

**Common Terms and Conditions Guide**  
**Section 5 – Government Contract Requirements**

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**F04701-93-C-0004**  
**MEDIUM LAUNCH VEHICLE III PROGRAM**  
**GOVERNMENT CONTRACT REQUIREMENTS**

- (a) The following contract clauses are incorporated by reference from the Federal Acquisition Regulation and apply to the extent indicated. Unless provided for elsewhere in this contract, only subparagraphs (22), (23), (24), and (37) of this paragraph (a) shall apply to any portion of this contract that is for commercial items or commercial components, as those terms are defined at FAR 52.202-1. In all of the following clauses, "Contractor" and "Offeror" shall mean Seller.
- (1) 52.203-6 Restrictions on Subcontractor Sales to the Government (JUL 1995). This clause applies only if this contract exceeds \$100,000.
  - (2) 52.203-7 Anti-Kickback Procedures (JUL 1995) [excluding subparagraph (c)(1)]. This clause applies only if this contract exceeds \$100,000. Buyer may withhold from sums owed Seller the amount of any kickback paid by Seller or its subcontractors at any tier if (a) the Contracting Officer so directs, or (b) the Contracting Officer has offset the amount of such kickback against money owed Buyer under the prime contract.
  - (3) 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity (SEP 1990). This clause applies only if this contract exceeds the FAR small purchase limitation. If the Government reduces Buyer's price or fee for violations of the Act by Seller or its subcontractors at any tier, Buyer may withhold or recover from Seller the amount of the reduction.
  - (4) 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (APR 1991). This clause applies only if this contract exceeds \$100,000.
  - (5) 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (JAN 1990). This clause applies only if this contract exceeds \$100,000. Paragraph (c) (4) is modified to read as follows: "(c) (4) Seller will promptly submit any disclosure required (with written notice to Buyer) directly to the PCO for the prime contract. Buyer will identify the cognizant Government PCO at Seller's request. Each subcontractor certification will be retained in the subcontract file of the awarding contractor."
  - (6) 52.204-2 Security Requirements (APR 1984) (excluding any reference to the Changes clause of this contract). This clause applies only if access to classified material is required.
  - (7) 52.208-1 Required Sources for Jewel Bearings and Related Items (APR 1984)
  - (8) 52.210-5 New Material (APR 1984). "Contracting Officer" shall mean Buyer.

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- (9) 52.210-7 Used or Reconditioned Material, Residual Inventory and Former Government Surplus Property (APR 1984). "Contracting Officer" shall mean Buyer.
- (10) 52.211-15 Defense Priority and Allocation Requirements (SEP 1990)
- (11) 52.215-1 Examination of Records by Comptroller General (FEB 1993). This clause applies only if this contract exceeds the FAR small purchase limitation.
- (12) 52.215-2 Audit and Records -- Negotiation (AUG 1996). This clause applies only if this contract exceeds \$100,000 and (i) is cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these types; (ii) Seller was required to provide cost or pricing data, or (iii) Seller is required to furnish reports as discussed in paragraph (e) of the referenced clause.
- (13) 52.215-10 Price Reduction For Defective Cost or Pricing Data (OCT 1997). This clause applies only if this contract exceeds \$500,000. In subparagraph (3) of paragraph (a), insert "of this contract" after "price or cost." In Paragraph (c), "Contracting Officer" shall mean "Contracting Officer or Buyer." In Paragraphs (c)(1), (c)(1)(ii), and (c)(2)(i), "Contracting Officer" shall mean "Contracting Officer or Buyer." In Subparagraph (c)(2)(i)(A), delete "to the Contracting Officer." In Subparagraph (c)(2)(ii)(B), "Government" shall mean "Government or Buyer." In Paragraph (d), "United States" shall mean "United States or Buyer."
- (14) 52.215-12 Subcontractor Cost or Pricing Data (OCT 1997). This clause applies only if this contract exceeds \$500,000. The certificate required by paragraph (b) of the referenced clause shall be modified as follows: delete "to the Contracting Officer or the Contracting Officer's representative" and substitute in lieu thereof "The Boeing Company or any of its wholly owned subsidiaries."
- (15) 52.215-14 Integrity of Unit Prices (OCT 1997) [excluding paragraph (c)]
- (16) 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns (FEB 1990)
- (17) 52.219-9 Small Business and Small Disadvantaged Business Subcontracting Plan (JAN 1991). This clause applies only if this contract exceeds \$500,000 and Seller is not a small business concern. In paragraph (c), "Contracting Officer" shall mean Buyer.
- (18) 52.219-13 Utilization of Women-Owned Small Businesses (AUG 1986)

