

GENERAL TERMS & CONDITIONS OF PURCHASE

Rev: 04/17/02

1. Acceptance Of Purchase Order

For purpose of these General Terms and Conditions of Purchase, Raytheon Aircraft Company shall be known as "Buyer" and the supplier of the goods shall be known as the "Seller" hereunder. Agreement by Seller to furnish the materials or services hereby ordered, or its furnishing such materials or services in whole or in part, shall constitute acceptance by Seller of this purchase order subject to these terms and conditions. In the event that this purchase order does not state price or delivery, Buyer will not be bound to any prices or delivery to which it has not specifically agreed in writing. Any terms or conditions proposed by Seller inconsistent with or in addition to the terms and conditions of purchase herein contained shall be void and of no effect unless specifically agreed to by Buyer. Modifications hereof or additions hereto, to be effective, must be made in writing and be signed by Buyer. These terms and conditions, together with such modifications and with such data relating to price and delivery as are accepted in writing by Buyer, constitute the entire agreement between the parties.

2. Shipping Instructions

- (a) Seller shall be responsible for the proper packaging of materials hereunder.
- (b) Unless otherwise directed, all items shipped in one day from and to a single location must be consolidated on one bill of lading or airbill, as appropriate. No charges will be allowed for packing, crating, freight, local cartage, and/or any other services unless so specified in this Order.
- (c) For material purchased F.O.B. origin, Seller shall not insure or declare a value except when transportation rates are based on "released value," in which instance Seller shall annotate on the bill of lading the lowest released value provided in applicable tariffs.
- (d) Seller shall at all times comply with Buyer's written shipping instructions.
- (e) Seller shall submit all required shipping papers to Buyer prior to final payment.

3. Delivery; Notice Of Delay; Acceptance & Rejection

- (a) Time is of the essence. No acts of Buyer, including without limitation, modifications of this Order or acceptance of late deliveries, shall constitute a waiver of this provision. Buyer reserves the right to refuse or return at Seller's risk and expense shipments made in excess of Buyer's orders, in advance of required schedules, or to defer payment on advance deliveries until scheduled delivery dates.
- (b) Seller shall notify Buyer in writing immediately of any actual or potential delay or threat of delay to the timely performance of this Order, including notice to Buyer of any actual or potential labor dispute which delays or threatens to delay the timely performance of this Order.
- (c) Any goods which are nonconforming as to the quality or quantity or the delivery schedule shall constitute a breach of this Order and Buyer shall have the right to reject such goods, in whole or in part, and notify Seller thereof. In the event of such a tender, Buyer shall be entitled to all remedies as provided by law, and in addition thereto shall have the right to do any or all of the following: (1) to hold such nonconforming goods for a reasonable period at Seller's risk and expense pending a determination to accept or reject any or all thereof; (2) to return such nonconforming goods to Seller at Buyer's election and at Seller's risk and expense for replacement or correction; (3) to accept such nonconforming goods subject to an equitable price reduction; (4) to replace or correct such nonconforming goods and charge to Seller the cost occasioned to Buyer thereby; (5) to recover by offset or otherwise any and all expenses, costs, price reductions, and damages paid, incurred, or suffered by Buyer as a result of such holding, return, removal and replacement, correction, reductions, or rejections of nonconforming goods, or (6) to terminate this Contract as provided in paragraph 5 hereof.

4. Termination For Convenience

- (a) Buyer may by notice in writing direct Seller to terminate this Order, or work under this Order, in whole or in part at any time, and such termination shall not constitute a default.
- (b) Seller shall be reimbursed for actual, reasonable, and substantiated costs incurred prior to the date of termination, plus a reasonable profit for work performed to date of termination. Buyer may take immediate possession of all work performed hereunder upon notice of termination.
- (c) Seller's obligations under the warranty, patent, and confidentiality provisions of this Order shall survive such termination.

