

IDS Terms and Conditions Guide
Section D

Clause Number: D602M
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DIMINISHING MANUFACTURING SOURCES (DMS)

1. Obsolescence Shortage Definition

Upon determination, by the Seller, that a process/component required in the delivery of the end item(s) ordered hereunder is unavailable during the performance of this purchase contract due to obsolescence / diminishing sources, the Seller shall notify the Buyer of this condition. The Seller shall immediately define the shortage by providing the Buyer with:

- a. Satisfactory evidence that a prudent effort was made to obtain the affected parts required to meet current contractual requirements and has initiated preliminary investigation of alternate parts (i.e. parts that are technically and physically compatible with hardware design.); and,
- b. Identify / Propose if any Economic Order Quantity (EOQ) funding is required to procure enough parts in the current year to meet the total contractual requirements via Supplier Change Proposal (SCP); and,
- c. Determine whether there is an opportunity for a life-time buy beyond the current contractual requirement, to include price and availability information via SCP.

2. Obsolescence Issues Requiring Redesign

If, upon determination by the Seller, that there are insufficient parts to meet current contractual requirements, and that redesign is required to meet current requirements, the Seller shall submit an SCP for the redesign effort.

When a SCP is submitted to the Buyer, the Buyer shall, within sixty (60) days of receipt of the SCP, take any of the following actions:

- a. Provide EOQ funding to buy enough parts to meet current contractual requirements; or
- b. Authorize the procurement of the life-time buy parts; or
- c. Authorize the redesign and associated testing effort under a Purchase Contract or Purchase Contract Change Notice; or
- d. Terminate the order for convenience in accordance with the applicable Purchase Contract General Provisions.