

- 1. FORMATION OF CONTRACT.** This proposed purchase contract, which incorporates by reference these General Provisions and all other terms and conditions set forth in this proposed purchase contract (collectively, the "Contract"), is Buyer's offer to purchase the materials and/or services (collectively, the "Services") described in this offer. Acceptance is strictly limited to the terms and conditions included in this offer. Unless specifically agreed to in writing by Buyer's Authorized Procurement Representative, Buyer objects to, and is not bound by, any term or condition that differs from or adds to this offer. Seller's commencement of performance or acceptance of this offer in any manner shall conclusively evidence acceptance of this offer as written. Seller's provision of the Services shall be governed solely by this Contract. Buyer and Seller are referred to herein as a "Party" or collectively as the "Parties."
- 2. SCOPE OF SERVICES.** During the term of this Contract, Seller shall furnish the Services set forth in the Contract.
- 3. INDEPENDENT CONTRACTOR.** Seller is an independent contractor for all purposes. Seller shall have complete control over the performance of, and the details for accomplishing, the services. In no event shall Seller or its agents, representatives or employees be deemed to be agents, representatives or employees of Buyer. Seller's employees shall be paid exclusively by Seller for all Services performed. Seller shall comply with all requirements and obligations relating to such employees under federal, state and local law (or foreign law, if applicable). Such compliance shall include, but not be limited to, laws regarding minimum wages, social security, unemployment insurance, federal and state income taxes and workers' compensation insurance.
- 4. PACKING AND SHIPPING**
 - a. Seller shall pack the materials to prevent damage and deterioration.
 - b. If the Contract specifies FOB destination (place of delivery), then in addition to any other shipping instructions, Seller shall forward materials freight prepaid. Seller shall make the transportation arrangements, pay the shipping costs, and remain responsible for the materials until the materials are delivered and the Buyer takes possession at the destination.
 - c. If the Contract specifies FOB origin (place of shipment), then in addition to any other shipping instructions, Seller shall forward materials collect. For materials shipped within the United States, Seller shall make no declaration concerning the value of the materials shipped except on materials where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating. Buyer may charge Seller for damage to or deterioration of any materials resulting from improper packing or packaging. Seller will ship the materials according to the provisions set forth at http://www.boeingsuppliers.com/supplier_portal/DSR1%20external%20web%20version%206-8-11.pdf. Upon Buyer's request, Seller will identify packaging charges showing material and labor costs for container fabrication.
- 5. QUALITY CONTROL.** Seller shall establish and maintain a quality control system acceptable to Buyer for the Services purchased under this Contract. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability.
- 6. RIGHTS OF BUYER'S CUSTOMERS AND REGULATORS TO PERFORM INSPECTION, SURVEILLANCE AND TESTING.** Buyer's rights to perform inspections, surveillance and tests and to review procedures, practices, processes and related documents related to quality assurance, quality control, flight safety and configuration control shall extend to the customers of Buyer that are departments, agencies or instrumentalities of the United States Government, including the United States Government Federal Aviation Administration and any successor agency or instrumentality of the United States Government. Buyer may also, at Buyer's option, by prior written notice from Buyer's Authorized Procurement Representative, extend such rights to other customers of Buyer and to agencies or instrumentalities of foreign governments equivalent in purpose to the Federal Aviation Administration. Seller shall cooperate with any such United States Government-directed or Buyer-directed inspection, surveillance, test or review without additional charge to Buyer. Nothing in this Contract shall be interpreted to limit United States Government access to Seller's facilities pursuant to law or regulation.
- 7. INSPECTION**
 - a. At no additional cost to Buyer, Services shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Buyer shall perform inspections, surveillance and tests so as not to unduly delay the work.
 - b. Seller shall maintain an inspection system acceptable to Buyer for the Services purchased under this Contract.
 - c. If Buyer performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

8. ACCEPTANCE. Buyer shall accept the Services or give Seller notice of rejection within a reasonable time after the date of delivery, notwithstanding any payment or prior test or inspection, or passage of title. No inspection, test, delay or failure to inspect or test or failure to discover any defect or other nonconformance, shall relieve Seller of any of its obligations under this Contract or impair any rights or remedies of Buyer or Buyer's customers, including revocation of acceptance.

9. REJECTION

- a. If Seller delivers non-conforming Services, Buyer may require Seller to promptly correct or replace the non-conforming Services. Redelivery to Buyer of any corrected or replaced Services shall be at Seller's expense. Notwithstanding the prior sentence, Buyer may at any time require Seller to remedy by correction or replacement, without cost to Buyer, any failure by Seller to comply with the requirements of this Contract if the failure is due to (i) fraud, lack of good faith, or willful misconduct on the part of Seller's managerial personnel or (ii) the conduct of one or more of Seller's employees selected or retained by Seller after any of Seller's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.
- b. In addition, Buyer may (i) correct the non-conforming Services or (ii) obtain replacement Services from another source at Seller's expense.
- c. Seller shall not redeliver corrected or rejected Services without disclosing the former rejection or requirement for correction. Seller shall disclose any corrective action taken. All repair, replacement and other correction and redelivery shall be completed as Buyer may reasonably direct.