5. Buyer's Assistance; Termination For Default

- (a) In the event Buyer reasonably believes Seller to be in default, or unable to meet any delivery date or specification herein, Buyer may, in its sole discretion, provide representatives at Seller's facility to consult with, advise and assist Seller in fulfilling its commitments under this Order; provided however, Buyer's activities shall not relieve Seller of its obligations hereunder. Seller shall pay Buyer's reasonable costs and expenses associated with such activities.
- (b) Buyer may terminate this Order, or work under this Order, in whole or in part, for the breach of one or more of its terms and Seller's failure to fully cure such breach within 10 calendar days following Buyer's issuance of written notice to Seller advising of such breach and Buyer's intent to terminate this Order for Seller's default. Buyer is not required to provide assistance to Seller pursuant to paragraph 5(a) before such termination. Buyer may terminate this Order immediately and without prior notice upon the insolvency of Seller, filing of a voluntary or involuntary petition of bankruptcy by or against Seller, or the making of an assignment for the benefit of creditors by Seller. Buyer may terminate this Order immediately and without prior notice should the Seller, or any of Seller's officers, directors, owners, partners, managers or supervisors be debarred,

suspended, proposed for debarment or declared ineligible for the award of contracts by any federal department or agency.

- (c) In the event of Seller's default hereunder, Buyer may exercise any or all rights accruing to it both at law or in equity.
- (d) Seller's obligations under the warranty, patent, and confidentiality provisions of this Order shall survive such termination.
- (e) If, after termination, it is determined that Seller was not in default, the termination shall be deemed for Buyer's convenience and the rights and obligations of the parties shall be as set forth in paragraph 4, above.

6. Disputes

- (a) Any controversy or claim arising out of or relating to this Order or the breach thereof may be settled at Buyer's sole discretion either by submitting the claim to:
 - (i) a court of competent jurisdiction or (ii) binding arbitration, before a single arbitrator, in the state and under the laws of the state from which this Order is issued, in accordance with the Commercial Arbitration Rules of the American Arbitration Association; and judgment upon the arbitrator's award may be entered in any court having jurisdiction thereof.
- (b) Pending resolution or settlement of any dispute arising under this Order, Seller will proceed diligently as directed by Buyer with the performance of this Order.

7. Remedies

- (a) The rights of both parties hereunder shall be in addition to their rights and remedies at law or in equity. Failure of Buyer to enforce any right shall not constitute a waiver of such right or of any other rights.
- (b) In no event shall Seller be entitled to anticipatory profits or to special (including multiple or punitive), incidental, or consequential damages arising from or relating to this Order, or any breach thereof.

8. Confidentiality

- (a) Unless otherwise expressly agreed in writing to the contrary, all specifications, information, data, drawings, software and other items supplied to Buyer by Seller shall be disclosed to Buyer on a non-confidential basis and may be used and/or disclosed by Buyer without restriction.
- (b) All specifications, information, data, drawings, software, and other items which are (i) supplied by Buyer, (ii) obtained by Seller and paid for by Buyer for performance of this Order, or (iii) which are to be furnished by Seller on this Order shall be confidential. Seller shall not disclose this information to any third party without Buyer's prior written consent.
- (c) Seller shall not publish, distribute or make any news release about the subject matter of this Order or any program relating thereto without the prior written permission of Buyer.

9. Property

- (a) Unless otherwise herein agreed, special dies, tools, jigs, fixtures, equipment, and patterns shall be furnished by and at the expense of Seller. Said special dies, tools, jigs, fixtures, equipment, and patterns shall be kept in good condition and from time to time, when necessary, shall be replaced by Seller without expense to Buyer.
- (b) All confidential information plus all drawings, special dies, tools, jigs, fixtures, equipment, and patterns and other items furnished by Buyer to Seller, or specifically paid for by Buyer, shall be the property of Buyer, shall be subject to removal upon completion or termination of this order at Buyer's request, shall be used only in filling orders from the Buyer, shall be held at Seller's risk, and shall be kept insured by Seller while in its custody or control in an amount equal to the replacement cost thereof, with loss to be paid to Buyer. Notice of loss or damage shall be furnished to Buyer within seven (7) calendar days from the date thereof.
- (c) Seller agrees to make no charge for storing Buyer's tools after completion of this Order unless such charges are authorized by a separate Storage Agreement entered into by both parties.
- (d) No tools owned by Buyer shall be reworked, altered, or constructed by Seller without prior written permission from Buyer.
- (e) Material made in accordance with Buyer's specifications and drawings shall not be furnished or quoted to any other person or concern without Buyer's prior written consent.
- (f) Any invention or similar intellectual property first made or conceived by Seller in the performance of this Purchase Order or which is derived from or based on the use of confidential information supplied by Buyer shall be considered as being a "work made for hire" and shall be and become the property of Buyer; and Seller shall execute such documents necessary to perfect Buyer's title thereto.

