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PIIN/SIIN DAAE07-00-D-M051/0010

MOD/AMD 12

Name of Offeror or Contractor: GM GDLS DEFENSE GROUP L.L.C.

SECTION A - SUPPLEMENTAL INFORMATION

PROGRAM: Stryker Armored Vehicle Program

1. This Modification 12 to Delivery Order 0010 under Requirements Contract DAAE07-00-D-M051 is a supplemental agreement.
2. Conditional Acceptance. The purpose of this modification is to establish the parameters for the conditional acceptance of 20 (twenty) Infantry Carrier Vehicles (ICVs). The Contractor Serial Numbers will be established at the time of conditional acceptance.
3. Baseline Configuration. The baseline configuration, for the vehicles manufactured in the London Ontario Canada facility, is the contractor's General Assembly ICV Part Number 10651420-011 (12479551), dated 20 February 2002.
4. Configuration Management. The contract provisions of C.2.8, C.3.5 and, for any unique/new items developed under Delivery Order 0001 applicable to the ICV, C.5.5 are waived for the vehicles covered by this modification. This waiver of the Configuration Management requirements is conditioned on the following:
 - a. Software Licenses. The Contractor shall be responsible for acquiring the required production related software licenses for the family of Stryker Armored Vehicles and all ancillary equipment for all vehicles delivered. The term "ancillary support equipment" includes, but is not limited to, training equipment, test equipment, and loader/verifiers and/or security devices, if applicable. Any software changes introduced unilaterally by the contractor shall be compatible with all previously produced vehicle or ancillary support equipment configurations.
 - b. CR/ECOs. Changes (Change Requests (CR), Engineering Change Orders (ECO), Waivers and Deviations) to the contractor's baseline configuration referenced in paragraph 3 above may be made by the contractor, provided the changes meet the requirements of the contract, the ICV Performance Specification, and any Interface Control Documents related to Government Furnished Material.
 - 1) The contractor shall provide all contractor generated changes (CRs/ECOs) processed since the baseline configuration was established. The changes shall be provided for Government review in accordance with the contract requirements identified in C.2.6 Contractor Integrated Data Service (CIDS) and Integrated Data Environment (IDE). The Government shall be allowed to electronically access the Contractor's Change Management data process. Until an automatic notification process and Government access are automated and functional, the changes shall be provided and reviewed in meeting/conference forum to be agreed to by the parties.
 - 2) The Joint Contractor-Government Configuration Management (CM) Board shall meet on a regular basis and the Board shall use the newly agreed to CM process. The parties agree to execute a contract modification to incorporate the new CM process into the contract NLT 30 April 2003. The contractor shall submit a revised CM Plan NLT 15 May 2003.
 - 3) Delivery Team Meetings. The previously established joint contractor-Government Delivery Team shall coordinate the resolution of production, performance, and vehicle configuration issues.
5. The contract provisions of C.3.10 are waived for the vehicles covered by this modification subject to the following conditions:
 - a. The contractor complies with requirements covered by previous modifications to correct and retrofit any cadmium or Hexavalent Chromium coated or treated parts in the vehicles covered by this modification. (Reference contractor waivers W-BCT-0002, W-BCT-0004, W-BCT-0005 R1, W-BCT-0031, W-BCT-025 R1, and D-BCT-002 R1).
 - b. The contractor provides a list of cadmium and hexavalent chromium treated parts specific to each of the vehicles accepted herein. The lists will be included in the contract file and will be used for corrective action tracking until all parts have been cleaned up and retrofitted or identified/supported as parts without any technically acceptable alternatives. In accordance with Contract Data Requirements List (CDRL) Number A044, the contractor shall provide the vehicle specific lists within 30 business days of DD 250 approval.
6. The contractor has an affirmative obligation to provide notice to the Government of any failures, defects (excluding minor defects) or deficiencies in parts, components or assemblies provisionally released. The contractor shall promptly notify the Government of any failure, defect, or deficiency noted during contractor testing. The contractor assumes total responsibility to timely correct any failures to meet the contract requirements. For vehicles accepted but not yet shipped, the contractor shall correct the hardware/software by removal of deficient components and reinstallation of approved hardware/software. If the vehicle has been shipped, correction/reinstallation of the hardware/software shall be at Government direction. In the event, the Government

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elects to make its own correction/installation of any deficiencies after delivery/shipment, it shall be entitled to an equitable adjustment of the contract prices.