10. STANDARDS. Seller shall assign personnel satisfactory to Buyer. At any time and for any reason, Buyer may require Seller to withdraw the services of any person and require that Seller promptly provide replacements for such persons satisfactory to Buyer. In addition to the other indemnification provisions within this Contract, Seller specifically agrees to indemnify and hold harmless Buyer from and against any liabilities, claims, charges or suits for alleged losses, costs, damages or expenses arising from Buyer's exercise of its rights hereunder.

11. WARRANTY FOR SERVICES. Seller warrants that all Services performed hereunder shall be performed by employees or agents of Seller who are experienced and skilled in their profession and in accordance with industry standards. Seller further warrants that all Services performed under this Contract, at the time of acceptance, shall be free from defects in workmanship and conform to the requirements of this Contract. Buyer shall give written notice of any defect or nonconformance to Seller within one year from the date of acceptance by Buyer. Buyer may, at its option, either (i) require correction or reperformance of any defective or nonconforming Services, or (ii) make an equitable adjustment in the price of this Contract. If Seller is required to correct or reperform the Services, such correction or reperformance shall be at Seller's expense. Any Services corrected or reperformed shall be subject to this article to the same extent as Services initially performed. If Seller fails or refuses to correct or reperform, Buyer may correct or replace with similar services and charge Seller for any cost to Buyer, or make an equitable adjustment in the price of this Contract.

12. WARRANTY FOR MATERIALS

- a. Seller warrants that:
 - i. All materials furnished under this Contract shall conform to all specifications and requirements of this Contract and shall be free from defects in materials and workmanship. To the extent materials are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the materials shall be free from design and specification defects.
 - ii. It shall not furnish "Counterfeit Goods or materials" under this Contract, defined as materials or separately-identifiable items or components of materials that: (1) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (2) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (3) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (4) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but are represented as OEM authentic or as new; or (5) have not passed successfully all OEM required testing, verification screening, and quality control processes. Counterfeit Goods or materials shall be deemed non-conforming to this Contract.
 - iii. Any hardware, software and firmware materials delivered under this Contract:
 - (1) shall not contain any viruses, malicious code, trojan horse, worm, time bomb, self-help code, back door, or other software code or routine designed to: (a) damage, destroy or alter any software or hardware; (b) reveal, damage, destroy, or alter any data; (c) disable any computer program automatically; or (d) permit unauthorized access to any software or hardware;
 - (2) shall not contain any third-party software (including software that may be considered free software or open source software) that: (a) may require any software to be published, accessed or otherwise made

available without the consent of Buyer; or (b) may require distribution, copying or modification of any software free of charge;

- (3) shall not infringe any patent, copyright, trademark, or other proprietary right of any third party or misappropriate any trade secret of any third party;
- (4) shall be free from any liens or encumbrances; and
- (5) shall be able to accurately process date/time data (including, but not limited to, calculating, comparing and sequencing) to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges data with it.

- b. This warranty shall survive inspection, test and acceptance of, and payment for, the materials. This warranty shall run to Buyer and its successors, assigns and customers. Such warranty shall begin upon Buyer's final acceptance of the materials. Buyer may, at its option, either: (i) require prompt correction or replacement of the defective or nonconforming materials, or (ii) return the materials for credit or refund. Return to Seller of defective or nonconforming materials and redelivery to Buyer of corrected or replaced materials shall be at Seller's expense. Materials required to be corrected or replaced shall be subject to this article and the "Acceptance" and "Rejection" articles of this Contract in the same manner and to the same extent as materials originally delivered under this Contract, but only as to the corrected or replaced part or parts thereof. Even if the Parties disagree about the existence of a breach of this warranty, Seller shall promptly comply with Buyer's direction to: (i) repair, rework or replace the materials or (ii) furnish any materials or parts and installation instructions required to successfully correct the defect or nonconformance. If the Parties later determine that Seller did not breach this warranty, the Parties shall equitably adjust the Contract price.

13. SELLER NOTICE OF DISCREPANCIES. Seller shall immediately notify Buyer in writing when discrepancies in Seller's process or materials are discovered or suspected which may affect the Services delivered or to be delivered under this Contract.

14. TAXES. Unless this Contract specifies otherwise, the price of this Contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this Contract except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption.

