



Terms & Conditions:

4XXX - MATERIAL/DATA

40XX RAW MATERIAL

RESERVED

41XX FURNISHED MATERIAL

4101 828 MDC FURNISHED MATERIAL (PER C.I.S.S.)

MDC shall furnish material per Contract Items Specification and Schedule (C.I.S.S.), which is incorporated herein by reference and attached hereto. Seller to manufacture per blueprint and C.I.S.S.

4102 831 MDC FURNISHED MATERIAL (PER F.O.)

MDC shall furnish material per Master Planning Copy (MPC) Fabrication Outline (F.O.) which is incorporated herein by reference and attached hereto. Seller to manufacture/process/rework per blueprint and F.O.

4104 940 MDC FURNISHED SUBSTITUTE MATERIAL (PER BLUEPRINT)

MDC to furnish substitute material per blueprint.

4105 834 MATERIALS FURNISHED

If Buyer, which includes just-in-time (JIT) suppliers or other Buyer subcontractors, furnishes any material for fabrication hereunder, Seller agrees: (1) not to substitute any other material in such fabrication without Buyer's written consent; (2) that title to such materials shall not be affected by incorporation in or attachment to any other property; and (3) that all such material or replacement material furnished at Buyer's expense will be returned in the form of products (except that which become normal industrial waste) or unused material. Seller shall inspect any

such material furnished by Buyer within seven days of receipt by Seller (as referenced on Contract Parts Material Order, Form MD-2054) and shall have the right to reject nonconforming material upon inspection. The Seller must immediately, within seven days of material receipt, notify Buyer's Purchasing Agent/Buyer Analyst of any nonconforming material. Seller shall be liable for replacement of any Buyer furnished nonconforming material at no expense to Buyer if Seller fails to notify Buyer's Purchasing Representative of any such nonconformance within the time specified herein. Inaccuracies, out of tolerance conditions or inadequacies in materials, which are accepted by Seller, shall not excuse performance in strict accordance with the applicable specifications.

4110 829 MDC AND SELLER TO FURNISH MATERIAL (PER C.I.S.S.)

MDC and Seller to furnish material per Contract Items Specification and Schedule (C.I.S.S.) and blueprint, which is incorporated herein by reference and attached hereto. Seller to manufacture per blueprint and C.I.S.S.

4120 830 SELLER TO FURNISH MATERIAL (PER C.I.S.S.)

Seller to furnish material per Contract Items Specification and Schedule (C.I.S.S.) and blueprint, which are incorporated herein by reference and attached hereto. Seller to manufacture per blueprint and C.I.S.S.

4121 832 SELLER FURNISHED MATERIAL

Seller to furnish all material and to fabricate per blueprint.

4122 860 AUTHORIZATION FOR PROCUREMENT OF MATERIAL AND FABRICATION

Seller is authorized to procure all Seller furnished material on receipt of this Purchase Order/Contract. However, Seller shall not commence fabrication effort in advance or the reasonable lead time required to accomplish delivery in accordance with the schedule unless Seller obtains the prior written consent of MDC's Purchasing Representative.

4130 884 LOSS ALLOWANCE

If Seller requests additional MDC furnished material for a scrap allowance, in lieu of furnishing such scrap allowance, MDC will not debit Seller for authorized scrapping of an amount of material which does not exceed the requested allowance. Accountability for such scrapping is required in the form of a Scrap Tag (MDC or Seller) verified by MDC Source Inspection and furnished to the MDC Purchasing Representative.

4131 885 MDC FURNISHED MATERIAL SCRAP ALLOWANCE

Seller accountability for MDC furnished material scrap allowance issued against this Purchase Order/Contract is required either by finished parts (accepted by MDC Source Inspection) and/or a Scrap Tag (MDC or Seller) verified by MDC Source Inspection. Parts fabricated in excess of this Purchase Order/Contract quantity (from authorized material scrap allowance) are to be presented to MDC Source Inspection for acceptance along with the Purchase Order/Contract quantity.

