

**IDS Terms and Conditions Guide**  
**Section G**

**Clause Number: G000L**  
**Effective: 8/12/2007**  
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**WARRANTY (SELLER DESIGN AND BUILD) C-17 (Lot VIII and beyond)**

Seller hereby grants to the Buyer and its customers, subject to the limitations and conditions hereinafter set forth, the following Warranty for the products purchased hereunder.

**1. Scope of Warranty**

a. Seller warrants that all products shall, upon delivery, conform to and perform in accordance with the applicable specifications of this agreement in effect at the time of delivery.

b. Seller warrants that all products shall, upon delivery, be free from:

- 1) Defects in the design
- 2) Defects in material resulting from defects in (a) the composition or substance of the material; (b) the process of its manufacture; (c) manufacturing workmanship; or (d) selection of such material by Seller or any subcontractor; and
- 3) Defects in workmanship

c. Seller warrants that detail design information, technical orders, technical data, and engineering data furnished pursuant to this agreement and all other detail design information or technical or engineering data supplied by Seller and furnished to the Buyer for the purpose of installation, repair, rework, replacement, logistics support, maintenance, operations, or training shall be free from defect, notwithstanding that any such detail design information, technical orders, or technical or engineering data shall have been verified by the Buyer.

**2. Correction of Defects**

a. The Buyer's remedy for breach of the warranties set forth herein in Paragraph 1 and Seller's obligation and liability therefore, shall be performance by Seller of the following at no charge;

1) As regards Paragraphs 1. a and b hereof, the repair, rework, replacement or correction of any nonconforming or defective product shall be such that said defect or nonconformance is eliminated.

2) As regards Paragraph 1. c hereof, correction of such design information, technical order, or technical or engineering data and repair, rework, or replacement of any damage caused by the Buyer or the Government's reliance upon such defective information, technical order, or technical or engineering data.

3) With respect to any defect or specification nonconformance embraced by this Warranty, Seller shall correct such defects by appropriate modification of the design and/or manufacturing processes or procedures for all delivered or undelivered products to correct said defects or nonconformances. In the event that repair, rework, replacement, or correction of nonconforming or defective products is not feasible by reason of the loss, damage, or destruction of the entire aircraft as a result of the

specification nonconformance or defect, Seller's liability shall be limited to the cost of repair, replacement or correction of the defect, as if it had been performed.

b. Seller's liability under this Warranty for correction of defects shall also extend to correction of such defect as it relates to any product purchased hereunder which shall not have been delivered to the Buyer, provided that Seller shall not be responsible nor deemed to be in default on account of any delays in performance of this agreement due to any such corrections. Additionally, rather than accept a delay in delivery of any such defective products, the Buyer may elect to accept delivery and Seller agrees to correct such defect as though the defect had become apparent immediately after delivery of such product. Nothing contained herein shall affect the Buyer's right to claim the same design defect with respect to any other delivered or undelivered product.

c. All transportation costs of sending defective products to Seller's factory, and of return of same to the Buyer and/or the Government shall be borne by Seller.

d. Upon receipt of a defective item for correction, repair, or maintenance under this warranty, Seller shall perform any required work within sixty (60) days from the receipt of such defective item and the authority to proceed from the Buyer or such other time as set forth in this contract.

### 3. Limitations

Seller shall, as to each defect, be relieved of liability under this Warranty, if:

a. The product provided hereunder is operated with any system, subsystem, structure, assembly subassembly, accessory, equipment, support equipment, part or other article, item, software or product included therein not contemplated by Seller unless the Buyer and/or the Government furnished reasonable evidence that such system, subsystem, structure, assembly, subassembly, accessory, equipment, support equipment, part or other article, item, software or product was not a cause of the defect; or

b. The product shall not have been operated or maintained in accordance with Seller's reasonable operating and maintenance instructions furnished under the Supplier Data Requirements List (SDRL), unless the Buyer and/or the Government furnishes reasonable evidence that such operation or maintenance, as the case may be, was not a cause of the defect; or

c. The product shall have been engaged in operations in a theater of actual combat, provided that it is demonstrated that such operations were the cause of the defect; or

d. The product shall have been altered or modified without Seller's approval or if the product shall have been operated subsequent to involvement in an accident, unless the Buyer and/or the Government furnishes reasonable evidence that such repair, alteration, modification or operation after the accident was not a cause of the defect; provided, however, that this limitation shall not be applicable to routine repairs or

replacements made with suitable material and according to standard practice and engineering or to operation after minor accidents; or

e. The Buyer/Government does not submit reasonable evidence to Seller that the defect is due to a matter embraced within Seller's Warranty hereunder and that said defect was discovered within the Warranty period.

