



Terms & Conditions:

1XXX - CONTRACT INFORMATION

10XX SPECIAL TERMS & CONDITIONS

1001 505 MODIFICATIONS TO GENERAL TERMS AND CONDITIONS FOREIGN SUBCONTRACTORS

If Seller is a foreign subcontractor (non-U.S.A.), Form MD-1870, Modifications to General Terms and Conditions - Foreign Subcontractors, is incorporated herein by reference.

1002 503 GOVERNMENT SUPPLY SOURCES

Upon request to MDC and with the prior approval of the Government Contracting Officer, Seller may procure items from GSA contract supply sources pursuant to the provisions of FAR 52.251-1, Government Supply Sources, and DFARS 252.251-7000, Ordering from Government Supply Sources. The term "Contracting Officer" in these Government clauses shall mean MDC's Purchasing Representative and the report required by DFARS 252.251-7000 (b) shall be submitted to MDC's Purchasing Representative.

1003 506 GOVERNING LAW FOREIGN PROCUREMENTS

The parties agree to exclude the application of the United Nations Convention on Contracts for the International Sale of Goods (1980).

1004 507 SPARES PROVISIONING

Initial and/or replenishment spare parts for the supplies acquired hereunder will be provisioned concurrently with production releases to the extent possible. For those provisioning orders issued concurrently with production releases (or in such a manner as to permit production concurrently with production releases), either under this PO/Contract or under a separate spare parts agreement, the price for each item shall not exceed the price of the same item under the production release, except for special handling and packaging costs applicable to spare parts.

1006 865 COST ACCOUNTING STANDARDS (13 Dec 2002, REV)

Form MD-1962, Additional Contract Conditions, Cost Accounting Standards, and Form MD-1963, Additional Contract Conditions, Cost Accounting Standards, are incorporated herein by this reference. Form MD-1963 shall apply in lieu of Form MD-1962 if Seller is eligible for modified CAS coverage and this type of coverage was claimed on Form MD-1964 submitted in conjunction with this procurement action, or if Seller is a Foreign concern.

1011 856 CONSISTENCY IN COST ACCOUNTING PRACTICES

Seller agrees that it will consistently follow the Cost Accounting practices disclosed on Form CASB-DS-1 in estimating, accumulating and reporting costs under this contract. In the event Seller fails to follow such practices, it agrees that the contract price shall be adjusted, together with payment of interest, if such failure results in increased cost paid by MDC. Interest shall be computed at the rate determined by the Secretary of the Treasury pursuant to Pub. L. 92-41 (85 Stat. 97) from the time payment by MDC was made to the time adjustment is effected. Seller agrees that the disclosure statement filed with the U.K. Ministry of Defense shall be available for inspection and use by authorized representatives of MDC or the United States Government.

1021 900 COST AND PRICING DATA (FAR)

Form MD-7078, Cost and Pricing Data, is incorporated herein by reference.

1022 841 SMALL BUSINESS SUBCONTRACTING PLAN

1. If the Seller is not a participant in the DoD Comprehensive Test Program, the Seller will submit semi-annual SF294 available at: <http://www.boeing.com/companyoffices/doingbiz/supplier/sdforms.htm> "Subcontracting Report for Individual contracts" to the A&M Supplier Diversity Program Office supplierdiversity@boeing.com, for the periods ending March 31 and September 30, on or before April 30 and October 31, respectively, each year during the period of performance of the PC.

2. If the Seller is a participant in the DoD Comprehensive Test Program, rather than the preceding requirements, copies of the semi-annual SF295 available at: <http://www.boeing.com/companyoffices/doingbiz/supplier/sdforms.htm> "Summary Subcontract Report" on the plan shall be submitted to the A&M Supplier Diversity Program Office supplierdiversity@boeing.com concurrently with the filing of such reports with DoD.

1025 932 ADDITIONAL CONTRACT TERMS AND CONDITIONS (11/01/2004)

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. 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 Purchasing Representative 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, intending citizen, 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 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.

3. PRECEDENCE In the event of any inconsistency between the articles, attachments, specifications or provisions which constitute this Contract, the following order of precedence shall apply: (a) special terms and conditions; (b) general terms and conditions (c) specifications; and (d) all other attachments incorporated herein by reference. Buyer's specifications shall prevail over any subsidiary documents referenced therein. Seller shall not use any specification in lieu of those contained in this Contract without written consent of Buyer's authorized Purchasing Representative.

4. 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. 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.

5. 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;

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.

6. ITAR REGISTRATION Seller shall comply with International Traffic in Arms Regulations Section 122.1, Registration requirements.

7. FINANCIAL INFORMATION If requested, Seller shall provide financial data, on a quarterly basis, or as requested to the Boeing Corporate Credit Office for credit and financial reviews. Said data shall include but not be limited to Balance Sheets, schedules of accounts payable and receivable, major lines of credit, creditors, Statements of Income (profit and loss), Statements of Cash Flow, firm backlog, and headcount. Copies of such data are to be made available within 72 hours of any written request by Boeing's Corporate Credit Office. All such information shall be treated as confidential.

