

SP SECTION 1500 - SPECIFICATIONS AND PERFORMANCE

SP 1500

SUBJECT: Year 2000 compliant.

SPECIAL PROVISION TEXT:

All hardware, software, or firmware in any products furnished under this contract shall either be Year 2000 compliant as delivered or, if noncompliant at the time, be upgraded to be Year 2000 compliant, at no additional cost to Boeing-Mesa.

Year 2000 compliant means information technology that accurately processes date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries and the years 1999 and 2000 and leap year calculations. Furthermore Year 2000 compliant information technology shall accurately process date/time if the other information technology properly exchanges date/time with it.

SP 1505

SUBJECT: C-Inspect items. Material Processes.

SPECIAL PROVISION TEXT:

Seller shall review all applicable material processes, standards, and other specifications (including referenced drawings and planning documents). Hereafter referred to as "specifications," called out elsewhere in this purchase order and, to the extent compliance with a "Hughes Helicopter, Inc.," "HHI," "McDonnell Douglas Helicopter Systems" or "MDC" or "McDonnell Douglas Corporation" or "Boeing-Mesa" specification is required herein. The current revision level of such document shall be determined and used in accordance with the procurement instructions (MEPLAN) for the planning revision(s) referenced herein. In the event that Seller does not possess the current MEPLAN and specifications, Seller shall obtain the current MEPLAN and specifications by contacting the Boeing-Mesa purchasing representative or Buyer responsible for this purchase order.

SP 1512 (SP 1512 Canceled Effective 10 June 2002.)

SUBJECT: Dispute resolution. Disputes.

SPECIAL PROVISION TEXT:

In the event Boeing-Mesa claims that supplies and services furnished or to be furnished under this Purchase Order do not conform to the description contained in this Purchase Order and Seller contests Boeing-Mesa-Boeing-Mesa's claim, in the event of any other dispute between the parties regarding rights or obligations under this Purchase Order, Seller shall proceed in accordance with Boeing-Mesa instructions pending resolution of the dispute. In the event of resolution of the dispute in favor of Seller, the price of this Purchase Order shall be equitably adjusted to compensate Seller for efforts expended in complying with Boeing-Mesa instructions to the extent that Boeing-Mesa instructions impose burdens upon the Seller in addition to those imposed by this Purchase Order prior to the issuance of Boeing-Mesa instructions.

SP 1518

SUBJECT: POCN's, Purchase order changes..

SPECIAL PROVISION TEXT:

Modifications will be provided to Seller by issuance of a Purchase Order Change Notice (POCN). A copy must be signed by the Seller and returned to Boeing-Mesa to acknowledge receipt of revised data. Any cost

or schedule impact expected to result from Seller's incorporation shall be processed in accordance with the Changes clause herein.

SP 1520

SUBJECT: Nonstandard parts. Parts control program. Test data.

SPECIAL PROVISION TEXT:

This data item describes the test data required in support of Nonstandard Part Approval Requests DD Form 2052.

Approval of nonstandard parts, as they apply to a parts control program, is required in accordance with MIL-STD-965, Procedure 1. A nonstandard part is any item not appearing on the Program Parts Selection List (PPSL).

Nonstandard Part Approval Requests - Approvals for the use of nonstandard parts submitted in accordance with MIL-STD-965, shall be prepared on DD Form 2052. Nonstandard Part Approval Request. Preparation instructions are on the reverse side of the form.

Supplemental data such as existing control drawings, specifications, vendor data sheets, and other pertinent data shall be attached to each submittal. Data need not be furnished for nonstandard parts covered by documents listed in the Department of Defense Index of Specifications and Standards (DODISS). Nonstandard parts, when approved, will be added to the PPSL.

MIL and MS Parts Requests - Where MIL specification or MS parts are to be used and they are not listed on the PPSL, these proposed additions to the PPSL shall be defined on DD Form 2053, Program Parts Selection List Worksheet. Preparation instructions are on the reverse side of this form. Supplemental data is not required for the DD Form 2053 submittal.

NOTE: A copy of the PPSL may be obtained through the Boeing-Mesa Buyer.

