

CLIENT ALERT

Option Exercise Not Fully Discretionary

Aug.29.2006

Relying on CFC precedent, the GSBGA in *Northrop Grumman Computing Systems, Inc.* (June 26, 2006, <http://www.gsbca.gsa.gov/appeals/y1636726.pdf>), reiterated that an agency by contract can restrict its normally unlimited discretion whether or not to exercise an option. In this instance, the contractor stated a valid case that the agency had violated its express duties to use its best efforts to gain funding to allow exercise of the option and not to buy other equipment to do the same job.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

J. Chris Haile

Partner – Washington, D.C.

Phone: +1 202.624.2898

Email: chaile@crowell.com