

CONSTRUCTION CONTRACT GENERAL TERMS AND CONDITIONS

DEFINITIONS

The terms "purchase order," "order," "agreement", or "contract" shall include, but not be limited to, this purchase order, applicable specifications, drawings, and statement(s) of work, Contractors Proposal, and authorized changes and modifications thereto. The term "work" shall mean the construction and related services required and governed by the purchase order. The term "owner" shall mean Alion Science and Technology Corporation, the Property owner of record or duly authorized representative.

ASSIGNMENT

The Contractor may not assign or transfer its duties, interests, or obligations under this order without obtaining the prior written approval of Alion.

Alion reserves the right to assign all of its rights, powers, and privileges under this order for any reason, including without limitation, the right to assign this order, in whole or in part, to: (1) any wholly-owned subsidiary of Alion; or (2) any successor of Alion by way of merger or consolidation or the acquisition of substantially all of its assets.

OWNERSHIP

Any design, system, drawings or specifications prepared by Contractor shall become the property of Alion and shall be marked "Property of Alion Science and Technology Corporation".

INDEMINIFICATION

To the fullest extent permitted by Laws and Regulations, Contractor shall indemnify and hold harmless Alion, its officers, directors, employees, and agrees from and against all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from the performance of the work, provided that any such claim, cost, loss or damage: (i) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself), including the loss of use resulting there from, and (ii) is caused in whole or in part by any negligent act or mission of Contractor, and Subcontractor, any Supplier, any person or organization directly or indirectly employed by any of them n perform or furnish any of the work or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by any negligence or omission of a person or entity indemnified hereunder or whether liability is imposed upon such indemnified party by Laws and Regulations regardless of the negligence of any such person or entity

CHANGES

Alion may at any time, by written order, make changes, within the general scope of this order, to any part of this order. Contractor shall proceed immediately to perform this order as changed. If any such change causes an increase or decrease in the cost of or time required for the performance of any part of the work under this order, an equitable adjustment shall be made in the purchase price or delivery schedule or both, and this order shall be modified in writing accordingly. Any claim by Contractor for adjustment under this provision must be asserted within (20) days from date of receipt of such written change order. Nothing in this clause shall excuse Contractor from proceeding with this order as changed, including failure of the parties to agree upon any adjustment to be made under this provision.

INSURANCE

If this order covers performance on plant or facilities for Buyer, Seller agrees to indemnify and protect Buyer against all liabilities, claims, or demands for injuries or damages to any person or property growing out of the performance of this order. The Seller shall carry and maintain at its own cost, with such companies as are reasonably acceptable to Alion, all necessary liability insurance which shall include as a minimum the following requirements: Workers' Compensation – Insurance for statutory obligations imposed by law including, where applicable coverage under United States Longshoreman's and Harbor Workers' Act and Jones Act. (If applicable, Defense Base Act for those employees working on a U.S. Military installation outside of the United States). Employers Liability – Insurance with limits of \$1,000,000 for bodily injury by accident and \$1,000,000 for bodily injury by disease, including, if applicable, maritime coverage endorsement. Property Liability Coverage – All risk of physical loss or damage for its full replacement value, naming Alion as loss payee, if Equipment is provided. Comprehensive General Liability insurance covering the full scope of this agreement with limits not less than \$1,000,000 per occurrence for Contractual Liability and Products Completed Operations and \$2,000,000 aggregate for personal or bodily injuries and \$1,000,000 per occurrence and aggregate for property damage. A combined single limit per occurrence of \$2,000,000 is acceptable. Business Automobile Liability – Coverage for bodily injury and property damage liability for all owned, hired or non-owned vehicles, with an each accident limit of \$1,000,000. Professional Liability (If applicable) - \$1,000,000 per occurrence and aggregate providing coverage for claims arising out of the performance of professional services, resulting from any error, omission, or negligent act of the Seller. Seller shall also purchase and maintain an occurrence "Umbrella" form of excess liability insurance containing coverage no less restrictive than that required in the underlying policies specified above. The umbrella policies shall contain a minimum total occurrence and aggregate limit of \$2,000,000. Alion must be named as an additional insured and certificate holder on the Commercial General Liability, Automobile Liability, and Umbrella Liability policies. The policies shall stipulate that the insurance afforded to Alion as additional insured shall be primary insurance. Insurance certificates acceptable to Alion evidencing the above coverage are to be furnished to Alion by Seller or Seller's insurance company within ten (10) days after award of a Purchase Order or prior to performance of any work under this Purchase Order, whichever is sooner. Certificates shall indicate effective dates and dates of expiration of policies. An additional certificate evidencing continuation of all insurance coverage required to remain in force after final payment shall be submitted with the application for project completion, and neither final payment nor any remaining retained percentage under this Contract shall be due until such certificate has been submitted to Alion. It is the sole responsibility of the Seller to see that any and all of its Sellers or Vendors or their Sellers or Vendors carry insurance required herein to the extent Seller wishes to impose on its Subcontractor such liability insurance.

