

April 29, 2003

Defense Acquisition Regulations Council
Attn: Ms. Sandra Haberlin, OUSD(AT&L)DPAP(DAR)
IMD 3C132
3062 Defense Pentagon, Washington, DC 20301-3062



Subject: DFARS Case 2002-D017, Defense Federal Acquisition Regulation Supplement; Payment Withholding.

Dear Ms. Haberlin:

The Boeing Company has completed its review of the subject (Proposed rule with request for comments), which was published in the Federal Register on February 28, 2003 (68 F R 9627, DFARS Case2002-D017). We appreciate the opportunity to provide comments to the Defense Acquisition Regulations Council.

As you are aware the DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to remove the mandatory requirement that a Contracting Officer withhold 5 percent of the payments due for labor costs under a time-and-materials or labor-hour contract unless otherwise prescribed in the contract Schedule. The proposed rule would permit, but not require, the Administrative Contracting Officer (ACO) to withhold payment amounts if the ACO determines the withholding to be necessary to protect the Government's interests.

We commend the DAR Council for the increased flexibility that this proposed rule will provide to both Government and industry professionals in the contracting process, which will lead to continued acquisition excellence in the future. We encourage the DAR Council to publish this proposed rule in final form as soon as practicable.

Thank you again for the opportunity to provide our comments. If there are any questions, or we can be of any other assistance, please contact Mark Olague at (253) 773-2173.

for 
Pamela A. McInerney
Director, Contract Policy