

**CUSTOMER CONTRACT REQUIREMENTS
UNITED KINGDOM CHINOOK THROUGH LIFE CUSTOMER SUPPORT
CUSTOMER CONTRACT CHC/087**

CUSTOMER CONTRACT REQUIREMENTS

The following customer contract requirements apply to this contract to the extent indicated below.

1. The following contract clauses are incorporated by reference from the United Kingdom Ministry of Defense (UK MoD) DEFCONs and apply to the extent indicated. The DEFCONs may be found at <http://www.ams.mod.uk/ams/content/docs/toolkit/home.htm> . In all of the following clauses “Purchaser” or “Authority” shall mean Boeing or Buyer or the like and any reference to “Supplier”, “Contractor” or “subcontractor” shall mean Seller, except for those DEFCONs indicated to the contrary by an asterisk (*) where the “Authority” shall mean the UK MoD.

DEFCON 23	(Edn. 4/98)	Special Jigs, Tooling and Test Equipment*
DEFFORM 43	(Edn. 11/98)	Memorandum to Contractor on Disposal of Materials, etc. made Surplus by the Termination, Amendment or Reduction of Ministry of Defence Contracts;
DEFCON 68	(Edn. 9/97)	Supply of Hazardous Articles and Substances;
DEFCON 76	(Edn. 7/99)	Contractor’s Personnel at Government Establishments. For the purposes of Clause 4 of DEFCON 76 (Edn. 7/99), The Boeing Company’s limitation of liability shall be £10,000,000 for any one incident.”
DEFCON 117	(Edn. 8/02)	Supply of Documentation for NATO Codification Purposes
DEFCON 315	(Edn. 2/98)	Contract Data Requirements
DEFCON 316	(Edn. 5/98)	Government Furnished Information
DEFCON 501	(Edn. 8/02)	Definitions and Interpretations:
DEFCON 515	(Edn. 9/01)	Bankruptcy and Insolvency;

DEFCON 516	(Edn. 11/02)	Racial Discrimination;
DEFCON 518	(Edn. 9/97)	Transfer;
DEFCON 520	(Edn 10/98)	Corrupt Gifts and Payments of Commission;
DEFCON 521	(Edn. 10/98)	Sub-Contracting to Supported Employment Enterprises;
DEFCON 526	(Edn. 8/02)	Notices;
DEFCON 527	(Edn. 9/97)	Waiver;
DEFCON 530	(Edn. 09/03)	Dispute Resolution (English Law):
DEFCON 531	(Edn. 10/97)	Disclosure of Information;
DEFCON 534	(Edn. 6/97)	Prompt Payment (Sub-Contracts);
DEFCON 537	(Edn. 6/02)	Rights of Third Parties;
DEFCON 538	(Edn. 6/02)	Severability;
DEFCON 566	(Edn. 9/02)	Change of Control of Contractor

Paragraph 3: The advice should be submitted to:

Boeing
International Contracts and Pricing
P10-43
Ridley Park, PA

DEFCON 601	(Edn. 01/98)	Disposal of Redundant Material (Articles supplied under DEFCON 611 (Edn. 01/04) – Issued Property only);
DEFCON 602(a)	(Edn. 12/98)	Quality Assurance (With Quality Plan); (if quality plan is required with PO)

For the avoidance of doubt, Quality Assurance shall be as agreed in Annex J to this Supplemental Agreement V1.0. See Below for Annex J.

DEFCON 603	(Edn. 6/97)	Aircraft Integration and Clearance Procedure
DEFCON 607	(Edn. 7/99)	Radio Transmissions;
DEFCON 608	(Edn. 10/98)	Access and Facilities to be Provided by the Contractor
DEFCON 611	(Edn. 01/04)	Issued Property Clause 6 of this DEFCON 611 will be revised from “all reasonable measures” to “reasonable measures”. For the avoidance of doubt, the Authority's remedy for loss or damage to the Issued Property under Clause 8 of this DEFCON shall be limited to repair or replacement of the Issued Property or the cost of repairing or replacing the Issued Property, except where such loss or damage causes the Article not to conform to the requirements of the contract, in which case the Authority shall have the right to reject the Articles under clause 1 of DEFCON 524. (See Issued Property Article below in conjunction with this DEFCON)
DEFCON 612	(Edn. 10/98)	Loss of or Damage to the Articles;
DEFCON 624	(Edn. 4/00)	Use of Asbestos in Arms, Munitions, or War Materials;
DEFCON 625	(Edn. 10/98)	Co-operation on Expiry of Contract
DEFCON 637	(Edn. 8/99)	Defect Investigation and Liability
DEFCON 638	(Edn. 11/02)	Flights Liability and Indemnity
DEFCON 643	(Edn. 7/04)	Price Fixing Applies only to UK sub-contractors, with procurements over \$300,000. The sub-contractor is required to provide direct to the Authority a full breakdown of the price including hourly rates, overheads, profit, material costs, labour hours and any other relevant factors. This breakdown shall be