7. The vehicles will be conditionally accepted pending resolution of outstanding First Production Vehicle Inspection (FPVI) findings. For any discrepancy discovered during the completion of the FPVI, the contractor shall perform corrective action and/or retrofit of all ICVs previously accepted. The corrective action and/or retrofit of the vehicles shall be performed at a location specified by the Government, at no additional cost to the Government.

8. To inspect the vehicles covered by this modification, the Government will use the conditionally accepted Final Inspection Record (FIR) ICV FIR Revision F, dated 5 February 2003.

9. Pursuant to the FIRs identified in paragraph 8 above, the subject ICV will be conditionally accepted. These vehicles will be conditionally accepted until all terms of acceptance, including but not limited to those listed in this modification, are fulfilled. This conditional acceptance shall not relieve the Contractor from complying with all requirements of the terms and conditions of the contract.

a. Any part shortages or additional vehicle issues not covered under this modification require Government approval, via a PCO letter, prior to vehicle conditional acceptance (DD250) and/or vehicle shipment. To preclude the need for an additional modification in the event there is a part shortage, this modification takes a vehicle price withhold of \$5,000 per vehicle. If a part shortage exists, the shortage shall be annotated on the DD250 by part number and date the part will be available at the fielding site. Any part shortages, at the time of vehicle shipment, shall be tracked using the vehicle unique retrofit data sheets. If no part shortages exist at the time of vehicle shipment, the contractor may invoice for the \$5,000 per vehicle withhold. Otherwise, the contractor may invoice for the \$5,000 per vehicle withhold when the contractor has installed all part shortages on the vehicle and an authorized Government representative has inspected and accepted the retrofit. The contractor shall perform the retrofit activity at a location specified by the Government, at no additional cost to the Government.

The contractor shall generate and maintain a vehicle unique retrofit data sheets, formerly Attachment B. The contractor shall provide an automated solution that can function within the IDE. The Contractor's Retrofit Database shall incorporate all the information related to required, known or planned retrofits of the vehicles identifying and tracking the missing parts, corrected parts, software changes, unresolved/open issues pending corrective action identification or any other action that may result in a retrofit. The contractor shall deliver electronically a weekly update to the data base (IAW CDRL TBD). At a minimum, the data base update shall identify each vehicle by serial number, each retrofit applied, retrofits remaining and pending or open issues that may result in retrofit. The Contractor's Retrofit Data Base submission shall be structured to sort by retrofit items/issues as well as by vehicle.

b. Contractor Waivers to the Contractor's Baseline Configuration. The Government conditionally accepts vehicles pending resolution/correction of the following Contractor waivers to the vehicles Configuration Baseline and/or Performance Specification requirements identified herein:

1) Waiver to Performance Specification Paragraph 3.1.1.10.3.1 entitled "Exterior Lighting". (Reference Contractor Waiver W-BCT-0021).

2) The winch. (Reference Contractor Waiver W-BCT-024).

3) RWS Fire Control Unit - (Reference Contractor Waiver W-BCT-0041 R3 and W-BCT-0042).

c. Execution of the retrofit plan per the steps, procedures and schedule identified in the vehicle unique retrofit data sheets which are incorporated into this modification by reference.

d. Height Management System (HMS). In the event the HMS does not meet all the requirements of the contract, the contractor shall perform any corrective action and/or retrofit of the HMS, at a location specified by the Government, at no additional cost to the Government.

e. Armor Panel Grit Adhesion Issue. Vehicles may be conditionally accepted and shipped prior to the implementation of the corrective action for the Armor panel grit adhesion issue. The armor panel grit issue must be added to Attachment A. The contractor agrees to provide the necessary corrective action and retrofit all vehicles as necessary, at a location specified by the Government, at no additional cost to the Government.

f. Field Problem Issues. In the event a contractor responsible field problem issue creates the need for vehicle retrofit, the contractor shall perform any corrective action and/or retrofit, at a location specified by the Government, at no additional cost to the Government.

1) The contractor may invoice for any vehicle price withhold due to Field Problem Issues, as referenced in

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Attachment A of this modification, in the following manner: The contractor may invoice for 50% of a field issue withhold when the contractor certifies that replacement parts/material are available for vehicle application. The contractor may invoice for the remaining 50% of the withhold when the vehicle retrofit has been completed and an authorized Government representative has inspected and accepted the retrofit.

