

PURCHASE ORDER ATTACHMENT GA-003

RAYTHEON COMPANY

OPTION PURCHASE AGREEMENT

This Purchase Agreement (“Agreement”) is entered into between Raytheon Company, a corporation organized and existing under the laws of the State of Delaware, doing business as Raytheon Company (hereinafter called “BUYER”) and _____, a corporation organized and existing under the laws of the State of _____ (hereinafter called “SELLER”).

Subject to the terms and conditions of this Purchase Agreement, SELLER agrees to sell and BUYER shall have the option to purchase the products, at the price, description, and quantity set forth in Schedule “A”, which is attached hereto and made a part hereof as if fully set forth below.

ARTICLE 1 - DEFINITIONS

- 1.1 “Product” means those items listed in Schedule “A”.
- 1.2 “Custom Product” means products manufactured to mutually agreed specifications, including modified standard products as described in Schedule “A”.
- 1.3 “Customer” means the Raytheon Customer or end-user of the products procured hereunder.
- 1.4 “Similar Quantities” means quantities of products in the amounts/ranges listed in Schedule “A”.
- 1.5 “Agreement” means this agreement, Schedule “A” attached hereto and Purchase Orders issued under this Agreement by BUYER.
- 1.6 “Purchase Order” means BUYER’s purchase order or subcontract issued to the SELLER for the supply of products listed in Schedule “A”.
- 1.7 “BUYER’s Authorized Representative” means the specific individual designated by BUYER in the applicable Purchase Orders issued hereunder, or otherwise, as the authorized representative for any and all contractual notifications, directions or changes including but not limited to changes in contractual requirements.
- 1.8 “Requirements” means the actual Customer prime or higher tier contract orders that necessitate the procurement of the products herein.
- 1.9 “BUYER” means the entity set forth in the preamble above and any Participants, as defined, and for the purposes set forth, in Article 16, Participants, below.

The text of this document shall not be changed except by written agreement between Buyer and Seller.

ARTICLE 2 - PRICING

2.1 All pricing shall be firm fixed price based upon the pricing structure set forth below:

Term: The option to purchase herein shall be valid for the period set forth in Article 20, Effective Date, Term and Option Term.

Purchase Orders: Individual Purchase Orders shall be made at any time under the terms of this Agreement.

Price: Pricing shall be as set forth in Schedule "A" attached hereto.

2.2 It is mutually understood that the Schedule "A" quantities are forecasted requirements derived from BUYER's Customer requirements and that the BUYER's option to purchase such quantities from SELLER is contingent upon, and limited to, the above purchase requirements for such products during the term of this Agreement. BUYER makes no representation that it will purchase the requirements herein and reserves the right to purchase such products elsewhere. In the event that the forecasted requirements are less than the Schedule "A" quantities, BUYER shall incur no liability of any kind for failure to purchase the Schedule "A" quantities of the product. BUYER'S determination of purchase requirements shall be final and conclusive.

2.3 The Parties agree that this Purchase Agreement shall apply to all products manufactured to mutually agreed specifications, including Custom Products.

2.4 In consideration of the issuance of this Agreement, SELLER grants to BUYER the option for an additional Option Term herein to purchase products at the prices and terms and conditions of this Agreement.

2.5 Notwithstanding the above, SELLER agrees to extend at all times to BUYER and immediately to make any price reductions or changes to more favorable terms and conditions offered or given by SELLER to others, including its most favored customer, during the term of this Agreement for same or similar quantities. Any price reductions or changes to more favorable terms and conditions shall be made effective as of the date of such offering or giving by SELLER and shall be reflected in a revised Schedule "A". Schedule "A" contains pricing which shall constitute the baseline from which discounts and earned volume rebates, if applicable, shall be measured.

In addition to the foregoing, Buyer reserves the right to market test the pricing of Schedule "A" at any time during the term of this agreement. If it is objectively determined that due to market changes or other factors that the products of Schedule "A" are available from suppliers other than seller at prices below Schedule "A" pricing, Seller agrees to lower its Schedule "A" pricing to meet market pricing. In the event Seller cannot agree to lower its pricing as provided for herein, Buyer may terminate this agreement without further liability or obligations to Seller.

