

7XXX - PRODUCT SUPPORT

70XX ILS - C-17 REQUIREMENTS

7046 728 DOD SERVICEABLE CONDITION TAG (Oct 2, 2006 Revision)
Seller shall affix a properly completed DD 1574 series form SERVICEABLE TAG/LABEL – MATERIAL or DD 1577 series, UNSERVICEABLE (CONDEMNED) TAG/LABEL – MATERIAL on each unit. Seller shall affix a properly completed DD 1574 series form SERVICEABLE TAG/LABEL – MATERIAL or DD 1577 series, UNSERVICEABLE (CONDEMNED) TAG/LABEL – MATERIAL on the outside of the shipping container for each unit. The form entries shall include the seller's inspector stamp and the Government prime contract number referenced in the PO/Contract.

7047 729 REPAIR DATA - AFTO FORM 349
Seller is required to provide the MDC Purchasing Representative with consumption and/or failed item data (specifically repair actions, actual labor hours expended and the parts removed and/or replaced to complete the repair activity).

Seller shall document the maintenance performed on the Repair Item on a completed AFTO Form 349. AFTO Form 349 shall be completed in accordance with Air Force TO 00-20-2-13. This documentation shall accompany each Repair Item upon its return to MDC.

Unless specifically authorized by the MDC Purchasing Representative, Seller is not authorized to perform detailed failure analysis and/or engineering investigation on any Repair Item returned to Seller's facility.

Any such effort, not authorized by the MDC Purchasing Representative, shall be accomplished entirely at Seller's expense.

7048 735 REPAIR DATA - SUPPORT OF REPARABLES (Oct 2, 2006 REV)
Seller is required to provide documentation to MDC, in Seller's format, listing consumption and failed item data for each reparable item (i.e. Line Replaceable Unit (LRU) and/or Shop Replacement Unit (SRU)). The failure data shall include but is not limited to the following items:

1. LRU/SRU identification. Identify reparable item by the Field Repair Purchase Order (FRPO) number, part number, National Stock Number (NSN) if available, and serial number.
2. LRU/SRU Repair Activity. List reported problem from the AFTO Form 350 and repair activity including corrective action.
3. SRU Identification. Identify the SRU's that were replaced by part number, NSN (if Available), nomenclature, serial number, and if applicable, identify if the replacement part is a rotatable spare part.
4. Consumables Identification. List the consumables, that were removed and replaced, by part number, NSN (if applicable), nomenclature, and quantity. Otherwise, identify if no consumables are required.

Seller is required to maintain/retain repair, test, inspection and acceptance data at Seller's facility, and make such data available to MDC upon request. The data shall include but is not limited to the following items:

1. Repair Data including the consumption and failure data.
2. Certificate of Conformance (COC) or commercial equivalent.
3. Test and inspection data for the LRU/SRU.
4. A copy of the Serviceable Tag/Label showing evidence of inspection (DD 1574 series)
5. A copy of the incoming and outgoing shipping documents.

Seller shall maintain the status and reporting of all item(s) returned for repair through the use of Seller's own internal tracing/monitoring system. This activity is to ensure LRU'S or SRU's are received, replaced and returned within the required turnaround time (TAT). Additionally, Seller shall provide via electronic transmission to the MDC Repair of Repairables (ROR) Administrator a weekly update which shall include but not be limited to FRPO number, part number, nomenclature, serial number, estimated completion date (ECD) and, if ECD is beyond the agreed to TAT, specify the reason for delay, and a revised ECD.

Unless specifically authorized by the MDC Purchasing Representative, Seller is not authorized to perform detailed failure analysis and/or engineering investigation on any repair item returned to Seller's facility. Any such effort, not authorized by the MDC Purchasing Representative, shall be at Seller's sole risk and expense.