provided within an Equality of Information (EofI) Pricing Statement and the Contractor agrees that the Authority may undertake direct audits of any such UK sub-contracts. Where an audit is required, the relevant sub-contract shall not be signed or agreed until a price has been agreed between the Authority and the Contractor.

- DEFCON 644** (Edn. 10/98) Marking of Articles- "For clarification where practical all Articles shall be marked with the data specified in DefStan 05-34 or Mil Std 129P as appropriate. In all cases such marking shall include the NSN. Where the size of an article prevents the direct application of such a marking regime the Contractor shall ensure that the smallest pack in which identical items are collectively packed shall be marked with the NSN and any other requirements as detailed in DEFCON129 (Edn 04/03)
- DEFCON 648** (Edn. 10/02) Availability of Information
- Applies only to UK sub-contractors, with procurements over \$300,000. The sub-contractor is required to provide direct to the Authority a full breakdown of the price including hourly rates, overheads, profit, material costs, labour hours and any other relevant factors. This breakdown shall be provided within an Equality of Information (EofI) Pricing Statement and the Contractor agrees that the Authority may undertake direct audits of any such UK sub-contracts. Where an audit is required, the relevant sub-contract shall not be signed or agreed until a price has been agreed between the Authority and the Contractor.
- DEFCON 649** (Edn. 7/99) Vesting
- DEFCON 650** (Edn. 10/02) Reference to the Review Board of Questions Arising Under the Contract
- Applies only to UK sub-contractors, with procurements over \$300,000. The sub-contractor is required to provide direct to the Authority a full breakdown of the price including hourly rates,

overheads, profit, material costs, labour hours and any other relevant factors. This breakdown shall be provided within an Equality of Information (EoI) Pricing Statement and the Contractor agrees that the Authority may undertake direct audits of any such UK sub-contracts. Where an audit is required, the relevant sub-contract shall not be signed or agreed until a price has been agreed between the Authority and the Contractor.

DEFCON 651 (Edn. 10/02)

Reference to the Review Board of Questions Arising in Relation to Relevant Subcontracts Including Those with a Subsidiary Company or Firm.

Applies only to UK sub-contractors, with procurements over \$300,000. The sub-contractor is required to provide direct to the Authority a full breakdown of the price including hourly rates, overheads, profit, material costs, labour hours and any other relevant factors. This breakdown shall be provided within an Equality of Information (EoI) Pricing Statement and the Contractor agrees that the Authority may undertake direct audits of any such UK sub-contracts. Where an audit is required, the relevant sub-contract shall not be signed or agreed until a price has been agreed between the Authority and the Contractor.

DEFCON 656 (Edn. 10/98)

Break;

For the purposes of Clause 1 of DEFCON 656 the period shall be sixty (60) business days and for Clause 3a) the period shall be 120 days from the effective date of termination. For the purposes of this Task Order 087 the value at Clause 6 of DEFCON 656 shall be \$100,000.

For the avoidance of doubt, MoD FHL IPT's rights under this DEFCON shall be limited to this Supplemental Agreement V1.0 and Task 102 Project JULIUS and does not confer any rights relative to the whole of the CHC/087 Partnering Agreement.

DEFCON 659	(Edn. 9/97)	Security Measures; (To be inserted in all UK Sub-Contracts)
DEFCON 661	(Edn. 05/02)	War Risk Indemnity;
DEFCON 684	(Edn. 01/04)	Limitation Upon Claims in Respect of Aviation Products:
DEFCON 694	(Edn. 01/04)	Accounting for Property of The Authority. For the avoidance of doubt, the requirement shall be for an annually reconciled report with access for audit by MoD Asset Accounting Centre, or other Authority appointed representative, on an as and when basis in accordance with Interim DefStan 05-99.

