

PAY FROM RECEIPT (PFR)

A Streamlined Process

Designed to
Provide You With:

- **Assurance
of Timely
Payments**

- **Ability to Forecast
Payments**

- **Reduction of
Administrative
Costs**

The Boeing Company

Anaheim, California

PAY FROM RECEIPT (PFR) is an improved payment process for the procurement of parts and materials that are procured by The Boeing Company – Anaheim, California.

It is a very simple process. **NO NEED TO INVOICE.** Upon acceptance of the product to stock, payment is automatically generated according to the payment terms of the purchase order. Invoices received that apply to **PFR** orders will not be processed, referenced, or returned to you.

It is important to us that you understand how the **PFR** process works. This booklet, prepared jointly by our Accounts Payable and Materiel functions, should provide you with that understanding. If you have further questions about the process and how it applies to your specific situation, please contact Accounts Payable at (714) 762-4352.

Sample PFR Purchase Orders

PLEASE NOTE: PFR process applies ONLY TO PURCHASE ORDERS ISSUED BY Boeing – Anaheim. Purchase orders and agreements you receive from other divisions of Boeing are not included in this process.

EXAMPLE

XXXXXX

The Boeing Company
3370 Miraloma Avenue, P.O. Box 3105
Anaheim, CA. 92803-3105

2002-091 09:36 PAGE 1 OF 1

| | | | | |
|--|--|------------|-------------------|-------------------|
| P.O. NUMBER | | PREFIX | BLANKET NO | DATE PREPARED |
| SUPPLIER CODE | STA / CPA | VEND ORD # | PROCUREMENT AGENT | REV DATE MODIFIED |
| Calif. Permit No: SS-OH-30-001106 TAXABLE: | BILL TO: 3370 Miraloma Ave. P.O. BOX 61096 Anaheim CA. 92803-6196 FAX: (714) 762-0280 | | PHONE | FAX MAIL CODE |
| TO: Supplier Name Street Address City, State | | | SHIP VIA: | |
| F.O.B. | | | FREIGHT CODE: | |
| If this is a rated order Certified for National Defense use, you are required to follow all the provisions of the defense priorities and allocations system regulation (15-CFR-700). | | | TERMS: S/A | |
| | | | SHIP TO: | |

PLEASE NOTE: "BILL TO"

QUANTITIES REPRESENT THE NUMBER OF PARTS OR MATERIAL REQUIRED ON BOEING DOCK ON DATE INDICATED

| ITEM IDENTIFICATION | BOEING PART NO. | UM | UNIT PRICE |
|---|-----------------|----|------------|
| <p>NOTE: PAY FROM RECEIPT Purchase Order No Invoice Necessary</p> | | | |

INVOICE APPROVAL _____ P.O. TOTAL _____

ACCEPTANCE OF THE OFFER REPRESENTED BY THIS ORDER IS EXPRESSLY LIMITED TO THE PROVISIONS HEREOF. SIGNING AND RETURNING THE ACKNOWLEDGEMENT COPY OF THIS ORDER (IF ATTACHED HERETO) OR, IN ANY EVENT, DELIVERY IN WHOLE OR IN PART OF THE ARTICLES TO BE FURNISHED HEREUNDER SHALL CONSTITUTE ACCEPTANCE OF THIS ORDER. THIS IS THE ENTIRE CONTRACT AND NO CHANGES OF ANY KIND WHATSOEVER ARE BINDING ON BUYER UNLESS THEY ARE IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BUYER'S PURCHASING DEPARTMENT.

FORM 70-F-11 REV 04-01

The Boeing Company

EFFECTIVE DATE OF THIS PURCHASE ORDER _____ BY _____

Events That Create Payments Or Deductions

There are 3 events that will create payments or deductions: 1) The acceptance of product to stock, 2) Rejection, and 3) Adjustments.

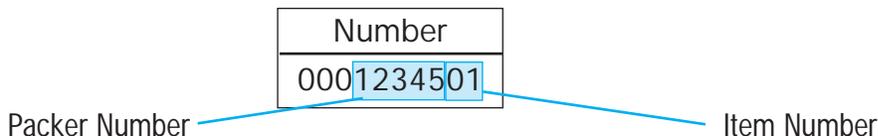
1) THE ACCEPTANCE OF PRODUCT TO STOCK — Upon acceptance of the product to stock, payment is automatically generated according to the payment terms of the purchase order.

THE AMOUNT PAID will be the quantity entered by Boeing Receiving multiplied by the unit price of the purchase order item (Item Qty. x Unit Price = Amt. Pd.).

If the unit price is stated as ‘.0001’ then a zero value payment liability is created and paid (it will be shown on a check as a zero value payment).

