

## T-2 SPECIAL TOOLING AND SPECIAL TEST EQUIPMENT

Paragraphs C and D hereof respectively titled "Special Tooling" and "Special Test Equipment" apply only if such items are fabricated or acquired under this contract. All other paragraphs are applicable to either category of property acquired hereunder. Additionally, those portions of this flysheet relative to special tooling represent the "Special Tooling" clause contemplated by Paragraph (c) of the Government Property clause referenced herein.

- A. Article 2, appearing on Form 70-C-29 or 70-C-33 of Buyer's purchase contract is amended by the addition of the following provision:

### Evidence of Satisfactory Tools/Test Equipment

Invoices for items of tooling and/or test equipment will not be rendered until such items have been proved. Evidence of satisfactory items will be indicated by Buyer's acceptance of a satisfactory part produced and/or tested by such tools and/or test equipment except as specifically agreed elsewhere in this contract.

When requested by Buyer, Seller shall provide Buyer with one scaled photograph (Polaroid type acceptable) for each item of tooling or test equipment listed on the contract. The reverse side of the photograph shall show the tool number, nomenclature, part number of the part or parts the item produces or tests, operations performed and the operational sequence use of the tooling or test equipment. All negatives and prints shall become the property of Buyer, and no reproductions shall be made without the written consent of Buyer. When authorized by Buyer, a certification in a form approved by Buyer may be substituted in lieu of photographs.

- B. The article titled "Buyer's Property," appearing on Form 70-C-29 or 70-C-33, of Buyer's purchase contract, is amended by the addition of the following provisions.

### 1. Risk of Loss

Unless otherwise approved in writing by Buyer, Seller assumes the risk of, and shall be responsible for, any loss or destruction of or any damage to property of Buyer or the U.S. Government in Seller's possession. Seller further agrees to return said property in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with the provisions of the contract. Seller shall report all cases of loss, damage or destruction of property of Buyer or the Government in its possession or control to Buyer as soon as such facts become known or when requested by Buyer.

### 2. Identification of Tools/Test Equipment

Unless otherwise directed by Buyer, Seller will make use of Buyer's numbering system for all items of special tooling and special test equipment acquired hereunder. Each item of test equipment shall be marked with Buyer's identification number or have Buyer's property identification tag affixed. STE plant equipment type components will be physically identified if the acquisition cost is \$5,000 or more. Each item of special tooling shall be permanently marked with Buyer's identification number and the part

number such tool fabricates. In addition to the above, each item of special tooling and special test equipment shall carry the ownership designation such as "The Boeing Company," "USAF," "NASA," "U.S. Government," etc. as advised by Buyer.

### 3. Inventory

All special tooling and/or special test equipment to which this flysheet is applicable in the possession of Seller shall be subject to physical inventory as follows:

- a. Special tooling and special test equipment shall be physically inventoried at least once each three years commencing with the date of this purchase contract.
- b. Immediately upon termination or completion of the related production contract, the Seller shall perform a physical inventory of special tooling and/or special test equipment adequate for disposal purposes.
- c. Personnel who perform the physical inventories shall not be the same individuals who maintain the property records or have custody of the property unless the size of the Seller's operation is so small as to make it impracticable for others to do so.
- d. Seller shall report the results of the inventory to the Buyer, in a format acceptable to the Buyer. Overages and shortages shall be clearly identified and described in the report. Inventory reports shall be furnished the Buyer as follows:

Special Tooling and Special Test Equipment: Within 15 days after completion of the three year inventory cycle.

Upon Termination or Completion: As directed by the Buyer.

- e. Physical inventory, as used herein, consists of sighting, describing, recording and reporting the property concerned and reconciling the property recorded and reported with the property records.

The Seller's property control system shall contain an adequate locator system or technique to permit the location of any item of Buyer or Government property within a reasonable period of time after request therefor.

### 4. Excess Property

The Seller shall report to the Buyer all Government or Buyer property in excess of the amounts needed to complete full performance under the purchase contract pursuant to which it was provided, or other existing contracts or purchase contracts which authorized the use of such property, as promptly as possible after disclosure of the condition.

## C. SPECIAL TOOLING

### 1. Definition

Special tooling means jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacements of these items, that are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or performing particular services. It does not include: material, special test equipment, or facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.

Special tooling, for the purpose of this clause, does not include any item acquired by Seller before the effective date of this contract, or replacement of such items, whether or not altered or adapted for use in performing this contract, or items specifically excluded elsewhere in this contract.