2. The following prime contract special provisions apply to this purchase order:

A. Access and Surveys

- 1: Where, under the Agreement, Seller/Supplier is required to provide facilities, for use by The Boeing Company and/or the Authority, the Seller/Supplier shall use all reasonable endeavours to provide such facilities at the times and for the duration and periods set out in the Agreement.
- 2: Representatives of Boeing and/or the Authority shall be granted reasonable access to work in progress at the Supplier's premises and at the Designated Area for the purposes of keeping in touch with the nature and progress of the work under the Contract. Such access will be pre-coordinated and be on a non-interference basis. Proper Security and Export clearances shall be in place.
- 3: The Supplier shall furnish to representatives of the Authority such copies of orders, specifications, drawings and other documents as may reasonably be required for the purposes of keeping in touch with the nature and progress of work under the Contract.
- 4: The Boeing Company and the Authority representatives shall comply with all appropriate site/station standing orders.

- 5: If Boeing reasonably believes that Seller/Supplier is in breach of its obligations under this Contract or is not carrying out the contractor work in accordance with the Contract then Boeing may carry out a survey of the contracted work to assess whether the contracted work have been completed or partially completed in accordance with its obligations under the Contract. At Boeing's option, representatives of the Authority may accompany Boeing during the survey.
- 6: Boeing shall notify Seller/Supplier in writing a minimum of 10 days in advance of the date on which it wishes to carry out the survey.
- 7: When carrying out any survey, Boeing shall use reasonable endeavors to minimise any disruption caused to the provision of the contracted work. Seller/Supplier shall give Boeing, at no additional charge, any reasonable assistance required during the carrying out of any survey.
- 8: If the survey shows that Seller/Supplier has not complied or is not complying with its obligations under this Clause, Boeing shall:
 - A: notify Seller/Supplier of the standard that the condition of the contracted work should be in to comply with its obligations;
 - B: agree a reasonable period within which Seller/Supplier must carry out such rectification and/or maintenance work
- 9: Provided Boeing and Seller/Supplier agree to the survey results, Seller/Supplier shall carry out such rectification and/or maintenance work within the period specified and any costs it incurs in carrying out such rectification and/or maintenance work shall be at its own expense. If agreement cannot be reached between Boeing and Seller/Supplier the matter shall be referred to the Disputes clause.

B. Intellectual Property Rights

- 1: If this Agreement is let under DEFCON 14 (Inventions and Designs), 15 (Design Rights and Rights to Use Design Information), 90 (Copyright), 91 (Intellectual Property Rights in Software), 632 (Third Party IPR), 703 (IPR Vesting in the Authority) or 705 (IPR Research and Technology) either all of a combination then the Seller/Supplier shall enter into an Agreement direct with the Authority, namely the DEFFORM 177 (Sub-Contractors Agreement) which a copy for reference shall be provided to Boeing.
2. Subject to 1 above, The Supplier grants to the Purchaser a non-exclusive licence (on fair and reasonable terms to be agreed) to use any of the Supplier's Background Rights and the foreground Rights vested in the Supplier pursuant to this Contract to the extent necessary to fulfil the Purchaser's obligations under the Prime Contract to the Authority, subject to the terms and execution of applicable Boeing Licensing Agreements which will be append to this Contract upon agreement

- 3: Seller/Supplier shall indemnify The Boeing Company and the Authority (and any third party engaged by The Boeing Company or the Authority) against any losses, claims, actions, damages, demands, charges or expenses resulting from:
 - (A) infringement or alleged infringement by Seller/Supplier of Intellectual Property Rights of third parties; and
 - (B) failure by Seller/Supplier to ensure that The Boeing Company and the Authority is either entitled to a novation of any licence, or has the right to obtain a licence

C. Security Measures

- 1: The Supplier shall ensure, where appropriate, that his employees are cleared to the appropriate security level as stated in the **Restricted Aspects Letter** or Security Aspects Letter issued by the Authority to the Purchaser.
- 2: The Purchaser reserves the right to insist on increased levels of security clearance for specific duties and to refuse or withdraw security clearance under specific circumstances following notification received by the Purchaser from the Authority.
- 3: The Supplier shall ensure that his employees, agents or Sub-Contractors comply with relevant UK MoD Security regulations when working at Government Property. This may include in the most exceptional circumstances a willingness to submit to a search of their person, personal belongings and transport when entering or leaving Government Property. The Supplier shall accept (without prejudice to any remedies the Purchaser may have) full responsibility for any loss or delay in performance of the Contract caused directly or indirectly by the expulsion of, or refusal to allow access to, a Supplier's employee, agent or Sub-Contractor who does not consent to being searched.

