

SECTION 2: SCOPE

| <u>DRAWING NUMBER</u> | <u>PRODUCTION QUANTITY</u> |
|-----------------------|----------------------------|
| ----- DESCRIPTION | ----- RELEASE PERIOD |

GENERAL ELECTRIC AND VOLVO ENTERED INTO AN AGREEMENT ON JUNE 10, 1981 TITLED "F404 CO-PRODUCTION AGREEMENT FOR FX ENGINES" WHICH PROVIDED FOR VOLVO TO PRODUCE CERTAIN COMPONENTS FOR THE FX/F404 ENGINES.

THIS ADMINISTRATIVE DOCUMENT IS ISSUED SOLELY FOR THE PURPOSE OF PROVIDING AN ADMINISTRATIVE VEHICLE TO IMPLEMENT SOME OF THE PROVISIONS OF THE ABOVE AGREEMENT SUCH AS;

1. CONFIGURATION CONTROL
2. SOURCE QUALIFICATION REQUIREMENTS
3. PRODUCTION RELEASES AND SCHEDULING
4. RECORDING OF PARTS ARRIVING AT GE
5. QUALITY CONTROL REQUIREMENTS
6. NON CONFORMING MATERIAL CONTROL (MRB).
7. REPAIR/REPLACEMENT LOGISTICS.
8. PAYMENT
9. ESCALATION
10. PROGRESS PAYMENTS
11. SHIPPING AND IMPORTING INSTRUCTIONS

PRICE AND TERMS AND CONDITIONS ARE AS AGREED UPON BETWEEN THE PARTIES IN THE ABOVE REFERENCED AGREEMENT. IN ADDITION, CERTAIN PROVISIONS N OF THE GE TERMS AND CONDITIONS (STANDARD REMARK C64), AS APPLICABLE, ABL SHALL SUPPLEMENT THE ABOVE AGREEMENT, RECOGNIZING THAT IN THE EVENT OF ANY CONFLICT BETWEEN THESE SUPPLEMENTS AND THE CO-PRODUCTION AGREE- MENT, THE GE TERMS AND CONDITIONS SHALL GOVERN SINCE THEY FLOW DOWN ALL GOVERNMENT REQUIREMENTS.

FOR EASE OF REFERENCE THIS DOCUMENT IS DIVIDED IN (6) MAJOR SECTIONS AS FOLLOWS:

SECTION 1: DEFINES ALL THE ITEMS THAT VOLVO IS REQUIRED TO SHIP TO GE: ITEM 001 IS THE SCHEDULE OF PRODUCTION PARTS FOR RECEIPT ON GE'S DOCK. ITEM 002 SPECIFIES THE QUALIFICATION PARTS AND ITEM 003 AND SUBSEQUENT, ARE THE QUALIFICATION REPORTS, DATA, DOCUMENTS, COUPONS, ETC. THAT ARE REQUIRED FOR CERTIFICATION.

SECTION 2: THIS SECTION IS PRESENTED TO DEFINE THE SCOPE OF THIS ADMINISTRATIVE DOCUMENT INCLUDING IT'S PURPOSE, FUNCTIONS AND LIMITATIONS.

SECTION 3: PERTAINS TO LOGISTICS AND CONTROL SUCH AS COMMUNICATIONS, SHIPPING AND MARKING, DUTY-FREE PROCEDURES, ETC.

SECTION 4: DEFINES THE PROVISIONS FOR ESTIMATED FABRICATION COST INVOICING AND PAYMENT.

SECTION 5: PRESENTS SUPPLEMENTS TO THE TERMS AND CONDITIONS DEFINED IN

THE AGREEMENT.

SECTION 6: DEFINES THE QUALITY PLAN FOR SOURCE QUALIFICATION/
CERTIFICATIONS, AND FOR PRODUCTION PARTS.