71XX RESERVED

72XX RESERVED

73XX ILS - C-17 WARRANTIES

WARRANTY (SELLER DESIGN AND BUILD) C-17

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

1. Scope of Warranty
 - a. Seller warrants that all products shall, upon delivery, conform to and perform in accordance with the applicable specifications of this agreement in effect at the time of delivery
 - b. Seller warrants that all products shall, upon delivery, be free from:
 - 1) Defects in the design
 - 2) Defects in material resulting from defects in (a) the composition or substance of the material; (b) the process of its manufacture; (c) manufacturing workmanship; or (d) selection of such material by Seller or any subcontractor; and
 - 3) Defects in workmanship
 - c. Seller warrants that detail design information, technical orders, technical data, and engineering data furnished pursuant to this agreement and all other detail design information or technical or engineering data supplied by Seller and furnished to MDC for the purpose of installation, repair, rework, replacement, logistics support, maintenance, operations, or training shall be free from defect, notwithstanding that any such detail design information, technical orders, or technical or engineering data shall have been verified by MDC.
2. Correction of Defects
 - a. MDC's remedy for breach of the warranties set forth herein in Paragraph 1 and Seller's obligation and liability therefore, shall be performance by Seller of the following at no charge;
 - 1) As regards Paragraphs 1. a and b hereof, the repair, rework, replacement or correction of any nonconforming or defective product shall be such that said defect or nonconformance is eliminated.
 - 2) As regards Paragraph 1. c hereof, correction of such design information, technical order, or technical or engineering data and repair, rework, or replacement of any damage caused by MDC or the Government's reliance upon such defective information, technical order, or technical or engineering data.
 - 3) With respect to any defect or specification nonconformance embraced by this Warranty, Seller shall correct such defects by appropriate modification of the design and/or manufacturing processes or procedures for all delivered or undelivered products to correct said defects or nonconformances. In the event that repair, rework, replacement, or correction of nonconforming or defective products is not feasible by reason of the loss, damage, or destruction of the entire aircraft as a result of the specification nonconformance or defect, Seller's liability shall be limited to the cost of repair, replacement or correction of the defect, as if it had been performed.
 - b. Seller's liability under this Warranty for correction of defects shall also extend to correction of such defect as it relates to any product purchased hereunder which shall not have been delivered to MDC, provided that Seller shall not be responsible nor deemed to be in default on account of any delays in performance of this agreement due to any such corrections. Additionally, rather than accept a delay in delivery of any such defective products, MDC may elect to accept delivery and Seller agrees to correct such defect as though the defect had become apparent immediately after delivery of such product. Nothing contained herein shall affect MDC's right to claim the same design defect with respect to any other delivered or undelivered product.
 - c. Disassembly of the aircraft to effect removal of any defective or faulty product for shipment to Seller's plant for correction, repair or replacement under this Warranty and reinstallation of the corrected or new product and reassembly of the aircraft shall be at Seller's expense, including inspection, checkout and test, to the extent of and in accordance with the formula set forth in Paragraph 2.e, unless such work is performed by Seller at its expense at such place as may be mutually agreed upon by Seller, MDC and the Government.
 - d. As an alternative to the performance of the work by Seller under Paragraph 2.a hereof, such repairs/replacements and corrections may, at the Government's option, be performed by the Government or any logistics support organization designated by the Government. Should the Government elect to effect such repairs or corrections, Seller will, under the conditions set forth below, reimburse MDC and/or the Government for the repair, rework or correction of any specification nonconformance or defect under Paragraph 1 at the Government's repair facilities or by a logistics support organization designated by the Government, and will recognize same for any and all purposes as a correction under this Warranty.

e. Should the Government elect to make any of the foregoing repairs, replacements, and corrections, Seller shall negotiate with MDC a "standard" for the labor hours to repair such defect and will reimburse MDC for such "standard" hours or actual labor hours to repair such defect, whichever is less, at Seller's direct labor rate plus a burden of one hundred percent (100%) of said direct labor rate.

f. In the event of an MDC or Government correction as set forth in Paragraph 2.d above, Seller shall provide no charge kits or reimburse MDC and/or the Government for the parts and materials used at the cost to MDC and/or the Government.

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

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

3. Limitations

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

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

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

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

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

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

4. Warranty Periods

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

The warranty period(s) are identified on the PO/Contract where Clause 1420 is referenced.

5. General

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

b. MDC shall (1) report the defect in writing or by telegram to Seller Warranty Administrator within thirty (30) calendar days following such defect having been discovered by MDC and/or the Government, provided such defect was discovered within the effective period of the Warranty hereunder, and (2) return the defective or faulty product to Seller's factory (unless Seller's factory is not feasible or the Government elects to effect the repair at its own or logistics support organization facility) within ninety (90) calendar days following the end of the applicable period of time specified in Subparagraph 4 or within ninety (90) calendar days following such defect having been discovered by MDC and/or the Government, whichever

is earlier, and further provided that if for reasons beyond MDC and/or the Government's control, return of the product to Seller's factory is not possible within said ninety (90) calendar day period and if MDC and/or the Government so notifies Seller in writing, the said ninety (90) calendar day period shall be waived, but MDC and/or the Government must return the product to Seller's factory if, as and when, such return does become feasible. If notification is not given or return of goods not made within the period in (1) or (2) of this subparagraph 5.b., Seller shall be entitled to an equitable reimbursement for any increased costs of performing the Warranty work which are due to any such delay in notification or return of goods beyond the stated period.

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

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

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

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

g. As used in this Warranty with respect to any product, the word "delivery" shall mean:

- 1) With respect to product to be committed to the test program, the time of conditional acceptance by MDC and/or the Government prior to commencement of test; and
- 2) With respect to all other products, the time of acceptance from MDC by the Government, including execution of DD Form 250 where required.

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

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WARRANTY (MDC DESIGN AND SELLER BUILD) C-17

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

1. Scope of Warranty

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

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

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

2) Defects in workmanship.