#### 4. Warranty Periods

THE WARRANTY PERIOD(S) SHALL BE AT LEAST AS FAVORABLE AS THE WARRANTY PERIOD(S) OFFERED TO THE SELLER'S MOST PREFERRED CUSTOMER AT NO ADDITIONAL COST TO THE BUYER, COMMENCING WITH DELIVERY BY THE BUYER OF EACH AIRCRAFT OR PRODUCT TO THE U.S. GOVERNMENT.

The warranty period(s) are identified on the PO/Contract where Clause G102 is referenced.

#### 5. General

a. Defect shall be defined as any flaw, fault, failure, weakness, imperfection, error, or any other characteristic, workmanship, design, material, manufacture, assembly, installation, integration or other procedure or operation, which is not in strict compliance with Subparagraph 5.b, hereof, any other requirement of this agreement, the specific warranties contained herein, or good practice within the aircraft industry. Provided, however, normal wear and tear and the need for regular overhaul or periodic maintenance shall not constitute a defect or failure under this Warranty.

b. The Buyer/Government shall (1) report the defect in writing or by telegram to Seller Warranty Administrator within thirty (30) calendar days following such defect having been discovered by the Buyer and/or the Government, provided such defect was discovered within the effective period of the Warranty hereunder, and (2) return the defective or faulty product to Seller's factory (unless Seller's factory is not feasible or the Government elects to effect the repair at its own or logistics support organization facility) within ninety (90) calendar days following the end of the applicable period of time specified in Subparagraph 4 or within ninety (90) calendar days following such defect having been discovered by the Buyer and/or the Government, whichever is earlier, and further provided that if for reasons beyond the Buyer and/or the Government's control, return of the product to Seller's factory is not possible within said ninety (90) calendar day period and if the Buyer and/or the Government so notifies Seller in writing, the said ninety (90) calendar day period shall be waived, but the Buyer and/or the Government must return the product to Seller's factory if, as and when, such return does become feasible. If notification is not given or return of goods not made within the period in (1) or (2) of this subparagraph 5.b., Seller shall be entitled to an equitable reimbursement for any increased costs of performing the Warranty work which are due to any such delay in notification or return of goods beyond the stated period.

c. Seller shall, within fourteen (14) calendar days after receipt of the Buyer's and/or the Government's notification of defect, submit to the Buyer, in as much detail as possible, the proposed method of effecting the repair, replacement or correction and a schedule for such, regardless whether Seller accepts or denies liability for such defect. In the event of denial, Seller shall state its reasons therefore. Seller's failure to deliver to the Buyer a written statement of acceptance or denial within such fourteen (14) calendar day period shall constitute acceptance by Seller of liability for said defect under this Warranty.

d. If Seller, by issuance of written denial, does not agree that it is responsible pursuant to this Warranty to correct, repair or replace the defect alleged by the Buyer, Seller shall nevertheless proceed in accordance with the written request of the Buyer's Purchasing Representative citing this Paragraph, to effect such correction, repair or replacement. Any such failure of the Buyer and Seller to agree concerning whether any alleged defect is embraced by this Warranty shall be treated as a dispute concerning a question of fact pursuant to the Clause of this agreement entitled "Disputes". In the event Seller, pursuant to direction under this Paragraph, effects correction, repair or replacement of an alleged defect which is later determined not to be embraced by this Warranty, Seller shall be entitled to reimbursement in accordance with subparagraph 2.e. above.

e. A defect shall be deemed to have been discovered by the Buyer and/or the Government at the time it in fact becomes known to the Procuring Contracting Officer (PCO) without regard to whether it should have or could have become known at any earlier time and without regard to whether any other officer, employee or agent of the Buyer and/or the Government had prior knowledge of same.

f. The Government may, without Seller's approval, designate a logistics support organization to act in its behalf in all instances where "Buyer" and/or the "Government" is referenced above. the Buyer and/or the Government shall advise Seller in writing of any such designation.

g. As used in this Warranty with respect to any product, the word "delivery" shall mean the date of shipment to the Buyer

6. This Warranty is in lieu of and replaces the Article entitled "Warranty", as set forth in the General Terms and Conditions/General Provisions.