

**CUSTOMER CONTRACT REQUIREMENTS
NATO E-3A Airbourne Collision Avoidance System (ACAS)
CUSTOMER CONTRACT 41-94**

CUSTOMER CONTRACT REQUIREMENTS

The following customer contract requirements apply to this contract to the extent indicated below. If this contract is for the procurement of commercial items under a Government prime contract, as defined in FAR Part 2.101, see Section 3 below.

1. The following contract clauses are incorporated by reference from the Federal Acquisition Regulation and apply to the extent indicated. In all of the following clauses, "Contractor" and "Offeror" mean Seller.

52.203-10 Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997). This clause applies only if this contract exceeds \$100,000. If the Government reduces Buyer's price or fee for violations of the Act by Seller or its subcontractors at any tier, Buyer may withhold from sums owed Seller the amount of the reduction. In paragraph (d), the term "Government" shall mean Buyer.

52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (APR 1991). This clause applies only if this contract exceeds \$100,000.

52.203-12 Limitation on Payments to Influence Certain Federal Transactions (JUN 1997). This clause applies only if this Contract exceeds \$100,000. Paragraph (c)(4) is modified to read as follows: "(c)(4) Seller will promptly submit any disclosure required (with written notice to Boeing) directly to the PCO for the prime contract. Boeing will identify the cognizant Government PCO at Seller's request. Each subcontractor certification will be retained in the subcontract file of the awarding contractor.

52.204-2 Security Requirements (AUG 1996). "Changes clause" means the changes clause of this contract. This clause applies only if access to classified material is required.

52.222-1 Notice to Government of Labor Disputes (FEB 1997). "Contracting Officer" shall mean Buyer.

52.222-26 Equal Opportunity (subparagraph (b)(1) through (11)) (FEB 1999).

52.227-12 Patent Rights - Retention by the Contractor (Long Form) (JAN 1997). This clause only applies if this Contract is for experimental, developmental, or research work and Seller is other than a small business firm or nonprofit organization.

52.228-5 Insurance - Work on a Government Installation (JAN 1997). Seller shall provide and maintain insurance as set forth in this contract.

52.245-2 Government Property (Fixed Price Contracts) (DEC 1989). This clause is not applicable if this contract incorporates Form GP4. "Government" shall mean Government throughout except the first time it appears in paragraph (f) when "Government" shall mean the Government or the Buyer.

52.245-17 Special Tooling (DEC 1989). This clause applies only if tooling is acquired for or furnished by the Government and to be retained for use by the Seller.

52.245-18 Special Test Equipment (FEB 1993). Change "30 days" to "45 days" in paragraph (b) and (c). The notice of intent to procure special test equipment required by this clause shall be forwarded to the Buyer.

2. DoD Contracts. If this Contract is placed under a Department of Defense Contract, the following contract clauses are incorporated by reference from the Department of Defense Federal Acquisition Regulation

Supplement and apply to the extent indicated. In all of the following clauses, "Contractor" and "Offeror" mean Seller except as otherwise noted. Unless otherwise provided, the clauses are those in effect as of the date of this contract.

252.225-7043 Antiterrorism/Force Protection for Defense Contractors Outside the United States (JUN 1998). This clause applies only if this contract requires Seller to perform or travel outside the United States and Seller is not (i) a foreign government, (ii) a representative of a foreign government, or (iii) a foreign corporation wholly owned by a foreign government.

252.227-7013 Rights in Technical Data - Noncommercial Items (NOV 1995). This clause applies only if the delivery of data is required for noncommercial items under this contract.

252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (JUN 1995). This clause applies only if the delivery of noncommercial computer software or noncommercial computer documentation may be originated, developed or delivered under this contract.

252.227-7016 Rights in Bid or Proposal Information (JUN 1995).

252.227-7030 Technical Data - Withholding of Payment (MAR 2000). In this clause, "Government" and "Contracting Officer" shall mean Buyer. This clause applies only if the delivery of technical data is required under this contract.

