

T- AMRAAM FA8675-23-C-0037

Business Unit: Raytheon

Prime Contract Number: FA8675-23-C-0037

Date of Creation 7/12/2023

The following customer contract requirements apply to this Purchase Order to the extent indicated below and are hereby incorporated into the Purchase Order by full text or by reference with the same force and effect as if they were given in full text. Upon Seller's request, Buyer's Purchasing Representative will make their full text available. Also, the full text of a FAR or DFARS provision or clause may be accessed electronically at these addresses: <http://farsite.hill.af.mil/> or <https://www.acquisition.gov/far/>:

In all provisions and clauses listed herein, terms shall be revised to suitably identify the party to establish Seller's obligations to Buyer and to the Government, and to enable Buyer to meet its obligations under the prime contract. Without limiting the generality of the foregoing, and except where further clarified or modified below, the term "Government" and equivalent phrases shall mean "Buyer", the term "Contracting Officer" shall mean "Buyer's Purchasing Representative", the term "Contractor" or "Offeror" shall mean "Seller", "Subcontractor" shall mean "Seller's Subcontractor" under this Purchase Order, and the term "Contract" shall mean this "Purchase Order". For the avoidance of doubt, the words "Government" and "Contracting Officer" do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the prime contract Contracting Officer or duly authorized representative, such as in FAR 52.227-1 and FAR 52.227- 2 or (2) when title to property is to be transferred directly to the Government. Seller shall incorporate into each lower tier contract issued in support of this Purchase Order all applicable FAR and DFARS provisions and clauses in accordance with the flow down requirements specified in such clauses. Nothing in this Purchase Order grants Seller a direct right of action against the Government. If any of the following FAR or DFARS clauses do not apply to this Purchase Order, such clauses are considered to be self-deleting.

CLAUSES INCORPORATED BY REFERENCE:

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.203-5	Covenant Against Contingent Fees (MAY 2014)	Applicable to Purchase Orders over the Simplified Acquisition Threshold.
FAR 52.203-6*	Restrictions on Subcontractor Sales to the Government (JUN 2020)	Applicable to all Purchase Orders over the Simplified Acquisition Threshold.
FAR 52.203-7*	Anti-Kickback Procedures (JUN 2020)	Applicable to all Purchase Orders that exceed \$150,000, excepting paragraph (c) (1) .
FAR 52.203-12*	Limitation on Payments to Influence Certain Federal Transactions (JUN 2020)	Applicable to all Purchase Orders exceeding \$150,000.
FAR 52.203-13*	Contractor Code of Business Ethics and Conduct (NOV 2021)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, (i) that have a value more than \$6 million; and (ii) that have a performance period of more than 120 days. (In Paragraph (b) (3) (i), the meaning of "agency office of the Inspector General" and "Contracting Officer" does not change, in Paragraph (b) (3) (ii) the meaning of "Government" does not change, and in Paragraphs (b) (3) (iii) and (c) (2) (ii) (F), the meaning of "OIG of the ordering agency", "IG of the agency" "agency OIG" and "Contracting Officer" do not change.
FAR 52.203-16	Preventing Personal Conflicts of Interest (JUN 2020)	Applicable to Purchase Orders that exceed the Simplified Acquisition Threshold and include a requirement for services that involve performance of acquisition functions closely associated with inherently governmental functions for, or on behalf of, a Federal agency or department.
FAR 52.203-17*	Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights (JUN 2020)	Applicable to all Purchase Orders over the Simplified Acquisition Threshold.
FAR 52.203-19*	Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements (JAN 2017)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6.
FAR 52.204-2*	Security Requirements (MAR 2021)	Applicable to all Purchase Orders that involve access to classified information. Any reference to the Changes clause is excluded.
FAR 52.204-10*	Reporting Executive Compensation and First-Tier Subcontract Awards (JUN 2020)	Applicable to all Purchase Orders when the Buyer is the Prime Contractor and the Purchase Order exceeds \$30,000. Substitution of the parties is not applicable to this clause. Seller shall report to Buyer the information required under the clause.

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.204-21*	Basic Safeguarding of Covered Contractor Information Systems (Nov 2021)	Applicable to all Orders, including for commercial products or commercial services pursuant to 52.244-6, except commercially available off-the-shelf items, in which the Seller may have Federal contract information residing in or transiting through its information system.
FAR 52.204-23*	Representation Regarding Certain Telecommunications and Video Surveillance Services or Equipment (NOV 2021)	Applicable to all Orders, including for commercial products or commercial services.
FAR 52.204-25*	Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (NOV 2021)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6.
FAR 52.209-6*	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment. (NOV 2021)	Applicable to all Purchase Orders exceeding \$35,000, except for Purchase Orders for commercially available off-the-shelf items.
FAR 52.211-5*	Material Requirements (AUG 2000)	Applicable to Purchase Orders for supplies that are not Commercial Items.
FAR 52.215-2	Audit and Records-Negotiation (JUN 2020)	Applicable to the following Purchase Orders that exceed the simplified acquisition threshold: (i) that are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these, (ii) for which certified cost or pricing data are required; or (iii) that require Seller to furnish reports as discussed in paragraph (e) of the clause.
FAR 52.215-10*	Price Reduction for Defective Certified Cost or Pricing Data (AUG 2011)	Applicable to all Purchase Orders that require the Seller to provide certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.
FAR 52.215-11*	Price Reduction for Defective Certified Cost or Pricing Data-Modifications (JUN 2020)	Applicable to all Purchase Orders that require the Seller to provide certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.
FAR 52.215-12*	Subcontractor Certified Cost or Pricing Data (JUN 2020)	Applicable to Purchase Orders in excess of \$2 Million. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.215-13*	Subcontractor Certified Cost or Pricing Data-Modifications (JUN 2020)	Applicable to Purchase Orders that exceed \$2 Million. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.
FAR 52.215-14*	Integrity of Unit Prices (NOV 2021)ALT I OCT 1997	Applicable to Purchase Orders exceeding the simplified acquisition threshold less paragraph (b) in the clause, except for construction or architect- engineer services under FAR Part 36; utility services under FAR Part 41; services where supplies are not required; and petroleum products.
FAR 52.215-15*	Pension Adjustments and Asset Reversions (OCT 2010)	Applicable to Purchase Orders for which it is anticipated that certified cost or pricing data will be required or for which any preaward or postaward cost determinations will be subject to Part 31.
FAR 52.215-18*	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (JUL 2005)	Applicable to Purchase Orders that require certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.
FAR 52.215-19*	Notification of Ownership Changes (OCT 1997)	Applicable to Purchase Orders that require certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.
FAR 52.215-21*	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data-Modifications (NOV 2021)	Applicable to all Purchase Orders when certified cost or pricing data, or data other than certified cost or pricing data, will be required for modifications.
FAR 52.215-23*	Limitations on Pass-Through Charges (Jun 2020)	Applicable to all cost-reimbursement Orders that exceed the Simplified Acquisition Threshold; except if the Buyers' prime contract is with the DoD, then applicable to all cost-reimbursement Orders and all fixed-price Orders, except those identified in 15.408(n) (2) (i) (B) (2), that exceed the threshold for obtaining cost or pricing data in accordance with FAR 15.403-4.
FAR 52.216-16	Incentive Price Revision-Firm Target (Jan 2022) ALT I (APR 1984)	Applicable to incentive fee Orders.
FAR 52.219- 8*	Utilization of Small Business Concerns (DEC 2022)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, (except to small business concerns) that offer further subcontracting opportunities. (see FAR 52.219-9)