15. INVOICES AND PAYMENT

- a. As compensation for Services to be performed by Seller, Buyer shall pay Seller as set forth in this Contract. Buyer shall have no liability for any other expenses or costs incurred by Seller. Payment due date, including discount periods, shall be computed from the date of the later of the scheduled delivery date of the Services, the actual delivery date of the Services or the date of receipt of a correct invoice. Payment shall be deemed to have been made on the date the Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay to Buyer any amounts paid in excess of amounts due Seller. Except for amounts invoiced under articles 22 or 23, Seller shall be deemed to have waived all charges and fees that are not invoiced within ninety (90) calendar days after the end of the calendar year in which the charges were incurred.
- b. Seller shall not take any action hereunder which could cause the amount for which Buyer would be obligated to Seller to exceed the Contract price. Seller shall advise Buyer, in writing, when the cumulative billable value of fees for Services and authorized expenses, if any, are equal to seventy-five percent (75%) of the Contract price. Notwithstanding any other provisions of this Contract, Buyer shall not be obligated to pay to Seller any amount in excess of the Contract price, provided however, that this sum may be increased from time to time by Buyer in writing.

16. CHANGES

- a. Buyer's Authorized Procurement Representative may, without notice to sureties and in writing, direct changes within the general scope of this Contract in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules were both; (v) amount of Buyer-furnished property; (vi) terms and conditions of this Contract required to meet Buyer's obligations under Government prime contracts or subcontracts; and if this Contract includes services, (vii) description of services to be performed; (viii) the time of performance (e.g., hours of the day, days of the week, etc.); and (ix) place of performance. Seller shall comply promptly with such direction. Except for the rights granted to Buyer under this article, a change pursuant to this article shall not give rise to nor authorize any other modification of or amendment to the terms and conditions of this Contract.
- b. If such change increases or decreases the cost or time required to perform this Contract, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this Contract in writing accordingly. Unless otherwise agreed in writing, Seller must assert any claim for adjustment to Buyer's Authorized Procurement Representative in writing within 25 days, and deliver a fully

supported proposal to Buyer's Authorized Procurement Representative within 60 days, after Seller's receipt of such direction. Buyer may, at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer may direct the disposition of the property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. Failure of the Parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Buyer's direction.

- c. If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change.

17. DISPUTES. Any dispute that arises under or is related to this Contract that cannot be settled by mutual agreement of the Parties may be decided by a court of competent jurisdiction. Pending final resolution of any dispute, Seller shall proceed with performance of this Contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

18. FORCE MAJEURE. Seller shall not be liable for excess re-procurement costs pursuant to the "Cancellation for Default" article of this Contract, incurred by Buyer because of any failure to perform this Contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of Seller. Examples of these causes are: (a) acts of God or any of the public enemy; (b) acts of the Government in either its sovereign or contractual capacity; (c) fires; (d) floods; (e) epidemics; (f) quarantine restrictions; (g) strikes; (h) freight embargoes; and (i) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of Seller. If the Seller's failure is caused by the failure of a subcontractor of Seller, and if such failure arises out of causes beyond the reasonable control of both, and if such failure is without the fault or negligence of either, Seller shall not be liable for excess re-procurement costs unless the materials or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedules. Seller shall notify Buyer in writing within ten (10) days after the beginning of any such cause(s). In all cases, Seller shall use reasonable efforts to avoid or minimize all such failures, including exercising work-around plans or obtaining the Services from other sources; otherwise Seller shall be liable for excess re-procurement costs.

19. OVERTIME. Overtime shall mean those hours worked in excess of 40 hours during Seller's standard work week. All such overtime must have prior written approval of Buyer.

20. HOLIDAYS AND VACATIONS. If work is performed on Buyer's premises, Buyer shall not be obligated to make any payments to Seller for days designated by Buyer as holidays or shutdown periods, except for work specifically authorized in writing by Buyer's Authorized Procurement Representative and performed by Seller on such days.

21. FINANCIAL RECORDS AND AUDIT

- a. Seller shall maintain complete and accurate books, records and documents pertaining to the time worked, costs, expenses and allowances incurred in the performance of this Contract in sufficient detail to properly reflect all net costs (direct and indirect) of labor, materials, equipment supplies, services and other costs and expenses for which reimbursement or compensation is claimed. The labor hours shall be supported by a timekeeping system acceptable to Buyer and shall include evidence of actual payment. Buyer shall have the right to assign representatives to Seller's plant for the purpose of verifying the number and type of direct hours being incurred and making such audit and check of Seller's activities as may be reasonably required. Material charges shall be supported by paid invoices or storeroom requisitions. When Buyer-furnished property is used, a copy of Buyer's shipper will be kept in Seller's files for auditing purposes. Such records shall be made available to Buyer, upon request, for examination, reproduction and audit from the date of this Contract until three years after final payment hereunder. As a result of any audit performed by Buyer, payments previously made to Seller shall be subject to adjustment for over payment or under payment, respectively. Seller shall submit its final invoice promptly after completion of work. Upon approval of Seller's final invoice and substantiating documentation and upon compliance by Seller with all terms of this Contract, Buyer shall promptly pay any balance due to Seller.
- b. Upon request, Seller shall make available to Buyer data relative to payroll policies and procedures, including collective bargaining agreements with respect to wage payments for straight time, overtime, holidays, etc.
- c. Seller shall retain all financial records and documents pertaining to the Services for a period of no less than three years after final payment. Such records and documents shall date back to the time this Contract was issued and shall include, without limitation, catalogs, price lists, invoices, underlying data and basis for cost estimates, and inventory records. Buyer shall have the right to examine, reproduce and audit all such records related to pricing, performance and proposed costs associated with any proposals (prior to or after contract award), invoices or claims.