Authority to ship parts (MDC Source Inspection accepted) in excess of Purchase Order quantity, requires the MDC Purchasing Representative's authorization prior to shipping.

4132 152 SCRAP ALLOWANCE

The price per unit includes a reasonable allowance for labor costs incurred as a result of scrap generated from the material furnished by MDC.

4140 941 GOVERNMENT FURNISHED MATERIAL/PROPERTY

Federal Acquisition Regulation (FAR) Clause 52.245-4, "Government-Furnished Property (Short Form)," is incorporated herein by reference and is in lieu of FAR 52.245-2 as referenced in the General Terms and Conditions Commercial/FAR. For purposes of this Clause, "Government" and "Contracting Officer" shall mean "MDC," except as to Paragraph (e).

42XX SURPLUS MATERIAL

4201 159 SURPLUS MATERIAL

This material is subject to special inspection in MDC Receiving department. Appearance and quality must equal that of newly manufactured material.

43XX REWORKED MATERIAL

RESERVED

44XX HAZARDOUS MATERIAL

4401 149 HAZARDOUS MATERIALS

Packaging, identification, shipping and distribution of this material must be in compliance with all applicable State, Federal, ICC, and MDC-imposed regulations and requirements. Material Safety Data Sheet (MSDS) and precautionary labeling requirements of 29 CFR 1910.1200, Hazard Communication Program, must be complied with.

4402 150 CHEMICAL SUBSTANCE REPORTING

Prior to shipment of chemical substances under this Purchase Order/Contract, Seller shall provide a copy of the Material Safety Data Sheet (MSDS) for each such substance to McDonnell Douglas Corporation, P.O. Box 22608 Long Beach, CA 90801-5608, ATTN: Safety, Health and Environmental Affairs, Mail Code C1-Q6C (74-41).

A "chemical substance" (including mixtures, solids, liquids, cryogenic liquids, gases, etc.) is any chemical or mixture which (a) is defined as a hazardous chemical by OSHA, DOT, EPA, ICAO, or any other federal, state, or local environmental or health agency, or (b) in the course of normal operations or foreseeable emergencies may produce dust, gases, vapors, mists, fumes, or smoke.

Each MSDS shall contain or have attached thereto all of the following information:

1. The data described in 29 CFR part 1910.1200(g).
2. The Chemical Abstract Service (CAS) number (if available) of the chemical substance and/or each component constituent of a mixture.

3. A statement whether or not the chemical substance or constituent thereof is:

a. Listed on the TSCA Chemical Inventory.

b. Listed on TSCA 12(b) Export Notification List.

c. Subject to a Significant New Use Rule (40 CFR 721, sub. B).

4. Volatile Organic Compound (VOC) content and vapor pressure information, as required by applicable EPA, SCAQMD, and other air agency rules and regulations.

5. Identification of any EPA-SARA constituents.

All inside and outside shipping containers shall comply in all respects with 49 CFR Parts 100-199. All such containers shall utilize HM 181 Final Rule, Performance Oriented Packaging requirements.

4405 151 S.C.A.Q.M.D. RULES AND REGULATIONS

1. Seller represents and warrants that all work to be performed by Seller under this Purchase Order/Contract (PO/Contract) shall be conducted in full compliance with all Federal, State and local statutes, ordinances and regulations relating to protection of public health and safety of the environment.

2. Seller understands and agrees that if performance of the services under this PO/Contract requires the application of coatings or solvents which do not comply with emission limitations under South Coast Air Quality Management District (SCAQMD) Rules 1107 and 1124, Seller will perform the services hereunder pursuant to an Alternate Emission Control Plan (AECp).

