

**CUSTOMER CONTRACT REQUIREMENTS**  
**KC-135 Fan Duct Re-manufacture**  
**CUSTOMER CONTRACT FA8119-08-D-0005**

CUSTOMER CONTRACT REQUIREMENTS

The following customer contract requirements apply to this contract to the extent indicated below. If this contract is for the procurement of commercial items under a Government prime contract, as defined in FAR Part 2.101, see Section 3 below.

**1. FAR Clauses.** The following contract clauses are incorporated by reference from the Federal Acquisition Regulation and apply to the extent indicated. In all of the following clauses, "Contractor" and "Offeror" mean Seller.

**52.203-6 Restrictions on Subcontractor Sales to the Government (Sep 2006) .**

This clause applies only if this contract exceeds \$100,000.

**52.203-7 Anti-Kickback Procedures (excluding subparagraph (c)(1)) (Jul 1995) .**

Buyer may withhold from sums owed Seller the amount of any kickback paid by Seller or its subcontractors at any tier if (a) the Contracting Officer so directs, or (b) the Contracting Officer has offset the amount of such kickback against money owed Buyer under the prime contract. This clause applies only if this contract exceeds \$100,000.

**52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997) .**

This clause applies to this contract if the Seller, its employees, officers, directors or agents participated personally and substantially in any part of the preparation of a proposal for this contract. The Seller shall indemnify Buyer for any and all losses suffered by the Buyer due to violations of the Act (as set forth in this clause) by Seller or its subcontractors at any tier.

**52.203-10 Price or Fee Adjustment for Illegal or Improper Activity (Jan 1997) .**

This clause applies only if this contract exceeds \$100,000. If the Government reduces Buyer's price or fee for violations of the Act by Seller or its subcontractors at any tier, Buyer may withhold from sums owed Seller the amount of the reduction.

**52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (Sep 2007) .**

This clause applies only if this contract exceeds \$100,000.

**52.203-12 Limitation on Payments to Influence Certain Federal Transactions**

(Sep 2007) . This clause applies only if this contract exceeds \$100,000. Paragraph (g)(2) is modified to read as follows: "(g)(2) Seller will promptly submit any disclosure required (with written notice to Boeing) directly to the PCO for the prime contract. Boeing will

identify the cognizant Government PCO at Seller's request. Each subcontractor certification will be retained in the subcontract file of the awarding contractor."

**52.211-5 Material Requirements** (Aug 2000) . Any notice will be given to Buyer rather than the Contracting Officer.

**52.215-2 Audit and Records - Negotiation** (Jun 1999) . This clause applies only if this contract exceeds \$100,000 and (i) is cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these types: (ii) Seller was required to provide cost or pricing data, or (iii) Seller is required to furnish reports as discussed in paragraph (e) of the referenced clause.

**52.215-14 Integrity of Unit Prices (excluding subparagraph (b))** (Oct 1997) . This clause applies except for contracts at or below \$100,000; construction or architect-engineer services under FAR Part 36; utility services under FAR Part 41; services where supplies are not required; commercial items; and petroleum products.

**52.219-8 Utilization of Small Business Concerns** (May 2004) .

**52.219-9 Small Business Subcontracting Plan** (Apr 2008) . This clause applies only if this contract exceeds \$550,000 and Seller is not a small business concern. In paragraph (c), "Contracting Officer" shall mean Buyer. In accordance with paragraph (d)(10)(iv), Seller agrees that it will submit the ISR and/or SSR using eSRS.

**52.222-1 Notice to Government of Labor Disputes** (Feb 1997) . Contracting Officer shall mean Buyer.

**52.222-20 Walsh-Healy Public Contracts Act** (Dec 1996) . This clause applies only if this contract exceeds \$10,000.

**52.222-21 Prohibition of Segregated Facilities** (Feb 1999) .

**52.222-26 Equal Opportunity** (Mar 2007) .

**52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans** (Sep 2006) . This clause applies only if this contract exceeds \$100,000.