8. CODE OF CONDUCT Boeing is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Boeing's expectation is that Seller will also conduct its business fairly, impartially and in an ethical and proper manner, and that Seller will have (or

will develop) and adhere to a code of ethical standards. In the event that Seller has cause to believe that Boeing or any Boeing employee or agent has acted improperly or unethically under this contract, Seller shall report such conduct to the Boeing's Ethics hotline. Copies of Boeing's Code of Conduct and contacts for such reports are available on < <http://www.boeing.com/> > under "Ethics and Business Conduct." Although Boeing will not use the failure to make such a report as a basis for claiming breach of contract by Seller, Seller is encouraged to exert reasonable efforts to make such reports when warranted.

9. NOTICE OF THE REQUIREMENTS OF DFARS 252.225-7014, PREFERENCE FOR DOMESTIC SPECIALTY METALS, ALTERNATE I (hereinafter "specialty metals clause") 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 id a qualifying country exception applies, the source for specialty metals melted outside the United State 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.

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.

1040 907 SOFTWARE LICENSE AGREEMENT

The requirements as set forth in Form MD-7074, Software License Agreement, are incorporated herein by reference. The description of the Licensed Program, Designated Equipment and the location of the designated equipment is provided on the Purchase Order/Contract.

1045 901 ELECTRONIC DATA INTERCHANGE

The requirements set forth in Form DAC 26-914, Electronic Data Interchange Partner Agreement, are incorporated herein by reference.

1050 909 BUYER/GOVERNMENT PROPERTY REQUIREMENTS

The requirements as set forth in Form MD-7159, Supplier Accountability Requirements for Buyer/Government Property, and Form MD-2294, Property Accountability Certification, are hereby incorporated by reference.

1061 904 REPAIR/REWORK ESTIMATE ONLY

1. Upon receipt for repair/rework of the material which is the subject of this contract, Seller shall immediately acknowledge such receipt including any evidence of damage in shipment. Seller is authorized to inspect the material, including disassembly if necessary, to determine the repair/rework required and prepare a fixed price quotation covering such repair/rework.
2. No work beyond the inspection and disassembly noted above will be undertaken by the Seller without express written approval from MDC by Purchase Order Change Advice (POCA) to this document
3. Seller shall furnish a written quotation for the repair/rework required, by items to be repaired/reworked, no later than 30 days from the date of this contract or such other date that MDC and the Seller mutually agree upon. The quote will be governed by the terms of this contract, inform Buyer of the results of the inspection and be firm for sixty (60) days. The quotation will include the following:
 - a. Identify the work to be performed as repair or rework;
 - b. Repair/rework price with separate detailed listings for parts and labor pricing;
 - c. Firm delivery schedule from the date of authorization of repaired/reworked effort; and
 - d. Replacement firm price for a new item of the same description and time span for delivery of such replacement item.
4. In the event the Seller determines that returned material, or any item thereof, is not repairable, MDC shall be notified and requested to furnish written disposition instructions.
5. In the event MDC elects not to authorize repair/rework, Seller and MDC mutually agree to enter into good faith negotiations to establish a reasonable price for the inspection and, if applicable, the disassembly of the repair/rework item.
6. The warranty set forth in the General Terms and Conditions of this contract shall apply to the repair/rework accomplished pursuant to this clause.
7. Upon agreement on the scope, pricing and delivery schedule for the repair/rework proposed, MDC will issue a POCA to this contract authorizing the repair/rework effort.
8. Seller shall reference MDC's packing sheet number and unit serial number, if applicable, on all documents, invoices and Seller packing sheets or shippers.

1062 905 REPAIR/REWORK

1. Upon receipt for repair/rework of the material that is the subject of this contract, Seller

shall immediately acknowledge such receipt including any evidence of damage in shipment, and promptly advise MDC. Seller is authorized to inspect the material, including disassembly if necessary, and start repairs under the terms of this clause.

2. Seller may commence repair/rework of the items if the estimated repair and/or rework charges will not exceed fifty percent (50%) of the current replacement costs for a new item of the same description or \$100,000, whichever is less.

3. Seller shall promptly furnish in writing, a complete failure report for repair/rework, suggested corrective action, estimated time for accomplishing the necessary repair/rework effort and a firm price quotation for such work. The quotation shall include a detailed cost breakdown including labor hours and rates, material costs including repair/replacement parts list, overhead and profit.

a. The above requested firm price quotation must be submitted promptly and before Seller expends forty percent (40%) of the estimated costs of the repair/rework charge.

b. In addition to the firm price repair and/or rework quotation Seller shall submit a firm price and delivery date for furnishing a current replacement for each repair/rework item.

4. In the event Seller determines that the returned material, or any item thereof, is not repairable/reworkable, MDC shall be notified in writing by Seller and MDC will furnish to Seller written disposition instructions.

5. MDC, at its election, may terminate, in accordance with the General Terms and Conditions of this contract, any and all inspection or repair/rework activity; provided, however, that claims arising out of a termination for convenience shall be submitted by Seller to MDC no later than three (3) months after the effective date of termination.

6. The warranty sets forth in the General Terms and Conditions of this contract shall apply to the repair/rework accomplished pursuant to this clause.

7. Upon agreement on the scope of work, pricing and delivery schedule for the repair/rework proposed, MDC will issue a Purchase Order Change Advice (POCA) to this contract authorizing the repair/rework effort.

8. Seller shall reference MDC's packing sheet number and unit serial number, if applicable, on all documents, invoices and Seller packing sheets or shippers.

