AAR GOVERNMENT SERVICES, INC.
FIXED PRICE (COMMERCIAL ITEMS OR SERVICES FOR GOVERNMENT PROGRAMS)
F117 STANDARD TERMS AND CONDITONS:
REPAIR INSTRUCTIONS

Except as may be expressly set forth in this Subcontract with the Government Contracting Officer's express consent, the subcontractor shall not acquire any direct claim or direct course of action against the US Government. Seller shall include in each lower-tier subcontract the appropriate flow down clauses as required by the Federal Acquisition Regulation (FAR).

REPAIR INSTRUCTIONS

1. **GENERAL**
   Seller shall functionally test, repair as necessary I.A.W. the latest OEM CMM and P&W Engine Manual No. 1B2412, and certify as "REPAIRED", "OVERHAULED", "INSPECTED", "TESTED", or "MODIFIED". Seller shall also incorporate all applicable Airworthiness Directives and Service Bulletins.

   DO NOT PROCEED WITH REPAIR NOT IDENTIFIED WITHIN THE REPAIR ORDER UNTIL WRITTEN APPROVAL HAS BEEN RECEIVED. AAR WILL NOT PAY FOR ANY WORK PERFORMED THAT HAS NOT BEEN QUOTED AND APPROVED **VENDOR MUST HAVE APPROVAL BEFORE ANY PART CAN BE SUBCONTRACTED OUT TO ANOTHER VENDOR FOR REPAIR/OVERHAUL**

2. **DAMAGE**
   The Supplier will advise Buyer immediately if a Component is found to be damaged on receipt or possession by Supplier. The Supplier will submit digital photos as evidence.

3. **REQUIREMENTS**
   - **a.** All work on Components will be performed in accordance with the requirements of the Repair Order, the latest revision standard of the Original Equipment Manufacturer Component Maintenance Manual (OEM CMM) and, as applicable, the P&W Engine Manual No. 1B2412 unless otherwise agreed between the parties as part of a quotation process after inspection (if applicable over and above work scope). The subcontractor shall maintain the component individual parts/component integrity in accordance with the following: Original Equipment Manufacturer Component Maintenance Manual (OEM CMM), and P&W Engine Manual No. 1B2412.
   - **b.** Inspection requirements, repairs and limitations shall be in accordance with the most updated edition of the technical data effective at the time of repair.
   - **c.** All services in regards to this agreement shall be performed by the subcontractor and not subcontracted to any 3rd party.
   - **d.** The subcontractor shall purchase all necessary component part detail material from the OEM-approved sources needed to repair the components. Subcontractor is not authorized to cannibalize detail parts between failed components.

4. **BEYOND PHYSICAL REPAIR**
   - **a.** If during test, teardown, evaluation, or major repair or minor repair, the Supplier estimates the component to be beyond physical repair (BPR), subcontractor shall immediately notify Buyer for disposition instructions. Subcontractor will provide component information to include part name, part number, serial number, condition findings, failed component part number, description, recommendation and photographs for BPR evaluation as requested by Buyer.
   - **b.** Repair for components AAR's designates as BPR will be considered over-and-above. If components are BPR and Buyer directs repair, Supplier shall repair the item and return to Buyer

in accordance with mutually agreed upon pricing. Buyer shall issue an updated Repair Order to reflect the revised work scope.

5. CHANGE REQUEST TEMPLATE

a. If after receipt of the Repair Order, the subcontractor determines that the workscope needs to be modified (e.g. from minor repair to major repair or from minor repair to test), the subcontractor shall provide this request utilizing a Change Request Template to the Buyer for disposition and stop all work on the component until a disposition is provided. Subcontractor shall request the Change Request Template to be utilized from Buyer and Buyer will furnish said template to subcontractor. At a minimum, workscope change request to AAR shall contain the minimum following information:

- **i.** Repair Order Number;
- **ii.** Date Submitted;
- **iii.** OEM Part Number;
- **iv.** NSN;
- **v.** Part Nomenclature;
- **vi.** List Serial Number;
- **vii.** Reason of Change Request; and
- **viii.** Submitted by Contact Information.

b. If the workscope change is approved by Buyer, Buyer shall issue an updated Repair Order to authorize continuance of the work. If the request is not approved by Buyer, then the subcontractor shall coordinate with the Buyer for disposition instructions.

