

Date: December 23, 2003

**EXHIBIT A**

**GOVERNMENT PROVISIONS  
APPLICABLE TO  
PRIME CONTRACT M67854-03-C-2005**

The clauses contained in the following Government regulations are incorporated by reference. Where necessary or appropriate to derive proper meaning in a subcontract situation, "Contractor" shall mean Seller. Government clauses cited elsewhere in the contract shall be those in effect in 03/13/03.

**FAR/DFARS**

<b><u>Reference</u></b>	<b><u>Title</u></b>
52.203-7	Anti-Kickback Procedures (JUL 1995)
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 97) [This clause applies to this contract if Seller, its employees, officers, directors or agents participated personally and substantially in any part of the preparation of a proposal for this contract. Seller shall indemnify Buyer for any and all losses suffered by Buyer due to violations of the Act (as set forth in this clause) by Seller or its subcontractors at any tier].
52.204-2	Security Requirements (AUG 96) (Applies only if the contract requires access to classified information, "Government" means Buyer or the Government.)
52.211-5	Material Requirements (AUG 00) ("Contracting Officer" means Buyer.)
52.211-15	Defense Priority and Allocation Requirements (SEP 90)
52.216-7	Allowable Cost and Payment (FEB 02) This clause applies only if this is a cost reimbursement contract. "Contracting Officer" and "Government" shall mean Buyer, and the "Disputes Clause" shall mean the Disputes Article of this contract.
52.216-8	Fixed Fee (MAR 97) This clause applies only if this is a cost-plus-fixed-fee contract. "Contracting Officer" and "Government" shall mean Buyer.
52.219-8	Utilization of Small Business Concerns (OCT 00)
52.222-1	Notice to the Government of Labor Disputes (FEB 97) ("Contracting Officer" means Buyer.)
52.222-21	Prohibition of Segregated Facilities (FEB 99) (Certification required. The clause is to be included in every subcontract or purchase order subject to the equal opportunity clause.)
52.222-26	Equal Opportunity (APR 02) [Subparagraphs (b)(1) through (11)]
52.223-11	Ozone-Depleting Substances (MAR 01)
52.225-8	Duty-Free Entry (FEB 00)
52.225-13	Restrictions on Certain Foreign Purchases (JUL 00) ("Contracting Officer" means Buyer.)
52.227-1, Alt. I	Authorization and Consent (JUL 95, APR 84)
52.227-12	Patent Rights - Retention by Contractor (Long Form) (JAN 97) [Applies only if Special Provision F.1 is included. If Seller is a small business or nonprofit organization, include FAR 52.227-11, Patent Rights - Retention by the Contractor (Short Form), in such subcontract or purchase order instead of this clause.]
52.237-8	Restriction on Severance Payments to Foreign Nationals (OCT 95)
52.242-15, & Alt I	Stop Work Order (AUG 89) and Alternate I (APR 84) Change "90 days" and "30 days" to "100 days" and "20 days" respectively. The Termination for Convenience of the Government clause refers to the Termination clause of this contract. "Contracting Officer" and "Government" means Buyer.

