

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 1 of 13

ADDITIONAL GENERAL PROVISIONS

The following terms and conditions are in addition to the terms and conditions in GP1, The Boeing Company General Provisions (Fixed Price Contract), GP2, The Boeing Company General Provisions (Fixed Price Services Contract), GP3, The Boeing Company General Provisions (Labor Hour/Time & Material Contract), GP4, The Boeing Company General Provisions (Cost Reimbursement Contract Under Government Prime Contract), and GP6, The Boeing Company General Provisions (Public College and University Fixed Price Contract). In some cases, they modify or supplement terms and conditions with the same or similar titles as in GP1, GP2, GP3, GP4, or GP6.

A. General requirements.

1. BUYER'S USE OF DATA AND INFORMATION

(This article applies only if this contract is issued under a Government prime contract or subcontract.)

Seller agrees that any data such as drawings, instructions, or information furnished to Buyer in connection with this contract will be free from confidential, proprietary, or restrictive-use markings, other than statutory patent, copyright, U.S. Government security notices, or properly applied restrictive legends permitted by appropriate FAR, Department of Defense FAR Supplement (DFARS), or NASA FAR Supplement clauses incorporated herein. Buyer, its agents, or its assignees may duplicate or use such documents in connection with the manufacture, use, or disposition of the material furnished under this contract and may remove, obliterate, or ignore any such marking as may be on such documents unless such markings are specifically permitted by applicable FAR, DFARS, or NASA FAR Supplement clauses. Except as may be otherwise provided in this contract, all information and data disclosed or furnished to Buyer in connection herewith will be deemed to be disclosed or furnished as part of the consideration for this contract, and Seller agrees not to assert any claims (except claims for patent infringement) by reason of any use, duplication, or disclosure thereof.

2. PRECEDENCE

All documents and provisions in this contract shall be read so as to be consistent to the extent practicable. In the event various parts of this contract are inconsistent, the following order of precedence shall apply: (i) special terms and conditions; (ii) the terms and conditions in Customer Contract Requirements (CCR) documents that are incorporated in this contract by reference; (iii) terms and conditions from the IDS Common Terms and Conditions Guide that are incorporated in this contract by reference with the exception of CCR documents; (iv) specifications; (v) all other attachments, exhibits, appendices, etc., incorporated by reference. Buyer's specifications will prevail over any subsidiary documents referenced therein. Seller

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 2 of 13

will not use any specification in lieu of those contained in this contract without the written consent of Buyer's Authorized Procurement Representative.

3. SUBCONTRACTING

(This article applies only if this contract is a subcontract under a U.S. Government prime contract.)

Seller agrees that no subcontract placed under this contract will provide for payment on a cost-plus-a-percentage-of-cost basis.

4. BADGING REQUIREMENTS FOR FOREIGN PERSONS

(This article applies only if this contract requires Seller to work on facilities owned or controlled by Buyer or Buyer's customer.)

- a. An employee of Seller who is not a U.S. citizen and does not have a permanent-resident-alien "green" card on his or her person may not be admitted to Buyer's or Buyer's customer's facilities for purposes of performing work without special arrangements.
- b. If foreign persons are to be used for work at Buyer's or Buyer's customer's facilities, advance notice must be provided to Buyer's Authorized Procurement Representative at least three weeks prior to the scheduled need for access to Buyer's or Buyer's customer's facilities.
- c. The following specific information must be provided for each such foreign national:
 - (a) Complete name and address of employee;
 - (b) Company name and address;
 - (c) Contract number;
 - (d) Detailed description of employee's duties;
 - (e) Nationality;
 - (f) Date and place of birth (country of origin);
 - (g) Passport number and expiration date;
 - (h) Employment authorization and/or work permit number issued by the Immigration and Naturalization Service;

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 3 of 13

- (i) Access requirements (i.e., facility locations, building number(s), controlled access areas, automated information systems, etc.), and
 - (j) Duration of need for access to Buyer's or Buyer's customer's facilities.
- d. Buyer's Authorized Procurement Representative will make arrangements for appropriate badging for Seller's foreign national employees, or will notify Seller if unescorted access is denied or delayed.
- e. Seller agrees that it will not employ for the performance of work at Buyer's or Buyer's customer's facilities any individuals who are not legally authorized to work in the United States.
- f. Nothing in this clause shall be construed as requiring or encouraging violation of the labor laws of the United States, including without limitation, those pertaining to equal employment opportunity.

