

**BOEING CANADA OPERATIONS LTD WINNIPEG (BCW)
LEASE OF PERSONAL PROPERTY
TERMS AND CONDITIONS**

1. CONTRACT ACCEPTANCE

This Contract includes the provisions in the Contract, these Lease of Personal Property Terms and Conditions, and all of the specifications, technical descriptions, statements of work, drawings, designs, documents, and other requirements and provisions attached to, incorporated into, or otherwise made a part of this Contract by Lessee. Lessee shall not be bound by and specifically objects to any term or condition whatsoever that is different from or in addition to the provisions of this Contract, whether or not such term or condition will materially alter this Contract. Any such term or condition shall be deemed void and of no effect whatsoever, whether contained in any order acknowledgment or acceptance. Lessor commencement of performance, or acceptance of this Contract, in any manner shall conclusively evidence agreement to this Contract as written.

2. DEFINITIONS

Whenever used in this Contract, the following terms, when capitalized, shall have the following meanings:

“Buyer’s Authorized Procurement Representative” means the representative of BCW’s Supplier Management department identified in the Contract and as may be changed by written notice, who is authorized by Lessee to act on behalf of Lessee in business transactions with Lessor.

“Lessee/Buyer” means The Boeing Company. All references in this Contract to “The Boeing Company” and any of its affiliates, divisions, or wholly owned subsidiaries shall mean “Lessee.”

“Leased Property” means all of the goods, services, data, software, and other items furnished or to be furnished to Lessee under this Contract.

“Lessor/Seller” means the entity identified in the Contract who agrees to lease the Property.

3. ORDER OF PRECEDENCE

In the event of any inconsistency within or relating to this Contract, the following order of precedence will apply:

- a. The Contract.
- b. These Lease of Personal Property Terms and Conditions.
- c. The specifications, technical descriptions, statements of work, schedules, drawings, and designs prepared by or at the direction of Lessee.
- d. The specifications, technical descriptions, statements of work, schedules, drawings, other than those described in paragraph 3.c, prepared by Lessor, including, without limitation, those contained in Lessor’s proposal that have been authorized by Lessee.

4. DELIVERY

- a. Delivery Point. Unless the Contract specifies a different delivery point, all deliveries under this Contract shall be F.O.B. origin.
- b. Delivery Schedule. Shipment and delivery under this Contract shall be strictly in accordance with the quantities, schedules, and other requirements specified in this Contract. Lessor shall promptly notify Lessee in writing of any delay in delivery, the reasons therefor, and the actions being taken by Lessor to overcome or minimize the delay. If requested by Lessee, Lessor shall, at Lessor’s expense, ship via air or other expedited transportation to avoid or minimize the delay to the maximum extent possible.

- c. Packing and Shipment. Lessor shall prepare and pack the Leased Property to prevent damage and deterioration and comply with carrier tariffs. Charges for preparation for shipment (including packing and crating) and freight charges are included in the price unless separately specified in the Contract.
- d. Returns. All returns of rejected or defective Leased Property, and the shipment of repair or replacement parts for the Leased Property, shall be at Lessor's risk and expense.

5. RENTAL

Upon the submission of proper invoices by Lessor, Lessee shall promptly pay Lessor rent at the times and in the amounts specified in the Contract for the possession and use of Leased Property. No rental shall be due for the periods during which Leased Property is not available to Lessee in good condition satisfactory for continuous and efficient use for purposes for which it was designed and for all additional uses and requirements set forth in the Contract.

6. TAXES AND FEES

Lessor shall be obligated to pay all license fees and property, business, transfer, or other taxes that are now or hereafter may be imposed upon Leased Property or transaction by any unit of government except provincial sales or use taxes as applicable.

7. ACCEPTANCE OF LEASED PROPERTY

- a. Acceptance. Acceptance of the Leased Property shall occur when Lessee determines that the Leased Property meet all of the conditions and requirements of this Contract.
- b. Conditions. Acceptance of the Leased Property is subject to inspection and acceptance testing by Lessee in accordance with this Contract.
- c. Acts Not Constituting Acceptance. Trial use or testing of the Leased Property, incremental or final payment, and Lessee acknowledgment of receipt do not constitute acceptance or prejudice Buyer's right to reject or revoke acceptance of all or any portion of the Leased Property.

8. USE OF LEASED PROPERTY

Lessee may use Leased Property in any reasonable manner consistent with the purpose for which it was designed and for all additional uses and requirements set forth in the Contract.

9. MAINTENANCE, REPAIR AND REPLACEMENT

During the term specified in the Contract, Lessor shall maintain, repair, and replace the Leased Property to the extent necessary to keep such property available to Lessee in good condition satisfactory for continuous and efficient use for the purpose for which it was designed and for all additional uses and requirements set forth in the Contract.