22. TERMINATION FOR CONVENIENCE. Buyer reserves the right to terminate this Contract, or any part hereof, for its sole convenience. In the event of such termination, Seller shall immediately cease all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. In case of termination for convenience by Buyer of all or any part of this Contract, Seller may submit a claim to Buyer within 60 days after the effective date of termination. In no event shall Buyer be obligated to pay Seller any amount in excess of the Contract price. The provisions of this article shall not limit or affect the right of Buyer to cancel this Contract for default.

23. CANCELLATION FOR DEFAULT

- a. Buyer may, by written notice to Seller, cancel all or part of this Contract (i) if Seller fails to deliver the Services within the time specified by this Contract or any written extension; (ii) if Seller fails to perform any other provision of this Contract or fails to make progress, so as to endanger performance of this Contract, and, in either of these two circumstances, within ten (10) days after receipt of notice from Buyer specifying the failure, does not cure the failure or provide Buyer with a written detailed plan adequate to cure the failure if such failure reasonably cannot be cured within such ten (10) days and such plan is acceptable to Buyer's Authorized Procurement Representative; or (iii) in the event of Seller's bankruptcy, suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of its creditors.
- b. Seller shall continue Services not canceled. If Buyer cancels all or part of this Contract, Seller shall be liable for Buyer's excess re-procurement costs.
- c. Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any (i) completed materials, and (ii) any partially completed materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights (collectively, "Manufacturing Materials") that Seller has specifically produced or acquired for the canceled portion of this Contract. Upon direction from Buyer, Seller shall also protect and preserve property in its possession in which Buyer or its Customer has an interest.
- d. Buyer shall pay the Contract price for materials accepted. In addition, any payment for Manufacturing Materials accepted by Buyer and for the protection and preservation of property shall be at a price determined in accordance with the "Termination for Convenience" article of this Contract, except that Seller shall not be entitled to profit. Buyer may withhold from any amount due under this Contract any sum Buyer determines to be necessary to protect Buyer or Buyer's customer against loss because of outstanding liens or claims of former lien holders.
- e. If, after cancellation, it is determined that Seller was not in default, the rights and remedies of the Parties shall be as if the Contract had been terminated according to the "Termination for Convenience" article of this Contract.

24. ASSIGNMENT, DELEGATION AND SUBCONTRACTING. Seller shall not assign (whether voluntary, involuntary, by merger, change of control, consolidation, dissolution, operation of law, transfer, or any other manner) any of its rights or interest in this Contract or subcontract for all or substantially all of its performance of this Contract without Buyer's prior written consent. Seller shall not delegate any of its duties or obligations under this Contract. Seller may assign its right to monies due or to become due. Any attempt to assign or delegate in violation of this article is void. No assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this Contract or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw materials.

25. PUBLICITY. Without Buyer's prior written approval, Seller shall not, and Seller's subcontractors at any tier shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding this Contract or the Services or program to which it pertains. Seller shall be responsible to Buyer for any breach of such obligation by any subcontractor.

26. BUYER'S PROPERTY. Seller shall clearly mark, maintain an inventory of and keep segregated or identifiable all of Buyer's property and all property to which Buyer acquires an interest by virtue of this Contract. Seller assumes all risk of loss, destruction or damage of such property while in Seller's possession, custody or control, including any transfer to Seller's subcontractors. Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss. Seller shall not use such property other than in performance of this Contract without Buyer's prior written consent. Seller shall notify Buyer's Authorized Procurement Representative if Buyer's property is lost, damaged or destroyed. As directed by Buyer, upon completion, termination or cancellation of this Contract, Seller shall deliver such property, to the extent not incorporated in delivered materials, to Buyer in good condition subject to ordinary wear and tear and normal manufacturing losses. Nothing in this article limits Seller's use, in its direct contracts with the Government, of property in which the Government has an interest.