NOTE: Please see F117 Forms and Templates link/document for the required template.

6. SERVICE BULLETIN

a. The Supplier shall incorporate applicable FAA Airworthiness Directives and OEM Service Bulletins (SBs), defined by SB category number. The Supplier shall incorporate applicable SBs as requested by Buyer. These SBs must be incorporated at time of induction, except for immediate or urgent SBs, which shall be incorporated before returning the C&A to serviceable status (i.e., incorporation on work in process [WIP] required). The Supplier will coordinate with Buyer for approval to incorporate Airworthiness Directives and SBs for C&As. Supplier shall notify Buyer of Service Bulletins that require a change of part numbers during the repair process as soon as reasonably possible, but no later than repaired C&A component is scheduled for shipment. The Supplier shall initiate and maintain a tracking program for OEM Service Bulletins, FAA Airworthiness Directives, and Service Bulletins reflecting the OEM build standard. The Supplier shall also track Service Bulletins incorporated into C&A items accomplished by the Supplier and provide record of Service Bulletin incorporation to Buyer upon completion of repair.

b. For service bulletins not included within the subcontractor's firm-fixed pricing, subcontractor must receive written approval from the Buyer prior to incorporation and will be considered over-and-above.

c. Over and Above: When over-and-above workscope is required, the subcontractor shall stop all work on the component until a disposition is provided by Buyer. Subcontractor will provide a quote for the over-and-above work scope which includes separate line item details for labor and material. Upon acceptance, Buyer shall issue an updated Repair Order to authorize continuance of the work in accordance with the agreed upon pricing and turn-around time.
Quotes to be sent to: F117RFQ.AGS@aarcorp.com

7. QUALITY

It is the subcontractor's responsibility to understand and comply with requirements of each component. Subcontractor shall contact Buyer in writing for clarification when ambiguities in requirements are discovered.

a. Subcontractor warrants that repair of components conform to the requirements and are fit for their intended purpose (e.g., blueprint dimensions, Douglas Process Specifications [DPSs], and Douglas Material Specifications [DMSs], and Qualified Products List [QPL] or other uses). Subcontractor will provide a Certificate of Conformance (COC) for shipments, as applicable.
b. Subcontractor's contractual documentation must be in a form that may be understood by Buyer and/or Buyer's customer representatives. Specifically, the Subcontractor must have current copies of the Quality Manual, and procedures in English.
c. Subcontractor is responsible for the quality of products purchased from subcontractors, including customer-designated sources. Subcontractor must flow down applicable contract requirements (e.g., blueprint dimensions, DPS, DMS, and QPL) in the purchasing documents to subtiers. Appropriate measures must be taken with regard to subtier compliance to requirements. Subcontractor must have controls to prevent foreign object damage (FOD).
d. Approval/verification of parts or processes, by Buyer and/or Buyer's Customer representatives, does not absolve the Subcontractor of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the Buyer.
    i. The overarching program quality requirements can be found in the Subcontractor Quality System Requirements for Maintenance Organizations, available at: http://www.utc.com/Suppliers/Documents/asqr02.pdf.
    ii. The Foreign Object Damage/Debris Prevention, Handling, Storage, Packaging, Preservation, and Delivery of Product, Material or Services supplied, is available at http://www.utc.com/Suppliers/Documents/asqr15_1.pdf.
e. Subcontractor's facility used must have and maintain approval to SAE AS9100 and AS9110. Additional requirements found in PW CE-AO 7.7.4S.
f. During the course of repair, the discovery of any maintenance or repair issue not previously known at induction will be identified by Subcontractor for review and for further action, as applicable. When unique or previously unknown anomalies are identified during the repair process, Subcontractor shall initiate a F117 Significant Event utilizing a Significant Event Form and provide the completed form to the Buyer. Subcontractor shall request from Buyer the Significant Event Form template to be utilized and Buyer will furnish said form to subcontractor.
g. Subcontractor Deficiency Reports (SDR) are issued to repair locations by the Customer's F117 Program Quality Manager when a nonconformance is found on F117 EBUs, modules, and components or upon notification of a significant customer escape. SDRs require documentation of root cause and the corrective action implemented to preclude recurrence of the escape. Subcontractor shall respond to SDRs within 25 calendar days of receipt.
h. Significant Customer Escape is an external customer escape event that results in significant customer impact:
    i. Category 1: Critical Escape — a process or technical issue that results in an inability to operate or a risk to operation (e.g., in-flight shutdown, product/flight safety, flight restriction, engine mishap)
    ii. Category 2: Major Escape — a process or technical issue, except a Category 1 issue, that results in a field action required by the customer (e.g., shelf stock inspection, product recall, borescope inspection, remove and replace, remove at less than full life, maintenance or workflow disruption)
    iii. Other Customer Escape:
        1) Category 3: Minor Escape — other customer escape events that are not Category 1 or 2.
        2) Internal Escape — any product or service that is delivered which contains a nonconformance (e.g., left a process) to an internal customer causing a disruption to the customer's work flow or business process (e.g., Business Unit to Business Unit; Organization to Organization)
i. Subcontractor shall inform Buyer within 24 hours of discovery of suspect nonconforming product having been shipped regardless of destination. The **F117 Significant Event form*** shall be the method of communication, unless otherwise dictated by the Buyer.

