's compensation (if covered separately) be on file with the Buyer's Primary Representative. All insurance policies shall be issued by an acceptable insurance company and will include the following: (A) A thirty (30) day advance written notice in the event of cancellation, non-renewal, or material change of any policy. The following cancellation language in quotation marks must be crossed out on the Certificate of Insurance that is provided to the Buyer: "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon Buyer, its agents or representatives"; (B) Buyer and the principal shall be named as additional insureds (except on workers' compensation and professional liability); (C) A waiver of subrogation in favor of Buyer and principal (except on professional liability); (D) Cross liability or severability of interest coverage (liability policies only); and (E) Supplier's insurance is primary and any insurance maintained by Buyer or principal is considered excess and non-contributory.

PRICE-ANDERSON AMENDMENTS ACT

(a.) The Department of Energy (DOE) has promulgated Procedural Rules (10 CFR 820), Quality Assurance Rules (10 CFR 830), and Radiation Protection Rules (10 CFR 835) in implementation of the Price-Anderson Amendments Act (PAAA) of 1988, Public Law 100-408, August 20, 1988. These rules govern the conduct of persons involved in DOE nuclear activities, and, in particular, are designed to achieve compliance with DOE nuclear safety requirements. Violation of the applicable rules will

provide a basis for the assessment of civil and criminal penalties under the PAAA.

(b.) This Agreement or any resulting Orders is subject to the requirements of the above rules if the performance of work involves activities or operations in work areas at DOE facilities covered by the Price Anderson Nuclear Hazards Indemnity Article of this Agreement or any resulting Orders.

(c.) Indemnification of WGG or Buyer
To the extent permitted by law, the Seller assumes full responsibility and shall indemnify, save harmless, and defend WGG or Buyer and its principal subcontractors, their agents, officers, employees, and directors from any civil or criminal liability under Sections 234A or 223 (c) of the Act or the implementing regulations at 10 CFR Sections 820, et seq., arising out of the activities of the Seller, its lower-tier subcontractors, suppliers, agents, employees, officers, or directors. The Seller's obligation to indemnify and hold harmless shall expressly include attorneys fees and other reasonable costs of defending any action or proceeding instituted under Sections 234A or 223 (c) of the Act or the implementing regulations at 10 CFR Sections 820, et seq. A copy of the implementing regulations at 10 CFR Sections 820, et seq., is available on the Government Printing Office Website at www.access.gpo.gov/mara/cfr/index.html.