3. The following prime contract special provisions apply to this purchase order:

A. DEFINITIONS

As used throughout this purchase contract, the following terms shall have the meaning set forth below:

1. "NAPMO" means NATO AEW&C Programme Management Organisation and includes the NATO AEW&C Programme Management Agency (NAPMA); NATO Maintenance & Supply Agency (NAMSA); the NATO AEW&C Force Command (NAEWFC); and the NATO E-3A Component
2. "NAPMA" means NATO AEW&C Programme Management Agency, the executive management agency for NAPMO requiring services and supplies to be provided under the prime contract, and includes its designated representatives, successors or assignees.
3. "Purchaser" means NAPMO represented by its executive agency NAPMA.
4. The "Contract" means the agreement made between the Purchaser and The Boeing Company as Contractor.
5. "Contractor" means The Boeing Company.
6. "Subcontractor" means a contractor, or any other party, with whom the Contractor (The Boeing Company) has negotiated an agreement to perform part of the work required under the prime contract.
7. "Subcontract" means, except as otherwise provided in the prime contract, any agreement, Contract, Purchase Contract or Purchase Order made by The Boeing Company with any subcontractor for fulfillment of any part of the prime contract, and any agreement, contract, purchase contract or purchase order thereunder.
8. "Ottawa Agreement" means the Agreement on the Status of the North Atlantic Treaty Organisation, National Representatives and International Staff signed in Ottawa on 20 September 1951.

9. "Contracting Officer" (CO) means the individual fully authorised by NAPMA to negotiate, to make decisions and to enter into an agreement on behalf of NAPMA for the purposes of carrying out the prime contract.
10. "Contractor's Representative" (CR) means the individual fully authorised by Boeing to negotiate, to make decisions and to enter into an agreement on behalf of Boeing for the purposes of carrying out the prime contract.
11. "Technical Data" means recorded information regardless of the form or method of the recording, of a scientific or technical nature (including computer software or software documentation). The term does not include computer software or data incidental to contract administration such as financial and/or management information.
12. "Technical Assistance" means technical data and know-how provided for the purpose of performing this purchase contract.
13. "Computer Software" means computer programs and computer databases including applicable documentation concerning its description and/or use.
14. "NAPMO Member country" means a member country of NAPMO contributing to the NATO AEW&C Programme, i.e., Belgium, Canada, Denmark, Germany, Greece, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Turkey and the United States of America.
15. "Contractor Affiliates" means The Boeing Company and any wholly owned subsidiary, and any subcontractor or assignee of either of them.
16. "Data" means all recorded information, whether written or otherwise, provided to Purchaser by Contractor. Data includes Computer Software.
17. "Proprietary Information" means Data and other information provided to Purchaser pursuant to the prime contract and that is properly identified as proprietary by markings.
18. "Buyer" (Contractor's Representative) means The Boeing Company Buyer.
19. "Seller" means any Subcontractor to The Boeing Company.

Any other definition or expression mentioned in the purchase contract shall have the meaning assigned to it in the relevant section where it is used.

B. IMMUNITY OF NAPMO PROPERTY AND ASSETS (Clause 2 of prime contract)

1. The Seller is aware that according to the Ottawa Agreement dated 20 September 1951, (5UST 1087, TIAS 2992, 200 UNTS 3), any NAPMO documentation, information, data of whatever kind, any other NAPMO assets used or to be used in the performance of the purchase contract, in the possession of the Seller and/or his Subcontractors and by whomsoever held, wheresoever located, is immune from search, requisition, confiscation, expropriation or any other form of interference.
2. The Seller agrees that in cases of any such interference:
 - a. Seller will take all reasonable actions necessary to prevent the above mentioned NAPMO property and assets becoming subject of such interference, and if the interference has taken place, to take all necessary actions provided for under national or international law to prevent NAPMO losing its rights (for

this purpose the Seller is authorised to act on behalf of the NAPMO until the time the NAPMO is in the position to pursue his rights himself or by authorised responsibility).

- b. Seller will inform Buyer and NAPMO by the quickest means available; and
- c. Seller will include in its contracts with any of its subcontractors clauses which reflect the responsibilities outlined at Paragraphs a. and b. above.

