

3 December 2001

SECTION H – SPECIAL PURCHASE ORDER REQUIREMENTS – BUYER GUIDANCE

The following H Clauses are not intended to be flowed in their entirety to all suppliers. Please use the following instructions as a guide to applicability of each H Clause. After reviewing the guidelines, if you still have a question regarding the applicability of a specific clause, please contact the appropriate JSF Subcontract Manager for additional guidance.

Clause	DESCRIPTION	DIRECTION TO BUYER
H-1	OBLIGATED FUNDS AND LIMITATION OF FUNDS	Applies to any PO over \$1M with duration of 6 months or more. Contact Material Cost (Mitzi Shepard) for guidance.
H-2	PERFORMANCE RESPONSIBILITY	Applies to all major and/or critical suppliers. Assessment made with IPT and reviewed with procurement management.
H-3	RESERVED	Reserved for suppliers with Cost or incentive type POs as "Fee Clause".
H-4	RESERVED	Reserved for suppliers with Cost or incentive type POs as "Affordability Clause".
H-5	BUYER'S INTEGRATED MASTER PLAN / INTEGRATED MASTER SCHEDULE (IMS/IMP)	Applies to suppliers required to utilize IMP and IMS. Assessment made with IPT.
H-6	GOVERNMENT PROPERTY FOR THE PERFORMANCE OF THIS CONTRACT	Applies to suppliers that require use of Government Furnished Equipment that has been identified in prime contract.
H-7	SUPPLIES TO BE ACCORDED DUTY-FREE ENTRY (MAR 1998) (DFARS 252.225-7008)	Applies to suppliers that request "Duty Free Entry" of any deliverables. Any identified should be identified to JSF Contracts Dept.
H-8	DISCLOSURE OF INFORMATION (DFARS 252.204-7000) (DEC 1991) (DEVIATION)	Applies to all suppliers.
H-9	ALTERNATE DISPUTE RESOLUTION	Applies to major and/or critical suppliers and may be used on any and all subcontracts.
H-10	PRESERVATION OF RIGHTS FOR INFORMATION PROVIDED ELECTRONICALLY	Applies to all suppliers that will transmit or furnish data electronically.
H-11	ACQUISITION STREAMLINING INITIATIVES	Applies to major and/or critical suppliers. Can be used in any PO.
H-12	ENVIRONMENTAL CONTROLS (JAN 1991) (NAVAIR 252.223-9500)	Applies to suppliers with work being accomplished in San Diego, CA.
H-13	RESERVED	Reserved.
A-H-1	PROVISIONED BUY NOTICE (PBN)	Applies to all major and/or critical suppliers. May be used whenever Buyer may expect to use PBN orders.
A-H-2	USE OF ORDER NUMBERS	Applies to all suppliers.
A-H-3	QUALITY APPENDICES/CONTACTING SOURCE INSPECTORS	Applies to all suppliers.
A-H-4	INTERNATIONAL PARTICIPATION	Applies to all suppliers. Deletion coordinated through International JSF group i.e. Steve Fouga.
A-H-5	CORRECTION OF SUPPLIES ACCEPTED WITH DEFICIENCIES	Applies to all subcontracts for supplies, typically not services.
A-H-6	BUYER PROPERTY FURNISHED TO SUPPLIER	Applies if Buyer will furnish equipment/property for use in performance of PO. Coordinate with IPT.

A-H-7	SUPPLIER SINGLE PROCESS INITIATIVES (SPIs)	Applicable to all suppliers that have initiated SPIs with USG.
A-H-8	BUYER-DIRECTED PROCUREMENTS	Applies whenever Buyer directs procurement. Coordinate with IPT.
A-H-9	RETENTION OF SPARES MANUFACTURING CAPABILITY	As a general rule, any subcontract in which we are paying non-recurring, i.e. those subcontracts where it is likely that special tooling and/or test equipment is being procured, or there is some infrastructure investment. Coordinate with IPT and AL, x77326 Mike Mills x or Troy Bomar X3347.
A-H-10	MANUFACTURING, TESTING AND DELIVERY CAPABILITY	As a general rule, any subcontract in which we are paying non-recurring, i.e. those subcontracts where it is likely that special tooling and/or test equipment is being procured, or there is some infrastructure investment. Coordinate with IPT and AL, x77326 Mike Mills x or Troy Bomar X33475.
A-H-11	PROGRAM MANAGEMENT AND STATUS REPORTING	Applies to major and/or critical suppliers or when SOW does not adequately define and request status reporting.
A-H-12	LESS THAN UNLIMITED RIGHTS TO EXTERNAL SHAPE AND/OR GEOMETRY	Applies to any supplier with deliverables that go into the aircraft or direct interfaces which will be captured and used in aircraft design drawings.
A-H-13	NOT INCLUDED OR RESERVED	Reserved. Buyer may use this to list exceptions to applicable CorpDocs or CorpDoc revisions should be placed in section I of standard JSF PO format.