5. SECURITY REQUIREMENTS FOR ACCESS TO PREMISES OWNED OR CONTROLLED BY BUYER OR THE GOVERNMENT
(This article applies only if this contract requires Seller to work on facilities owned or controlled by Buyer or Buyer's customer.)

All employees, agents, and representatives of Seller or its subcontractors who are expected to enter premises owned or controlled by Buyer or the Government are required to provide Buyer's Security personnel with proof of citizenship. Examples of original documents that are considered satisfactory are U.S. Birth Certificates, U.S. Passports, Certificates of Naturalization, Alien Registration Receipt Card (with photograph), and/or other evidence of citizenship satisfactory to Buyer before being allowed access to Buyer's premises. All such employees, agents, and representatives are bound by the provisions of the United States Criminal Code relating to espionage and sabotage and will conform to the standards and requirements established by the Government and Buyer's Security. Seller will submit the name and birth certificate and/or other satisfactory evidence of citizenship of each such employee, agent, or representative prior to the time for reporting for work. Selected positions and assignments of Seller's employees may require a security clearance.

6. SAFEGUARDS
(This article applies only if this contract requires Seller to work on facilities owned or controlled by Buyer or Buyer's customer.)

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 4 of 13

If this contract requires work to be performed on property owned or controlled by Buyer or the Government, Seller will provide suitable and adequate protection of the work, property adjacent to the work, and persons in the immediate vicinity of the work.

7. INDEMNIFICATION, INSURANCE, PROTECTION OF PROPERTY, AND EVIDENCE OF CITIZENSHIP

(This article applies only if this contract incorporates GP1 or GP4 and requires Seller to work at a Boeing site.)

- a. Indemnification Negligence of Seller or Subcontractor. Seller shall indemnify and hold harmless The Boeing Company, its subsidiaries, and their directors, officers, employees and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards and damages of any kind and nature whatsoever for property damage, personal injury or death (including without limitation injury to or death of employees of Seller or any subcontractor thereof) and expenses, costs of litigation and counsel fees related thereto or incident to establishing the right to indemnification, arising out of or in any way related to this contract, the performance thereof by Seller or any subcontractor thereof or other third parties, including, without limitation, the provision of services, personnel, facilities, equipment, support, supervision or review. The foregoing indemnity shall apply only to the extent of the negligence of Seller, any subcontractor thereof or their respective employees. In no event shall Seller's obligations hereunder be limited to the extent of any insurance available to or provided by Seller or any subcontractor thereof. Seller expressly waives any immunity under industrial insurance, whether arising out of statute or source, to the extent of the indemnity set forth in this paragraph (a).
- b. Commercial General Liability. If Seller or any subcontractor thereof will be performing work on Buyer's premises, Seller shall carry and maintain, and ensure that all subcontractors thereof carry and maintain, throughout the period when work is performed and until final acceptance by Buyer, Commercial General Liability insurance with available limits of not less than one million dollars (\$1,000,000) per occurrence for bodily injury and property damage combined. Such insurance shall contain coverage for all premises and operations, broad form property damage, contractual liability (including, without limitation, that specifically assumed under paragraph (a) herein) and goods and completed-operations insurance with limits of not less than one million dollars (\$1,000,000) per occurrence for a minimum of 24 months after final acceptance of the work by Buyer. Such insurance shall not be maintained on a per-project basis unless the respective Seller or subcontractor thereof does not have blanket coverage.