C. MOST FAVOURED CUSTOMER (Clause 3 of the prime contract)

- 1. The Seller guarantees that the prices stated in this purchase contract will not be less favourable than the prices recalculated to comparable conditions quoted, obtained, or to be obtained for any other customer. The Seller is obligated to render reasonable evidence required thereto. If the Seller has quoted or will quote more favourable prices to any other customer, he will so notify the Buyer and NAPMO, and these more favourable prices will be applicable to this purchase contract. Overpayments will be reimbursed.
- 2. If the Buyer or NAPMO wants to have investigated the compliance with the guarantee in Paragraph 1 above and this cannot be determined by the buyer or NAPMO on the basis of market prices or competition, the Buyer or NAPMO may request the government of the Supplier Nation to investigate the reasonableness of the prices offered in accordance with the pricing regulations for government military orders in force in the Supplier Nation. The Seller agrees to co-operate in such investigation and undertakes to furnish to the authorities concerned all reasonable information required. The Buyer and NAPMO costs of such investigation is not to be an expense of the Seller.

D. TAXES AND DUTIES (Clause 8 of the prime contract)

- 1. The NAPMO, as a subsidiary body of NATO is by application of the Ottawa Agreement dated 20 September 1951, exempt from all taxes and duties.
- 2. Goods and services sold to or through NAPMO are to be considered as exempt from taxes and customs duties under paragraph 1 above. Consequently, the Seller is responsible for obtaining and preparing any documentation required to permit NAPMO and its customers to benefit from the fiscal regime arising from the Agreement mentioned in paragraph 1 above.
- 3. However, if the Seller is compelled to pay any readily identifiable tax or duty in relation to this purchase contract, he will provide written notification to the Buyer and NAPMO when such tax or duty is levied upon him and seek recoupment of such tax or duty in accordance with the Changes article of this contract. Reimbursement shall be limited to those Seller incurred costs, excluding profit. The Seller shall use its best efforts to identify the governmental law or regulation pursuant to which such tax or duty is enforced in the original notification or thereafter, if possible.

E. SECURITY (Clause 16 of the prime contract)

- 1. The Seller will comply with all the security requirements prescribed by NATO and the National Security Authority (NSA) or Designated Security Agency (DSA) of each NATO country in which the purchase contract is performed. He will be responsible for the safeguarding of NATO classified information, material and equipment entrusted to him or generated by him in connection with the performance of the purchase contract.
- 2. If NAPMO issues instructions which, in the opinion of the Seller and his Subcontractors, are not in accordance with the national implementation instructions, NAPMO shall be informed accordingly without

delay and the Seller shall then await instructions from the Buyer and NAPMO on how to proceed. The Seller shall not be held liable for delay while waiting for these instructions.

3. Classification and marking of materials generated under this purchase contract shall be in accordance with the Security Classification Guides (SCGs) identified in U.S. Agency NATO prime contract F19628-97-C-0112 (NATO Mid-Term EMD).

4. To expedite purchase contract closure activities of previously issued Direct Commercial Sales contracts from this NATO contracting agency, the Seller is authorized to transfer classified material to this purchase contract that was either received or generated and retention determined necessary for contractual or reference purposes.

F. LIABILITY (Clause 18 of the prime contract)

1 NAPMO will retain the risk of loss of or damage to the Aircraft including material and equipment used therein for loss of use thereof.

2 Seller and its subcontractors shall only be responsible for loss or destruction of, or damage to, the NAPMO property provided under this purchase contract that results from:

a. willful misconduct or lack of good faith on the part of Seller and its subcontractor's managerial personnel

b. failure on the part of Seller and its subcontractors, due to willful misconduct or lack of good faith on the part of the Seller and its subcontractor's managerial personnel, to establish and administer a program or system for the control, use, protection, preservation, maintenance, and repair of NATO property as required by this purchase contract.

3. Execution of Liabilities

a. Disclaimer and Release. The warranties, conditions, representations, obligations and liabilities of Seller and its subcontractors and remedies of NAPMO set forth in this agreement, are exclusive and in substitution for, and NAPMO hereby waives, releases and renounces all other warranties and other obligations and liabilities of Seller and its subcontractors, any other rights, claims and remedies of NAPMO against Seller and its subcontractors, express or implied, arising by law or otherwise, with respect to any nonconformance or defect in any ACAS/RVSM hardware and installation thereof into the NATO E-3A aircraft, training and all data and or other things provided under this agreement, including but not limited to:

(1) any implied warranty of merchantability or fitness;

(2) any implied warranty arising from course of performance, course of dealing or usage of trade;

(3) any obligation, liability, right, claim or remedy in tort, whether or not arising from the negligence of Seller and its subcontractors and

(4) any obligation, liability, right, claim or remedy for loss of or damage to any property of NAPMO, including without limitation any NATO E-3A aircraft.

b. Exclusion of Consequential and other Damages. Seller and its subcontractors shall have no obligation or liability, whether arising in contract (including warranty), tort (whether or not arising from the negligence of Seller and its subcontractors), or otherwise, for loss of use, revenue or profit or for any other incidental or consequential damages with respect to any nonconformance or defect in any

items or services delivered under this purchase contract or other things provided under this purchase contract.

