

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

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Application: The following contract clauses are incorporated by reference from the Federal Acquisition Regulations (FAR) and Supplements, and apply to the extent indicated. In these clauses, the parties are suitably modified therein to reflect the parties to this Purchase Contract in such a way, and such clauses shall be interpreted and construed in such a manner, as to be consonant with Buyer's business and contractual relationship with its customer (higher-tier subcontractor, the Government or otherwise), if any.

Unless otherwise indicated, the clauses incorporated herein are the clauses in effect on August 4, 2000. Clauses that are no longer contained in FAR or FAR Supplements that are listed below, shall still be effective for this Purchase Contract because they are contained in our customer's contract.

FAR Clauses

- 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
- 52.203-12 Limitation on Payments to Influence Certain Federal Transactions
- 52.203-6 Restrictions on Subcontractor Sales to the Government
- 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity
- As an express condition of the award of this subcontract, Seller represents and warrants to Buyer that in relation to the award of the prime contract under which this subcontract is issued, Seller has complied, and will continue to comply with all Procurement Integrity provisions of the Office of Federal Procurement Policy Act of 1988, as amended by the Fiscal Year 1996 National Defense Authorization Act (the Act), 41 USC 423, and its implementing Federal Acquisition Regulations (see FAR 3.104). For violations of the Act by Seller or Seller's subcontractors, as determined by notice from the U.S. Government:
- (1) Seller shall reimburse the Buyer, by contract price adjustment or otherwise, the amount by which Buyer's price or fee is reduced pursuant to FAR 52.203-10, and
 - (2) Buyer shall have the right to terminate this subcontract for default. The rights and remedies of Buyer provided for under this clause are in addition to any other rights or remedies provided by law or under this contract. The rights and obligations set forth in this clause shall survive completion of, final payment under, or termination of this contract.
- 52.203-7 Anti-Kickback Procedures

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Seller agrees to abide by the Anti-Kickback Act of 1986 (41 USC 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 USC 57, Seller shall report such possible violations, if related to Buyer, to the Director of Materiel and/or the counsel of the Boeing group or subsidiary issuing this purchase contract. Seller agrees to hold Buyer harmless, 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 contract.

- 52.203-8 Cancellation, Rescission and Recovery of Funds for Illegal Or Improper Activity
- 52.204-2 Security Requirements
- 52.211-15 Defense Priority and Allocation Requirements. The DPAS rating is DXA2.
- 52.211-5 Material Requirements
- 52.215-12 Subcontractor Cost or Pricing Data (Oct 97) this only applies to non-competed orders for other than catalog items exceeding \$550,000 in value
- 52.215-13 Cost or Pricing Data-Modifications (Oct 97) this only applies to non-competed orders for non-catalog items over \$550,000
- 52.215-14 Integrity of Unit Prices
- 52.215-15 Termination Of Defined Benefit Pension Plans
- 52.215-18 Reversion Or Adjustment Of Plans For Postretirement Benefits Other Than Pensions
- 52.215-19 Notification of Ownership Changes
- 52.215-2 Audit and Records-Negotiation
- 52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data
- 52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns
- 52.219-9 Small, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan
- 52.222-1 Notice To The Government of Labor Disputes
- 52.222-2 Payments for Overtime Premiums
- 52.222-20 Walsh-Healy Public Contracts Act
- 52.222-21 Certification of Nonsegregated Facilities
- 52.222-26 Equal Opportunity

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52.222-35	Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era
52.222-36	Affirmative Action for Handicapped Workers
52.222-37	Employment Reports on Disabled Veterans and Veterans of the Vietnam Era
52.222-4	Contract Work Hours and Safety Standards Act - Overtime Compensation
52.222-41	Service Contract Act of 1965, as Amended
52.223-11	Ozone-Depleting Substances
52.223-14	Toxic Chemical Release Reporting
52.223-2	Clean Air and Water
52.223-3	Hazardous Material Identification and Material Safety Data (JAN 97)
52.223-7	Notice of Radioactive Materials (JAN 97)
52.225-10	Duty-Free Entry
52.225-11	Restrictions on Certain Foreign Purchases
52.225-3	Buy American Act-Supplies
52.227-1	Authorization and Consent and Alternate I
52.227-10	Filing of Patent Applications - Classified Subject Matter
52.227-12	Patent Rights - Retention by Contractor (Long Form) this applies only to orders having an element of research and/or development.
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.234-1	Industrial Resources Developed Under Defense Production Act Title III
52.237-2	Protection of Government Buildings, Equipment and Vegetation
52.237-8	Restrictions on Severance Payments To Foreign Nationals
52.242-15	Stop Work Order
52.244-5	Competition in Subcontracting
52.244-6	Subcontracts for Commercial Items and Commercial Components
52.245-17	Special Tooling
52.245-18	Special Test Equipment
52.245-5	Government Property (Cost Reimbursement)
52.246-23	Limitation of Liability
52.246-3	Inspection of Supplies - Cost Reimbursement
52.246-4	Inspection of Services - Fixed Price
52.246-6	Inspection Time & Materials and Labor Hours Type Subcontracts
52.247-63	Preference for U.S.-Flag Air Carriers
52.249-2	Termination for Convenience of the Government - Fixed Price
52.249-6	Termination (Cost Reimbursement)
52.249-7	Default - Fixed Price Supplies and Services
52.249-14	Excusable Delays (Cost Reimbursement Only)

