

**CUSTOMER CONTRACT REQUIREMENTS
CAPABILITY CONCEPT DEMONSTRATOR (CCD)
CUSTOMER CONTRACT CDAIR-0774**

CUSTOMER CONTRACT REQUIREMENTS

If Form GP1 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 29. If Form GP2 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 28. If Form GP3 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 41. If Form GP4 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 31.

1. The following contract clauses are incorporated by reference from the United Kingdom Ministry of Defense (UK MoD) DEFCONs and apply to the extent indicated. The DEFCONs may be found at <http://www.ams.mod.uk/ams/content/docs/toolkit/home.htm> . In all of the following clauses “Purchaser” or “Authority” shall mean Boeing or Buyer or the like and any reference to “Supplier”, “Contractor” or “subcontractor” shall mean Seller, except for those DEFCONs indicated to the contrary by an asterisk (*) where the “Authority” shall mean the UK MoD.

DEFCON 76 (Edn.10/04)* - Contractor's Personnel at Government Establishments

Notes:

- i. For the purposes of this condition, Clause 6 of DEFCON 501 (Edn 04/04) shall not apply. The processes described and documents required by this condition are to be conducted or transmitted manually (i.e. not electronic) or as otherwise detailed in the Contract.
- ii. For the purposes of this Contract, the Supplier's liability under clauses 3 and 4 of DEFCON 76 shall be limited to £2.5M in respect of each incident or series of related incidents up to a maximum of £6.5M .
- iii. For the purposes of the Contract "Contractor's Personnel" shall be deemed to include personnel of the Supplier and any of its authorised Sub-Contractor's personnel.

DEFCON 127 (Edn 10/04) – Price Fixing Condition for Contracts of Lesser Value

Note: For the purposes of amendments and extensions to contract only. Note: Any audit requirements will be undertaken in accordance with the UK and US Government reciprocal audit arrangements.

DEFCON 520 (Edn 10/04) - Corrupt Gifts and Payments of Commission**DEFCON 608 (Edn.10/98) - Access and Facilities to be Provided by the Contractor.**

Note access shall be pre-coordinated and on a non-interference basis. Proper Security and Export clearances shall be in place to support this.

DEFCON 611 (Edn.10/04)* - Issued Property

Note: For the purposes of the Contract, the reference(s) to "the Equipment Accounting Instructions" in DEFCON 611 is amended to read "DEF STAN 05-99 Issue 2".

Note: Clause 12 of DEFCON 611 does not apply as this activity is the responsibility of QinetiQ.

DEFCON 632 (Edn.10/04) - Third Party Intellectual Property Rights - Commercial and Non-Commercial Articles and Services. Limited Rights, Restricted Rights, and Licensing of Boeing Intellectual Property/Technical Data – The following list of items may be incorporated into the Sub-Contract

Items and will be provided with Limited and/or Restricted Rights for use during the course of this contract effort. Should additional items be identified during the execution of the contract, this list will be modified to reflect the limitations of those additional items. Some items listed may also require the execution of a Licensing Agreement with Boeing or a third party. (Big Tac Combat Environment Server; InSight Tactical Environment Display & Control Application Suite; BASE-Limited Usage; Boeing Developed Simulation Networking Tools, DIS Engine, CCU and System Architecture.

Note: For the purposes of this condition, Clause 6 of DEFCON 501 (Edn 04/04) shall not apply. The processes described and documents required by this condition are to be conducted or transmitted manually (i.e. not electronic) or as otherwise detailed in the Contract.

DEFCON 643 (Edn 07/04) *- Price Fixing

Note: For the purposes of amendments and extensions to contract only.

Note: For the purposes of amendments and extensions to contract only. Note: Any audit requirements will be undertaken in accordance with the UK and US Government reciprocal audit arrangements.

DEFCON 648 (Edn 10/02) * - Availability of Information

Note: For the purposes of amendments and extensions to contract only.

Note: For the purposes of amendments and extensions to contract only. Note: Any audit requirements will be undertaken in accordance with the UK and US Government reciprocal audit arrangements.

DEFCON 656 (Edn.10/04) – Break

Note: The periods of notice referred to in clauses 1 and 6 b) of this condition shall be 1 month in each case.

Note: This condition may only be invoked if the Authority has first invoked it on the Purchaser.

Note: If termination occurs after the Supplier has put in place forward hedging contracts, recovery of any associated unwinding costs may be recovered by Boeing providing such costs are fair and reasonable and are mitigated.

DEFCON 705 (Edn 11/02) - Intellectual Property Rights – Research and Technology .

Note: All Deliverables will be delivered with Full Rights.

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

A. Access

Representatives of the Authority shall be granted reasonable access to work in progress at the Supplier's premises and at the Designated Area for the purposes of keeping in touch with the nature and progress of the work under the Contract. Such access will be pre-coordinated and be on a non-interference basis. Proper Security and Export clearances shall be in place.

The Supplier shall furnish to representatives of the Authority such copies of orders, specifications, drawings and other documents as may reasonably be required for the purposes of keeping in touch with the nature and progress of work under the Contract.

Whilst at RAF Waddington (including the Designated Area) or any other Authority site the Supplier's personnel shall at all times comply with appropriate site / Station Standing orders.