G. EXAMINATION OF RECORDS (Clause 19 of prime contract)

1. This clause is applicable to this purchase contract only (i) if the price, or any of the prices, to be paid for the supplies and/or services to be furnished hereunder is/are other than (a) firm fixed price(s), or (ii) if this purchase contract is terminated by NAPMO, in whole or in part, and the Seller submits a termination claim as a result thereof, or (iii) in the event a dispute arises between the parties and arbitration proceedings are instituted pursuant to the clause of this purchase contract entitled "Disputes".
2. The Seller agrees that the respective national audit agency shall, until the expiration of three (3) years after final payment under this purchase contract have access to and the right to examine any pertinent books, documents, papers, and records of the Seller/subcontractors involving transactions related to this purchase contract.
3. The period of access and examination described in Paragraphs 2 and 3 above for records which relate to either appeals under the "Disputes" clause of this purchase contract or litigation, or the settlement of claims arising out of the performance of this purchase contract, shall continue until such appeals, litigation or claims have been disposed of.
4. No examination of subcontractor records is required for subcontracts less than US \$100,000 or equivalent Euros.
5. The Seller shall use its best reasonable efforts to include this Clause in all subcontracts priced at or above US \$100,000 or equivalent Euros. Examination with respect to such subcontractor effort shall be limited to the Seller in accordance with Paragraph 4 above.
6. "Pertinent" data means data directly related to cost and pricing information to specific efforts hereunder.

H. EXPORT LICENSING AND DISCLOSURE REVIEW (Clause 21 of prime contract)

1. The Seller is aware that according to the Multinational Memorandum of Understanding on the NATO E-3A Cooperative Program all participating Governments have agreed to arrange for the grant of any export licenses necessary for the program. In implementation of this program principle, it shall be the Seller's responsibility to obtain any export license(s) as may be required under this purchase contract.
2. The Seller shall prepare technical data in accordance with the Exhibit B Statement of Work of this purchase contract and such technical data may be subject to the Export Administration Act of 1979 (50 USC App. 2401-2420) and the Arms Export Control Act (22 USC 2751, et seq.) and the International Traffic in Arms Regulation (22 CFR, Subchapter M, 120-128, 130). For purposes of this Purchase contract, delivery of such data to foreign addressees is contingent upon release authorization by the USAF FDPO.
3. In the event any Government does not provide to the Seller written approval of Technical Assistance Agreements and any other licenses, export or import licenses, visas, residence permits, work permits, non-transfer and end use certificate or other similar government actions or approvals necessary: (1) to perform this purchase contract; (2) to export from or to deliver to NAPMO any items involved in the performance of this purchase contract; or (3) to permit the Seller and its subcontractors to contract with their Euro-Canadian subcontractors (at any tier) consistent with the performance and delivery schedules of this purchase contract, an equitable adjustment shall be negotiated.

I. RIGHTS IN TECHNICAL DATA (Clause 24 of prime contract)

1. Title to all Technical Data developed in performance of this Purchase contract shall belong to NAPMO.

2. NAPMO shall have the right to use, duplicate, release or disclose Technical delivered under this Purchase contract, in whole or in part, for NATO purposes subject to paragraph 3 below.

3. a. All data supplied under this Purchase contract, but not originally developed under this Purchase contract, and considered proprietary to the Seller shall be clearly marked with the appropriate proprietary legend(s).

b. The Buyer agrees and undertakes to use his best efforts not to divulge any of the Seller's proprietary information, and further to protect said proprietary information in accordance with it's associated marking(s).

c. Should the Buyer deem it necessary to release any of the Seller's proprietary information to any third parties, other than NATO Organisations and participating NAPMO Governments, then the Buyer shall first obtain the Seller's prior written consent to release such data. Parties receiving such information are subject to the same limitation for further release.

