

EXHIBIT A

PRIME CONTRACT FLOWDOWN PROVISIONS AND CLAUSES FOR SUBCONTRACTORS
UNDER THE AEGIS 2002-05 Program
Prime Contract # NOOO24-02-C-5100

I Introduction

1. The following special Prime Contract Provisions (Section H) and Clauses (Section I) are contained in full in the Prime Contract No. NOOO24-02-C-5100, dated _____ between United States Navy and Raytheon Company ("Raytheon" and/or "Buyer"). All references to "Contract" in the following shall refer to the "Subcontract" and/or "Purchase Order" with Raytheon, except as specified below, any reference in the Special Contract Provisions or the Contract Clauses to "Government: and/or "Contracting Officer" shall mean herein "Raytheon" or "Buyer" and any references to "Contractor" shall mean herein "Subcontractor" or "Seller". All Special Contract Provisions or Contract Clauses set forth in full or referenced by title are hereby incorporated in this Subcontract.

II Prime Contract Flowdown Provisions and Clauses

A Section H - Special Contract Provisions

PROVISIONING TECHNICAL DOCUMENTATION - WITHHOLDING OF PAYMENT (NAVSEA) (SEP 1990)

(a) For the purpose of paragraph (c) of the "PROGRESS PAYMENTS" clause of this contract, if included, the requirement that the Contractor develop and deliver Provisioning Technical Documentation (PTD) is considered to be a "material requirement of this contract," and Contractor failure to make adequate progress in the development of PTD, or to deliver acceptable PTD on a timely basis, may result in reduction or suspension of Progress Payments as provided in said paragraph.

(b) The PTD is considered to be a part of the "Technical Data" specified to be delivered under this contract for the purposes of the "TECHNICAL DATA--WITHHOLDING OF PAYMENT" (DFARS 252.227-7030) clause. The terms and conditions of the clause entitled "LIMITATION ON WITHHOLDING OF PAYMENTS (FAR 52.232-9), if included in this contract, shall not apply to withholding of payment for failure to make timely delivery of the PTD or delivery of deficient PTD.

REFUNDS (SPARES AND SUPPORT EQUIPMENT) (NAVSEA) (SEP 1990)

(a) In the event that the price of a spare part or item of support equipment delivered under this contract significantly exceeds its intrinsic value, the Contractor agrees to refund the difference. Refunds will only be made for the difference between the intrinsic value of the item at the time an agreement on price was reached and the contract price. Refunds will not

be made to recoup the amount of cost decreases that occur over time due to productivity gains (beyond economic purchase quantity considerations) or changes in market conditions.

(b) For purposes of this requirement, the intrinsic value of an item is defined as follows:

(1) If the item is one which is sold or is substantially similar or functionally equivalent to one that is sold in substantial quantities to the general public, intrinsic value is the established catalog or market price, plus the value of any unique requirements, including delivery terms, inspection, packaging, or labeling.

(2) If there is no comparable item sold in substantial quantities to the general public, intrinsic value is defined as the price an individual would expect to pay for the item based upon an economic purchase quantity as defined in FAR 52.207-4, plus the value of any unique requirements, including delivery terms, inspection, packaging or labeling.

(c) At any time up to two years after delivery of a spare part or item of support equipment, the Contracting Officer may notify the Contractor that based on all information available at the time of the notice, the price of the part or item apparently exceeds its intrinsic value.

(d) If notified in accordance with paragraph (c) above, the Contractor agrees to enter into good faith negotiations with the Government to determine if, and in what amount, the Government is entitled to a refund.

(e) If agreement pursuant to paragraph (d) above cannot be reached, and the Navy's return of the new or unused item to the Contractor is practical, the Navy, subject to the Contractor's agreement, may elect to return the item to the Contractor. Upon return of the item to its original point of Government acceptance, the Contractor shall refund in full the price paid. If no agreement pursuant to paragraph (d) above is reached, and return of the item by the Navy is impractical, the Contracting Officer may, with the approval of the Head of the Contracting Activity, issue a Contracting Officer's final decision on the matter, subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1).

(f) The Contractor will make refunds, as required under this requirement, in accordance with instructions from the Contracting Officer.

(g) The Contractor shall not be liable for a refund if the Contractor advised the Contracting Officer in a timely manner that the price it would propose for a spare part or item of support equipment exceeded its intrinsic value, and with such advice, specified the estimated proposed price, the estimated intrinsic value and known alternative sources or item, if any, that can meet the requirement.

(h) This requirement does not apply to any spare parts or items of support equipment whose price is determined through adequate price competition. This requirement also does not apply to any spare part or item of support equipment with a unit price in excess of \$100,000; or in excess of \$25,000 if the Contractor submitted, and certified the currency, accuracy and completeness of, cost or pricing data applicable to the item.

EXCLUSION OF MERCURY (NAVSEA) (MAR 1998)

Mercury or mercury containing compounds shall not be intentionally added or come in direct contact with hardware or supplies furnished under this contract.

INFORMATION AND DATA FURNISHED BY THE GOVERNMENT - ALTERNATE II (NAVSEA) (MAY 1993)

(a) NAVSEA Form 4340/2 or Schedule C, as applicable, Government Furnished Information, attached hereto, incorporates by listing or specific reference, all the data or information which the Government has provided or will provide to the Contractor except for -

(1) The specifications set forth in Section C, and

(2) Government specifications, including drawings and other Government technical documentation which are referenced directly or indirectly in the specifications set forth in Section C and which are applicable to this contract as specifications, and which are generally available and provided to Contractors or prospective Contractors upon proper request, such as Federal or Military Specifications, and Standard Drawings, etc.