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.222-19	Child Labor—Cooperation With Authorities and Remedies (DEC 2022)	Applicable to Purchase Orders for the acquisition of supplies that are expected to exceed the micro-purchase thresholds.
FAR 52.222-20*	Contracts for Materials, Supplies, Articles, and Equipment (JUN 2020)	Applicable to Purchase Orders over \$15,000 for the manufacture or furnishing of materials, supplies, articles or equipment.
FAR 52.222-21*	Prohibition of Segregated Facilities (APR 2015)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6. Foreign Sellers: Applicable to Purchase Orders except to the extent that work under the Purchase Order will be performed outside the United States or by employees that are not recruited within the United States to work on the Purchase Order. "United States", as used in this parenthetical, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.
FAR 52.222-26*	Equal Opportunity (SEP 2016)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, that are not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended. Foreign Sellers: Applicable to Purchase Orders except to the extent that work under the Purchase Order will be performed outside the United States or by employees that are not recruited within the United States to work on the Purchase Order. "United States", as used in this parenthetical, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.
FAR 52.222-35*	Equal Opportunity for Veterans (JUN 2020)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, of \$150,000 or more. Foreign Sellers: Applicable to Purchase Orders except when work is performed outside the United States by employees recruited outside the United States.

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.222-36*	Equal Opportunity for Workers with Disabilities (JUN 2020)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, exceeding \$15,000. Foreign Sellers: Applicable to Purchase Orders to the extent that (i) work under the Purchase Order will be performed in the United States, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, or Wake Island or (ii) Seller is recruiting employees in the United States, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, or Wake Island to work on the Purchase Order.
FAR 52.222-37*	Employment Reports on Veterans (JUN 2020)	Applicable to all Purchase Orders over \$150,000 or more unless exempted by rules, regulations, or orders of the Secretary.
FAR 52.222-40*	Notification of Employee Rights Under the National Labor Relations Act (DEC 2010)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, that exceed \$10,000 will be performed wholly or partially in the United States.
FAR 52.222-50*	Combating Trafficking in Persons (NOV 2021)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, except that the requirements in paragraph (h) of the clause apply only to (i) supplies that are other than commercially available off-the-shelf items that are acquired outside the United States, or for services to be performed outside the United States, and (ii) that exceed \$550,000 in value.
FAR 52.222-54*	Employment Eligibility Verification (MAY 2022)	Applicable to all Purchase Orders (i) for construction or commercial or noncommercial services (except commercial services that are part of a purchase of a COTS item, or an item that would be a COTS item, but for minor modifications, performed by the COTS provider, and that are normally provided for that COTS item); (ii) has a value more than \$3,500; and (iii) includes work performed in the United States. Foreign Sellers: "United States" means the 50 States, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.
FAR 52.223-3*	Hazardous Material Identification and Material Safety Data (FEB 2021)	Applicable to all Orders that require the delivery of hazardous materials as defined in FAR 23.301. "Government" means "Government and Buyer" in this clause.

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.223-6	Drug-Free Workplace (MAY 2001)	Applicable to Purchase Orders except when (i) the value of the acquisition is at or below the simplified acquisition threshold, however, the requirements shall apply to contracts of any value awarded to an individual; (ii) the Purchase Order is for the acquisition of commercial items; or (iii) performance or partial performance will be outside the United States and its outlying areas.
FAR 52.223-11*	Ozone-Depleting Substances and High Global Warming Potential Hydrofluorocarbons (JUN 2016)	Applicable to all Purchase Orders except for supplies that will be delivered outside the United States and its outlying areas, or for services that will be performed outside the United States and its outlying areas. Seller shall label products which contain or are manufactured with ozone-depleting substances as described in the clause.
FAR 52.223-18*	Encouraging Contractor Policies To Ban Text Messaging While Driving (JUN 2020)	Applicable to all Purchase Orders over the Micro-Purchase Threshold.
FAR 52.225-13*	Restrictions on Certain Foreign Purchases (FEB 2021)	Applicable to all Purchase Orders.
FAR 52.227-1*	Authorization and Consent (JUN 2020)	Applicable to all Purchase Orders over the Simplified Acquisition Threshold.
FAR 52.227-2*	Notice and Assistance Regarding Patent and Copyright Infringement (JUN 2020)	Applicable to all Purchase Orders over the Simplified Acquisition Threshold.
FAR 52.227-9*	Refund of Royalties (Apr 1984)	Applicable to all Orders in which the amount of royalties reported during negotiation of the Order exceeds \$250.
FAR 52.227-10*	Filing of Patent Applications -- Classified Subject Matter (DEC 2007)	Applicable to all Purchase Orders that cover or likely to cover classified subject matter.
FAR 52.230-2*	Cost Accounting Standards (JUN 2020)	Applicable when stated in the Purchase Order.

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
FAR 52.230-6*	Administration of Cost Accounting Standards (JUN 2010)	Applicable when stated in the Purchase Order.
FAR 52.232-39	Unenforceability of Unauthorized Obligations (JUN 2013)	Applicable to all Purchase Orders involving EULA, TOS, or similar software agreement.
FAR 52.232-16	Progress Payments (DEVIATION 2020-00010) (NOV 2021)	Applicable to Orders only when Progress Billing is expressly approved by Buyer via order specific text on the Order.
FAR 52.232-40*	Providing Accelerated Payments to Small Business Subcontractors (NOV 2021)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, with small business concerns, including Purchase Orders with small business concerns for the acquisition of commercial items.
FAR 52.234-1*	Industrial Resources Developed Under Title III, Defense Production Act (SEP 2016)	Applicable to all Purchase Orders.
FAR 52.243-6*	Change Order Accounting (APR 1984)	Applicable to Purchase Orders for supply and research and development contracts of significant technical complexity.
FAR 52.244-5*	Competition in Subcontracting (DEC 1996)	Applicable to all Purchase Orders.
FAR 52.244-6*	Subcontracts for Commercial Products and Services (DEC 2022)	Applicable to all Purchase Orders.
FAR 52.245-1*	Government Property (SEP 2021)	Applicable to all Purchase Orders when Government property is acquired or furnished (see PT-001).
FAR 52.245-9*	Use and Charges (APR 2012)	Applicable to all Purchase Orders when Government property is acquired or furnished (see PT-001).
FAR 52.246-2	Inspection of Supplies-Fixed-Price (AUG 1996)ALT I (JUL 1985)	Applicable to all fixed-price Purchase Orders for supplies, or services that involve the furnishing of supplies.
FAR 52.246-11	Higher-Level Contract Quality Requirement (DEC 2014)	Applicable to all Orders for critical and complex items (see FAR 46.203(b) and (c)); or (2) When the technical requirements of a Order require-- (i) Control of such things as design, work operations, in-process control, testing, and inspection; or (ii) Attention to such factors as organization, planning, work instructions, documentation control, and advanced metrology.
FAR 52.246-26*	Reporting Nonconforming Items (Nov 2021)	Except as provided in paragraph (g) (2) of the clause, this clause is applicable to Orders for (i) items subject to higher-level quality standards in accordance with the clause at FAR 52.246-11, Higher-Level Contract Quality Requirement; (ii) items that Buyer determines to be critical items for which use of the clause is appropriate; (iii) electronic parts or end