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 5 of 13

- c. Automobile Liability. If licensed vehicles will be used in connection with the performance of the work, Seller shall carry and maintain, and ensure that any subcontractor thereof who uses a licensed vehicle in connection with the performance of the work carries and maintains, throughout the period when work is performed and until final acceptance by Buyer, Business Automobile Liability insurance covering all vehicles, whether owned, hired, rented, borrowed or otherwise, with available limits of not less than one million dollars (\$1,000,000) per occurrence combined single limit for bodily injury and property damage.
- d. Workers' Compensation. Throughout the period when work is performed and until final acceptance by Buyer, Seller shall, and ensure that any subcontractor thereof shall, cover or maintain insurance in accordance with the applicable laws relating to Workers' Compensation with respect to all of their respective employees working on or about Buyer's premises. If Buyer is required by any applicable law to pay any Workers' Compensation premiums with respect to an employee of Seller or any subcontractor, Seller shall reimburse Buyer for such payment.
- e. Certificates of Insurance. Prior to commencement of the work, Seller shall provide for Buyer's review and approval certificates of insurance reflecting full compliance with the requirements set forth in paragraphs (b) Commercial General Liability, (c) Automobile Liability and (d) Workers' Compensation. Such certificates shall be kept current and in compliance throughout the period when work is being performed and until final acceptance by Buyer, and shall provide for 30 days advance written notice to Buyer in the event of cancellation. Failure of Seller or any subcontractor thereof to furnish certificates of insurance, or to procure and maintain the insurance required herein or failure of Buyer to request such certificates, endorsements or other proof of coverage shall not constitute a waiver of Seller's or subcontractor's obligations hereunder.
- f. Self-Assumption. Any self-insured retention, deductibles and exclusions in coverage in the policies required under this article shall be assumed by, for the account of and at the sole risk of Seller or the subcontractor which provides the insurance and to the extent applicable shall be paid by such Seller or subcontractor. In no event shall the liability of Seller or any subcontractor thereof be limited to the extent of any of the minimum limits of insurance required herein.
- g. Protection of Property. Seller assumes, and shall ensure that all subcontractors thereof and their respective employees assume, the risk of loss or destruction of or damage to any property of such parties whether owned, hired, rented, borrowed or otherwise. Seller waives, and shall ensure that any subcontractor

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 6 of 13

thereof and their respective employees waive, all rights of recovery against Buyer, its subsidiaries and their respective directors, officers, employees and agents for any such loss or destruction of or damage to any property of Seller, any subcontractor or their respective employees. At all times Seller shall, and ensure that any subcontractor thereof shall, use suitable precautions to prevent damage to Buyer's property. If any such property is damaged by the fault or negligence of Seller or any subcontractor thereof, Seller shall, at no cost to Buyer, promptly and equitably reimburse Buyer for such damage or repair or otherwise make good such property to Buyer's satisfaction. If Seller fails to do so, Buyer may do so and recover from Seller the cost thereof.

- h. Evidence of Citizenship or Immigrant Status. (i) Buyer may be required to obtain information concerning citizenship or immigrant status of Seller's personnel or Seller's subcontractor personnel entering the premises of Buyer. Seller agrees to furnish this information before commencement of work and at any time thereafter before substituting or adding new personnel to work on Buyer's premises. Information submitted by Seller shall be certified by an authorized representative of Seller as being true and correct. (ii) With respect to Seller personnel or Seller's subcontractor personnel entering the premises of Buyer to perform work under this contract, Seller specifically agrees that it is, and will remain, in compliance with the United States statute known as the Immigration Reform and Control Act of 1986, as amended, and will permit Buyer, upon reasonable notice, to inspect and audit Seller's records documenting such compliance with respect to said personnel. Seller subcontracts for work under this contract shall suitably modify the parties in this paragraph and include the substance of this paragraph in subcontracts such that the subcontractor has the same obligation as Seller.

8. **ELECTRONIC SUBMITTAL OF QUALITY-RELATED DOCUMENTATION**
(This article applies only if Seller has access to the Supplier Portal.)

Seller shall, prior to shipment and via the Supplier Portal, provide Buyer contract-required quality-related documentation for Buyer's review and acceptance.

9. **RESERVED**

10. **ETHICAL BUSINESS CONDUCT**

(This article applies only if this contract requires Seller's employees to work on Buyer's premises for extended periods of time.)

Seller will ensure that its employees performing under this contract comply with Boeing's Ethical Business Conduct Guidelines. The Guidelines are available at the following Internet address:

<http://www.boeing.com/companyoffices/aboutus/ethics/index.htm>

A hardcopy of the Guidelines will be provided upon request.

11. FOREIGN CONTENT REPORTING

(This article applies only if this contract exceeds \$500,000 and Seller is a domestic supplier.)

In accordance with the Offset Credits article of Boeing's General Provisions, Seller shall provide the following information on all subcontracts of \$50,000 or more, for performance of work under this contract, with foreign companies.