DoD FAR Supplement Clauses

252.203-7001	Special Prohibition on Employment
252.204-7000	Disclosure of Information
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material
252.209-7000	Acquisition from Subcontractors Subject to On-Site Inspection Under the Intermediate Range Nuclear Forces (INT) Treaty

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- 252.209-7002 Disclosure of Ownership or Control By a Foreign Government
- 252.211-7000 Acquisition Streamlining
- 252.215-7000 Pricing Adjustments
- 252.215-7002 Cost Estimating System Requirements
- 252.219-7003 Small, Small Disadvantaged And Women-Owned Business Subcontracting Plan (DoD Contracts)
- 252.223-7001 Hazard Warning Labels
- 252.223-7002 Safety Precautions for Ammunition and Explosives
- 252.223-7003 Change in Place of Performance -- Ammunition and Explosives
- 252.223-7006 Prohibition on Storage and Disposition of Toxic and Hazardous Materials
- 252.223-7007 Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives
- 252.225-7001 Buy American Act and Balance of Payments Program
- 252.225-7002 Qualifying Country Sources
- 252.225-7006 Buy American Act – Trade Agreements – Balance of Payments Program Certificate
- 252.225-7007 Buy American Act--Trade Agreements--Balance of Payments Program
- 252.225-7009 Duty-Free Entry-Qualifying Country End Products
- 252.225-7010 Duty-Free Entry - Additional Provisions
- 252.225-7012 Preference for Certain Domestic Commodities
- 252.225-7014 Preference For Domestic Specialty Metals
- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings
- 252.225-7022 Restriction on Acquisition of Polyacrylonitrile (PAN) Based Carbon Fiber
- 252.225-7025 Restriction on Acquisition of Forgings
- 252.225-7026 Reporting of Contract Performance Outside the United States
- 252.227-7013 Rights in Technical Data--Noncommercial Items
- 252.227-7015 Technical Data--Commercial Items
- 252.227-7016 Rights in Bid or Proposal Information (JUN 95)
- 252.227-7017 Identification and Assertion of Use, Release or Disclosure Restrictions
- 252.227-7018 Rights in Noncommercial Technical Data and Computer Software--Small Business Innovation Research (SBIR) Program
- 252.227-7019 Validation of Asserted Restrictions - Computer Software
- 252.227-7025 Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends
- 252.227-7026 Deferred Delivery of Technical Data
- 252.227-7027 Deferred Ordering of Technical Data or Computer Software
- 252.227-7028 Technical Data or Computer Software Previously Delivered to The Government
- 252.227-7030 Technical Data - Withholding of Payment
- 252.227-7034 Patents - Subcontracts
- 252.227-7036 Declaration of Technical Data Conformity
- 252.227-7037 Validation of Restrictive Markings on Technical Data
- 252.227-7039 Patents – Reporting of Subject Inventions
- 252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles and Space Launch Vehicles
- 252.231-7000 Supplemental Cost Principles

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252.239-7000	Protection Against Compromising Emanations
252.239-7016	Telecommunications Security Equipment, Devices, Techniques, and Services
252.243-7001	Pricing of (Sub)Contract Modifications
252.243-7002	Requests for Equitable Adjustment
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)
252.245-7001	Reports of Government Property (MAY 94)
252.247-7022	Representation of Extent of Transportation By Sea
252.247-7023	Transportation of Supplies by Sea
252.247-7024	Notification of Transportation of Supplies by Sea
252.249-7002	Notification of Anticipated Contract Termination or Reduction
252.251-7000	Ordering From Government Supply Sources

14.0 Organizational Conflict of Interest (OCI)

Proposed suppliers that have signed a Government contract/subcontract with an OCI agreement as either prime or subcontractor for supplies or services related to hardware, software or support efforts, or performed work under any Government Contract that would result in a potential conflict as set forth in FAR 9.5, shall submit a written request to Buyer to obtain approval to participate in this acquisition. Any such request shall be submitted no later than 3 days from the date of Buyer's solicitation.