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		<p>items, components, parts, or materials containing electronic parts, whether or not covered in paragraph (g) (1) (i) or (ii) of the clause, if the Order exceeds the Simplified Acquisition Threshold and this Order is under a Department of Defense contract (as required by paragraph (c) (4) of section 818 of the National Defense Authorization Act for Fiscal Year 2012 (Pub. L. 112-81)); or (iv) for the acquisition of services, if Seller will furnish, as part of the service, any items that meet the criteria specified in paragraphs (g) (1) (i) through (g) (1) (iii) of the clause. Seller shall not submit a report as required by (b) (4) of the clause if Seller is a foreign corporation or partnership that does not have an office, place of business, or fiscal paying agent in the United States.</p>
FAR 52.249-2*	Termination for Convenience of the Government (Fixed-Price) (Apr 2012)	<p>Applicable to all Orders. The usual substitution of the parties in which "Government" means "Buyer", "Contracting Officer" means "Buyer's Purchasing Representative", and "Contractor" means "Seller" is applicable to this clause except that any express obligation to transfer or assign title to property shall be modified such that "Government" means "Government or Buyer".) (In paragraph (d) the term "45 days" is changed to "90 days." The term "one-year" in paragraph (e) is changed to "six months." The term "90 days" in paragraph (l) is changed to "forty-five days."</p>

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
DFARS 252.203-7000*	Requirements Relating to Compensation of Former DoD Officials (SEP 2011)	Applicable to all Purchase Orders.
DFARS 252.203-7001*	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies (JAN 2023)	Applicable to all Purchase Orders exceeding the simplified acquisition.
DFARS 252.203-7002*	Requirement to Inform Employees of Whistleblower Rights (DEC 2022)	Applicable to all Purchase Orders.
DFARS 252.203-7004*	Display of Hotline Posters (JAN 2023)	Applicable to Orders that exceed \$6 million, except those that are commercial items.
DFARS 252.204-7000*	Disclosure of Information (OCT 2016)	Applicable to all Purchase Orders when Seller will have access to or generate unclassified information that may be sensitive and inappropriate for release to the public.
DFARS 252.204-7004	ANTITERRORISM AWARENESS TRAINING FOR CONTRACTORS (JAN 2023)	Applicable to all Purchase Orders, including Purchase Orders for commercial items, when Seller performance requires routine physical access to a Federally-controlled facility or military installation.
DFARS 252.204-7012*	Safeguarding Covered Defense Information and Cyber Incident Reporting (JAN 2023)	Applicable to all Purchase Orders for operationally critical support, or for which Purchase Order performance will involve covered defense information.

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DFARS 252.204-7015*	Disclosure of Information to Litigation Support Contractors (JAN 2023)	Applicable to all Purchase Orders.
DFARS 252.204-7018*	PROHIBITION ON THE ACQUISITION OF COVERED DEFENSE TELECOMMUNICATIONS EQUIPMENT OR SERVICES (JAN 2023)	Applicable to all Orders including those for the acquisition of Commercial Items.
DFARS 252.204-7020*	NIST SP 800-171 DoD Assessment Requirements (JAN 2023)	Applicable to all Orders, including those using FAR part 12 procedures for the acquisition of commercial products and commercial services, except for those that are solely for the acquisition of COTS items.
DFARS 252.209-7004	Subcontracting with Firms that are Owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism (MAY 2019)	Applicable to Purchase Orders over \$35,000.
DFARS 252.211-7003*	Item Identification and Valuation (JAN 2023)	Applicable to all Purchase Orders. Seller's obligations under this clause are limited to cooperating with Buyer's efforts to comply with this clause, including granting Buyer access to Seller's deliverables at its facilities and to appropriate property records.
DFARS 252.219-7004*	Small Business Subcontracting Plan (Test Program) (DEC 2022)	Applicable to all Orders to Sellers that participate in the Test Program described in DFARS 219.702-70, if the subcontract offers further subcontracting opportunities and is expected to exceed the applicable threshold specified in FAR 19.702(a) on the date of subcontract/Order award.
DFARS 252.223-7001*	Hazard Warning Labels (Dec 1991)	Applicable to all Orders for goods that require submission of hazardous material data sheets. (See FAR 23.302(c))
DFARS 252.223-7002*	Safety Precautions for Ammunition and Explosives (MAY 1994)	Applicable to all Purchase Orders that involve ammunition or explosives.
DFARS 252.223-7003*	Change in Place of Performance-Ammunition and Explosives (DEC 1991)	Applicable to all Purchase Orders that involve ammunition or explosives.
DFARS 252.223-7004	Drug-Free Work Force (SEP 1988)	Applicable to Purchase Orders except when (i) performance or partial performance will be outside the United States and its outlying areas. (ii) the value of the acquisition is at or below the simplified acquisition threshold, or (iii) the Purchase order is for Commercial Items.

