



DEPARTMENT OF THE ARMY  
 UNITED STATES ARMY TANK - AUTOMOTIVE AND ARMAMENTS COMMAND  
 1 ROCK ISLAND ARSENAL  
 ROCK ISLAND, IL 61299-7630

REPLY TO  
 ATTENTION OF:

**26 SEP 2003**

Light Combat Product Support Integration Directorate (PSID)  
 Light Combat Contracting Group – Team D

Mr. Dave Callahan  
 Contracts Specialist  
 PEI Electronics Inc.  
 110 Wynn Drive  
 Huntsville, AL 35807-0929

Dear Mr. Callahan;

Reference your Proposal # P3-7070/3FM1V dated 05 September 2003.

The United States of America, acting through the Contracting Officer, hereby issues this letter notice of award for Delivery Order 0011 on Basic Ordering Agreement DAAE20-03-G-0001. This acquisition is for the manufacture of 45 each fielding sets, 1 each spares set and associated Non Recurring Expenses (NRE) required to implement Chassis Modernization / Embedded Diagnostics (CM/ED) capability in support of the Bradley A3 vehicle program.

Part Number	Item	Qty
12488141	CM/ED Vehicle Sets	45 each
PE 71542	CM/ED Vehicle Spare Set	1 each

This letter contract is entered into pursuant to 10 USC 2304 (c)(2), and the required justification and approval has been executed. This letter constitutes a firm fixed price delivery order on the terms set forth in Basic Ordering Agreement (BOA) DAAE20-03-G-0001. The formal written Delivery Order will set forth the applicable mandatory and optional clauses from the BOA, FOB, packaging, inspection, and transportation information.

This letter contract for Delivery Order 0011 on BOA DAAE20-03-G-0001 is awarded as an Undefinitized Contract Action (UCA) pursuant to 10 USC 2326, and DFARS Subpart 217.74. The total ceiling price for this effort is \$8,646,825.00, subject to negotiations, with downward adjustment only. This award is funded at \$8,646,825.00; *however, you are only authorized to expend funds up to 50%, or \$4,323,412.50.* The Accounting and Appropriation data is set forth below. Upon definitization, this Delivery Order 0011 will be funded to the actual, allowable amount, not to exceed the ceiling price of \$8,646,825.00.

The ceiling price represents a total Delivery Order ceiling, and is not segregated by item.

Accounting and Appropriation Data

Acct Class: 21 32033 0000 35R5R03P31201631E1  
Acct Sta: W56HZV  
Pron: 7236F05072M1  
Funded/Obligated: \$8,646,825.00

In accordance with FAR 52.216-24, "Limitation of Government Liability":

(a) In performing this contract, the contractor is not authorized to make expenditures or incur obligations exceeding \$4,323,412.50,

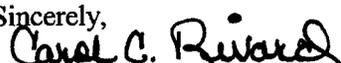
(b) The maximum amount for which the Government shall be liable if this contract is terminated is \$4,323,412.50.

You shall promptly begin negotiating the terms of a definitive contract with the Contracting Officer in accordance with FAR 52.216-25, "Contract Definitization", which is set forth in full text in Attachment A, and hereby incorporated into this letter award. The Contracting Officer is in receipt of your proposal dated 05 September 2003.

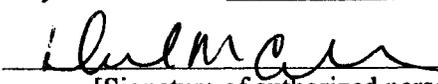
In accordance with FAR 52.216-23, "Execution and Commencement of Work", you shall indicate acceptance of this letter contract by signing below and returning one copy to the Contracting Officer *upon receipt* of this letter notification.

Upon your acceptance, you shall proceed with performance of work, including purchase of necessary materials. You are hereby directed to immediately commence performance and pursue such work with due diligence so that the supplies may be delivered in accordance with the delivery schedule set forth in Attachment A.

Encl  
Attachment A

Sincerely,  
  
Carol C. Rivard  
Contracting Officer

DAAE20-03-G-0001  
Delivery Order 0011 Executed on the date shown below:

By:   
[Signature of authorized person executing this Acceptance]  
David M. Callahan, Contract Specialist 9-25-03  
[Typed Name and Position] [Date]

Letter Contract  
DAAE20-03-G-0001  
Delivery Order 0011

PEI Electronics Inc.

Attachment A

1. In accordance with the PEI Electronics Inc. proposal, the CM/ED vehicle set delivery schedule shall be 15 per month, commencing in March 2005. Spares delivery would occur in April 2005. NRE will be amortized in the unit prices of deliverable spares. Early and partial deliveries are authorized.

2. FAR 52.216-25, "Contract Definitization".

(a) A Firm Fixed Price definitive contract is contemplated for production efforts. The contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive contract that will include:

(1) all clauses required by the Federal Acquisition Regulation (FAR) on the date of execution of the letter contract,

(2) all clauses required by law on the date of execution of the definitive contract; and,

(3) any other mutually agreeable clauses, terms and conditions. The contractor agrees to submit a fixed price proposal and all cost or pricing data supporting its proposal.

(b) Schedule for Definitization:

Submission of a Qualifying Proposal	03 October 2003
Begin Negotiations	30 October 2003
Target Date for Definitization	30 December 2003

(c) If agreement on a definitive contract to supersede this letter contract is not reached by the target date in paragraph (b) above, or within any extension of it granted by the Contracting Officer, the Contracting Officer may, with the approval of the Head of the Contracting Activity (HCA), determine a reasonable price or fee in accordance with Subpart 15.4 and Part 31 of the FAR, subject to contractor appeal as provided in the Disputes clause. In any event, the contractor shall proceed with completion of the contract, subject only to the "Limitation Of Government Liability" clause.

(1) After the Contracting Officer's determination of price or fee, the contract shall be governed by:

(i) All clauses required by the FAR on the date of execution of this letter contract for either fixed-price or cost-reimbursement contracts, as determined by the Contracting Officer under this paragraph ( c);

(ii) All clauses required by law as of the date of the Contracting Officer's determination; and,

(iii) Any other clauses, terms and conditions mutually agreed upon.

(2) To the extent consistent with subparagraph ( c)(1) of this section, all clauses terms and conditions included in this letter contract shall continue in effect, except those that by their nature apply only to a letter contract.