

FORMATION OF CONTRACT

This proposed contract is Buyer's offer to purchase the materials and services (Services) described in this offer. Acceptance is strictly limited to the terms and conditions included in this offer. Unless specifically agreed to in writing by Buyer's Authorized Procurement Representative, Buyer objects to, and is not bound by, any term or condition that differs from or adds to this offer. Seller's commencement of performance or acceptance of this offer in any manner shall conclusively evidence acceptance of this offer as written.

SCOPE OF SERVICES

During the term of this contract, Seller shall furnish the Services set forth in the contract.

INDEPENDENT CONTRACTOR

Seller is an independent contractor for all purposes. Seller shall have complete control over the performance of, and the details for accomplishing, the services. In no event shall Seller or its agents, representatives or employees be deemed to be agents, representatives or employees of Buyer. Seller's employees shall be paid exclusively by Seller for all services performed. Seller shall comply with all requirements and obligations relating to such employees under federal, state and local law (or foreign law, if applicable). Such compliance shall include, but not be limited to, laws regarding minimum wages, social security, unemployment insurance, federal and state income taxes and workers' compensation insurance.

PACKING AND SHIPPING

Seller shall pack the Goods to prevent damage and deterioration. Unless otherwise specified in this contract, Goods sold origin (place of shipment) shall be forwarded collect. Seller shall make no declaration concerning the value of the Goods shipped except on Goods where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating. Buyer may charge Seller for damage to or deterioration of any Goods resulting from improper packing or packaging. Unless this contract specifies otherwise, Seller will ship the Goods in accordance with the following instructions:

- a. Shipments by Seller or its subcontractors must include packing sheets containing Buyer's contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections. A shipment containing hazardous and nonhazardous materials must have separate packing sheets for the hazardous and nonhazardous materials. Seller shall not include vermiculite or other hazardous substance in any packing material included with the Goods. Items shipped on the same day will be consolidated on one bill of lading or air waybill unless Buyer's Authorized Procurement Representative authorizes otherwise. The shipping documents will describe the material according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents. Originals of all Government bills of lading will be surrendered to the origin carrier at the time of shipment.
- b. Seller will not insure any FOB origin shipment unless authorized by Buyer.
- c. Seller will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g., box 1 of 2, box 2 of 2).
- d. Buyer will select the carrier and mode of transportation for all shipments where freight costs will be charged to Buyer.
- e. Prepay and/or shipment charges, including handling charges, are not authorized and Seller will not be reimbursed.
- f. If Seller is unable to comply with the shipping instructions in this contract, Seller will contact Buyer's Supply Chain Logistics department referenced elsewhere in this contract or Buyer's Authorized Procurement Representative.
- g. Buyer's Shipment Routing Instructions are on the Buyer's website through the Supplier Portal at http://www.boeing.com/companyoffices/doingbiz/supplier_portal/BSP_External.html.
- h. Buyer's Shipment Routing Instructions apply to shipments sent collect (F.O.B. origin) to all Buyer locations.
- i. Seller's failure to comply with Buyer's Shipment Routing Instructions will result in Seller liability for excess and/or reversal of freight charges and a \$100 administrative expense.
- j. Unless this contract specifies otherwise, the price includes shipping charges for Goods sold F.O.B. destination
- k. Seller shall comply with carrier tariffs.



QUALITY CONTROL

Seller shall establish and maintain a quality control system acceptable to Buyer for the Services purchased under this contract. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability.

PRECEDENCE

All documents and provisions in this contract shall be read so as to be consistent to the extent practicable. In the event various parts of this contract are inconsistent, the following order of precedence shall apply: (i) modified and negotiated terms and conditions; (ii) terms and conditions from the IDS Common Terms and Conditions Guide that are incorporated into this contract by reference; (iii) this document titled Phantom Works Research and Development Non-Government General Terms & Conditions; (iv) all other attachments, agreements, and appendixes incorporated herein by reference.

ACCEPTANCE

- a. Buyer shall accept the Services or give Seller notice of rejection within a reasonable time after delivery, notwithstanding any payment or prior test or inspection. No inspection, test, delay or failure to inspect or test or failure to discover any defect or other nonconformance shall relieve Seller of any of its obligations under this contract or impair any rights or remedies of Buyer or Buyer's customers. Acceptance shall be conclusive, except for latent defects, fraud or gross mistakes amounting to fraud.
- b. Buyer may at any time require Seller to remedy by correction or replacement, without cost to Buyer, any failure or nonconformance by Seller to comply with the requirements of this contract.

