



Boeing Commercial Airplanes (BCA) Terms and Conditions

3XXX -- MANUFACTURING/ENGINEERING/TOOLING

NEW NO.	OLD NO.	REV NO.	CLAUSE TITLE/TEXT
30XX			CONFIGURATION MANAGEMENT
3001	245		CONFIGURATION MANAGEMENT
			<p>1. The Seller shall maintain engineering, manufacturing, and quality controls such that the configuration of items scheduled for delivery under this Purchase Order/Contract conforms to the performance specifications defining the item, and the configuration management requirements set forth in the following tasks.</p> <p>2. The Seller shall at any time after Purchase Order/Contract award, secure the written consent of Boeing prior to making any change to the item, if one or more of the following is affected:</p> <ul style="list-style-type: none"> a. The function, installation, or the physical or operational interchangeability of the item, repairable parts, and/or the spares support; b. Current applicable installation, operation or other procedures with respect to the use thereof; c. Federal Aviation Administration (FAA) certification (e.g., Technical Standard Order); d. The specified requirements of: performance, weight, safety, reliability, service life, and maintainability; e. Delivered items (rework, replacement or maintenance); f. Qualification status. <p>3. The Seller shall give written notice to Boeing using Seller's own change form, describing any proposed change as described in Paragraph 2, in sufficient detail (including cost and schedule impact analysis) to enable an understanding by Boeing of the total impact of the change. Supplemental documentation (exhibits, sketches, drawings, draft retrofit information, etc.) shall be included.</p> <p>4. Boeing will, within 30 days after receipt of such change proposal, advise Seller of either its consent to, its rejection of, or the status of Boeing's consideration of such change. In no event shall Seller proceed to incorporate such change into the items ordered on the Boeing Purchase Order/Contract prior to receipt of written consent by Boeing.</p> <p>5. A new Seller part number identification shall be assigned to all items to be delivered to Boeing when approved changes are made to the article.</p>

		<p>6. The Seller shall have the right to make changes under the Purchase Order/Contract, without obligation to make such changes in any delivered items, without an increase in price, and without prior Boeing approval, if the change does not affect any of the factors outlined above in Paragraph 2. These changes will require Boeing concurrence in classification.</p> <p>7. The Seller shall make revisions to and furnish all data (drawings, catalogs, technical manuals, etc.) submitted under the Purchase Order/Contract that are affected by the change.</p>
		<p>8. Changes requiring Boeing concurrence in classification shall be submitted immediately to the Boeing Purchasing Representative using the Seller's own change form and revised data. These changes may be released at the same time for incorporation, by the Seller, at the Seller's facility. However, no changes shall be incorporated in the item within 30 days prior to shipment to Boeing.</p> <p>Note: all changes incorporated in the item prior to Boeing concurrence are done so at Seller's risk (see Paragraph 9).</p> <p>9. After concurrence in classification review of Seller's revised data, Boeing reserves the right to reclassify the change and return to the Seller for processing in accordance with Paragraphs 2 through 5. Seller will be notified within 30 days after receipt if Boeing rejects the change classification. No response denotes Boeing concurrence.</p> <p>10. Vendor Information Checklist: Forms DAC 26-887, "Supplier Checklist Vendor Information Request (Excluding Waivers)" and DAC 26-888, "Supplier Checklist Vendor Information Request -- Waivers," are incorporated herein by reference. These forms shall be used by Seller to submit inquiries and/or recommendations to Boeing, as needed. Note: The referenced Forms may be found in Section V of the Form DAC 26-730.</p>
(END OF CLAUSE)		
31XX		VALUE ENGINEERING
3101	271	VALUE ENGINEERING -- COMMERCIAL PROCUREMENTS
		<p>1. This Clause applies to those cost reduction proposals initiated and developed by Seller for changing the drawings, designs, specifications, or other requirements of this Purchase Order/Contract. This Clause does not, however, apply to any such proposal unless it is identified by Seller at the time of its submission to Boeing as a proposal submitted pursuant to this Clause.</p> <p>2. The Value Engineering Change Proposals (VECP) contemplated are those that:</p> <p>a. Would require, in order to be applied to this Purchase Order/Contract, a change to this Purchase Order/Contract; and</p> <p>b. Would result in savings to Boeing by providing a decrease in the cost of performance of this Purchase Order/Contract without impairing any of the items' essential functions and characteristics such as service life, reliability, economy of operation, ease of maintenance, and necessary standardized features.</p> <p>3. As a minimum, the following information shall be submitted by Seller with each VECP:</p>

