

## Boeing Defense & Space Group

Date: September 1997

### EXHIBIT C

#### PROVISIONS

#### APPLICABLE TO

### EURO-CANADIAN SUBCONTRACTORS

#### 1. REQUESTS FOR VISITS

Seller shall process Requests for Visits in accordance with the procedures prescribed by the National Security Authority of its country to the appropriate U.S. User Agency (host Military Department) thirty (30) days - one (1) day in the event of a genuine emergency - in advance of any planned departure to visit any contractor or government facility located in the U.S. The Visit Request shall contain the full name, date of birth, citizenship and security clearance of each visitor, contractor or government facilities to be visited, date or period of visit, and purpose of visit to include program and/or information classified or unclassified, which access is required.

#### 2. CURRENCY CONVERSION (E-C SUBCONTRACTOR)

a. This clause is intended to protect the Seller from financial loss or gain due to currency exchange rate fluctuations.

b. The Seller shall provide forecasts of required currencies, as requested by the Buyer. Forecasts shall also state the actual currencies used in prior periods.

c. The face amount of this contract will administratively cite the mix of participating nation currencies required for contract total performance. The following fixed rates of exchange apply to this contract:

Belgium/LUX Franc 31.8500

Canada Dollar 1.3660

Denmark Krone 6.0562

Germany Deutschemark 1.5485

Greece Drachma 238.4000

Italy Lira 1,586.4500

Netherlands Guilder 1.7354

Norway Krone 6.7798

Portugal Escudo 158.0700

Turkey Lira 36,287.5100

### 3. DEFERRED PAYMENTS

a. Changes in Billing Limitation Tables (BLT) proposed by the Seller including changes to the currency mix which do not affect the cumulative budget year totals, must be submitted 120 days in advance of the BL period affected in order for the Contractor to be eligible for interest on deferred payments. In the event sufficient NAPMO funds are not available to assure timely Government payments to the Seller due to NAPMO's inability to obtain funds to cover contractual cumulative Billing Limitations in accordance with the "PROGRAM FINANCIAL MANAGEMENT" clause, payment of interest is authorized. This applies equally to certified invoices/progress payments against BL adjustments requested 120 days in advance of the BL period affected, but not modified by the Buyer due to inability to reach agreement within the negotiation period. The Seller must accept payment of interest on overdue amounts in consideration of deferred payment and continued contract performance.

b. In the event sufficient NAPMO funds are not available to assure timely payments due to Seller notification of a change to the BL in less than 120 days, the Seller shall continue performance and accept deferred payments without interest. Buyer will exert all reasonable effort to make progress payments/pay invoices out of existing resources, and to obtain additional funds when necessary.

c. In the event an adjustment to the BLT is required due to phasing of requirements within the budget year which do not affect the cumulative budget year total, no deferred payments will be necessary.

d. Interest will be computed and paid subject to the following:

(1) Unpaid amounts of a (any) voucher(s) that have been submitted and Government approved pursuant to the payment provisions of this contract shall be used as a base to compute the daily finance charge. Such charge will accumulate daily on the unpaid amounts from the first USG working day following the date the payment is due to the contractor.

(2) The daily interest shall be computed by dividing the Treasury rate plus 2 percent by 360. The Treasury

Rate is defined as results of the most recent auction of 13-week U.S. Government treasury bills sold at discount from face value. "Most Recent" is defined as the 13-week rate published in the Wall Street Journal on the first USG working day following the date the payment is due to the contractor.

(3) Authorization to pay specific interest to the Seller will be set forth in a contract modification(s) issued by the Buyer.

e. After a deferral of payment(s) under this provision, when NAPMO funds next become available, payments of outstanding vouchers will resume with the oldest outstanding voucher and will be paid to the extent of the availability of such funds.

f. To permit the Seller to plan for any needs to finance unpaid vouchers, the Buyer will provide the Seller an estimate of any anticipated funding shortages as early as possible.

#### 4. EURO-CANADIAN SUBCONTRACT PROVISIONS

a. The following clauses set forth in Exhibit A hereof are deleted:

FAR 52.219-8 Utilization of Small Business and Small Disadvantaged

Business Concerns

FAR 52.219-9 Subcontracting Plan for Small Business and Small

Disadvantaged Business Concerns

FAR 52.220-3 Utilization of Labor Surplus Area Concerns

FAR 52.220-4 Labor Surplus Area Subcontracting Program

FAR 52.220-20 Walsh-Healy Public Contracts Act I A

FAR 52.222-4 Contract Work Hours and Safety Standards Act -

Overtime Compensation

FAR 52.222-26 Equal Opportunity

FAR 52.222-35 Affirmative Action for Special Disabled Veterans and Veterans

of the Viet Nam Era

FAR 52.222-36 Affirmative Action for Handicapped Workers

FAR 52.223-2 Clean Air and Water

b. The requirement in paragraph (b) of FAR 52.215-2, "Audit and Records - Negotiation," included in Exhibit A hereof shall be applied with the term "Contracting Officer or his representatives (who are employees of the United States Government)" replaced by "National Audit Authority or in exceptional circumstances, the USG DCAA."

c. With respect to FAR 52.227-10, "Filing of Patent Applications," patent applications may be filed with the host nation.

d. ST/STE shall be classified in accordance with those ST/STE, definitions which are applicable to military contracts between the I R

Seller and its Government as approved by the PCO.

e. Pricing and Audit

(1) Pricing of Seller's proposals shall be in accordance with the pricing instructions of this contract; however, the allowability and allocability of Seller's costs including Termination costs shall be in accordance with national pricing policies applicable as if the Seller's government issued the contract for defense purposes, regardless of whether or not such costs would be allowable under a U.S. Government contract. Allowability pursuant to non-U.S. laws shall be determined between the Contracting Officer and the appropriate National Audit Authority.