SECTION H - SPECIAL PURCHASE ORDER REQUIREMENTS

H-1 OBLIGATED FUNDS AND LIMITATION OF FUNDS

- A. The Buyer shall not be obligated to pay the Supplier an amount in excess of funds obligated herein for each program element as indicated below.

The funds set forth below shall be considered actually obligated by the Buyer to the Supplier as of the first day of each period. In the event Buyer terminates or issues a stop work order for all or a portion of one or more categories, funding for the affected task or portion thereof shall be frozen as of the date notice is given to the Supplier.

A Termination Liability Funding Forecast shall be provided 30 days after receipt of an authorization to proceed with the work. Reports are required quarterly for the first four quarters; thereafter, updates shall be submitted as significant changes occur. "Significant change" is defined as a variance of 10% or \$500,000.00, whichever is less, to the program element price.

<u>Program Element</u>	<u>Prime Contract Number or Change Authorization</u>	<u>Funds Obligated</u>	<u>Date Obligated</u>
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- B. It is further recognized that the funds authorized in paragraph A. above may be increased or decreased by the Buyer at any time by written notice to the Supplier.
- C. It is understood and agreed by the parties that this clause is applicable only until such time as the funds obligated for each program element equal the prices established therefore in the Purchase Order and that when the Purchase Order becomes fully funded, this clause shall be of no force and effect.

H-2 PERFORMANCE RESPONSIBILITY

- A. Total System Performance and Integration Responsibility (TSPiR) is the responsibility for the integration and necessary performance of the _____ (i.e. its systems and subsystem components (hardware, software and data and the support thereof), including the responsibility for undertaking any and all action necessary to assure that the total system will meet all requirements as defined in the Purchase Order. The Supplier hereby expressly agrees to accept Total System Performance Responsibility for the _____, whether or not its systems, subsystems, or components are fabricated, manufactured, or assembled by the Supplier or Supplier's Subcontractors, and notwithstanding that any such Subcontractor shall have been selected pursuant to any provision hereof encouraging or providing incentive for subcontracting with small or small disadvantaged business concerns.
- B. The Supplier has represented and this Purchase Order has been executed on the basis that the Supplier has reviewed and agrees with the practicality and feasibility of the applicable specifications recited in the Statement of Work referenced in the Purchase Order. Accordingly notwithstanding any conflict or inconsistency which hereafter may be found between achievement of the aforesaid performance requirements and adherence to the Supplier's proposed design for the product identified in paragraph A above, the Supplier hereby warrants that the system to be delivered here under will meet as a minimum the performance requirements as delineated in said specifications.

- C. The Supplier shall be fully responsible for the integration of all its systems, sub-systems, and components and hereby agrees to make certain that any or all required inspection and acceptance test procedures are accomplished and are sufficient to meet the specifications. Further, the Supplier agrees that all systems, subsystems and components will be installed and integrated into the _____ without any degradation of performance of that item or in the overall system performance. The Supplier's responsibility to install and integrate subsystems and components without resultant degradation of performance of any such item is in addition to and not in substitution of its responsibility to insure that the total system will meet all requirements of the systems requirements as provided in paragraph A above; and the requirements of this paragraph C shall in no way excuse the Supplier from compliance with any other requirements of this Special Contract Requirement.
- D. The Supplier shall be fully responsible for the support of all its systems, subsystems and components, and shall provide such TSPIR support in accordance with the Statement of Work in this Purchase Order. The Supplier acknowledges the requirement to implement a Buyer-approved TSPIR Program that shall achieve the best balance of support requirements defined in the Statement of Work. The Supplier's Supportability Plan shall define the TSPIR Program and its implementation. Supplier shall also provide support for EMD systems, subsystems and components as defined in the SOW.