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

2. Correction of Defects

a. MDC's remedy for a breach of the warranties set forth herein and Seller's obligation and liability therefore, shall be performance by the Seller of the following at no charge:

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

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

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

b. Seller's liability under this Warranty for correction of defects shall also extend to correction of such defect as it relates to any product purchased hereunder which shall not have been delivered to MDC, provided that Seller shall not be responsible nor deemed to be in default on account of any delays in performance of this agreement due to any such corrections. Additionally, rather than accept a delay in delivery of any such defective products, MDC may elect to accept delivery and Seller agrees to correct such defect as though the defect had become apparent immediately after delivery of such product.

c. Disassembly of the aircraft to effect removal of any defective or faulty product for shipment to Seller's plant for correction, repair or replacement under this Warranty and reinstallation of the corrected or new product and reassembly of the aircraft shall be at Seller's expense and including inspection, checkout and test, to the extent of and in accordance with the formula set forth in Paragraph 2.e. unless such work is performed by Seller at its expense at such place as may be mutually agreed upon by Seller, MDC, and the Government.

d. As an alternative to the performance of the work by Seller under Paragraph 2.a. hereof, such repairs and corrections may, at the Government's option, be performed by the Government or any logistics support organization designated by the Government. Should the Government elect to effect such repairs or corrections, Seller will, under the conditions set forth below, reimburse MDC and/or the Government for the repair, rework, or correction of any specification nonconformance or defect at the Government's repair facilities or by a logistics support organization designated by the Government, and will recognize same for any and all other purposes as a correction under this Warranty.

e. Should the Government elect to make any of the foregoing repairs, replacements, and corrections, Seller shall negotiate with MDC a "standard" for the labor hours to repair such defect and will reimburse MDC for such "standard hours or actual labor hours to repair such defect, whichever is less, at MDC's or the Government's or the Government's designated logistic support agency's direct labor rate plus a burden of 100% of said direct labor rate.

f. In the event of an MDC or Government correction as set forth in Paragraph 2.d. above, Seller shall provide no charge kits or reimburse MDC and/or the Government for the parts and materials used at the cost to MDC and/or the Government.

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

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

3. Limitations.

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

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

b. The product shall not have been operated or maintained in accordance with Seller reasonable operating and maintenance instructions furnished under the Supplier Data Requirements List (SDRL)

unless MDC and/or the Government furnishes reasonable evidence that such operation or maintenance, as the case may be, was not a cause of the defect; or

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

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

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

4. Warranty Periods

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

The Warranty period(s) are identified in the PO/Contract where Clause 1420 is referenced.

5. General

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

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

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

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

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

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

g. As used in this Warranty with respect to any product, the word "delivery" shall mean:

1) With respect to product to be committed to the test program, the time of conditional acceptance by MDC and/or the Government prior to commencement of test; and

2) With respect to all other products, the time of acceptance from MDC by the Government, including execution of DD Form 250 where required.

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

WARRANTY (SUPPORT EQUIPMENT) C-17

1. The Seller warrants to MDC and the U.S. Government, the operators of MDC's model C-17 aircraft, that all products delivered hereunder, by MDC or U.S. Government, shall:

- a. Conform to the applicable specifications or drawing incorporated or referenced herein;
- b. Be free from defects in material and workmanship;
- c. Be free from defects inherent in design, except to the extent such design was furnished by MDC, including defects arising from the selection by Seller of materials, in view of the state of the art as of the date of such design or the date of this contract, whichever is later; and
- d. Be merchantable and fit for the purposes intended. Purposes intended includes, but are not limited to, complete and immediate satisfactory service and proper functioning.

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

The Warranty period(s) are identified on the PO/Contract where Clause 1420 is referenced.

3. As to defects arising from failure to conform to the specifications or defects in material or workmanship, Seller shall repair the item or replace it with a product free from defects. With respect to defects in design or as to failure or unsuitability for intended purposes, Seller shall correct such defects, failure or unsuitability of the product or replace it with a product free from any defect, failure or unsuitability.

4. The foregoing repairs, replacements, and corrections shall be accomplished on a no-charge basis to MDC or the U.S. Government. Whenever the product contains a defect, failure or unsuitability for which the Seller is liable under Seller's Warranty and such product has been corrected, repaired or replaced pursuant to this contract (to the extent that the defect, failure, or fault is not attributable to a defective correction, repair or replacement by MDC or the U.S. Government), the period of Seller's Warranty with respect to such correction, repair, replacement, or redesign, whichever may be the case, shall be the applicable period set forth in Paragraph 2 above, computed as of the date of the correction, repair or replacement. Should a pool of rotatable items be required to support MDC or the U.S. Government for the corrections, repairs or replacement of a product for which Seller is liable under the terms and conditions of this Warranty, Seller shall promptly provide such items at no charge.

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

6. All transportation costs for products subject to correction pursuant to the terms and conditions of this Warranty, shall be at Seller's expense.