D. Supplier's Personnel

- 1: Personnel employed under the Contract shall have the appropriate qualifications, competence and security clearance for the tasks on which they are engaged.
- 2: Where so requested by the Purchaser following a request from the Authority, particulars (as detailed by the Authority) of all personnel to be so employed shall be forwarded in advance to the Purchaser for confirmation of acceptability unless such information is protected by US law.
- 3: The Supplier shall take all reasonable steps to avoid changes of personnel assigned to the work under the Contract. Except whenever changes are unavoidable or of a temporary nature caused by sickness etc, the Supplier shall give at least one month's notice to the Purchaser and paragraphs 1 and 2 above shall apply to the replacement personnel.

E. Health and Safety

- 1: The Supplier shall familiarise itself with and ensure that its sub-contractors and agents shall familiarise themselves with and use reasonable endeavours to comply with the

Purchaser's and the Authority's procedures relating to discipline, fire, health and safety when on the U.K and U.S establishments of the Authority and the Purchaser and such other procedures applicable to such other sites as the Contract requires.

- 2: The Supplier shall ensure that he complies with the Health and Safety at Work etc Act 1974 and corresponding "Enabling Regulations", Environmental Protection Act 1990, the Environment Act 1995 and other relevant statutory provisions **whilst undertaking work in the UK and all applicable regulations whilst undertaking work in the USA.**
- 3: The Supplier shall ensure the he operates under an Environmental Management System based on ISO 9001.

F. Suspension of Import Duty

- 1: In accordance with EC Regulation 150/2003, articles to which this Contract applies are Weapons or Military Equipment that will be used by or on behalf of the Authority in respect of which import duties will be suspended provided the Supplier holds an appropriate end-use authorisation from H.M. Customs & Excise.
- 2: **Upon written request**, the Authority will issue the Supplier with a certificate confirming the items on which duty may be suspended. This certificate (or for multiple consignments, its reference number) together with the Supplier's end-use authorisation number, issued by Customs, must be made available to the Supplier's import agent to enable them to achieve suspension of the import duties at the time of import. In order that these items can readily be identified by the Supplier's import agent, the Supplier's overseas suppliers shall be instructed to endorse their invoices certifying that the goods are in aid of this Contract and shall quote "Destined for use by or on behalf of the Authority, Contract number: CCHC/087".
- 3: No import duty is included in the Contract price.

G. Measures in a Crisis

- 1: The Parties acknowledge that if in its sole opinion the Government of the United Kingdom believes any of the conditions detailed below exist it may appropriate part or all of the Services or a Facility.
- 2: The circumstances referred to in Condition are:
 - A: a material threat to the national security and defence, or a material adverse effect on the national interests, of the United Kingdom, or the occurrence of a state of war, crisis, state of tension or other emergency (whether or not involving hostilities); or

- B: a request to the Government of the United Kingdom by a local authority, public body, or statutory corporation for assistance in relation to the occurrence or possible occurrence of a major accident, crisis or natural disaster; or
- C: a request by NATO, the EU or the United Nations for support or assistance in relation to international obligations.
- 3: In the event that the Government of the United Kingdom appropriates part of all of any Services or Facility then this Agreement shall be suspended.
- 4: The Parties shall be released from all obligations under the Agreement if the appropriation lasts more than 180 days or renders the continuation or completion of the Agreement impossible.
- 5: Where the Government of the United Kingdom appropriates part or all of a Facility and requires Seller/Supplier to prepare an Exit Plan, The Boeing Company will co-operate with Seller/Supplier in the generation of the Exit Plan on a fair and reasonable basis

H. Compliance With Laws.

- 1: For work being undertaken either in the UK or another country, Seller/Supplier shall use all reasonable endeavours to ensure that he, his sub-contractors and suppliers shall comply with the legislation of the country where the work is being performed.
- 2: Within the UK mainland, specifically this will include:
 - A: Health and Safety at Work Act (1974)
 - B: Race Relations Act (1976)
 - C: Race Relations Remedies Act (1994)
 - D: Sex Discrimination Act (1986)
 - E: Disability Discrimination Act (1995)
 - F: Data Protection Act (1984)
- 2: With regards to the Health and Safety at Work Act (1974), nothing in the Contract shall release The Boeing Company or the Authority from his obligations under Statutory requirements for Health and Safety, to provide prior written notice to Seller/Supplier of any health or safety hazards associated with equipment, material or other substances supplied to Seller/Supplier by The Boeing Company or the Authority.