- 52.244-5 Competition in Subcontracting (DEC 96)
- 52.245-2 Government Property (Fixed Price Contracts) (DEC 89) "Government" shall mean Government throughout except "Government or Buyer" the first time it appears in paragraph (f).
- 252.204-7000 Disclosure of Information (DEC 91) (Seller will submit requests for authorization through Buyer.)
- 252.225-7001 Buy American Act and Balance of Payments Program (MAR 98)
- 252.225-7002 Qualifying Country Sources as Subcontractors (DEC 91)
- 252.225-7009 Duty-Free Entry--Qualifying Country Supplies (End Products and Components) (AUG 00)
- 252.225-7010 Duty-Free Entry--Additional Provisions (AUG 00)
- 252.225-7012 Preference for Certain Domestic Commodities (APR 02)
- 252.225-7014 Preference for Domestic Specialty Metals (MAR 98) and Alt. I (MAR 98) (Applies only if contract item contains specialty metals.)
- 252.225-7015 Preference for Domestic Hand or Measuring Tools (DEC 91) (Applies only if hand or measuring tools will be delivered.)
- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings (DEC 00) (Applies only if contract item contains ball or roller bearings.)
- 252.225-7022 Restriction on Acquisition of Polyacrylonitrile (PAN) Based Carbon Fiber (JUN 97) ("Contracting Officer" means Buyer. Applies only if a contract item contains such carbon fiber.)
- 252.225-7025 Restriction on Acquisition of Forgings (JUN 97) (Applies only if delivered items could contain forging items)
- 252.231-7000 Supplemental Cost Principles (DEC 91)
- 252.239-7000 Protection Against Compromising Emanations (DEC 91)  
(Applies only if classified information will be processed and if the procurement meets the criteria specified in this clause.)
- 252.245-7001 Reports of Government Property (MAY 94). Seller will provide information Buyer may require to complete Buyer's annual report.

**The following clauses also apply if the contract price exceeds \$10,000:**

- 52.222-36 Affirmative Action for Workers with Disabilities (JUN 98)

**The following clause also applies if the contract price exceeds \$25,000:**

- 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (DEC 01)
- 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (DEC 01)

**The following clauses also apply if the contract price exceeds \$100,000:**

- 52.203-6 Restrictions on Subcontractor Sales to the Government (JUL 95)
- 52.203-7 Anti-Kickback Procedures (JUL 95) [excluding subparagraph (c) (1)]. Buyer may withhold 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.
- 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity (JAN 97) [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].
- 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (JUN 97) (The disclosures of Seller and its lower tier subcontractors required by paragraph (c) shall be submitted to Buyer's Material Representative.)

- 52.215-2 Audit and Records-Negotiation (JUN 99) (Applies if the contract is cost reimbursement, incentive, time-and-materials, labor hour, or price redeterminable type or any combination of these; if cost or pricing data was required; or if cost funding or performance reports will be furnished.)
- 52.215-14 Integrity of Unit Prices (OCT 97) (Excluding paragraph (b)). (Not applicable if only services will be provided.)
- 52.223-14 Toxic Chemical Release Reporting (OCT 00) (Paragraph (e) is deleted and "Contracting Officer" in paragraph (d) means Buyer.)
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (AUG 96). (A copy of each notice sent to the Government will be sent to Buyer.) ("Contracting Officer" means Buyer.)
- 52.248-1 Value Engineering (FEB 00) [excluding subparagraph (f)]. ("Contracting Officer" shall mean Buyer. If a 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 net acquisition savings or 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.)
- 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies (MAR 99) (This clause 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.)
- 252.209-7000 Acquisition from Subcontractors Subject to On-Site Inspection Under the Intermediate - Range Nuclear Forces (INT) Treaty (NOV 95) [This clause does not apply to the purchase of Commercial items].
- 252.247-7023 Transportation of Supplies by Sea (MAY 02) (In paragraph (d) "45 days" is changed to 60 days.)
- 252.247-7024 Notification of Transportation of Supplies by Sea (MAR 00) ["Contracting Officer" and, in the first sentence of paragraph (a), "Contractor" shall mean Buyer. This clause does not apply to the procurement of commercial items or commercial components].

**The following clauses only apply if the contract exceeds \$500,000:**

- 52.230-2 Cost Accounting Standards (APR 98)
- 52.230-6 Administration of Cost Accounting Standards (NOV 99)
- 252.215-7000 Pricing Adjustments (DEC 91)
- 252.225-7026 Reporting on Contract Performance Outside the United States (JUN 00)

**The following clauses only apply if the contract exceeds \$550,000:**

- 52.215-10 Price Reduction for Defective Cost or Pricing Data (OCT 97)
- 52.215-11 Price Reduction for Defective Cost or Pricing Data – Modifications (OCT 97)
- 52.215-12 Subcontractor Cost or Pricing Data (OCT 97)
- 52.215-13 Subcontractor Cost or Pricing Data – Modifications (OCT 97)