AGREEMENT

This order is Alion's offer to Contractor and acceptance expressly limited to its terms. Contractor commencement of performance, or acknowledgement of this order, shall conclusively evidence such acceptance. Any additional or different terms of Contractor are hereby objected to. Upon acceptance, this order is a complete and exclusive statement of the terms of the agreement between Contractor and Alion. No change of any kind or other modifications to this order (including any additional terms in Contractor's acceptance) shall be binding on Alion unless agreed to in writing by Alion.

The Contractor shall start to perform work on the effective date of the order unless otherwise notified by Alion.

OSHA

Contractor agrees to comply with the provisions of the Occupational Safety and Health Act of 1970 and the Hazard Communication Standard, 1910,1200 and the standards and regulations issued thereunder including the submission of the MSD Sheets before commencing the work, contractor warrants that all goods furnished under this order will conform to and comply with said standards and regulations. Contractor further agrees to indemnify and hold harmless Alion for all damages suffered by Alion because of Contractor's failure to comply with the Act and standards issued thereunder and for failure of the goods furnished under this order to so comply.

Further, the Contractor agrees to provide, along with the submission of his bid a list of hazardous materials intended for use in the work and one copy of the Contractor's safety program plan for Alion approval.

MATERIAL AND WORKMANSHIP

All equipment, material, and articles incorporated into the work covered by this order shall be new and of the most suitable grade for the purpose intended, unless otherwise specifically provided in this order.

INSPECTION OF CONSTRUCTION

The Contractor shall maintain an adequate inspection system and perform such inspections as well as ensure that the work performed under the order conforms to order requirements. All work shall be conducted under the general direction of Alion and is subject to Alion inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the order.

CORRECTION OR REMOVAL OF DEFECTIVE WORK

The Contractor shall, without charge, replace or correct work found by Alion not to conform to order requirements, unless Alion consents to accept the work with an appropriate adjustment in order price. If within one year after the date of completion of the work or by any specific provision in the order, any work is found to be defective, Contractor shall promptly, without cost to Alion and in accordance with Alion's instructions, correct such defective work, or, if it has been rejected by Alion, remove it from the site and replace it with work that is not defective, and satisfactorily correct or remove and replace any damage to other work or the work of others resulting there from. If Contractor does not promptly comply with the terms of such instructions, or in an emergency where delay would cause serious risk of loss or damage, Alion may have the defective work corrected or the rejected work removed and replaced, and all claims, costs, losses and damages caused by or resulting from such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid by Contractor. Where defective work has been corrected, removed, or replaced, the correction or removal and replacement have been satisfactorily completed. If the Contractor does not replace or correct rejected work within three working days of receipt of written notice to do so, Alion may, by order or otherwise, replace or correct the work and charge the cost to the Contractor or terminate for default the Contractor's right to proceed.

WARRANTIES

Contractor warrants that all work performed under this order will conform to the requirement of this order, including all applicable descriptions, specifications, and drawings, will be fit for its intended purpose, and will be free from defects in material, design, or workmanship performed by the Contractor or any Subcontractor or supplier at any tier. The warranty shall continue for a period of one year from the date of final acceptance of the work. Warranties for material and/or equipment, which exceed one year, shall be furnished to Alion following completion and acceptance of the project.

COMMENCEMENT OF WORK

PC Form 101

Revision date: 9/20/07

SUPERVISION

Contractor shall supervise, inspect, and direct the work competently, and efficiently, devoting such attention thereto and applying such skills and expertise as may be necessary to perform the work in accordance with the provisions of this order. Contractor shall be responsible to see that the completed work complies accurately with the requirement of this order.

RESOLVING DISCREPANCIES

In during the performance of the work, Contractor discovers any conflict, error, ambiguity or discrepancy within the documents referenced in this order, or between applicable document and any provision of any Law or Regulation applicable to the performance of the work or of any such standard, specification, or any manual or code, Contractor shall report it to Alion in writing at once, and, Contractor shall not proceed with the work affected thereby until an amendment or supplement to the applicable documents has been issued. The Contractor shall not be liable to Alion for failure to report any such conflict, error, ambiguity, or discrepancy unless Contractor know or reasonably should have known thereof.

CLEANUP

The Contractor shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under this order and Alion shall designate the location of all Contractor's dumpsters. At completion of the work, the Contractor shall remove from and about the project waste materials, rubbish, the Contractor's tools, construction equipment, machinery and surplus materials and leave the premises in a "broom swept clean" condition. If the Contractor fails to clean up, Alion may do so and the cost thereof shall be charged to the Contractor.

CONTRACTOR'S CONSTRUCTION SCHEDULES

The Contractor's promptly after being awarded the order shall prepare and submit for Alion, a Contractor's construction schedule for the work. The schedule shall not exceed time limits current under the order, shall be revised at appropriate intervals as required by the conditions of the work, and shall provide for expeditious and practicable execution of the work.

Unless otherwise directed by Alion the Contractor shall not start work before 7:00 a.m. Monday through Friday.