The Supplier is responsible for compliance with the requirements of the JSF Support Depot Harmonization Plan as referenced in the SOW. The Supplier shall also provide support for EMD systems, subsystems and components as defined in the SOW.

- E. The Supplier recognizes and agrees that its assumption of TSPIR has the following consequences:
- (1) The cost of performing TSPIR is included in the price of the Purchase Order and the Supplier shall not be entitled to any equitable adjustment in Purchase Order price associated with any problems encountered in fulfilling the TSPIR responsibilities.
 - (2) The Supplier is not relieved of its obligation to make timely delivery, nor is it entitled to any other adjustment because of failure of the Supplier to implement corrective actions.
- F. The Supplier further agrees that:
- (1) Notwithstanding any conflict, ambiguity or inconsistency which may hereafter be discovered between specifications and drawings, the Supplier shall, at no increase in Purchase Order price and with no extension in the delivery times set forth elsewhere in this Purchase Order, assure that all deliverable end items conform to the specifications; and
 - (2) Notwithstanding the right of the Buyer to review Supplier's efforts and progress, particularly design reviews, PCA/FCA, approval of test procedures, and test or approval of specifications and data items, which may be provided for elsewhere in this Purchase Order, it is expressly understood that Supplier is completely responsible for the compliance of all Purchase Order deliverable end items with the provisions of this Purchase Order. Any reviews or approvals of the Buyer shall not relieve the Supplier of its system integration and performance responsibility.

G. Notwithstanding the "Changes" Clause or any other clause of this Purchase Order, the Supplier hereby agrees that no Supplier generated changes to the Supplier generated specifications under this Purchase Order, that are reviewed and approved by the Buyer, which may be necessary to permit achievement of the performance requirements specified herein for the Supplier's proposed systems for the program, shall entitle the Supplier to any increase in the Purchase Order price set forth elsewhere in this Purchase Order or to any extension in delivery times for the Joint Strike Fighter Program as delineated elsewhere in this Purchase Order.

H-3 RESERVED

H-4 RESERVED

H-5 BUYER'S INTEGRATED MASTER PLAN / INTEGRATED MASTER SCHEDULE (IMS/IMP)

A. GENERAL DESCRIPTION: The Buyer's IMP and IMS are documents which provide insight into the process and related schedules associated with accomplishing the design, development, fabrication, testing and delivery and support of the JSF Air System. The primary consideration in the application of the IMP and IMS is to field a JSF Air System that meets the contract specifications within the affordability constraints of the program.

B. DEFINITION OF TERMS: The IMP is divided into three categories: Events, Significant Accomplishments, and Accomplishment Criteria, as defined below. The Buyer IMS consists of the Detail Tasks and Calendar Schedule relating to the Buyer IMP, as defined below:

- (1) Event (IMP) – The initiation or conclusion of an interval of major program activity.
- (2) Significant Accomplishment (IMP) – Desired result within a specified event which indicates a level of design maturity (or progress) directly related to each product/process.
- (3) Accomplishment Criteria (IMP) – A definitive measure/indicator that the level of maturity (or progress) has been achieved.
- (4) Detailed Tasks (IMS) – Detailed work effort to be completed in support of a specific Significant Accomplishment
- (5) Calendar Schedule (IMS) – Detailed schedule (dates) for the work effort to be completed.

C. Support the Buyer's IMP and IMS. In the event of a conflict between the Supplier and Buyer IMP and IMS, the Buyer IMP and IMS shall take precedence, unless otherwise approved by a duly authorized representative of the Buyer.

D. CHANGES TO THE IMP: The IMP is contained in Section J of this Purchase Order. Changes to the IMP can only be made by the Supplier if agreed to by the Buyer.

H-6 GOVERNMENT PROPERTY FOR THE PERFORMANCE OF THIS CONTRACT

Applicable clauses are contained in Section I of this Purchase Order. Government Property, if required, is contained in Section J of this Purchase Order.