STANDARDS

Seller shall assign personnel satisfactory to Buyer. At any time and for any reason, Buyer may require Seller to withdraw the services of any person and require that Seller promptly provide replacements for such persons satisfactory to Buyer.

WARRANTY FOR SERVICES

Seller warrants that all Services performed hereunder shall be performed by employees or agents of Seller who are experienced and skilled in their profession. Seller further warrants that all Services performed under this contract, at the time of acceptance, shall conform to the requirements of this contract. Buyer shall give written notice of any defect or nonconformance to Seller within one year from the date of acceptance by Buyer. Buyer may, at its option, either (a) require correction or re-performance of any defective or nonconforming Services at no additional cost to Buyer. Any Services corrected or re-performed shall be subject to this article to the same extent as work initially performed.

WARRANTY FOR MATERIALS

Seller warrants that all materials furnished under this contract shall conform to Statement of Objectives/Statement of Work of this contract and shall be free from defects in materials and workmanship. To the extent materials are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the materials shall be free from design and specification defects. This warranty shall survive acceptance of, and payment for, the materials. Buyer may, at no cost to Buyer and at its option, either (i) return for credit or refund or (ii) require prompt correction or replacement of the defective or nonconforming materials.

TAXES

Unless this contract specifies otherwise, the price of this contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this contract except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption.

INVOICE AND PAYMENT

As compensation for services to be performed by Seller, Buyer shall pay Seller as set forth in this Contract. Buyer shall have no liability for any other expenses or costs incurred by Seller. Payment due date, including discount periods, shall be computed from the date of the later of the scheduled delivery date, the

actual delivery date or the date of receipt of a correct invoice. Payment shall be deemed to have been made on the date the Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay to Buyer any amounts paid in excess of amounts due Seller.

CHANGES

- a. Buyer's Authorized Procurement Representative may, without notice to sureties and in writing, direct changes within the general scope of this contract in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules were both; (v) amount of Buyer-furnished property; (vi) description of services to be performed; (vii) the time of performance (e.g., hours of the day, days of the week, etc.); and (viii) place of performance. Seller shall comply immediately with such direction.
- b. If such change increases or decreases the cost or time required to perform this contract, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this contract in writing accordingly. Unless otherwise agreed in writing, Seller must assert any claim for adjustment to Buyer's Authorized Procurement Representative in writing within 25 days and deliver a fully supported proposal to Buyer's Authorized Procurement Representative within 60 days after Seller's receipt of such direction. Buyer may, at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer may direct the disposition of the property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. Failure of the parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Buyer's direction.
- c. If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change.

DISPUTES

Any dispute that arises under or is related to this contract that cannot be settled by mutual agreement of the parties may be decided by a court of competent jurisdiction. Pending final resolution of any dispute, Seller shall proceed with performance of this contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

EXCUSABLE DELAY

- a. Seller shall not be in default because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of Seller. Examples of these causes are: (1) acts of God or any of the public enemy; (2) acts of the Government in either its sovereign or contractual capacity; (3) fires; (4) floods; (5) epidemics; (6) quarantine restrictions; (7) strikes; (8) freight embargoes; and 9) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Seller.
- b. If the failure to perform is caused by a1 - 9 a subcontractor at any tier and if the cause of the failure was beyond the control of both Seller and subcontractor, and without the fault or negligence of either, Seller shall not be deemed to be in default unless the subcontracted supplies or services were reasonably obtainable from other sources.
- c. Upon request of Seller, Buyer's Authorized Procurement Representative shall ascertain the facts and extent of the failure. If Buyer's Authorized Procurement Representative determines that any failure to perform results from one or more of the causes above, the Parties shall discuss next steps which may include but are not limited to revising the delivery schedule, altering the SOW, changing the deliverable or at Buyer's sole option terminating the project

OVERTIME (This article does not apply to Firm Fixed Price purchase contracts)

Overtime shall mean those hours worked in excess of 40 hours during Seller's standard work week. All such overtime must have prior written approval of Buyer.

HOLIDAYS AND VACATIONS (This article does not apply to Firm Fixed Price purchase contracts)

If work is performed on Buyer's premises, Buyer shall not be obligated to make any payments to Seller for days designated by Buyer as holidays or shutdown periods, except for work specifically authorized in writing by Buyer's Authorized Procurement Representative and performed by Seller on such days.