- The Boeing Company PC number, a point of contact within your Company (*name and telephone number*);
- Name of Foreign Company;
- Foreign Company Address;
- Foreign Company Point of Contact (*name, telephone number, E-mail address, and FAX number*);
- Part number(s) or description of product(s) and service(s) to be provided;
- Estimated or actual Dollar Value; (*Pre-Award*)
- Your order number;
- Anticipated Award Date (*upon receipt of offer, or issuance of solicitation to foreign firm*);
- Actual Award Date (*indicate whether new award or contract change, change no., and date change was issued*);
- US Dollar Value;
- Quantity and Unit of Measure;
- Comments, if any.

A report will be provided within 30 days of the effective date of this contract, and semi annually thereafter (January and July), as necessary, to represent any changes to foreign content/value under this contract.

The information provided will be used for the sole purpose of claiming credit toward Boeing's Industrial Participation (Offsets) obligations with its international customers. The information will be treated as proprietary information, to be disclosed only for the purpose as noted. Reports shall be directed to the Industrial Participation organization at the following address:

The Boeing Company
Integrated Defense Systems
Industrial Participation Programs, M/C S100-3285

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 8 of 13

P.O. Box 516
St. Louis, MO 63166

12. ITAR REGISTRATION REQUIREMENTS

Seller shall comply with International Traffic in Arms Regulation §122.1, Registration requirements.

13. EXPORT LICENSING INFORMATION/OFFSHORE PROCUREMENT

- a. This contract, including any attachments or exhibits hereto, may contain information which is subject to the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR) which may not be released to foreign concerns or foreign persons either inside or outside the United States without first obtaining the proper export authority. Seller shall obtain an export license pursuant to the requirements set forth herein for any items that Seller either manufactures or subcontracts outside the U.S or before allowing access to any technical data by a foreign person in the United States. If Seller is a "Foreign Person" (as defined by the International Traffic in Arms Regulations [ITAR] reference 22 CFR Sub-chapter M) the Seller shall, upon request of Buyer's Procurement Agent and without additional cost, provide such information as may be necessary to support Buyer's application for export license(s) covering any items ordered from Seller hereunder.
- b. This Contract may contain defense related technical data. Buyer has obtained, or will obtain, the approval of the U.S. Government to furnish to Seller the data, and any other items hereunder requiring such approval, which are necessary for Seller to perform this Contract. U.S Government approval is based upon the following ITAR requirements with which Seller agrees to comply:
 - (1) Seller shall use the technical data furnished by Buyer only in the manufacture of defense articles in accordance with this Contract.
 - (2) Seller shall not disclose or provide technical data furnished by Buyer to any person except authorized U.S. citizen, protected person, permanent resident alien (immigrant alien). If Seller is a "Foreign Person," it may also disclose or provide technical data furnished by Buyer to its employees who are citizens of the same country and qualified subcontractors in the same country which require the data in performance of the subcontracts.
 - (3) Seller shall not disclose or provide technical data furnished by Buyer to any foreign person either in the U.S. or abroad unless obtaining prior authorization directly from the U.S. Department of State Office of Defense

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 9 of 13

Trade Controls (ODTC). ITAR defines a “foreign person” as any person who is not a U.S. citizen, permanent resident alien, or a protected individual as defined by 8 USC 1324B(a)(3). Foreign person also means a foreign corporation (corporation not incorporated in the U.S.), foreign government, and any agency or subdivision of foreign governments (i.e. diplomatic mission).

- (4) Seller shall not acquire any rights in the data furnished by Buyer except to use it in the performance of this Contract. Seller also shall not convey to its qualified subcontractors any greater rights in the data than Seller has. Seller’s qualified subcontractors shall only have the right to use the data as required in performance of their subcontracts.
- (5) Seller shall deliver the defense articles manufactured in accordance with this Contract only to Buyer or to the U.S. Government.
- (6) Upon completion or termination of this Contract, Seller shall destroy or return to Buyer all technical data furnished to Seller by Buyer pursuant to this Contract. At Buyer’s election, Buyer may direct Seller to return or destroy the data and may require Seller to certify in writing that Seller has complied.
- (7) Seller shall impose these requirements, (1) through (7), suitably revised to identify the parties properly, on all of its subcontractors to which Seller intends to furnish technical data provided by Buyer for use by the subcontractors in performance of the subcontracts.

14. BUYER APPROVALS

Seller agrees that any and all Buyer approvals of Seller's technical and quality specifications, drawings, plans, procedures, and reports shall neither relieve Seller from Seller's obligations to perform all of the requirements of this contract nor be used as conclusive evidence of Seller compliance with such requirements.