10. Data

- (a) Data, as used in this clause, means technical writing, sound recordings, pictorial reproductions, drawings, or other representations and works of a technical nature, which are specified to be delivered or which are produced pursuant to this Order.
- (b) All data first produced in the performance of this Order shall be the sole property of Buyer, subject to any right or interest of the Government. Seller agrees not to assert any rights in or to use said data without the prior written consent of Buyer.

11. Order Of Precedence

- (a) The terms, provisions, conditions and warranties set forth in this Order shall control and supersede all other documents.
- (b) In the event of conflict between specifications, drawings, samples, designated type, part number, or catalog description, the specifications shall govern over drawings, drawings over samples, whether or not approved by Buyer, and samples over designated type, part number, or catalog description. In cases of ambiguity in the specifications, drawings, or other requirements of this Order, Seller must, before proceeding, consult Buyer, whose written interpretation shall be final.

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12. Subcontracting

No lower-tier subcontract or purchase order valued at (i) \$100,000 or more or (ii) 10 percent of the indicated value of this Order, whichever figure is less, shall be issued by Seller to any party for furnishing any of the completed or substantially completed supplies (except spare parts) or other work herein contracted for without the written approval of Buyer.

13. Warranty

- (a) Seller warrants the materials delivered or services rendered pursuant to this Order shall be free from defects in workmanship, materials, and design and be in accordance with Buyer's specifications, drawings, and/or samples in all respects. These warranties shall survive final acceptance and payment pursuant to UCC 2-601 and 2-608.
- (b) This warranty shall extend to both Buyer and Buyer's customers.
- (c) Seller shall be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that Buyer may suffer from the breach of any of these warranties, including replacement (if Buyer so elects) of nonconforming goods.
- (d) Seller shall notify Buyer within twenty-four (24) hours of the discovery of any latent defect in the materials furnished or services supplied under this Order or any previous Orders.

14. Inspection

- (a) All materials or workmanship shall be subject to inspection by Buyer, its customers and any higher-level contractors having cognizance over this Order, including government agencies, before, during performance, and after delivery. Buyer may require Seller to repair or replace rejected material or Buyer may accept any materials and upon discovery of nonconformance, may reject or keep and rework any such materials not so conforming.
- (b) If inspections and tests are made on the premises of Seller or Seller's lower tier subcontractors, Seller shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests required by the inspectors in the performance of their duty.
- (c) Buyer's failure to inspect does not relieve Seller of any responsibility to perform according to the terms of the Order.
- (d) Buyer, its customers and any higher-level contractors having cognizance over this Order, including government agencies, shall have the right to inspect Seller's manufacturing facilities, processes, inspection systems, quality assurance systems, data, and equipment as may be related to the materials furnished or services supplied under this Order.

15. Changes

Buyer shall have the right by written order to suspend work or to make changes from time to time in the services to be rendered or the materials to be furnished by Seller hereunder and the delivery date. If such suspension or changes cause an increase or decrease in the cost of performance of this Order or in the time required for its performance, an equitable adjustment shall be negotiated and the Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted in writing within 30 calendar days from the date of receipt by Seller of notification of the change or suspension and shall be followed as soon as practicable with specification of the amount claimed and supporting cost figures. Nothing herein shall excuse the Seller from proceeding with this Order as changed pending resolution of the claim.

