

SP SECTION 7500 - ADMINISTRATION

SP 7512 (01/99)

SUBJECT: Boeing-Mesa Furnished Drawings/Microfilm, Etc.

SPECIAL PROVISION TEXT:

In connection with Boeing-Mesa-Boeing-Mesa's responsibility for drawings, Boeing-Mesa may furnish reproducibles (including microfilm) in lieu of blueprints or other engineering documentation.

SP 7515 (01/99)

SUBJECT: Administration of Purchase Order. Contractual Responsibility. Purchase Order Administration.

SPECIAL PROVISION TEXT:

The responsibility for the contractual administration of this Purchase Order at Boeing-Mesa is vested in the Procurement Division of Boeing-Mesa. Accordingly, the Purchase Order and any Change Orders and/or amendments thereto shall require the signature of the Boeing-Mesa Purchasing Representative or higher Procurement Division authority. Any effort on Seller's part in performing a change to the scope of work prior to receipt of authorization from the Boeing-Mesa Purchasing Representative or higher Procurement Division authority will be at the Seller's risk.

SP 7524 (01/99)

SUBJECT: Badges. Contractor Personnel. Identification Badges.

SPECIAL PROVISION TEXT:

Seller shall be responsible to ensure that all of its personnel and the personnel of its subcontractor's, return Boeing-Mesa identification badges to Boeing-Mesa Security Department upon completion of this Purchase Order. The Seller will be held responsible for immediately notifying Boeing-Mesa Security Department in the event of:

1. Premature completion of a stated job by a subcontractor; or
2. The dismissal and/or termination of an employee possessing a Boeing-Mesa identification badge prior to completion of job.

Failure to strictly adhere to the provisions of this condition may result in removal of Seller from Boeing-Mesa-Boeing-Mesa's approved supplier information system.

SP 7527 (01/99)

SUBJECT: Contractor Personnel Insurance. Insurance – Contractor personnel.

SPECIAL PROVISION TEXT:

Seller shall provide to Boeing-Mesa, prior to the start of the work required under this Purchase Order, certificates of insurance indicating Boeing-Mesa as an additional insured, which shall include satisfactory limits for comprehensive general liability coverage including products liability and completed operations, a hold harmless clause, automobile liability, worker's compensation and employer's liability insurance. If

Seller does not complete performance of the work/service specified herein before the expiration date of said certificates, Seller will provide Boeing-Mesa with acceptable extensions or renewals thereof before proceeding with said work beyond the expiration dates.

SP 7528 (01/99)

SUBJECT: Contractor personnel. Indemnification for Damages. Insurance.

SPECIAL PROVISION TEXT:

Seller will indemnify and save Boeing-Mesa, its officers, agents, subcontractors, and employees harmless from all loss, costs, fees and damages because of injury, including death, to any person, including employees and/or damage to property, including the property of Boeing-Mesa or Seller, arising directly or indirectly by virtue of this Purchase Order and resulting from Seller's sole or joint negligence. The Seller shall submit evidence of insurance in amounts satisfactory to Boeing-Mesa covering the above obligations prior to commencement of work under this Purchase Order.

SP 7530 (01/99)

SUBJECT: Classified information. Classified shipments. Shipments – classified material.

SPECIAL PROVISION TEXT:

This Purchase Order requires the handling of classified matters. Classified information provided to Seller by Boeing-Mesa is to be controlled by Seller in accordance with the provisions outlined in the applicable security manual. In addition, Boeing-Mesa requires the cosigner to notify the Boeing-Mesa Buyer, in advance of a classified shipment, with the anticipated time and date of arrival.

SP 7533 (01/99)

SUBJECT: Anti-Friction Bearings. Bearings – Antifriction. Foreign Source Restrictions.