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- (19) 52.222-1 Notice to the Government of Labor Disputes (APR 1984). "Contracting Officer" shall mean Buyer.
- (20) 52.222-4 Contract Work Hours and Safety Standards Act -- Overtime Compensation (JUL 1995). This clause applies only if this contract exceeds \$100,000. Buyer may withhold or recover from Seller such sums as the Contracting Officer withholds or recovers from Buyer because of liabilities of Seller or its subcontractors under this clause.
- (21) 52.222-20 Walsh-Healey Public Contracts Act (APR 1984). This clause applies only if this contract exceeds \$10,000.
- (22) 52.222-26 Equal Opportunity (APR 1984) [subparagraphs (b)(1) through (11)]
- (23) 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans (APR 1984). This clause applies only if this contract is for \$10,000 or more.
- (24) 52.222-36 Affirmative Action for Handicapped Workers (APR 1984). This clause applies only if this contract exceeds \$2,500.
- (25) 52.222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era (JAN 1988). This clause applies only if this contract is for \$10,000 or more.
- (26) 52.223-2 Clean Air and Water (APR 1984). This clause applies only if this contract exceeds \$100,000.
- (27) 52.223-3 Hazardous Material Identification and Material Safety Data (DEC 1991). This clause applies only if Seller will deliver hazardous materials.
- (28) 52.225-11 Restrictions on Certain Foreign Purchases (APR 1991)
- (29) 52.227-1 Authorization and Consent (APR 1984), Alternate I (APR 1984)
- (30) 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996). This clause applies only if this contract exceeds \$100,000. A copy of each notice sent to the Government will be sent to Buyer.
- (31) 52.227-9 Refund of Royalties (APR 1984). This clause applies only if the amount of royalties reported during negotiation of this contract exceeds \$250.
- (32) 52.227-10 Filing of Patent Applications -- Classified Subject Matter (APR 1984)
- (33) 52.227-11 Patent Rights – Retention by the Contractor (Short Form) (JUN 1989). This clause applies only if this contract is for experimental,

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developmental, or research work and Seller is a small business or nonprofit organization.

- (34) 52.227-12 Patent Rights – Retention by the Contractor (Long Form) (JUN 1989). This clause applies only if this contract is for experimental, developmental, or research work and Seller is not a small business or nonprofit organization.
  - (35) 52.228-5 Insurance - Work on a Government Installation (SEP 1989). This clause applies only if this contract requires work on a Government installation.
  - (36) 52.230-6 Administration of Cost Accounting Standards (APR 1996). This clause applies only if clause 3050 or 3051 is incorporated in this contract. Add "Buyer and the" before "Contracting Officer" in paragraph (f).
  - (37) 52.244-6 Subcontracts for Commercial Items and Commercial Components (OCT 1995)
  - (38) 52.245-2 Government Property (DEC 1989)
  - (39) 52.245-18 Special Test Equipment (FEB 1993). In this clause, "Contracting Officer" shall mean Buyer. Substitute `45' for `30'. Notwithstanding paragraph (c), Seller shall not buy or make any item of special test equipment without Buyer's prior written consent."
  - (40) 52.246-23 Limitation of Liability (APR 1984)
  - (41) 52.246-25 Limitation of Liability -- Services (APR 1984). This clause applies only if this contract exceeds \$25,000.
  - (42) 52.248-1 Value Engineering (MAR 1989) [excluding subparagraph (f)]. This clause applies only if this contract is \$100,000 or more. "Contracting Officer" shall mean Buyer. If a Value Engineering Change Proposal is accepted by the Government, Seller's share will be 50% of the instant, concurrent, and future contract net acquisition savings and collateral savings that Buyer receives from the Government. Seller's negotiated share of net acquisition savings or collateral savings shall not reduce the Government's share of concurrent or future savings or collateral savings. Buyer's payments to Seller under this clause are conditioned upon Buyer's receipt of authorization for such payments from the Government.
- (b) The following contract clauses are incorporated by reference from the Department of Defense Federal Acquisition Regulation Supplement and apply to the extent indicated. In all of the following clauses, "Contractor" and "Offeror" shall mean Seller.