27. SELLER FURNISHED MATERIAL. Material shall be furnished by Seller except as specifically provided in this Contract. Material purchased to support this Contract shall be billed at actual costs without overhead, general and

administrative costs, cost of money and profit, as evidenced by paid invoices. Material withdrawn from Seller's stores shall be charged at cost determined in accordance with generally accepted accounting practices. Unless otherwise noted, handling charges are included in the labor rates established in this Contract. Buyer shall be credited with all cash or trade discounts, rebates, allowances (whether or not taken) and the value of any resulting scrap.

**28. INDEMNIFICATION, INSURANCE AND PROTECTION OF PROPERTY, AND EVIDENCE OF CITIZENSHIP
(Applies when work is performed at a Boeing site)**

- a. Indemnification Negligence of Seller or Subcontractor. Seller shall defend, 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 or willful misconduct of Seller, any subcontractor thereof or their respective employees that occurs while Seller is on a premises owned or controlled by Buyer. 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 other 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.
- 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 and Employer's Liability. 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 (and Employers' Liability with limits not less than one million dollars (\$1,000,000) per incident) 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 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. Consistent with all applicable local statutes and regulations including those provisions that permit Seller to provide such information when such provision is consented to by Seller's personnel or Seller's subcontractor personnel, Seller shall furnish such information before commencement of work and at any time thereafter before substituting or adding new personnel to work on Buyer's premises. If Seller determines that it may submit such information, it shall be certified by an authorized representative of Seller as being true and correct. Seller acknowledges that if it is unable to provide such information and certification, access to Buyer premises may be limited due to Buyer compliance with applicable U.S. export control statutes and regulation. (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 to the extent allowable under all applicable local statutes and regulations. 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.

29. PATENT, TRADEMARK AND COPYRIGHT INDEMNITY. Seller will indemnify, defend and hold harmless Buyer and its customer from all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents known at the time of such infringement, exceeding actual damages and/or including attorneys' fees and/or costs), liabilities, damages, costs and attorneys' fees related to the actual or alleged infringement of any United States or foreign intellectual property right (including, but not limited to, any right in a patent, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or documents) and arising out of the manufacture, sale or use of goods by either Buyer or its customer. Buyer and/or its customer will duly notify Seller of any such claim, suit or action. Seller will, at its own expense, fully defend such claim, suit or action on behalf of the indemnitees. Seller will have no obligation under this article with regard to any infringement arising from (a) the compliance of Seller's new product design with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (b) use or sale of goods for other than their intended application in combination with other items when such infringement would not have occurred from the use or sale of those goods solely for the purpose for which they were designed or sold by Seller. For purposes of this article only, the term Buyer will include The Boeing Company and all Boeing subsidiaries and all officers, agents and employees of Boeing or any Boeing subsidiary.

30. CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION AND MATERIALS

- a. Buyer and Seller shall each keep confidential and protect from unauthorized use and disclosure all (i) confidential, proprietary and/or trade secret information; (ii) tangible items and software containing, conveying or embodying such information; and (iii) tooling identified as being subject to this article that is obtained, directly or indirectly, from the other in connection with this Contract or other agreement referencing this Contract, including Buyer's contract with its customer, if any, (collectively referred to as "Proprietary Information and Materials"). Buyer and Seller shall each use Proprietary Information and Materials of the other only in the performance of and for the purpose of this Contract and/or any other agreement referencing this Contract, including Buyer's contract with its customer, if any,. However, despite any other obligations or restrictions imposed by this article, Buyer shall have the right to use, disclose and reproduce Seller's Proprietary Information and Materials, and make derivative works thereof, to fulfill Buyer's obligations under contract and for the purposes of testing, certification, use, sale, or support of any goods delivered under this Contract or any other agreement referencing this Contract, including Buyer's contract with its customer, if any. Any such use, disclosure, reproduction or derivative work by Buyer shall, whenever appropriate, include a restrictive legend suitable for the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from Buyer's Proprietary Information and Materials.
- b. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this Contract, Seller shall return to Buyer all of Buyer's Proprietary Information and Materials and all materials derived therefrom, unless specifically directed otherwise in writing by Buyer. Seller shall not, without the prior written authorization of Buyer, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying or made in accordance with or by reference to any Proprietary Information and Materials of Buyer. Prior to disposing of such parts or other materials as scrap, Seller shall render them unusable. Buyer shall have the right to audit Seller's compliance with this article.

- c. Seller may disclose Proprietary Information and Materials of Buyer to its subcontractors as required for the performance of this Contract, provided that each such subcontractor first agrees in writing to the same obligations imposed upon Seller under this article. Seller shall be liable to Buyer for any breach of such obligation by such subcontractor.
- d. The provisions of this article are effective notwithstanding the application of any restrictive legends or notices to Proprietary Information and Materials. The provisions of this article shall survive the performance, completion, termination or cancellation of this Contract.