1065 902 TEMPORARY TRANSFER OF MDC/GOVERNMENT PROPERTY TO SELLER

This Purchase Order/Contract establishes accountability requirements for MDC or Government owned property which has been or may be placed in Seller's possession and/or control for the exclusive purposes described in this Purchase Order/Contract. Seller agrees not to use the property received herein for any other purposes without prior written consent by the authorized MDC Purchasing Representative. Title to the subject property shall remain in MDC or in the Government. The subject property shall not be transferred, destroyed, modified or otherwise disposed of without prior written authorization from the cognizant MDC Purchasing Representative.

Seller hereby assumes all risk of loss or damage to the subject property while in Seller's possession and/or control. Seller agrees to promptly report all incidents of loss, damage or destruction of the subject property to the cognizant MDC Purchasing Representative. Loss, damage or destruction reports shall contain the following factual data as to the cause and circumstances surrounding the incident:

- a. Contract number for which the property is accountable
- b. Property identification number and description of property, (e.g., National Stock Number (NSN), part number, serial number, tool number, etc.);
- c. Acquisition cost of the property if known. Damaged property will include cost of repair, if required by the applicable DAR/FAR clauses;
- d. Date, time and location of incident/discovery;
- e. Cause and circumstances of the incident relevant to the determination of liability and responsibility for repair and replacement;
- f. Known interests in and commingled property of which the LDD is/was a part;
- g. Insurance, if any, covering the property or any commingled property;
- h. Estimated scrap proceeds, when applicable;
- i. Actions to prevent recurrence or repetition of similar incidents.

Furthermore, Seller agrees to maintain identity of the subject property as MDC or Government owned, shall maintain accountability records, shall perform required maintenance and shall periodically inventory subject property in accordance with sound business practices. Seller also agrees to notify the cognizant MDC Purchasing Representative immediately when the subject property will no longer be required, and shall request disposition instructions from the MDC Purchasing Representative. Seller agrees to transfer subject property within five (5) days after receipt of MDC's disposition instructions.

1070 243 LABOR HOUR AND TIME AND MATERIALS

The requirements as set forth in Form MD-7075, Labor-Hour and Time-and-Materials Special Terms and Conditions, are incorporated herein by reference.

1083 889 ANNUAL CERTIFICATIONS

Seller shall provide immediate notice to MDC in the event of any change to the information provided by Seller on Form MD-7260, Annual Representation and Certification, during the performance of this contract.

1086 870 SUBCONTRACT FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS

This procurement is for commercial items and/or commercial components, as defined in the Federal Acquisition Regulations (FAR), under a Government contract.

1088 877 DOUGLAS PROCESS STANDARDS (DPS)/DOUGLAS MATERIAL SPECIFICATIONS (DMS) (Aug 6, 2001 REV)

Sellers shall comply with Douglas Process Standards (DPS) and/or Douglas Material Specifications (DMS) set forth in this contract and shall, at a minimum, update the DPSs/DMSs to the latest revisions, as set forth in the Parts Structure Navigator (PSN) and

available on the internet at <https://amssc-psn.lgb.cal.boeing.com> , at the beginning of each calendar quarter; provided, however, that such update is made at no additional cost to the Buyer. If any update may have a cost/price or schedule impact for which Seller may submit request for an increase or decrease in the cost/price or schedule of this contract, Seller shall not incorporate any such change without specific direction of the Buyer's Authorized Purchasing Representative in the form of a Purchase Order Change Advice (POCA) and shall submit a proposal for such cost/price or schedule impact to Buyer's Authorized Purchasing Representative. If the Seller is unable to obtain access to this internet address, Seller shall immediately contact the Buyer for information regarding such access or latest information regarding DPS/DMS revisions.

11XX RIGHTS

1101 253 RIGHT TO CANCEL ORDER

Notwithstanding any other provision, Seller hereby agrees that MDC may cancel this Purchase Order/Contract, in whole or in part, at any time up to and including the date specified on the Purchase Order/Contract where reference is made to this Clause, without charge to MDC and/or the Government.

1110 882 PROPRIETARY RIGHTS, TECHNICAL DATA AND INVENTIONS

1. TITLE AND LICENSE RIGHTS

a. Seller hereby grants to MDC all right, title and interest in and to all inventions, works of authorship, improvements, developments, methods, processes, designs, software, technical information and data, manufacturing know-how and equipment, and other proprietary rights, whether or not patentable (all of which are hereinafter, individually and collectively called proprietary rights) first conceived, created or actually reduced to practice in the work performed under this contract.

b. MDC hereby grants to Seller a worldwide, royalty-free, nonexclusive and irrevocable license to use the aforesaid proprietary rights for any purpose other than to make for others goods which are substantially the same as made and furnished under this contract.

c. Seller further grants to MDC a nonexclusive royalty-free, irrevocable, worldwide right and license under any of Seller's patents and to use any of Seller's proprietary information (including Seller's "manufacturing know-how") to the extent necessary to enable MDC to make, or have made by others for it, use and sell goods furnished under this contract, unless otherwise agreed in writing by MDC. Seller, at MDC's written request, shall identify the patents and provide a description of its manufacturing know-how involved in the performance of this contract as may be necessary to enable MDC to practice the rights granted herein.

d. Seller further agrees to promptly disclose in writing any item reasonably appearing to be patentable and to execute or have executed any instruments of assignments, application papers and rightful oaths relating to the aforesaid proprietary rights, as may be required to enable MDC to file and prosecute patent applications thereon in any country and to record title to such applications.

e. Each document, article, design and other similar items relating to proprietary rights shall be appropriately identified to reflect ownership in MDC and shall be furnished to MDC. All designs, specifications and drawings that relate to proprietary rights shall be placed by the Seller on MDC formats and on no other and shall contain a proprietary rights notice indicating MDC's ownership.