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER GA-003 (Continued)
Option Purchase Agreement



- 2.6 No items shall be provided to BUYER by virtue of this Agreement itself. A Purchase Order by BUYER is required. The Purchase Order shall identify the quantity, unit and total purchase order prices, shipping instructions, delivery dates, and shall refer to this Agreement, applicable terms and conditions and prime contract flowdowns, if any, and any other requirements. For Purchase Orders under U.S. Department of Defense contracts, SELLER shall acknowledge such Purchase Orders within the time required by the Defense Priorities and Allocation System Regulations (15 CFR 700 et seq.) and as stated in the Purchase Order.
- 2.7 In the event that a part, raw material or component forming any part of any item set forth in Schedule "A" becomes obsolete, is planned for obsolescence for any reason, or the manufacture of any product hereunder is to be discontinued by SELLER, SELLER shall provide notice as provided for herein to allow BUYER to purchase sufficient quantities to satisfy life-time requirements or SELLER shall re-qualify new material in accordance with the forecasted quantities in Schedule "A". SELLER shall (1) notify the BUYER as soon as practicable , but in no event less than six (6) months prior to any of the above referenced events, and (2) use its best efforts to mitigate any cost and/or schedule impact to the BUYER.
- 2.8 For the Term of this Agreement, SELLER further agrees to offer pricing, at least as favorable as the pricing set forth in Schedule "A", to any of any of BUYER's subcontractors or suppliers as mutually agreed by the Parties. Such agreement shall not be unreasonably withheld by SELLER. .

ARTICLE 3 - NOTICES AND COMMUNICATIONS

- 3.1 All communications and notices from BUYER to SELLER shall be sent to the address set forth herein:
- Company Name:
Address:
Attention:
- 3.2 All communications and notices from SELLER to BUYER shall be sent to the address set forth herein.
- Raytheon Company
- Attention:
- 3.3 Each party may change its address or point of contact from time to time by written notice to the other.

ARTICLE 4 - PAYMENTS AND DELIVERY

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER GA-003 (Continued)
Option Purchase Agreement



- 4.1 [Payment terms shall be _____ % discount for payment within _____ days of receipt of invoice, net payment within thirty (30) days].
- 4.2 Invoices shall be submitted to:
- Raytheon Company
- Attention: Invoice Clearance
- 4.3 SELLER shall comply with the delivery bar-code requirements of Purchase Orders issued pursuant to this agreement.

ARTICLE 5 - PURCHASE ORDER TERMS AND CONDITIONS

- 5.1 SELLER shall furnish the material called for by this Agreement in accordance with all applicable provisions set forth in this Agreement and the following documents which shall be binding and incorporated by reference in every Purchase Order under to this Agreement:
- A Schedule "A" - Pricing
 - B. EDI Trading Agreement, if applicable
 - C. Terms and Conditions of Purchase and other applicable documents as set forth below:
 - 5.2__ General Terms and Conditions of Purchase TC-001
 - 5.2__ Terms and Conditions of Purchase, Supplement 1 - Government Contract Provisions (FAR) TC-002
 - 5.2__ Terms and Conditions of Purchase, Supplement 2 - Government Contract Provisions (DFARS) TC-003
 - 5.2__ International Terms and Conditions of Purchase TC-004
 - 5.2__ Prime or higher tier Contract Flowdown Terms and Conditions incorporated in purchase orders issued pursuant to this Agreement.
 - 5.2__ EDI Trading Agreement, dated _____ .
 - 5.2__ (Other Documents Attached to this Purchase Order)
- 5.3 All specifications, exhibits, drawings or other documents that are referenced in this Agreement but are not attached hereto, are hereby incorporated by reference.

