

SENIOR AEROSPACE ABSOLUTE MANUFACTURING
TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE:** This order is for the purchase and sale of the goods and services described on the front side hereof (herein referred to as "the Articles") and is Buyer's offer to Seller. It is subject to Seller's acceptance only by Seller's execution and return of the acknowledgment copy hereof without exception. No contract shall exist until Buyer's receipt of such acknowledgment copy. In the absence of Buyer's receipt of such acknowledgment copy, Buyer's acceptance of the Articles shall constitute a contract on the terms and conditions hereof, and no others. Terms and conditions contained in any acknowledgment of this order which are different from or in addition to the terms and conditions of this order shall not be binding on Buyer, whether or not they would materially alter this order and Buyer hereby objects thereto. To the extent applicable the terms and conditions may be superseded by a basic or overriding agreement between the parties.
2. **PACKING:** The Articles shall be packed and shipped by Seller in accordance with Buyer's instructions and good commercial practice and so as to insure that no damage shall result from weather and transportation and the cost thereof shall be included in the price of the Articles.
3. **CHARGES, TAXES AND DELIVERIES:** Unless otherwise stated, all deliveries and prices are f.o.b. Sellers facility. Sales, excise or similar taxes imposed by governmental authority upon the sale to be paid by Buyer shall be separately stated on the invoice. Unless authorized in writing to the contrary by Buyer, Seller shall not manufacture, produce, or deliver the Articles in advance of the schedule or otherwise anticipate Buyer's requirements.
4. **INSPECTION:** Seller shall provide and maintain an Inspection System acceptable to Buyer, having Mil-I-45208 and Mil-C-45662 as minimum requirements unless approved for a lesser standard. Records of all inspections by Seller will be kept complete and available to Buyer or its customers, during the performance of this order, the warranty period, and for a period of ten years thereafter. Articles, raw material, work in process, components, process, and intermediate assemblies to be used in the articles, may be inspected/tested by Buyer or its customers to the extent practicable at all times and places including the period performance and manufacture. Any inspection or test made on the premises of Seller or a subcontractor, there shall be provided all reasonable facilities and assistance for the safety and convenience of the inspectors without additional charge to Buyer or its customers. Buyer reserves the right to charge Seller for any additional cost for inspection or test in the event the Articles or supplies are not ready or available for inspection or test as represented by Seller or its subcontractor, or in the event inspection/test is necessitated by repeated prior rejections. Defective Articles will be rejected by Buyer and the unit price thereof debited against the invoice covering the shipment in which such products were included. Articles rejected will be held at Seller's risk and subject to Seller's disposal for a reasonable time and if not disposed of by Seller, will be sold otherwise disposed of by the Buyer for Seller's account. Buyer's payment of Seller's invoices for any Article prior to final inspection shall not be deemed an acceptance of the Article or a waiver of the right of inspection or any other right of Buyer or relieve Seller of any obligations or liability hereunder.

- 4a. **CERTIFICATIONS:** Seller shall make a statement, signed by an authorized representative of the Contractor, "Stating Official Title" certifying the deliverable

hardware is in conformance with applicable specifications and/or Purchase Order having test reports or other evidence of conformance available for examination.

5. **WARRANTY-PRODUCT:** In addition to all warranties which may be prescribed by law or the schedule of this order, the Articles shall conform to specifications, drawings and other description and shall be free from defects in materials and workmanship. Seller also warrants to the extent the Articles are not manufactured pursuant to detailed designs furnished by Buyer that they will be free from defects in design. Such warranties, including warranties prescribed by law, shall run to Buyer, its successors, assigns, and customers, and to users of the Articles for a period of one (1) year after delivery unless otherwise stated.

5a. **WARRANTY-YEAR 2000:** In addition to the warranties set forth in Section 5 Seller warrants that all Articles shall be year 2000 compliant. Year 2000 compliant shall mean that the Articles shall: (i) consistently handle date information before, during, and after January 1, 2000, including but not limited to accepting date input, providing date output, and performing calculations on dates or portions of dates; (ii) function accurately in accordance with the documentation, and without interruption before, during, and after January 1, 2000, including but not limited to February 29, 2000, without any change in operations associated with the advent of the new century; (iii) respond to 2 digit year date input in a way that resolves any ambiguity as to century in a disclosed, defined, and predetermined manner, and (iv) store and provide output date information in ways that are unambiguous as to century.