2. FURNISHING OF DATA

Seller agrees to furnish MDC (at no cost), at such times as may be directed by MDC, the originals of all data originated by Seller under this contract and as to such of the data as may remain undelivered, these shall be furnished at the earlier of (1) the termination of this contract for default or (2) the completion of this contract.

3. REPRODUCTION, USE AND DISCLOSURE RIGHTS

Seller grants to MDC the right to reproduce, use and disclose, for purposes as MDC desires, all or any part of any report, drawing, specification, blueprint, technical information or data delivered or specified to be delivered to MDC by Seller under this contract.

1111 883 TECHNICAL DATA REQUIRED FOR MAINTENANCE TRAINING AND/OR FLIGHT SIMULATOR CONTRACTOR AND/OR PRODUCT CERTIFICATION

Upon request, Seller shall provide MDC at no cost to contract F33657-81-C-2108, such existing technical data as MDC deems necessary for Maintenance Training and/or Flight Training Simulation Contract and MDC may furnish such data to third parties for the Maintenance Training Contract or Flight Training Simulation. All data costs to be charged to the Maintenance Training and/or Simulator Contracts. Seller's restrictive markings will be recognized by MDC and imposed upon third parties, provided that such markings purporting to cover information already within a recipient's knowledge or which is obtainable from another source without restrictions or which for any reason is not protectable by law shall not be binding upon the recipient.

Seller shall, in the alternative, provide designated simulator manufacturers at no cost to contract F33657-81-C-2108, the existing technical data pertaining to Seller's product and required for Certification or Flight Training Simulation. All data costs to be charged to the Maintenance Training and/or Simulator Contracts. Seller and such third parties may enter into data exchange agreements as required to protect Seller's proprietary interests in such technical data.

This Clause shall have precedence over any other Clauses herein relating to the transfer of Seller technical data and will be included in any subcontract placed by Seller.

1112 881 TECHNICAL DATA AND COMPUTER SOFTWARE

Except as set forth on Forms MD-2321, MD-2322 or MD-2323, and the notification of items set forth on any of these forms to the Government Contracting Officer, MDC and Seller hereby agree that all technical data and/or computer software delivered under this contract shall be delivered with unlimited rights as defined in DFARS 252.227-7013, Rights in Technical Data - Noncommercial Items.

1113 813 RESTRICTED RIGHTS LEGEND COMPUTER SOFTWARE

The Seller and its lower tier subcontractors' obligation to deliver proprietary computer software (firmware) which are resident on microchips is subject to and contingent upon marking the DFARS 252.227-7014 Restricted Rights legends on the drawings which install or otherwise assemble the microchips, as opposed to marking an indiscernible Restricted Rights legend on the exterior surface of the microchip.

1114 815 DATA RIGHTS NEWLY DEVELOPED ITEMS, COMPONENTS OR PROCESSES

In accordance with the applicable DFARS and SDRL requirements of this contract, when Supplier Change Proposals (SCPs) add newly developed item(s), component(s) or process(es) to items which were previously developed at private expense, the data which exclusively depict the newly developed portions of the items shall be furnished with unlimited rights. The Seller and its lower tier subcontractors shall furnish the proprietary portions of the detail drawings containing commingled data which may at the Seller's option be furnished to the Government, and if furnished, may be marked with limited rights. The proprietary data that are unchanged as a result of the SCP may be delivered at the Seller's option, and may be furnished with limited rights. In the event that the Seller is unwilling to furnish its proprietary detail drawings with limited rights, the commingled drawings are deliverable and the proprietary portions of the commingled data may be obliterated.

1115 816 DATA RIGHTS ESCROW AGREEMENT

To assure the ongoing availability of proprietary items and spare parts throughout the operational life of the C-17, the Seller agrees, and the Seller shall use its best efforts to obtain written agreements from its lower tier subcontractors, to provide the Government with the option to place into a mutually agreeable third party escrow microfilm copies of all design disclosure drawings, manufacturing processes, material standards, applicable computer software/software documentation and all other data required for the manufacture of the items previously developed at private expense, subject only to Government funding for the costs associated with microfilming, storage and escrow fees. Such data shall be held in escrow for C-17 purposes only, may be in the Seller's format and may be marked with commercial proprietary legends.

The Government shall have the right to exercise its option with the Seller within a period of three (3) years after shipment to MDC of the last item under the associated contract. The subcontractor shall be entitled to reimbursement by the Government for its costs incurred in the collecting, microfilming and storage of the escrowed data packages. The Government shall not be required to reimburse the Seller for the original cost of developing the item, nor will the Government otherwise be required to provide any consideration to the Seller for the intellectual property rights associated with such proprietary data.

In the event the Government has exercised its option for a specific item, and one of the three escrow release conditions set forth below has occurred, the Government shall provide written notification to the escrow agent indicating which one of the conditions has occurred. Such notification shall also include a request that the subject data package be released to the Government from escrow.