**52.222-36 Affirmative Action for Workers With Disabilities** (Jun 1998) . This clause applies only if this contract exceeds \$ 10,000.

**52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans** (Sep 2006) . This clause applies only if this contract exceeds \$100,000.

**52.222-39 Notification of Employee Rights Concerning Payment of Union Dues or Fees** (Dec 2004) . This clause applies only if this contract exceeds \$100,000.

**52.222-50 Combating Trafficking in Persons** (Aug 2007) . In paragraph (d), the term "Contracting Officer" means Buyer, and in paragraph (e), the term "the Government" means Buyer..

**52.223-11 Ozone Depleting Substances** (May 2001) . .

**52.225-13 Restrictions on Certain Foreign Purchases** (Jun 2008) .

**52.227-1 Authorization and Consent** (Dec 2007) .

**52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement** (Dec 2007) . A copy of each notice sent to the Government will be sent to Buyer.

**52.230-6 Administration of Cost Accounting Standards** (Mar 2008) . Add "Buyer and the" before "CFAO" in paragraph (m). This provision applies if clause H001, H002, or H004 is included in this contract.

**52.244-6 Subcontracts for Commercial Items** (Mar 2007) .

**52.245-1 Government Property (DEVIATION) 2007-O0012** (Jun 2007) . This clause applies only if Government property is acquired or furnished for contract performance. Per DEVIATION 2007-O0012, the definition of plant equipment is deleted, and the second sentence in the definition of real property is modified to read: "It does not include foundations and other work necessary for installing personal property.".

**52.248-1 Value Engineering (excluding subparagraph (f))** (Feb 2000) . The term "Contracting Officer" means Buyer. This clause applies only if this contract is for \$100,000 or more. If Value Engineering Change Proposal is accepted by the Government, Seller's share will be 50% of the instant, concurrent and future contract net acquisition savings and collateral savings that Buyer receives from the Government. Seller's negotiated share of the net acquisition savings and collateral savings shall not reduce the Government's share of concurrent or future savings or collateral savings. Buyer's payments to Seller under this clause are conditioned upon Buyer's receipt of authorization for such payments from the Government.

**2. DoD FAR Supplement Clauses.** DoD Contracts. The following contract clauses are incorporated by reference from the Department of Defense Federal Acquisition Regulation Supplement and apply to the extent indicated. In all of the following clauses, "\"Contractor\" and \"Offeror\" mean Seller except as otherwise noted.

**252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract Related Felonies (excluding paragraph (g))** (Dec 2004) . This clause applies only if this contract exceeds \$100,000 and does not apply to the purchase of commercial

items or commercial components. "Contractor" and "contract" are not changed in paragraphs (a) and (b). In paragraph (e), "Government" shall mean Government or Buyer. In paragraph (f), "through the Buyer" is inserted after "Contracting Officer". Paragraph (g) is deleted and "Contracting Officer" shall mean Contracting Officer.

**252.211-7003 Item Identification and Valuation** (Aug 2008) . Seller shall comply with the unique item identification requirements of this clause for those subassemblies, components, and parts specified elsewhere in this contract. Such identification and marking shall be a high-capacity 2D machine readable code to comply with the version of MIL-STD-130, Identification Marking of U.S. Military Property, set forth elsewhere in this contract; or if not so stated, then the Seller shall comply with MIL-STD-130 N. The code may include, as space is available, linear bar code and human readable characters. Unless otherwise specified in Boeing product drawings or specifications, the seller may use either Construct #1 or Construct #2. The Seller shall not be required to furnish item valuations as set forth in this clause.

**252.215-7004 Excessive Pass-Through Charges** (May 2008) .

This clause applies unless this contract is (1) a firm-fixed-price contract awarded on the basis of adequate price competition; (2) a fixed-price contract with economic price adjustment awarded on the basis of adequate price competition; (3) a firm-fixed-price contract for the acquisition of a commercial item, or (4) a fixed-price contract with economic price adjustment for the acquisition of a commercial item. In paragraph (a), "Contractor" retains its original meaning. In paragraph (b), "Government" and "Contracting Officer" mean Buyer. In paragraph (c) "Contracting Officer" means Buyer. In subparagraph (c)(2), "the proposal" means Seller's proposal. In paragraph (d), "Government" and "Contracting Officer" mean Buyer. In paragraph (e), "Contracting Officer" retains its original meaning.