j. The Subcontractor is required to protect all information generated, either physical or electronic, as part of this Repair Order.

***NOTE:** Please see F117 Forms and Templates link/document for the required template.

8. SHIPPING

Vendor shall include two copies of the following documentation, one copy shall be attached to the outside of the shipping container and one copy shall be inside the shipping container with the repaired part.

a. All documents shall include:
   i. Both OEM PN and the P&W PN
   ii. DD-1574 and COC, or commercial equivalent FAA 8130
   iii. Packing Slip
b. Final Repair Report / Shop Visit Report
   i. Vendor must ALSO provide a copy of the final Repair / Shop Visit Report to AAR via email upon shipment.
c. Hold for shipping label & instructions
   i. Please contact F117RFQ.AGS@aarcorp.com for shipping instructions
d. NOTIFY IF HAZMAT HANDLING REQUIRED
   i. Package one unit or set per box for return

The Supplier shall implement procedures to preserve, package, handle, store, and ship completed items, aside from the EEC and the FCU, in a manner to prevent damage, deterioration or loss in accordance with best commercial practices as specified within ATAA300 Packaging of Airline Supplies (Revision 19) and ASTM D3951 Standard practice for commercial packaging.

For hazardous materials, performance-oriented packaging shall be accomplished in accordance with AFJI24-210. Packaging also dictated by mode of shipment. For commercial air, IATA applies.

FAILURE TO COMPLY WITH THESE INSTRUCTIONS SHALL ENTITLE AAR TO DEDUCT COSTS FOR ADDITIONAL CARRIAGE AND STORAGE.

9. REPORTING REQUIREMENTS

Shop Visit Report:

Subcontractor shall provide a Shop Visit Report to the Buyer designated representative or data repository within 24 hours after shipment, in accordance with the Subcontractor's chosen format*. This shop findings/visit report shall be provided regardless of whether the furnished component was scrapped, the reported problem could not be duplicated or the component was repaired. This report shall include but not be limited to the following information:

a. OEM Part number and P&W Part Number
b. Nomenclature
c. Serial number (if applicable)
d. Root cause of reported problem (if confirmed)
e. Corrective action taken
f. Identify subassemblies and consumables replaced (including part number, nomenclature and quantity)
g. Parts exchanged from other items (including part number, serial number-if applicable, original item part number and serial number-if applicable)
h. The Shop Visit Report shall contain part numbers and serial numbers (as applicable) of any detail parts that are cannibalized out of one unit to expedite the repair of another unit.

***NOTE**: Please see F117 Forms and Templates link/document for a sample template.

Status Report:
Subcontractor shall provide twice weekly component repair status to Buyer, which will include the units being processed through Subcontractor's Source of Repair (SOR) and any parts closed within the last 14 calendar days*.