SPECIAL PROVISION TEXT:

1. Definitions:

- (A) *Antifriction bearings* means bearings.
- (B) *Commercial product* means a product, such as an item, material, component, subsystem, or system sold or traded to the general public in the course of normal business operations at prices based on established catalog or market prices. It does not include items designed or developed under a Government contract or bearings and bearing components.
- (C) *Domestic manufacture* means:
 - (1) For antifriction bearings, wholly manufactured in the United States or Canada. When a bearing assembly is involved, all components of the assembly must be wholly manufactured in the United States or Canada. Unless otherwise specified, raw materials, such as pre-formed bar, tube, or rod stock, and lubricants, need not be domestically mined or produced.
 - (2) For forging items, manufactured in the United States or Canada if the Canadian

firm:

- a. Normally produces similar items or is currently producing the item in support of DoD contracts (as prime or subcontractor); and
 - b. Agrees to become (upon receiving a contract/order) a planned producer under DOD's Industrial Preparedness Program (IPP), if it is not already a planned producer for the item.
- (3) For high carbon ferrochrome (HCF), manufactured in the United States regardless of source of the chrome ore.
 - (4) For high-purity silicon, manufactured in the United States or Canada. When an item or subassembly containing high-purity silicon is involved, all such high-purity silicon incorporated in the item or subassembly must also have been manufactured in the United States or Canada.
 - (5) For miniature and instrument ball bearings, manufactured in the United States or Canada and, when a ball bearing assembly is involved, all components of the bearing must also have been manufactured in the United States or Canada; and
 - (6) For precision components for mechanical time devices, manufacture in the United States or Canada, and, when a mechanical timing assembly is involved, all precision components of the assembly must also have been manufactured in the United States or Canada.

(D) *Forging items* means:

Items	Categories
Shipboard forged anchor chain.	All.
Ship propulsion shafts.	Excludes service and landing craft shafts.
Periscope tubes.	All.
Ring forgings for bull gears.	All greater than 120 inches in diameter.
Large Caliber, thick-walled cannon (105mm through 8-inch forgings).	Preform, gun tube, muzzle brake, and breach ring forgings.
60 mm and 81mm mortar forgings.	Bipod, base plate, and body yoke forgings.
Small caliber weapons forgings.	Barrel extensions, bolts, receivers, sights/handles, etc.
Tank and automotive forgings.	Turret rings, road arms, final drive gears, shafts, flywheels, connecting rods, crankshafts, roadwheels, spindles, torsion bars.

- (E) *High carbon ferrochrome* (HCF) means ferrochromium alloy that contains 3 percent or more carbon and 50 percent or more chromium.
- (F) *High-purity silicon* means N or P type with a resistivity greater than 3000 ohm-centimeter.
- (G) *Miniature and instrument ball bearings* means all rolling contact ball bearings with a basic outside diameter (exclusive of flange diameters) of 30 millimeters or less irrespective of material, tolerance, performance, or quality characteristics.
- (H) *Precision components for mechanical time devices* are parts which closely relate so the precision control and selection of working production tolerances can be maintained to accomplish the desired function and reliability. In terms of accuracy, such precision components have total tolerances under 0.003 inches, eccentricities less than 0.0015 inches and surface finishes better than 65 rms. Examples of such precision components include: gears pinions, posts, and plates.

- 2. The Seller agrees that end items and their components delivered under this purchase order/subcontract shall contain antifriction bearings, forging items, high carbon ferrochrome, high-purity silicon, miniature and instrument ball bearings, and precision components for mechanical time devices that are of domestic manufacture only.

3. The restriction in paragraph 2. of this clause does not apply to the extent that the end items or components containing antifriction bearings are commercial products.
4. The restrictions in paragraph 2. of this clause may be waived upon request from the Seller. If the restriction waived for miniature and instrument ball bearings or precision components for mechanical time devices, the Seller agrees to acquire a like quantity and type of domestic manufacture for nongovernment use.
5. The restrictions in paragraph 2. do not include forgings incorporated in commercial vehicles, such as commercial cars and trucks, or noncombat support military vehicles.
6. The Seller agrees to retain records showing compliance with these restrictions until 3 years after final payment and to make records available upon request of the Buyer.
7. The Seller agrees to insert this clause, including this paragraph 7., in every subcontract and purchase order issued in performance of this purchase order/subcontract, unless items purchased contained none of the restricted items.

SP 7540 (01/99)

SUBJECT: Contractor's Personnel. Seller's Personnel.

SPECIAL PROVISION TEXT:

Seller acknowledges that, under the Immigration Reform and Control Act of 1986 (IRCA) is responsible for verifying the identity and work authorization status of its employees. Seller specifically agrees that it is an independent contractor under this Agreement for purposes of IRCA. Seller further agrees that, upon request by Boeing-Mesa, it will make available for inspection by Boeing-Mesa its documentation verifying the identity and work authorization status of its employees.