Escrow release conditions:

1. The Seller is no longer in business and therefore cannot continue to furnish the item(s) required by the Government and the Seller has not established an authorized source or licensee for the item(s) or its spare parts;
2. The Seller has discontinued manufacturing the item(s) or its spare parts and has not established an authorized source or licensee; or
3. The Seller has merged with another company or otherwise becomes a new business entity and the new entity chooses not to continue manufacturing, or to license the manufacture of, the items or its spare parts.

The escrow agent shall have up to sixty (60) days to verify that the escrow release conditions has occurred; thereafter the microfilm data packages shall be immediately released from escrow to the Government with authorization for the Government to remove, cancel or ignore the Seller's proprietary legends and to manufacture or competitively reprocur the item(s) and/or spare parts.

1116 817 DATA RIGHTS FOR REPAIRS

If no data is required to be generated or delivered under this Contract, Government procurement regulations DFARS 252.227-7013 through DFARS 252.227-7037 and the special provision entitled "Training Systems Cooperative Enabling Agreement" as set forth in the General Terms and Conditions/General Provisions and the Modifications to the General Terms and Conditions of this Contract are deleted.

1120 864 PATENT RIGHTS DEFERRED (LONG FORM) (DAR)

The Clause set forth on forth in DAR 7-302.23(c), excluding paragraph (h), is incorporated herein by reference. In such Clause, "Contractor" shall mean Seller and "Contract" shall mean this Purchase Order/Contract.

1121 862 PATENT RIGHTS ACQUISITION BY GOVERNMENT DEFERRED (SMALL BUSINESS FIRM OR DOMESTIC NONPROFIT ORGANIZATION FORM) (DAR)

The Clause set forth in DAR 7-302.23(a), excluding Paragraph (h), is incorporated herein by reference. In such Clause, "Contractor" shall mean Seller and "Contract" shall mean this Purchase Order/Contract.

1126 918 PATENT RIGHTS ACQUISITION BY THE GOVERNMENT

In lieu of FAR 52.227-11, 52.227-12 or NASA FAR Supplement 18-52.227-70 contained in the General Terms and Conditions, this Purchase Order/Contract is subject to FAR 52.227-13, Patent Rights - Acquisition by the Government.

1130 924 NEW TECHNOLOGY/PATENT REPRESENTATIVE

For purpose of administration of the Clause in this contract entitled "New Technology" or "Patent Rights - Retention By Contractor (Short Form)," whichever is included, the named representatives indicated on the Purchase Order/Contract are designated by the Prime Contracting Officer to administer such Clause.

Reports of reportable items, and disclosure of subject inventions, interim reports, final reports, utilization reports, and other reports required by the Clause, as well as any correspondence with respect to such matters, should be directed to the New Technology Representative unless transmitted in response to correspondence or request from the Patent Representative. Inquiries or requests regarding disposition of rights, election of rights, or related matters should be directed to the Patent Representative. This Clause shall be included in any subcontract hereunder requiring a "New Technology" Clause or a "Patent Right - Retention by the Contractor (Short Form)" Clause, unless otherwise authorized or directed by the MDC Purchasing Representative. Respective responsibilities and authorities of the named representatives are set forth in 18-27.375-3 of the NASA FAR Supplement.

1131 926 REPORTS OF PATENTS

For the purpose of administrating Clause FAR 52.227-12 in this Purchase Order/Contract entitled "Patent Rights - Retention by the Contractor (Long Form)," the name and the address of the Contracting Officer is set forth on the Purchase Order/Contract.

Reports of inventions and subcontracts, including interim reports, final reports, utilization

reports, and other reports required by the above cited Clause, as well as any correspondence with respect to such matter, should be directed to the Contracting Officer unless transmitted in response to correspondence or request from MDC. Inquiries or requests regarding disposition of rights, election of rights, or related matters should be directed to the Contracting Officer. This Clause shall be included in any subcontract hereunder requiring a "Patent Rights - Retention by the Contractor (Long Form)" Clause, unless otherwise authorized or directed by the MDC Purchasing Representative.

12XX NOTICES

1201 950 ACQUISITION AND USE OF NON-DOMESTIC SPECIALTY METALS (04/12/2004 Revision)

The seller agrees not to incorporate into any articles to be delivered under this purchase order, specialty metals not melted in the United States, its possessions, Puerto Rico, or a qualifying country. Specialty metals are defined in Defense Federal Acquisition Regulation Supplement (DFARS 252.225-7014 and its Alternate 1). Qualifying countries are listed in DFARS 225.872-1(a). In addition to the DFARS provisions referenced above, all articles containing specialty metals must conform to all applicable contract requirements (e.g., specification(s), statement of work, drawings, etc.). SELLER FURNISHED MATERIAL CERTIFICATION FOR SPECIALTY METALS ONLY Seller shall document and maintain material certification containing the following:

1. Description of the material used in the manufacture of the end-item;
2. Material specifications;
3. Lot, heat or batch number identification;
4. Source of procurement;
5. Origin of material;
6. Name and location of Melting facility;
7. Name and Location of mill;
8. Mill certification; and
9. All other requirements as specified in the applicable raw material specification including chemical and physical analysis.

Seller shall retain certification for a period of no less than seven (7) years after final payment.