THE PAYMENT DUE DATE (including any discount periods stated on the purchase order) will be calculated from the date the shipment is stocked at Boeing.

THE ‘INVOICE NUMBER’ used to identify our payment to you will be the last five digits of the packing slip number and the two digit purchase order line item number.



If the packing slip is missing from the shipment, Receiving will enter “MS” and a five digit number.

EXAMPLE : MS12345

If the packing slip does not contain a number, Receiving will enter “NN” and a five digit number.

EXAMPLE : NN74316

If the packing slip is not legible, Receiving will enter “NL” and a five digit number..

EXAMPLE : NL34679

OTHER INFORMATION to be shown on our Remittance Advice:

Date = Date of Stock Acceptance

| Supplier Code 9031V999981 | | | | Remittance Advice (Detach Before Depositing) 04-04-99 | | | The Boeing Company Disbursements Center Seal Beach, California 90740 | | |
|-------------------------------------|--------------|----------|----|--|----------|-----------------|--|------------|--|
| The Boeing Company Identification | | | | | | Purchase Amount | Discount | Net Amount | |
| *Div | PO Number | Serial | CD | Number | Date | | | | |
| 031 | 00000011115D | 05410020 | SI | 0001234501 | 99 02 23 | 15000 | 300- | 14700 | |
| 031 | 00000011115D | 05410020 | SI | 0001234502 | 99 02 23 | 15000 | 300- | 14700 | |
| GRAND TOTALS | | | | | | 30000 | 600- | 29400 | |
| *See Reverse For Detailed Inquiries | | | | | | | | | |

2) REJECTION (DEDUCT) — This section of the process works exactly as it did under “The acceptance of product to stock” process.

Rejected parts or materials that are dispositioned by the buyer as *Return To Supplier At Supplier Expense*, or *Return For Credit*, will create a debit memo that will deduct from payments due the supplier. In most instances the debit memo will be deducted from the next check to the supplier.

THE AMOUNT DEDUCTED will be the quantity rejected multiplied by the applicable unit price of the purchase item (Item Qty Rejctd. x Unit Price = Amt. Deducted).

REPAYMENT will be initiated when the repaired/replaced parts or materials are stocked at Boeing. This payment will be generated on the same basis as any other stock acceptance.

3) ADJUSTMENTS — There will be occasions when it will be necessary for our Receiving department to adjust (increase or decrease) the quantity of rejected parts.

If the adjustment **INCREASES** the quantity of parts rejected, a debit memo will be generated. Debit memos will be deducted from the next check issued to the supplier.

If the adjustment **DECREASES** the quantity of parts rejected, a credit memo will be generated. Credit memos will be paid in the next check issued to the supplier.

Some Paper Invoices Are Still Required

- **LOT CHARGES** (i.e. source inspection, set up charges, test data, non-recurring charges, etc.)

When there are lot charges on a PFR purchase order, bill for the lot charge only.

Tax & Freight

- **Sales and Use Tax**
Boeing – Anaheim will self assess tax to Purchase Orders that are taxable.
- **Freight Charges**
Freight charges will *not* be paid separately. Boeing – Anaheim purchase orders specify freight collect.

Packing Slips Are Significantly More Important!

Your Packing Slip becomes very important in the **PFR** process; not only for us to accurately receive your shipment, but also for you to be accurately paid for the material.

The following are critical elements needed on your packing slip. The items in bold type must be clearly identified and it is suggested that they also be bar coded (3 of 9 bar code format required).

- **Boeing – Anaheim Purchase Order Number**
- **Part Number(s)** (as shown on Boeing – Anaheim Purchase Order)
- **Total Quantity** (this shipment)
- **Packing Slip Number** or invoice number — we can capture up to a total of 7 characters (the last five digits of the packing slip number and the two digit purchase order line item number)
- Boeing – Anaheim Order **item** number
- Date shipped
- Unit of measure
- Your company name, address, and phone number

NOTE: Inquiries regarding shipments should be directed to the Boeing – Anaheim buyer. Inquiries regarding payments should be directed to Accounts Payable.

The Boeing Company
3370 Miraloma Avenue
P.O. Box 61096
Anaheim, California 92803-6196

Supplier Name _____

Supplier Address _____

Remit Address and Discount Terms

A remit-to address and discount terms (if applicable) are required in order to implement the Pay From Receipt (PFR) process. Supplier remit address and discount terms were previously printed on the invoices.

PFR

Pay From Receipt

Date: _____

Remit Address: _____

Discount Terms: _____

Signature _____

Print Name _____

Title _____

Phone _____

Fax _____

Email _____

Boeing Use Only
Supplier Code _____

Complete and fax to Accounts Payable (714) 762-0280.