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- (1) 252.203-7001 Special Prohibition on Employment (JUN 1997) [Excluding paragraph (g)]. This clause applies only if this contract exceeds \$100,000.
- (2) 252.204-7000 Disclosure of Information (DEC 1991)
- (3) 252.204-7003 Control of Government Personnel Work Product (APR 1992)
- (4) 252.205-7000 Provision of Information to Cooperative Agreement Holders (DEC 1991)
- (5) 252.209-7000 Acquisition From Subcontractors Subject to On-Site Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty (NOV 1995). This clause applies only if this contract exceeds \$100,000.
- (6) 252.210-7003 Acquisition Streamlining (DEC 1991). This clause applies only if this contract exceeds \$1,000,000.
- (7) 252.215-7000 Pricing Adjustments (DEC 1991)
- (8) 252.219-7003 Small Business and Small Disadvantaged Business Subcontracting Plan (DoD Contracts) (DEC 1991)
- (9) 252.223-7001 Hazard Warning Labels (DEC 1991)
- (10) 252.223-7002 Safety Precautions for Ammunition and Explosives (MAY 1994). This clause applies only if this contract involves ammunition or explosives. "Government" means Government or Buyer in paragraph (b)(2), each time it appears in (e), (f)(1), (f)(2), the first time it appears in (g)(1)(i), and in (g)(3). "Government" means Buyer in paragraphs (c)(3), (c)(4), (c)(5), and the second time it appears in (g)(1)(i). "Contracting Officer" means Contracting Officer and Buyer in paragraph (g)(4). "Contracting Officer" means Buyer in paragraphs (c)(1), (c)(2), (c)(3), (c)(4), (c)(5), and each time it appears in (d).
- (11) 252.223-7003 Change in Place of Performance – Ammunition and Explosives (DEC 1991). This clause applies only if DFARS 252.223-7002 is applicable to this contract.
- (12) 252.225-7001 Buy American Act and Balance of Payments Program (DEC 1991)
- (13) 252.225-7002 Qualifying Country Sources as Subcontractors (DEC 1991)
- (14) 252.225-7009 Duty-Free Entry -- Qualifying Country End Products and Supplies (DEC 1991)

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- (15) 252.225-7014 Preference for Domestic Specialty Metals (DEC 1991), Alternate I (DEC 1991)
- (16) 252.225-7025 Foreign Source Restrictions (DEC 1991)
- (17) 252.225-7026 Reporting of Contract Performance Outside the United States (NOV 1995). This clause applies only if this contract exceeds \$100,000 and is not for commercial items, construction, ores, natural gases, utilities, petroleum products and crudes, timber (logs), or subsistence.
- (18) 252.227-7013 Rights in Technical Data and Computer Software (OCT 1988). This clause applies only if the delivery of data is required or where computer software may be originated, developed, or delivered under this contract.
- (19) 252.227-7018 Restrictive Markings on Technical Data (OCT 1988). This clause applies only if the delivery of data is required by this contract.
- (20) 252-227-7029 Identification of Technical Data (APR 1988)
- (21) 252.227-7030 Technical Data - Withholding of Payment (OCT 1988). In this clause, "Government" and "Contracting Officer" shall mean Buyer. This clause applies only if the delivery of data is required under this contract.
- (22) 252.227-7031 Data Requirements (OCT 1988). Modified to delete "DD Form 1423 (Contract Requirements List)" and to substitute "Data Requirements List" in lieu thereof.
- (23) 252.227-7036 Certification of Technical Data Conformity (MAY 1987)
- (24) 252.227-7037 Validation of Restrictive Markings on Technical Data (APR 1988). This clause applies only if the delivery of data is required under this contract.
- (25) 252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles (DEC 1991)
- (26) 252.231-7000 Supplemental Cost Principles (DEC 1991)
- (27) 252.235-7003 Frequency Authorization (DEC 1991)
- (28) 252.243-7001 Pricing of Contract Modifications (DEC 1991)
- (29) 252.247-7023 Transportation of Supplies by Sea (NOV 1995). This clause applies only if this contract exceeds \$100,000.
- (30) 252.247-7024 Notification of Transportation of Supplies by Sea (NOV 1995). "Contracting Officer" and, in the first sentence of paragraph (a), "Contractor"

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mean Buyer. This clause applies only if this contract is not for commercial items or components.