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DFARS 252.225-7001*	Buy American Act and Balance of Payments Program (JAN 2023)	Applicable to all Purchase orders except Purchase Orders for commercially available off-the-shelf items (COTS) as defined at FAR 2.101. Seller must deliver goods that contain more than 50% United States or Qualifying Country content pursuant to the clause.
DFARS 252.225-7004*	Report of Intended Performance Outside the United States and Canada - Submission after Award (OCT 2020)	Applicable to all Purchase Orders having a value of greater than \$750,000 and the work could be performed inside the United States or Canada. Seller agrees to immediately inform Buyer if there are any changes to the information submitted with its offer.
DFARS 252.225-7007*	Prohibition on Acquisition of Certain Items from Communist Chinese Military Companies (DEC 2018)	Applicable to all Purchase Orders for the acquisition of items covered by the United States Munitions List of the International Traffic in Arms Regulation or the 600 series of the Commerce Control List.
DFARS 252.225-7009*	Restriction on Acquisition of Certain Articles Containing Specialty Metals (JAN 2023)	Applicable to all Purchase Orders, excluding paragraph (d) and (e)(1) which are deleted from this clause, for items containing specialty metals to ensure compliance of the end products that Buyer will deliver to the Government.
DFARS 252.225-7012*	Preference for Certain Domestic Commodities (APR 2022)	Applicable to all Purchase Orders.
DFARS 252.225-7017*	Photovoltaic Devices (DEC 2022)	Applicable to Orders expected to exceed the Simplified Acquisition Threshold for an energy savings performance contract, a utility service contract, or a private housing contract awarded by DoD, if such Purchase Order will result in DoD ownership of photovoltaic devices, by means other than DoD purchase as end products.
DFARS 252.225-7036	BUY AMERICAN - FREE TRADE AGREEMENTS - BALANCE OF PAYMENTS PROGRAM (JAN 2023)	Applicable if the estimated contract value is within the minimum and maximum dollar thresholds in effect at the time of prime contract issuance, unless an exception at FAR 25.401 or DFARS 225.401 applies and the acquisition is of end products in support of operations in Afghanistan.
DFARS 252.215-7014	EXCEPTION FROM CERTIFIED COST OR PRICING DATA REQUIREMENTS FOR FOREIGN MILITARY SALES INDIRECT OFFSETS (DEC 2022)	Applicable to Purchase Orders associated with an indirect offset.
DFARS 252.215-7015	PROGRAM SHOULD-COST REVIEW (NOV 2022)	Applicable to Purchase Orders for the development or production of a major weapon system.

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DFARS 252.225-7048*	Export-Controlled Items (JUN 2013)	Applicable to all Purchase Orders.
DFARS 252.225-7052	Restriction on the Acquisition of Certain Magnets, Tantalum, and Tungsten (JAN 2023)	Applicable to all Orders for the delivery of goods that are for items containing a covered material, that exceed the simplified acquisition threshold, unless an exception at paragraph (c) of the clause applies.
DFARS 252.226-7001*	Utilization of Indian Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (JAN 2023)	Applicable to all Purchase Orders exceeding \$500,000.
DFARS 252.227-7013*	Rights in Technical Data--Noncommercial Items (JAN 2023)	Applicable to all Orders when Buyer will be required to deliver to the Government Seller's technical data pertaining to noncommercial items, or pertaining to commercial items for which the Government will have paid for any portion of the development costs.
DFARS 252.227-7014*	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (JAN 2023)	Applicable to Orders when Seller's performance will require delivery of non-commercial computer software or computer software documentation.
DFARS 252.227-7016*	Rights in Bid or Proposal Information (JAN 2023)	Applicable to all Purchase Orders.
DFARS 252.227-7019*	Validation of Asserted Restrictions--Computer Software (JAN 2023)	Applicable to all Purchase Orders when Seller's performance includes the furnishing of computer software that Buyer will furnish to the Government.
DFARS 252.227-7037*	Validation of Restrictive Markings on Technical Data (JAN 2023)	Applicable to all Purchase Orders requiring the delivery of technical data.

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DFARS 252.227-7038	Patent Rights—Ownership by the Contractor (Large Business) (JUN 2012) ALT II (DEC 2007)	Applicable to all Purchase Orders for experimental, developmental, or research work if the Seller is not a small business or nonprofit organization, unless a different patent rights clause is required by FAR 27.303.
DFARS 252.227-7039	PATENTS--REPORTING OF SUBJECT INVENTIONS (APR 1990)	Applicable to all Orders for experimental, developmental, or research work to be performed by a small business concern or nonprofit organization.
DFARS 252.228-7005*	Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles (NOV 2019)	Applicable to all Orders for aircraft, missile, or space launch vehicles being manufactured, modified, repaired, or overhauled. Seller must cooperate and assist Buyer in accident investigations.
DFARS 252.231-7000*	Supplemental Cost Principles (DEC 1991)	Applicable to Purchase Orders that are subject to the principles and procedures described in FAR subparts 31.1, 31.2, 31.6, or 31.7.
DFARS 252.232-7017*	Accelerating Payments to Small Business Subcontractors—Prohibition on Fees and Consideration (JAN 2023)	Applicable to Orders with small business concerns when Buyer receives Accelerated Payments under its prime contract.
DFARS 252.234-7004	Cost and Software Data Reporting System (NOV 2014)	Applicable to Purchase Orders that exceed \$50 million
DFARS 252.244-7000*	SUBCONTRACTS FOR COMMERCIAL PRODUCTS OR COMMERCIAL SERVICES (JAN 2023)	Applicable to all Purchase Orders.
DFARS 252.246-7003*	Notification of Potential Safety Issues (JUN 2023)	Applicable to all Purchase Orders for (i) parts defined as critical safety items in accordance with this clause; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; and (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system.
DFARS 252.246-7004	SAFETY OF FACILITIES, INFRASTRUCTURE, AND EQUIPMENT FOR MILITARY OPERATIONS (OCT 2010)	Applicable to all Orders for the construction, installation, repair, maintenance, or operation of facilities, infrastructure, or for equipment configured for occupancy, planned for use by DoD military or civilian personnel during military operations.

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
DFARS 252.247-7023*	Transportation of Supplies by Sea (JAN 2023)	Applicable if the Seller is transporting supplies by sea under this Purchase Order and (i) This Purchase Order is a construction contract; or (ii) The supplies being transported are- (A) Noncommercial items; or (B) Commercial items that- (1) The Seller is reselling or distributing to the Government without adding value (generally, the Seller does not add value to items that it subcontracts for f.o.b. destination shipment); (2) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or (3) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643
DFARS 252.249-7002*	Notification of Anticipated Contract Termination or Reduction (DEC 2022)	Applicable to all Purchase Orders of \$700,000 or more. Seller shall (i) Provide notice to each of its subcontractors with a subcontract of \$150,000 or more; and (ii) Impose a similar notice and flowdown requirement to subcontractors with subcontracts of \$150,000 or more.

* Denotes a FAR/DFARS clause that is included in Standard Terms and Conditions.

Air Force Federal Acquisition Regulation Supplement Contract Clauses:

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
5352.201-9101	Ombudsman (OCT 2019)	Applicable to all Purchase Orders. Para (c). Ombudsmen names, addresses, phone numbers, fax, and email addresses. 'Primary: Lt. Col. Peter Sandness, 2640 Loop Road West, Wright-Patterson AFB, OH 45433-7630, 937-255-5512 Alternate: Selwa A. Kirbabas, 1790 10th St, Building 572 Rm 209B, Wright-Patterson AFB, OH 45433-7630, 937-255-5472'
5352.223-9000	ELIMINATION OF USE OF CLASS I OZONE DEPLETING SUBSTANCES (ODS) (OCT 2019)	Applicable to all Purchase Orders other than for construction, which require performance on a Government installation.
5352.223-9001	HEALTH AND SAFETY ON GOVERNMENT INSTALLATIONS (OCT 2019)	Applicable to all Purchase Orders other than for construction, which require performance on a Government installation.
5352.242-9000	CONTRACTOR ACCESS TO AIR FORCE INSTALLATIONS (OCT 2019)	Applicable to all Purchase Orders which require performance on a Government installation.
5352.242-9001	Common Access Cards (CAC) for Contractor Personnel (OCT 2019)	Applicable to all Purchase Orders which require performance on a Government installation.

