



Special Provisions

Form D1 4305 1500 (Rev. 2/96)

(Applicable only to the extent called out in the Purchase Contract)

G. FINANCIAL MANAGEMENT

1. PROGRESS PAYMENTS. The clause set forth in FAR 52.232-16, "Progress Payments", is incorporated by reference. Alternate I shall apply if Seller is a small business. "Government" or "Contracting Officer" shall mean Buyer, except in paragraph (d) where title shall vest in the Government and in paragraph (g) where the terms "Contractor, Government and Contracting Officer" retain their original meaning and the phrases "and Buyer" is added.
2. INCENTIVE PRICE REVISION. Form DF 4401-86 (Rev. 10/84), "Incentive Price Revision (Firm Target)", is incorporated by reference.
3. C/SCS. The clause entitled "Cost/Schedule Control System", set forth in DFARS 252.234-7001, is incorporated by reference, "Contractor" means Seller.
4. LIMITATION OF BUYERS OBLIGATION.
 - A. Of the total price of this contract the sum set forth in (I) below is presently available for payment and allotted to this contract. It is anticipated that from time to time additional funds will be allotted to this contract until the total price of these items is allotted.
 - B. The Seller agrees to perform or have performed work on the items up to the point at which, in the event of termination of this contract pursuant to the "Termination - Convenience" clause of this contract, the total amount payable by the Buyer (including amounts payable in respect of subcontracts and settlement costs) pursuant to paragraph (E) of the clause would, in the exercise of reasonable judgment by the Seller, approximate the total amount at the time allotted to the contract. The Seller will not be obligated to continue performance of the work beyond that point. The Buyer will not be obligated in any event to pay or reimburse the Seller in excess of the amount from time to time allotted to the contract, regardless of anything to the contrary in the "Termination - Convenience" clause of this contract.
 - C. It is contemplated that the funds presently allotted to this contract will cover the work to be performed, as limited by the provisions of (b) above until the date set forth in (I) below. If funds allotted are considered by the Seller to be inadequate to cover the work to be performed until the above date or an agreed substitute date, the contractor will notify the Buyer in writing when, within the next 30 days, the work will reach a point at which, in the event of termination of this contract pursuant to the "Termination - Convenience" clause of this contract, the total amount payable by the Buyer (including amount payable in respect of subcontracts and settlement costs), will approximate 85 percent of the total amount then allotted to the contract. The notice will state (i) the estimated date when that point will be reached and (ii) the estimated amount of additional funds required to continue performance to the above date or an agreed substitute date, advise the Buyer in writing as to the estimated amount of additional funds which will be required for the timely performance of the contract for a further period as may be specified in the contract or otherwise agreed to by the parties. If after such latter notification, additional funds are not allotted by the date above written, or by an agreed substitute date, the Buyer will, upon written request of the Seller, terminate this contract on that date or the date set forth in the request, whichever is later, pursuant to the provisions of the "Termination - Convenience" clause of this contract.