FINANCIAL RECORDS AND AUDIT

Seller shall maintain complete and accurate books, records and documents pertaining to the time worked, costs, expenses and allowances incurred in the performance of this contract in sufficient detail to properly reflect all net costs (direct and indirect) of labor, materials, equipment supplies, services and other costs and expenses for which reimbursement or compensation is claimed. The labor hours shall be supported by a timekeeping system acceptable to Buyer and shall include evidence of actual payment. Buyer shall have the right to assign representatives to Seller's plant for the purpose of verifying the number and type of direct hours being incurred and making such audit and check of Seller's activities as may be reasonably required. Material charges shall be supported by paid invoices or storeroom requisitions. When Buyer-furnished property is used, a copy of Buyer's shipper will be kept in Seller's files for auditing purposes. Such records shall be made available to Buyer, upon request, for examination, reproduction and audit from the date of this contract until three years after final payment hereunder. As a result of any audit performed by Buyer, payments previously made to Seller shall be subject to adjustment for over payment or under payment, respectively. Seller shall submit its final invoice promptly after completion of work. Upon approval of Seller's final invoice and substantiating documentation and upon compliance by Seller with all terms of this contract, Buyer shall promptly pay any balance due to Seller. Upon request, Seller shall make available to Buyer data relative to payroll policies and procedures, including collective bargaining agreements with respect to wage payments for straight time, overtime, holidays, etc.

TERMINATION FOR CONVENIENCE

Buyer reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, Seller shall immediately cease all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. In case of termination for convenience by Buyer of all or any part of this contract, Seller may submit a claim to Buyer within 60 days after the effective date of termination. In no event shall Buyer be obligated to pay Seller any amount in excess of the contract price.

CANCELLATION FOR DEFAULT

- a. Buyer may, by written notice to Seller, cancel all or part of this contract (i) if Seller fails to deliver the Services within the time specified by this contract or any written extension; (ii) if Seller fails to perform any other provision of this contract or fails to make progress, so as to endanger performance of this contract, and, in either of these two circumstances, does not cure the failure within 10 days after receipt of notice from Buyer specifying the failure; or (iii) in the event of Seller's bankruptcy, suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of its creditors.
- b. Seller shall continue work not canceled.

ASSIGNMENT, DELEGATION & SUBCONTRACTING

Seller shall not assign any of its rights or interest in this contract or subcontract all or substantially all of its performance of this contract without Buyer's prior written consent. Seller shall not delegate any of its duties or obligations under this contract. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this contract or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw materials.

PUBLICITY

Without Buyer's prior written approval, Seller shall not, and Seller's subcontractors at any tier shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding this contract or the Services or program to which it pertains. Seller shall be responsible to Buyer for any breach of such obligation by any subcontractor.

PUBLICATIONS

It is anticipated that the Seller may desire to publish information regarding technical developments and/or research findings made by Seller's employees under this Agreement. For such publications Seller agrees to submit a copy of the proposed publication to the Buyer, at least thirty (30) days prior to submission for publication. Updates in such proposed publications shall also be provided to the Buyer in sufficient time to review prior to publication as revisions in the publication are produced. Buyer may request changes and/or deletions to be made in any proposed publication:

- a. To avoid the disclosure of Buyer's Proprietary Information. If, upon review, Buyer determines that the proposed publication contains Buyer's proprietary information, Seller shall eliminate Buyer's proprietary information from the proposed publication unless the Buyer agrees otherwise in writing.
- b. To facilitate patent protection. If Buyer believes that the subject matter proposed to be published warrants patent protection, Buyer will identify the subject matter requiring protection and notify Seller. Upon receipt of such notice, Seller agrees to withhold the publication or disclosure for a period not to exceed ninety (90) days to permit preparation and filing of appropriate patent application(s) by Buyer.

Under circumstances other than a. and b. above, Buyer may request reasonable changes and/or deletions be made in any proposed publication. The Seller will consider such changes, but retains the sole right to determine whether such changes or deletions will be made.

BUYER'S PROPERTY

In the event Seller possesses Buyer property, Seller shall clearly mark, maintain an inventory of and keep segregated or identifiable all said property. Seller assumes all risk of loss, destruction or damage of such property while in Seller's possession, custody or control. Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss. Seller shall not use such property other than in performance of this contract without Buyer's prior written consent. Seller shall notify Buyer's Authorized Procurement Representative if Buyer's property is lost, damaged or destroyed. As directed by Buyer, upon completion, termination or cancellation of this contract, Seller shall deliver such property, to the extent not incorporated in delivered materials, to Buyer in good condition subject to ordinary wear and tear and normal manufacturing losses.