(31) 252.249-7001 Notification of Substantial Impact on Employment (DEC 1991). This clause applies only if this contract is \$500,000 or more.

(c) If work on a Government installation is required under this contract, Clause 333 is applicable and incorporated herein by reference.

(d) Insurance - Work on a Government Installation

This clause applies only if this contract requires work on a Government installation.

(1) Seller shall, at its own expense, provide and maintain during the entire performance of this contract at least the kinds and minimum amounts of insurance required in the schedule or elsewhere in the contract.

(2) Before commencing work under this contract, Seller shall certify to Buyer in writing that the required insurance has been obtained. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting Buyer's or the Government's interest shall not be effective (i) for such period as the laws of the state in which this contract is to be performed or (ii) until 30 days after insurer or Seller gives written notice to Buyer, whichever period is longer.

(3) Seller shall insert the substance of this clause, including this paragraph (3), in lower-tier subcontracts under this contract that require work on a Government installation and shall require lower-tier subcontractors to provide and maintain the insurance required in the schedule or elsewhere in the contract. Seller shall maintain a copy of all lower-tier subcontractor's proofs or the required insurance, and shall make copies available to Buyer upon request.

(e) Notification of Government Security Activity

This clause applies only if this contract requires work on a Government installation.

Thirty days before the date Seller operations will begin on base, Seller shall notify the security police activity shown in the distribution block of the DD Form 254, DoD Contract Security Classification Specification, as to:

- (1) The name, address and telephone number of this subcontract company's representative in the U.S. or overseas area, as appropriate;
- (2) The subcontract number and military contracting command;
- (3) The highest classification category of defense information to which Seller's employees will have access;

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- (4) The Air Force installations in the U.S. (in overseas areas identify only the APO number[s]) where the contract will be performed;
- (5) The date Seller operations will begin on base in the U.S. or in the overseas area;
- (6) The estimated completion date of operations on base in the U.S. or in the overseas area; and
- (7) Any changes to information previously provided under this clause.

This requirement is in addition to visit request procedures contained in DOD 5220.22M, Industrial Security Manual, paragraph 37d.

(f) **Safety Accident Prevention**

- (1) In performing work under this contract on a Government installation, Seller shall:
  - (i) conform to the specific safety requirements contained in this contract;
  - (ii) comply with the safety rules of the Government installation that concerns related activities not directly addressed in this contract;
  - (iii) take all reasonable steps and precautions to prevent accidents and preserve the life and health of Buyer, Seller, and Government personnel performing or in any way coming in contact with the performance of this contract; and
  - (iv) take such additional immediate precautions as Buyer may reasonably require for safety and accident prevention purposes.
- (2) If this contract is performed on an Air Force installation, the Air Force Occupational Safety and Health (AFOSH) Standards, developed in accordance with AFR 127-12, in effect on the date of this contract, apply. If contract performance is on other than an Air Force installation, Seller shall comply with the safety rules of that Government installation, in effect on the date of this contract.
- (3) Buyer may, by written order, direct additional AFOSH and safety and accident standards as may be required in the performance of this contract and any adjustments resulting from such direction will be in accordance with the Changes clause of this contract.



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- (4) Any violation of these safety rules and requirements, unless promptly corrected as directed by Buyer, shall be grounds for termination of this contract in accordance with the Default clause of this contract.