H-7 SUPPLIES TO BE ACCORDED DUTY-FREE ENTRY (MAR 1998) (DFARS 252.225-7008)

In accordance with paragraph (b) of the Duty-Free Entry clause of this Purchase Order, in addition to duty-free entry for all qualifying country supplies (end products and components) and all eligible end products subject to applicable trade agreements (if this Purchase Order contains the Buy American Act--Trade Agreements--Balance of Payments Program clause or the Buy American Act--North American Free Trade Agreement Implementation Act--Balance of Payments Program clause), the following foreign end products that are neither qualifying country end products nor eligible end products under a trade agreement, and the following nonqualifying country components, are requested to be accorded duty-free entry:

None

H-8 DISCLOSURE OF INFORMATION (DFARS 252.204-7000) (DEC 1991) (DEVIATION)

(a) The Subcontractor shall not release to anyone outside the Subcontractor's organization any information, regardless of medium (e.g., film, tape, document), pertaining to any part of this subcontract or any effort directly related to the JSF Program unless—

- (1) LM Aero and the Joint Strike Fighter Program Office (JSFPO) have given prior written approval; or
- (2) The information is otherwise in the public domain before the date of release.

(b) Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose for the release. "Information" includes but is not limited to, news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, speeches, trade association meetings, symposia, published professional papers. The Subcontractor shall submit the original and 1 copy of the material proposed for release to the LM Aero Subcontracts Representative who will forward the request to the appropriate LM Aero Prime Contracts Administrator who will then forward the request to the JSFPO.

Where practicable, requests and the specific information may be provided to LM Aero using an electronic medium appropriate for the security level of the information being transmitted. Subcontractor must submit any requests to the LM Aero Subcontracts Administrator at least 20 working days before the proposed date for release. The JSF Contracting Officer's Representative requires at least 15 working days notice to process any such requests.

(c) The Subcontractor shall include a statement indicating the project or effort depicted was or is sponsored by:

JSFPO
Arlington, VA 22202

H-9 ALTERNATIVE DISPUTE RESOLUTION

Alternative Dispute Resolution is the preferred approach for settling Purchase Order disputes. Accordingly, the parties confirm their mutual commitment to consider the use of Alternative Dispute Resolution (ADR) processes to avoid/resolve disputes under this subcontract/purchase order. Notwithstanding the foregoing, nothing herein shall be deemed to limit the rights and remedies of the parties under the "Disputes" provision in Section I of this subcontract/purchase order.

H-10 PRESERVATION OF RIGHTS FOR INFORMATION PROVIDED ELECTRONICALLY

Information, whether delivered under any SDRL or supplier equivalent form of this Purchase Order, or in response to the subcontractor's Statement of Work, provided via the JSF Virtual Enterprise that would be deemed to be Technical Data under DFARS 252.227-7013, "Rights In Technical Data—Noncommercial Items," or Computer Software and Software Documentation under DFARS 252.227-7014, "Rights in Noncommercial Software and Noncommercial Software Documentation," if it were delivered in written form, shall not lose its status as technical data, software or software documentation solely by virtue of access by LM Aero, its Teammates, or the U.S. Government by electronic means. The rights of the parties in such Technical Data, Computer Software, or Computer Software Documentation shall be as specified in the clauses stated in DFARS 252.227-7013 and DFARS 252.227-7014 as included in this Purchase Order.

H-11 ACQUISITION STREAMLINING INITIATIVES

The Supplier may submit a proposal for acquisition streamlining initiatives at any time during the performance of this Purchase Order. However, any acquisition streamlining initiatives proposed by the Supplier must be accompanied by supporting information. Such information must include cost and pricing data (if required by regulation), a risk assessment, and cost/benefit tradeoff analyses which clearly show that the proposed initiatives are cost effective, and a thorough discussion of whether the proposed initiatives comply with law and regulation. The Buyer, at its sole discretion, will accept those acquisition streamlining initiatives that it considers desirable and bilaterally modify the Purchase Order to incorporate those changes.

H-12 ENVIRONMENTAL CONTROLS (JAN 1991) (NAVAIR 252.223-9500)

For Purchase Orders performed within the jurisdiction of the San Diego, California, Air Pollution Control District (implemented pursuant to stipulated Conditional Order of Abatement [Petition No. 1371] issued by San Diego, California, Air Pollution Control District and agreed to by the U.S. Navy). Notwithstanding that this Purchase Order may require the use of paints or coatings which do not meet state or district requirements for reduced volatile organic compounds ("VOC's"), Supplier must comply with all federal, state, and local regulatory requirements respecting air quality and emission limitations. It remains Supplier's responsibility to meet the requirements for reduced VOC's even where to do so will require the use of engineering controls or other special painting equipment.

