



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

REPLY TO
ATTENTION OF

29 AUG 2001

Artillery & Mortar Contracting Group Team A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Mark D. Folmsbee
Vice President Engineering
Erie Engineered Products Inc.
908 Niagara Falls Blvd.
North Tonawanda, NY 14120-2019

Gentlemen:

RE: NOTICE OF TERMINATION FOR CONVENIENCE, CONTRACT NO.
DAAE20-00-P-0155

This will confirm your letter dated 07 Aug 01, terminating completely your contract, Contract Number DAAE20-00-P-0155 (hereinafter referred to as "the contract"), for the convenience of the Government in accordance with FAR 52.259-1, page 2 of 3 on Modification P00003, entitled "Termination for the Convenience of the Government".

CESSATION OF WORK

You shall stop all work, make no further shipment, and place no further orders in connection with the contract, except:

- a. To the extent necessary to perform any portion thereof not terminated by this notice or,
- b. To the extent that you may wish to retain and continue any work in progress or other material for your own account, or
- c. To the extent the Contracting Officer authorizes you to continue work in process for reason of safety or to clear (or avoid damage to) equipment or to avoid immediate complete spoilage of work-in-process having definite commercial value, or otherwise to prevent undue loss to the Government. If you believe this authorization is necessary or advisable, you shall immediately notify the Contracting Officer by telephone or personal conference to obtain instructions.

You shall keep adequate records, of your compliance with this section, showing the date you received your Notice of Termination, effective date of such termination, and the extent of completion of performance on such effective date.

You shall take such other actions as may be required by the Contracting Officer or under the termination clause contained in your contract.

NOTIFICATION TO IMMEDIATE SUBCONTRACTORS

You shall give notice of termination to each of your immediate subcontractors (including suppliers) who will be affected by the termination of your contract. In such notice, you shall:

- a. State the number of your contract with the Government.
- b. State that the contract has been terminated completely for the convenience of the Government.
- c. Instruct the subcontractor to stop all work, to make no further shipments, to place no further order, and to terminate all subcontracts under this contract with you (subject to the same exceptions stated under "Cessation of Work").
- d. Direct the subcontractor to submit his settlement proposal promptly in order to expedite settlement, and
- e. Request that the subcontractor give similar notice and instruction to his immediate subcontractor(s).

NOTICE OF LEGAL PROCEEDINGS

You shall notify the Contracting Officer of any pending legal proceedings which relate to any subcontracts or purchase orders under the terminated contract or which have resulted in or which are intended to result in a lien or encumbrance on any termination inventory you propose and are authorized to purchase, retain, or dispose of. The Contracting Officer shall also be promptly notified of any such proceedings brought after receipt of this notice.

TERMINATION INVENTORY

You shall forthwith transfer title to and deliver to the Government, in accordance with any instructions of the Contracting Officer, all items of termination inventory (including subcontractor termination inventory which, under terms of the subcontract or purchase order concerned, you have the right to take over).

In connection with the settlement of your claim, it will be necessary to establish that all your termination inventory and that of your subcontractor(s) has been properly accounted for. For detailed information, see Federal Acquisition Regulation, Part 45.

COMPLETED END ITEMS

You shall notify the Contracting Officer of the number of articles completed under the contract and still on hand and arrange with him for their delivery or other disposal. Subject to FAR 49.205, you will invoice acceptable completed end items under the contract in the usual way and not include them in your settlement proposal.

PATENTS

Your attention is called to any provisions of the contract which may require you to make a disclosure of, and to deliver to the Government, instruments of license or assignment respecting all inventions, discoveries, and patent applications made by you in the performance of the contract. You are urged to forward such disclosures and instruments of license or assignment to the Contracting Officer promptly, inasmuch as these contractual obligations must be complied with before execution of the final settlement agreement. This paragraph may be disregarded if the contract contains no such patent provisions.

SETTLEMENTS WITH SUBCONTRACTORS

You remain liable to your subcontractors and suppliers for claims arising by reason of the termination of their subcontracts and orders. You are requested to settle such termination claims as promptly as possible. For purpose of reimbursement by the Government, such settlements will be governed by provisions of FAR 49.108.

EMPLOYEES AFFECTED

If this termination, together with all other outstanding terminations, will necessitate a significant reduction in your work force, as described below, you are urged to:

a. Promptly inform the local state employment service of your reduction-in-force schedule in numbers and occupations, so that they can take timely action in assisting displaced workers.

b. Give affected employees maximum practical advance notice of the employment reduction, and inform them of the facilities and services available to them through the local state employment service office.

c. Advise affected employees to file applications with the state employment service in order to qualify for unemployment insurance, if necessary.

d. Inform officials of local unions having agreements with you of the impending reduction-in-force, and

e. Inform the local Chamber of Commerce and other appropriate organizations which are prepared to offer practical assistance in finding employment for displaced workers of impending reduction-in-force.

Normally, a reduction of two hundred or more workers during any one month of the period of the reduction-in-force will be considered significant. However, a reduction of a lesser number of workers in any one month, or in several successive months, also may have a serious adverse impact in a small community affected by other layoffs.

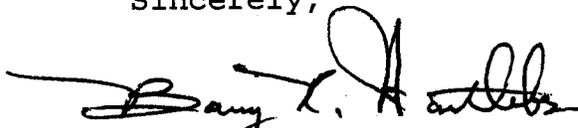
To the extent appropriate and practicable, you are requested to urge subcontractors, if any, to take actions similar to those described above.

ADMINISTRATIVE

The contract administration office named in your contract will furnish you the name of the Terminating Contracting Officer who will be in charge of the settlement of this termination, and who will, upon request, provide you with the necessary settlement forms. Matters not covered by this Notice should be brought to the attention of the Contracting Officer specified in Block 20 of SF 26.

Please acknowledge receipt of this Notice as provided on the following page.

Sincerely,



BARRY R. HARTLEBEN
Contracting Officer

Copies Furnished:

Cdr, DCM Buffalo
ATTN: Mr. Robert Jernatowski/ACO
T.J. Sulski Federal Building
Room 1103
111 West Huron Street
Buffalo, NY 14202-2392

Cdr, DCM Buffalo
Small Business Administration
Region 2
1311 Federal Building
Buffalo, NY 14202

ACKNOWLEDGMENT

The undersigned hereby acknowledges receipt of a signed copy of the foregoing Notice on SEPTEMBER 4, 2001; two signed copies of this Notice are herewith returned.

BY M.D. FOLMSBEE *Md Folmsbee*
(name)

VICE PRESIDENT ENGINEERING
(title)