H-8 Non-Disclosure Agreements

During performance of the work, it may be necessary for supplier to exchange data and/or interface with Government support contractors. Seller agrees to negotiate in good faith any disclosure agreements required with such support contractors.

H-10 Impact of Government/Lockheed IPT Participation

Government personnel may frequently interface with Seller during Seller's performance of work. In so doing, they may offer advice, provide clarification and review Seller's work. Seller shall not construe such advice, clarification or review as a change under this contract.

1-7 SOURCE SURVEILLANCE

In addition to inspections as otherwise provided in this subcontract and at no increase in subcontract price, Buyer or its customer may assign product assurance representatives to Seller's facilities to conduct and maintain surveillance as necessary to ensure quality and reliability. Seller likewise shall reserve such right to Buyer with respect to Seller's lower-tier subcontractors. If such examination is made, Seller shall provide, and require its subcontractors to provide, such representatives with reasonable facilities, equipment and unescorted access (except in areas where proprietary processes or data are located in which case access shall be on an escorted basis) to all areas essential to the proper conduct of the above described activity.

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1-9 APPROVALS BY BUYER

Unless expressly stipulated elsewhere in this purchase contract as being excepted from this provision, wherever this Purchase Contract provides for submittal of designs, components, materials, processes, or other items for approval of Buyer, such approvals shall not be construed as a complete check as to the adequacy of said design, materials, processes, components or items, nor as an agreement that the design, materials, processes, components or items will meet the requirements of this Purchase Contract. Such approvals are for the purpose of insuring Buyer's knowledge of Seller's plans and progress and will indicate only that Seller's general approach toward meeting contractual requirements is satisfactory. Such approvals shall in no way relieve Seller of the responsibility for any error or deficiency which may exist in the submitted design, component materials, processes, or other item, and Seller shall be responsible for meeting all the requirements of this Purchase Contract.

1-10 NOTICE REGARDING LATE DELIVERY – TIME OF THE ESSENCE

In the event Seller encounters difficulty in meeting performance requirements, or when Seller anticipates difficulty in complying with the subcontract delivery schedule or date, Seller shall immediately notify Buyer, in writing, giving pertinent details; provided, however, that this data shall be informational only in character and that this provision shall not be construed as a waiver by Buyer of any delivery schedule or of any rights or remedies provided by law or by this Purchase Contract. Time is of the essence in Seller's performance of this Purchase Contract.

1-11 DELIVERY – ADVANCE MANUFACTURING OR PROCUREMENT

Delivery according to schedule is a major condition of this Purchase Contract. Seller shall not, without Buyer's prior written consent, manufacture or procure materials in advance of Seller's normal flow time or deliver in advance of schedule. In the event of termination or change, no claim will be allowed for any such manufacture or procurement in advance of Seller's normal flow time unless there has been prior written consent of Buyer. Unless advance shipment has been authorized in writing by Buyer, Buyer may return without further authorization of Seller, shipping charges collect, or store at Seller's expense, items delivered in excess of the number ordered or items delivered without authorization in advance of the delivery date as specified for such items. Invoices submitted for unauthorized early shipments will not be processed until the original specified delivery date.

1-15 ACCIDENT REPORTING AND INVESTIGATION INVOLVING PRODUCTS AND SERVICES

- (a) Seller shall report promptly to Buyer all pertinent facts relating to each accident involving products being developed, manufactured, modified, repaired, tested or overhauled under or in connection with this contract, or involving services being performed hereunder. Seller shall also report promptly to Buyer all significant

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occurrences or incidents which could affect the safety or performance of the product or service.

- (b) Such notice shall be given by telephone or fax followed by a written report giving pertinent details of the accident or occurrence and the effect or potential effect on contract performance and product safety.
- (c) If Buyer, Buyer's customer or the cognizant Government Contracting Officer elects to conduct an investigation of the accident or occurrence, Seller will cooperate fully and assist until the investigation is complete.

Seller shall include the substance of this clause in each lower-tier subcontract which could have significant effect on performance, quality, reliability or safety of the products or services being provided under this purchase contract.