6. **WARRANTY-PRICE:** Seller warrants that the prices charged Buyer, as indicated on the schedule of this order, are no higher than prices charged on orders placed by others for similar quantities on similar conditions during the sixty (60) day period prior to the execution hereof. In the event Seller breaches this warranty, the prices of the Articles shall be reduced accordingly.

7. **PATENT INDEMNITY:** Seller shall indemnify and hold Buyer, its successors and assigns and its customers and users, to the extent such customers and users are indemnified by the Buyer, harmless from any claimed infringement of any United States patent, trade mark or copyright with respect to all articles, except those manufactured to Buyer's detailed designs which are rendered infringing by Buyer's requirements for design or manufacture differing from Seller's normal practice and Seller shall defend same at its expense, provided that Buyer promptly notifies Seller of such infringement.

8. **BUYER-FURNISHED PROPERTY:** Seller shall not use, reproduce or appropriate for or disclose to anyone other than Buyer any material tooling dies, drawings, designs and other property or data furnished by Buyer nor shall Seller use the same to produce or manufacture articles other than those required hereunder, except in fulfillment of contracts for the United States Government, provided that the Government shall have clearly demonstrated its right to use, or have others use, the same in the performance of Government contracts and provided further that Seller shall have notified Buyer immediately upon receipt of an inquiry IFB or RFP from the Government involving such use. Title thereto shall be and remain in Buyer at all times. Seller shall bear the risk of loss or damage to such property furnished by Buyer unless such loss or damages solely, directly and proximately caused by Buyer's negligence. All such Buyer-furnished property together with spoiled and surplus materials shall be returned to Buyer at termination or completion of this order unless Buyer shall otherwise direct in writing.

9. TERMINATION:

(A) For Default

(1) Buyer may terminate this purchase order or any part thereof by telegraphic or written notice of default to Seller under any of the following circumstances.

- a. If Seller refuses or fails to make deliveries or perform the services within the time specified or extension thereof.
- b. If Seller fails to comply with other provisions of this purchase order, or so fails to make progress as to endanger performance of this purchase order in accordance with its terms, and does not cure any such failure within a period of ten (10) days (or such longer period as Buyer may authorize by written notice) after receipt of notice from buyer specifying such failure.
- c. If Seller becomes insolvent, or makes a general assignment for the benefit of creditors or files or has filed against it a petition of bankruptcy or for reorganization or pursues any other remedy under any other law relating to the relief for debtors or in the event a receiver is appointed for Seller's property or business.

(2) In the event of such termination, Buyer may purchase or manufacture similar supplies and/or require Seller to transfer title and deliver to Buyer any and all property produced or procured by Seller under this purchase order and Seller shall be liable to Buyer for any excess cost to Buyer, provided, however, Seller shall not be liable to Buyer for such excess cost when the default of Seller is due to causes beyond the control or without the fault and negligence of Seller, provided further, Seller shall not be excused from liability unless Seller has notified Buyer in writing of existence of such cause within ten (10) days of the beginning thereof.

(B) Buyer may terminate this order in whole or in part, any time for its convenience, by notice to Seller in writing. On receipt by Seller of such notice, Seller shall to the extent specified therein, stop work hereunder and the placement of subcontracts, terminate work under subcontracts outstanding hereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. In such event, Buyer shall pay to Seller without duplication the (1) amounts due for Articles delivered and accepted or services completed in accordance herewith prior to the effective date of termination, plus (2) actual costs incurred by Seller if property allocable or apportionable under recognized commercial accounting practices to the terminated portion of the contract, including liabilities to subcontractors which are so allocable and excluding any charges for interest of material or parts which may be delivered to other orders, plus (3) a reasonable profit on work actually done by Seller prior to such termination, plus (4) the reasonable costs of settlement; provided that the total settlement shall not exceed the contract price and provided further, that if it appears that the Seller would have sustained a loss on the entire contract had it been completed, no profit shall be included or allowed and an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated rate loss. Such termination claim shall be submitted to Buyer within sixty (60) days after the effective date of termination.