**The following clauses also apply if Technical Data or Computer Software will be Generated or Delivered:**

252.227-7013	Rights in Technical Data--Noncommercial Items (NOV 95) This clause applies only if the delivery of data is required for noncommercial items under this contract.
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (JUN 95) This clause applies only if the delivery of noncommercial computer software or noncommercial computer documentation may be originated, developed, or delivered under this contract.
252.227-7016	Rights in Bid or Proposal Information (JUN 95)
252.227-7018	Rights in Noncommercial Technical Data and Computer Software - Small Business Innovation Research (SBIR) Program (JUN 95)
252.227-7019	Validation of Asserted Restrictions - Computer Software (JUN 95) This clause applies only if computer software may be originated, developed, or delivered under this contract.
252.227-7036	Declaration of Technical Data Conformity (JAN 97) This clause applies only if the delivery of data is required by this contract. "Contracting Officer" and "Government" shall mean Buyer.
252.227-7037	Validation of Restrictive Markings on Technical Data (SEP 99) This clause applies only if the delivery of data is required by this contract.
252.246-7001	Warranty of Data (DEC 91) "Government" and "Contracting Officer" shall means Buyer. The warranty period in paragraph (b) is three years from the Government's acceptance of the final items of data under this contract.

#### **Clauses Incorporated In Full Text**

#### **FAR 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (OCT 97)**

- (a) The Contractor shall make the following notification in writing:
- (1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Administrative Contracting Officer (ACO) through the Buyer within 30 days.
  - (2) The Contractor shall also notify the ACO through the Buyer within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.
- (b) The Contractor shall—
- (1) Maintain current, accurate, and complete inventory records of assets and their cost;
  - (2) Provide the ACO or designated representative ready access to the records upon request;
  - (3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and
  - (4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.
- (c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR 15.408(k).

#### **FAR 52.215-21 REQUIREMENT FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA—MODIFICATIONS (OCT 1997), ALTERNATE I (OCT 1997) AND ALTERNATE II (OCT 97) [This clause applies only if this contract exceeds \$500,000]**

- (a) Exceptions for cost or pricing data.
- (1) In lieu of submitting cost or pricing data for modifications under this contract, for price adjustments expected to exceed the threshold set forth in FAR 15.403-4 on the date of the agreement on price or the date of the

award, whichever is later, the Contractor may submit a written request for exception through the Buyer by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable—

(i) Identification of the law or regulation establishing the price offered. If the price is controlled under the law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document unless it was previously submitted to the contracting office.

(ii) Information on modifications of contracts or subcontracts for commercial items.

(A) If--

(1) The original contract or subcontract was granted an exception for cost or pricing data requirements because the price agreed upon was based on adequate price competition, or prices set by law or regulation, or was a contract or subcontract for the acquisition of a commercial item, and

(2) The modification (to the contract or subcontract) is not exempted based on one of these exceptions, then the Contractor may provide information to establish that the modification would not change the contract or subcontract from a contract or subcontract for the acquisition of a commercial item to a contract or subcontract for the acquisition of an item other than a commercial item.

(B) For a commercial item exception, the Contractor may provide, at a minimum, information on prices at which the same item or similar items have been sold that is adequate for evaluating the reasonableness of the price of the modification. Such information may include—

(1) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages of the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities.

(2) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market.

(3) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The Contractor grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this clause, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the Contractor's determination of the prices to be offered in the catalog or marketplace.

(b) Requirements for cost or pricing data. If the Contractor is not granted an exception for the requirement to submit cost or pricing data, the following applies:

(1) The Contractor shall submit cost or pricing data and supporting attachments in accordance with directions in individual task instructions (TIs).

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions), the Contractor shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

(c) When the proposal is submitted, also submit through the Buyer one copy each to: (1) The ACO, and (2) the Contract Auditor.