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FAR/ DFARS CLAUSES INCORPORATED IN FULL TEXT:

FAR 52.227-21 TECHNICAL DATA DECLARATION, REVISION, AND WITHHOLDING OF PAYMENT - MAJOR SYSTEMS (MAY 2014)

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

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with [part 44](#) of the Federal Acquisition Regulation (FAR).

"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

Subcontract means any contract, as defined in FAR [subpart 2.1](#), entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (c) or (d) of this clause.

(c) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that-

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds-

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold, as defined in FAR [2.101](#) on the date of subcontract award, or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold, as defined in FAR [2.101](#) on the date of subcontract award, or 5 percent of the total estimated cost of the contract.

(d) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts:

(e)

(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (b), (c), or (d) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate certified cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting-

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(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason certified cost or pricing data were or were not required;

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

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

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

(G) 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 a summary of all trade-off possibilities considered.

(2) The Contractor is not required to notify the Contracting Officer in advance of entering into any subcontract for which consent is not required under paragraph (b), (c), or (d) of this clause.

(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 allowability of any cost under this contract; or

(3) To relieve the Contractor of any responsibility for performing this contract.

(g) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR [15.404-4\(c\)\(4\)\(i\)](#).

(h) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(i) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR [subpart 44.3](#).

(j) Paragraphs (c) and (e) of this clause do not apply to the following subcontracts, which were evaluated during negotiations:

(End of clause)

FAR 52.244-2 Subcontracts (JUN 2020)

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

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with [part 44](#) of the Federal Acquisition Regulation (FAR).

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"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

Subcontract means any contract, as defined in FAR [subpart 2.1](#), entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (c) or (d) of this clause.

(c) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that-

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds-

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold, as defined in FAR [2.101](#) on the date of subcontract award, or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold, as defined in FAR [2.101](#) on the date of subcontract award, or 5 percent of the total estimated cost of the contract.

(d) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts:

_____ 'None' _____

(e)

(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (b), (c), or (d) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate certified cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting-

(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason certified cost or pricing data were or were not required;

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

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

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

(G) 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 a summary of all trade-off possibilities considered.

(2) The Contractor is not required to notify the Contracting Officer in advance of entering into any subcontract for which consent is not required under paragraph (b), (c), or (d) of this clause.

(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 allowability of any cost under this contract; or

(3) To relieve the Contractor of any responsibility for performing this contract.

(g) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR [15.404-4](#)(c)(4)(i).

(h) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(i) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR [subpart 44.3](#).

(j) Paragraphs (c) and (e) of this clause do not apply to the following subcontracts, which were evaluated during negotiations:

_____ 'None' _____

(End of clause)

FAR 52.248-1* Value Engineering (JUN 2020)

(a) *General.* The Contractor is encouraged to develop, prepare, and submit value engineering change proposals (VECP's) voluntarily. The Contractor shall share in any net acquisition savings realized from accepted VECP's, in accordance with the incentive sharing rates in paragraph (f) of this clause.

(b) *Definitions.*

Acquisition savings, as used in this clause, means savings resulting from the application of a VECP to contracts awarded by the same contracting office or its successor for essentially the same unit. Acquisition savings include-

(1) Instant contract savings, which are the net cost reductions on this, the instant contract, and which are equal to the instant unit cost reduction multiplied by the number of instant contract units affected by the VECP, less the Contractor's allowable development and implementation costs;

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(2) Concurrent contract savings, which are net reductions in the prices of other contracts that are definitized and ongoing at the time the VECP is accepted; and

(3) Future contract savings, which are the product of the future unit cost reduction multiplied by the number of future contract units in the sharing base. On an instant contract, future contract savings include savings on increases in quantities after VECP acceptance that are due to contract modifications, exercise of options, additional orders, and funding of subsequent year requirements on a multiyear contract.

Collateral savings, as used in this clause, means those measurable net reductions resulting from a VECP in the agency's overall projected collateral costs, exclusive of acquisition savings, whether or not the acquisition cost changes.

Contracting office includes any contracting office that the acquisition is transferred to, such as another branch of the agency or another agency's office that is performing a joint acquisition action.

Contractor's development and implementation costs, as used in this clause, means those costs the Contractor incurs on a VECP specifically in developing, testing, preparing, and submitting the VECP, as well as those costs the Contractor incurs to make the contractual changes required by Government acceptance of a VECP.

Future unit cost reduction, as used in this clause, means the instant unit cost reduction adjusted as the Contracting Officer considers necessary for projected learning or changes in quantity during the sharing period. It is calculated at the time the VECP is accepted and applies either-

(1) Throughout the sharing period, unless the Contracting Officer decides that recalculation is necessary because conditions are significantly different from those previously anticipated; or

(2) To the calculation of a lump-sum payment, which cannot later be revised.

Government costs, as used in this clause, means those agency costs that result directly from developing and implementing the VECP, such as any net increases in the cost of testing, operations, maintenance, and logistics support. The term does not include the normal administrative costs of processing the VECP or any increase in this contract's cost or price resulting from negative instant contract savings.

Instant contract, as used in this clause, means this contract, under which the VECP is submitted. It does not include increases in quantities after acceptance of the VECP that are due to contract modifications, exercise of options, or additional orders. If this is a multiyear contract, the term does not include quantities funded after VECP acceptance. If this contract is a fixed-price contract with prospective price redetermination, the term refers to the period for which firm prices have been established.

Instant unit cost reduction means the amount of the decrease in unit cost of performance (without deducting any Contractor's development or implementation costs) resulting from using the VECP on this, the instant contract. If this is a service contract, the instant unit cost reduction is normally equal to the number of hours per line-item task saved by using the VECP on this contract, multiplied by the appropriate contract labor rate.

Negative instant contract savings means the increase in the cost or price of this contract when the acceptance of a VECP results in an excess of the Contractor's allowable development and implementation costs over the product of the instant unit cost reduction multiplied by the number of instant contract units affected.

Net acquisition savings means total acquisition savings, including instant, concurrent, and future contract savings, less Government costs.

Sharing base, as used in this clause, means the number of affected end items on contracts of the contracting office accepting the VECP.