3. Seller further represents and warrants that it will obtain the approval of the AECP by the executive officer of the SCAQMD prior to the time that performance of services under this PO/Contract commences including submitting a copy of the approved AECP to the MDC Purchasing Representative. Seller agrees that it shall be solely responsible for developing, obtaining approval of and maintaining compliance with the AECP.

4. Seller agrees to indemnify, save harmless and defend MDC, its directors, officers, employees, agents, successors, and assigns from and against any and all liabilities, claims, suits, losses, damages, fines, penalties, forfeitures, and the costs and expenses incident thereto (including costs of defense, settlement and reasonable attorney's fees), which it or they may hereafter incur, become responsible for or pay out as a result of or arising out of the breach by Seller or Seller's failure to perform any of the representations, warranties and agreements set forth in this contract condition. Seller agrees that it will promptly notify the MDC Purchasing Representative of any alleged or anticipated noncompliance with SCAQMD Rules 1107 or 1124 relating to or which may affect the performance under this PO/Contract.

4410 155 ENVIRONMENTAL PROTECTION HAZARDOUS WASTE DISPOSAL

1. Seller will be responsible for performing any and all work under this Purchase Order/Contract (PO/Contract) in full compliance with all applicable federal, state, and local environmental laws and regulations.

2. Seller will take all necessary precautions to prevent and mitigate discharges, spills or releases of hazardous substances or materials while performing work under this PO/Contract. Any known or suspected discharge, spill, or release will be immediately reported to the MDC Purchasing Representative by Seller.

3. Seller will promptly, and at its own expense, undertake and complete all corrective and remedial actions as may be reasonably necessary to remedy any existing or threatened discharges, spills, or releases of hazardous substances or materials caused, directly or indirectly, by Seller or its subcontractor(s). Prior to initiating any corrective or remedial action, Seller will submit to the MDC Purchasing Representative for approval a written plan specifically outlining its proposed actions. If obtaining MDC approval would substantially impede necessary mitigating or emergency measures, Seller will initiate these measures immediately and subsequently provide the MDC Purchasing Representative a written report of actions taken.

4. Seller will handle, store, transport, and dispose of all hazardous waste generated by Seller's (or Seller's subcontractor(s)) activities in accordance with all applicable laws and regulations, including but not limited to, the California Hazardous Waste Control Law, Health and Safety

Code Sections 25100, et seq., and the federal Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Sections 6901, et seq. Prior to transporting any hazardous waste off MDC's premises, Seller will submit to the MDC Purchasing Representative, for review and approval, completed hazardous waste manifests and any other documents deemed necessary by the MDC Purchasing Representative to evidence compliance with the terms and conditions of this PO/Contract and applicable laws and regulations. No hazardous substance or hazardous waste resulting from Seller's (or Seller's subcontractor(s)) activities will be left at MDC's premises after completion of work under the PO/Contract, except as may be specifically provided by this PO/Contract.

5. Seller shall have title to all hazardous waste generated by Seller's (or Seller's subcontractor(s)) activities in the performance of work under this PO/Contract and must use its own EPA ID number for waste disposal purposes. In the event Seller does not dispose of hazardous waste generated by Seller (or its subcontractor(s)), pursuant to the requirements of this PO/Contract, MDC will dispose of Seller generated hazardous waste at Seller's expense. MDC reserves the right to either withhold payment from any balance owed to Seller or submit a separate invoice to Seller for the cost(s) incurred to dispose of Seller generated hazardous waste

6. Seller will obtain written approval from the MDC Purchasing Representative prior to any storage of hazardous waste at MDC's premises.

7. Seller shall release, indemnify and hold MDC, its directors, officers, agents, and employees harmless from all claims, actions, damages, liabilities and expenses, including counsel fees and expenses, as a result of (i) injury to or death of any person; (ii) loss of or damage to property of any person; (iii) contamination of or adverse effect on the environment or natural resources, or (iv) any violation of any governmental laws, regulations, permits, or orders caused in whole or in part by the acts or omissions of Seller, Seller's subcontractor(s), or anyone directly or indirectly employed by them, arising out of or in any way connected with the performance or breach of this PO/Contract. This indemnification of MDC by Seller shall survive the termination of this PO/Contract.