7. Wherever in the opinion of MDC or the U.S. Government and the Seller, the return for repair to Seller's plant of a Warranty product is not feasible, the Seller shall, at the election of MDC or the U.S. Government, either:

- a. Promptly dispatch a field modification group to effect such repair, in which case all costs incurred, including those related directly to such repair, shall be borne by Seller.
- b. Authorize MDC or the U.S. Government to effect repair, replacement or correction of the product in which case all costs incurred relating directly to such repairs shall be borne by the Seller. In this case, the Seller shall promptly reimburse or credit the account of MDC or the U.S. Government an amount equal to the actual cost of material and repair man-hours required to effect repair.

8. When the return for repair to Seller's plant of a Warranty product is not feasible, Seller shall, within seventy-two (72) hours following notification of a defect, accompanied by MDC's or the U.S. Government's request that it be permitted in to make repair, replacement or correction, notify MDC or the U.S. Government of approval or disapproval or such request. Failing such timely notice by Seller, approval of such request shall be deemed to have been given by Seller.

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

WARRANTY (SELLER DESIGN AND BUILD) DETAIL SPARES

1. Seller warrants that all goods and services furnished hereunder will conform to the requirements of this PO/Contract, (including all descriptions, specifications, and drawings made a part of this PO/Contract) and such goods will be merchantable, fit for their intended purpose, free from all defects in material, workmanship and

defects in the design. MDC's approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this warranty.

2. All warranties, including special warranties specified elsewhere herein, shall run to MDC and the Government. The warranties shall be applicable for: 1) twelve (12) months after delivery of the goods to MDC's customer; or 2) equivalent to the best commercial warranty provided to the Seller's most preferred customer at no additional cost; whichever period is longer.

3. In addition to its other remedies, MDC may, at Seller's expense, require prompt correction or replacement of any goods and services failing to meet Seller's warranties herein. Goods and services corrected or replaced by Seller shall be subject to all of the provisions of this PO/Contract and to the same extent as goods and services originally furnished hereunder.

4. As an alternative to the performance of the work by Seller under Paragraph 3 hereof, such repairs/replacements and corrections may, at the Government's option, be performed by the Government or any logistics support organization designated by the Government for the repair, rework or correction of any specification nonconformance or defect referenced above under Paragraph 1 at the Government's repair facilities or by a logistics support organization designated by the Government, and will recognize same for any and all purposes as a correction under this warranty.

5. Should the Government elect to make any of the foregoing repairs, replacements, and corrections, Seller shall negotiate with MDC a "standard" for the labor hours to repair such defect and will reimburse MDC for such "standard" hours or actual hours to repair such defect, whichever is less, at Seller's direct labor rate plus a burden of one hundred percent (100%) of said direct labor rate.

6. Seller shall be exclusively responsible for all transportation costs incurred for shipping defective products to Seller's factory and for return of same to MDC and/or the Government.

7. Seller shall be liable for the costs of disassembly and/or reassembly when it is necessary to remove the goods to be returned for correction or replacement. These costs shall be included in the "standard" labor hours negotiated to remedy correction of defects.

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

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

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WARRANTY (MDC DESIGN AND SELLER BUILD) DETAIL SPARES

1. Seller warrants that all goods and services furnished hereunder will conform to the requirements of this PO/Contract, (including all descriptions, specifications, and drawings made a part of this PO/Contract) and such goods will be merchantable, fit for their intended purpose, free from all defects in material and workmanship. MDC's approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this Warranty.

2. All warranties, including special warranties specified elsewhere herein, shall run to MDC and the Government. The warranties shall be applicable for: 1) twelve (12) months after delivery of the goods to MDC's customer; or 2) equivalent to the best commercial warranty provided to the Seller's most preferred customer at not additional cost;

3. In addition to its other remedies, MDC may, at Seller's expense, require prompt correction or replacement of any goods and services failing to meet Seller's warranties herein. Goods and services corrected or replaced by Seller shall be subject to all of the provisions of this PO/Contract and to the same extent as goods and services originally furnished hereunder.

4. As an alternative to the performance of the work by Seller under Paragraph 3 hereof, such repairs/replacements and corrections may, at the Government's option, be performed by the Government or any logistics support organization designated by the Government. Should the Government elect to effect such repairs or corrections, Seller will, under the conditions set forth below, reimburse MDC and/or the Government for the repair, rework, or correction of any specification nonconformance or defect referenced above under Paragraph 1 at the Government's repair facilities or by a logistics support organization designated by the Government, and will recognize same for any and all purposes as a correction under this warranty.

5. Should the Government elect to make any of the foregoing repairs, replacements, and corrections, Seller shall negotiate with MDC a "standard" for the labor hours to repair such defect and will reimburse MDC for such "standard" hours or actual hours to repair such defect, whichever is less, at Seller's direct labor rate plus a burden of one hundred percent (100%) of said direct labor rate.

6. Seller shall be exclusively responsible for all transportation costs incurred for shipping defective products to Seller's factory and for return of same to MDC and/or the Government.