TEST DATA FOR NONSTANDARD PARTS

Test data shall provide evidence that a proposed nonstandard part complies with the requirements of the applicable part procurement document.

The following existing test data may be used for justification:

1. Supplier-originated test data which document the results of test levels equal to or more stringent than those specified in the applicable part document.
2. Seller-oriented test data prepared under any previous contract.
3. Government/Industry Data Exchange Program (GIDEP) test reports.

When existing acceptable test data is not available, test data resulting from tests initiated in accordance with paragraph 4.6 of MIL-STD-965 shall be prepared in the format required by MIL-STD-831.

SP 1527

SUBJECT: Repair

SPECIAL PROVISION TEXT:

The items returned for repair shall be repaired, overhauled, inspected, and tested in accordance with the specifications, repair manuals and/or technical orders applicable to the Purchase Order under which this equipment was manufactured.

SP 1530

SUBJECT: Change design. Design changes.

SPECIAL PROVISION TEXT:

Seller shall make no change in the design of the goods being purchased on this Purchase Order without notifying Boeing-Mesa of its intent to make such changes, and such changes shall be accomplished only by issuance of a Purchase Order Change Notice (POCN).

SP 1533

SUBJECT: Material sizes.

SPECIAL PROVISION TEXT:

Boeing-Mesa blueprint bill of material sizes are approximate and make no allowances for tooling tabs or excess material for producing parts. Estimate(s) of material requirement(s) shall be Seller's sole responsibility.

SP 1551

SUBJECT: Specification Responsibility. Statement of Work.

SPECIAL PROVISION TEXT:

Specification responsibility:

1. The Seller hereby acknowledges this Purchase Order has been executed by both parties on the basis that Seller has reviewed and accepted the procurement specification(s) as set forth in this Purchase Order. Such specification(s) set forth the performance requirements for the equipment and associated items being purchased herein.
2. Accordingly, notwithstanding any conflict or inconsistency which hereafter may be found between achievement of the aforesaid performance requirements and adherence to the Seller's proposed design for the equipment and associated items being purchased herein, the Seller hereby warrants that the equipment and associated items to be delivered or performed will meet or exceed the performance requirements of the said specification(s).
3. The Seller agrees that it hereby assumes all risks of impossibility of performance and commercial impracticability under this Purchase Order.
4. Notwithstanding the Changes clause or any other provision in this Purchase Order, the Seller hereby agrees that no changes to the aforesaid specification(s) which may be agreed upon to permit achievement of the performance requirements specified in this Purchase Order for the Seller's proposed equipment and associated items shall entitle the Seller to either any price increase or any extension of the delivery times beyond those set forth herein.
5. Seller further agrees that the design features, if any, set forth in the above specification(s), were reviewed and considered by Seller and that Seller assumes all risks and full responsibility for such design features.

SP 1557

SUBJECT: Drawings, Approval – Disapproval.

SPECIAL PROVISION TEXT:

Seller will not begin manufacture of goods until Boeing-Mesa has signed final approval of outline/installation drawings submitted to Boeing-Mesa. If Boeing-Mesa has not advised Seller of approval or disapproval of such drawings within sixty (60) days after receipt by Boeing-Mesa, Seller may proceed with manufacture and subsequent changes will be subject to negotiation. Final copies of outline and assembly drawings are required for Boeing-Mesa approval by Boeing-Mesa Report No._____.

SP 1563

SUBJECT: Seller Responsibility.

SPECIAL PROVISION TEXT:

Subject to the other provisions of this Purchase Order, Seller shall be responsible, as directed by Boeing-Mesa, to accomplish all redesign, rework, retesting and other associated efforts to bring all equipment, modification kits, spares, computer programs, data and technical publications, delivered or to be delivered, up to the specified requirements of the Purchase Order at no increase in the Purchase Order price and/or option prices.

SP 1581

SUBJECT: Health, safety, or fire requirements. OSHA.

SPECIAL PROVISION TEXT:

All provisions herein, or parts thereof, which relate solely to health, safety or fire prevention are mandatory only to Boeing-Mesa performance. They are only advisory as to work performed by Sellers and Subcontractors and are not intended to supplant the Seller's or Subcontractor's independent judgment with respect to OSHA or other employee health, safety or fire prevention requirements.