**252.219-7003 Small Business Subcontracting Plan (DoD Contracts)** (Apr 2007) .

Except paragraph (g) which is hereby deleted.

**252.225-7001 Buy American Act and Balance of Payment Program.** (Jun 2005) .

**252.225-7002 Qualifying Country Sources as Subcontractors** (Apr 2003) .

**252.225-7006 Quarterly Reporting of Actual Contract Performance Outside the United States** (May 2007) . This clause applies only if this contract exceeds \$550,000 and is not for commercial items, construction, ores, natural gases, utilities, petroleum products and crudes, timber (logs), or subsistence.

**252.225-7012 Preference for Certain Domestic Commodities** (Mar 2008) .

**252.225-7013 Duty-Free Entry** (Oct 2006) . This clause applies if Seller is located in a qualifying country (as defined in DFARS Part 225.8) or if Seller is located in any other

country and the estimated U.S. duty for the deliverable items will exceed \$200 per unit. Seller shall include the prime contract number on all shipping documents submitted to Customs for supplies for which duty-free entry is claimed pursuant to this clause. See Section 5 for the information required by paragraph (j)(3) of this clause.

**252.225-7014 Preference for Domestic Specialty Metals, Alternate I (DEVIATION)** (Jan 2008) . See Section 5 for full text of the deviation.

**252.226-7001 Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns** (Sep 2004) . This clause applies only if this contract exceeds \$500,000.

**252.231-7000 Supplemental Cost Principles** (Dec 1991) .

**252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD Contracts)** (Jan 2007) .

**252.247-7023 Transportation of Supplies by Sea** (May 2002) . This clause applies only if the supplies are of a type described in paragraph (b)(2) of this clause. In paragraph (d), "45 days" is changed to "60 days." In paragraph (g) "Government" means Buyer. If this contract is at or below \$100,000, paragraphs (f) and (g) are excluded.

**252.251-7000 Ordering From Government Supply Sources** (Nov 2004) .

This clause applies only if Seller is notified by Buyer that Seller is authorized to purchase from Government supply sources in the performance of this contract.

**3. Commercial Items.** If goods or services being procured under this contract are commercial items and Clause H203 is set forth in the purchase order, the foregoing Government clauses in Sections 1 and 2 above are deleted and the following FAR/DFARS clauses are inserted in lieu thereof:

**52.219-8 Utilization of Small Business Concerns** (May 2004) .

This clause applies only if this contract offers further subcontracting opportunities. If this contract exceeds \$550,000 (\$1,000,000 for construction of any public facility) and Seller is not a small business concern, Seller must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

**52.222-26 Equal Opportunity** (Mar 2007) .

**52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans** (Sep 2006) . This clause applies only if this contract exceeds \$100,000.

**52.222-36 Affirmative Action for Workers With Disabilities** (Jun 1998) . This clause applies only if this contract exceeds \$10,000.

**52.222-39 Notification of Employee Rights Concerning Payment of Union Dues or Fees** (Dec 2004) . This clause applies only if this contract exceeds \$100,000.

**252.225-7014 Preference for Domestic Specialty Metals (June 2005), Alternate I (APR 2003) (DEVIATION)** (Jan 2008) . See Section 5 for the full-text of the deviation.

**252.247-7023 Transportation of Supplies by Sea** (May 2002) .

This clause applies only if the supplies are of a type described in paragraph (b)(2) of this clause. In paragraph (d), "45 days" is changed to "60 days." In paragraph (g) "Government" means Buyer. If this contract is at or below \$100,000, paragraphs (f) and (g) are excluded.

