

PURCHASE ORDER ATTACHMENT PT-001 (1/09)
(Effective for Purchase Orders and Subcontracts that incorporate 52.245-1 and 52.245-1, Alt. I)

PROPERTY IN POSSESSION OF SELLER

I. The provisions of FAR Part 52.245-1 (Government Property) or FAR Part 52.245-1, Alt. I, whichever clause must be flowed down to the Seller, are hereby incorporated into the Purchase Order. 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 of which this attachment is a part.

a. This attachment applies to all property, including but not limited to, production and raw material, repairables, Special Tooling and 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/Customer. For the purpose of this Purchase Order, such property is referred to as Buyer/Customer Property

b. In the event the provisions of Buyer's prime contract from the Customer or the prime contract under which the Higher-Tier Contract is issued as a subcontract require that title to property shall vest in the Buyer/Customer, title to such property shall vest in the Buyer/Customer upon acquisition by the Seller. Title to such property shall at that time immediately and directly pass to the Buyer/Customer so that title shall not at any time vest in the Seller.

II. Seller shall maintain a system to ensure the adequate control and protection of Buyer/Customer Property. If Buyer or Government assesses/determines the Seller's system is inadequate, this could affect Seller's financial liability for loss, damage, or destruction of Buyer/Customer Property, except for normal wear and tear. Upon receipt of notification from the Buyer, the Seller shall complete and return within thirty (30) working days a completed Property System Certification describing the system that will be used to control Buyer/Customer Property. Additionally, the Buyer's Representative may, at its option and at no additional cost to the Government, this Purchase 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 Purchase Order.

III. Seller shall, commencing with its receipt and during its custody of use of any Buyer/Customer Property, accomplish not less than the following, at no additional cost to the Government, this Purchase Order or the Buyer:

a. examine 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; NOTE: For Buyer/Customer-Furnished property, after receipt and installation, if the property is in a condition not suitable for use, the Seller shall notify the Buyer, in writing, so the Buyer can determine further course of action.

c. unless otherwise specified, perform functional testing prior to further processing or installation to determine satisfactory operation. If item(s) is/are not suitable for use, Seller is to report immediately to Buyer.

d. establish and maintain records to satisfy the requirement of FAR 52.245-1 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. utilize, consume, move, and store property only as authorized in accordance with FAR 52.245-1, and ensure that Buyer/Customer Property is used only for performing this Purchase Order, unless otherwise provided in this order or approved in writing by the Buyer.

IV. As partial fulfillment of the requirements of FAR clause at 52.245-1, the Seller shall, at no additional cost to this Purchase Order or the Buyer, perform a physical inventory, at no less than a biennial basis, or as detailed in the prime contract, or per the direction of the Buyer, of all Buyer/Customer Property in the possession of the Seller. Within sixty (60) 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 the Buyer the accuracy and completeness of such physical inventory. Seller shall assist Buyer, at no additional cost to the Government, this Purchase Order or the Buyer, in resolving all discrepancies related to either Seller's, Seller's Sub-tiers, or Buyer's inventory results.

V. Seller shall not modify, cannibalize, or make alterations to Buyer/Customer property unless the contract specifically identifies the modifications, cannibalizations, or alterations and improvements as work to be performed, or written authorization is obtained from Buyer. Any such modification, cannibalization or alteration made by Seller without such authorization, is the sole responsibility of the Seller and is accomplished at Seller's expense. Modification or alteration subsequent to the original acquisition or fabrication or property which is necessary in order to reach full-rate capability, life expectancy, or any other purpose as specifically required under the provisions of the applicable Purchase Order shall be made at no additional cost to the Government, this Purchase Order or the Buyer. Title to any such modified or altered property required for rate capability, life expectancy, or any other purpose shall vest in the Buyer/Customer in accordance with the provisions of the applicable Purchase Order relating to title to all additional or modified property.

a. The Seller may be held accountable and financially liable for loss, damage, or destruction of Buyer/Customer Property, except for normal wear and tear and/or for Government Property as set forth in FAR Part 52.245-1 or FAR Part 52.245-1, Alt. I, as applicable, dependent upon the contract type of Buyer's prime contract from the Customer or the contract type of the prime contract under which the Higher-Tier Contract is issued as a subcontract as delineated in FAR Part 45.104 and upon Buyer's assessment of the adequacy and control of the Seller's property management system. Seller shall, within two (2) working days, report to the Buyer's Purchasing Representative the loss of any Buyer/Customer Property or any such property found damaged, malfunctioning, destroyed or otherwise unsuitable for use. The Seller shall determine and report the root cause and all pertinent facts as soon as they become known, and the necessity for withholding such property from use, and corrective action to prevent reoccurrence at no additional cost to the Government, this Purchase Order, or the Buyer.

b. Seller agrees, at no additional cost to the Government, this Purchase Order or the Buyer, to store and maintain in serviceable condition, including the performance of calibration and preventative maintenance, all Buyer/Customer Property in possession of the Seller's or Seller's Sub-tier Suppliers during the performance of this Purchase Order/Contract and until disposition is performed.