1-16 SAFETY AND ACCIDENT PREVENTION

- (a) In performing any work under this purchase contract on premises which are under the direct control of the Government or Buyer, Seller shall, and shall require its lower-tier subcontractors to (i) conform to all safety rules and requirements prescribed by Buyer or the cognizant Government Agency and (ii) take such additional precautions as Buyer or the Government may reasonably require for safety and accident prevention purposes. Seller agrees to take all reasonable steps and precautions to prevent accidents and preserve the life and health of personnel performing or in any way coming in contact with the performance of this contract on such premises.
- (b) In performing work under this subcontract on Buyer or Buyer controlled premises, Seller shall, and shall require its lower-tier subcontractor to conform to the safety and health regulations of applicable Federal, State and local Occupational Safety and Health Agencies as well as those of Buyer.
- (c) Any violation of safety rules and regulations affecting work described in (a) and (b) above which results in injury or death or which endangers life or health personnel shall be grounds for termination for default of this purchase contract.
- (d) This purchase contract will be equitably adjusted under the Changes Clause if changes in safety regulations or requirements affecting work described in (a) and (b) above occurring after the date of this purchase contract affect costs, delivery or other provisions of this purchase contract.

1-30 OFFSET IN PRIME CONTRACT

If the Contracting Officer who has cognizance over Buyer's prime contract reduces the prime contract, or if Buyer's customer or Buyer is fined or penalized by a Government Agency, as a result of any violation of any Public Law or Federal Regulation by Seller or Seller's lower-tier subcontractors, Buyer shall reduce the amount of this purchase

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subcontract by the same amount. If Buyer has already paid Seller, Seller shall, upon demand from Buyer, promptly repay to Buyer the amount of the offset. Exercise of Buyer's right under this clause shall not be a waiver of any rights Buyer has under any other clause or provision in this purchase contract.

12. RESIDENT REPRESENTATIVES

- A. Buyer reserves the right to assign Buyer or customer representatives on an itinerant or resident basis at Seller's facilities or those of lower-tier subcontractors for the purpose of maintaining surveillance activities, including the right to witness any or all tests performed as part of the requirements of this purchase contract.
- B. Seller shall provide such representatives with reasonable facilities and equipment, and unescorted free access to all areas essential to the proper conduct of the aforementioned activity throughout all phases of design, development, manufacturing, testing, packaging and shipping.

Seller agrees to insert the substance of this clause, including this paragraph B., in each lower-tier subcontract hereunder.

H-12. IMPACT OF GOVERNMENT/CUSTOMER PARTICIPATION

Government or Buyer's customer personnel may frequently interface with Seller and its subcontractors during performance of this purchase contract. They may offer advise, facilitate rapid government feedback and approval of products and government support, provide clarification and review the progress of Seller and its subcontractors. However, the responsibility and accountability for successfully accomplishing the requirements of this purchase contract remain with Seller. Seller shall not construe such advice, reviews and clarifications as Buyer directed changes to the terms of this purchase contract.

H-17. SPECIAL CONTRACT REQUIREMENT REGARDING RETENTION/DEFERRED ORDERING/ DEFERRED DELIVERY OF TECHNICAL DATA/SOFTWARE AND RETENTION/AUDIT/ INSPECTION OF CONTRACT RECORDS PERTAINING TO SUCH TECHNICAL DATA/SOFTWARE:

- a. Pursuant to approved individual deviations to DFARs 252.227-7026 and DFARs 252.227-7027, the deferred delivery rights and deferred ordering rights of the Government with regard to the most current design disclosure documentation, to include software, to the lowest level required to provide complete configuration documentation to the program and all records pertaining to such design disclosure documentation shall be extended to five (5) years after acceptance of all Seller items under this purchase contract delivered by Buyer to its customer, or the termination of this purchase contract. Also pursuant to these deviations, Seller and its subcontractors (at any tier) shall retain all such design disclosure documentation and all records pertaining to such documentation for a period of five (5) years after acceptance of all Seller items under this Purchase Contract that Buyer delivers to its customer, or termination of this purchase contract.

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- b. In addition, pursuant to approved deviation to FAR 52.215-2, audit/inspection rights of the Government of all records, records as defined in Paragraph (a) of FAR 52.215-2, shall be extended to five (5) years after Buyer receives final payment from its customer.
- c. The Government reserves the right to order the delivery of any technical data/software which is part of the above described design disclosure documentation and any test documentation generated or collected in the performance of this purchase contract within the extended timeframes described in the foregoing paragraph.
- d. Seller shall give adequate advance notice to Buyer and the Government of impending document destruction or disposal within the specified time frames of this purchase contract, all subcontracts, and all sub-tier subcontracts to allow adequate time to require the delivery of any such design disclosure documentation.