OTHER CONTRACTS

Alion reserves the right to perform construction or operations related to the prices required by this order with Alion's own forces or award other contracts for other work at or near the site of the work under this order. The Contractor shall fully cooperate with the other contractors and with Alion employees and shall carefully adapt scheduling and performing the work under this order to accommodate the other work, heeding any directions that may be provided by Alion. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Alion employees.

SECURITY REQUIREMENT FOR CONTRACTOR PERSONNEL

The building(s) and/or site(s) where the services are to be provided under this order may be under strict security control. If requested, the Contractor will supply to Alion, no later than fourteen (14) working days in advance of the schedule start date, the name, and citizenship of all personnel who will be involved in the work hereunder. Alion reserves the right, for whatever reason, to refuse entry to any individual.

All Contractor personnel shall wear security badges provided by Alion while on the job site and comply with the building no smoking policy.

No photographs or facsimile of any type may be taken of the job site or surrounding area without the express permission of the Alion Security Office.

The Contractor shall not receive materials and/or equipment at the Alion work site unless the Alion project manager approves such receipt.

PROTECTION OF ALION PROPERTY AND PERSONNEL

The Contractor shall, at all times, protect and preserve all materials, supplies, property, and equipment of every description, in and about the construction site. All reasonable requests of Alion to enclose or specially protect such property shall be complied with. If, as determined by Alion, such materials, supplies, property, and equipment, are not adequately protected by the Contractor, Alion may protect such items and the cost thereof may be charged to the Contractor or deducted from any payment due to him.

CHARGE TO UTILITIES

Identified Utilities: Should the Contractor damage any identified utility lines, it shall be the Contractor's responsibility and expense to return said utilities to their operational function within the same working day in which the damage occurred.

Unidentified Utilities: Should the Contractor damage any unidentified utility lines, it shall be the Contractor's responsibility to return said utilities to their operational function within the same working day in which the damage occurred and to bill Alion at the current rate.

CLAIMS, DISPUTES AND ARBITRATION

Any claim or dispute arising out of related to this order, including the breach thereof, if not settled between the parties through mediation, shall then be settled by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association. The term "claim" shall mean a demand or assertion by one party seeking, as a matter of right, relief under the provisions of this order. The term "dispute" shall refer to any matters in question between the parties. The responsibility to substantiate a claim rests with the party asserting the claim.

FINAL PAYMENT

If, following final inspection, or following Alion's re-inspection of work previously found to be deficient, incomplete or unsatisfactory, Alion is satisfied that the work has been completed and Contractor's obligations under this order have been fulfilled. Alion will process the final invoice for payment. All invoices, prior to payment, are subject to approval as provided for in this order. Upon request and prior to final payment, the Contractor agrees to provide Alion with a Mechanic Waiver of Lien.

SUSPENSION OF WORK

Alion may, without cause, direct the Contractor in writing to suspend, delay, or interrupt the work in whole or in part for such period of time as Alion may determine. An adjustment shall be made for increase in the cost of performance of this order, including profit on the increased cost of performance, caused by suspension, delay, or interruption. No adjustment shall be made to the extent that performance is, was, or would have been so suspended, delayed or interrupted by another cause for which the Contractor is responsible; or that an equitable adjustment is made or denied under another provision of this order.

TERMINATION

Alion may terminate this order if the Contractor:

Persistently or repeatedly refuses or fails to supply enough properly skilled workers or proper materials; fails to make payment to Subcontractors for materials or labor in accordance with the respective orders between the Contractor and the Subcontractors; persistently disregards laws, ordinances, or rules, regulations or orders of a public authority having jurisdiction; or otherwise is guilty of substantial breach of any provision of this order. Alion may, after giving seven days written notice, terminate the services of the Contractor and may, subject to any prior rights of a surety should one be involved:

- a. Take possession of the site and of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor.
- b. Finish the work by whatever reasonable method Alion may deem expedient. The Contractor shall not be entitled to receive further payment. If the unpaid balance of the order is insufficient to cover the costs expended by Alion to finish the work, the Contractor shall pay the difference to Alion.

INDEPENDENT CONTRACTOR

It is the express intention of the parties that the Contractor is an "INDEPENDENT CONTRACTOR" and not an employee, agent, joint ventures or partner of Alion. Nothing in this order shall be interpreted or constructed as creating or establishing the relationship of employer and employee between Alion and the Contractor or any employee or agent of Contractor and, it is further understood and agreed that Alion shall have no obligation to provide any employee benefits to Contractor. Further, the Contractor will determine the method, details, and means of performing the services and Alion shall have no right to, and shall not, control the manner or determine the method of accomplishing the services called for under this order except as set forth in the specifications, statement of work, and plans.

ALION PROJECT MANAGEMENT

The Contractor agrees and understands that all instructions and directions relative to the work called for under this order shall be provided through the designated Alion project manager. Any cost incurred by the Contractor as a result of acting on instructions and/or directions from other than the authorized Alion project manager shall not be reimbursed to the Contractor.