a. A description of the difference between the existing Purchase Order/Contract requirement and the proposed change, and the comparative advantages and disadvantages of each;

b. An itemization of the requirements of the Purchase Order/Contract which must be changed if the proposal is adopted, and a recommendation as to how to make each such change (e.g., a suggested revision);

c. An estimate of the reduction in performance costs, if any, that will result from adoption of the proposal, taking into account the costs of development and implementation by Seller (including any amount attributable to subcontracts in accordance with Paragraph 6 below) and the basis for the estimate;

d. A statement of the time by which a change order adopting the proposal must be issued so as to obtain the maximum cost reduction during the remainder of this Purchase Order/Contract, noting any effect on the Purchase Order/Contract completion time or delivery schedule; and

e. The dates of any previous submissions of the proposal, the numbers of the Purchase Order/Contract under which submitted, and the previous actions by Boeing, if known.

4. VECs shall be processed expeditiously, however, Boeing shall not be liable for any delay in acting upon any proposal submitted pursuant to this Clause. Seller does have the right to withdraw, in whole or in part, any value engineering change proposal not accepted by Boeing within the period specified in the proposal. The decision of Boeing as to the acceptance of any such proposal under this Purchase Order/Contract shall be final and shall not be subject to the disputes Clause, if any, of this Purchase Order/Contract.

5. Purchase Order/Contract modifications made as a result of this Clause will state that they are made pursuant to it.

6. If a proposal submitted pursuant to this Clause is accepted and applied to this Purchase Order/Contract, an equitable adjustment in the Purchase Order/Contract price and in any other affected provisions of this Purchase Order/Contract shall be made. The equitable adjustment shall be established by determining the effect of the proposal on Seller's cost of performance, taking into account Seller's cost of developing and implementing the proposal, insofar as such is properly a direct charge and not otherwise reimbursed under this Purchase Order/Contract. When the cost of performance of this Purchase Order/Contract is decreased as a result of the change, the Purchase Order/Contract price shall be, as to the instant Purchase Order/Contract, reduced by fifty percent (50%) of the total estimated decrease in Seller's cost of performance, and as to option quantities or other extensions of this Purchase Order/Contract, reduced by eighty percent (80%) of the total estimated decrease in Seller's cost of performance.

7. Seller will use its best efforts to include appropriate value engineering arrangements in any subcontract which, in the judgment of Seller, is of such a size and nature as to offer reasonable likelihood of value engineering cost reductions. For the purpose of computing any equitable adjustment in the Purchase Order/Contract price under Paragraph 5, above, Seller's cost of development and implementation of a cost reduction proposal which is accepted under this Purchase Order/Contract shall be deemed to include any development and implementation costs of a subcontractor and any value engineering incentive payments to a subcontractor, or cost reduction shares accruing to a subcontractor, which clearly pertain to such proposal and which

		<p>are incurred, paid or accrued in the performance of a lower-tier subcontract under this Purchase Order/Contract.</p> <p>8. A VECP identical to one submitted under any other Purchase Order/Contract with Seller or another contractor may also be submitted under this Purchase Order/Contract.</p> <p>9. Seller may restrict Boeing's right to use any sheet of a Value Engineering Proposal or of the supporting data, submitted pursuant to this Clause, in accordance with the terms of the following legend if it is marked on each sheet:</p> <p>"This data furnished pursuant to the Value Engineering Incentive Clause of Purchase Order/Contract shall not be disclosed outside Boeing, or duplicated, used or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering proposal submitted under said Clause. This restriction does not limit Boeing's right(s) to use information contained in this data if it is or has been obtained, or is otherwise available, from Seller or from another source, without limitations. If such a proposal is accepted by Boeing under said Purchase Order/Contract after the use of this data in such an evaluation, Boeing shall have the right to duplicate, use, and disclose any data reasonably necessary to the full utilization of such proposal as accepted, in any manner and for any purpose whatsoever, and have others so do."</p>
32XX		TOOLING (USE ONLY)
3201	116	USE ONLY TOOLING
		<p>Title to any tooling required for the production of items to be delivered under this Purchase Order/Contract shall remain in Seller. Seller shall maintain such tooling in a serviceable condition, and preserve and administer it for the exclusive use of Boeing, except as otherwise provided under this Purchase Order/Contract. Seller shall adequately identify such tooling and shall be liable for any loss or damage thereto, including any expense incidental to such a loss or damage. Such tooling shall not be removed or disposed of without prior written agreement from Boeing authorizing disposition or relinquishing Boeing's rights to further use of the tooling.</p> <p>Payment of die or mold charges to be made after acceptance by Boeing quality control of first production articles. Invoice shall be accompanied by a Boeing approved First Article Inspection Report, Form DAC 2-211.</p>
33XX		TOOLING (CASTING ONLY)
3301	930**	PAYMENT FOR CASTING TOOLING
		<p>Payment of casting dies, patterns, molds and machining fixture charges to be made upon the following criteria:</p> <p>1. All rough casting tooling invoices must be accompanied by a Boeing approved First Article Inspection Report (F.A.I.R.). Authorization for payment will not occur until the Boeing Tool Completion Report (Form DAC 26-611) is completed by the Boeing Purchasing Tool Liaison Department Representative.</p> <p>2. All machining tooling invoices must be accompanied by a Boeing approved F.A.I.R of the machined part. Authorization for payment will not occur until the Boeing Tool Completion Report (Form DAC 26-611) is completed by the Boeing Purchasing Tool Liaison Department Representative.</p>