- (C) If, after notice of termination of this Purchase Order under the provisions of paragraph (A) (for default) above, it is determined for any reason that the Seller was not in default under the provisions of that paragraph, or that the default was excusable, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the convenience Termination Clause contained in paragraph 9(B) above.
- (D) Any termination by Buyer whether for default or otherwise, shall be without prejudice to any claims for damages or other right of Buyer against Seller.
- (E) Buyer shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer on request all books, records and papers relating thereto.
- (F) Seller shall continue performance of this purchase order to the extent not terminated. Any provisions for delivery or acceptance of the Articles in installments shall not make severable the obligation of Seller.
10. **STOP-WORK:** Seller shall stop work for a period of up to ninety (90) days in accordance with the terms of a written notice received from Buyer and shall take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within said ninety (90) day period. Buyer shall either terminate or continue the work by written order to Seller. In the event of a continuation, equitable adjustment shall be made to the price, delivery schedule or other provision affected by the work stoppage, provided that the claim for equitable adjustment is made within thirty (30) days after said continuation.
11. **CHANGES:**
- (A) Buyer may at any time by written and/or telegraphic order to Seller signed by a representative of Buyer's Purchasing Department and without notice to sureties, if any, make changes in the quantities ordered or in the specifications or drawings or in the delivery schedule relating to the Articles or may change or amend any other term or condition of this order.
- (B) Seller shall proceed promptly to make such changes in accordance with the terms of such written and/or telegraphic order. An equitable adjustment shall be made to any price, time of performance or other provisions of this order required to be changed thereby and this order shall be amended in writing accordingly. Any claim for adjustment under this clause must be made in writing within thirty (30) days from the date of receipt by Seller of such change. In the absence of such notification, Buyer shall not be obligated to consider Seller's claim for an equitable adjustment resulting from a change. Nothing in this clause shall excuse Seller from proceeding with the purchase order as changed.
- (C) Except as may be directed or agreed to in writing by a representative of Buyer's Purchasing Department, Seller shall not make any changes in any aspect of the work to be performed under this purchase order, including but not limited to drawings or specifications, quantity of Articles ordered, and delivery schedules.
12. **COMPLIANCE WITH LAWS:** Seller shall comply with all federal, state and local laws, executive regulations and orders. Seller shall certify that the Articles were produced in compliance with all applicable requirements of the Fair Labor Standards Act, including sections 6, 7, and 12, thereof, and the regulations and orders of the U.S. Department of Labor issued under section 14 thereof.

13. **INDEMNITY AND INSURANCE:** Seller shall indemnify and hold Buyer and its employees harmless from any property damage, personal injuries, or death arising out of Seller's (or its subcontractor's) work or performance hereunder and shall procure and maintain insurance against such risks as Buyer shall reasonably request.
14. **SETOFF:** Buyer may set off any amount due from Seller to whether or not under this order, against any amount due Seller hereunder.
15. **NONASSIGNMENT:** Seller shall not assign this order or any interest herein, including any payment due or to become due with respect thereto, without Buyer's prior written consent, except for the assignment of rights which by law can be assigned despite agreement otherwise in any case Buyer shall not be bound by any assignment until after receipt of written notice from Seller.
16. **SUBCONTRACTING:** If any Articles are to be made to Buyer's design, all subcontracting by Seller with respect thereto shall be subject to Buyer's prior written approval.
17. **ADVERTISING:** Seller shall not advertise or publish the fact that Buyer has placed this order without Buyer's prior written consent except as may be necessary to comply with a proper request for information from an authorized representative of the Government.
18. **CONTROLLING LAW:** This order and the performance of the parties hereunder shall be controlled and governed by the law of the state shown in Buyer's address on the front side hereof.
19. **NOTICE OF LABOR DISPUTES:** Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer. Seller shall insert the substance of this paragraph in any subcontract hereunder as to which labor dispute may delay the timely performance of this order, except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify Seller of all relevant information with respect to such dispute.
20. **NONWAIVER:** No waiver of any provision or waiver of any failure to perform any provision of this order shall be effective unless consented to by Buyer in writing nor shall any such waiver constitute a waiver of any other provision or failure to perform.
21. **PROVISIONS APPLICABLE TO ORDERS PLACED UNDER GOVERNMENT CONTRACTS OR SUBCONTRACTS:** If this order is placed under a U.S. Government contract then this purchase order is also subject to the following additional conditions. These terms and conditions of purchase will prevail to the extent of any inconsistencies with other terms and conditions of purchase above.
- (A) **GENERAL:** The Clauses embodied in the following paragraphs of the Defense Acquisition Regulations (F.A.R.) as of the date of this order are incorporated herein by reference. Utilization of Small Business Concerns 19.708 (A) (B). Utilization of Concerns in Labor Surplus Area (20,302), (220,7004 (c)). If this order is in excess of \$500,000.00, Small Business Subcontracting Program (19.708 (B) and Labor Surplus Area Subcontracting Program (20.302), (220 700 (c)). Buy American Act (25 109) Renegotiation (7-10313(a). Excessive Profit (7-104.11(a). Security requirements (52,204-2) except that the last sentence of subparagraph (E) thereof is deleted: Examinations of Records (52.215-1). Quality Program (46.202-2) or (46.202-3), (246