(b) Except for the specifications referred to in subparagraphs (a)(1) and (2) above, the Government will not be obligated to provide to the Contractor any specification, drawing, technical documentation or other publication which is not listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable, notwithstanding anything to the contrary in the specifications, the publications listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable, the clause entitled "GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS)" (FAR 52.245-2), or "GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS)" (FAR 52.245-5), as applicable, or any other term or condition of this contract.

(c)(1) The Contracting Officer may at any time by written order:

(i) delete, supersede, or revise, in whole or in part, data listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable; or

(ii) add items of data or information to NAVSEA Form 4340/2 or Schedule C, as applicable; or

(iii) establish or revise due dates for items of data or information in NAVSEA Form 4340/2 or Schedule C, as applicable.

(2) If any action taken by the Contracting Officer pursuant to subparagraph (c)(1) immediately above causes an increase or decrease in the costs of, or the time required for, performance of any part of the work under this contract, an equitable adjustment shall be made in the contract amount and delivery schedule in accordance with the procedures provided for in the "CHANGES" clause of this contract.

RIGHT OF ACCESS

The Contractor shall provide access to the Government on a not-to-interfere basis to all facilities in which storage of raw materials, purchased parts, either finished or unfinished, and GFE may be

established. The Contractor shall provide right of access to include all areas in which design, manufacture, processing, alignment, assembly and testing of equipment or components which will be included in the Transmitter Group OT-188/SPY-1D(V) and Fire Control System MK 99 Mod 7; and Transmitter, Radar T-1348/SPG may be done. Right of Access shall be interpreted to include, also, access to records and documentation concerning the Transmitter Group, OT-188/SPY-1D(V) Transmitter, Radar T-1348/SPG and Fire Control System MK 99 Mod 7; including specifications, purchase orders and subcontracts, receivers, inspection and test records for such purchase parts, inspection and test records. Right of access shall include access to vendors, subcontractors and suppliers as may be deemed necessary by the Government. Right of Access to documentation shall be on a not-to-interfere basis insofar as accurate and valid records shall be available.

AEGIS PRODUCTION PROGRAM WARRANTY

- a. Notwithstanding inspection and/or acceptance by the Government of the supplies furnished under this contract, any term or condition of this contract concerning the conclusiveness thereof, and any other term or condition of this contract, the Contractor warrants that:
 - (1) Line Items listed in TABLE I will conform to the design and manufacturing requirements. For the purpose of this clause, "design and manufacturing requirements" include drawings, specifications, statements of work, structural and engineering plans, and manufacturing particulars including precise measurements, tolerances, processes, materials, and finished product tests;
 - (2) Line Items listed in TABLE I will be free from all defects in materials and workmanship at the time of delivery to the Government;
 - (3) Line Items listed in TABLE I will conform to the essential performance requirements, operating capabilities, or maintenance and reliability characteristics set forth in Table II; provided, however, that with respect to Government Furnished Property that is incorporated in the Line Items listed in TABLE I, the Contractor's above-stated warranties shall extend only to its proper installation, unless the Contractor performs some modification or other work on such property, in which case these Contractor's warranties shall extend to such modification or other work.
- b. The warranty period starts at Government acceptance and ends thirty (30) months after shipset RDD or at the start of the Post Shakedown Availability (PSA) of the ship on which the equipment listed in the Schedule (Section B) is installed, whichever occurs first. For the purpose of this warranty, Government acceptance is defined as the first DD250 of a shipset of equipment. The Contractor shall not be responsible under these warranties for any failure of the covered items to meet the conditions specified in a(1), a(2), or a(3) above, which occurs after the period of performance of the warranty.
- c. All efforts during the period of this warranty to repair faults and failures in the Line Items listed in TABLE I shall initially be the responsibility of the Government (see paragraph k.). Upon completion of each six (6) month period of the warranty, the Government will review the status of performance of repairs and failures for all warranted equipment under this contract, and the Contractor will, upon notification of a problem, resolve any equipment failure situations which require action under this

warranty. After the completion of the warranty period, the parties shall review the Government's records and shall agree upon the extent of the Contractor's obligation under this clause, in accordance with the procedures and criteria of paragraph d. below. Should it be determined that the Contractor's obligation under this warranty extends to certain repair actions, the Government shall provide data with regard to costs involved and the parties shall negotiate a mutually agreeable settlement for the AEGIS Depot cost associated with the repair actions, to include costs of repair or replacement, components, materials, labor, engineering, administration, and transportation. Should the parties fail to agree to the extent and cost of the Contractor's obligation, the Contracting Officer, may with the approval of the Head of the Contracting Activity, determine a reasonable price subject to paragraph i. below.

- d. This paragraph sets forth the criteria for determining the Contractor's obligations under the provisions of this Warranty Clause.

All equipment malfunction events experienced by the Line Items listed in TABLE I will be considered under the Warranty. Equipment malfunction events consists of all component failures, regardless of the impacts on Weapon System performance, except as set forth in paragraph e. below.

The Mean Time Between Equipment Malfunction Event [MTB(EME)] thresholds in TABLE II, for the purpose of this warranty, have been determined from the specified or allocated MTB(EME)s for the equipment listed in TABLE I.

The actual MTB(EME) for each shipset shall be evaluated for the period defined in paragraph b. (A shipset consists of all AWS Transmitter Groups warranted equipment for that one ship). For the purpose of this warranty, Government acceptance is defined as the first DD 250. At the end of the warranty period for each Line Item, the MTB(EME) shall be calculated for each ship by dividing the elapsed operating time by the number of equipment malfunction events mutually determined to have occurred during the warranty period defined above.

For the purpose of this warranty provision, the elapsed operating time for the period of the warranty shall be equal to the highest elapsed operating time accumulated during the warranty period on any of the equipments equipped with elapsed time meters provided under this contract and are covered by this warranty. The elapsed time shall be determined separately for each shipset of warranted equipment.