34XX			TOOLING (FORGING ONLY)
			RESERVED
35XX			SPECIAL TOOLING
3501	124		SPECIAL TOOLING
			Boeing to furnish all special tooling.
3510	(805**)	052710	Deleted.
3511	(806**)	052710	Deleted.
36XX			TOOLING (MISCELLANEOUS)
3601	502		TOOLING RIGHTS
			<p>Seller hereby grants Boeing the option to purchase Seller's tooling required for performance of this Purchase Order/Contract, including use rights for forging dies, the full cost of which is not charged hereto. Boeing and Seller shall negotiate an equitable price for the tooling reflecting factors such as depreciation, amortization and state of repair. Boeing may exercise the option by written notice to Seller at any time prior to final payment hereunder.</p> <p>In the event this Purchase Order/Contract is placed under a Government contract, Boeing may exercise the foregoing right on behalf of the Government.</p>
3610	880		NUMERICAL CONTROL OF SOFT TOOLING
			<p>The price stated herein includes the cost of Numeric Control (N/C) soft tooling, which is defined as magnetic tapes, punched mylar tapes, source decks, or other items used to control the speed, feed and direction of machine tools. Title to all items of such N/C soft tooling specially developed for and used in the manufacture of the goods herein ordered shall vest in Boeing prior to any use by Seller. Seller shall maintain in serviceable condition, preserve and account for all such N/C soft tooling. Upon completion of this Purchase Order/Contract, Seller will deliver all such N/C soft tooling to Boeing, or otherwise dispose of it as directed by Boeing.</p>
NEW NO.	OLD NO.		CLAUSE TITLE/TEXT
37XX			MISCELLANEOUS
3701	893		WEIGHT CONTROL
			<p>Until final acceptance by Boeing of Seller's design and first production article, Seller shall furnish to Boeing monthly reports setting forth the current actual weight of the first production article and the current anticipated weight of the other production articles. Any such report which either indicates actual or anticipated noncompliance with any weight requirement in this contract or indicates an increase in anticipated weight over the weight indicated in the last monthly report shall also be accompanied by a report setting forth the following:</p> <ol style="list-style-type: none"> 1. All pertinent reasons for overweight or increase in anticipated weight. 2. Changes in Seller's design or choice of material which Seller considers feasible to enable Seller to conform to weight requirements or prevent the anticipated increase in weight without change or only nominal changes to drawings, specifications and engineering requirements. 3. Recommendations by Seller regarding changes in drawings, specifications, and engineering requirements which would enable Seller to

		<p>conform to the weight requirements or prevent the increase in anticipated weight without sacrifice to the fitness, suitability and serviceability of the articles for their intended use and purpose.</p> <p>4. Other recommendations which Seller considers necessary or desirable in connection with the overweight or increase in anticipated weight. Before submittal of the next monthly report, Seller and Boeing shall agree upon a recommendation or other course of action to enable Seller to conform to the weight requirements. If any article delivered to Boeing fails to conform with the weight requirement, Boeing may reject such article or take other action in accordance with the general provision entitled, "Inspection, Acceptance and Rejection."</p>
3710	844	SINGLE LOT MANUFACTURE
		Items will be manufactured in one lot or from a single dye lot of material in order to assure a color match. Adhesive and/or perforation operations, if required, will be performed at a subsequent time consistent with meeting the delivery schedule.

*New Clause, no corresponding Clause number assigned under "old" scheme.

**New Clause, "old" number assigned for Boeing internal use only.

***Clause not published in 1/87 edition of DAC 26-730, but was applied as a full text attachment to purchase orders.

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