31. ACCESS TO PLANTS AND PROPERTIES. Seller shall comply with all the rules and regulations established by Buyer or Buyer's customer for access to and activities in and around premises controlled by Buyer or Buyer's customer.

32. NOTICE TO BUYER OF LABOR DISPUTES. Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Contract, Seller shall immediately give notice thereof, including all relevant information, to Buyer.

33. GRATUITIES. Seller warrants that neither it nor any of its employees, agents or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this Contract or securing favorable treatment under this Contract.

34. OFFSET CREDITS

- a. To the exclusion of all others, Buyer or its assignees shall be entitled to all industrial benefits or offset credits which might result from this Contract. Seller shall provide documentation or information which Buyer or its assignees may reasonably request to substantiate claims for industrial benefits or offset credits.
- b. Seller agrees to use reasonable efforts to identify the foreign content of goods or services which Seller either produces itself and/or procures from subcontractors for work directly related to this Contract. Promptly after selection of a non-U.S. subcontractor for work under this Contract, Seller shall notify Buyer of the name, address, subcontract point of contact (including telephone number) and dollar value of the subcontract.

35. UTILIZATION OF SMALL BUSINESS CONCERNS. Seller agrees to actively seek out and provide the maximum practicable opportunities for small businesses, small disadvantaged businesses, women-owned small businesses, minority business enterprises, historically black colleges and universities and minority institutions, Historically Underutilized Business Zone small business concerns and US Veteran and Service-Disabled Veteran Owned small business concerns to participate in the subcontracts Seller awards to the fullest extent consistent with the efficient performance of this Contract.

36. SCHEDULE

- a. Seller shall strictly adhere to the schedules specified in this Contract. In the event of any anticipated or actual delay, including but not limited to delays attributed to labor disputes, Seller shall: (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide Buyer with a written recovery schedule; and (iii), if requested by Buyer, ship via air or expedited routing, at no additional cost to Buyer, to avoid or minimize delay to the maximum extent possible.
- b. Seller shall not deliver Services prior to the scheduled delivery dates unless authorized in writing by Buyer's Authorized Procurement Representative.

37. RIGHTS AND REMEDIES. Any failures, delays or forbearances of either Party in insisting upon or enforcing any provisions of this Contract, or in exercising any rights or remedies under this Contract, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. Except as otherwise limited in this Contract, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the Parties may have at law or in equity. If any provision of this Contract is or becomes void or unenforceable by law, the remainder shall be valid and enforceable. Seller acknowledges and agrees that money damages would not be an adequate remedy for any actual, anticipatory or threatened breach of this Contract by Seller with respect to its delivery of the Services to Buyer.

38. COMPLIANCE WITH LAWS. Seller shall comply with all applicable statutes and government rules, regulations and orders, including those pertaining to United States Export Controls. In particular, Seller shall (i) comply with all applicable country laws relating to anti-corruption or anti-bribery, including but not limited to legislation implementing the Organization for Economic Co-operation and Development "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (the "OECD Convention") or other anti-corruption/anti-bribery convention; (ii) comply with the requirements of the Foreign Corrupt Practices Act, as amended, ("FCPA") (15 U.S.C.

§§78dd-1, *et. seq.*), regardless of whether Seller is within the jurisdiction of the United States; and (iii) neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value received from Buyer to a non-U.S. public official or any person in violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

39. GOVERNING LAW. This Contract and any disputes arising out of, or relating to, this Contract shall be governed by the laws of the State of Delaware without regard to the conflict of law rules thereof, provided that (i) contract provisions that have been incorporated directly from or by express reference to the FAR or FAR supplements, (ii) contract provisions that have been flowed down from a contract with the U.S. Government, and (iii) the Changes and Termination for Convenience articles, shall be construed and interpreted according to the federal common law of government contracts, as enunciated and applied by federal judicial bodies, boards of contract appeals, and quasi-judicial agencies of the federal government. This Contract excludes the application of the 1980 United Nations Convention on Contracts for the International Sale of Goods.

40. GOVERNMENT CLAUSES. Government clauses applicable to this Contract are incorporated herein either by attachment to this document or by some other means of reference.