(g) Scientific/Technical Information (STINFO)

If not already registered, Seller shall register for Defense Technical Information Center (DTIC) service by contacting the following:

Defense Technical Information Center  
ATTN: Registration Section (DTIC-DDR-B)  
BLDG. 5, Cameron Station  
Alexandria, VA 22304-6145  
(202) 274-6871

To avoid duplication of effort and conserve scientific and technical resources, Seller shall search existing sources in DTIC to determine the current state-of-the-art concepts, studies, etc.

h) Enabling Clause for General Systems Engineering and Integration

- (1) Buyer's contract covers part of the Medium Launch III Program which is under the general program management of the Air Force Space and Missile Systems Center (SMC). The Air Force has entered into a contract with the Aerospace Corporation for the services of a technical group which will support the DOD program office by performing General Systems Engineering and Integration.
- (2) General Systems Engineering and Integration (GSE&I) deals with overall system definition; integration both within the system and with associated systems; analysis of system segment and subsystem design; design compromises and tradeoffs; definition of interfaces; review of hardware and software including manufacturing and quality control; observation, review and evaluation of tests and test data; support of launch, flight test, and orbital operations; appraisal of the contractors' technical performance, through meeting with contractors and subcontractors, exchange and analysis of information on progress and problems, review of plans for future work; developing of solutions to problems, technical alternatives for reduced program risk, providing comments and recommendations in writing to the DOD System Program Manager and/or Project Officer as an independent technical assessment for consideration for modifying the program or redirecting Buyer's efforts; all to the extent necessary to assure timely and economical accomplishment of program objectives consistent with mission requirements.
- (3) In the performance of this contract, Seller agrees to cooperate with the Aerospace Corporation by responding to invitations from Buyer to attend

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meetings; by providing access to technical information and research, development and planning data such as, but not limited to, design and development analyses; test data and results; equipment and process specifications; test and test equipment specifications and procedures, parts and quality control procedures, records and data; manufacturing and assembly procedures; and schedule and milestone data, all in their original form or reproduced form and excluding financial data; by delivering data as specified in the Subcontract Data Requirements List (SDRL); by discussing technical matters relating to this program; by providing access to Seller's facilities utilized in the performance of this contract; and by allowing observation of technical activities by appropriate Aerospace technical personnel. The Aerospace personnel engaged in general systems engineering and integration effort are authorized access to any technical information pertaining to this contract, to include but not limited to engineering drawings, schematics and integrated diagrams for airborne and ground systems.

- (4) Seller further agrees to include in each lower-tier subcontract a clause requiring compliance by such subcontractor with the response and access provisions of paragraph (3) above, subject to coordination with Buyer through Seller. This agreement does not relieve Seller of its responsibility to manage the lower-tier subcontracts effectively and efficiently nor is it intended to establish privity of contract between Buyer, the Government or the Aerospace Corporation and such lower-tier subcontractors.
  - (5) The Aerospace Corporation personnel are not authorized to direct Seller in any manner. Seller agrees to accept technical direction from Buyer only.
- (i) Use of Government Supply Source for Acquisition of Class S Parts
- (1) Definition. "JAN Class S parts" as used in this clause are space-quality military standard electronic parts as described in MIL-S-19500 for semiconductors, MIL-M-38510 for microcircuits and associated specifications for passive electronic parts.
  - (2) Seller is encouraged to acquire JAN Class S parts in FSC 5961 and FSC 5962 as defined on the list\* from the Defense Electronic Supply Center (DESC) using Military Standard Requisitioning and Issue Procedures (MILSTRIP). If the parts are not available from DESC to meet contractual time requirements or if Seller intends to acquire the parts from sources other than DESC, Seller will identify to the Parts Control Board the alternate acquisition source prior to actual purchase of the parts.

\*JAN Class S NSN List. This list will change from time to time. For most recent version, contact SSD/SDEEP, P.O. Box 92960, Los Angeles, CA 90009-2960, telephone (310) 363-2411.