16. Patents

Seller warrants that the sale, use, or incorporation into manufactured products of all machines, parts, components, services, devices, material, and rights furnished or licensed hereunder which are not of Buyer's design, composition, or manufacture shall be free and clear or infringement of any valid patent, copyright, trade mark, or other proprietary rights. Seller shall save Buyer and its customers harmless from any and all expenses, liability, and loss of any kind (including all costs and expenses including attorneys' fees) growing out of claims, suits, or actions alleging such infringement, which claims, suits, or actions Seller, hereby, agrees to defend. Seller may replace or modify infringing goods with comparable goods of substantially same form, fit, and function so as to remove the source of infringement.

17. Taxes

Seller agrees to pay all local, state, and federal excise, sales, and use taxes when applicable (unless otherwise agreed in writing).

18. Assignments

Seller may not assign any rights or obligations due or to become due under this Order without the prior written consent of Buyer. Buyer may assign this Purchase Order to (i) any affiliated company, (ii) any successor in interest, or (iii) Buyer's customer.

19. Set Off

Buyer shall have the right at any time to set off any amount owing from Seller to Buyer or Buyer's subsidiaries and/or affiliates against any amount due and owing to Seller or any of its subsidiaries pursuant to this Order or any other contractual agreement between Buyer and Seller or their respective subsidiaries and/or affiliates.

20. Compliance With Law; Gratuities

- (a) Seller warrants that the materials to be furnished and the services to be rendered under this Order shall be manufactured, sold, and used in compliance with all relevant federal, state, and local laws and regulations. Seller further warrants it has fully complied with Sections 6, 7, 12, and 15 of the Fair Labor Standards Act of 1938, as amended, and the regulations and orders of the U.S. Department of Labor under Section 14 thereof.
- (b) Seller certifies that all equipment and materials delivered under this Order are in conformance with applicable OSHA requirements.

- (c) Seller certifies that in the performance of this Order, it will comply with all applicable U.S. Department of Transportation regulations on hazardous materials and any other pertinent federal, state, or local statutes, laws, rules, or regulations; and Seller further agrees to save Buyer harmless from any loss, damage, fine, penalty, or expense whatsoever that Buyer may suffer as a result of Seller's failure to comply with this certification. The foregoing is in addition to and not in mitigation of any other requirements of this Order.

- (d) Seller warrants that it has not offered or given and will not offer or give to any employee, agent, or representative of Buyer any gratuity or any kickback within the meaning of the Anti-Kickback Act of 1986 with a view toward securing any business from Buyer or influencing such person with respect to the terms, conditions, or performance of any contract with or Order from Buyer. Any breach of this warranty shall be a material breach of each and every contract between Buyer and Seller.

21. Indemnity Against Claims

- (a) Seller shall defend, indemnify, and hold harmless Buyer and Buyer's directors, officers, employees, and agents from any liability, claim of liability, expense, cause of action, loss, or damage whatsoever, including attorney's fees arising out of or in any way connected with Seller's performance or failure to perform this Order or that of Seller's agents, employees, or subcontractors. Seller shall also maintain such Public Liability, Property Damage, Employer's Liability, and Compensation Insurance and Motor Vehicle Liability (Personal Injury and Property Damage) Insurance as are specified in this Order or if none are specified, such amount as will protect Seller (or its subcontractors) and Buyer from said risks and from any claims under any applicable Workers' Compensation, Occupational Disease, and Occupational Safety and Health statutes including the Occupational Safety and Health Act.
- (b) Seller shall without limitation as to time indemnify and save Buyer harmless from all claims which may be asserted against property covered hereunder, including without limitation mechanic's liens or claims arising under Worker's Compensation or Occupational Disease laws and from all claims for injury to persons or property arising out of or related to such property unless the same are caused solely and directly by Buyer's negligence.
- (c) Seller does hereby irrevocably indemnify and agree to defend any claim or litigation, or to pay or reimburse any judgment and all loss and expense costs (including reasonable attorney fees) incurred in connection with any claim or litigation which asserts or is based upon any alleged design or manufacturing defect, negligence, failure to warn, or breach of warranty related to Seller's product(s) (including parts and components thereof purchased by Seller from its suppliers), delivered to Buyer. This indemnity shall be deemed an agreement made in Kansas, to be construed and enforced according to the laws of that State.
- (d) Seller warrants materials furnished pursuant to this Purchase Order shall be free from asbestos or asbestos containing materials.