- D. When additional funds are allotted from time to time for continued performance of the work under this contract, the parties will agree as to the applicable period of contract performance which will be covered by the funds. The provisions of (B) and (C) above will apply in like manner to the additional allotted funds and agreed substitute date, and the contract will be amended accordingly.
 - E. If the Seller incurs additional costs or is delayed in the performance of the work under this contract solely by reason of failure of the Buyer to allot additional funds in amounts sufficient for timely performance of this contract, and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the items or in the time of delivery or both.
 - F. The Buyer may at any time prior to termination and, with the consent of the Seller, after notice of termination allot additional funds for this contract.
 - G. The provisions of this clause with respect to termination will not be deemed to limit the rights of the Buyer under the clause entitled, "Cancellation - Default." The provisions of this clause are limited to the work on and allotment of funds for the items set forth in (A) above. This clause will become inoperative upon the allotment of funds for the total price of the work except for rights and obligations then existing under this clause.
 - H. Nothing in this clause affects the right of the Buyer to terminate this contract pursuant to the "Termination - Convenience" clause of this contract.
 - I. The sum allotted and the contemplated date through which such funds will cover work to be performed are set forth elsewhere in this contract.
5. RESERVED
6. APPLICATION OF COST ACCOUNTING STANDARDS. FAR 52.230-2, "Cost Accounting Standards," is, except for paragraph (b), incorporated by reference. "Contractor" shall mean Seller. 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 applicable Cost Accounting Standards, Rules or Regulations. FAR 52.230-5, "Administration of Cost Accounting Standards," is also incorporated by reference. Seller shall submit the information required by paragraph (e)(2) and provide a copy of the transmittal letter to the Buyer, or submit a statement to the Buyer stating that the required information was transmitted to the Government.
7. DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES. FAR 52.230-3, "Disclosure and Consistency of Cost Accounting Practices," is, except for paragraph (b), incorporated by reference. "Contractor" shall mean Seller. 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 subcontractors failure to comply with applicable Cost Accounting Standards, Rules and Regulations. FAR 52.230-5, "Administration of Cost Accounting Standards," is also incorporated by reference. Seller shall submit the information required by paragraph (e)(2) and provide a copy of the transmittal letter to the Buyer, or submit a statement to the Buyer stating that the required information was transmitted to the Government.
8. AUDIT RIGHTS. For the purpose of evaluating Seller's incurred costs with respect to Seller's invoices for cost reimbursement, progress payments, Seller's claim(s) arising out of a termination or partial termination of this contract, and Seller's proposals for incentive price revisions or elements of Seller's change proposals which involve unique claims (e.g., obsolescence costs) which must be verified by audit, Seller agrees that Buyer or any of its duly authorized representatives shall have access to and the right to audit any directly pertinent books, documents, papers, and records which support direct and indirect costs.
9. UNIT/TOTAL PRICES. The unit price(s) listed within this contract are shown for administrative purposes only and the total contract price is conditioned upon total contract performance.
10. REPAIR CHARGES. If total repair charge will not exceed price shown on this contract, Seller is authorized to restore unit to its original configuration and specification requirements. If repair charge will exceed stated price, Seller must contact Buyer before proceeding with repair, at which time this contract will be canceled at no charge, or the stated price will be adjusted. Upon completion of repair, Seller shall furnish Buyer a detailed breakdown of labor and material costs incurred. All repair charges are subject to final approval by Buyer.
11. LABOR DISPUTES. Notwithstanding any other provision of this contract, Buyer shall not pay Seller for any cost, rate, or expense, including travel and per diem expenses, specified hereunder for any day Seller's employees do not perform their services as a result of any strike, picket line, or other labor disturbance unless (i) the strike, picket line or other labor disturbance is against Buyer and precludes Seller's employees from gaining access to Buyer's premises without risk of bodily harm, (ii) Seller promptly gives verbal notice of such a situation to Buyer

and confirms this notice in writing within one day, and (iii) Buyer cannot within a reasonable time provide Seller's employees with adequate protection against bodily harm for the day covered by such notice.

12. **PRICING OF PRESERVATION AND PACKAGING.** Seller shall submit price and plan at earliest possible date for preservation and packaging. The price must be negotiated and accepted by Buyer and incorporated by a change to this contract prior to submittal of invoices.
13. **INVOICING.** All invoices shall reference this purchase contract number and item number, and shall be submitted in quadruplicate to Boeing Defense & Space Group, P.O. Box 34113, Seattle, Washington, 98124-1113, Attention: Supplier Accounting, and where applicable shall bear a certification similar to the following:

"Seller certifies that the foregoing is a true and correct statement of the number of (hours), (days) worked and costs incurred in performance of work to Purchase Contract Number _____ during the period covered by this invoice"

14. RESERVED

15. RESERVED

16. **EXAMINATION OF PROPOSED COSTS.** For the purpose of evaluating Seller's proposed costs with respect to proposals, change proposals, and proposals for follow-on procurement, Seller agrees that Buyer or any of its duly authorized representatives may subject such proposals or reports and related financial data to analysis type examination at Seller's facility. For such purposes, Seller shall make available all data supporting direct and indirect costs.