41. RESERVED.

42. SELLER FINANCIAL REVIEW

- a. If the Contract, in the aggregate, exceeds \$250,000 and extends for more than one year, or if requested, the Seller shall provide financial data as specified below on a quarterly basis, or as requested, to Buyer's Corporate Credit Office for credit and financial condition reviews. If Seller itself is publicly traded (not a subsidiary of a publicly traded company) and is required to file reports with the Securities and Exchange Commission ("SEC"), Buyer's Corporate Credit Office shall obtain Seller financial data from information made available to the general public via 10-K and 10-Q reporting requirements. In the event that Seller does not submit financial statements to the SEC or is no longer required to do so during the term of this Contract, Seller shall provide financial data on a quarterly basis to Buyer's Corporate Credit Office. Such financial data shall include, but is not limited to, balance sheets, schedule of accounts payable and receivable, major lines of credit, creditors, income statements (profit and loss), cash flow statements, firm backlog, and headcount. Copies of such data are to be made available within seventy-two (72) hours of any written request by Buyer's Corporate Credit Office. All such information shall be treated as confidential.
- b. This provision shall not apply if Seller is a nonprofit education or research institution associated with state or provincial universities, an agency of the United States government or of state governments, an entity that is at least fifty percent (50%) directly owned by Buyer, or an individual providing Services when the individual is the sole employee (inclusive of subcontractors) of the Seller.

43. CODE OF BASIC WORKING CONDITIONS AND HUMAN RIGHTS. Buyer is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its worldwide operations. In furtherance of this commitment, Buyer has adopted a Code of Basic Working Conditions and Human Rights setting out in detail the measures it takes to ensure this commitment is fulfilled. The Boeing Code may be downloaded at <http://www.boeing.com/aboutus/culture/code.html>. Buyer strongly encourages Seller to adopt and enforce concepts similar to those embodied in the Boeing Code, including conducting Seller's operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Seller will promptly cooperate with and assist Buyer in implementation of and adherence to the Boeing Code.

Further, any material violation of law by Seller relating to basic working conditions and human rights in the performance of work under this Contract may be considered a material breach of this Contract for which Buyer may elect to cancel any open orders between Buyer and the Seller, for cause, in accordance with the provision of this order entitled "Cancellation for Default" or exercise any other right of Buyer for an Event of Default under this Contract.

44. ELECTRONIC ACCESS

- a. Definitions. "Boeing Systems" is defined as any electronic information systems operated by or on behalf of Buyer, including without limitation, facilities, network equipment, telecommunications networks, software, files and data. "Electronic Access" is defined as access by Seller or any Seller Personnel to the Boeing Systems using any access or transmission method, including without limitation the internet or private data transmission lines. "Seller Personnel" is defined as any of Seller's employees, contract labor, consultants, advisers, or other representatives who have a need to access the Boeing Systems for Seller to perform under this Contract. "Access Controls" is defined as procedures and/or mechanisms used to authenticate the identity of a system user and authorize

access, including, but not limited to, user identifications and passwords, tokens, smart cards and biometrics. "Unauthorized Proprietary Information and Materials" is defined as Proprietary Information and Materials that is not intended for release outside of Boeing, including but not limited to information marked as "Limited," "Limited Distribution," or "Boeing Proprietary - Distribution Limited to Boeing Personnel."

