

H906 Variable

LETTER CONTRACT TERMS AND CONDITIONS

1. Notwithstanding anything in this Purchase Order/Contract to the contrary, the terms and conditions contained in this clause take precedence over any conflicting terms contained elsewhere in this Purchase Order/Contract. Notwithstanding any prices contained in the Purchase Order/Contract to the contrary, the Not-To-Exceed (NTE) price set forth in this clause is the maximum price of the definitive Purchase Order/Contract and the termination liability set forth in this clause is Buyer's maximum liability if this Purchase Order/Contract is terminated for any reason.

2. Except as otherwise expressly provided to the contrary herein, Seller agrees to proceed immediately to procure the necessary materials and to commence the manufacture of the goods or the performance of the services called for herein, and to pursue such work with all diligence to the end that the goods may be delivered or services performed in accordance with the schedules as noted herein.

3. By Seller's acceptance hereof, Seller agrees to negotiate promptly and in good faith with Buyer for the purpose of entering into a definitized contract for the requirements set forth herein at a total price not-to-exceed (NTE) of \$_____, incorporating the terms and conditions set forth in Purchase Order/Contract, provisions required by the Buyer's customer contract, and such other terms and conditions as mutually agreed to by the parties in writing. It is expected that the definitized contract will be a _____ contract. Unless otherwise terminated as provided for in this Purchase Order/Contract, this Purchase Order/Contract shall expire on _____ unless Buyer's Procurement Agent, by written notice to Seller, extends the above specified expiration date. This total NTE price is subject to negotiation and downward adjustment only. In no event shall Seller be obligated to perform services beyond the above specified expiration date, or any extension thereof.

4. Notwithstanding the above, in the event that a definitized contract is not executed by the date specified herein, or any extension of such date because of the inability of the parties to agree upon the terms of a definitive contract, Buyer may, at its sole discretion, terminate this Purchase Order/Contract in accordance with the provisions of the terms and conditions entitled "Termination for Convenience" and shall pay seller's cost but with no allowance for profit or fee notwithstanding the allowance for profit or fee in said termination provision and subject always to the termination liability and other limitations set forth herein. Should Buyer elect not to terminate this letter contract, Seller shall, subject to the termination liability amount, continue performance hereunder in accordance with the provisions of the terms and conditions herein entitled "Disputes".

5. The maximum termination liability amount, including a reasonable amount for termination costs and for profit or fee (if any), for which Buyer shall be liable under this letter contract is \$_____. This termination liability amount shall be Buyer's total liability whatsoever to Seller, including the price of any changes (bilateral or unilateral) made under this letter contract and notwithstanding any other payment term or amount set forth in this Purchase Order/Contract or any attachment, appendix, exhibit, or other document included in the Purchase Order/Contract. Any expenditure or

obligation by the Seller in excess of the termination liability amount set forth above in furtherance of performance hereunder shall be at the Seller's own risk. Seller will not be bound to continue performance hereunder if such performance would cause the amount to be obligated to exceed such limitation. Seller shall notify Buyer in writing at least thirty (30) days before reaching eighty-five percent (85%) of the termination liability amount. Such written notice shall be addressed to the Buyer's Procurement Agent at the address shown below and shall include (a) a proposed new termination liability amount and (b) appropriate supporting information. Buyer may, at its sole discretion and at any time, increase the termination liability amount of this Purchase Order/Contract.

The Boeing Company
ATTN: _____, Mail Code _____

6. The following is the schedule for definitization of this Purchase Order/Contract:

Submission of Proposal _____
Fact Finding _____
Negotiation Start Date _____
Definitization Target Date _____

7. Upon issuance by Buyer to the Seller of a change to this Purchase Order/Contract signed by the Buyer's Procurement Agent, the amount specified in Section 5 above, shall be deemed to be adjusted in accordance with said change for the continued performance of the work specified in this Purchase Order/Contract.

8. If agreement on a definitive contract is not reached by the target date or within any extension granted by the Buyer, the Buyer may determine a reasonable price or fee utilizing contract cost principles and procedures subject to the Disputes provision of this Purchase Order/Contract. In any event, the Seller shall proceed with completion of the contract subject to the funding limitation of the Purchase Order/Contract.