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER GA-003 (Continued)
Option Purchase Agreement



5.4 Any conflict between documents incorporated herein and the provisions of any Purchase Order shall be resolved by application of the following order of precedence, the first taking precedence over the last:

5.4.1 Written provisions on the face of the Purchase Order

5.4.2 Statements of Work

5.4.3 Drawings and specifications and standards of Buyer

5.4.4 Terms and Conditions in the order listed in 5.2 above

5.4.5 Terms and Conditions of Purchase Orders issued pursuant to this Agreement

ARTICLE 6 - TERMINATION

BUYER reserves the right to terminate this Agreement without any liability by giving thirty (30) days written notice to the SELLER whether or not any quantities have been purchased from SELLER, but the terms and conditions of this Agreement will continue to apply to any Purchase Orders BUYER may place with SELLER prior to the expiration or termination of this Agreement.

The BUYER further reserves the right to terminate this Agreement upon written notice at any time, should SELLER, for any reason, fail to make deliveries in accordance with any Purchase Order hereunder, or the products delivered by SELLER under any Purchase Order hereunder fail to meet technical or quality requirements of such Purchase Order. The termination of Purchase Orders issued hereunder shall not affect the validity or Term of this Agreement.

ARTICLE 7 - DISPUTES

Any controversy or claim arising out of or relating to this agreement or 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, under the laws of the state from which this Agreement is issued, to the exclusion of the UN Convention on Contracts for the International Sale of Goods, 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. Pending resolution or settlement of any dispute arising hereunder, SELLER will proceed diligently as directed by BUYER with the performance of this Agreement and any Purchase Order issued hereunder.

ARTICLE 8 - PURCHASE ORDERS AND CONTRACTUAL AUTHORITY

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER GA-003 (Continued)
Option Purchase Agreement



- 8.1 Purchase Orders may be issued and accepted electronically without written documentation provided Buyer and Seller execute a separate agreement for Electronic Data Interchange (EDI).
- 8.2 All Purchase Orders issued under this Agreement shall incorporate this Agreement by reference by the inclusion of the following statement:

“This Purchase Order is subject to the terms and conditions of Raytheon Purchase Agreement No. _____, which is incorporated by reference herein as if fully set forth below.”

The failure of BUYER to include this statement in its Purchase Order(s) shall not affect the applicability of the Agreement to such Purchase Order(s). Each Purchase Order, though subject to the provisions of this Agreement, will be a separate order between BUYER and SELLER.
- 8.3 SELLER shall not require minimum purchase requirements.
- 8.4 This Agreement shall be amended only by mutual agreement signed by the Parties. A change issued under the “Changes” clause of the Terms and Conditions of Purchase Orders shall not be deemed to be an amendment to this Agreement..
- 8.5 Suppliers having more than one manufacturing location shall identify a common sales point as the Raytheon Account Management Office.
- 8.6 Packaging, packing and marking requirements shall be specified in each Purchase Order.
- 8.7 BUYER shall not be liable for any commitments made, costs incurred or obligations undertaken in connection with a Purchase Order prior to issuance of a formal Purchase Order through EDI or by hard copy Purchase Order, as set forth in this Article.

ARTICLE 9 - CONFIGURATION CHANGES

SELLER shall not make any changes in the manufacture of items to be delivered pursuant to Purchase Orders issued hereunder in manufacturing processes, materials, design, form, fit or function or in any other way without prior written notification to BUYER and BUYER reserves the right to terminate this Agreement and any Purchase Orders issued hereunder in accordance with Article 6, Termination, if any changes by SELLER do not meet BUYER’s approval.

ARTICLE 10 - FOREIGN OFFSETS

- 10.1 In consideration of the issuance of this purchase order and in order to aid BUYER in meeting its offset obligations, SELLER agrees :
 - A. to use its best efforts to cooperate with BUYER in the fulfillment of any offset program obligation, inclusive of the negotiation of specific goals or obligations for BUYER’s offset credit; and

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER GA-003 (Continued)
Option Purchase Agreement



- B. to report the value and nature of foreign procurement activity and negotiate in good faith in order for BUYER to obtain indirect offset credits accumulated by SELLER during the Term of this Agreement.

ARTICLE 11 - SUPPLIER IMPROVEMENT PROGRAM(S)

The SELLER agrees to participate, as appropriate, in BUYER's Supplier Improvement Programs, as may be further defined.