Breach of warranty occurs when the MTB(EME) is less than the value indicated in Table II for the corresponding actual elapsed operating time.

The Contractor assumes responsibility for only the AEGIS Depot costs which are associated with the repair and/or replacement of all components (except as set forth in Paragraph e. below) and which result from equipment malfunction events which occur during the balance of the warranty period following breach of warranty. Breach occurs when the number of EMEs exceeds the maximum allowable number of EMEs. The threshold maximum number of EMEs will be calculated by dividing the elapsed time in hours (as defined in paragraph d.) by the corresponding MTE(EME) in hours listed in TABLE II.

- e. In the event of a breach of one or more of the essential performance requirements as stipulated in Paragraph a(3), the Contractor will determine the cause of the breach and develop a solution within 90 days, which will be submitted for Government approval. If the solution involves a redesign and retrofit, normal MIL-STD-480 configuration control procedures will apply. All costs for engineering analysis, redesign, and retrofit shall be borne by the Contractor.
- f. The warranty provisions of this clause do not cover liability for loss, damages, or injury to third parties or consequential damages, and do not apply to:
 - (1) Combat damage;
 - (2) Damaged caused by means external to all warranted items provided by the Contractor under this contract;
 - (3) Failures of expendable items, those items not coded as repairable, during corrective maintenance, as identified in the applicable Technical Manuals;
 - (4) System or equipment operational problems or failures identified during or after installation or checkout which are the result of, or attributable to lack of adequate support facilities being available or installation by the Government or its contractors in such manner or locations aboard a particular ship or platform so as to preclude the system from meeting its acceptable performance requirements;
 - (5) System failures or equipment damage resulting from mishandling, incorrect installation, misuse or other anomalies during shipment or system installation and testing at the shipyard;
 - (6) Equipment stressed (electrically, mechanically, environmentally, or in any other manner) beyond normal design or test limits;
 - (7) Any item repaired by parties other than the Contractor. Repair in this context does not include adjustments which are made in accordance with authorized maintenance actions;
 - (8) Any change or alteration to the Line Items Listed in Table I made after Government acceptance unless it is mutually agreed that such change or alteration is subject to the provisions of this warranty; or,
 - (9) Equipment for which the normal periodic preventive maintenance, as described in the applicable maintenance documents, has not been performed and the lack of such proper maintenance causes the failure.
- g. The burden of proof that the failure comes within paragraph f. is on the Contractor, within the limits of available evidence, which shall normally include, as a minimum, the Government failure documentation and the failed component.
- h. This warranty shall apply to contractor-furnished replacement parts to the same extent as the parts in the equipment as initially accepted, provided that these replacement parts were manufactured to the same requirements as Line Items listed in Table I, except that this warranty shall be effective only through the original warranty period set forth in paragraph b. of this clause.

- i. The rights and remedies of the Government provided in this clause are in addition to and do not limit any rights the Government may have under any other clause of this Contract. Disputes arising under this clause shall be resolved in accordance with the clause entitled "Disputes".
- j. The failure of the Government to assert its right under this clause with respect to any particular breach or breaches of a warranty provided herein, shall not waive or otherwise diminish the Government's rights with respect to any subsequent breach of warranty.
- k. The terms of this warranty are based on the following:
 - (1) Government repair efforts for Line Items listed in Table I during the period of this warranty shall be accomplished under the AEGIS Depot Operations Contract (ADO), or a successor thereto;
 - (2) The Contractor shall not be liable for associated costs under this warranty if the facilities, tooling, drawings, or other equipment or supplies necessary to provide the part, for whose cost the Contractor is liable, have been made unavailable by action of the Government.
- l. The Contractor shall apply a permanent warranty notification stamping or marking on each warranted end item in accordance with MIL-STD-130 and, when appropriate, mark each container in accordance with MIL-STD-129.
- m. When it has been determined by the Government that the items covered under this warranty are to be repaired by the Contractor and the Contractor elects to have the covered items returned to the Contractor's facility or some other location in pursuance of this clause, the Contractor will bear the transportation costs and the risk of loss or damage from the place of delivery specified in the contract to the Contractor's plant and return.
- n. The Contractor shall prepare and furnish to the Government, data and reports applicable to any correction required under this clause including revision and updating of all affected data called for under this contract at no increase in the price of the contract. This data shall be incorporated in the tri-annual Reliability, Maintainability and Corrective Action Summary Report. If the Contractor fails to prepare and furnish such data and/or reports, the Contractor shall pay costs incurred by the Government in acquiring such data and/or reports.

TABLE I
AEGIS WARRANTED EQUIPMENT

<u>CLIN</u>	<u>DESCRIPTION</u>	<u>DRAWING #</u>	<u>QTY/SHIPSET</u>
0001 ¹	<u>TRANSMITTER GROUP OT-188 SPY-1D(V)</u>		
	Amplifier, Radio Frequency AM-7492/ SPY-1D(V)	6261813	3 each
	Amplifier, Radio Frequency, AM-7491/	6778000	2 each
	Power Supply, PP-8375/SPY-1D(V)	6777955	4 each
	Power Supply, PP-8376/SPY-1D(V)	6261738	3 each
	Amplifier-Monitor, AM-7493/SPY-1D(V)	6710348	1 each
	Filter, FPA Assembly	6849733	8 each
	Installation Parts, Microwave	6850792	1 set
Transformer Assy, Isolation TF-603/SPY-1D(V)	5859249-1	7 each	