7. Seller shall be liable for the costs of disassembly and/or reassembly when it is necessary to remove the goods to be returned for correction or replacement. These costs shall be included in the "standard" labor hours negotiated to remedy correction of defects.

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

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

7320 725

WARRANTY OF SYSTEMS AND EQUIPMENT UNDER PERFORMANCE SPECIFICATIONS OR DESIGN CRITERIA--DEPOT CAPABILITY

1. Definitions

a. "Acceptance" as used in this clause, means the act of an authorized representative of the Government by which the Government assumes for itself, or as an agent of another, ownership of existing and identified supplies, or approves specific services rendered, as partial or complete performance of the contract. Execution of the DD250 for Installation and Check Out (I&CO) of Depot Capability by an authorized representative of the Government shall represent final acceptance and begin application of this clause.

b. "Depot Capability" for warranty purposes is defined as the contracted I&CO completion date. If I&CO is delayed by failure of MDC or the Government to provide government identified assets or resources, warranty will begin at the original contract I&CO completion date. If I&CO is delayed by failure of the Supplier, a day for day slip in the beginning date of the design warranty will occur.

c. "Correction" as used in this clause, means any and all actions necessary to eliminate any and all defects as defined below.

d. "Defects" as used in this clause, means any condition or characteristic in any supplies or services furnished by the Supplier under this agreement that is not in compliance with the specification requirements of this agreement.

e. "Supplies" as used in this clause, means the end items furnished by the Supplier and related services required under this contract. Except when this contract includes the clause entitled "Warranty of Data", supplies also means "data".

2. Supplier's Obligations: (Design)

The Supplier's design warranties under this clause shall apply only to those defects discovered by either the Government or the Buyer within 180 days after delivery (execution of DD250) of depot capability.

a. If the Supplier becomes aware at any time before acceptance by the Government that a defect exists in any supplies or services, the Supplier shall:

- 1) promptly correct the defect, or
- 2) promptly notify the Buyer, in writing, of the defect, using the procedures prescribed in the paragraph below.

b. If the Buyer determines that a defect exists in any of the supplies or services accepted by the Government under this contract, the Buyer shall promptly notify the Supplier of the defect, in writing, within 45 days after discovery of defect. Upon timely notification of the defect or if the Supplier independently discovers a defect in accepted supplies or services, the Supplier shall submit to the Buyer, in writing, within 45 days a recommendation for corrective actions, together with supporting information in sufficient detail to determine what corrective action, if any, shall be undertaken.

c. The Supplier shall promptly comply with any timely written direction from the Buyer to correct or partially correct a defect subject to coverage of this clause, at no increase in the agreement price.

d. The Supplier shall also prepare and furnish to the Buyer data and reports applicable to any correction required under this clause (including revision and updating of all other affected data called for under this contract) at no increase in the agreement price.

e. In the event of a timely notice of a decision not to correct or only to partially correct, the Supplier shall submit a technical and cost proposal within 120 days from Buyer notification to amend the

agreement to permit acceptance of the affected supplies or services in accordance with the revised requirement, and an equitable reduction in the agreement price shall promptly be negotiated by the parties and be reflected in a supplemental agreement to this agreement.

f. Any supplies or parts thereof corrected or furnished in replacement and any services re-performed shall also be subject to the conditions of this clause to the same extent as supplies or services initially accepted. The warranty, with respect to these supplies, parts, or services, shall be equal to that which was originally set forth in paragraph (b),(1) of this clause.

g. The Supplier shall not be responsible under this clause for the correction of defects in Government Furnished Property, except for those defects in installation, unless the Supplier performs any modifications or repairs on such property. In that event, the Supplier shall be responsible for correction of defects that result from the modifications or repairs.

h. If correction or replacement is required, and transportation of supplies in connection with correction or replacement is necessary, transportation charges and responsibility for the supplies while in transit shall be borne by the Buyer or the Government.

i. All implied warranties of merchantability and "fitness for particular purpose" are excluded from any obligation under this contract.

3. Supplier Material and Workmanship Warranty

The Supplier shall provide a warranty equivalent to the best commercial warranty available for like Customers at not more than most preferred customer cost. The Supplier warranty shall start at acceptance (DD250) of each item of supply (limited to : technical orders, and support equipment, and spares), if remaining at delivery, shall be passed through to the Government for use and administration.