4. This clause shall survive the expiration, completion or termination of this Purchase contract.

J. WARRANTY (Clause 27 of the prime contract)

For purposes of this Clause, Warranty pertains to subcontractor warranties provided to the Seller. The Seller shall provide to NAPMO a copy of each subcontractor warranty 30 days after the subcontract effective date. Subcontractor warranties shall be flowed to NAPMO under this purchase contract. Should any remaining warranty period exist at NAPMO acceptance of each ACAS/RVSM installation into a NE-3A aircraft, the warranty as described in each subcontract warranty provision shall transfer and be administered under a separate direct contract between NAPMO and the Subcontractor. The Contracting Officer and Seller shall have no obligation or liability for any warranty claim or dispute that may arise after NAPMO acceptance of the ACAS/RVSM installation into each NE-3A aircraft. Should a Subcontractor not accept an assignment of this Warranty provision to NAPMO or its designee, then Boeing shall remain responsible for exercising the warranty rights under this purchase contract provision.

K. CURRENCY CONVERSION FOR SUBCONTRACTORS (Clause 32 of the prime contract)

1. This requirement, in combination with Clause 4 "INVOICING AND PAYMENT" will protect the Seller and subcontractors from financial loss or gain due to currency exchange rate fluctuations.

2. The following fixed rates of exchange that were published in the Wall Street Journal as of Date February 13, 2001 apply to this purchase contract:

Country Currency Per U.S. Dollar

Germany Euro 1.0732

3. Changes in the national currency mix shall not change the equivalent U.S. Dollar value of the project.

4. Price evaluation of Non-U.S. participating subcontractors shall be based on exchange rates in effect on the closing date of the bid. These exchange rates shall be defined as the Rate published in the Wall Street Journal on the closing date of the bid for the respective national currencies. This rate shall be project/supplier specific and shall also apply to any in scope changes to subcontracts for such specific

suppliers/projects. In scope changes for purposes of this clause are Class II changes and NAPMO authorized Work Requests for NFP repairs and other purchase contract changes specifically authorized by the Contracting Officer. It shall not apply to subsequent Future Work with the selected subcontractor. Future work is defined as outside the scope of this purchase contract or the applicable subcontract, or an undefinitized contract action.

5. Price evaluation of Non-U.S. participating subcontractors for Future Work after the award of this purchase contract shall be based upon the current exchange rate. The current exchange rate shall be defined as the Rate published in the Wall Street Journal on the closing date of the bid/proposal from such first tier subcontractors for the respective national currencies.

L. EURO-CANADIAN SUBCONTRACTING (Clause 33 of the prime contract)

1. Definitions. For the purposes of this "Euro-Canadian Subcontracting" clause and the clauses referenced herein, the following definitions shall apply:

a. Subcontract - Any purchase order, license or other contractual arrangement awarded by the Contractor or U.S. Subcontractors to industrial firms of NAPMO contributing nations. These industrial firms will hereinafter be referred to as Euro-Canadian subcontractors.

b. U.S. Subcontractor - Any first tier subcontractor to the Contractor having a subcontract with an Euro-Canadian subcontractor.

c. National Audit Authority - Audits will be performed by the respective Ministries of Defense.

2. None of the provisions hereof shall relieve the Seller of the need to comply with the International Traffic in Arms Regulation, the National Industrial Security Program Operating Manual, or other laws and regulations governing foreign procurement and disclosure of information to foreign nationals.

3. Contract clauses requiring flow down to subcontractors shall be flowed down to Euro-Canadian subcontractors unless exempted by the provisions of this clause regarding applicability of the clause. Unless specifically exempted in f. below, all contract clauses of this prime contract shall be applicable to Euro-Canadian subcontractors to the same extent as these General Provisions will apply to U.S. subcontractors, with the following exceptions/modifications:

a. Quality Assurance - Quality Assurance requirements for Euro-Canadian Subcontractors are addressed in SOW paragraph 3.10.

b. Examination of Records by the Comptroller General - In the provision to be included in subcontracts, as required by subparagraph (c) of the clause, the term "Comptroller General of the United States or any of his duly authorized representatives" shall be replaced by the term "national audit authority of the respective Euro-Canadian nation or its duly authorized representative".

c. Audit-Negotiation - The requirement in (b) of the clause shall, for Euro-Canadian subcontracts, be applied with the term "Contracting Officer or his representatives (who are employees of NAPMA)" replaced by "National Audit Authority or in exceptional circumstances, the USG DCAA".

d. Filing of Patent Applications-Classified Subject Matter-Applications may be filed with the host nation.

e. Restrictive Markings on Technical Data - The Seller will assure that the intent of this clause is satisfied by Euro-Canadian subcontractors.

f. Application of the following prime contract clauses to Euro-Canadian subcontractors is not required:
N/A

g. Pricing and Audit.