22. Change Control

- (a) Seller shall not have authority to make any changes to Buyer's drawings or drawings supplied by a prime contractor to whom Buyer is a subcontractor.
- (b) Seller must have prior approval of Buyer for any change to products covered by this order or any previous orders as follows:
 - (1) Any change that affects the product configuration with respect to fit, form, function or process including any software or firmware changes internally to the product.
 - (2) Any changes to subcomponents including any software or firmware.
 - (3) Any change in suppliers or subcontractors including foreign sources of manufacturing of subcomponents of product.
- (c) Seller must reidentify the product covered by this order when a configuration change is made as defined in item (b) above.
- (d) Seller must provide documentation of changes in product covered by this order when a configuration change is made as defined above. Further, the Seller shall supply copies of product documentation, if updated, that does not affect the product purchased by the Buyer covered by this order.

23. Specialty Metals Approval

Any specialty metals (as defined in DFARS 252.225-7014) supplied by Seller will be melted in the U.S., its possessions or Puerto Rico unless prior approval from Buyer for use of other sources.

24. Year 2000 Compliance

Seller warrants that all products furnished on this Purchase Order that rely on, incorporate, or otherwise utilize a date code, accurately process date data from, into, and between twentieth and twenty-first centuries, including leap year calculations.

25. NON-U.S. Produced Value

Raytheon may use the Non-U.S. produced value of this order in satisfying offset-obligations.

26. Commercial Items and Services: Federal Programs

In the event commercial items or services to be furnished hereunder are for use in connection with an acquisition by the U.S. Government, the following clauses from the Federal Acquisition Regulations (FAR) shall apply to this purchase order and shall be deemed incorporated herein for all purposes: (1) *Utilization of Small Business Concerns*, FAR 52.219-8, (2) *Equal Opportunity*, FAR 52.222-26; (3) *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era*, FAR 52.222-35; (4) *Affirmative Action for Workers with Disabilities*, 52.222-36; (5) *Service Contract Act of 1965, as Amended*, FAR 52.222-41, and (6) *Subcontracts for Commercial Items*

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and Commercial Components, FAR 52.244-6. In the event commercial items or services furnished hereunder are for use in connection with a U.S. Department of Defense acquisition, the following clauses from the Department of Defense FAR Supplement (DFARS) shall likewise apply to this purchase order and shall also be deemed incorporated herein for all purposes: (1) *Subcontracts for Commercial Items and Commercial Components (DOD Contracts)*, DFARS 252.244-7000; (2) *Preference for Domestic Specialty Metals, Alt. 1*, DFARS 252.225-7014; (3) *Transportation of Supplies by Sea*, DFARS 252.247-2023; and, (4) *Notification of Transportation of Supplies by Sea*, DFARS 252.247-7024. Should this purchase order be subject to additional government clauses, the same shall be set forth in supplements hereto, and shall be deemed incorporated herein for all purposes.