	Driver, Waveguide Switch	5974677	4 each
<u>CLIN</u>	<u>DESCRIPTION</u>	<u>DRAWING #</u>	
	<u>QTY/SHIPSET</u>		
	<u>TRANSMITTER GROUP OT-188 SPY-1D(V)</u>		
0001 contd ¹			
	Cable Assembly Set	PL5859634	1 each
	Cable Assembly Set	PL6850861	1 each
	Cable Assembly Set	PL6850860	1 each
	Arms Cabinet Fill Spares (DDG)	PL910464	1 set
	<u>MK99 FCS ANCILLARY EQUIPMENT</u>		
	Transmitter, Radar T-1348/SPG	3257700-6	3 each
	Antenna AS-3444/SPG-62	7265466	3 each
	Data Converter Cabinet MK 15 MOD 0	2901484-4	2 each
	Antenna/Director Microwave Installation Parts	5974690	3 each
	Installation Parts, Microwave (Fixed)	5859639-4	1 set
	Installation Parts, Microwave (Fixed)	5859639-5	1 set
	Installation Parts, Microwave (Fixed)	5859639-6	1 set

¹ ITEM(S) 0001 AND (IF OPTION IS EXERCISED) ITEM 0007

TABLE II
MTB(EME) THRESHOLD FOR BREACH OF WARRANTY

<u>SUPPLIES</u>	<u>MTB (EME) THRESHOLD/SHIPSET</u>
MK 99 Mod 7 FCS Ancillary Equipment Excluding Transmitter, Radar T-1348/SPG.	347 HRS
Transmitter, Radar T-1348/SPG Excluding Microwave Tubes 2904186-1 and 6155775 and Antenna/Director Microwave	198 HRS
Transmitter Group OT-188 SPY-1D(V) Excluding Microwave Tubes 6155763, 6155764 & 6625287	99 HRS

AEGIS FMS PROGRAM WARRANTY

AEGIS FMS Warranty is identical to AEGIS PROGRAM WARRANTY except for Paragraph b which is replaced by Paragraph b below:

“b. The period of performance of this warranty is from Government acceptance for a period of thirty (30) months for the equipment listed in TABLE I. For the purpose of this provision, execution of Block 21 (A or B) of the DD Form 250 by the Government shall constitute acceptance. The

Contractor shall not be responsible under these warranties for any failure of the Line Items listed in TABLE I to meet the conditions specified in a. (1) (2) or a. (3) above, which occurs after the period of performance of the warranty.”

NAVSEA 5252.202-9101 ADDITIONAL DEFINITIONS (MAY 1993)

As used throughout this contract, the following terms shall have the meanings set forth below:

- (a) DEPARTMENT – means the Department of the Navy.
- (b) REFERENCES TO THE FEDERAL ACQUISITION REGULATION (FAR) - All references to the FAR in this contract shall be deemed to also reference the appropriate sections of the Defense FAR Supplement (DFARS), unless clearly indicated otherwise.
- (c) REFERENCES TO ARMED SERVICES PROCUREMENT REGULATIONS OR DEFENSE ACQUISITION REGULATION – All references in this document to either the Armed Services Procurement Regulation (ASPR) or the Defense Acquisition Regulation (DAR) shall be deemed to be references to the appropriate sections of the FAR/DFARS.
- (d) NATIONAL STOCK NUMBERS - Whenever the term Federal Item Identification Number and its acronym FIIN or the term Federal Stock Number and its acronym FSN appear in the contract, order or their cited specifications and standards, the terms and acronyms shall be interpreted as National Item Identification Number (NIIN) and National Stock Number (NSN) respectively which shall be defined as follows:
 - (1) National Item Identification Number (NIIN). The number assigned to each approved Item Identification under the Federal Cataloging Program. It consists of nine numeric characters, the first two of which are the National Codification Bureau (NCB) Code. The remaining positions consist of a seven digit non-significant number.
 - (2) National Stock Number (NSN). The National Stock Number (NSN) for an item of supply consists of the applicable four position Federal Supply Class (FSC) plus the applicable nine position NIIN assigned to the item of supply.

**NAVSEA 5252.245-9111 RENT-FREE USE OF GOVERNMENT PRODUCTION
AND RESEARCH PROPERTY (AS IS) (SEP 1990)**

- (a) The Contractor may use on a rent-free basis, as necessary for the performance of this contract, Government production and research property (as defined in FAR 45.301) accountable under Contract(s) _____. The said property shall be governed by the terms and conditions of the contract(s) under which it is accountable. No representation or warranty is made by the Government as to the fitness or suitability of said property for its intended use under this contract; it being understood and agreed that the said property is being made available for use under this contract on an "as is" basis in accordance with the clause entitled "GOVERNMENT PROPERTY FURNISHED 'AS IS'" (FAR 52.245-19).

(b) If the Government limits or terminates the Contractor's authority to use the above referenced property and the Government's action affects the Contractor's ability to perform this contract, then an equitable adjustment shall be made in accordance with the terms and conditions of the "CHANGES" clause of this contract; provided, however, that if the limitation or termination is due to failure by the Contractor to perform its obligations under the above referenced contract(s), the Contractor shall be entitled only to such adjustment as the Contracting Officer determines to be appropriate under the circumstances.