SELLER FURNISHED MATERIAL (This article only applies to Time and Material or Cost Reimbursement purchase contracts)

Material and facilities shall be furnished by Seller except as specifically provided in this contract. Material purchased to support this contract shall be billed at actual costs without overhead, general and administrative costs, cost of money and profit, as evidenced by paid invoices. Material withdrawn from Seller's stores shall be charged at cost determined in accordance with generally accepted accounting practices. Unless otherwise noted, handling charges are included in the labor rates established in this contract. Buyer shall be credited with all cash or trade discounts, rebates, allowances (whether or not taken) and the value of any resulting scrap.

INDEMNIFICATION, INSURANCE AND PROTECTION OF PROPERTY (This article is applicable when work is performed at a Boeing site)

- a. Indemnification, Insurance and Protection of Property. Seller shall indemnify and hold harmless The Boeing Company, its subsidiaries, and their directors, officers, employees and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards and damages of any kind and nature whatsoever for property damage, personal injury or death (including without limitation injury to or death of employees of Seller or any subcontractor thereof) and expenses, costs of litigation and counsel fees related thereto or incident to establishing the right to indemnification, arising out of or in any way related to this contract, the performance thereof by Seller or any subcontractor thereof or other third parties, including, without limitation, the provision of services, personnel, facilities, equipment, support, supervision or review. The foregoing indemnity shall apply only to the extent of the negligence of Seller, any subcontractor thereof, or their respective employees. In no event shall Seller's obligations hereunder be limited to the extent of any insurance available to or provided by Seller or any subcontractor thereof. Seller expressly waives any immunity under industrial insurance, whether arising out of statute or source, to the extent of the indemnity set forth in this paragraph (a).

- b. Commercial General Liability. If Seller or any subcontractor thereof will be performing work on Buyer's premises, Seller shall carry and maintain, and ensure that all subcontractors thereof carry and maintain, throughout the period when work is performed and until final acceptance by Buyer, Commercial General Liability insurance with available limits of not less than one million dollars (\$1,000,000) per occurrence for bodily injury and property damage combined. Such insurance shall contain coverage for all premises and operations, broad form property damage, contractual liability (including, without limitation, that specifically assumed under paragraph [a] herein) and goods and completed-operations insurance with limits of not less than one million dollars (\$1,000,000) per occurrence for a minimum of twenty-four (24) months after final acceptance of the work by Buyer. Such insurance shall not be maintained on a per-project basis unless the respective Seller or subcontractor thereof does not have blanket coverage.
- c. Automobile Liability. If licensed vehicles will be used in connection with the performance of the work, Seller shall carry and maintain, and ensure that any subcontractor thereof who uses a licensed vehicle in connection with the performance of the work carries and maintains, throughout the period when work is performed and until final acceptance by Buyer, Business Automobile Liability insurance covering all vehicles, whether owned, hired, rented, borrowed or otherwise, with available limits of not less than one million dollars (\$1,000,000) per occurrence combined single limit for bodily injury and property damage.
- d. Workers' Compensation. Throughout the period when work is performed and until final acceptance by Buyer, Seller shall, and ensure that any subcontractor thereof shall, cover or maintain insurance in accordance with the applicable laws relating to Workers' Compensation with respect to all of their respective employees working on or about Buyer's premises. If Buyer is required by any applicable law to pay any Workers' Compensation premiums with respect to an employee of Seller or any subcontractor, Seller shall reimburse Buyer for such payment.
- e. Certificates of Insurance. Prior to commencement of the work, Seller shall provide for Buyer's review and approval certificates of insurance reflecting full compliance with the requirements set forth in paragraphs (b) Commercial General Liability, (c) Automobile Liability and (d) Workers' Compensation. Such certificates shall be kept current and in compliance throughout the period when work is being performed and until final acceptance by Buyer, and shall provide for 30 days advance written notice to Buyer in the event of cancellation. Failure of Seller or any subcontractor thereof to furnish certificates of insurance or to procure and maintain the insurance required herein or failure of Buyer to request such certificates, endorsements or other proof of coverage shall not constitute a waiver of Seller's or subcontractor's obligations hereunder.
- f. Self-Assumption. Any self-insured retention, deductibles and exclusions in coverage in the policies required under this article shall be assumed by, for the account of and at the sole risk of Seller or the subcontractor which provides the insurance and to the extent applicable shall be paid by such Seller or subcontractor. In no event shall the liability of Seller or any subcontractor thereof be limited to the extent of any of the minimum limits of insurance required herein.
- g. Protection of Property. Seller assumes, and shall ensure that all subcontractors thereof and their respective employees assume, the risk of loss or destruction of or damage to any property of such parties whether owned, hired, rented, borrowed or otherwise. Seller waives, and shall ensure that any subcontractor thereof and their respective employees waive, all rights of recovery against Buyer, its subsidiaries and their respective directors, officers, employees and agents for any such loss or destruction of or damage to any property of Seller, any subcontractor or their respective employees. At all times Seller shall, and ensure that any subcontractor thereof shall, use suitable precautions to prevent damage to Buyer's property. If any such property is damaged by the fault or negligence of Seller or any subcontractor thereof, Seller shall, at no cost to Buyer, promptly and equitably reimburse Buyer for such damage or repair or otherwise make good such property to Buyer's satisfaction. If Seller fails to do so, Buyer may do so and recover from Seller the cost thereof.