8. Any violation of this clause may be grounds for termination of this PO/Contract by MDC.

45XX MISCELLANEOUS MATERIAL

4501 855 FINISH MATERIAL

The quantities ordered herein are subject to Interiors Engineering approval in MDC Receiving Inspection.

4511 943 MDC FURNISHED COMMERCIAL MATERIAL IN SELLER'S POSSESSION

Seller shall maintain an inventory of all MDC-Furnished commercial material in Seller's possession. Seller shall furnish to MDC a listing of all MDC-Furnished commercial inventory in Seller's possession as of 31 December of each year. This listing shall depict part number, description, unit of measure and quantity in inventory as of 31 December. This information is required by 15 th day of January of each year for the prior years activity.

4520 833 DMQR FORM DAC 251757

The quantities ordered herein are subject to MDC Material Qualification Report (DMQR - Form DAC 25-1757) if the blueprint specifies material under a DMQR.

4530 163 OVERSIZE FORGING

Seller will forge oversize to clean up to specified size.

4531 501 FORGING DIE RIGHTS

The rights to forging dies required for performance of this PO/Contract shall be vested jointly in MDC and Seller. MDC shall have the right to order forgings made on such dies without incurring duplicate die service charges. Seller agrees to incorporate the provisions hereof concerning MDC's die rights in its Purchase Orders placed with forging suppliers and to furnish MDC copies of such executed Purchase Orders within ninety (90) days after placement.

In the event this order is placed under a Government Contract and the full cost of the die is charged thereto, MDC may exercise the forgoing right on behalf of the Government.

46XX DATA

4610 156 FAILURE REPORT, ANALYSIS, AND CORRECTIVE ACTION (FRACA)

This Failure/Rejection Purchase Order is subject to performance and submittal requirements of Data Item E09.3.1, Failure Report, Analysis, and Corrective Action, in accordance with the terms set forth in this order.

47XX IMPORTATION OF MATERIAL

4701 944 EXPORT TAXES AND CUSTOMS DUTIES

Seller shall be responsible for and pay any and all taxes, duties, Governmental fees, and other like charges in connection with the manufacturing, sale and exporting of the supplies ordered hereunder from its country to the United States of America. MDC shall, as the importer of record, be responsible for and pay any and all duties, brokerage fees and other like charges in connection with importing the supplies into the United States and such charges to be paid by MDC shall not be included in Seller's prices.

Seller shall, as requested by MDC, furnish any documentation and establish any administrative controls or invoicing procedures which may be required to properly and economically import and export the supplies and to obtain any refund of moneys paid in connection therewith.

4710 945 SUBCONTRACTING TO A FOREIGN SELLER

MDC's approval of Seller's request for approval to subcontract to a foreign third party a portion of the goods ordered hereunder is contingent upon the following:

1. Seller must have on file a "rate of drawback" request with the United States Bureau of Customs (a copy of which will be furnished to MDC) and shall pay all United States Custom Duties, using the "drawback" method, on all supplies which will be used on aircraft to be exported from the United States by MDC or an MDC customer;
2. Seller will maintain and furnish MDC with records of all such imports incorporated into the supplies ordered hereunder; and
3. MDC will file for drawback, using Seller's record of imports, upon exportation of the aircraft and retain the refund as a price reduction of the supplies ordered hereunder.

In addition to furnishing the documentation specified above, Seller shall, as requested by MDC, furnish any other documentation and establish any administrative controls or invoicing procedures which may be required to properly and economically import and to allow MDC to export any aircraft utilizing the supplies furnished hereunder and to obtain the refund of moneys paid in connection therewith. Seller shall also be responsible for assuring that its subcontractors furnish any documentation which may be required to carry out the intent of this Clause.