- b. Access Right. Buyer grants to Seller a limited, nontransferable, nonexclusive, revocable (at Buyer's discretion) right to access the Boeing Systems electronically solely during the term of this Contract and solely to the extent authorized in writing by Buyer and necessary for Seller to perform this Contract. Seller shall not access or use the Boeing Systems for any other purpose. This provision does not grant to Seller any ownership interest in, or any express or implied license or right to, any of the Proprietary Information and Materials or to any software or intellectual property rights owned by Buyer or any third party. SELLER EXPRESSLY AGREES THAT BUYER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RELIABILITY OF THE BOEING SYSTEMS. Seller shall not remove any restrictive legends or markings in the Proprietary Information and Materials or Boeing Systems. To the fullest extent consistent with applicable law, Buyer has the right to monitor, record, retrieve and disclose to others (including, but not limited to, law enforcement officials) all information, including the content of communications, related to any Electronic Access by Seller and Seller Personnel. Without limiting the foregoing, Seller hereby understands and agrees that it has no expectation of privacy in the use of Boeing Information Systems and that such use is at all times and in all circumstances fully subject to the consents, including those to monitoring and disclosure, provided in the Boeing warning banner and applicable written Boeing policy.
- c. Access Requirements. Seller may request, and Buyer may provide in its sole discretion, Electronic Access for Seller Personnel on a "need to know" basis in order for Seller to perform under this Contract. Prior to obtaining Electronic Access, each Seller Personnel will be required to obtain from Buyer an Electronic Access account, including Access Controls, and participate in a security briefing in accordance with Buyer specifications. Seller shall: (i) ensure that all Seller Personnel review and agree in writing to abide by the terms of this provision, and any other applicable provision contained in this Contract, prior to being granted Electronic Access; (ii) maintain complete and accurate records of all Seller Personnel with Electronic Access, and provide such records to Buyer upon request; (iii) assign a single focal to initiate requests for Electronic Access for Seller Personnel, coordinate security briefings, maintain records, and coordinate with Buyer regarding actual or potential security breaches; (iv) take all reasonable precautions to prevent the loss, disclosure, reverse engineering, sharing with unauthorized Seller Personnel or compromise of Access Controls; and (v) be responsible for the acts and omissions of all Seller Personnel with respect to their Electronic Access. Seller shall ensure that Seller Personnel do not access the Boeing Systems through any mechanism other than the Access Controls and acknowledges that the Access Controls are for specific individual use of Seller Personnel only, are not transferable, and shall be maintained in confidence by Seller. Seller shall immediately notify Buyer if it believes that any Access Control has been compromised. Seller shall review (at least every three (3) months) each Seller Personnel's Electronic Access requirements. Upon the reassignment, resignation, or termination of any Seller Personnel with Electronic Access, Seller shall promptly submit a written request to Buyer to terminate such Electronic Access.
- d. Prohibited Use. Seller shall not, unless authorized in writing by Buyer: (i) export or save any Proprietary Information and Materials from the Boeing Systems except in support of the work to be performed under this Contract; (ii) make any derivative uses of the Boeing Systems or the Proprietary Information and Materials except in support of the work to be performed under this Contract; (iii) use any data mining, robots, or similar data gathering and extraction methods; (iv) use any frame or framing techniques to enclose any Proprietary Information and Materials found on the Boeing Systems; (v) through reverse engineering, decompiling, or disassembling any portion of the Access Controls, access or attempt to access any Unauthorized Proprietary Information and Materials or restricted portions of the Boeing Systems.
- e. Export Control. In order to comply with applicable U.S. export control statutes and regulations, Buyer may be required to obtain information concerning citizenship or place of birth of Seller Personnel with Electronic Access. Seller shall provide such information consistent with all applicable local statutes and regulations including those provisions that permit Seller to provide such information when such provision is consented to by Seller Personnel. If Seller determines that it may submit such information, it shall be certified by an authorized representative of Seller as being true and correct. Seller acknowledges that if it is unable to provide such information and certification, access to certain Boeing Systems may be limited due to Boeing compliance with applicable U.S. export control statutes and regulations. Where access is granted, Seller shall be responsible for obtaining all export licenses required, where applicable, for each Seller Personnel, including to allow such Seller Personnel to perform the work to which he or she is assigned, and Seller shall comply with any additional export control restrictions as required by applicable U.S. export control statutes and regulations.
- f. Breach and Remedies. If Seller discovers or is notified of a security breach or potential security breach based on the restrictions contained in this article ("Security Breach"), Seller immediately shall: (i) cease access to any Proprietary Information and Materials that are the subject of the Security Breach and shall not review any Unauthorized Proprietary Information and Materials; (ii) provide notice to Buyer, including notice of the materials involved in the Security Breach, by sending notice to abuse@boeing.com and to Buyer's Authorized Procurement Representative for this Contract; and (iii) assist Buyer in investigating, remedying, and taking any other action

Buyer deems necessary to address such Security Breach, including related to any dispute, inquiry, or claim related to such Security Breach. Seller agrees to permit Buyer to review its security control procedures and practices via physical or electronic access by Buyer, including access to Seller facilities in which such systems are located, as well as any and all premises where maintenance, storage or backup activities are performed. Any material breach of this article by Seller may be considered a default for which Buyer may suspend Electronic Access and/or cancel this Contract, and any other contracts between Buyer and Seller, in accordance with the "Cancellation for Default" article of this Contract. Further, Seller acknowledges that any attempts by Seller or any Seller Personnel to circumvent any security measures designed to prevent unauthorized access to the Boeing Systems may be subject to criminal or civil penalties under the U.S. Federal Computer Fraud and Abuse Act and other applicable laws and regulations.

- 45. ENVIRONMENTAL HEALTH AND SAFETY PERFORMANCE.** Seller acknowledges and accepts full and sole responsibility to maintain an environment, health and safety management system ("EMS") appropriate for its business throughout the performance of this Contract. Buyer expects that Seller's EMS will promote health and safety, environmental stewardship, and pollution prevention by appropriate source reduction strategies. Seller shall convey the requirement of this clause to its suppliers.
- 46. CLAIMS ADJUSTMENT.** Buyer may at any time deduct or set-off Seller's claims for money due or to become due from Buyer against any claims that Buyer has or may have arising out of this Contract or other transactions between Buyer and Seller.
- 47. ENTIRE AGREEMENT.** This Contract, together with all the purchase orders, change orders, attachments, exhibits, supplements, specifications, and other terms referenced in this Contract, contains the entire agreement of the Parties and supersedes any and all prior agreements, understandings and communications between Buyer and Seller related to the subject matter of this Contract. Except as authorized herein, no amendment or modification of this Contract shall bind either Party unless it is in writing and is signed by Buyer's Authorized Procurement Representative and an authorized representative of Seller.