N00024-82-C-5216	N00024-82-C-5217	N00024-83-C-0151
DAAH01-79-C-0294	N00024-81-E-5435	N00030-79-C-0134
N00024-78-C-5188	N00024-80-C-5108	N00024-81-C-5106
N00024-82-C-5110	N00024-83-C-5116	N00024-84-C-5124
N00024-85-C-5103	N00024-86-C-5100	N00024-87-C-5170
N00024-88-C-5162	N00024-84-C-5204	N00024-85-C-7036
N00024-89-C-5129	N00024-90-C-5144	N00024-91-C-5108
N00024-91-C-5109	N00024-91-C-5123	N00024-93-C-5100
N00024-88-C-5100	N00024-91-E-8542	N00024-88-C-5715
DAAH01-90-E-0001	N00024-89-C-5101	DAAH01-84-C-A147
N00024-89-C-5607	DAAH01-89-E-0001	N00017-70-C-2403
N00024-76-C-5130	N00024-81-C-5145	N00024-95-C-5158
N00024-85-C-5131	F04606-89-C-0932	N00024-91-C-5108
N00024-90-C-5114	F19628-82-C-0009	N00024-95-G-5163
N00024-91-C-5104	N00164-95-D-0025	N00024-97-G-5186
N00024-97-C-5193	N00024-98-C-5199	DAAH01-84-C-A041
	N00164-95-C-0025	N00024-98-C-5199
N00024-93-C-5130	N00024-98-C-5103	DAAH01-95-E-0001
DAAH01-97-E-0003	N00024-85-G-5243	N00024-88-G-5192
N00024-90-G-5128	N00024-93-G-5118	N00024-89-G-5114

NAVSEA 5252.227-9113

**GOVERNMENT-INDUSTRY DATA EXCHANGE
PROGRAM (AUG 1997)**

(a) The Contractor shall participate in the appropriate interchange of the Government-Industry Data Exchange Program (GIDEP) in accordance with NAVSEA S0300-BU-GYD-010 dated November 1994. Data entered is retained by the program and provided to qualified participants. Compliance with this requirement shall not relieve the Contractor from complying with any other requirement of the contract.

(b) The Contractor agrees to insert paragraph (a) of this requirement in any subcontract hereunder exceeding \$500,000.00. When so inserted, the word "Contractor" shall be changed to "Subcontractor".

(c) GIDEP materials, software and information are available without charge from:

GIDEP Operations Center

P.O. Box 8000

Corona, CA 91718-8000

Phone:

(909) 273-4677 or DSN 933-4677

FAX:

(909) 273-5200

Internet:

gidep@aviion01.nwac.sea06.navy.mil

At Login type GIDEP; press enter

At Password press enter

SAFETY

(a) The Contractor shall take appropriate measures to ensure that the equipment safety achieved in the design is not compromised during the production process. MIL-STD-882C shall be used as guidance.

(b) The Contractor shall conduct a safety review of new operating and maintenance procedures and technical manuals, or changes thereto, to ensure that the procedures, warning, cautions and other safety information are adequate, and that inherent safety is not degraded.

(c) The Contractor shall provide a statement of safety impact with each engineering change or waiver request. Existing hazards analyses shall be updated to reflect approved engineering changes.

SECTION I-1 - CLAUSES INCORPORATED BY REFERENCE

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES:

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.203-3	GRATUITIES (APR 1984)
52.203-5	COVENANT AGAINST CONTINGENT FEES (APR 1984)
52.203-8	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.204-4	PRINTING/COPYING DOUBLE-SIDED ON RECYCLED PAPER (JUN 1996)
52.211-5	MATERIAL REQUIREMENTS (OCT 1997)
52.215-12	SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)
52.215-13	SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
52.215-15	PENSION ADJUSTMENTS AND ASSET REVERSIONS (DEC 1998)
52.215-18	REVERSION OR ADJUSTMENT OF PLANS FOR POST-RETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (DEC 1998)
52.219-4	NOTICE OF PRICE EVALUATION PREFERENCE FOR HUBZONE SMALL BUSINESS CONCERNS (JAN 1999)
52.219-9 and ALT II	SMALL BUSINESS SUBCONTRACTING PLAN (OCT 1999) AND ALTERNATE II (JAN 1999)
52.219-6	LIQUIDATED DAMAGES – SUBCONTRACTING PLAN (JAN 1999)
52.222-19	CHILD LABOR –COOPERATION WITH AUTHORITIES AND REMEDIES (FEB 2001)

52.222-29 NOTIFICATION OF VISA DENIAL (FEB 1999)

52.223-11 OZONE –DEPLETING SUBSTANCES (MAY 2001)

52.223-12 REFRIGERATION EQUIPMENT AND AIR CONDITIONERS (MAY 1995)

52.223-14 TOXIC CHEMICAL RELEASE REPORTING (OCT 1996)

52.229-3 FEDERAL, STATE, AND LOCAL TAXES (JAN 1991)

52.229-4 FEDERAL, STATE, AND LOCAL TAXES (NON-COMPETITIVE CONTRACTS) (JAN 1991)

52.229-5 TAXES--CONTRACTS PERFORMED IN U.S. POSSESSIONS OR PUERTO RICO (APR 1984)

52.232-11 EXTRAS (APR 1984)

52.232-16 PROGRESS PAYMENTS (MAY 2000) (Applies if the Contractor is other than a Small Business Concern.)

52.234-1 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III (DEC 1994)

52.237-8 RESTRICTION ON SEVERANCE PAYMENTS TO FOREIGN NATIONALS (OCT 1995)

52.239-1 PRIVACY OR SECURITY SAFEGUARDS (AUG 1996)

52.242-3 PENALTIES FOR UNALLOWABLE COSTS (OCT 1995) (Applies if this contract exceeds \$500,000.)

52.242-4 CERTIFICATION OF FINAL INDIRECT COSTS (JAN 1997)

52.242-13 BANKRUPTCY (JUL 1995)

52.243-1 CHANGES – FIXED PRICE (AUG 1997) AND ALTERNATE II (APR 1984)

52.243-6 CHANGE ORDER ACCOUNTING (APR 1984)

52.245-2
and Alt I

GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (DEC 1989) (DEVIATION)(SEP 1999) AND ALTERNATE I (SEP 1999) (DEVIATION) (JUL 1999) (In paragraph (c)(2), the language "special tooling accountable to this contract is subject to the provisions of the special tooling clause and not the provisions of [the Government Property (Fixed-Price Contracts) clause]" is waived until the FAR is revised.) (Substitute the following for paragraph (g)(6) of ALTERNATE I "The Contractor shall notify the Contracting Officer upon loss or destruction of, or damage to, Government property provided under this contract, with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued contract performance. The Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of--(i) The lost, destroyed, or damaged Government property; (ii) The time and origin of the loss, destruction, or damage; (iii) All known interests in commingled property of which the Government property is a part of; and (iv) The insurance, if any, covering any part of or interest in such commingled property.") (This deviation to Alt 1 is effective until the FAR is revised.)(This clause applies if contract award was not based on full and open competition.)