**FAR 52.234-1 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III (DEC 94)**

(a) Definitions. "Title III industrial resources" means materials, services, process, or manufacturing equipment (including the processes, technologies, and ancillary services for the use of such equipment) established or maintained under the authority of Title III, Defense Production Act (50 U.S.C. App. 2091-2093.).

"Title III project contractor" means a contractor that has received assistance from the development or manufacture of an industrial resource under 50 U.S.C. App. 2091-2093, Defense Production Act.

(b) The Contractor shall refer any request from a Title III project contractor for testing and qualification of a Title III industrial resource through the Buyer to the Contracting Officer.

(c) Upon the direction of the Contracting Officer, the Contractor shall test Title III industrial resources for qualification. The Contractor shall provide through the Buyer the test results to the Defense Production Act Office, Title III Program, located at Wright Patterson Air Force Base, Ohio 45433-7739.

(d) When the Contracting Officer modifies the contract to direct testing pursuant to this clause, the Government will make an equitable adjustment to the contract for the costs of testing and qualification of the Title III industrial resource.

(e) The Contractor agrees to insert the substance of this clause, including paragraph (e), in every subcontract issued in performance of this contract.

**FAR 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (OCT 98)**

(a) Definitions. "Commercial Item" as used in this clause, has the meaning contained in the clause at 52.202-1, Definitions. "Subcontract," as used in this clause, includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or non-developmental items as components of items to be supplied under this contract.

(c) Notwithstanding any other clause of this contract, the Contractor is not required to include any FAR provision or clause, other than those listed below to the extent they are applicable and as may be required to establish the reasonableness of prices under Part 15, in a subcontract at any tier for commercial items or commercial components:

- (1) 52.222-26, Equal Opportunity (E.O. 111246);
- (2) 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era [38 U.S.C. 4212(a)];
- (3) 52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C. 793); and
- (4) 52.247-64, Preference for Privately Owned U.S.-Flagged Commercial Vessels (46 U.S.C. 1241) (flow down not required for subcontracts awarded beginning May 1, 1996).

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

**DFARS 252.211-7005 SUBSTITUTIONS FOR MILITARY OR FEDERAL SPECIFICATIONS AND STANDARDS (OCT 01)**

(a) Definition. "SPI process," as used in this clause, means a management or manufacturing process that has been accepted previously by the Department of Defense under the Single Process Initiative (SPI) for use in lieu of a specific military or Federal specification or standard at specific facilities. Under SPI, these processes are reviewed and accepted by a Management Council, which includes representatives of the Contractor, the Defense Contract Management Command, the Defense Contract Audit Agency, and the military departments.

(b) Offerors are encouraged to propose SPI processes in lieu of military or Federal specifications and standards cited in the solicitation. A listing of SPI processes accepted at specific facilities is available by the Internet in Excel format at <http://www.dcmsa.mil/onebook/0.0/0.2/reports/modified/xls>

(c). An offeror proposing to use an SPI process in lieu of military Federal specifications or standards cited in the solicitation shall—

- (1) Identify the specific military or Federal specifications or standards for which the SPI process has been accepted;
- (2) Identify each facility at which the offeror proposes to use the specific SPI process in lieu of military or Federal specifications or standards cited in the solicitation;
- (3) Identify the contract line items, subline items, components, or elements affected by the SPI process; and
- (4) If the proposed SPI process has been accepted at the facility at which it is proposed for use, but is not yet listed at the Internet site specified in paragraph (b) of this clause, submit documentation of Department of Defense acceptance of the SPI process.

(d) Absent a determination that an SPI process is not acceptable for this procurement, the Contractor shall use the following Spi processes in lieu of military or Federal specifications or standards:

(Offeror insert information for each SPI process)

SPI Process:

Facility:

Military or Federal Specification or Standard:

Affected Contract Line, Item Number, Subline Item Number, Component, or Element:

(e) If a prospective offeror wishes to obtain, prior to the time specified for receipt of offers, verification that an SPI process is an acceptable replacement for military or Federal specifications or standards required by the solicitation, the prospective offeror-

- (1) May submit the information required by paragraph (d) of this clause to the Contracting Officer through the Buyer prior to submittal of an offer; but
- (2) Must submit the information to the Contracting Officer at least 10 working days prior to the date specified for receipt of the offers.