#### **4. Cost Accounting Standards.**

(1) (Applicable if this contract incorporates clause H001). The version of FAR 52.230-2, Cost Accounting Standards, incorporated by clause H001 is the version dated April 1998..

(2) (Applicable if this contract incorporates clause H002). The version of FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, incorporated by clause H002 is the version dated April 1998. .

(3) (Applicable if this contract incorporates clause H004). The version of FAR 52.230-5, Cost Accounting Standards - Educational Institution, incorporated by clause H004 is the version dated April 1998..

#### **5. The following prime contract special provisions apply to this purchase order:**

##### **A. 252.225-7014 Preference for Domestic Specialty Metals, Alternate I (DEVIATION JAN/2008 2008-O0002)**

252.225-7014 PREFERENCE FOR DOMESTIC SPECIALTY METALS - ALTERNATE I (DEVIATION JAN/2008 2008-O0002)

(a) Definitions. As used in this clause

(1) Assembly means an item forming a portion of a system or subsystem that can be provisioned and replaced as an entity and which incorporates multiple, replaceable parts.

(2) Commercial derivative military article means an item procured by the Department of Defense that is or will be produced using the same production facilities, a common supply chain, and the same or similar production processes that are used for the production of articles predominantly used by the general public or by nongovernmental entities for purposes other than governmental purposes.

(3) Commercially available off-the-shelf item-

(i) Means any item of supply that is

(A) A commercial item;

(B) Sold in substantial quantities in the commercial marketplace; and

(C) Offered to the Government, under a contract or subcontract at any tier, without modification, in the same form in which it is sold in the commercial marketplace; and

(ii) Does not include bulk cargo, as defined in section 3 of the Shipping Act of 1984 (46 U.S.C. App 1702), such as agricultural products and petroleum products.

(4) Component means any item supplied to the Government as part of an end item or of another component.

(5) Electronic component means an item that operates by controlling the flow of electrons or other electrically charged particles in circuits, using interconnections of electrical devices such as resistors, inductors, capacitors, diodes, switches, transistors, or integrated circuits.

(6) End item means the final production product when assembled or completed, and ready for issue, delivery, or deployment.

(7) "Produce" means the application of forces or processes to a specialty metal to create desired physical properties through quenching or tempering of steel plate, or gas atomization or sputtering of titanium."

(8) Qualifying country means any country listed in subsection 225.872-1(a) or (b) of the Defense Federal Acquisition Regulation Supplement (DFARS).

(9) Required form means in the form of mill product, such as bar, billet, wire, slab, plate or sheet, and in the grade appropriate for the production of

(i) A finished end item delivered to the Department of Defense; or

(ii) A finished component assembled into an end item delivered to the Department of Defense.

(10) Specialty metal means

(i) Steel

(A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or

(B) Containing more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, molybdenum, nickel, niobium (columbium), titanium, tungsten, or vanadium;

(ii) Metal alloys consisting of

(A) Nickel or iron-nickel alloys that contain a total of alloying metals other than nickel and iron in excess of 10 percent; or

(B) Cobalt alloys that contain a total of alloying metals other than cobalt and iron in excess of 10 percent;

(iii) Titanium and titanium alloys; or

(iv) Zirconium and zirconium alloys.

(11) Subsystem means a functional grouping of items that combine to perform a major function within an end item, such as electrical power, attitude control, and propulsion.

(b) Except as provided in paragraph (c) of this clause, any specialty metals incorporated in items delivered under this contract shall be melted or produced in the United States, its outlying areas, or a qualifying country, except for

(1) Electronic components;

(2)(i) Commercially available off-the-shelf (COTS) items; other than

(A) COTS fasteners, unless such fasteners are incorporated into COTS end items, subsystems, assemblies, or components.

(B) Forgings or castings of specialty metals, unless such forgings or castings are incorporated into COTS end items, subsystems, or assemblies.



(C) Commercially available high performance magnets, unless such high performance magnets are incorporated into COTS end items or subsystems;

(ii) A COTS item is considered to be offered without modification as long as it is not modified prior to contractual acceptance by the next higher tier in the supply chain.