Sharing period, as used in this clause, means the period beginning with acceptance of the first unit incorporating the VECP and ending at a calendar date or event determined by the contracting officer for each VECP.

Unit, as used in this clause, means the item or task to which the Contracting Officer and the Contractor agree the VECP applies.

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Value engineering change proposal (VECP) means a proposal that-

- (1) Requires a change to this, the instant contract, to implement; and
- (2) Results in reducing the overall projected cost to the agency without impairing essential functions or characteristics; *provided*, that it does not involve a change-
 - (i) In deliverable end item quantities only;
 - (ii) In research and development (R&D) end items or R&D test quantities that is due solely to results of previous testing under this contract; or
 - (iii) To the contract type only.

(c) *VECP preparation.* As a minimum, the Contractor shall include in each VECP the information described in paragraphs (c)(1) through (8) of this clause. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:

(1) A description of the difference between the existing contract requirement and the proposed requirement, the comparative advantages and disadvantages of each, a justification when an item's function or characteristics are being altered, the effect of the change on the end item's performance, and any pertinent objective test data.

(2) A list and analysis of the contract requirements that must be changed if the VECP is accepted, including any suggested specification revisions.

(3) Identification of the unit to which the VECP applies.

(4) A separate, detailed cost estimate for (i) the affected portions of the existing contract requirement and (ii) the VECP. The cost reduction associated with the VECP shall take into account the Contractor's allowable development and implementation costs, including any amount attributable to subcontracts under the Subcontracts paragraph of this clause.

(5) A description and estimate of costs the Government may incur in implementing the VECP, such as test and evaluation and operating and support costs.

(6) A prediction of any effects the proposed change would have on collateral costs to the agency.

(7) A statement of the time by which a contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the contract completion time or delivery schedule.

(8) Identification of any previous submissions of the VECP, including the dates submitted, the agencies and contract numbers involved, and previous Government actions, if known.

(d) *Submission.* The Contractor shall submit VECP's to the Contracting Officer, unless this contract states otherwise. If this contract is administered by other than the contracting office, the Contractor shall submit a copy of the VECP simultaneously to the Contracting Officer and to the Administrative Contracting Officer.

(e) Government action.

(1) The Contracting Officer will notify the Contractor of the status of the VECP within 45 calendar days after the contracting office receives it. If additional time is required, the Contracting Officer will notify the Contractor within the 45-day period and provide the reason for the delay and the expected date of the decision. The Government will process VECP's expeditiously; however, it will not be liable for any delay in acting upon a VECP.

(2) If the VECP is not accepted, the Contracting Officer will notify the Contractor in writing, explaining the reasons for rejection. The Contractor may withdraw any VECP, in whole or in part, at any time before it is accepted by the Government. The Contracting Officer may require that the Contractor provide written notification before undertaking significant expenditures for VECP effort.

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(3) Any VECP may be accepted, in whole or in part, by the Contracting Officer's award of a modification to this contract citing this clause and made either before or within a reasonable time after contract performance is completed. Until such a contract modification applies a VECP to this contract, the Contractor shall perform in accordance with the existing contract. The decision to accept or reject all or part of any VECP is a unilateral decision made solely at the discretion of the Contracting Officer.

(f) *Sharing rates.* If a VECP is accepted, the Contractor shall share in net acquisition savings according to the percentages shown in the table below. The percentage paid the Contractor depends upon-

- (1) This contract's type (fixed-price, incentive, or cost-reimbursement);
- (2) The sharing arrangement specified in paragraph (a) of this clause (incentive, program requirement, or a combination as delineated in the Schedule); and
- (3) The source of the savings (the instant contract, or concurrent and future contracts), as follows:

Contract Type	Incentive (Voluntary)		Program Requirement (Mandatory)	
	Instant Contract Rate	Concurrent and Future Contract Rate	Instant Contract Rate	Concurrent and Future Contract Rate
Fixed-price (includes fixed-price-award-fee; excludes other fixed-price incentive contracts)	*50	*50	25	25
Incentive (fixed-price or cost) (other than award fee)	(**)	*50	(**)	25
Cost-reimbursement (includes cost-plus-award-fee; excludes other cost-type incentive contracts)	***25	***25	15	15

* The Contracting Office may increase the Contractor's sharing rate to as high as 75 percent for each VECP.

** Same sharing arrangement as the contract's profit or fee adjustment formula.

*** The Contracting Office may increase the Contractor's sharing rate to as high as 50 percent for each VECP.

(g) Calculating net acquisition savings.

(1) Acquisition savings are realized when (i) the cost or price is reduced on the instant contract, (ii) reductions are negotiated in concurrent contracts, (iii) future contracts are awarded, or (iv) agreement is reached on a lump-sum payment for future contract savings (see paragraph (i)(4) of this clause). Net acquisition savings are first realized, and the Contractor shall be paid a share, when Government costs and any negative instant contract savings have been fully offset against acquisition savings.

(2) Except in incentive contracts, Government costs and any price or cost increases resulting from negative instant contract savings shall be offset against acquisition savings each time such savings are realized until they are fully offset. Then, the Contractor's share is

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calculated by multiplying net acquisition savings by the appropriate Contractor's percentage sharing rate (see paragraph (f) of this clause). Additional Contractor shares of net acquisition savings shall be paid to the Contractor at the time realized.

(3) If this is an incentive contract, recovery of Government costs on the instant contract shall be deferred and offset against concurrent and future contract savings. The Contractor shall share through the contract incentive structure in savings on the instant contract items affected. Any negative instant contract savings shall be added to the target cost or to the target price and ceiling price, and the amount shall be offset against concurrent and future contract savings.

(4) If the Government does not receive and accept all items on which it paid the Contractor's share, the Contractor shall reimburse the Government for the proportionate share of these payments.

(h) *Contract adjustment.* The modification accepting the VECP (or a subsequent modification issued as soon as possible after any negotiations are completed) shall-

(1) Reduce the contract price or estimated cost by the amount of instant contract savings, unless this is an incentive contract;

(2) When the amount of instant contract savings is negative, increase the contract price, target price and ceiling price, target cost, or estimated cost by that amount;

(3) Specify the Contractor's dollar share per unit on future contracts, or provide the lump-sum payment;

(4) Specify the amount of any Government costs or negative instant contract savings to be offset in determining net acquisition savings realized from concurrent or future contract savings; and

(5) Provide the Contractor's share of any net acquisition savings under the instant contract in accordance with the following:

(i) Fixed-price contracts-add to contract price.

(ii) Cost-reimbursement contracts-add to contract fee.

(i) Concurrent and future contract savings.

(1) Payments of the Contractor's share of concurrent and future contract savings shall be made by a modification to the instant contract in accordance with paragraph (h) (5) of this clause. For incentive contracts, shares shall be added as a separate firm-fixed-price line item on the instant contract. The Contractor shall maintain records adequate to identify the first delivered unit for 3 years after final payment under this contract.