2) In the event the vehicles are not available for the contractor to perform the retrofit within 30 days after receipt of retrofit material, the contractor may invoice for an additional 30% of the field problem issue price withhold. The remaining 20% shall be withheld until the retrofit has been completed and an authorized Government representative has inspected and accepted the retrofit.

3) If both parties agree that no vehicle retrofit is required, the contractor may invoice for 100% of the field issue withhold.

10. Armor (14.5mm). The parties agree to the following related to 14.5mm ballistic integrity:

a. The contractor shall provide a corrective action plan NLT 30 April 2003. The plan will provide a corrective action plan for all vehicles produced and accepted under Delivery Order 0002. The plan will address compliance with the 14.5mm ballistic integrity performance; that is, assure the vehicle meets a not-greater-than 4mm armor 'gap' in applicable areas.

b. The contractor shall not ship any vehicle produced under Delivery Order 0010 after 1 April 2003 that does not fully meet the 14.5mm armor not-greater-than 4mm 'gap' requirement.

c. For those armor panels that show blisters, the Contractor shall submit a corrective action plan based upon failure analysis, and a revised response to Corrective Action Request W-03-010, not later than 15 May 2003. The corrective action plan will ensure proper adhesion between the Kevlar covering and subsurface tiles, and proper adhesion of all primers and paints.

d. The Government will conditionally accept vehicles with Armor panels displaying a blistering condition subject to the terms herein.

1) Conditional acceptance of vehicles with Armor panels displaying a blistering condition apply only to Armor panels supplied to the Contractor for 2nd Brigade Combat Team vehicles under this Modification 12 under Delivery Order 0010.

2) The Contractor shall not ship vehicles with blistered Armor panels until such time as the Armor panels are repaired per the Contractor's approved repair process/procedure, or Armor panels with the blistering condition are replaced with new Armor panels that do not exhibit the blistering condition. Armor panel repairs, replacement of blistered Armor panels with new Armor panels, and the removal/replacement of Armor panels on conditionally accepted vehicles shall be accomplished at no cost to the Government.

3) Whereas Armor panels exhibiting the blistering condition have already been installed on Brigade Combat Team vehicles that have been shipped to Fort Lewis prior to detection of the blistering condition; the Contractor shall either repair the discrepant armor panels using the approved corrective action, or replace the blistered Armor panels with new Armor panels. The contractor agrees to provide the necessary corrective action at a location specified by the Government, at no additional cost to the Government.

4) Armor panels that have been repaired using the approved repair procedure/process to remove Armor panel blisters shall meet performance specifications and will be listed by part number as repaired on the DD250.

a) When blisters are detected on Armor panel(s) after vehicle shipment and prior to vehicle handoff, the contractor shall repair blistered Armor panels using the approved repair procedure/process. Repairs shall be made at no cost to the Government.

b) When new blisters are found after vehicle handoff on Armor panels that have not been previously repaired, the Contractor shall repair the Armor panels using the approved repair procedure/process. Repairs shall be made at a location specified by the Government, at no cost to the Government.

c) Pursuant to the warranty provisions of this Contract DAAE07-00-D-M051, if any new armor blistering occurs on previously repaired armor panels installed on vehicles that have been conditionally accepted, and after handoff, under this Modification 12, the Contractor shall replace the repaired armor panels with a new Armor panel(s), at a location specified by the Government and at no cost to the Government.

d) The Contractor shall update its interim field inspection procedures, as necessary, to ensure Armor

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panels are either repaired or replaced in accordance with the terms herein.

e) For those vehicles with Armor panels that have hash marks, it is understood that this characteristic is inherent to production of Armor panel lots supplied to the Contractor for 2nd Brigade Combat Team vehicle production. Armor panels displaying the hash mark condition will be conditionally accepted by the Government based on the General Dynamics Land Systems (GDLS) Armor Workmanship Standard.