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- (3) To use MILSTRIP, Seller shall obtain a letter of authorization from Buyer which includes the list of parts (including national stock numbers, general part numbers, and order quantities) authorized to be ordered through MILSTRIP.
  - (4) JAN Class S parts obtained from DESC pursuant hereto shall be considered supplier furnished material, since the items are acquired directly by Seller. Seller shall retain responsibility for assuring timely delivery of parts to support this contract.
  - (5) DESC shall be responsible for reimbursing or replacing any defective part from the operating stock, provided the defect was not caused by Seller. Defective DESC parts shall be reported to DESC/QAR, Dayton, OH 45444-5000, telephone (513) 296-5146.
  - (6) Seller shall be responsible for rework, repair, retest, and schedule impacts of defective assemblies or systems caused by parts failures, including those caused by JAN Class S parts acquired from DESC, in the same manner as if the defective material had been acquired from sources other than DESC. The Government's and Buyer's liability for parts failure shall not exceed the cost of the JAN Class part and this limitation of liability shall apply in lieu of any other liability provision of this contract.
  - (7) Seller, through Buyer, shall follow AFM 67-1, Volume 1, MILSTRIP Requisitioning Procedures, as specified by the acquisition activity.
  - (8) Seller agrees to include a clause substantially the same as this clause, including this paragraph (8), in every lower-tier subcontract issued in performance of this contract, unless it is known that the item purchased does not contain any electronic parts identified in paragraph (2) above.
  - (9) Seller shall pay bills from DESC promptly upon receipt of billings.
  - (10) Seller agrees that JAN Class S parts required under this clause shall only be used to perform Government Contracts.
- (j) Protection of Proprietary Information Belonging to the Associate Contractor(s)
- (1) The term "Seller" as used herein includes the subsidiaries, affiliates, and other organizations under the control of Seller.
  - (2) Work under this contract may involve access to proprietary or confidential data from the Associate Contractor(s). To the extent that such data is received by Seller from the Associate Contractor(s) for the performance of this contract, Seller hereby agrees that any proprietary information received:
    - (i) shall be used by Seller exclusively for the performance of this contract, and

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- (ii) shall be protected by Seller in the same manner as it protects its own trade secrets and proprietary information.
  - (3) In the discharge of that protection, Seller shall enter into appropriate agreements with the Associate Contractor(s) to protect such data and shall promptly, upon execution of such agreement, provide a copy to the Procuring Contracting Officer through Buyer. In addition, Seller hereby agrees not to utilize such data except in conformity with the terms and conditions of such agreement. The restriction contained herein, however, shall not apply to proprietary data furnished voluntarily without limitations as to use, or data which falls into the public domain, or is independently developed by Seller.
  - (4) Seller agrees to insert in all lower-tier subcontracts hereunder which require access to proprietary information belonging to the Associate Contractor(s), a provision which shall conform substantially to the language of this clause, including this paragraph (4).
- (k) 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 replacement 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, 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 by the Schedule of this contract.
  - (2) Use of special tooling. Seller agrees to use the special tooling only in performing this contract or as otherwise approved by the Contracting Officer.
  - (3) Initial list of special tooling. If the Contracting Officer so requests, Seller shall furnish the Government and Buyer an initial list of all special tooling acquired or manufactured by Seller for performing this contract (but see paragraph (4) for tooling that has become obsolete). The list shall specify the nomenclature, tool number, related product part number (or service performed), and unit or group cost of the special tooling. The list shall be furnished within sixty days after delivery of the first production end item under this contract unless a later date is prescribed.

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- (4) Changes in design. Changes in the design or specifications of the end items being produced under this contract may affect the interchangeability of end item parts. In such an event, unless otherwise agreed to by the Contracting Officer, Seller shall notify the Contracting Officer of any part not interchangeable with a new or superseding part. Pending disposition instructions, such usable tooling shall be retained and maintained by Seller.
- (5) Seller's offer to retain special tooling. Seller may indicate a desire to retain certain items of special tooling at the time it furnishes a list or notification pursuant to paragraphs (3), (4), or (8) of this clause. Seller shall furnish a written offer designating those items that it wishes to retain by specifically listing the items or by listing the particular products, parts, or services for which the items were used or designed. The offer shall be made on one of the following bases:
  - (i) An amount shall be offered for retention of the items free of any Government interest. This amount should ordinarily not be less than the current fair value of the items, considering among other things, the value of the items to Seller for use in future work.
  - (ii) Retention may be requested for a limited period of time and under terms as may be agreed to by the Government and Seller. This temporary retention is subject to final disposition pursuant to paragraph (9) of this clause.
- (6) Property control records. Seller shall maintain adequate property control records of all special tooling in accordance with its normal industrial practice. The records shall be made available for Government inspection at all reasonable times. To the extent practicable, Seller shall identify all special tooling subject to this clause with an appropriate stamp, tag, or other mark.
- (7) Maintenance. Seller shall take all reasonable steps necessary to maintain the identity and existing condition of usable items of special tooling from the date such items are no longer needed by Seller until final disposition under paragraph (9) of this clause. These maintenance requirements do not apply to those items designated by the Contracting Officer for disposal as scrap or identified as of no further interest to the Government under paragraph (9)(iv) of this clause. Seller is not required to keep unneeded items of special tooling in place.
- (8) Final list of special tooling. When all or a substantial part of the work under this contract is completed or terminated, Seller shall furnish the Contracting Officer a list of special tooling with the same information as required for the initial list under paragraph (3) of this clause. The final list shall include all items not previously reported under paragraph (3). The Contracting Officer may provide a written waiver of this requirement or grant an extension. The requirement may be extended until the completion of this contract together