(2) The Contracting Officer shall calculate the Contractor's share of concurrent contract savings by-

(i) Subtracting from the reduction in price negotiated on the concurrent contract any Government costs or negative instant contract savings not yet offset; and

(ii) Multiplying the result by the Contractor's sharing rate.

(3) The Contracting Officer shall calculate the Contractor's share of future contract savings by-

(i) Multiplying the future unit cost reduction by the number of future contract units scheduled for delivery during the sharing period;

(ii) Subtracting any Government costs or negative instant contract savings not yet offset; and

(iii) Multiplying the result by the Contractor's sharing rate.

(4) When the Government wishes and the Contractor agrees, the Contractor's share of future contract savings may be paid in a single lump sum rather than in a series of payments over time as

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future contracts are awarded. Under this alternate procedure, the future contract savings may be calculated when the VECP is accepted, on the basis of the Contracting Officer's forecast of the number of units that will be delivered during the sharing period. The Contractor's share shall be included in a modification to this contract (see paragraph (h)(3) of this clause) and shall not be subject to subsequent adjustment.

(5) *Alternate no-cost settlement method.* When, in accordance with section [48.104-4](#) of the Federal Acquisition Regulation (FAR), the Government and the Contractor mutually agree to use the no-cost settlement method, the following applies:

(i) The Contractor will keep all the savings on the instant contract and on its concurrent contracts only.

(ii) The Government will keep all the savings resulting from concurrent contracts placed on other sources, savings from all future contracts, and all collateral savings.

(j) *Collateral savings.* If a VECP is accepted, the Contracting Officer will increase the instant contract amount, as specified in paragraph (h)(5) of this clause, by a rate from 20 to 100 percent, as determined by the Contracting Officer, of any projected collateral savings determined to be realized in a typical year of use after subtracting any Government costs not previously offset. However, the Contractor's share of collateral savings will not exceed the contract's firm-fixed-price, target price, target cost, or estimated cost, at the time the VECP is accepted, or \$100,000, whichever is greater. The Contracting Officer will be the sole determiner of the amount of collateral savings.

(k) *Relationship to other incentives.* Only those benefits of an accepted VECP not rewardable under performance, design-to-cost (production unit cost, operating and support costs, reliability and maintainability), or similar incentives shall be rewarded under this clause. However, the targets of such incentives affected by the VECP shall not be adjusted because of VECP acceptance. If this contract specifies targets but provides no incentive to surpass them, the value engineering sharing shall apply only to the amount of achievement better than target.

(l) *Subcontracts.* The Contractor shall include an appropriate value engineering clause in any subcontract-valued at or above the simplified acquisition threshold, as defined in FAR [2.101](#) on the date of subcontract award, and may include one in subcontracts of lesser value. In calculating any adjustment in this contract's price for instant contract savings (or negative instant contract savings), the Contractor's allowable development and implementation costs shall include any subcontractor's allowable development and implementation costs, and any value engineering incentive payments to a subcontractor, clearly resulting from a VECP accepted by the Government under this contract. The Contractor may choose any arrangement for subcontractor value engineering incentive payments, *provided*, that the payments shall not reduce the Government's share of concurrent or future contract savings or collateral savings.

(m) *Data.* The Contractor may restrict the Government's right to use any part of a VECP or the supporting data by marking the following legend on the affected parts:

These data, furnished under the Value Engineering clause of contract _____, shall not be disclosed outside the Government or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering change proposal submitted under the clause. This restriction does not limit the Government's right to use information contained in these data if it has been obtained or is otherwise available from the Contractor or from another source without limitations.

If a VECP is accepted, the Contractor hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, the Government shall have the rights specified in the contract modification implementing the VECP and shall appropriately mark the data. (The terms "unlimited rights" and "limited rights" are defined in [part 27](#) of the Federal Acquisition Regulation.)

(End of clause)

DFARS 252.209-7010 Critical Safety items (AUG 2011)

(a) *Definitions.*

"Aviation critical safety item" means a part, an assembly, installation equipment, launch equipment, recovery equipment, or support equipment for an aircraft or aviation weapon system if the part, assembly, or equipment contains a characteristic any failure, malfunction, or absence of which could cause—

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(i) A catastrophic or critical failure resulting in the loss of, or serious damage to, the aircraft or weapon system;

(ii) An unacceptable risk of personal injury or loss of life; or

(iii) An uncommanded engine shutdown that jeopardizes safety.

"Design control activity" means—

(i) With respect to an aviation critical safety item, the systems command of a military department that is specifically responsible for ensuring the airworthiness of an aviation system or equipment, in which an aviation critical safety item is to be used; and

(ii) With respect to a ship critical safety item, the systems command of a military department that is specifically responsible for ensuring the seaworthiness of a ship or ship equipment, in which a ship critical safety item is to be used.

"Ship critical safety item" means any ship part, assembly, or support equipment containing a characteristic, the failure, malfunction, or absence of which could cause—

(i) A catastrophic or critical failure resulting in loss of, or serious damage to, the ship; or

(ii) An unacceptable risk of personal injury or loss of life.

(b) *Identification of critical safety items.* One or more of the items being procured under this contract is an aviation or ship critical safety item. The following items have been designated aviation critical safety items or ship critical safety items by the designated design control activity:

'None'

(Insert additional lines as necessary)

(c) *Heightened quality assurance surveillance.* Items designated in paragraph (b) of this clause are subject to heightened, risk-based surveillance by the designated quality assurance representative.

(End of clause)

DFARS 252.223-7007* Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives (SEP 1999)

(a) *Definition.* "Arms, ammunition, and explosives (AA&E)," as used in this clause, means those items within the scope (chapter 1, paragraph B) of DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives.

(b) The requirements of DoD 5100.76-M apply to the following items of AA&E being developed, produced, manufactured, or purchased for the Government, or provided to the Contractor as Government-furnished property under this contract:

NOMENCLATURE

NATIONAL STOCK NUMBER

'None'

'None'

(c) The Contractor shall comply with the requirements of DoD 5100.76-M, as specified in the statement of work. The edition of DoD 5100.76-M in effect on the date of issuance of the solicitation for this contract shall apply.

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(d) The Contractor shall allow representatives of the Defense Security Service (DSS), and representatives of other appropriate offices of the Government, access at all reasonable times into its facilities and those of its subcontractors, for the purpose of performing surveys, inspections, and investigations necessary to review compliance with the physical security standards applicable to this contract.

(e) The Contractor shall notify the cognizant DSS field office of any subcontract involving AA&E within 10 days after award of the subcontract.

(f) The Contractor shall ensure that the requirements of this clause are included in all subcontracts, at every tier—

(1) For the development, production, manufacture, or purchase of AA&E; or

(2) When AA&E will be provided to the subcontractor as Government-furnished property.