11. The Government shall withhold a total of \$85,027 per vehicle (after the liquidation of progress payments) for all the items addressed in Paragraphs 9 and 11 of this modification.

a. The contractor shall install all armor prior to shipment. The Government shall withhold \$17,000 per vehicle due to armor issues. The armor withheld will be released by vehicle upon verification by a designated Government official that the contractor has retrofitted fully compliant armor.

b. The Remote Weapon Station (RWS) must be installed prior to shipment. The Government shall withhold \$39,000 per vehicle relating to RWS qualification/integration testing. Any corrective actions required, as a result of qualification/integration testing, shall be completed at no additional cost to the Government. The contractor may invoice for the withhold amount of \$39,000, on a per vehicle basis, after all qualified (including safety release) corrective actions have been applied to each of the vehicles covered by this modification. The Government agrees to review progress against the RWS corrective action milestones and periodically consider adjustment of the withhold amount.

12. C-130 Ramp Model. The contractor ran its ramp test model for 12, 13 1/2 and 15 degrees for the ICV and provided the results to the Government prior to 29 December 2002; however, supplemental test modelling may be required to support adequate transportability documentation.

13. The contractor agrees to provide monthly Government Furnished Material Profile reports in accordance with CDRL A059. The contractor agrees to provide the monthly report for each Stryker Brigade Ordered under contract DAAE07-00-D-M051 at no additional cost to the Government. The first report for SBCT1 shall be provided no later than 30 April 2003.

14. Shipping instructions.

a. Prior to shipment, each vehicle must be 100% inspected to the FIR.

b. In order to ensure the vehicle shipping height does not exceed 110 inches, the contractor shall stow and fold the RWS into its transport position prior to shipping.

c. Under no circumstances are the vehicles to be shipped without armor properly installed.

d. The W3P retrofitted cable, TRW P/N 881335-3 Revision C, JV P/N 16102675-002 shall be installed on each vehicle under this modification prior to completion of deprocessing.

e. Shipping Instructions applicable to this conditional acceptance modification are provided in Section B of this modification.

15. As a result of this modification, the total price of Delivery Order 0010 is neither increased nor decreased. Except as specifically stated above, all other terms and conditions of Delivery Order 0010 remain unchanged and in full force and effect.

*** END OF NARRATIVE A 008 ***

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>FOB POINT: Origin</p> <p>SHIP TO: <u>PARCEL POST ADDRESS</u> (W91A2N) XR W4GG FT LEWIS FLD OFC BLDG 9630 L ST FORT LEWIS WA 98433-5000</p> <p>MARK FOR: <u>CONTRACT/DELIVERY ORDER NUMBER</u> DAAE07-00-D-M051/0010</p> <p>EXCEPTION DATA: "Vehicles are to be shipped in accordance with Security Classification Guide. For further guidance contact PM BCT Security Keith Whitten (586) 753-2135".</p> <p>SHIP TO: FT. LEWIS FIELDING OFFICE BLDG 3041 FT. LEWIS, WA 98433-5000</p> <p>MARK FOR: MR. COVINGTON, PH: 253-966-4851/ CELL: 253-405-2697 MS. BRAY, PH: 253-966-4851</p> <p>(End of narrative F001)</p>				

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SECTION G - CONTRACT ADMINISTRATION DATA

LINE <u>ITEM</u>	PRON/ <u>AMS CD</u>	ACRN	OBLG STAT/ <u>JOB ORD NO</u>		<u>PRIOR AMOUNT</u>		<u>INCREASE/DECREASE AMOUNT</u>		<u>CUMULATIVE AMOUNT</u>
0001AA	X12GX039X1 31107180008	AA	1 2GXP01	\$	137,521,488.00	\$	-26,446,440.00	\$	111,075,048.00
0001AE	X12GX039X1 31107180008	AA	1 2GXP01	\$	0.00	\$	26,446,440.00	\$	26,446,440.00
					NET CHANGE	\$	0.00		

<u>SERVICE NAME</u>	<u>NET CHANGE BY ACRN</u>	<u>ACCOUNTING CLASSIFICATION</u>			<u>ACCOUNTING STATION</u>	<u>INCREASE/DECREASE AMOUNT</u>
Army	AA	21	22033000025R5R07P31107131E9	S20113	W56HZV	\$ 0.00
						NET CHANGE \$ 0.00

		<u>PRIOR AMOUNT OF AWARD</u>		<u>INCREASE/DECREASE AMOUNT</u>		<u>CUMULATIVE OBLIG AMT</u>
NET CHANGE FOR AWARD:	\$	442,715,204.00	\$	0.00	\$	442,715,204.00