52.246-23

LIMITATION OF LIABILITY (FEB 1997)

52.246-24

LIMITATION OF LIABILITY--HIGH VALUE ITEMS (FEB 1997)

52.246-25

LIMITATION OF LIABILITY--SERVICES (FEB 1997)

52.247-1

COMMERCIAL BILL OF LADING NOTATIONS (APR 1984)

52.248-1

VALUE ENGINEERING (JUN 1997) (Applies if this contract equals or exceeds \$100,000.)

52.253-1

COMPUTER GENERATED FORMS (JAN 1991)

II. DEFENSE FAR SUPPLEMENT (48 CFR CHAPTER 2) CLAUSES:

<u>DFARS SOURCE</u>	<u>TITLE AND DATE</u>
252.203-7001	PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT RELATED FELONIES (MAR 1999)
252.204-7000	DISCLOSURE OF INFORMATION (DEC 1991)
252.204-7003	CONTROL OF GOVERNMENT PERSONNEL WORK PRODUCT (APR 1992)
252.204-7004	REQUIRED CENTRAL CONTRACTOR REGISTRATION (MAR 1998)
252.204-7005	ORAL ATTESTATION OF SECURITY RESPONSIBILITIES (AUG 1999)
252.205-7000	PROVISION OF INFORMATION TO COOPERATIVE AGREEMENT HOLDERS (DEC 1991) (Applies if this contract exceeds \$500,000.)
252.211-7005	SUBSTITUTION FOR MILITARY OR FEDERAL SPECIFICATION AND STANDARDS (MAR 1999)
252.215-7000	PRICING ADJUSTMENTS (DEC 1991)
252.215-7002	COST ESTIMATING SYSTEM REQUIREMENTS (DEC 1991)
252.219-7003	SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (DOD CONTRACTS) (APR 1996)
252.222-7001	RIGHT OF FIRST REFUSAL OF EMPLOYMENT—CLOSURE MILITARY INSTALLATIONS (APR 1993)
252.225-7005	IDENTIFICATION OF EXPENDITURES IN THE UNITED STATES (DEC)(1991)
252.225-7026	REPORTING OF CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (MAR 1998) (Applies if this contract exceeds \$500,000 or is modified to exceed \$500,000.)
252.225-7043	ANTITERRORISM/FORCE PROTECTION POLICY FOR CONTRACTORS OUTSIDE THE UNITED STATES (JUN 1998)
252.227-7036	CERTIFICATION OF TECHNICAL DATA CONFORMITY (JAN 1997)

- 252.229-7000 INVOICES EXCLUSIVE OF TAXES OR DUTIES (JUN 1997) (Applies if contract award is to a foreign concern.)
- 252.232-7004 DOD PROGRESS PAYMENT RATES (FEB 1997)
- 252.242-7004 MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM (SEP1996) (Applies if this contract provides progress payments, unless it is set aside exclusively for a small, small disadvantaged, or woman-owned small business concern.)
- 252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS) (FEB 1997)
- 252.245-7001 REPORTS OF GOVERNMENT PROPERTY (MAY 1994)
- 252.246-7000 MATERIAL INSPECTION AND RECEIVING REPORT (DEC 1991)
- 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (DEC 1996)

SECTION I-2 CLAUSES INCORPORATED IN FULL TEXT

FAR 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA--MODIFICATIONS (OCT 1997) AND ALTERNATE II (OCT 1997)

(a) Exceptions from 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 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 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 from 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 for 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 from 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 Table 15-2 of FAR 15.408.

(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 one copy each to: (1) the Administrative Contracting Officer, and (2) the Contract Auditor.

FAR 52.223-9 CERTIFICATION AND ESTIMATE OF PERCENTAGE OF RECOVERED MATERIAL CONTENT FOR EPA DESIGNATED ITEMS (OCT 1997)

(a) As required by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6962(j)(2)(C)), the Contractor shall execute the following certification:

CERTIFICATION

I, _____ (name of certifier), am an officer or employee responsible for the performance of this contract and hereby certify that the percentage of recovered material content for EPA Designated Items was at least the amount required by the applicable contract specifications.

_____ (Signature of the Officer or Employee)

_____ (Typed Name of the Officer or Employee)

_____ (Title)

_____ (Name of Company, Firm, or Organization)

_____ (Date)

(End of certification)

(b) The Contractor shall also estimate the percentage of recovered materials actually used in the performance of this contract. The estimate is in addition to the certification in paragraph (a) of this clause.

(c) The Contractor shall submit this certification and estimate upon completion of the contract to Commanding Officer, Naval Facilities Engineering Service Center, Code 424 CA, 1100 23rd Avenue, Port Hueneme, CA 93043-4370.

FAR 52.243-7 NOTIFICATION OF CHANGES (APR 1984)

(a) Definitions. "Contracting Officer", as used in this clause, does not include any representative of the Contracting Officer. "Specifically authorized representative (SAR)" as used in this clause, means any person the Contracting Officer has so designated by written notice (a copy of which shall be provided to the Contractor) which shall refer to this subparagraph and shall be issued to the designated representative before the SAR exercises such authority.