NOTE: Specialty Metals are defined in the Defense Federal Acquisition Regulation Supplement (DFARS) clause 252.225-7014, Preference For Domestic Specialty Metals, and its Alternate I.

1202 951 ACQUISITION AND USE OF FOREIGN METALLIC RAW MATERIAL (FOR INDUSTRY AND GOVERNMENT SPECIFICATIONS) (04/12/2004 New)

The seller agrees not to incorporate into any articles to be delivered under this purchase order, foreign produced metallic raw material unless it meets the requirements specified in DMS 2201. Approved non-domestic metallic raw material producers for Industry and Government specifications (i.e. AMS, ASTM, MIL, and QQ etc) are listed in the Qualified Products List (QPL) of DMS 2201 (Procurement From Foreign Sources- Metallic Raw Materials). Producers listed may not meet the requirements of clause 1201 (Acquisition and Incorporation of Non-Domestic Specialty Metals). When procuring metallic raw material from a foreign source, compliance with both the DMS 2201 and clause 1201 is mandatory. SELLER FURNISHED MATERIAL CERTIFICATION Seller shall document and maintain material certification containing the following:

1. Description of the material used in the manufacture of the end-item;
2. Material specifications;

3. Lot, heat or batch number identification;
4. Source of procurement (Name, Address, and Country);
5. Origin of material;
6. Name and location of the Melting facility;
7. Name and Location of mill;
8. Mill certification; and
9. All other requirements as specified in the applicable raw material specification including chemical and physical analysis.

Seller shall retain certification for a period of no less than seven (7) years after final payment.

13XX

1301 508 UNILATERAL CHANGES

This change is being made pursuant to the changes article set forth in the General Terms and Conditions of this contract and the Seller is directed to comply with the requirements set forth herein. Please sign below as acknowledgment of receipt and return as executed copy to the MDC Purchasing Representative set forth in this Purchase Order Change Advice (POCA).

1302 509 BILATERAL CHANGE

Seller's acceptance of this Purchase Order Change Advice (POCA) is hereby requested. Please sign below and return an executed copy to the MDC Purchasing Representative set forth in this POCA.

1303 510 This Clause instructs the system to insert General Terms and Conditions Form MD 1965, 15 July 1998 Version.

1304 511 This Clause instructs the system to insert General Provisions (Cost Type) Form GP4 (DO 6000 6005).

1305 512 This Clause instructs the system to insert General Terms and Conditions Form 70C 33 (MD 196502), 1 Sep 1998.

1306 513 This Clause instructs the system to insert General Terms and Conditions Form MDA TA 26858 (0196 Version).

1307 514 This Clause instructs the system to insert General Provisions Form GP1 (DO 6000 6000), 1/1/99 Version.

1308 515 This Clause instructs the system to insert General Provisions (Fixed Price Services) Form GP2 (DO 6000 6002), 02/01/2001 Version.

1309 516 This Clause instructs the system to insert General Provisions (Labor Hour/T&M) Form GP3 (DO 6000 6003), 02/01/2001 Version.

14XX WARRANTIES

1410 814 RELIABILITY GUARANTEES

Seller shall provide reliability guarantees for MDC acceptance. If the actual reliability values experienced in-service are less than the Seller guaranteed reliability values, the Seller shall, at its expense:

1. Promptly conduct an analysis of the causes and determine or develop the corrective action required.
2. Submit corrective action recommendation for MDC approval.
3. Implement corrective action as necessary on production units to upgrade the reliability to the required level.
4. Prepare and release service bulletins as required with MDC coordination.

1420 910 WARRANTY PERIOD(S) FOR C 17 CONTRACTS

For purpose of Clause 7315, 7316, 7317, 7322, 7323, and 7324 (whichever applies to this Purchase Order/Contract), the Warranty period(s) are set forth on the Purchase Order/Contract where this Clause is referenced.

1430 820 YEAR 2000 COMPLIANT WARRANTY

Seller warrants that any hardware, software, and firmware product delivered under this contract shall be able to accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it. The duration of this warranty and the remedies available to Buyer for breach of this warranty shall be as defined in, and subject to, the other warranties contained in this contract, provided that notwithstanding any provision to the contrary in such warranties, the remedies available to Buyer under this warranty shall include repair or replacement of any non-compliant product discovered and made known to Seller in writing. Nothing in this warranty shall be construed to limit any rights or remedies Buyer may otherwise have under this contract with respect to defects other than Year 2000 performance.

15XX SECURITY

1501 824 VISITOR CONTROL

Seller's security department shall submit the information required by the DoD Industrial Security Manual (DoD 5220.22-M), Section V, to MDC Manager of Industrial Security, prior to sending representatives to perform services on MDC premises, if access to classified information is involved in the performance of the work.

1502 825 SELLER SECURITY REQUIREMENTS ACCESS TO PREMISES

Seller access to premises owned or controlled by MDC in the performance of work hereunder shall be subject to prior approval of MDC's Security Office. Seller further agrees to comply with MDC security regulations manual and directions from MDC security office.

1510 822 RETURN OF CLASSIFIED MATERIAL

Final payment may not be made until return of all classified material furnished or developed under this Purchase Order/Contract, or until other disposition as authorized by MDC.