10. WARRANTIES

Unless otherwise specified in the Contract, Lessor warrants to Lessee that the Leased Property shall:

- a. Conform in all respects to all of the requirements of this Contract, including any specifications provided by Lessor to Lessee or other requirements set forth in any documents provided to Lessee.
- b. Be free from all defects in materials and workmanship.
- c. To the extent not manufactured pursuant to detailed designs furnished by Lessee, be free from all defects in design.
- d. Be in good condition satisfactory for continuous and efficient use for the purpose for which it was designed and any additional purposes, uses, requirements, descriptions, and specifications set forth in this Contract.

11. PROTECTION OF PROPERTY

Lessee shall use reasonable efforts to protect the Leased Property from loss or damage during such periods when the property is in the possession of or under the control of Lessee.

12. RETURN AND RISK OF LOSS

Unless otherwise specified in the Contract, at the expiration or termination of this Contract, Lessee shall return Leased Property to Lessor in its then-existing condition at the F.O.B. point or points specified for delivery of Leased Property. Lessee shall not be liable for any loss or damage to Leased Property except loss or damage caused by Lessee's negligence; provided, however, that in no event shall Lessee be liable for any loss or damage covered by insurance maintained by Lessor or other persons having an interest in the property.

13. TITLE

Title to Leased Property is and shall remain in Lessor.

14. OPTION TO PURCHASE

If an option to purchase price for all or any part of Leased Property is set forth in the Contract, Lessee may at any time during the term of this Contract elect to purchase such property by providing written notice to Lessor. In such event, unless otherwise specified in the Contract, Lessee shall pay Lessor the purchase price set forth in the Contract less all rent previously paid hereunder that is subject to rental recapture as agreed to herein with respect to the property purchased and Lessor shall promptly do whatever may be necessary to pass title to the property purchased to Lessee free and clear of all liens and encumbrances.

15. TERMINATION

Lessee may terminate this Contract, in whole or in part, by providing written notice of such termination to Lessor specifying the extent and effective date of such termination. On the specified termination date, Lessee shall promptly return Leased Property or such part thereof as to which there has been a termination and pay the unpaid balance of any rent due with respect to such property, prorated as of the date of the termination. In the event of a termination as to only part of Leased Property, Lessor and Lessee shall agree upon a revised rental amount taking into consideration the date of termination and the value of the unterminated property. The provisions of this clause shall not limit or affect the rights or remedies of Lessee stated in other clauses of this Contract or provided by law in the event of default or breach by Lessor.

16. RESPONSIBILITY FOR PERFORMANCE

Lessee issuance of this Contract is based on Lessee reliance upon Lessor's ability, expertise, and awareness of the intended use of the Leased Property and Lessor's continuing compliance with all applicable laws and regulations during the performance of this Contract. Further, Lessor shall not, by contract, operation of law, or otherwise, assign any of its rights or interest in this Contract, including but not limited to any right to moneys due or to become due, or delegate any of its duties or obligations under this Contract, or subcontract all or substantially all of its performance of this Contract to one or more third parties, without Lessee's prior written consent. No assignment, delegation or subcontracting by Lessor, with or without Lessee's consent, shall relieve Lessor of any of its obligations under this Contract.

17. INFRINGEMENT

- a. Indemnity. Lessor shall defend, indemnify, and hold harmless Lessee and 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 ("Claims"), expenses, costs of litigation and attorneys' fees related thereto, or incident to establishing the right to indemnification, to the extent such Claims arise out of the infringement of any patent or copyright by the Leased Property or involve the wrongful use of any trade secret or confidential information. Lessee shall give Lessor notice of all Claims made against Lessee and shall cooperate with Lessor, at Lessor's expense, in the defense or settlement of such Claims.
- b. Exclusions. The paragraph entitled "Indemnity" of this clause does not apply to any Claim arising out of the unauthorized modification, combination, operation, or use of the Leased Property by Lessee to the extent the Claim would not have arisen had such modification, combination, operation, or use not occurred.

18. COMPLIANCE

- a. With Federal, Provincial, and Local Laws. Lessor warrants that the performance of its obligations under this Contract, it has complied with or will comply with Sections 6, 7, and 12 and the regulations, Acts and contracts of Canadian Federal and Provincial Labour laws.
- b. Compliance with Laws. Lessor shall be responsible for complying with all laws, including but not limited to any statute, rule, regulation, judgment, decree, order, or permit applicable to its performance under this Contract. Lessor further agrees:
 - (1) To notify Lessee of any obligation under this Contract that is prohibited under any applicable environmental law at the earliest opportunity but in all events sufficiently in advance of Lessor's performance of such obligation so as to enable the identification of alternative methods of performance.
 - (2) To notify Lessee at the earliest possible opportunity of any aspect of its performance that becomes subject to additional environmental regulation or that Lessor reasonably believes will become subject to additional environmental regulation during performance of this Contract.