(g) Nothing in this clause shall relieve the Contractor of its responsibility for complying with applicable Federal, state, and local laws, ordinances, codes, and regulations (including requirements for obtaining licenses and permits) in connection with the performance of this contract.

DFARS 252.225-7027 Restriction on Contingent Fees for Foreign Military Sales (APR 2003)

(a) Except as provided in paragraph (b) of this clause, contingent fees, as defined in the Covenant Against Contingent Fees clause of this contract, are generally an allowable cost, provided the fees are paid to—

(1) A bona fide employee of the Contractor; or

(2) A bona fide established commercial or selling agency maintained by the Contractor for the purpose of securing business.

(b) For foreign military sales, unless the contingent fees have been identified and payment approved in writing by the foreign customer before contract award, the following contingent fees are unallowable under this contract:

(1) For sales to the Government(s) of 'Taiwan, Egypt, Greece, Israel, Japan, Jordan, Republic of Korea, Kuwait, Pakistan, Philippines, Saudi Arabia, Turkey, Thailand, Venezuela (Air Force), or Australia', contingent fees in any amount.

(2) For sales to Governments not listed in paragraph (b) (1) of this clause, contingent fees exceeding \$50,000 per foreign military sale case.

(End of clause)

DFARS 252.225-7047 EXPORTS BY APPROVED COMMUNITY MEMBERS IN PERFORMANCE OF THE CONTRACT

(a) *Definitions.* As used in this clause—

"Approved Community" means the U.S. Government, U.S. entities that are registered and eligible exporters, and certain government and industry facilities in Australia or the United Kingdom that are approved and listed by the U.S. Government.

"Australia Community member" means an Australian government authority or nongovernmental entity or facility on the Australia Community list accessible at <http://pmdtcc.state.gov/treaties/index.html>.

"Defense articles" means articles, services, and related technical data, including software, in tangible or intangible form, listed on the United States Munitions List of the International Traffic in Arms Regulations (ITAR), as modified or amended.

"Defense Trade Cooperation (DTC) Treaty" means—

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(1) The Treaty Between the Government of the United States of America and the government of the United Kingdom of Great Britain and Northern Ireland concerning Defense Trade Cooperation, signed at Washington and London on June 21 and 26, 2007; or

(2) The Treaty Between the Government of the United States of America and the Government of Australia Concerning Defense Trade Cooperation, signed at Sydney on September 5, 2007.

"Export" means the initial movement of defense articles from the United States Community to the United Kingdom Community and the Australia community.

"Implementing Arrangement" means -

(1) The Implementing Arrangement Pursuant to the Treaty between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland Concerning Defense Trade Cooperation, signed on February 14, 2008; or

(2) The Implementing Arrangement Pursuant to the Treaty between the Government of the United States of America and the Government of Australia Concerning Defense Trade Cooperation, signed on March 14, 2008.

"Qualifying defense articles" means defense articles that are not exempt from the scope of the DTC Treaties as defined in 22 CFR 126.16(g) and 22 CFR 126.17(g).

"Transfer" means the movement of previously exported defense articles within the Approved Community.

"United Kingdom Community member" means a United Kingdom government authority or nongovernmental entity or facility on the United Kingdom Community list accessible at <http://pmddtc.state.gov>.

"United States Community" means-

(1) Departments and agencies of the U.S. Government, including their personnel, with, as appropriate, security accreditation and a need-to-know; and

(2) Nongovernmental U.S. entities registered with the Department of State and eligible to export defense articles under U.S. law and regulation, including their employees, with, as appropriate, security accreditation and a need-to-know.

"U.S. DoD Treaty-eligible requirements" means any defense article acquired by the DoD for use in a combined military or counterterrorism operation, cooperative research, development, production or support program, or DoD end use, as described in Article 3 of the U.S.-U.K. DTC Treaty and sections 2 and 3 of the associated Implementing Arrangement; and Article 3 of the U.S.-Australia DTC Treaty and sections 2 and 3 of the associated Implementing Arrangement.

(b) All contract line items in this contract, except any identified in this paragraph, are intended to satisfy U.S. DoD Treaty-eligible requirements. Specific defense articles that are not U.S. DoD Treaty-eligible will be identified as such in those contract line items that are otherwise U.S. DoD Treaty-eligible.

CONTRACT LINE ITEMS NOT INTENDED TO SATISFY

U.S. DoD TREATY-ELIGIBLE REQUIREMENTS:

'None'

(c) Subject to the other terms and conditions of this contract that affect the acceptability of foreign sources or foreign end products, components, parts, or materials, Approved Community members are permitted, but not required, to use the DTC Treaties for exports or transfers of qualifying defense articles in performance of the contract.

(d) Any conduct by the Contractor that falls outside the scope of the DTC Treaties, the Implementing Arrangements, and 22 CFR 126.16(g) and 22 CFR 126.17(g) is subject to all applicable ITAR requirements, including any criminal, civil, and administrative penalties or sanctions, as well as all other United States statutory and regulatory requirements outside of ITAR, including, but not limited to, regulations issued by the Bureau of Alcohol, Tobacco, Firearms and Explosives found at 27 C.F.R. Parts 447, 478, and 479, which are unaffected by the DTC Treaties.

(e) If the Contractor is an Approved Community member, the Contractor agrees that-

Unrestricted Content

(1) The Contractor shall comply with the requirements of the DTC Treaties, the Implementing Arrangements, the ITAR, and corresponding regulations of the U.S. Government and the government of Australia or the government of the United Kingdom, as applicable; and

(2) Prior to the export or transfer of a qualifying defense article the Contractor-

(i) Shall mark, identify, transmit, store, and handle any defense articles provided for the purpose of responding to such solicitations, as well as any defense articles provided with or developed pursuant to their responses to such solicitations, in accordance with the DTC Treaties, the Implementing Arrangements, and corresponding regulations of the United States Government and the government of Australia or the government of the United Kingdom, as applicable, including, but not limited to, the marking and classification requirements described in the applicable regulations;

(ii) Shall comply with the re-transfer or re-export provisions of the DTC Treaties, the Implementing Arrangements, and corresponding regulations of the United States Government and the government of Australia or the government of the United Kingdom, as applicable, including, but not limited to, the re-transfer and re-export requirements described in the applicable regulations; and

(iii) Shall acknowledge that any conduct that falls outside or in violation of the DTC Treaties, Implementing Arrangements, and implementing regulations of the applicable government including, but not limited to, unauthorized re-transfer or re-export in violation of the procedures established in the applicable Implementing Arrangement and implementing regulations, remains subject to applicable licensing requirements of the government of Australia, the government of the United Kingdom, and the United States Government, including any criminal, civil, and administrative penalties or sanctions contained therein.

(f) The contractor shall include the substance of this clause, including this paragraph (f), in all subcontracts that may require exports or transfers of qualifying defense articles in connection with deliveries under the contract.

(End of clause)