Selected positions and assignments contemplated for Seller's employees under this Agreement may require a security clearance and grant of access to classified data. The parties agree that selection and assignment of Seller's employees to such positions is contingent upon the successful completion of the clearance process.

SP 7545 (01/99)

SUBJECT: Progress Reports. Reports. Status Reports.

SPECIAL PROVISION TEXT:

Seller will submit written progress reports to Boeing-Mesa beginning sixty (60) days after receipt of this Purchase Order and each sixty (60) days thereafter, until one (1) month prior to the first scheduled shipment. Thereafter, progress reports will be submitted the first day of each month throughout the life of the Purchase Order.

SP 7551 (01/99)

SUBJECT: Domestic manufacture. Origin – U.S. U.S. Origin.

SPECIAL PROVISION TEXT:

Supplier warrants that all items shipped against this Purchase Order are wholly of domestic (U.S.) origin and manufacture. Any items found not to be as such shall be returned at supplier expense for replacement of the items or refund of the purchase price.

SP 7555 (01/99)

SUBJECT: New Material. Reconditioned Material. Used Material.

SPECIAL PROVISION TEXT:

1. New Material

Unless this purchase order/subcontract specifies otherwise, the Seller represents that the supplies and components, including any former U.S. Government property identified under the Used or Reconditioned Material, Residual Inventory, and Former Government Surplus Property clause of this contract, are new, including recycled (not used or reconditioned) and are not of such age or so deteriorated as to impair their usefulness or safety. If the Seller believes that furnishing used or reconditioned supplies or components will be in the Boeing-Mesa interest, the Seller shall so notify the Buyer in writing. The Seller's notice shall include the reasons for the request along with a proposal for any consideration to Boeing-Mesa if the Buyer authorized the use of used or reconditioned supplies or components.

2. Used or Reconditioned material, Residual Inventory, and Former U.S. Government Surplus Property

(A) The Seller shall not furnish any item or component which is used for reconditioned material, residual inventory resulting from terminated U.S. Government contracts, or former U.S. Government surplus property, unless such item or component was listed in the applicable attachment to the offer and approved by the Buyer or unless otherwise authorized in writing by the Buyer.

(B) All items or components furnished under this purchase order/subcontract shall comply with the terms and specifications contained in the purchase order/subcontract.

SP 7563 (01/99)

SUBJECT: Overshipment/Undershipment – Raw Material. Raw material – Over/Under Shipment. Undershipment/Overshipment – Raw Material.

SPECIAL PROVISION TEXT:

In accordance with the Purchase Order General Provisions, an overshipment/undershipment allowance (per unit of measure) of plus _____ or minus ____% by Seller is authorized on raw material, ordered herein, when such overshipment/undershipment falls within "industry standards" for such raw material. The Purchase Order payment will be adjusted to reflect the actual amount received at the unit price stated herein.

SP 7564 (01/99)

SUBJECT: Castings – Over/Under shipment. Overshipment/Undershipment – Castings. Undershipment/Overshipment – Castings.

SPECIAL PROVISION TEXT:

In accordance with the Purchase Order General Provisions, and overshipment allowance (per unit of measure) of plus _____ or minus ____% by Seller is authorized on the castings ordered herein. The Purchase Order payment will be adjusted to reflect the actual amount received at the unit price stated herein.

SP 7565 (01/99)

SUBJECT: Forgings – Over/Under Shipment. Overshipment/Undershipment – Forgings.
Undershipment/Overshipment – Forgings.

SPECIAL PROVISION TEXT:

In accordance with the Purchase Order General Provisions, an overshipment allowance (per unit of measure) of plus _____ or minus ____% by Seller is authorized on the forgings ordered herein. The Purchase Order payment will be adjusted to reflect the actual amount received at the unit price stated herein.

SP 7580 (01/99)

SUBJECT: Industrial Participation. Offset.

SPECIAL PROVISION TEXT:

1. To the extent that the goods ordered are components of Boeing-Mesa products/systems sold to a foreign nation or concern and in recognition that such sale results directly or indirectly in business opportunities, sales or revenue for the Seller, the Seller agrees to cooperate with Boeing-Mesa in the fulfillment of any offset program obligations that Boeing-Mesa may be required to accept as a condition of such foreign sale. Seller will assume and discharge a proportionate share of said offset obligation(s), either directly or through a mutually agreeable third party.