ARTICLE 12 - REPRESENTATIONS

SELLER represents and warrants to the BUYER that SELLER is, and shall continue to be in compliance with all applicable Federal, State and Local laws, regulations and ordinances and further represents and warrants to BUYER that the Schedule "A" pricing fairly reflects manufacturing, selling and delivery cost savings resulting from quantity sales of products derived as a result of SELLER's normal course of business, and that such prices are reasonably available to all other buyers under like conditions and similar circumstances.

ARTICLE 13 - RELEASE OF INFORMATION

SELLER shall not, without the prior written consent of BUYER, publicly announce, publish or disclose the terms or existence of this Agreement, except SELLER may so disclose such information to the U.S. Government or a foreign government when a Purchase Order hereunder is placed under a U.S. or foreign government prime contract. This provision shall survive the expiration, termination or cancellation of this Agreement.

ARTICLE 14 - REPORT OF PARTICIPATION

SELLER shall maintain a cumulative record of all Purchase Orders placed by BUYER and shall provide written reports to BUYER of the total, cumulative purchases illustrating standard or list prices as appropriate, and cumulative Schedule "A" pricing under this Agreement, within twenty(20) days after the end of each calendar quarter beginning at the end of the quarter in which this Agreement is first effective.

ARTICLE 15 - PARTICIPANTS

Participants to this Agreement include the BUYER, BUYER's wholly or partially owned subsidiaries and affiliates, divisions, joint ventures or business units, excluding successors in interest by divestiture ,

ARTICLE 16 - QUALIFICATION

The BUYER's requirements for products listed in Schedule "A" may necessitate SELLER's qualification to selected process, systems or functional requirements. In the event that SELLER is not presently qualified, or qualification is suspended or revoked, SELLER shall provide appropriate qualification test plans and subsequent reports as required by BUYER. Such plans shall be subject to BUYER's approval. BUYER's approval of SELLER's test and qualification plan(s) is intended to provide confidence in SELLER's ability to qualify specific products and does

The text of this document shall not be changed except by written agreement between Buyer and Seller.

PURCHASE ORDER GA-003 (Continued)
Option Purchase Agreement



not constitute an opinion or warranty that SELLER's plans will be successful or compliant to specifications or other requirements. SELLER shall bear all costs for such qualification, including first article units if required. Production orders shall be built in parallel to qualification at the risk of SELLER, if such pre-qualification production is required to meet BUYER's required delivery dates.

ARTICLE 17 - EFFECTIVE DATE, TERM OPTION FOR ADDITIONAL TERM(S)

- 17.1 The Effective Date of this Agreement shall be the date the Agreement has been signed by both Parties.
- 17.2 The Term of this Agreement shall be the period of _____ year () from the Effective Date. Any Purchase Order issued during the Term shall continue in effect under the provisions hereof until performance thereunder is completed.
- 17.3 This Agreement, at BUYER'S option, may be extended an additional Option Term of _____ year (). Any additional Option Terms shall be made by amendment hereof which shall be executed by the parties prior to the expiration of the then current Term.

ARTICLE 18 - VERIFICATION

SELLER grants to BUYER the right at reasonable times and with reasonable notice, to validate the consistency of Purchase Orders issued hereunder and the pricing and discounts as contained in Schedule A hereto. Any overcharges resulting from audits shall be reimbursed to BUYER against the specific Purchase Order overcharged. In the event that a representative sampling of Purchase Orders indicates that in excess of 5% of Purchase Orders have been overcharged, BUYER has the right to extrapolate the average overcharge and receive reimbursement for all products purchased during the audit period.

ARTICLE 19 - ENTIRE AGREEMENT

This is the entire Agreement between the Parties relative to the option to purchase products, as set forth in Schedule "A", hereto; it supersedes any prior or contemporaneous written or oral agreements thereof and may not be amended or modified except by subsequent agreement in writing by duly authorized officers or representatives of the Parties.

Agreed to this _____ day of _____, 2000.

By: RAYTHEON COMPANY

Name

Name

Title

Title

Signature

Signature

The text of this document shall not be changed except by written agreement between Buyer and Seller.