PATENT, TRADEMARK AND COPYRIGHT INDEMNITY

Seller will indemnify, defend and hold harmless Buyer and its customer from all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents known at the time of such infringement, exceeding actual damages and/or including attorneys' fees and/or costs), liabilities, damages, costs and attorneys' fees related to the actual or alleged infringement of any United States or foreign intellectual property right (including, but not limited to, any right in a patent, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or

documents) and arising out of the manufacture, sale or use of goods by either Buyer or its customer. Buyer and/or its customer will duly notify Seller of any such claim, suit or action; and Seller will, at its own expense, fully defend such claim, suit or action on behalf of indemnities. Seller will have no obligation under this article with regard to any infringement arising from (a) Seller's compliance with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (b) use or sale of goods for other than their intended application in combination with other items when such infringement would not have occurred from the use or sale of those goods solely for the purpose for which they were designed or sold by Seller. For purposes of this article only, the term Buyer will include The Boeing Company and all Boeing subsidiaries and all officers, agents and employees of Boeing or any Boeing subsidiary.

CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION

- a. In the event that the Parties have executed a PIA which has been incorporated by references in this contract, information disclosed under that PIA may be disclosed, protected, used for the purpose of performing this contract and shall be deemed Proprietary Information and Materials hereunder.
- b. In the event a PIA is not referenced elsewhere in this contract, information disclosed between the Parties shall be handled, protected and used in accordance with the terms of this contract only for the purpose of performing this contract and shall be deemed Proprietary Information and Materials hereunder.
- c. Buyer and Seller shall each indefinitely keep confidential and protect from unauthorized use and disclosure all (a) confidential, proprietary and/or trade secret information; (b) tangible items and software containing, conveying or embodying such information; and (c) tooling identified as being subject to this article and obtained, directly or indirectly, from the other in connection with this contract (collectively referred to as "Proprietary Information and Materials"). Proprietary Information and Materials will not include information already in the public domain or known to the receiving Party (as evidenced by written records) when first received from the disclosing Party. Proprietary Information will lose its status as Proprietary Information and Materials if, and as of the date when, it becomes part of the public domain through no wrongful act of the receiving Party, is rightfully disclosed to the receiving Party without restriction by a source other than the disclosing Party, or is developed by the receiving Party entirely independently of any disclosure hereunder. Buyer and Seller shall each use Proprietary Information and Materials of the other only in the performance of and for the purpose of this contract. Upon a Party's request at any time, and in any event upon the completion, termination or cancellation of this contract, the other Party shall return all of that Party's Proprietary Information and Materials and all materials derived therefrom, unless specifically directed otherwise in writing by the other Party. Either Party may disclose Proprietary Information and Materials of the other to its subcontractors as required for the performance of this contract, provided that each such subcontractor first agrees in writing to the same obligations imposed upon each Party under this article relating to Proprietary Information and Materials. Each Party shall be liable to the other for any breach of such obligation by their subcontractors. The provisions of this article are effective in lieu of any restrictive legends or notices applied to Proprietary Information and Materials. The provisions of this article shall survive the performance, completion, termination or cancellation of this contract.