15. RESERVED

16. INDUSTRIAL PARTICIPATION COMMITMENT

Seller shall use its best efforts to cooperate with Boeing in the fulfillment of any Industrial Participation (IP), Offsets, Co-Production or similar obligations to certain foreign governments that Boeing may have accepted as a requirement for the sale of products to foreign customers.

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 10 of 13

17. NOTICE OF THE REQUIREMENTS OF DFARS 252.225-7014, *PREFERENCE FOR DOMESTIC SPECIALTY METALS, ALTERNATE 1* (HEREINAFTER “SPECIALTY METALS CLAUSE”)
(This article applies only if this contract is issued under a Department of Defense (DoD) prime contract or subcontract under a DoD prime contract.)

DoD's interpretation of this specialty metals clause is that it prohibits the contractor (including its suppliers at every tier) from incorporating into military parts, components, and/or end item deliverables “specialty metals” (identified in the clause, including titanium and stainless steel) which have been melted outside the United States, its possessions, or Puerto Rico, unless certain limited exceptions set forth in the clause or DFARS Subpart 225.7002-2 apply. One such exception is for specialty metals melted in a qualifying country or incorporated into an article manufactured in a qualifying country. Those countries are listed at DFARS 225.872-1(a) or (b). Since the United States is not listed as a qualifying country, DoD does not consider it to be a qualifying country. Even if a qualifying country exception applies, the source for specialty metals melted outside the United States may also have to be listed in an applicable Qualified Products List (QPL), such as that set forth in Douglas Material Specification (DMS) 2201, *Procurement from Foreign Sources - Metallic Raw Material*. Please check your purchase order carefully for any such requirement. If your purchase order contains this requirement, you must comply with its provisions unless you apply for and are granted, through The Boeing Company, one or more of the limited exemptions authorized under the specialty metals clause.

If your organization is issued a purchase order with the specialty metals clause, compliance to the following is strongly encouraged:

- a. Your Quality Assurance Personnel, particularly Receiving Inspection, (i.e. where in-coming material and certifications are verified), should be made aware of specialty clause requirements, and ensure that no foreign melted specialty metals are utilized to fabricate any components for use on a product to be supplied to DoD unless they are melted in a qualifying country.
- b. If a distributor or other subtier supplier is the source of your material, ensure that the specialty metals clause requirements have been flowed down. Also take the necessary steps to ensure that your supplier provides only specialty metals (such as Titanium or stainless steel) that have been melted within the United States or a qualifying country and, if required, proper certifications are issued.

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 11 of 13

If your organization needs further information and/or assistance, please contact the Boeing Procurement Quality Representative assigned to your facility or identified in your purchase order.

18. DEFECTIVE COST OR PRICING DATA

a. If Seller, its subcontractor, or prospective subcontractor fails to submit accurate, complete and current cost or pricing data, and, as a result of that failure, the Government reduces the price of Buyer's prime contract, Buyer may recover from Seller an amount equal to the price reduction of the prime contract.

b. If, as a result of Seller's or its subcontractor's foregoing conduct, the Government imposes a penalty on or changes Buyer interest, Buyer may recover from Seller the amount of that interest or penalty.

c. For the purposes of paragraphs a. and b. of this Article 18, if Buyer is a higher tier subcontractor, "Government" means the higher tier contractor and "prime contract" means the higher tier subcontract.

d. Seller will not raise as defenses the matters listed in FAR 52.215-10(c)(1) (OCT 1997) or FAR 52.215-11(d)(1) (OCT 1997).

19. BUSINESS SIZE REPRESENTATIONS AND CERTIFICATIONS

The Seller is hereby notified that, under 15 U.S.C. 645(d), any person who misrepresents a firm's business size or socioeconomic status as defined in FAR 52.219-9 in order to obtain a contract to be awarded under the preference programs established pursuant to sections 8(a), 8(d), 9 or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall:

- a. Be punished by imposition of a fine, imprisonment, or both;
- b. Be subject to administrative remedies, including suspension and debarment; and
- c. Be ineligible for participation in programs conducted under the authority of the Act.