27. Export/Import Controls

- (a) Seller shall control the disclosure of and access to technical data, information and other items received under this Purchase Order in accordance with U.S. export control laws and regulations, including but not limited to the International Traffic in Arms Regulations (ITAR). Seller shall indemnify Buyer for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by Buyer in connection with any violations of such law and regulations by Seller.
- (b) Information furnished to Seller under this Purchase Order may contain technical data, as defined in ITAR 120.10. Seller is advised and hereby acknowledges that such technical data, relating to export controlled items appearing on the U.S. Munitions List (USML) at ITAR Part 121, may not be exported, disclosed or transferred, as defined in ITAR 120.17, to any foreign person (whether in the United States or abroad), as defined in ITAR 120.16, without first complying with all relevant requirements of ITAR Parts 120-130 (22 CFR 120-130), including the requirement for obtaining any written export authorization from the U.S. Department of State, Office of Defense Trade Controls (ODTC), or otherwise make and document the determination that an ITAR licensing exemption applies, as the case may be. A downloadable copy of the ITAR is accessible at the ODTC web site at www.pmdtc.org.
- (c) If performance under this Purchase order requires Seller to export, as defined in ITAR 120.17, temporarily import into the U.S., as defined in ITAR 120.18, or reexport or retransfer, as defined in ITAR 120.19, defense articles, as defined in ITAR 120.6, or to export defense services, as defined in ITAR 120.9, relating to items appearing on the USML at ITAR Part 121, to a foreign person (whether in the United States or abroad), as defined in ITAR 120.16, Seller is advised and hereby acknowledges that such defense articles may not be exported, temporarily imported, reexported or retransferred and such defense services may not be exported to a foreign person in the U.S. or abroad without complying with all relevant requirements of ITAR Parts 120-130, including the requirement to obtain any written export, temporary import or reexport or retransfer authorization from ODTC, or otherwise make and document the determination that an ITAR licensing exemption applies, as the case may be.
- (d) Seller is further advised that if it engages in the United States in the business of either manufacturing or exporting defense articles as defined in ITAR 120.6 or defense services as defined in ITAR 120.9, then Seller is required by ITAR Part 122 to register with the U.S. Department of State, Office of Defense Trade Controls (ODTC) using forms accessible at the ODTC web site at www.pmdtc.org. Manufacturers of defense articles who do not engage in exporting of same must nevertheless register with ODTC. Registration does not by itself confer export rights or privileges, but is generally a precondition to the issuance of any license or other approval by ODTC.
- (e) Information furnished by Seller under this Purchase Order, although not regulated by the ITAR, may contain technical data, as defined in the U.S. Department of Commerce, Bureau of Export Administration (BXA), Export Administration Regulations (EAR) Part 772 (15 CFR 772) relating to export controlled items appearing on the Commerce Control List (CCL) at EAR Part 774 (15 CFR 774). Seller is advised and acknowledges that such technical data may not be exported out of the U.S. or to a foreign national in the U.S., as defined in EAR Part 772, without complying with all relevant requirements of EAR Parts 730-774 (15 CFR 730-774), including the requirement to obtain any written export authorization from BXA, or to otherwise make and document the determination that a licensing exception applies, as the case may be. A downloadable copy of the EAR is accessible at the BXA web site at www.bxa.doc.gov.
- (f) If performance under this Purchase order requires Seller to export or reexport, as defined in EAR Part 772, commodities, technology or software as defined in EAR Part 772, that do not relate to items appearing on the USML, but do relate to items appearing on the CCL, Seller is advised and hereby acknowledges that such commodities, technology or software may not be exported out of the U.S., reexported from one foreign country to another foreign country or to a foreign national outside the U.S. without complying with all relevant requirements of EAR Parts 730-774, including the requirement to obtain any written export authorization from BXA, or to otherwise make and document the determination that a licensing exception applies, as the case may be.
- (g) If performance under this Purchase Order requires the Seller to permanently import into the U.S. articles appearing on the U.S. Treasury Department, Bureau of Alcohol, Tobacco & Firearms (BATF) U.S. Munitions Import List at 27 CFR Part 21, Seller is advised and hereby acknowledges that such items may not be permanently imported into the U.S. without an approved import permit issued by BATF pursuant to 27 CFR Part 47, Subpart E, unless an exemption applies.

Additionally, if Seller is engaged in the business, in the U.S. of importing articles appearing on the U.S. Munitions Import List, Seller must register with BATF pursuant to 27 CFR Part 47, Subpart D. Downloadable copies of the BATF regulations and forms are accessible at the BATF web site at www.atf.treas.gov.

- (h) If performance under this Purchase Order requires the Seller to export out of the U.S. machineguns, destructive devices, explosives and certain other firearms, as defined in 27 CFR Part 179, Subpart B, Seller is advised and hereby acknowledges that such items may not be exported out of the U.S. without an approved export permit issued by BATF pursuant to 27 CFR Part 178, Subpart K and 27 CFR Part 179, Subpart H. Seller is also advised that an approved export license issued by the U.S. Department of State, Office of Defense Trade Controls (ODTC) may also be required pursuant to the relevant requirements of the ITAR.