202(70)(As required): Contract Work Hours standard Act overtime compensations (52.222-4). Walsh-Healy Public Contracts Act award (22.608-5). Post Award (22.603-6). Equal Opportunity (22.800) (22.810(H) and Duty Free Entry-Canadian Supplies (6-605.2) Audit by Department of Defense (7-104,41). If this order may exceed \$10,000 Utilization of Small Business Concerns (52.219-8). If this order is \$500,000 or more (52.219-9) (52.219-13), (EO 121380). If this order is over \$25,000, Utilization of Labor Surplus Area's (52.220-3). If this order is \$10,000 or more, Affirmative Action compliance 52.222-25. Affirmative Action-Vets 52.222-35. \$2,500 or more, Affirmative Action For Handicapped Workers 52,222-36. If necessary to make the context of the above Clauses Applicable to this order The Terms "Contractor" shall mean Seller and "Contract" or "schedule" shall mean this order in paragraph 4 above entitled "Inspection" the work "Buyer" shall mean Buyer and the Government.


(B) **TERMINATION:** Buyer may terminate this order for its convenience in accordance with the clause contained in Section (49.502(E)(1) which clause if incorporated herein by reference, except that Seller's termination claim must be submitted within (60) days after the effective date of termination.

(C) **PATENTS AND DATA:**

(1) The clauses contained in the following paragraphs of the Armed Service Procurement Regulations in Effect on the Date of this purchase order are incorporated herein by reference Notice and Assistance Regarding Patent and Copyright infringement (27.202-1), (27,202-2). Filing of Patent Applications (27.207), Royalty Information (27,204), (27,204(D). The Patent Rights Clause (9-107-5) as contained in the Department of Defense Contract under which this order is placed, Rights to Technical Data (227.412(a)(1). Together with the Paragraphs set forth in (227.412(c) and (227.412(d) when contained in the United States Government prime contract under which this order is issued in order to make the context of these clauses applicable to this purchase order the term "Contractor" shall mean Seller and the term "Contract" shall mean this purchase order. The term "Contracting Officer" (27-202-1) (27.202-2) and (227.412(c) shall mean Buyer.

(D) **NEW TECHNOLOGY:** If this order is placed under a National Aeronautics and Space Administration (NASA) prime contract and the performance of research, experimental design, engineering or development work is contemplated. The clause embodied in paragraph 9.101.4 of the NASA procurement regulation and entitled "New Technology" is incorporated herein by reference and the Patent Right clause of subparagraph (c) does not apply.

22. **ENTIRE AGREEMENT AMENDMENT:** Provisions contained herein constitute the entire agreement and supersede all previous communication representations either verbal or written between the parties hereto with respect to the subject matter hereof. This agreement may not be changed, altered, supplemented or added to at any time except by supplemental written contract.

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Amendment 1 Boeing Inco Terms™ [Only applies when specifically referred to or otherwise called out]

The INCOTERMS™ 2000 for all orders from Buyer will be Free on Board (FOB) if by ocean and Delivery Duty Unpaid (DDU); otherwise, Boeing will pay for freight per Boeing's standard routing instructions. When Buyer's order requests delivery outside the United States of America, the Import of Record will be the Buyer placing the order. Title and risk of loss shall pass at place of shipment (i.e. for orders shipped directly from a mill, title and risk of loss shall pass when Boeing, or its designee, assume control of the Material; for orders shipped from Boeing, or Boeing's service provider, title and risk of loss shall pass at Boeing, or Boeing's service provider's, shipping dock and Buyer will maintain adequate insurance to cover shipments at the time title and risk of loss transfer to Buyer).