INTELLECTUAL PROPERTY

- a. Background (Preexisting) Intellectual Property. Seller grants to Buyer, and to Buyer's subcontractors, suppliers, and customers in connection with goods or work being performed by Buyer, an irrevocable, nonexclusive, paid-up, worldwide license under any information, know-how, inventions, patents, industrial designs, and mask works (whether domestic or foreign) owned or controlled by Seller at any time before or during the term of this contract, but only to the extent that such would otherwise interfere with Buyer's or Buyer's subcontractors', suppliers', or customers' use or enjoyment of goods or the work product or foreground inventions belonging to Buyer under this contract.
- b. Foreground Intellectual Property. All information, know-how, inventions, patents, industrial designs, and mask works (whether domestic or foreign) conceived, developed, or first reduced to practice by, for, or with Seller in the course of any work that is performed under this contract and any patents resulting from such inventions (both domestic and foreign) shall be the property of Buyer. Seller will (i) promptly disclose all such inventions to Buyer in written detail and (ii) execute all papers, cooperate

- with Buyer, and perform all acts necessary and appropriate in connection with the filing, prosecution, maintenance, or assignment of related patents or patent applications on behalf of Buyer.
- c. Preexisting Works of Authorship and Copyright. Unless superseded by an attached Seller Software License Agreement agreed to in writing by both Buyer and Seller, Seller grants to Buyer, and to Buyer's subcontractors, suppliers, and customers in connection with goods or work being performed by Buyer, a perpetual, irrevocable, nonexclusive, paid-up, worldwide license in Seller's copyrights to reproduce, distribute copies of, perform publicly, display publicly, and make derivative works from software included in or provided with or for goods (software) and related information and materials (software documentation) and that is owned or controlled by Seller at any time before or during the term of this contract, but only to the extent that such copyrights would otherwise interfere with Buyer's or Buyer's subcontractors', suppliers', or customers' use or enjoyment of goods or the work products, inventions, or works of authorship belonging to Buyer and resulting from this contract.
 - d. Foreground Works of Authorship and Copyrights. All works of authorship (including, but not limited to, documents, data, drawings, software, software documentation, photographs, video tapes, sound recordings, and images) created by, for, or with Seller in the course of any work performed under this contract, together with all copyrights subsisting therein, shall be the sole proprietary property of Buyer. To the extent permitted under United States copyright law, all such works will be works made for hire, with the copyrights therein vesting in Buyer. The copyrights in all other such works, including all of the exclusive rights therein, will be promptly transferred and formally assigned free of any additional charges to Buyer.

WORKING TOGETHER

At no additional cost to Buyer, Buyer shall be able to observe Services being performed at reasonable times and places, including at Seller's subcontractors' locations.

GRATUITIES

Seller warrants that neither it nor any of its employees, agents or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this contract or securing favorable treatment under this contract.

OFFSET CREDITS (This article applies only if this purchase contract exceeds \$500,000)

- a. To the exclusion of all others, Buyer or its assignees shall be entitled to all industrial benefits or offset credits which might result from this contract. Seller shall provide documentation or information which Buyer or its assignees may reasonably request to substantiate claims for industrial benefits or offset credits.
- b. Seller agrees to use reasonable efforts to identify the foreign content of goods or services which Seller either produces itself or procures from subcontractors for work directly related to this contract. Promptly after selection of a non-U.S. subcontractor for work under this contract, Seller shall notify Buyer of the name, address, subcontract point of contact (including telephone number) and dollar value of the subcontract.
- c. Seller shall submit "Advance Notification / Supplier Foreign Content Report" (AN/SFCR) form X33647 in accordance with the instructions below to the Boeing Buyer and e-mail a copy to foreigncontent@boeing.com:
 - (1) Description
 - (i) The Advance Notification / Supplier Foreign Content Report form is used to document foreign procurements.
 - (ii) For purposes of establishing "offset causality" under a contract, the supplier shall provide ADVANCE NOTIFICATION to Buyer for any FOREIGN BIDDER under consideration for any subcontract that is anticipated to exceed \$50,000.
 - (2) Frequency
 - (i) The supplier shall submit a completed Advance Notification / Supplier Foreign Content Report (AN/SFCR) using form X33647 within 30 days after the effective date of the contract.
 - (ii) The supplier shall provide an updated (AN/SFCR) for each new foreign bid opportunity or foreign subcontract.
 - (3) Format

- (i) The supplier shall complete the Advance Notification / Supplier Foreign Content Report using the form X33647, as identified in Section 4 of these instructions.
- (4) Preparation Instructions
 - (i) If the supplier does not have any foreign procurement in excess of \$50,000 then the supplier shall complete sections A and B of the AN/SFCR.
 - (ii) If the supplier is pursuing foreign bid opportunities in excess of \$50,000, the supplier shall complete sections A through D of the AN/SFCR.
 - (iii) If the supplier is reporting for Advanced Notification, the supplier shall complete sections A, B and E of the AN/SFCR, as appropriate.

