

PURCHASE ORDER ATTACHMENT PF-03 (G)

PROPERTY IN POSSESSION OF SELLER

1. When property owned by Buyer or Government is furnished to Seller, the provisions of FAR 52.245-2 (for Fixed-Price Contracts) or FAR 52.245-5 (for Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts) are applicable and are incorporated herein by this reference. Such provisions are applicable equally to both Buyer-owned and Government-owned property. The requirements set forth in this Attachment shall not be construed to limit or relieve Seller of any of its obligations set forth or incorporated into Buyer's purchase order ("Order") of which this is a part.

A. This Attachment applies to all property, including but not limited to, production and raw material, Special Tooling and Special Test Equipment in possession of Seller (and any subcontractor or supplier of Seller at any tier) which is furnished to, acquired by, or fabricated by Seller (or any subcontractor or supplier at any tier), title to which is or becomes vested in the Buyer or the Government. For the purpose of this Order, such property is referred to as Buyer/Government-owned property.

B. In the event the provisions of Buyer's prime contract from the U.S. Government require that title to Special Tooling and special Test Equipment shall vest in the Government, title to such property shall vest in the Government upon acquisition by the Seller. Title to such property shall at that time immediately and directly pass to the Government so that title shall not at any time vest in the Buyer.

2. Seller shall maintain a system to ensure the adequate control and protection of Buyer/Government-owned property. Upon receipt of notification from the Buyer, Seller shall complete and return within fifteen (15) working days a Property System Certification describing the system that will be used to control Buyer/Government-owned property. Additionally, the Buyer's representative may, at its option and at no additional cost to this Order or the Buyer, conduct surveillance at a reasonable time of the Seller's or the Seller's subcontractor's Property Control System as the Buyer deems necessary to assure compliance with the terms and conditions of Buyer's Order.

3. Seller shall, commencing with its receipt and during its custody or use of any Buyer/Government-owned property, accomplish not less than the following:

A. Examine property upon receipt to detect damage in transit;

B. Verify the contents of the shipment against the packing sheet as to the completeness and content and return a signed copy promptly to Buyer. If no discrepancy is reported within five (5) working days, the property shall be deemed to have been received in acceptable condition and to be as listed and described on the accompanying packing sheet;

C. Unless otherwise specified, perform functional testing prior to further processing or installation to determine satisfactory operation;

D. Establish and maintain records to satisfy the requirement of FAR 45.505 and make such records available for review upon Buyer's request.

E. Provide the necessary precautions to guard against damage from handling and deterioration during storage;

F. Perform periodic inspection to assure adequacy of storage conditions; and

G. Ensure that Buyer/Government-owned property is used only for performing this Order, unless otherwise provided in this Order or approved by the cognizant contracting officer.

The text of this document shall not be changed except by written agreement between Buyer and Seller.

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4. As partial fulfillment of the requirements of FAR 45.508, Seller shall, at no additional cost to this Order or the Buyer, perform a physical inventory, at no less than a biennial basis or the direction of Buyer, of all Buyer/Government-owned property in the possession of Seller. Within thirty (30) days after the completion of the inventory, Seller shall report the results, including all such property located at the facilities of any of Seller's subcontractor's at any tier, and shall certify to Buyer the accuracy and completeness of such physical inventory. Seller shall assist Buyer, at no additional cost to this Order or the Buyer, in resolving all discrepancies related to either Seller's or Buyer's inventory results.

5. Seller shall not modify, add-on, or replace any Buyer/Government-owned property without Buyer's written authorization. Any such modification, addition, or replacement made by Seller without such authorization, is the sole responsibility of the Seller and is accomplished at Seller's expense. Modification, addition, or replacement subsequent to the original acquisition or fabrication of property which is necessary in order to reach full-rate capability and/or life expectancy as specifically required under this provisions of the applicable Order shall be made at no cost to Buyer. Title to any such additional or modified property required for capability or life expectancy shall vest in the Government in accordance with the provisions of the applicable Order relating to title to all additional or modified property.

A. Seller shall immediately report to Buyer's purchasing representative the loss of any Buyer/Government-owned property or any such property found damaged, malfunctioning, or otherwise unsuitable for use. Seller shall determine and report the probably cause and necessity for withholding such property from use.

B. Seller agrees, at no additional cost to this Order or the Buyer, to store and maintain in serviceable condition, including the performance of calibration and preventative maintenance, all Buyer/Government-owned property in the Seller's or Seller's subcontractor's possession.

6. Immediately upon termination or completion of this Order and pursuant to FAR 45.508, Seller shall perform a physical inventory, adequate for accountability and disposition purposes, of all Buyer/Government-furnished property applicable to such terminated or completed Order and shall cause its subcontracts and suppliers at any tier to do likewise.

A. Upon completion of this Order, if scrap or excess property in the value of \$100.00 or more results from the use of any Buyer/Government-owned property, Seller shall include such scrap or excess property on the inventory schedule and note that the inventory is scrap or excess property.

B. Seller shall prepare inventory schedules using applicable Government Inventory Schedule Forms, Standard Forms ("SF") 1428 (Inventory Schedule B) and SF 1429 (Inventory Schedule B, Continuation Sheet), of all of Buyer/Government-owned property in the possession of Seller, or its subcontractors at any tier. The Inventory Schedule Forms shall be in such details as acceptable to Buyer. Pending written disposition instructions by Buyer, all Buyer/Government-owned property may remain in Seller's possession and control and shall be maintained in accordance with the provisions of FAR 45.5.

7. Seller agrees that in placing any lower-tier subcontracts or purchase orders under this Order which involves the use of Buyer/Government-owned property, Seller shall include appropriate provisions to obtain rights comparable to those set forth in FAR 45.5, and agrees that it shall exercise rights for the benefit of the Buyer and the Government.

[End of PF-03(G)]

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