### 2. Tooling Submittal

Seller shall prepare and submit to Buyer promptly after execution of this contract, if not previously submitted, a tooling plan listing all items of special tooling and the respective cost of each, which Seller plans to manufacture or acquire for the performance of work hereunder. This tooling plan shall be maintained on a current basis and periodically, as required by Buyer, Seller shall submit to Buyer a revised plan indicating all changes therein.

Upon completion or termination of all or a substantial part of the work under this contract, Seller shall, when requested by Buyer, furnish Standard Form 1432 covering all special tooling items under this contract for determination of disposition action. Special Tooling which has become obsolete as a result of changes in design or specification need not be reported, if previously reported as provided for in Paragraph C.3. below.

### 3. Changes in Design

In the event of any changes in design or specifications which affect interchangeability of parts, Seller shall, unless otherwise agreed to by Buyer, give Buyer notice of any part which is not interchangeable with the new or superseding part and the usable special tooling for each part covered in such notice shall be retained by Seller subject to the provisions of Paragraph C.7., pending disposition under Paragraph C.5..

### 4. Seller's Offer to Retain Special Tooling

At the time Seller furnishes SF 1432 or notice under C.2. or C.3. above, Seller may designate those items of special tooling (either specifically or by listing the particular products, parts, or services for which such items were used or desired) which Seller desires to retain, together with a written offer:

- a. to retain any or all of such items, free and clear of any Buyer or Government interest, for an amount designated therein, which should ordinarily not be less than the then fair value of such items which fair value takes into account, among other things, the value of such items to Seller for use in further work by Seller; or
- b. to retain any or all such items for such period of time and subject to such terms and conditions as may be agreed to by the parties hereto, subject to ultimate retention or disposition of such items in accordance with Paragraph C.5. hereof.

#### 5. Disposition of Special Tooling

After receipt of any list or notice under Paragraph C.2. or C.3. hereof, Buyer shall furnish to Seller appropriate disposition instructions. Seller shall promptly comply with any request by Buyer to (1) immediately prepare such items for shipment by proper packaging, packing, and marking, in accordance with any instructions which may be issued by Buyer, and shall promptly deliver such items to Buyer or the Government f.o.b. origin, as directed by Buyer; or (2) if a storage agreement has been entered into, prepare such items for storage in accordance therewith, as directed by Buyer. Any items of special tooling so delivered or stored shall be accompanied by such operation sheets or other appropriate data as are necessary to show the manufacturing operations or processes for which such items were used or designed. Any items of special tooling which are not disposed of by transfer of title and delivery to the Government or Buyer, or by acceptance of an offer of Seller made under Paragraph C.4. shall be disposed of in accordance with Buyer instructions.

#### 6. Proceeds of Retention or Disposition of Special Tooling

If Buyer accepts an offer of Seller to retain any items of special tooling, or if any such items are sold to third parties or disposed of as scrap, the net proceeds shall: (1) be deducted from the amounts due to Seller under this contract and the purchase contract amended accordingly; or (2) be otherwise paid as Buyer may direct.

#### 7. Maintenance Pending Disposition

Seller agrees that between the date any usable items of special tooling are no longer needed by Seller, within the meaning of this clause, and the date of final disposition of such items under this clause, Seller will take all reasonable steps necessary to maintain the identity and existing conditions of such items unless Buyer have directed that such items be disposed of as scrap or has given notice that Buyer and/or Government have no further interest therein and waive their rights therein.

#### 8. Special Tooling Provisions for Subcontracts

Seller agrees that in placing any subcontracts or purchase contracts under this contract which involve the use of special tooling, the full cost of which is charged to such subcontract or purchase contract, Seller will include therein appropriate provisions to obtain rights comparable to those granted to Buyer or the Government by this flysheet, and agrees that it will exercise such rights for the benefit of the Government, as Buyer may direct.

## D. SPECIAL TEST EQUIPMENT

### 1. Definition

Special test equipment means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing this contract. These testing units comprise electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment, that are mechanically, electrically, or electronically interconnected so as to become a new functional entity, causing the individual item or items to become interdependent and essential in performing special purpose testing in the development or production of peculiar supplies or services. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

### 2. General

Special test equipment and components thereof approved by Buyer as of the date of this contract are listed in Exhibit \_\_\_\_\_ attached hereto and made a part hereof and hereinafter referred to as "the Exhibit". In addition, if the Exhibit is not designated as a "complete list," this contract provides that the Seller will acquire other special test equipment and components thereof, the exact nature of which are not known as of the date of this contract. In any event, and notwithstanding inclusion in the Exhibit, Seller shall not acquire any items of special test equipment or components thereof unless such acquisitions shall have been authorized pursuant to Paragraphs a. or e. below.