Note: The information provided will be used for the sole purpose of claiming credit toward Boeing's Industrial Participation (Offset Credits) obligations with its international customers. The information will be treated as proprietary information, to be disclosed only for the purpose noted.

IMPORT COMMERCIAL INVOICING

The supplier and/or shipper shall utilize Form F70210 – Commercial Invoice or its Exostar equivalent (when available) for Boeing U.S. imports when making an international shipment to the United States, where Boeing is the Importer of Record. Form DD250 does not supersede the use of this form.

UTILIZATION OF SMALL BUSINESS CONCERNS

Seller agrees to actively seek out and provide the maximum practicable opportunities for small businesses, small disadvantaged businesses, women-owned small businesses, minority business enterprises, historically black colleges and universities and minority institutions, Historically Underutilized Business Zone small business concerns and US Veteran and Service-Disabled Veteran Owned small business concerns to participate in the subcontracts Seller awards to the fullest extent consistent with the efficient performance of this contract.

SCHEDULE

Seller shall adhere to the schedules specified in this contract. In the event of any anticipated or actual delay, Seller shall notify Buyer in writing of the reasons for the delay and provide Buyer with a proposed recovery schedule.

RIGHTS AND REMEDIES

Any failures, delays or forbearances of either party in insisting upon or enforcing any provisions of this contract, or in exercising any rights or remedies under this contract, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. Except as otherwise limited in this contract, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the parties may have at law or in equity. If any provision of this contract is or becomes void or unenforceable by law, the remainder shall be valid and enforceable.

COMPLIANCE WITH LAWS

Seller shall comply with all applicable statutes and government rules, regulations and orders, including those pertaining to United States Export Controls.

EXPORT LICENSING INFORMATION/OFFSHORE PROCUREMENT COMPLIANCE WITH EXPORT LAWS

- a. In performing their respective obligations under this Agreement, the Parties will comply with United States export control and asset control laws, regulations, and orders, as they may be amended from time to time, applicable to the export or re-export of goods or services, including software, processes, or technical data ("Items"). Such regulations include without limitation the Export Administration Regulations ("EAR"), International Traffic in Arms Regulations ("ITAR"), and regulations and orders administered by the Treasury Department's Office of Foreign Assets Control (collectively, "Export Control Laws").
- b. The Party conducting an export or re-export, as defined in such laws and regulations, shall be responsible for obtaining the required authorizations. Each Party shall reasonably cooperate with, and exercise reasonable efforts to support, the Party making the export or re-export in obtaining any

- necessary licenses or authorizations required to perform its obligations under this Agreement. Seller shall comply with International Traffic in Arms Regulation Section 122.1, Registration requirements.
- c. The Party providing any Items in conjunction with this Agreement shall, upon written request of the other Party, provide the Export Control Classification Numbers ("ECCNs") for each Item as well as the ECCNs for any components or parts of each Item, if such component ECCN's are different from the ECCN of the Item at issue.
 - d. Each Party represents that (i) any Items, and the parts and components thereof, it is providing in conjunction with this Agreement are not currently "defense articles" as that term is defined in 22 C.F.R. Section 120.6 of the ITAR and (ii) the services that Party is providing in conjunction with this Agreement are not currently "defense services" as that term is defined in 22 C.F.R. Section 120.9 of the ITAR. The Parties acknowledge that this representation means that an official capable of binding the Party providing such Items knows or has otherwise determined that such Items, and the parts and components thereof, are not currently on the United States Munitions List at 22 C.F.R. Section 121.1. Each Party agrees to reasonably cooperate with the other in providing, upon written request of the other Party, documentation or other information that supports or confirms this representation, including, for example, Commodity Jurisdiction Determinations.
 - e. To the extent that such Items, or any parts or components thereof, were specifically designed or modified for a military end use or end user, the Party providing such Items shall notify the other Party of this fact and shall also provide the other Party with written confirmation from the United States Department of State that such Items, and all such parts or components thereof, are dual-use Items subject to the jurisdiction of the Department of Commerce.