(1) Pricing of Euro-Canadian subcontractor proposals shall be in accordance with the pricing instructions of this purchase contract; however, the allowability and allocability of Euro-Canadian subcontractor costs including Termination costs shall be in accordance with national pricing policies applicable as if the subcontractor's government issued the contract for defense purposes, regardless of whether or not such costs would be allowable under a U.S. Government contract. Allowability pursuant to non-U.S. laws shall be determined between the Contracting Officer and the appropriate National Audit Authority.

(2) Euro-Canadian subcontractor price proposals will provide detailed cost information with supporting information, adequately cross-referenced, suitable for detailed analysis. A supporting breakdown must be furnished for each cost element, consistent with the offeror's accounting system.

(3) Depending on the offeror's system, cost support shall be provided for the following basic elements of cost, as applicable:

A. Materials - Provide a consolidated priced summary of individual material quantities included in the various tasks, orders or contract line items being proposed, and basis for pricing (vendor quotes, prices, etc.).

(a) Subcontracted Items - Include parts, components, assemblies and services to be produced or performed by other than the subcontractor in accordance with the contracted design, specifications or directions and applicable only to the prime contract. For each subcontract over \$100,000.00, the support should provide a listing by source, item, quantity, price, type of subcontract, degree of competition and basis of establishing source and reasonableness of price, as well as results of review and evaluation of subcontract proposals when required.

(b) Standard Commercial items - Means items regularly used in the course of normal business operations for other than Government purposes which:

(i) Have been sold or licensed to the general public;

(ii) Have not been sold or licensed, but have been offered for sale or license to the general public;

(iii) Are not yet available in the commercial marketplace, but will be available for commercial delivery in a reasonable period of time.

(iv) Are described in paragraphs (i), (ii), or (iii). that would require only minor modification in order to meet the requirements of the procuring agency.

B. Reserved

C. Interorganizational Transfers (at other than cost) - Provide explanation of pricing method used.

D. Raw Material - Consists of material which is in a form or state that requires further processing. Provide priced quantities of items required for this proposal.

E. Purchased Parts - Include material items not covered above. Provide priced quantities for items required for the proposal.

F. Interorganizational Transfers (at cost) - Include separate breakdown of cost by element.

(a) Direct Labor - Provide a time-phased (e.g., monthly, quarterly, etc.) breakdown of labor hours, rates, and cost by appropriate category and furnish basis for estimates.

(b) Indirect Costs - Indicate the method of computation and application of your indirect costs, including cost breakdowns, and showing trends and budgetary data, to provide a basis for evaluation of the reasonableness of proposed rates. Indicate the rates used and provide an appropriate explanation.

(c) Other Costs - List all other costs which are not otherwise included in the categories described above, (e.g., special tooling, travel, computer and consultant services, preservation, packaging and packing, and spoilage rework) and provide basis for pricing.

(4) There is a clear distinction between "submitting" cost or pricing data and merely "making available" books, records and other documents without identification. The requirement for submission of cost or pricing data is met when all accurate cost or pricing data reasonably available to the Seller has been submitted, either actually or by specific identification. As later information comes into the Seller's possession, it should be promptly submitted to the Buyer. The requirement for submission of cost or pricing data continues up to the time of final agreement on price.

(5) The Euro-Canadian subcontractor will grant to the National Audit Authority (see j. below), the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the proposed price. This right may be exercised at any time prior to award to the Euro-Canadian subcontractor.

h. Audit Authority

(1) If other than a firm-fixed-price contract is to be awarded to an Euro-Canadian subcontractor, the allowability of categories of costs for the purpose of final price determination shall comply with national price regulations. The national pricing regulations may be supplemented by mutual agreement between the Contracting Officer and a representative of the participating government. The Contracting Officer shall advise the Seller of such action prior to consent to such subcontract by the Contracting Officer.