Socioeconomic status for Boeing subcontracts includes the list of concerns in FAR 52.219-9 as well as women-owned small business concerns, Historically Black College or University or Minority Institutions, Indian organizations or Indian-owned economic enterprises, rural area small business concerns, foreign business concerns, joint ventures, and/or a large minority business concerns or women-owned large business concerns.

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 12 of 13

20. DELIVERY PAYMENT TERMS

Buyer uses Seller's BEST composite score by site to determine delivery payment terms. The delivery payment terms were calculated by adding Seller's average days late, as recorded by Buyer's BEST system rounding up to a multiple of 30 days, to the standard 30 day delivery payment term. If Seller's delivery ratings change over the three most current months sufficient to justify a change in the payment terms, Seller agrees the payment due date for Seller invoices may be extended by Buyer by the average number of days late until there are no average days late.

B. Additional requirements.

1. BAR CODING REQUIREMENTS

a. Seller shall provide bar coded shipping labels, pursuant to Information Technology Standard MRC 3.301-1, on all goods, items and packages shipped to Buyer hereunder.

b. Determination of payment due date, as set forth elsewhere in this contract, will also be based on the receipt by Buyer of correct bar coded shipping labels pursuant to paragraph a above.

2. CITIZENSHIP REQUIREMENTS

a. Employees of Seller who perform services under this Contract on the premises of Buyer shall be citizens of the United States of America (U.S.A.), its possessions or territories, in instances when the performance of such services requires Secret or Top Secret security classifications. If any employee of Seller who performs services on Buyer premises under this Contract is not a citizen of the U.S., its possessions or territories, and the performance of such services requires a Company Confidential security classification, Seller shall contact the cognizant Buyer Purchasing Representative prior to allowing said employee to perform such services. Following necessary coordination within Buyer, the Buyer Purchasing Representative shall provide specific instructions to Seller. When the performance of work on Buyer premises does not require a security clearance above, Seller shall bear exclusive responsibility for providing employees who are qualified under the Immigration Reform and Control Act ("IRCA") and who have completed an I-9 Form.

b. Upon the request of Buyer, Seller shall submit proof of citizenship or employment eligibility status to Buyer for each employee covered by Subparagraph a. who shall perform services under this Contract on the premises of Buyer. Examples of documents that may be considered satisfactory are birth certificates, U.S. passports, U.S. naturalization papers, and green cards issued by the U. S.

IDS Terms and Conditions Guide
Section H

Clause Number: H900L
Effective: 1/18/2008
Page: 13 of 13

Department of Immigration and Naturalization. Consistent with IRCA, the order of presentment of such documents shall be the sole prerogative of Seller's employees. If these documents are not available, a compilation of other evidence may suffice. Upon acceptance of proof of citizenship or employment eligibility, Buyer may issue identification badges or cards to employees of Seller.

c. Should Seller fail to comply with this Clause, Buyer may, at its option, terminate this Contract for default in accordance with Article 9 hereof. An example of such failure would be the submittal of falsified proof of citizenship or employment eligibility.

3. DISPOSITION OF NONCONFORMING MATERIAL

Nothing herein or in other parts of the contract shall be construed as granting the Seller the authority to make repairs, or accept without repair any nonconformance condition which adversely affects fit, form, function, safety, weight, maintainability or appearance (where a factor), of products to be applied to the contract.

It shall be Seller's continuing obligation to advise Buyer's Purchasing Representative in the event Seller discovers potential or actual nonconformances prior to or during manufacture, and/or subsequent to delivery of goods under this Contract. Seller must provide written notice within twenty-four (24) hours of discovery using:

a. for goods procured under this contract for military program application (C-17, B-1B etc.), Buyer's Form MD-1898, Request for Deviation/Waiver, in accordance with MIL-STD-973, Configuration Management, to seek concession from the Customer (Buyer) for use-as-is and repair dispositions, provided, however, those Sellers in the seven county Southern California area (Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara and Ventura Counties) shall contact Buyer's local source inspector in lieu of submitting Form MD-1898. The local source inspector shall process a System Report QA070-20A, Discrepancy Record (DR), in accordance with TA-QA-062 "FUNCTIONS OF PROCUREMENT QUALITY ASSURANCE LOCAL SOURCE INSPECTION INSPECTORS";

b. for goods procured under this Contract for other than military program application, (K/DC-10, MD-17, etc.) Buyer Form MD-7053, Supplier Information Request (SIR), or any similar format providing the same information.