(2) (a) Price proposals will provide detailed cost information with supporting information, adequately cross-referenced, suitable for detailed analysis. A supporting breakdown must be furnished for each cost element, consistent with the Seller's accounting system.

(b) Depending on the Seller's system, cost support shall be provided for the following basic elements of cost, as applicable:

(i) Materials - Provide a consolidated priced summary of individual material quantities included in the various tasks, orders or contract line items being proposed, and basis for pricing (vendor quotes, prices, etc.)

(A) Subcontracted Items - Include parts, components, assemblies and services to be produced or performed by other than the subcontractor in accordance with the contracted design, specifications or directions and applicable only to the prime contract. For each subcontract over \$500,000.00, the support should provide a listing by source, item, quantity, price, type of subcontract, degree of competition and basis of establishing source and reasonableness of price, as well as results of review and evaluation of subcontract proposals when required.

(B) Standard Commercial Items - Means items regularly used in the course of normal business operations for other than Government purposes which:

1. Have been sold or licensed to the general public;

2. Have not been sold or licensed, but have been offered for sale or license to the general public;

3. Are not yet available in the commercial marketplaces but will be available for commercial delivery in a reasonable period of time;

4. Are described in paragraphs 1, 2, 3, that would require only minor modification in order to meet the requirements of the procuring agency.

(C) Interorganizational Transfers (at other than cost) - Provide explanation of pricing method used.

(D) Raw Material - Consists of material which is in a form or state that requires further processing. Provide priced quantities of items required for this proposal.

(E) Purchased Parts - Include material items not covered above. Provide priced quantities for items required for the proposal.

(F) Interorganizational Transfers (at cost) - Include separate breakdown of cost by element.

(ii) Direct Labor - Provide a time-phased (e.g., monthly, quarterly, etc.) breakdown of labor hours, rates, and cost by appropriate category and furnish basis for estimates.

(iii) Indirect Costs - Indicate the method of computation and application of your indirect costs, including cost breakdowns, and showing trends and budgetary data, to provide a basis for evaluation of the reasonableness of the proposed rates. Indicate the rates used and provide an appropriate explanation.

(iv) Other Costs - List all other costs which are not otherwise included in the categories described above, (e.g., special tooling, travel, computer and consultant services, preservation, packaging and packing, and spoilage rework) and provide basis for pricing.

(c) There is a clear distinction between "submitting" cost or pricing data and merely "making available" books, records and other documents without identification. The requirement for submission of cost or pricing data is met when all accurate cost or pricing data reasonably available to the contractor has been submitted, either actually or by specific identification. As later information comes into the contractor's possession, it should be promptly submitted to the Buyer. The requirement for submission of cost or pricing data continues up to the time of final agreement on price.

(d) The Seller will grant to the National Audit Authority (see f.(3) below), the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the proposed price. This right may be exercised at any time prior to award to the Seller.

(e) The Seller will submit as soon as practicable after final agreement on price, a Certificate of Current Cost or Pricing Data wherein the Seller will certify that cost or pricing data as defined above are accurate, current and complete as of the date of agreement on price.

### (3) Audit Authority

(a) If this contract is other than a firm-fixed price contract, the allowability of categories of costs for the purpose of final price determination shall comply with national price regulations. The national pricing regulations may be supplemented by mutual agreement between the Contracting Officer and a

representative of the participating government.

(b) Additional detailed guidance on audit arrangements will be provided by the Contracting Officer.

f. Contract Administration Services

Contract Administration Services (CAS) as described in the Federal Acquisition Regulation for the E-C subcontracts will be performed by the Defense Contract Management Area Operation (DCMAO) in accordance with the delegation issued by the Contracting Officer. The respective national CAS agencies will become involved only to the extent that CAS activities are delegated by the DCMAO for that nation.

g. Security and Fire Protection

It is understood and agreed that the price hereof contemplates that the Seller will comply with security and fire protection requirements currently imposed upon it under military contracts with its own government. The Seller shall provide the Buyer information identifying and explaining such requirements.

h. International Standards and Regulations

It is recognized that in performance of this contract, E-C subcontractors may desire, in the interests of minimizing program costs, to substitute appropriate standards, regulations, or other documents of the E-C subcontractor's government where it is demonstrated that such standards, regulations or other documents are equivalent to the standards, regulations or other documents required by the provisions of this contract. The Seller's demonstration of equivalency must be specifically approved in writing by the Buyer to permit such substitution.

5. PAYMENT (E-C SUBCONTRACTOR)

a. This contract will be priced and all invoices for payment will be in the Seller's national currency. The Seller will be paid in its national currency by NAPMA.

b. Payments to the Seller may be based on the completion of contract milestones or progress payments, as specified elsewhere in this contract.

c. When the Seller has completed a contract milestone or can submit a progress payment request in accordance with the contract, the Seller will submit two original copies of the invoice or progress payment request to the National Auditor who will certify that the Seller has met the milestone completion requirements or is authorized to submit a progress payment request and that the amount being invoiced is correct. The invoice/request must contain the total price of the contract and the cumulative amount invoiced to date. After validation by the National Auditor, the Seller will forward the invoice/request to the Buyer.

d. Upon receipt of an invoice/request from the Seller, the Buyer shall verify that the invoice/request is consistent with the requirements of the contract and the invoice/request does not exceed the Billing Limitation amount.

e. The Buyer shall mail the original certified Seller invoice/request to the NAPMA Financial Controller. NAPMA will initiate direct payment to the Seller when the certified invoice/request is received.

f. The normal process for NAPMA will be to pay non-U.S. dollar invoices/requests once per month on NAPMA's fifth working day. All properly certified invoices/requests received at least ten working days prior to that date will be included in the applicable month's payment process.