4. Remedies Available to MDC or the Government for Design, Material, and Workmanship

a. The rights and remedies of the Buyer or the Government provided in this clause:

1) Shall not be affected in any way by any terms or conditions of this contract concerning the conclusiveness of inspection and acceptance; and

2) Are in addition to, and do not limit, any rights afforded to the Buyer or the Government by any other clause of this agreement.

b. Within 45 days after receipt of the Supplier's recommendations for corrective action and adequate supporting information, the Buyer, using sole discretion, shall give the Supplier written notice not to correct any defect, or to correct or partially correct any defect within a reasonable time at the "Delivered Site", Oklahoma City Air Logistic Center, or the Supplier's facility.

c. In no event shall MDC or the Government be responsible for any extension or delays in the scheduled deliveries or periods of performance under this contract as a result of the Supplier's obligations to correct defects, nor shall there be any adjustment of the delivery schedule or period of performance as a result of the correction of defects unless provided by a supplemental agreement with adequate consideration.

d. This clause shall not be construed as obligating the Government to increase the contract price for correction of defects or remedies afforded by this clause.

e. 1) The Buyer shall give the Supplier as written notice specifying any failure or refusal of the Supplier to:

a) Present a detailed recommendation for corrective action as required by paragraph (b)(3) of this clause;

b) Correct defects as directed under paragraph (b)(4) of this clause; or

c) Prepare and furnish data and reports as required by paragraph (b)(5) of this clause.

- 2) The notice shall specify a period of time following receipt of the notice by the Supplier in which the Supplier must remedy the failure or refusal specified in the notice.
- f. If the Supplier does not comply with the Buyer's written notice in paragraph (c)(5)(i) of this clause, the Buyer may by contract or otherwise:
- 1) Obtain detailed recommendations for corrective action and either:
 - a) Correct the supplies or services; or
 - b) Replace the supplies or services, and if the Supplier fails to furnish timely disposition instructions, the Buyer may dispose of such supplies or services in a reasonable manner, in which case the Buyer/Government is entitled to reimbursement from the Supplier from proceeds, for the reasonable expenses of care and disposition, as well as for excess costs incurred or to be incurred;
 - 2) Obtain applicable data and reports; and
 - 3) Charge the Supplier for the costs incurred by the Buyer/Government.
- g. Any failure of the Buyer or Supplier to agree whether corrective action is the responsibility of the Supplier will be treated as a dispute pursuant to the clause of this contract entitled "Disputes". In the event the Supplier pursuant to direction under this paragraph effects corrective action which is later determined not to be covered by this warranty, the Supplier shall be entitled to an equitable adjustment.

7322 730

WARRANTY (SELLER DESIGN AND BUILD) C-17 (Lot VIII and beyond)

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

1. Scope of Warranty
 - a. Seller warrants that all products shall, upon delivery, conform to and perform in accordance with the applicable specifications of this agreement in effect at the time of delivery.
 - b. Seller warrants that all products shall, upon delivery, be free from:
 - 1) Defects in the design
 - 2) Defects in material resulting from defects in (a) the composition or substance of the material; (b) the process of its manufacture; (c) manufacturing workmanship; or (d) selection of such material by Seller or any subcontractor; and
 - 3) Defects in workmanship
 - c. Seller warrants that detail design information, technical orders, technical data, and engineering data furnished pursuant to this agreement and all other detail design information or technical or engineering data supplied by Seller and furnished to MDC for the purpose of installation, repair, rework, replacement, logistics support, maintenance, operations, or training shall be free from defect, notwithstanding that any such detail design information, technical orders, or technical or engineering data shall have been verified by MDC.
2. Correction of Defects
 - a. MDC's remedy for breach of the warranties set forth herein in Paragraph 1 and Seller's obligation and liability therefore, shall be performance by Seller of the following at no charge:
 - 1) As regards Paragraphs 1. a and b hereof, the repair, rework, replacement or correction of any nonconforming or defective product shall be such that said defect or nonconformance is eliminated.
 - 2) As regards Paragraph 1. c hereof, correction of such design information, technical order, or technical or engineering data and repair, rework, or replacement of any damage caused by MDC or the Government's reliance upon such defective information, technical order, or technical or engineering data.
 - 3) With respect to any defect or specification nonconformance embraced by this Warranty, Seller shall correct such defects by appropriate modification of the design and/or manufacturing processes or procedures for all delivered or undelivered products to correct said defects or nonconformances. In the event that repair, rework, replacement, or correction of nonconforming or defective products

is not feasible by reason of the loss, damage, or destruction of the entire aircraft as a result of the specification nonconformance or defect, Seller's liability shall be limited to the cost of repair, replacement or correction of the defect, as if it had been performed.

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

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

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

3. Limitations

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

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

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

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

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

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

4. Warranty Periods

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

The warranty period(s) are identified on the PO/Contract where Clause 1420 is referenced.

5. General

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

b. MDC/Government shall (1) report the defect in writing or by telegram to Seller Warranty Administrator within thirty (30) calendar days following such defect having been discovered by MDC and/or the Government, provided such defect was discovered within the effective period of the Warranty hereunder, and (2) return the defective or faulty product to Seller's factory (unless Seller's factory is not feasible or the Government elects to effect the repair at its own or logistics support organization facility)

within ninety (90) calendar days following the end of the applicable period of time specified in Subparagraph 4 or within ninety (90) calendar days following such defect having been discovered by MDC and/or the Government, whichever is earlier, and further provided that if for reasons beyond MDC and/or the Government's control, return of the product to Seller's factory is not possible within said ninety (90) calendar day period and if MDC and/or the Government so notifies Seller in writing, the said ninety (90) calendar day period shall be waived, but MDC and/or the Government must return the product to Seller's factory if, as and when, such return does become feasible. If notification is not given or return of goods not made within the period in (1) or (2) of this subparagraph 5.b., Seller shall be entitled to an equitable reimbursement for any increased costs of performing the Warranty work which are due to any such delay in notification or return of goods beyond the stated period.