16XX CLAIMS

1601 875 NEGOTIATION OF TERMINATION CLAIM

Termination claim to be negotiated in accordance with the Termination for Convenience clause of the General Terms and Conditions.

1602 873 WAIVER OF TERMINATION CLAIM

1. Seller waives any claim against MDC, known or unknown, arising directly or indirectly from performance of the terminated portion of this Purchase Order/Contract (which terminated portion is described herein) and from the termination thereof. MDC releases Seller from any obligation to perform further work or make further deliveries under said terminated portion.

2. If this Purchase Order/Contract, or any portion thereof, has been issued under a Government Prime Contract or Subcontract, Seller also waives any claim against the Government, known or unknown, arising directly or indirectly from performance of the terminated portion of this Purchase Order/Contract and from the termination thereof.

1603 876 NEGOTIATION OF OBSOLESCENCE CLAIM

Obsolescence claim to be negotiated. Seller certifies that the new unit price, if applicable, does not include obsolescence costs.

1604 874 RELEASE OF OBSOLESCENCE CLAIM

Acknowledgment of this change advice releases MDC and/or the Government, if this Purchase Order/Contract was issued under Government Management Risk Contract Funding or under a Government Prime Contract or Subcontract, from all obsolescence claims by the Seller in conjunction with this engineering change as shown herein.

17XX PUBLIC LAWS

1701 848 COMPLIANCE WITH THE OCCUPATIONAL SAFETY AND HEALTH LAWS

Seller warrants that the equipment and/or services for said equipment to be provided under this Purchase Order/Contract shall be, at the time of delivery or performance, in full compliance with all applicable federal, state and local statutes and regulations relating to health and safety. Seller further agrees to indemnify and hold harmless MDC for all damages assessed against MDC as a result of Seller's equipment or services noncompliance with such statutes and regulations.

1720 926 REMEDIES FOR OFPP PROCUREMENT INTEGRITY VIOLATIONS

Seller shall reimburse MDC for any and all profit or fee amounts paid to or otherwise recovered by the Government or a higher-tier contractor pursuant to Paragraph (c) of FAR 52.203-10, "Price or Fee Adjustment for Illegal or Improper Activity," arising out of or resulting from any action or omission to act in violation or alleged violation of the act by Seller, any director, officer, employee, agent, other representative, consultant, or subcontractor at any tier of Seller, or any such person or entity acting for or on behalf of any of them. Seller's liability pursuant to this Clause shall extend to and include profit or fee

amounts determined as provided in Paragraph (c) of FAR 52.203-10 for any such violations by any other person or entity, result in payments to or other recoveries by the Government from MDC.

For purposes of this Clause, the "act" refers to the Office of Federal Procurement Policy (OFPP) Act Amendments of 1988 (41 U.S.C. 423), as implemented in the FAR, and the term "Prime Contractor" as used in Paragraph (d) of FAR 52.203-10 shall mean "MDC" or higher-tier contractor.

The rights and remedies provided in this Clause are not exclusive but are in addition to any other rights and remedies provided by law or under this Purchase Order/Contract.

18XX ORDERING METHODS

1801 275 RELEASE OF LIABILITIES (T&M/LH)

Unless otherwise prescribed in this Purchase Order/Contract, MDC shall withhold five percent (5%) of the amounts due under Clause 1070, but the total amount withheld shall not exceed \$50,000. The amounts withheld shall be retained until the execution and delivery of a Release by Seller as provided in the paragraph below.

Sellers and each assignee under an assignment entered into under this Purchase Order/Contract and in effect at the time of final payment under this Purchase Order/Contract, shall execute and deliver, at the time of and as a condition precedent to final payment under this Purchase Order/Contract, a Release discharging MDC, its officers, agents, and employees of and from all liabilities, obligations and claims arising out of or under this Purchase Order/Contract, subject only to the following exceptions:

1. Specified claims in stated amounts, or in estimated amounts if the amounts are not susceptible of exact statement by Seller.
2. Claims, together with reasonable incidental expenses, based upon the liabilities of Seller to third parties arising out of performing this Purchase Order/Contract, that are not known to the Seller on the date of the execution of the release, and of which Seller gives notice in writing to the MDC Purchasing Representative not more than two (2) years after the date of the release or the date of any notice to the Seller that MDC is prepared to make final payment whichever is earlier.

1802 276 AVOIDANCE OF CONFLICTS IN CONTRACT TYPES

While performing under this Purchase Order/Contract, Seller agrees that neither it nor any subcontractor will concurrently perform work for MDC's benefit at the same MDC location using the same skills and/or disciplines under the following conditions:

1. If this is a lump sum type Purchase Order/Contract, then no concurrent work shall be undertaken pursuant to a Time-and-Materials or Labor-Hour type contract/subcontract.
2. If this is a Time-and-Materials or Labor-Hour type Purchase Order/Contract, then no concurrent work shall be undertaken pursuant to a Lump Sum type contract/subcontract.

Questions regarding the boundaries of an "MDC location" shall be directed to the MDC Purchasing Representative. Seller shall be responsible for requesting advice from MDC to determine the existence of concurrent conflicting type contracts between MDC and Seller's proposed subcontractors. Any contract in violation of the foregoing shall be voided by MDC at MDC's election.