(b) Notice. The primary purpose of this clause is to obtain prompt reporting of Government conduct that the Contractor considers to constitute a change to this contract. Except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Administrative Contracting Officer in writing promptly, within ____ calendar days from the date that the Contractor identifies any Government conduct (including actions, inactions, and written or oral communications) that the Contractor regards as a change to the contract terms and conditions. On the basis of the most accurate information available to the Contractor, the notice shall state--

(1) The date, nature, and circumstances of the conduct regarded as a change;

(2) The name, function, and activity of each Government individual and Contractor official or employee involved in or knowledgeable about such conduct;

(3) The identification of any documents and the substance of any oral communication involved in such conduct;

(4) In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;

(5) The particular elements of contract performance for which the Contractor may seek an equitable adjustment under this clause, including--

(i) What contract line items have been or may be affected by the alleged change;

(ii) What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;

(iii) To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;

(iv) What adjustments to contract price, delivery schedule, and other provisions affected by the alleged change are estimated; and

(6) The Contractor's estimate of the time by which the Government must respond to the Contractor's notice to minimize cost, delay or disruption of performance.

(c) Continued performance. Following submission of the notice required by (b) above, the Contractor shall diligently continue performance of this contract to the maximum extent possible in accordance with its terms and conditions as construed by the Contractor, unless the notice reports a direction of the Contracting Officer or a communication from a SAR of the Contracting Officer, in either of which events the Contractor shall continue performance; provided, however, that if the Contractor regards the direction or communication as a change as described in (b) above, notice shall be given in the manner provided. All directions, communications, interpretations, orders and similar actions of the SAR shall be reduced to writing promptly and copies furnished to the Contractor and to the Contracting Officer. The Contracting Officer shall promptly countermand any action which exceeds the authority of the SAR.

(d) Government response. The Contracting Officer shall promptly, within ____ calendar days after receipt of notice, respond to the notice in writing. In responding, the Contracting Officer shall either--

(1) Confirm that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance;

(2) Countermand any communication regarded as a change;

(3) Deny that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance; or

(4) In the event the Contractor's notice information is inadequate to make a decision under (1), (2) or (3) above, advise the Contractor that additional information is required, and establish the date by which it should be furnished and the date thereafter by which the Government will respond.

(e) Equitable adjustments. (1) If the Contracting Officer confirms that Government conduct effected a change as alleged by the Contractor, and the conduct causes an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether changed or not changed by such conduct, an equitable adjustment shall be made--

(i) In the contract price or delivery schedule or both; and

(ii) In such other provisions of the contract as may be affected.

(2) The contract shall be modified in writing accordingly. In the case of drawings, designs or specifications which are defective and for which the Government is responsible, the equitable adjustment shall include the cost and time extension for delay reasonably incurred by the Contractor in attempting to comply with the defective drawings, designs or specifications before the Contractor identified, or reasonably should have identified, such defect. When the cost of property made obsolete or excess as a result of a change confirmed by the Contracting Officer under this clause is included in the equitable adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of the property. The equitable adjustment shall not include increased costs or time extensions for delay resulting from the Contractor's failure to provide notice or to continue performance as provided, respectively, in (b) and (c) above.

FAR 52.244-1 SUBCONTRACTS (FIXED-PRICE CONTRACTS) (OCT 1997)

(a) This clause does not apply to firm-fixed-price contracts and fixed-price contracts with economic price adjustment. However, it does apply to subcontracts resulting from unpriced modifications to such contracts.

(b) "Subcontract," as used in this clause, includes but is not limited to purchase orders, and changes and modifications to purchase orders. The Contractor shall notify the Contracting Officer reasonably in advance of entering into any subcontract if the Contractor does not have an approved purchasing system and if the subcontract--

(1) Is proposed to exceed \$100,000; or
(2) Is one of a number of subcontracts with a single subcontractor, under this contract, for the same or related supplies or services, that in the aggregate are expected to exceed \$100,000.

(c) The advance notification required by paragraph (b) above shall include--

- (1) A description of the supplies or service to be subcontracted;
- (2) Identification of the type of subcontract to be used;
- (3) Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the competition obtained;
- (4) The proposed subcontract price and the Contractor's cost or price analysis;
- (5) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions;
- (6) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract; and
- (7) A negotiation memorandum reflecting--
 - (i) The principal elements of the subcontract price negotiations;
 - (ii) The most significant considerations controlling establishment of initial or revised prices;
 - (iii) The reason cost or pricing data were or were not required;

(iv) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;

(v) The extent, if any, to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and subcontractor; and the effect of any such defective data on the total price negotiated;

(vi) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and

(vii) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and summary of all trade-off possibilities considered.

(d) The Contractor shall obtain the Contracting Officer's written consent before placing any subcontract for which advance notification is required under paragraph (b) above. However, the Contracting Officer may ratify in writing any such subcontract. Ratification shall constitute the consent of the Contracting Officer.

(e) Even if the Contractor's purchasing system has been approved, the Contractor shall obtain the Contracting Officer's written consent before placing subcontracts identified below:

(f) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination (1) of the acceptability of any subcontract terms or conditions, (2) of the acceptability of any subcontract price or of any amount paid under any subcontract, or (3) to relieve the Contractor of any responsibility for performing this contract.

(g) No subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement subcontracts shall not exceed the fee limitations in subsection 15.404-4(c)(4)(i) of the Federal Acquisition Regulation (FAR).

(h) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

FAR 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)

- (a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.
- (b) The use in this solicitation or contract of any Defense FAR Supplement (48 CFR Chapter 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

DFARS 252.211-7005 SUBSTITUTIONS FOR MILITARY OR FEDERAL SPECIFICATIONS AND STANDARDS (AUG 1997)

- (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. Under SPI, these processes are reviewed and accepted by a Management Council, which includes representatives from 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.
- (c) An offeror proposing an SPI process shall--
 - (1) Identify the specific military or Federal specification or standard for which the SPI process has been accepted, and the specific paragraph or other location in the solicitation where the military or Federal specification or standard is required;
 - (2) Provide a copy of the Department of Defense acceptance of the SPI process;
 - (3) Identify each facility at which the offeror proposes to use the specific SPI process; and
 - (4) Unless provided in response to paragraph (c)(2) of this clause, provide the name and telephone number of the cognizant Administrative Contracting Officer for each facility where the SPI process is proposed for use.