This status report will provide separate status for repairs to include repair actions, could not duplicate (CND), and condemnation actions. Subcontractor's status reports shall include the following minimum information for only those items that exceed a 35 calendar day TAT for each component:

a. AAR Repair order number and P&W PO number, Boeing PC number
b. OEM part number and P&W Part number, NSN (as applicable NSL if no NSN), nomenclature and serial number
c. Actual receiving date at Supplier's facility
d. Estimated shipping date and revised shipping date of repaired component
e. Actual shipping date of repaired component
f. General remarks of depicting current status of the C&A components in repair
g. Shipping bill of lading number and carrier
h. Exception reports as required (e.g., delayed repairs, reason for delays, or shipping damage).

***NOTE**: Please see F117 Forms and Templates link/document for a sample template.

10. LOSS, DAMAGE, OR DESTRUCTION

Loss, damage, or destruction (LDD) of controls & accessories components while in subcontractor's care, custody, or control shall be the responsibility of the subcontractor. In the event of component loss, damage or destruction, within 36 hours of becoming aware of the LDD incident, the subcontractor will issue a Lost, Damaged, and/or Destroyed Report in accordance with Buyer's designated format*. Subcontractor will request from Buyer the report format and Buyer will furnish the required format to the subcontractor. Within 30 calendar days of submittal of an LDD Report, Supplier will provide a credit, as calculated by Buyer, to the Buyer for the value of the material lost or destroyed.

***NOTE**: Please see F117 Forms and Templates link/document for the required template.

11. ANTI-DEBARMENT

Any representations and certifications submitted resulting in award of this Subcontract are hereby incorporated either in full text or by reference, and any updated representations and certifications submitted thereafter are incorporated by reference and made a part of this Subcontract with the same force and effect as if they were incorporated by full text. By signing this Subcontract, the Subcontractor hereby certifies that as of the time of award of this Subcontract:

a. the Subcontractor, or its principals, is not debarred, suspended or proposed for debarment or declared ineligible for award by any Federal agency;
b. no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with awarding the contract or this Subcontract; and
c. no changes have occurred to any other representations and certifications made by the Subcontractor resulting in award of this subcontract.

The Subcontractor agrees to promptly notify the AAR Subcontracts Administrator/Buyer of any changes occurring at any time during performance of this Subcontract to any representations and certifications submitted by the Subcontractor.

12. **Freight Process**

Freight Instructions:

Once a component has been completed in accordance with the requirements outlined within the Order, the Supplier will initiate and complete the below steps for shipping the unit to the final destination.

a. Create Packing Slip and Provide Weight & Dimensions
    i. The Supplier will notify the Buyer once the component is ready for shipment and provide their packing slip for the unit to be shipped as well as weights and dimensions. Upon acceptance by Buyer, Supplier may provide the Packing slip number in lieu of the packing slip provided the packing slip number does not change.

b. Create Tracking Label
    i. Upon receipt of the packing slip and weights and dimension, the Buyer will generate a Tracking label from the Customer's designated carrier. The Buyer will then provide the generated Tracking label to the Customer.

c. Create Shipping Label
    i. The Customer will utilize the Tracking label provided by the Buyer to generate the Shipping label which it will provide to the Buyer.

d. Provide Final Labels for Shipment
    i. Upon receipt of the Shipping Label from the Customer, the Buyer will provide the Tracking and Shipping labels to the Supplier.

e. Ship Component
    i. The Supplier will utilize all three documents (i.e. packing, tracking, and shipping) to ship the completed unit to the final destination.

Changes to Packaging:

The Buyer shall contact the Supplier if the package for a specific part number changes weight or measurement changes from the instructed parameters or if their provided Packing Slip requires revision.

Freight Type:

Preferred service level is Priority Overnight for urgent shipments and Express Saver for non-urgent shipments. The Buyer's expectation is that communication for any urgent request will be provided at least twenty four (24) hours before requested delivery date, in order to support all necessary planning.

Compliance:

If the above process is not complied to, the Customer's 3rd party freight payment company will reject the invoices back to the Customer's designated carrier and they will bill back the shipper. The Customer will not reverse the charges.