SECURITY REQUIREMENTS FOR ACCESS TO PREMISES OWNED OR CONTROLLED BY BUYER OR THE GOVERNMENT

- a. All employees, agents, and representatives of Seller or its subcontractors who are expected to enter premises owned or controlled by Buyer or the Government are required to provide Buyer's Security personnel with proof of citizenship. Examples of original documents that are considered satisfactory are U.S. Birth Certificates, U.S. Passports, Certificates of Naturalization, Alien Registration Receipt Card (with photograph), and/or other evidence of citizenship satisfactory to Buyer before being allowed access to Buyer's premises. An employee of Seller who is not a U.S. citizen and does not have a permanent-resident-alien "green" card on his or her person may not be admitted to Buyer's or Buyer's customer's facilities for purposes of performing work without special arrangements. All such employees, agents, and representatives are bound by the provisions of the United States Criminal Code relating to espionage and sabotage and the United States statute known as the Immigration Reform and Control Act of 1986, as amended. All such employees, agents and representatives will conform to the standards and requirements established by the Government and Buyer's Security. Performance of some work may require a security clearance.
- b. Seller will submit the name and birth certificate and/or other satisfactory evidence of citizenship of each such employee, agent, or representative prior to the time for reporting to perform work and at any time thereafter before substituting or adding new personnel to perform work on Buyer's premises. Information submitted by Seller shall be certified by an authorized representative of Seller as being true and correct and Seller will permit Buyer, upon reasonable notice, to inspect and audit Seller's records documenting such compliance with respect to said personnel.
- c. If Seller subcontracts work under this contract to be performed on premises owned or controlled by Buyer or the Government, Seller shall suitably modify the names of the parties and include the substance of this clause in such subcontracts, imposing on its subcontractor the same obligations as Seller.

GOVERNING LAW

This contract shall be governed by and construed in accordance with the laws of the state of Washington. No consideration shall be given to Washington's conflict of laws rules. This contract excludes the application of the 1980 United Nations Convention on Contracts for the International Sale of Goods.

CODE OF CONDUCT

Buyer is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Buyer's expectation is that Seller also will conduct its business fairly, impartially, and in an ethical and proper manner. Buyer's further expectation is that Seller will have (or will develop) and adhere to a code of ethical standards. If Seller has cause to believe that Buyer or any employee or agent of Buyer has behaved improperly or unethically under this contract, Seller shall report such behavior to The Boeing Company Ethics hotline. Copies of The Boeing Company Code of Conduct and contacts for such reports are available on www.boeing.com under "Ethics." Although Buyer will not use the failure to report improper or unethical behavior as a basis for claiming breach of contract by Seller, Seller is encouraged to exert reasonable effort to report such behavior when warranted.

CODE OF BASIC WORKING CONDITIONS AND HUMAN RIGHTS

Buyer is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its worldwide operations. In furtherance of this commitment, Buyer has adopted a Code of Basic Working Conditions and Human Rights setting out in detail the measures it takes to ensure this commitment is fulfilled. The Boeing Code may be downloaded at <http://www.boeing.com/employment/culture/code.html>. Buyer strongly encourages Seller to adopt and enforce concepts similar to those embodied in the Boeing Code, including conducting Seller's operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Seller will promptly cooperate with and assist Buyer in implementation of and adherence to the Boeing Code. Any material breach of this Article by Seller may be considered a major breach of this contract for which Buyer may elect to cancel any open orders between Buyer and the Seller, for cause, in accordance with the provision of this order entitled "Cancellation for Default" or exercise any other right of Buyer for an Event of Default under this contract.

SELLER FINANCIAL REVIEW.

If the contract exceeds \$250,000 and extends for more than one year, and if requested, the Seller shall provide financial data on a quarterly basis or as requested to the Buyer's Credit Office for credit and financial condition reviews. Said data shall include but not be limited to balance sheets, schedule of accounts payable and receivable, major lines of credit, creditors, income statements (profit and loss), cash flow statements, firm backlog, and headcount. Copies of such data are to be made available within 72 hours of any written request by Buyer. All such information shall be treated as confidential. This provision shall not apply to contracts with nonprofit education or research institutions associated with state or provincial universities; contracts with agencies of the United States government or agencies of state governments; contracts with entities that are at least fifty percent (50%) directly owned by Buyer; or, contracts for services of an individual when the individual is the sole employee of the company.

ENTIRE AGREEMENT

This contract contains the entire agreement of the parties and supersedes any and all prior agreements, understandings and communications between Buyer and Seller related to the subject matter of this contract. No amendment or modification of this contract shall bind either party unless it is in writing and is signed by Buyer's Authorized Procurement Representative and an authorized representative of Seller.