SP 1582

SUBJECT: Data Package, Quality Parts, Supplier Rating System.

SPECIAL PROVISION TEXT:

Essential Program Performance Requirements

Seller agrees that all work in respect of goods and services shall be carried out in accordance with the terms of this purchase order. Boeing-Mesa is reasonably entitled to 100% on time delivery and 100% quality of the products and services it procures from Seller. In the event that Seller does not meet, at any time after the end of March, 1997, at least a 90% on time delivery rating, and a 95% quality rating for the program, as measured by Boeing-Mesa Supplier Rating System (SRS) on a six month rolling average, then Seller shall deliver to an escrow agent acceptable to Boeing-Mesa a complete, up to date data package consisting of Technical Data and know-how (Data Package) suitable for qualifying a second source to produce the products and perform the services which are the subject of this purchase order. Seller shall deliver such Data Package within 30 days of Boeing-Mesa' request. This Data Package will include a royalty free, irrevocable, nonexclusive license for Boeing-Mesa or Boeing-Mesa' subcontractors to use Seller's Technical Data and know-how as necessary to re-procure and build the item or items provided for in the purchase order.

Boeing-Mesa may inspect the Data Package, and permit a third party acceptable to Seller to inspect the Data Package, in order to verify the sufficiency of the Data Package to qualify a second source. Seller shall update the Data Package as necessary to keep it current. If, after 60 days from the date Boeing-Mesa requests delivery of the Data Package to the escrow agent, Seller still does not meet at least a 90% on time SRS delivery and a 95% quality SRS rating, on a six month rolling average, Seller hereby agrees that

Boeing-Mesa may direct the escrow agent to release the Data Package to Boeing-Mesa, and Seller agrees that Boeing-Mesa may then use the Data Package to qualify a second source for the products and services. In conjunction with qualifying a second source, Boeing-Mesa may, at no cost or fee payable to Seller, terminate no more than 50% of the goods and services provided for under this purchase order. In the event Boeing-Mesa chooses to qualify a second source, Seller will provide, at no cost to Boeing-Mesa and on an as needed basis, reasonable additional assistance in transferring the Technical Data and know-how to the second source.

At Boeing-Mesa' request, Seller shall render to Boeing-Mesa all reasonable assistance to enable Boeing-Mesa or the second source to assume that portion of the subcontracts with Seller's suppliers as may be required for the second source to perform the terminated portion of the purchase order. If, at any time after Boeing-Mesa has exercised its right to qualify a second source, Seller still does not meet at least a 90% on time SRS delivery and a 95% quality SRS rating, on a six month rolling average, then such failure shall be deemed to be an event of default under the Termination for Default clause of this purchase order. Boeing-Mesa' rights and remedies provided for under this clause are in addition to any other rights and remedies available to Boeing-Mesa under this purchase order. If at any time Boeing-Mesa elects not to exercise any of its rights or remedies under this clause, such election shall not be deemed to prevent Boeing-Mesa from exercising such rights or remedies at any other time.

SP 1583 (SP 1583 Canceled Effective 10 June 2002.)

SUBJECT: Performance fee. Supplier Rating System.

SPECIAL PROVISION TEXT:

Performance Fee Provision:

Seller has agreed to certain criteria established elsewhere in this contract/purchase order and Seller is entitled to be paid for its full performance. However, Seller is not entitled to full payment if performance does not meet the expectations of Boeing-Mesa as contracted with Seller. As such, Boeing-Mesa and Seller agree to a Performance Fee Provision that allows an incentive payment to Seller based on two performance categories -- delivery and quality. Each category shall be measured in accordance with Boeing-Mesa's Supplier Rating System (SRS) submitted quarterly to the seller, and will be the evidence of Seller's performance by purchase order. While striving toward the goal of 100% performance, Boeing-Mesa and Seller agree that a performance rating of 93% for Delivery and 97% for Quality shall entitle Seller to the full Performance Fee.