1810 920 FAMILY PROCUREMENT ORDER MASTER (ATTACHMENT)

Seller agrees that this order is one portion of a multi-part transaction awarded to Seller that was part of a single or coordinated solicitation effort on the part of MDC. Regardless of the face value of this individual order, the terms and conditions applicable to the total dollar value of the entire transaction shall apply to the individual parts of the transaction. The Purchase Order/Contract numbers for all orders constituting this transaction are listed on an attachment to this Purchase Order/Contract.

1811 921 FAMILY PROCUREMENT ORDER MASTER (LISTING)

Seller agrees that this order is one portion of a multi-part transaction awarded to Seller that was part of a single or a coordinated solicitation effort on the part of MDC. Regardless of the face value of this individual order, the terms and conditions applicable to the total dollar value of the entire transaction shall apply to the individual parts of the transaction. The purchase order numbers for all orders constituting this transaction are listed on the face of this Purchase Order/Contract.

1812 922 FAMILY PROCUREMENT ORDER MEMBER

This Purchase Order/Contract is part of a multi-part transaction and is subject to Purchase Clause 1810 or 1811. A listing of all purchase orders which constitute the "family" transaction is given in conjunction with the purchase order referenced on the face of this order.

1815 935 OPTIONS

This Purchase Order/Contract includes an option. All terms and conditions of this Purchase Order/Contract shall apply to all subsequent Purchase Orders/Contracts exercising the option. Such subsequent Purchase Orders/Contracts shall reference this Purchase Order/Contract.

1820 914 RELATED ORDERS

This Purchase Order/Contract is related to one or more other MDC Purchase Order(s)/Contract(s) for MDC's internal administrative purposes only. See this Purchase Order/Contract for the listing of related orders.

1830 929 ORDER PURSUANT TO PRIOR AGREEMENT — ORDER OF PRECEDENCE

This Purchase Order/Contract utilizes the terms and conditions of a previously negotiated Purchase Order/Contract. It is awarded "pursuant to" those underlying terms and conditions and such additional general and special terms and conditions as may be specified in this Purchase Order/Contract. IF FORM GP1, MD-1965, 70-C-33 (MD-1965-02) OR DAC 26-685, WITH OR WITHOUT MODIFYING FORMS, IS CALLED OUT ON THE FACE OF THIS PURCHASE ORDER/CONTRACT, THE REFERENCE TO SAID FORMS SHALL BE DEEMED BY BOTH PARTIES TO BE INVALID AND UNENFORCEABLE.

For purposes of this Purchase Order/Contract, the following order of precedence shall apply in the event of any inconsistency between the face of this Purchase Order/Contract, its attachments, its specifications, the terms and conditions of the previously negotiated Purchase Order/Contract, and attachments to the previously negotiated Purchase

Order/Contract: (a) purchase clauses or quality clauses called out on the face of this Purchase Order/Contract; (b) terms and conditions written in full text on the face of this Purchase Order/Contract; (c) specifications applicable to this Purchase Order/Contract; (d) attachments to this Purchase Order/Contract incorporated herein by reference; (e) special terms and conditions called out by the previously negotiated Purchase Order/Contract; (f) general terms and conditions called out by the previously negotiated Purchase Order/Contract; (g) specifications applicable under the previously negotiated Purchase Order/Contract to the items ordered on this Purchase Order/Contract; and (h) all other attachments incorporated by reference into the previously negotiated Purchase Order/Contract. Seller shall not use any specification in lieu of those contained in this Purchase Order/Contract without written consent of MDC's authorized Purchasing Representative.

The Purchase Order/Contract number associated with the underlying terms and conditions, which terms and conditions are incorporated herein by this reference, is identified on the face of this Purchase Order/Contract where this clause is referenced.

1840 931 COST REIMBURSEMENT GENERAL TERMS AND CONDITIONS

The General Terms and Conditions applicable to and governing this purchase order are those set forth on Form MD-1965-01 or GP4, as set forth in the purchase order/contract, which form is incorporated herein by this reference. IF FORM GP1, MD-1965, 70-C-33 (MD-1965-02) OR DAC 26-685, WITH OR WITHOUT MODIFYING FORMS THERETO, IS CALLED OUT ON THE FACE OF THIS PURCHASE ORDER/CONTRACT, THE REFERENCE TO SAID FORMS SHALL BE DEEMED BY BOTH PARTIES TO BE DELETED, INVALID AND UNENFORCEABLE.

19XX MISCELLANEOUS

1901 916 INSURANCE

If, in the performance of this Purchase Order/Contract, Seller's employees, with or without equipment, are required to enter the premises owned or controlled by MDC or the Government, Seller shall maintain Workmen's Compensation, Comprehensive Public Liability and Property Damage including Automobile Public Liability and Property Damage coverage in amounts, form and with carriers satisfactory to MDC, and shall on request provide certificates covering such insurance with, or shall submit for inspection such policies to MDC.

1910 925 SUPERVISION AND REMOVAL OF SELLER'S PERSONNEL

1. The Seller, in performance of this Purchase Order/Contract shall be responsible for selecting personnel who are well qualified to perform the required services, for supervising his personnel and for keeping them informed of all improvements, changes and methods of operation.
2. MDC may direct the Seller to remove, and the Seller shall remove, any assigned employee from performing of any further services under this contract for security concerns or misconduct.
3. When the reason for the removal request is due solely to misconduct on the part of the employee, replacement shall be at the Seller's expense and not MDC's.