H-13 RESERVED

A-H-1 PROVISIONED BUY NOTICE (PBN)

- A. Supplier shall deliver to Buyer additional supplies and services when ordered by the Buyer through the issuance of a Provisioned Buy Notice (PBN). The PBN(s) shall be sequentially numbered. The Buyer, however, has no obligation to order any work pursuant to this clause. Supplier shall submit a proposal within thirty (30) calendar days after receipt of a PBN or upon request of Buyer, whichever is earlier. In the aggregate, proposals for PBNs ordering like supplies and services shall constitute combined for administrative convenience. The PBN shall be formalized by a supplement to the Purchase Order upon completion of negotiations. Failure to reach agreement shall be a dispute subject to the disputes clause of this Purchase Order.
- B. The delivery schedule in the PBN is the Buyer's desired delivery schedule. Supplier shall confirm within ten (10) days of receipt of the PBN that it accepts the delivery schedule and shall price the task accordingly. In the event that Supplier is unable to meet the requested delivery schedule, Supplier shall submit the best possible delivery schedule within ten (10) days of receipt of such PBN. Pending resolution, this delivery schedule will become the contractual schedule of record.
- C. Authorization to proceed pursuant to the PBN is subject to meeting Supplier's minimum buy and/or minimum price requirements, if any. In the event any item fails to meet such requirements, Supplier shall immediately advise Buyer as to the minimum buy requirement, or the minimum price required and the maximum quantity that may be obtained for that price. Supplier shall thereafter take no action pursuant to the PBN unless further written direction is received from the Buyer.

A-H-2 USE OF ORDER NUMBERS

Buyer will assign an order number for each deliverable item procured under this Purchase Order and will issue Release Purchase Orders/or Purchase Order Line Items which shall include the quantity, delivery schedule and identification of the supplies and/or services related to the specific order numbers. Order numbers will serve to maintain receiving and accountability control, expedite the processing of invoices, and provide a basis of communication concerning a deliverable item. Packing sheets for all shipments made by the Supplier to the Buyer hereunder shall reference, in addition to part number, etc., the appropriate order number. All invoices and other communications shall also reference the appropriate order number.

A-H-3 QUALITY APPENDICES/CONTACTING SOURCE INSPECTORS

- A. When an appendix is specified in a line item on the Release Purchase Order/or Purchase Order Line Items in the field entitled "Basic Quality Appendix" and/or a clause is specified in the field entitled "Quality Clauses", such appendix and/or clause is incorporated into this Purchase Order by reference.
- B. If this PO calls for "Buyer at Source" inspection, Supplier shall, within five (5) days of receipt of PO, contact the Buyer Field Representative that services Supplier's facility. Buyer field representatives can be found at:

"www.ammc.lmco.com/pqar_locate/worldmap", or can be provided by the Buyer.

- C. Upon receipt of any Release Purchase Order/or Purchase Order Line Items issued under this Purchase Order which requires Government Source Inspection, the Supplier shall furnish a copy to the Government Representative who normally services Supplier's plant or, if none, the nearest Army, Navy, Air Force, or Defense Supply Agency inspection office. In the event the representative or office cannot be located, notify the Buyer immediately.
- D. Additional Quality instructions are included in the Section E and Section I of the Purchase Order.

A-H-4 INTERNATIONAL PARTICIPATION

- A. It is anticipated that the Buyer will be involved in a number of foreign offset/countertrade arrangements in various foreign countries in connection with the sale of Buyer's products to foreign countries. Supplier agrees to cooperate with the Buyer in fulfillment of such foreign offset/countertrade obligations, which Buyer may have undertaken or may undertake in the future.
- B. Buyer encourages Supplier to develop a plan for creating offset opportunities in many countries, including the following: the United Kingdom, the Netherlands, Norway, Denmark, Italy, Turkey, Canada, Singapore, France, Germany, Greece, Israel, Spain, Belgium, Australia, or the Republic of Korea. All offset or countertrade credit value resulting from Supplier's procurements, investments, or technology transfers related to work to be performed under this procurement shall accrue solely to the benefit of Buyer for its use.
- C. In addition, Supplier agrees to provide to Buyer, at no additional cost, a report every six (6) months during the performance of this Purchase Order summarizing, by country, the Supplier's lower-tier international procurement plan, investment plan, and technology transfer activity related to work to be performed under this procurement.