(d) Absent a determination at the head of the contracting activity or program executive officer level 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 and standards:

(Offeror insert information for each SPI process)

SPI Process:

Facility:

Military or Federal

Specification or Standard:

Affected Contract Line

Item and Subline Item Number

and Requirement Citation:

Cognizant Administrative

Contracting Officer:

DFARS 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (NOV 1995)

(a) Definitions. As used in this clause--

(1) "Components" means articles, materials, and supplies incorporated directly into end products at any level of manufacture, fabrication or assembly by the Contractor or any subcontractor.

(2) "Department of Defense" (DoD) means the Army, Navy, Air Force, Marine Corps, and defense agencies.

(3) "Foreign flag vessel" means any vessel that is not a U.S.-flag vessel.

(4) "Ocean transportation" means any transportation aboard a ship, vessel, boat, barge, or ferry through international waters.

(5) "Subcontractor" means a supplier, materialman, distributor, or vendor at any level below the prime contractor whose contractual obligation to perform results from, or is conditioned upon, award of the price contract and who is performing any part of the work or other requirement of the prime contract. However, effective May 1, 1996, the term does not include a supplier, materialman, distributor, or vendor of commercial items or commercial components.

(6) "Supplies" means all property, except land and interests in land, that is clearly identifiable for eventual use by or owned by the DoD at the time of transportation by sea.

(i) An item is clearly identifiable or eventual use by the DoD if, for example, the contract documentation contains a reference to a DoD contract number or a military destination.

(ii) "Supplies" include (but is not limited to) public works, buildings and facilities; ships; floating equipment and vessels of every character, type, and description, with parts, subassemblies, accessories, and equipment; machine tools, material; equipment; stores of all kinds; end items; construction materials; and the components of the foregoing.

(7) "U.S.-flag vessel" means a vessel of the United States or belonging to the United States, including any vessel registered or having national status under the laws of the United States.

(b) The Contractor shall employ U.S.-flag vessels in the transportation by sea of any supplies to be furnished in the performance of this contract. The Contractor and its subcontractors may request that the Contracting Officer authorize shipment in foreign-flag vessels, or designate available U.S.-flag vessels, if the Contractor or a subcontractor believes that--

(1) U.S.-flag vessels are not available for timely shipment;

(2) The freight charges are excessive or unreasonable; or

(3) Freight charges are higher than charges to private persons for transportation of like goods.

(c) The Contractor must submit any request for use of other than U.S.-flag vessels in writing to the Contracting Officer at least 45 days prior to the sailing date necessary to meet its delivery schedule. The Contracting Officer will process requests submitted after such date(s) as expeditiously as possible, but the Contracting Officer's failure to grant approvals to meet the shipper's sailing date will not of itself constitute a compensable delay under this or any other clause of this contract. Requests shall contain a minimum--

(1) Type, weight, and cube of cargo;

(2) Required shipping date;

(3) Special handling and discharge requirements;

(4) Loading and discharge points;

(5) Name of shipper and consignee;

(6) Prime contract number; and

(7) A documented description of efforts made to secure U.S.-flag vessels, including points of contact (with names and telephone numbers) with at least two (2) U.S.-

flag carriers contacted. Copies of telephone notes, telegraphic and facsimile messages or letters will be sufficient for this purpose.

(d) The Contractor shall, within thirty (30) days after shipment covered by this clause, provide the Contracting Officer and the Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590, one copy of the rated on board vessel operating carrier's ocean bill of lading, which shall contain the following information--

- (1) Prime contract number;
- (2) Name of vessel;
- (3) Vessel flag of registry;
- (4) Date of loading;
- (5) Port of loading;
- (6) Port of final discharge;
- (7) Description of commodity;
- (8) Gross weight in pounds and cubic feet if available;
- (9) Total ocean freight in U.S. dollars; and
- (10) Name of the steamship company.

(e) The Contractor agrees to provide with its final invoice under this contract a representation that to the best of its knowledge and belief--

- (1) No ocean transportation was used in the performance of this contract;
- (2) Ocean transportation was used and only U.S.-flag vessels were used for all ocean shipments under this contract;
- (3) Ocean transportation was used, and the Contractor had the written consent of the Contracting Officer for all non-U.S.-flag ocean transportation; or
- (4) Ocean transportation was used and some or all of the shipments were made on non-U.S.-flag vessels without the written consent of the Contracting Officer. The Contractor shall describe these shipments in the following form:

ITEM DESCRIPTION	CONTRACT LINE ITEMS	QUANTITY
---------------------	------------------------	----------

Total

(f) If the final invoice does not include the required representation, the Government will reject and return it to the Contractor as an improper invoice for the purposes of the Prompt Payment clause of this contract. In the event there has been unauthorized use of non-U.S.-flag vessels in the performance of this contract, the Contracting Officer is entitled to equitably adjust the contract, based on the unauthorized use.

(g) The Contractor shall include this clause, including this paragraph (g), in all subcontracts under this contract, which exceed the simplified acquisition threshold in Part 13 of the Federal Acquisition Regulation.

FAR 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997)

(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) within 30 days.

(2) The Contractor shall also notify the ACO 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 costs;

(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 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (APR 1998)

(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 nondevelopmental items as components of items to be supplied under this contract.

(c) Notwithstanding any other clause of this contract, the Contractor is 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 Handicapped Workers (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.