VI. Additional Reports - The Seller shall have, at no additional cost to the Government, this Purchase Order or the Buyer, a process to create and provide copies of audits and self-assessments, corrective actions, and other property related reports as requested by the Buyer.

VII. Immediately upon termination or completion of this Purchase Order/Contract, the Seller shall perform a physical inventory, adequate for accountability and disposition purposes, and, if Buyer/Customer Property is applicable to such terminated or completed Purchase Order/Contract, shall cause its sub-tiers and suppliers at every tier to do likewise, at no additional cost to the Government, this Purchase Order or the Buyer.

a. Pursuant to Privity of Contract considerations, the Buyer will coordinate the disposition of Government-Owned Property with the Government on behalf of the Seller. Scrap and excess Government Property is subject to proper Government disposition instructions.

b. Seller shall execute Buyer's direction for disposition of Raytheon-Owned Property deemed to be excess or scrap and return evidence of said disposition to Buyer.

1. All property shipments, including the related packing and crating tasks, require advance notification, coordination and negotiation with the Buyer.

c. Seller shall prepare inventory schedules using Government Standard Form 1428, Inventory Disposal Schedule, or equivalent, of all the Buyer/Customer Property in the possession of the Seller, or its subcontractors at any tier. The Inventory Schedule Forms shall be in such detail as acceptable to the Buyer. The Seller shall store the property identified on an inventory disposal schedule pending receipt of written disposition instructions from the Buyer, and shall be maintained in accordance with the provisions referenced in the paragraph entitled "Property Administration" contained in the "Government Property" clause of the General Terms and Conditions of Purchase, Supplement 1, at no additional expense or cost to the Government, this Purchase Order or the Buyer.

d. The responsibility and liability for the decontamination of excess or scrap property shall be based on the following:

Customer Owned – the Customer is responsible for funding the cost to decontaminate any Customer Owned Property. The Seller shall negotiate, with the Buyer to obtain decontamination and removal costs for contaminated property. If the contamination occurs as a "part of doing business", or if contaminant is introduced as part of the Seller's process, the Seller will be responsible for decontamination costs at no cost to the Purchase Order/Contract or Buyer.

Buyer Owned – if the contamination occurs as a "part of doing business," or if contaminant is introduced as part of the Seller's process, the Seller will be responsible for decontamination costs at no cost to the Government, this Purchase Order or the Buyer.

VIII. Seller agrees that in placing any Lower-Tier Subcontracts or Purchase Orders under this Purchase Order which involve the use of Buyer/Customer Property, Seller shall include appropriate provisions to obtain rights comparable to those granted to Buyer/Customer or the Government by the "Government Property" clause contained in the General Terms and Conditions of Purchase, Supplement 1, Government Contract Provisions from the Federal Acquisition Regulation (FAR) and this attachment, and agrees that it shall exercise rights for the benefit of the Buyer/Customer and the Government, as Buyer may direct, at no additional cost to the Government, this Purchase Order or the Buyer.

IX. If Buyer's Purchase Order authorizes the use of Government-Owned Facilities in the performance of this Purchase Order, Seller is authorized to use the Government-Owned Facilities set forth in the accountability orders listed in the body of this Purchase Order on a no-charge basis; provided, such accountability orders authorize such no-charge use and all conditions and restrictions in such orders are first fully complied with. Any change in the amount of Government-Owned Facilities furnished pursuant to this Purchase Order is subject to the Changes clause of the General Terms and Conditions of Purchase, Supplement 1, Government Contract Provisions from the Federal Acquisition Regulation (FAR). Seller agrees that it will not directly or indirectly, through overhead charges or otherwise, include in the price of this Purchase Order, or seek reimbursement under this order for, any rental charge paid by Seller for the use on other contracts of the facilities referred to herein.

END OF DOCUMENT