A-H-5 CORRECTION OF SUPPLIES ACCEPTED WITH DEFICIENCIES

If during the performance of this Purchase Order, the Buyer determines that it is necessary to accept supplies that are not fully compliant with existing Purchase Order agreements (i.e., that is, those involving deviations, waivers, shortages, unincorporated Engineering Change Proposals (ECP), etc.) or to accept supplies before the successful completion of all required testing such that Purchase Order compliance has not been determined, the Supplier agrees to deliver said supplies at the direction of the Buyer in accordance with the following:

- A. The Supplier agrees to correct such deviations, shortages, unincorporated ECPs, etc., as are listed on the Buyer's notification requiring delivery, or in the case where Purchase Order compliance has not been established before delivery, to correct deficiencies revealed by the testing required to be accomplished by the Buyer or by the Supplier and/or at final inspection of the supplies. Such correction will be accomplished by the Supplier at the Supplier's, Buyer's, or at the Government's facilities, at the direction of the Buyer.
- B. If at the time of delivery, the method of correction has not been determined, the Supplier will proceed with all diligence to determine the corrective action required. As soon as the method of correction has been established by the Supplier and approved by the Buyer, the Supplier will proceed to comply therewith. If the Buyer determines that the items of supplies will not be returned to the Supplier's plant for correction but that such correction will be accomplished at a Government or Buyer facility, the Buyer may elect to have Government or Buyer personnel in lieu of Supplier personnel make such corrections using Supplier-furnished material (kits and/or raw material), in which event the Supplier agrees to negotiate an equitable adjustment in the Purchase Order price for the work not accomplished by the Supplier.

- C. Where deliveries have been made before completion of all testing, the Supplier will notify the Buyer, in writing, upon completion of the testing of changes required to the delivered items and will recommend a proposed method, date(s), and location for accomplishing the rework and/or parts replacement.

A-H-6 BUYER PROPERTY FURNISHED TO SUPPLIER

The Buyer shall furnish to the Supplier the material and/or parts, contained in Section J., to be used by the Supplier in the performance of this Purchase Order. The materials and/or parts identified shall be furnished in accordance with the schedule set forth therein. In the event said materials and/or parts are not furnished or are not furnished in accordance with the schedule set forth, an equitable adjustment may be made in the price, delivery schedule and other affected terms and conditions of this purchase Order in accordance with the "Changes" clause hereof.

(Identified in Section J, if any)

A-H-7 SUPPLIER SINGLE PROCESS INITIATIVES

- A. Supplier and the United States Government have agreed upon a variety of Single Process Initiative (SPI) block changes which have been incorporated into Supplier's prime contracts. As of the date of this Purchase Order, the following block changes have been approved:

Block Change Number	Title	Date
1 _____	_____	_____
2 _____	_____	_____
3 _____	_____	_____
4 _____	_____	_____

- B. The above referenced block changes are incorporated by reference into this Purchase Order. In the event of a conflict between the processes and procedures established above and the process or procedure otherwise provided in this Purchase Order, the above referenced block changes shall control. The only exception to the foregoing shall be with respect to provisions of this Purchase Order, if any, which are expressly identified as an exception to this provision.
- C. Future SPI block changes will be incorporated into this and other Purchase Orders between the Buyer and Supplier as the parties agree from time to time.

A-H-8 BUYER-DIRECTED PROCUREMENTS

The Buyer may direct the Supplier from time to time to procure parts, components or items from a specific source for incorporation into the end item to be delivered by the Supplier to the Buyer. Supplier shall contract direct with the specified source. These items are as follows:

<u>Nomenclature</u>	<u>Part Number</u>	<u>Source</u>
<u>None</u>		

Supplier exceptions to the use of the above-listed items will be considered by the Buyer if in Buyer's sole judgement, the Supplier proposes a better value approach that meets the requirements and objectives of the program (such as use of Commercial Off-The-Shelf (COTS) equipment).