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with the completion of other contracts and subcontracts authorizing the use of the special tooling under paragraph (2) of this clause. Special tooling that has become obsolete as a result of changes in design or specification need not be reported except as provided for in paragraph (4).

- (9) Disposition instructions. The Contracting Officer shall provide Seller with disposition instructions for special tooling identified in a list or notice submitted under paragraphs (3), (4), or (8) of this clause. The instructions shall be provided within ninety days of receipt of the list or notice, unless the period is extended by mutual agreement. The Contracting Officer may direct disposition by any of the methods listed in subparagraphs (i) through (iv) of this paragraph, or a combination of such methods. Any failure of the Contracting Officer to provide specific instructions within the ninety day period shall be construed as direction under subparagraph (9)(iii).
- (i) The Contracting Officer shall give Seller a list specifying the products, parts, or services for which the Government may require special tooling and request Seller to transfer title (to the extent not previously transferred under any other clause of this contract) and deliver to the Government all usable items of special tooling that were designed for or used in the production or performance of such products, parts, or services and that were on hand when such production or performance ceased.
- (ii) The Contracting Officer may accept or reject any offer made by Seller under paragraph (5) of this clause to retain items of special tooling or may request further negotiation of the offer. Seller agrees to enter into the negotiations in good faith. The net proceeds from the Contracting Officer's acceptance of Seller's retention offer shall either be deducted from amounts due Seller under this contract or shall be otherwise paid to the Government as directed by the Contracting Officer.
- (iii) The Contracting Officer may direct Seller to sell or dispose of as scrap, for the account of the Government, any special tooling reported by Seller under this clause. The net proceeds of all sales shall either be deducted from amounts due Seller under this contract or shall be otherwise paid to the Government as directed by the Contracting Officer. To the extent that Seller incurs any costs occasioned by compliance with such directions, for which it is not otherwise compensated, the contract price shall be equitably adjusted in accordance with the Changes clause of this contract.
- (iv) The Contracting Officer may furnish Seller with a statement disclaiming further Government interest or rights in any of the special tooling listed.
- (10) Storage or shipment. Seller shall promptly transfer to the Government title to the special tooling specified by the Contracting Officer and arrange for either

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the shipment or the storage of such tooling in accordance with the final disposition instructions in subparagraph (9)(i) of this clause. Tooling to be shipped shall be properly packaged, packed, and marked in accordance with the directions of the Contracting Officer. Tooling to be stored shall be stored pursuant to a storage agreement between the Government and Seller, and as directed by the Contracting Officer. Tooling shipped or stored shall be accompanied by operation sheets or other appropriate data necessary to show the manufacturing operations or processes for which the items were used or designed. To the extent that Seller incurs costs for authorized storage or shipment under this paragraph and not otherwise compensated for, the contract price shall be equitably adjusted in accordance with the Changes clause of this contract.

- (11) Subcontract provisions. In order to perform this contract, Seller may place subcontracts (including purchase orders) involving the use of special tooling. If the full cost of the tooling is charged to those subcontracts, Seller agrees to include in the subcontracts appropriate provisions to obtain Government rights comparable to the rights of the Government under this clause (unless Seller and the Contracting Officer agree that such rights are not of substantial interest to the Government). Seller agrees to exercise such rights for the benefit of the Government as directed by the Contracting Officer.

(l) Cost Accounting Standards

- (1) The version of FAR 52.230-2, Cost Accounting Standards, incorporated by clause 3050 is the version dated April 1996.
- (2) The version of FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, incorporated by clause 3051 is the version dated April 1996.