17. **PAYROLLS AND BASIC PAYROLL RECORDS.**

- A. The Seller or subcontractor shall maintain payroll and basic payroll records during the course of contract work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made and actual wages paid.
- B. The records to be maintained under paragraph (A) of this clause shall be made available by the Seller or subcontractor for inspection, copying or transcription by authorized representatives of the Contracting Officer or the Department of Labor. The Seller or subcontractor will permit such representatives to interview employees during working hours on the job.
- C. The Seller shall insert paragraphs (A) through (C) of this clause in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

18. RESERVED

19. **PRICING OF ADJUSTMENTS.** DFARS 252.243-7001, "Pricing of Adjustments", is incorporated by reference.

20. **INTEGRITY OF UNIT PRICES.** FAR 52.215-26, "Integrity of Unit Prices," excluding paragraph (c), is incorporated by reference.

21. **COST OR PRICING DATA - MODIFICATIONS.** The clause of this contract entitled "Truth in Negotiations Act" is revised by deleting "FAR 52.215-22 and 52.215-24" and substituting "FAR 52.215-23 and 52.215-25" in lieu thereof.

22. **FINANCIAL REPORTING OF GOVERNMENT-OWNED CONTRACTOR-HELD PROPERTY, ALT II.**

- A. The Seller shall prepare and submit annually a NASA Form 1018, Report of Government-Owned/Contractor-Held Property, in accordance with the instructions on the form and Subsection 18-45.505-14 of the NASA FAR Supplement, except the reporting of Space hardware shall be required only upon the written direction of the Buyer identifying the specific project items to be reported.
- B. The original and three copies of NASA Form 1018 shall be submitted to Buyer's Materiel Representative.
- C. The annual reporting period shall be from October 1 of each year to September 30 of the following year. The report shall be submitted by October 15.

23.-24. RESERVED

25. **TERMINATION OF DEFINED BENEFIT PENSION PLANS.** FAR 52.215-27, "Termination of Defined Benefit Pension Plans," is incorporated by reference. "Contracting Officer" shall mean

Buyer and the Seller's cognizant Administrative Contracting Officer.

26. POST-RETIREMENT BENEFIT PLANS. FAR 52.215-39, "Reversion or Adjustment of Plans for Post retirement Benefits other than Pensions," is incorporated by reference.
27. PROGRESS PAYMENTS FOR UNDEFINITIZED CONTRACTS. The "Progress Payments" clause incorporated by reference is amended by adding the following:

"(l) Progress payments made under this undefinitized contract shall, unless previously liquidated under paragraph (b), be liquidated under the following procedures:

1. If this undefinitized contract is superseded by a definitive contract, unliquidated progress payments made under this undefinitized contract shall be liquidated by deducting the amount from the first progress or other payments made under the definitive contract.
2. If this undefinitized contract is not superseded by a definitive contract calling for the furnishing of all or part of the articles or services covered under the undefinitized contract, unliquidated progress payments made under the undefinitized contract shall be liquidated by deduction from the amount payable under the Termination clause.
3. If this undefinitized contract is partly terminated and partly superseded by a contract, the Buyer shall allocate the unliquidated progress payments to the terminated and unexpired portions as the Buyer deems equitable, and shall liquidate each portion under the relevant procedure in subparagraphs (1) and (2) above.
4. If the method of liquidating progress payments provided above does not result in full liquidation, the Seller shall immediately pay the unliquidated balance to the Buyer on demand.

(m) The amount of unliquidated progress payments shall not exceed is set forth elsewhere in this contract."

28. SUPPLIER PROGRESS PAYMENT GUIDE. Form DF4400-70, "Supplier Progress Payment Guide, Revision 3/94," is incorporated herein by reference.
29. FLEXIBLE PROGRESS PAYMENTS. DFARS 252.232-7003, "Flexible Progress Payments," is incorporated herein by reference. "Contractor" means Seller and "Government" means Buyer. The progress payment rate and date of the DoD Cash Flow Computer Model are set forth elsewhere in this contract.
30. TRAVEL COST ALLOWABILITY. Seller agrees that the direct costs of Seller personnel travel, if any, in excess of those considered allowable under FAR 31.205-46 shall be unallowable under this contract.

SPECIAL PROVISIONS:

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