A-H-9 RETENTION OF SPARES MANUFACTURING CAPABILITY

- A. The Supplier shall retain the capability and assume the obligation to support the Joint Strike Fighter with replenishment spare parts and assemblies. This support also includes software and simulation modeling if applicable, except as provided in paragraphs B. and F. of this clause.
- B. The Supplier agrees to provide those replenishment spare parts and assemblies ordered under any purchase orders as required to support the system for a period of six (6) years, following delivery of the last hardware item, after which an extension of this agreement may be required. The Supplier shall notify the Buyer in writing, 120 days prior to the expiration of this agreement that the agreement expires on a particular date. The Buyer will advise the Supplier of the Government requirements for continued support, prior to the expiration of this agreement.
- C. Normal refurbishing, modification, replacements (due to fair wear and tear) and additional tooling for new requirements shall be charged to the applicable spare order. Refurbishment, modification and replacement costs for special tooling used for commercial and direct sales work will not be borne by the Buyer as either a direct or an indirect charge.
- D. Where special tooling is also used for commercial or direct sales work, the Supplier agrees to afford the Buyer priority over such work. The Supplier further agrees not to charge the Buyer any costs associated with returning special tooling to its original configuration, in the event it has been modified for commercial or direct sales use.
- E. The Supplier further agrees to negotiate a similar agreement with its Subcontractors having special tooling that may be required to support the Joint Strike Fighter.
- F. The Government and/or Buyer reserve the right to acquire spare parts or assemblies directly for those suppliers, vendors or subcontractors who normally supply spare parts or assemblies.

A-H-10 MANUFACTURING, TESTING AND DELIVERY CAPABILITY

The supplier is responsible for the following:

- A. Establish and maintain a capability for manufacturing, processing, inspecting, testing and delivering equipment, or portions thereof, in quantities sufficient to support equipment delivery schedules herein, plus 20% for LRUs, production repair parts, spares, repairs, modifications, etc. This rate capability shall be the result of combining Supplier's existing capability with the Special Tooling and/or Special Test Equipment acquired pursuant to paragraph B., below, and shall be based on a 5 day 40 hour work week.
- B. Design, manufacture and/or procure Special Tooling and/or Special Test Equipment as required, in addition to Supplier's existing capability, to fulfill the rate capability requirements set forth in paragraph A. above. Acquisition and maintenance of Special Tooling, and Special Test Equipment shall be in accordance with FAR Clause 52.245-17, Special Tooling, 52.245-18 Special Test Equipment, 52.245-2 or 52.245-5 (as appropriate), Government Property, and the clauses of this Purchase Order.

1. Supplier shall not proceed to manufacture or acquire any items requiring approval prior to their approval by Buyer. Supplier agrees to furnish such additional information as Buyer may need in order to obtain approval from the Government for manufacture or acquisition of the items required. Supplier shall include the requirements of this clause in each of its subcontracts issued hereunder.
 2. Title to the Special Test Equipment will rest in the Government in accordance with FAR Clause 52.245-18, Special Test Equipment, and will be considered Government Furnished Property.
 3. Supplier shall, at the request of the Buyer, provide the Buyer with a listing of the Special Test Equipment acquired under this purchase order. Said listing will be requested no more often than once each year and may be a copy of the records maintained in Supplier's format pursuant to FAR Section 45.
- C. Control Special Tooling and Special Test Equipment (tools) manufactured by Buyer as follows:
1. Tools shipped to the Supplier will be listed either on a Certified Tool List (CTL) Form FW28 if accountability is to be retained by Buyer, or on a Requisition and Invoice/Shipping Document (DD Form 1149) if accountability is to be transferred to the Supplier. The Supplier shall acknowledge receipt of tools with a Company authorized signature on the CTL. If Supplier takes exception to the information shown on the CTL, Supplier shall return the CTL to the Buyer with an explanation and a request for revision. The Supplier shall not alter any information shown on the CTL without prior authorization from the Buyer. The Supplier shall acknowledge, in writing, receipt of tools received on DD Form 1149.
 2. All tools in the possession of the Supplier or his subcontractors shall be protected from rust and/or contamination.
 3. The Supplier shall submit requests in writing when requesting changes or alterations to Buyer-furnished tools.
 4. The Supplier shall not rework or in any way alter any Buyer Furnished "control tools" without receiving written authorization from the Buyer.
 5. If Buyer requests a change, the Supplier will receive a Change Commitment Request. The Supplier shall complete and return the form to the Buyer with the supplemental data requested. Authority to rework, in the form of a letter, wire, Purchase Order Change Notice, etc., will be issued by the Buyer.
- D. Design, manufacture and/or procure, deliver and ship items of Special Tooling and/or Special Test Equipment when authorized by the Buyer. Administration and control shall be in accordance with FAR 52.245-17, Special Tooling, 52.245-18, Special Test Equipment, FAR 52.245-2 or -5 (as appropriate), Government Property, the clause above entitled "Retention of Spares Manufacturing Capability" and the following clauses 1 through 5.
1. The Supplier shall immediately proceed to manufacture or acquire the items based on the Buyer's authorization, unless otherwise stated in Buyer's order, since the items ordered under this paragraph D have already been approved for acquisition.