(A) Specialty metals contained in a COTS item that was accepted without modification by the next higher tier are excepted and remain excepted even if a piece of the COTS item subsequently is removed (e.g., the end is removed from a COTS screw or an extra hole is drilled in a COTS bracket).

(B) For specialty metals that were not contained in a COTS item upon acceptance, but are added to the COTS item after acceptance, the added specialty metals are subject to the restrictions (e.g., a special reinforced handle made of specialty metal that is added to a COTS item).

(C) If two or more COTS items are combined in such a way that the resultant item is not a COTS item, only the specialty metals involved in joining the COTS items together are subject to the restrictions (e.g., a COTS aircraft is outfitted with a COTS engine, but not the COTS engine normally provided with that aircraft.)

(D) For COTS items that are normally sold in the commercial marketplace with various options, items that include such options are also COTS items. However, if a COTS item is offered to the Government with an option that is not normally offered in the commercial marketplace, that option is subject to the specialty metals restrictions. (e.g., An aircraft is normally sold to the public with an option for several different radios. DoD requests a military-unique radio. The aircraft is still a COTS item, but the military unique radio is not a COTS item, and must comply with the specialty metals restrictions, unless another exception applies.

(3) Fasteners that are commercial items that are purchased under a contract or subcontract with a manufacturer of such fasteners, if the manufacturer has certified that it will purchase, during the relevant calendar year, an amount of domestically melted specialty metal, in the required form, for use in the production of fasteners for sale to the Department of Defense and other customers, that is not less than 50% of the total amount of the specialty metal that it will purchase to carry out the production of such fasteners for all customers.

(4) Items manufactured in a qualifying country;

(5) Items for which the Government has determined in accordance with 225.700X-3 of Class Deviation 2008-O0002 that specialty metal melted or produced in the United States cannot be acquired as and when needed in

- (i) A satisfactory quality;
- (ii) A sufficient quantity; and
- (iii) The required form.

(6) Specialty metals, other than specialty metals in high performance magnets, that do not meet any of the exceptions in paragraphs (b)(1) through (5) of this clause, if the total weight of such noncompliant metals does not exceed 2 percent of the total weight of specialty metals in the item, as estimated in good faith by the Contractor.

(c)(1) Streamlined compliance for commercial derivative military articles. As an alternative to the compliance required in paragraph

(b) of this clause, the Contractor may purchase an amount of domestically melted specialty metals in the required form, for use during the period of contract performance in the production of the commercial derivative military article and the related commercial article, in the amount determined in accordance with paragraph (c)(2) of this clause, if (i) This is an acquisition of commercial derivative military articles; and (ii) The Contractor has certified in its offer in accordance with paragraph (c)(2) of this clause.

(2) Certification for streamlined compliance for commercial derivative military articles (to be submitted with offer when applicable).

The offeror \_\_\_ certifies  
\_\_\_ does not certify

that prior to award it will have entered into a contractual agreement or agreements to purchase an amount of domestically melted or produced specialty metal in the required form for use during the period of contract performance in the production of the commercial derivative military article and the related commercial article, that is not less than the Contractor's good faith estimate of the greater of (i) An amount equivalent to 120% of the amount of specialty metal that is required to carry out the production of the commercial derivative military article (including the work performed under each subcontract); or (ii) An amount equivalent to 50% of the amount of specialty metal that is purchased by the contractor and its subcontractors for use during such period in the production of the commercial derivative military article and the related commercial article.

(3) For the purposes of the certification in paragraph (c)(2) of this clause, the amount of specialty metal that is required to carry out the production of the commercial derivative military article includes specialty metal contained in any

item, including commercially available off-the-shelf items, incorporated into such commercial derivative military article.

(d) Unless the Contractor has certified in accordance with paragraph (c), the Contractor shall insert the substance of this clause, excluding paragraph (c) but including this paragraph (d), in all subcontracts for articles containing specialty metals.

(End of clause)