**DFARS 252.227-7030 TECHNICAL DATA – WITHHOLDING OF PAYMENT (MAR 2000)**

**[This clause only applies if the delivery of data is required by this contract]**

**("Contracting Officer" and "Government" shall mean Buyer)**

(a) If technical data specified to be delivered under this contract, is not delivered within the time specified by this contract or is deficient upon delivery [including having restrictive marking not identified in the list described in the clause at 252.227-7013 (e) (2) or 252.227-7018 (e) (2) of this contract], the Contracting Officer may until such data is accepted by the Government, withhold payment to the Contractor of five percent (5%) of the total contract price. Payments shall not be withheld nor any other action taken pursuant to this paragraph when the Contractor's failure to make timely delivery or to deliver such data without deficiencies arises out of causes beyond the control and without the fault or negligence of Contractor.

(b) The withholding of any amount or subsequent payment to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract.

**Additional Provisions:**

PRICING OF ADJUSTMENTS. When costs are a factor in any determination of a contract price adjustment pursuant to the "Changes" clause or any other provision of this contract, or when the allowability of costs under this contract are to be determined, determination of such costs shall be in accordance with FAR Part 31.

ANTI-KICKBACK PROCEDURES. Seller agrees to abide by the Anti-Kickback Act of 1986 (41 U.S.C. 51 through 58) and FAR 52.203-7, "Anti-Kickback Procedures" which is incorporated herein by reference, except that subparagraph (c)(1) of FAR 52.203-7 shall not apply to Seller, and further that in subparagraphs (c)(2), (c)(3), and (c)(5), the term "Contractor" shall mean Seller, and in subparagraph (c)(4) the term "Prime Contractor" shall mean Buyer and the term "Subcontractor" shall mean Seller. In addition to reporting possible

violations of the Anti-Kickback Act to the Government pursuant to 41 U.S.C. §57(c), Seller shall report such possible violations, if related to Buyer, to the Director of Materiel and/or the Division Counsel of the Boeing division or subsidiary issuing this contract. Seller agrees to hold Buyer harmless from, defend Buyer against, and indemnify Buyer for all costs, expenses, and offsets Buyer may incur as a consequence of violations of this clause by Seller or by Seller's subcontractors or suppliers. The rights and obligations set forth in this clause shall survive completion of, final payment under, or termination of, this order.

TRUTH IN NEGOTIATIONS ACT. (Applicable if certified cost or pricing data was provided.) Seller shall comply with the provisions of FAR 52.215-10 and 52.215-12 which are incorporated herein by reference to the extent such clauses are or become applicable to this contract. In the absence of other instructions, Seller shall submit cost or pricing data for changes which exceed the established threshold consistent with the cost or pricing data instructions applicable to the proposal for this contract. Seller shall reimburse the Buyer any amount by which this contract is determined by the Government to have been overpriced because of Seller's or Seller's subcontractor's failure to comply with such provisions plus any interest, fines or other penalties imposed upon the Buyer as a result of the Seller's or the Seller's subcontractor's defective pricing.

TRUTH IN NEGOTIATIONS ACT - MODIFICATIONS. (Applies if certified cost or pricing data was not provided.) Seller shall comply with the provisions of FAR 52.215-11 and 52.215-13 which are incorporated herein by reference to the extent such clauses are or become applicable to this contract. In the absence of other instructions, Seller shall submit cost or pricing data for changes which exceed the established threshold consistent with the cost or pricing data instructions applicable to the proposal for this contract. Seller shall reimburse the Buyer any amount by which this contract is determined by the Government to have been overpriced because of Seller's or Seller's subcontractor's failure to comply with such provisions plus any interest, fines or other penalties imposed upon the Buyer as a result of the Seller's or the Seller's subcontractor's defective pricing.

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A = ADDED  
D = DELETED  
R = REVISED