Establishment of Performance Fee:

The performance fee shall be established after final negotiation of the contract/purchase orders. Once firm fixed prices are definitized for the goods and services provided under the contract/purchase order including nonrecurring and data items, four (4) percent of the total price for each line item and/or each unit price will be deducted and set aside as the Performance Fee. This fee is split between each category: 2% Delivery Performance Fee and 2% Quality Performance Fee. [Note: each invoice will reflect the total 4% hold back]

If at the end of the SRS reporting period Seller's performance is 93% or higher for Delivery and 97% or higher for Quality, Seller has earned the full 4% performance fee for each item or unit delivered during the reporting period; and Seller will be paid the full amount held back. Likewise, if only one category is met, Seller will be paid only 2%, or half of the amount held back. However, if Seller does not meet either delivery or quality goal, the fee will be forfeited.

Payment of the Performance Fee:

A line item will be established in the purchase orders to administer the performance fee as set forth in this clause. The performance fee shall not be subject to Section II, Article 19 entitled "Disputes" of the April 1994 Terms and Conditions of Purchase nor shall the performance fee line item or any part thereof be included in any portion of a claim submitted in accordance with Section II, Article 10 entitled "Termination for Convenience". Payment terms for the performance fee is Net 30 Days and the performance fee line item is not subject to progress payments.

SP 1584

SUBJECT: Seller Responsibilities. Specification.

SPECIAL PROVISION TEXT:

Reliance:

Seller acknowledges that it is and that Boeing-Mesa relies upon Seller as an expert, fully competent in all phases involved in designing, producing, testing, developing, tooling, manufacturing, modifying, altering, reconditioning, and stocking the goods, and in training or providing any services under this contract. Seller will not deny any responsibility or obligation to Boeing-Mesa on the grounds that any such phase was approved or reviewed by Boeing-Mesa or on the grounds that Boeing-Mesa provided drawings to Seller.

This contract's specifications are performance specifications for the goods and services under this contract. If goods delivered or services performed do not meet or exceed the performance specifications, Seller will re-design the goods or re-perform the services and make changes to all affected technical data and computer software required by this contract, all at no increase in contract price. Re-designed goods, re-performed services, and corrected technical data and computer software are subject to this article. Boeing-Mesa' review or approval of Seller's drawings or design, at any stage of development or production, does not relieve Seller of its obligations of this article.

SP 1585

SUBJECT: Cancellations/Terminations.

SPECIAL PROVISION TEXT:

Mitigation of Damages

The parties agree they are obligated to mitigate damages in the event the purchase order is terminated under Termination or Cancellation provisions of the Boeing-Mesa General Provisions. In that event, Seller shall immediately cease work as directed in the termination notice and take all reasonable steps to mitigate its losses, costs and any liabilities resulting or arising from such termination. Except as specifically provided in the General Provisions, Boeing-Mesa shall not be liable for Seller's expenses or liabilities expended or discharged prior to the effective date of the purchase order, or after the date of the notice of termination. Under no circumstances shall Boeing-Mesa be liable to Seller for any costs Seller "invested" into the program.

In addition, in the event of Seller's default, Seller will deemed to have transferred to Boeing-Mesa a royalty free, irrevocable, nonexclusive license for Boeing-Mesa or Boeing-Mesa' subcontractors to use Seller's Technical Data and know-how as necessary to re-procure and build the item or items provided for in the purchase order. Any transfer of Technical Data or know-how required for Boeing-Mesa' assumption of such subcontracts shall be at no additional charge. At Boeing-Mesa' request, Seller shall render to Boeing-Mesa all reasonable assistance to enable Boeing-Mesa to assume subcontracts with Seller's suppliers entered into by Seller for purposes of performing its outstanding obligations under the terminated contract/purchase order.

SP 1610

SUBJECT: Debit Process.

SPECIAL PROVISION TEXT:

Seller shall be responsible for all costs incurred by Boeing-Mesa for removing, dispositioning, shipping, reworking, repairing and reinstalling Seller's nonconforming product if the nonconformance is the fault of the Seller. Boeing-Mesa will debit these costs from Seller's invoices.