19. PUBLICITY

Lessor shall not use the name of Lessee in any news release, public announcement, advertisement, or other form of publicity or disclose any of the terms of this Contract to any third party, without securing the prior written consent of Lessee.

20. GENERAL PROVISIONS

- a. Severability. If any provision of this Contract shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect.
- b. Waiver. Either party's failure to exercise any of its rights under this Contract shall not constitute a waiver of any past, present, or future right or remedy.
- c. Survival. All indemnities, warranties, and representations made under this Contract will survive cancellation or termination of this Contract. Cancellation or termination of this Contract will not affect operation of those provisions of this Contract that, by their terms, survive or are required to survive in order to effectuate the intent of the parties as reflected by this Contract.
- d. Rights and Remedies. Except as limited under this Contract, the rights and remedies afforded to each party under this Contract are in addition to any other rights or remedies, at law or in equity, or otherwise.
- e. Right to Offset. Lessee, without waiver or limitation of any of its rights or remedies, shall be entitled from time to time to deduct from any amounts due or owing by Lessee to Lessor in connection with this Contract any and all amounts owed by Lessor to Lessee in connection with this Contract.
- g. Amendments. These terms and conditions may not be changed, amended, or modified, except by an amendment in writing, executed by the Buyer's Authorized Procurement Representative and an authorized representative of Lessor.
- h. Relationship of the Parties. Lessor is an independent contractor. Nothing in this Contract shall be construed as creating any relationship between Lessee and Lessor other than that of Lessee and Lessor. This Contract is not intended to be, nor shall it be construed as, a joint venture, association, partnership, franchise, or other form of business organization or agency relationship.
- i. 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.

- j. Records and Audit. Seller shall retain all records and documents pertaining to the Goods for a period of no less than three years after final payment. Such records and documents shall date back to the time this contract was issued and shall include without limitation, catalogs, price lists, invoices and inventory records for purposes of verification of prices or rates charged by Seller for Goods procured by Buyer. Buyer shall have the right to examine, reproduce and audit all such records related to pricing and performance to evaluate the accuracy, completeness and currency of cost and pricing data submitted with Seller's bid or offer to sell.
- k. 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 provision by Seller may be considered a major breach of this Contract for which Buyer may elect to cancel any open orders between Buyer and Seller, for cause, in accordance any provision for termination or exercise any other right of Buyer for any failure of performance under this Contract.

21. CHANGES

Only Buyer's Authorized Procurement Representative may approve changes in any requirements under any Contract. Buyer's Authorized Procurement Representative may from time to time in writing direct changes within the general scope of this Contract or any Contract in any one or more of the following:

- a. Technical requirements and descriptions, specifications, statement of work, drawings, or design;
- b. Transportation and erection methods;
- c. Place of delivery, inspection, or acceptance;
- d. Reasonable adjustments in quantities or delivery schedules or both; and
- e. Amount of Buyer-furnished property.

Seller shall comply immediately with such direction and avoid unnecessary costs related thereto. If any such change causes an increase or decrease in the cost of or the time required for performance of this Contract, an equitable adjustment in the prices and schedules of this Contract shall be made to reflect such increase or decrease and the Contract shall be modified in writing accordingly. Unless otherwise agreed in writing, Seller shall submit any claim for adjustment under this clause within thirty (30) days after receipt of such directions. Failure of Buyer and Seller to agree upon any adjustment shall not excuse Seller from performing in accordance with such direction.

22. ASSIGNMENT, DELEGATION AND SUBCONTRACTING

Neither this Contract nor any rights or obligations under it may be assigned, delegated, or otherwise transferred by either party without the prior written consent of the other, except Lessee may assign its rights or delegate performance of its obligation under all or part of this Contract to The Boeing Company or any affiliate or subsidiary of The Boeing Company.

23. NOTICES

Any notice, authorization, designation, request, or instruction under or in connection with this Contract to be effective shall be in writing and shall be deemed duly given or served upon delivery, addressed as set forth in the contract

24. GOVERNING LAW

This Contract shall be governed by the laws of the Province of Manitoba.

25. 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.

26. COMPLETE AGREEMENT

This Contract contains the complete and exclusive statement of the terms of the Contract between Lessee and Lessor with respect to the Leased Property and supersedes and merges any prior or contemporaneous agreements, commitments, proposals, representations or, communications, oral or written, with respect to the Leased Property.