Seller's proportionate share of Boeing-Mesa's offset obligation shall be defined as follows: Seller's value per shipset X number of shipsets for the foreign customer (including spares) X offset percentage. Seller's obligations shall be discharged in accordance with the ground rules negotiated between Boeing-Mesa and the foreign customer.

The offset commitment set forth herein is a material requirement of the applicable Contracts issued by Boeing-Mesa to the Seller, and notwithstanding any other provisions of such Contracts, Seller shall not be relieved of such requirement unless Boeing-Mesa is so relieved by the foreign customer, except insofar as the Seller is otherwise relieved for performance of such Contracts.

2. Boeing-Mesa expressly reserves the right to all industrial benefits and other offset credits arising with respect to any goods ordered, including any related subcontracts issued by the Seller to sources in the foreign customer's country. Boeing-Mesa also reserves the right to obtain from the Seller all information in such form as may be required to enable Boeing-Mesa to obtain the aforementioned benefits. All options, spares orders or similar requirements obtained by the Seller with respect to its procurement of any goods ordered shall similarly be subject to the provisions of this paragraph.

SP 7581 (01/99)

SUBJECT: Industrial Participation. Offset.

SPECIAL PROVISION TEXT:

Boeing-Mesa represents that its business base consists, in part, of international orders, and that it must, from time to time, enter into international offset agreements to secure such orders. Seller agrees to cooperate with Boeing-Mesa in the fulfillment of its offset obligations by engaging in such activities as may be specified by offset agreements between Boeing-Mesa and its international customers. Such activities may include foreign subcontracting, co-production, co-development, technology transfers, counter-trade, investments, joint ventures, etc. Seller's obligation shall be the equivalent of twenty (20) percent of the value of orders received from Boeing-Mesa, expressed in terms of offset credits earned in Boeing-Mesa-Boeing-Mesa's customer countries.

SP 7582 (01/99)

SUBJECT: Industrial Participation. Offset.

SPECIAL PROVISION TEXT:

Boeing-Mesa reserves the right to credit the value of this order against any offset or industrial cooperation requirement, either present or future, that it may undertake in the Seller's country. Seller agrees to support Boeing-Mesa by working with the appropriate agencies in the Seller's country to effect the proper crediting of this offset activity.

SP 7585 (01/99)

SUBJECT: Single Process Initiatives.

SPECIAL PROVISION TEXT:

The Seller is encouraged to pursue and implement Single Process Initiatives (SPIs) throughout the life of this contract. The Seller may be relieved of requirements of this contract when they are inconsistent with Government approved SPI processes at the Seller's facility. This relief will be granted only under the following conditions:

- (1) The Boeing customer (US Air Force, US Navy, US Army or NASA) must have been a party to the SPI approval at the Seller's facility.
- (2) The Seller must describe in writing how the Boeing contract requirements are inconsistent with the SPI processes, and must commit that there will be no adverse impact to performance, cost, quality or schedule due to the substitution of the Seller's approved SPI processes.
- (3) Boeing must be satisfied that there are no firmly definable reasons (legal, technical, etc.) why the Seller's approved SPI processes cannot be used on the Boeing prime contract.
- (4) Cost savings will be shared with Boeing in a manner similar to that used in determining savings to the Government in the approved SPI.
- (5) Seller SPI's must be submitted to Boeing for review as early as possible, preferably concurrent with submittal to the Seller's government customer.
- (6) Seller's SPI submittal to Boeing must include the following information if available:
 - (a) Copy of concept paper/block change proposal as submitted to DCMC.
 - (b) Boeing locations and programs involved.
 - (c) Description of equipment items affected.
 - (d) Specific change language (was/now) being requested.
 - (e) Consideration to Boeing.
 - (f) Signed block change mod of MOA from DCMC.
 - (g) Seller's regular Boeing point of contact.
 - (h) Seller's point of contact for SPI technical issues.
 - (i) Names of other prime contractors affected.
 - (j) Government agencies who are a party to the SPI approval.

Boeing will consider all Government approved SPI processes meeting the above conditions as applicable to all existing and follow-on contracts issued by Boeing to Seller.