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

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

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

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

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

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

7323 731

WARRANTY (MDC DESIGN AND SELLER BUILD) C-17 (Lot VIII and beyond)

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

1. Scope of Warranty

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

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

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

2) Defects in workmanship.

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

2. Correction of Defects

a. MDC's remedy for a breach of the warranties set forth herein and Seller's obligation and liability therefore, shall be performance by the Seller of the following at no charge:

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

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

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

b. Seller's liability under this Warranty for correction of defects shall also extend to correction of such defect as it relates to any product purchased hereunder which shall not have been delivered to MDC, provided that Seller shall not be responsible nor deemed to be in default on account of any delays in performance of this agreement due to any such corrections. Additionally, rather than accept a delay in delivery of any such defective products, MDC may elect to accept delivery and Seller agrees to correct such defect as though the defect had become apparent immediately after delivery of such product.

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

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

3. Limitations

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

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

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

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

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

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

4. Warranty Periods

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

The Warranty period(s) are identified in the PO/Contract where Clause 1420 is referenced.

5. General

a. Defect shall be defined as any flaw, fault, failure, weakness, imperfection, error, or any other characteristic, workmanship, material, manufacture, assembly, installation, integration or other procedure

or operation, which is not in strict compliance with Section b. hereof, any other requirement of this agreement, the specific warranties contained herein, or good practice within the aircraft industry. Provided, however, normal wear and tear and the need for regular overhaul or periodic maintenance shall not constitute a defect or failure under this Warranty.

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

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

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

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

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

g. As used in this Warranty with respect to any product, the word "delivery" shall mean:

- 1) With respect to product to be committed to the test program, the time of conditional acceptance by MDC and/or the Government prior to commencement of test; and
- 2) With respect to all other products, the time of acceptance from MDC by the Government, including execution of DD Form 250 where required.

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

7324 732

WARRANTY (SUPPORT EQUIPMENT) C-17 (Lot VIII and Beyond)

1. The Seller warrants to MDC and the U.S. Government, the operators of MDC's model C-17 aircraft, that all products delivered hereunder, by MDC or U.S. Government, shall:

- a. Conform to the applicable specifications or drawing incorporated or referenced herein;
- b. Be free from defects in material and workmanship;
- c. Be free from defects inherent in design, except to the extent such design was furnished by MDC, including defects arising from the selection by Seller of materials, in view of the state of the art as of the date of such design or the date of this contract, whichever is later; and
- d. Be merchantable and fit for the purposes intended. Purposes intended includes, but are not limited to, complete and immediate satisfactory service and proper functioning.

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

The Warranty period(s) are identified on the PO/Contract where Clause 1420 is referenced.

3. As to defects arising from failure to conform to the specifications or defects in material or workmanship, Seller shall repair the item or replace it with a product free from defects. With respect to defects in design or as to failure or unsuitability for intended purposes, Seller shall correct such defects, failure or unsuitability of the product or replace it with a product free from any defect, failure or unsuitability.

4. The foregoing repairs, replacements, and corrections shall be accomplished on a no-charge basis to MDC or the U.S. Government. Whenever the product contains a defect, failure or unsuitability for which the Seller is liable under Seller's Warranty and such product has been corrected, repaired or replaced pursuant to this contract (to the extent that the defect, failure, or fault is not attributable to a defective correction, repair or replacement by MDC or the U.S. Government), the period of Seller's Warranty with respect to such correction, repair, replacement, or redesign, whichever may be the case, shall be the applicable period set forth in Paragraph 2 above, computed as of the date of the correction, repair or replacement. Should a pool of rotatable items be required to support MDC or the U.S. Government for the corrections, repairs or replacement of a product for which Seller is liable under the terms and conditions of this Warranty, Seller shall promptly provide such items at no charge.

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

6. All transportation costs for products subject to correction pursuant to the terms and conditions of this Warranty, shall be at Seller's expense.

7. Wherever in the opinion of MDC or the U.S. Government and the Seller, the return for repair to Seller's plant of a Warranty product is not feasible, the Seller shall, at the election of MDC or the U.S. Government, either:

a. Promptly dispatch a field modification group to effect such repair, in which case all costs incurred, including those related directly to such repair, shall be borne by Seller.

b. Authorize MDC or the U.S. Government to effect repair, replacement or correction of the product in which case all costs incurred relating directly to such repairs shall be borne by the Seller. In this case, the Seller shall promptly reimburse or credit the account of MDC or the U.S. Government an amount equal to the actual cost of material and repair man-hours required to effect repair.