(2) Additional detailed guidance on audit arrangements will be provided by the Contracting Officer.

i. Requests for Euro-Canadian Subcontractor assist audits will be directed by the Buyer to the Contracting Officer.

j. Contract Administration Services. Contract Administration Services (CAS) for the Euro-Canadian subcontracts will be performed by the respective national audit authority for that nation.

4. Changes to Industrial Sources.

Notwithstanding the Contracting Officer's approval of Euro-Canadian subcontracts awarded by the Seller in accordance with his Industrial Benefits Agreement with NAPMO, the Seller accepts total responsibility for the products supplied and the work performed hereunder. If the Seller deems it necessary to terminate any of the subcontracts issued pursuant to this provision for failure to make satisfactory progress or for failure to perform, notice shall be given to the Contracting Officer as soon as such action is considered. Within thirty (30) days of such notification, which must include the Seller's plan (with supporting rationale) to implement alternative means of discharging his obligations under this purchase contract, the Contracting Officer shall either concur or provide alternative direction. In the event that the Contracting Officer directs alternate action by the Seller which results in cost and/or delivery schedule changes, an

equitable adjustment shall be made to the contract pursuant to the "Changes" clause. If the Contracting Officer does not concur within thirty (30) days or provide alternate direction, the Seller's plan shall be deemed approved. In no event shall the Seller take any action to terminate prior to 30 days after notice has been given or before the Contracting Officer concurs, whichever event occurs first.

5. Security and Fire Protection

It is understood and agreed that the price hereof contemplates that the Euro-Canadian subcontractors will comply with security and fire protection requirements currently imposed upon them under military contracts with their own respective government. The Seller, however, is responsible for insuring that the minimum Security and Fire Protection requirements imposed in the Euro-Canadian subcontracts are consistent with contract requirements and satisfy the Seller's requirements consistent with its management responsibility for all program hardware.

6. National Standards and Regulations

It is recognized that in the performance of this purchase contract, Euro-Canadian subcontractors may desire, in the interests of minimizing program costs, to substitute appropriate standards, regulations, or other documents of the Euro-Canadian subcontractor's government where it is demonstrated that such standards, regulations or other documents are equivalent to the standards, regulations or other documents required by the provisions of this purchase contract.

M. USE OF FACILITIES AND EQUIPMENT ACCOUNTABLE UNDER OTHER CONTRACTS (Clause 34 of prime contract)

1. In the performance of this purchase contract, the Seller is authorized to use on a rent-free, non-interference basis the NATO-furnished equipment, special tooling and/or special test equipment acquired by the Seller or its subcontractors and accountable under the following contracts, and presently in its or their possession. By non-interference, it is meant that the Seller's use of NATO-furnished equipment, special tooling and/or special test equipment referred to in this clause will not interfere with the performance of the contract under which the property is accountable:

NAPMA/EADS Contract # 41-66

NAMSA/IAMCO Contract # MG1500, or its successor contract

2. Should the Seller's use of this equipment on a no-charge, non-interference basis render the equipment "in a condition not suitable for its intended use" on the contract to which the equipment is accountable, the Seller shall repair and/or replace the equipment in accordance with the buyer's instructions.

3. The following order of priority applies to all property accountable to U.S. contracts and covered by this clause:

- a. The contract on which the property is accountable;
- b. Any other AWACS Program Office U.S. AWACS contract (includes joint development);
- c. Any other U.S. AWACS contract;
- d. Any other AWACS Program Office non U.S. AWACS contract.

4. The following order of priority applies to all property accountable to NATO contracts and covered by this clause:

- a. The contract on which the property is accountable

- b. The NATO MID TERM EMD Contract
 - c Any other NATO AWACS contract
5. In case of conflicting priorities, the Contracting Officer will issue appropriate guidance.

N. PUBLIC RELEASE INFORMATION (5.0 of prime contract)

Public release of information regarding this purchase contract or work done thereunder shall be made only after receipt of written approval of NAPMO and Boeing Public Relations. Specific instructions regarding the release of information are set forth in the Program System Security Classification Guide. Approval for release does not satisfy the export licensing requirements or foreign disclosure review requirements of the Department of State and Commerce. Should approval be granted, the released information shall include a statement that the effort depicted is sponsored by the cognizant Government agency.