2. All items delivered hereunder shall successfully pass the acceptance tests and/or inspections set forth in a Buyer-approved STE Acceptance Test/Inspection Requirements Specification. This specification shall be prepared by the Supplier and submitted to Buyer in time to allow Buyer forty-five (45) days approval time. The specification shall call for inspections and tests of the type normally used by Supplier to confirm that the item is ready for use, supplemented if necessary to provide the Buyer with adequate proof of the acceptability of the unit.
3. Items ordered hereunder may be delivered to the Buyer or directly to the Government as specified in Buyer's order.
4. Items ordered hereunder may be shipped to Buyer, shipped to other locations in support of the Joint Strike Fighter Program, or retained by Supplier, as specified in Buyer's order, to support Supplier's production/spares manufacturing, repair and/or modification tasks. Packaging, packing, preservation, marking and shipment of items shall be in accordance with the terms contained elsewhere in this purchase order.
5. Items ordered hereunder to be retained by the Supplier shall be maintained and managed in accordance with the Appendices and clauses referred to above in this paragraph D.

A-H-11 PROGRAM MANAGEMENT AND STATUS REPORTING

A. Progress Status Reporting

Supplier is required to report Purchase Order status on a regular basis via teleconference or a written report. The report shall be submitted the first week of every month for those reports required on a monthly basis and each Monday morning for those required on a weekly basis, and shall at a minimum address the current status of Purchase Order requirements and progress and any changes in or impacts thereto.

B. Quarterly Program Status Reviews/Technical Interchange Meetings

Supplier shall conduct quarterly Program Status Reviews (PSR) at its facility, with the first meeting to be held 45 days after Purchase Order award. The Buyer's customer may attend the meetings. The PSR should include a detailed review of the Integrated Master Schedule, all detail level schedules, and time-phased budget plans. The specific agenda for the PSR should be pre-coordinated with the Buyer. Cost/schedule status and technical accomplishments should be included in the presentation. A red/yellow/green assessment of each major cost element and at the program summary level shall be provided. A Technical Interchange Meeting (TIM) will be held in conjunction with the PSR to present, discuss and develop solutions for specific issues of technical concern.

C. Technical Coordination Meetings (TCM)

The Supplier shall conduct informal TCMs at its facility. Either the Supplier or the Buyer may initiate agenda topics for these TCMs. However, Supplier-initiated topics should be pre-coordinated with the Buyer not less than ten (10) working days prior to the meeting date. The Buyer's customer may attend the meetings.

D. Working Group Meetings

Working groups will be formed as the need arises. The appropriate company will host meetings and the Buyer's customer may attend the meeting. Efforts will be made to rotate the meeting site among working group members. Teleconferencing whenever possible will be utilized in lieu of travel. For each meeting, the host will prepare an agenda and a clear statement of objectives. At the end of the meeting, a review of accomplishments vis-à-vis the objectives will be conducted and action items assigned. Within five (5) working days of the meeting, the host should prepare and distribute minutes of the meeting including action items.

A-H-12 LESS THAN UNLIMITED RIGHTS TO EXTERNAL SHAPE AND/OR GEOMETRY

In accordance with the contract clauses found in DFARS 252.227-7013/7014, Seller hereby agrees to provide Buyer unlimited rights to the external shape and/or geometry of the items delivered under this purchase order. This applies to the Catia definition of the physical external shape and interface definitions only. Any claims by Seller to Buyer for less than unlimited rights, including data describing the function or inner workings of any component, are contained in section K of this Purchase Order.