#### a. Notice of Intent to Acquire Special Test Equipment

Before acquiring any items of special test equipment or components thereof, Seller shall give Buyer, or Buyer's designee, forty-five (45) days notice (or such other period as Buyer may specify in writing) of its intent to do so. Buyer may elect to furnish, or cause to be furnished by the Government, the special test equipment or any components thereof to Seller by giving written notice of its election to Seller within such period. In the event Seller has not received such written notice within the period prescribed, Seller may proceed to acquire such equipment or components subject to any other applicable provisions of this contract, and Buyer, upon written request of Seller, shall, for such equipment or components not listed thereon, amend the Exhibit to this contract accordingly, provided, however, that such amendment shall not be grounds for any adjustment in the prices or delivery schedules of this contract. Notifications required by this contract for special test equipment or components thereof shall, as a minimum, include an estimated aggregate cost of all items and components of the equipment the individual cost of which is less than \$1,000 and the following information on each item or component of equipment costing \$1,000 or more:

- i) The end use application and function of each proposed special test unit identifying special characteristics and the justification for classifying the test unit as STE.

- ii) A complete description identifying the items to be acquired and the items to be fabricated by the Seller.
  - iii) The estimated cost of the item of STE or component.
  - iv) A statement that intra-plant screening of Buyer and Government-owned STE and components has been accomplished and that none are available for use in performing this contract.
- b. Buyer or Government Furnished Special Test Equipment

In the event Buyer elects to furnish, or cause to be furnished, special test equipment or any components thereof pursuant to Paragraph a. above, such items shall be furnished subject to the Government Property clause hereof, provided, however, Buyer shall not be obligated to deliver, or cause to be delivered, such items any sooner than Seller could have procured them after expiration of the notice period prescribed in Paragraph a. above.

c. Equitable Adjustment

If Buyer furnishes, or causes to be furnished, any special test equipment or components thereof under Paragraph b. above, any affected provisions of this contract shall be equitably adjusted in accordance with the procedures of the "Changes" clause thereof.

d. Subcontracts

If special test equipment or components thereof are to be acquired for the Government by a subcontractor under this contract, Buyer's rights to receive advance notice thereof from Seller, as prescribed in Paragraph a. above, and to furnish such items to Seller as Government Property and to obtain an equitable adjustment of the purchase contract therefor, in accordance with Paragraphs a., b., and c. above, shall be preserved.

Seller shall with respect to any subcontract hereunder which provided that STE or components may be acquired or fabricated for Buyer or the Government, insert provisions in the subcontract which conform substantially to the language of Paragraph D. hereof entitled "Special Test Equipment."

e. Changes

If an engineering change requires either the acquisition or fabrication of new, or substantial modification to existing STE, Seller shall comply with Paragraph D. 2. a. above.

f. Reporting Excepted Test Equipment

If the Exhibit to this contract is not identified as a "complete list," Seller shall, with respect to any item of special test equipment or components thereof not subject to the notification requirements set forth in a above nor listed in the Exhibit, furnish monthly a report of all such items acquired in the detail as required by Buyer.

Periodically, Buyer shall amend the Exhibit to reflect the acquisition of items acquired pursuant to this Paragraph f., provided, however, that such amendments shall not be grounds for any adjustment in the prices or delivery schedule of this contract.

3. Retention, Disposition, Proceeds and Maintenance

In the case of special test equipment, the first sentence of paragraph C.4. of this flysheet is partially amended to read:

"Upon completion or termination of all or a substantial part of the work, Seller shall, when requested by Buyer, furnish an Inventory Schedule SF 1432 covering all items under this contract for determination of disposition action(s). At the time the Schedule is furnished, Seller may designate those test equipment items which it desires to retain, together with a written offer:"

Paragraphs C.5., C.6., and C.7. of this flysheet apply to both special tooling and special test equipment.

- E. In the event of any conflict between the provisions of the "Buyer's Property" Article appearing on Form 70-C-29 or 70-C-33 of Buyer's purchase contract and the provisions of this flysheet, the provisions of this flysheet shall govern.