8. When the return for repair to Seller's plant of a Warranty product is not feasible, Seller shall, within seventy-two (72) hours following notification of a defect, accompanied by MDC's or the U.S. Government's request that it be permitted in to make repair, replacement or correction, notify MDC or the U.S. Government of approval or disapproval or such request. Failing such timely notice by Seller, approval of such request shall be deemed to have been given by Seller.

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

7325 733

WARRANTY (SELLER DESIGN AND BUILD) DETAIL SPARES (Lot VIII and beyond)

1. Seller warrants that all goods and services furnished hereunder will conform to the requirements of this PO/Contract, (including all descriptions, specifications, and drawings made a part of this PO/Contract) and such goods will be merchantable, fit for their intended purpose, free from all defects in material, workmanship and defects in the design. MDC's approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this warranty.

2. All warranties, including special warranties specified elsewhere herein, shall run to MDC and the Government. The warranties shall be applicable for: 1) twelve (12) months after delivery of the goods to MDC's customer; or 2) equivalent to the best commercial warranty provided to the Seller's most preferred customer at no additional cost; whichever period is longer.

3. In addition to its other remedies, MDC may, at Seller's expense, require prompt correction or replacement of any goods and services failing to meet Seller's warranties herein. Goods and services corrected or replaced by Seller shall be subject to all of the provisions of this PO/Contract and to the same extent as goods and services originally furnished hereunder.

4. As an alternative to the performance of the work by Seller under Paragraph 3 hereof, such repairs/replacements and corrections may, at the Government's option, be performed by the Government of any logistics support organization designated by the Government for the repair, rework or correction of any specification nonconformance or defect referenced above under Paragraph 1 at the Government's repair facilities or by a logistics support organization designated by the Government, and will recognize same for any and all purposes as a correction under this warranty.

5. Seller shall be exclusively responsible for all transportation costs incurred for shipping defective products to Seller's factory and for return of same to MDC and/or the Government.

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

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

7326 734

WARRANTY (MDC DESIGN AND SELLER BUILD) DETAIL SPARES (Lot VIII and beyond)

1. Seller warrants that all goods and services furnished hereunder will conform to the requirements of this PO/Contract, (including all descriptions, specifications, and drawings made a part of this PO/Contract) and such goods will be merchantable, fit for their intended purpose, free from all defects in material and workmanship. MDC's approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this Warranty.

2. All warranties, including special warranties specified elsewhere herein, shall run to MDC and the Government. The warranties shall be applicable for: 1) twelve (12) months after delivery of the goods to MDC's customer; or 2) equivalent to the best commercial warranty provided to the Seller's most preferred customer at not additional cost;

3. In addition to its other remedies, MDC may, at Seller's expense, require prompt correction or replacement of any goods and services failing to meet Seller's warranties herein. Goods and services corrected or replaced by Seller shall be subject to all of the provisions of this PO/Contract and to the same extent as goods and services originally furnished hereunder.

4. Seller shall be exclusively responsible for all transportation costs incurred for shipping defective products to Seller's factory and for return of same to MDC and/or the Government.

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

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

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RESERVED

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ILS - OTHER GOVERNMENT WARRANTIES
RESERVED

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ILS - MISCELLANEOUS CLAUSES
RESERVED

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PRODUCT SUPPORT (COMMERCIAL) - REQUIREMENTS
RESERVED

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PRODUCT SUPPORT (COMMERCIAL) - WARRANTIES

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WARRANTY (NEGOTIATED)
See the PO/Contract for the identification of the applicable warranty requirements, which are incorporated herein by reference and attached hereto.

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MISCELLANEOUS PRODUCT SUPPORT (COMMON) CLAUSES

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WARRANTY - PURCHASED PARTS

Seller warrants that all goods and services furnished hereunder will conform to the requirements of this contract (including all descriptions, specifications and drawings made a part of this contract), and such goods will be merchantable, fit for their intended purposes, free from all defects in materials and workmanship and to the extent not manufactured pursuant to detailed designs or specifications furnished by Seller shall not relieve Seller of its obligations under this Warranty.

In addition to its other remedies, MDC may, at Seller's expense, require prompt correction or replacement of any goods and services failing to meet Seller's warranties herein. Goods and services corrected or replaced by Seller shall be subject to all of the provisions of this contract and to the extent as goods and services originally furnished hereunder.

If Seller receives a request from MDC or the U.S. Government to perform a routine correction, repair, or maintenance of a product, Seller shall perform any required work within a period of ten (10) working days or less from the receipt of product and authority to proceed.

All warranties, including special warranties specified elsewhere herein, shall run to MDC, its successors, assigns, customers and users of its products. The warranties shall be applicable for twelve months after delivery of the goods to MDC's customer.

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

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WARRANTY - PURCHASED PARTS (NEGOTIATED)

See the PO/Contract for the identification of the applicable Warranty requirements which are incorporated herein by reference and attached hereto.