B. Intellectual Property Rights

- 1 The Intellectual Property Rights (IPR) conditions applicable to each Technical Deliverable shall be DEFCON's 632 (Edn 10/04) and 705 (Edn 11/02).
- 2 The Supplier shall enter into an Agreement with, and on the form prescribed by, the UK MoD. Two signed copies of the agreement are required to be sent to the Authority direct, or submitted via the Purchaser.
- 3 Neither Party shall acquire title to any Background Rights of the other Party pursuant to this Contract.
- 4 The Supplier grants to the Purchaser a non-exclusive licence (on fair and reasonable terms to be agreed) to use any of the Supplier's Background Rights and the Foreground Rights vested in the Supplier pursuant to this Contract to the extent necessary to fulfil the Purchaser's obligations under the Prime Contract to the Authority, subject to the terms and execution of applicable Boeing Licensing Agreements which will be append to this Contract upon agreement

C. Security Measures

- 1 The Supplier shall ensure, where appropriate, that his employees are cleared to the appropriate security level as stated in the Security Aspects Letter issued by the Authority to the Purchaser.
- 2 The Purchaser reserves the right to insist on increased levels of security clearance for specific duties and to refuse or withdraw security clearance under specific circumstances following notification received by the Purchaser from the Authority.
- 3 The Supplier shall ensure that his employees, agents or Sub-Contractors comply with relevant UK MoD Security regulations when working at Government Property. This may include in the most exceptional circumstances a willingness to submit to a search of their person, personal belongings and transport when entering or leaving Government Property. The Supplier shall accept (without prejudice to any remedies the Purchaser may have) full responsibility for any loss or delay in performance of the Contract caused directly or indirectly by the expulsion of, or refusal to allow access to, a Supplier's employee, agent or Sub-Contractor who does not consent to being searched.

D. Supplier's Personnel

- 1 Personnel employed under the Contract shall have the appropriate qualifications, competence and security clearance for the tasks on which they are engaged.
- 2 Where so requested by the Purchaser following a request from the Authority, particulars (as detailed by the Authority) of all personnel to be so employed shall be forwarded in advance to the Purchaser for confirmation of acceptability unless such information is protected by US law.
- 3 The Supplier shall take all reasonable steps to avoid changes of personnel assigned to the work under the Contract. Except whenever changes are unavoidable or of a temporary nature caused by sickness etc, the Supplier shall give at least one month's notice to the Purchaser and paragraphs 1 and 2 above shall apply to the replacement personnel.

E. Vesting

1. Subject to the provisions of this Article E, and in respect of Articles the production or purchase of which is funded under this Contract and which is necessary to undertake this Contract but not yet delivered under this Contract:

a. each Article as it is constructed together with its component parts and equipment so far as incorporated in the Articles; and

b. all materials which the Supplier acquires or allocates for incorporation in any of the Articles,

shall vest in and become the joint property of the Supplier and the Purchaser, as from the time the construction of the Article begins or the material is acquired specifically for or is allocated for incorporation in any of the Articles and shall from that time be in the possession of the Supplier for the sole purpose of completing this Contract during its term.

2. Neither a sub-contractor, nor any other person shall have lien on any Article or material which have vested in the Supplier and the Purchaser under paragraph 1 above for any sum due to the sub-contractor or other person. The Supplier shall take all reasonable steps necessary to ensure that the provisions of this Article E are brought to the notice of all sub-contractors and other persons dealing with any such Articles or material.

3. Without prejudice to paragraph 1 above, the Supplier shall ensure that from the time when the construction of any Article begins, or as soon as practicable thereafter, or when any material is acquired specifically for or is allocated for incorporation in any of the Articles, they are marked or recorded so that they are readily identifiable as the property of the Supplier and the Purchaser. The Supplier shall comply with any direction given by the Purchaser in this respect.

F. Disputes

1 If a dispute arises during the performance of the Prime Contract and/or any Sub-Contract then both Parties agree that they shall continue the timely performance of their respective contractual obligations so that no such dispute shall in any way adversely affect performance against the Prime Contract. Both Parties will aim to quickly resolve any such disputes in accordance with the procedure detailed in paragraph 2 below of this Article.

2 If any dispute or difference arises out of or in connection with this Contract the Parties shall in good faith use all their respective reasonable endeavours to resolve the dispute or difference (referred to below as a "Matter") amicably and as soon as reasonably possible by referring the Matter to a senior representative of each party.

3. The parties may resolve any disputes pursuant to the disputes article of The Boeing Company's General Provisions set forth in this contract.

G. Health and Safety

1 The Supplier shall familiarise itself with and ensure that its sub-contractors and agents shall familiarise themselves with and use reasonable endeavours to comply with the Purchaser's and the Authority's procedures relating to discipline, fire, health and safety when on the U.K sites of the Authority and the Purchaser and such other procedures applicable to such other sites as the Contract requires.

2 The Supplier shall ensure that he complies with the Health and Safety at Work etc Act 1974 and corresponding "Enabling Regulations", Environmental Protection Act 1990, the Environment Act 1995 and other relevant statutory provisions.

3 The Supplier shall ensure the he operates under an Environmental Management System based on ISO 9001.

H. Suspension of Import Duty

In accordance with EC Regulation 150/2003, articles to which this Contract applies are Weapons or Military Equipment that will be used by or on behalf of the Authority in respect of which import duties will be suspended provided the Supplier holds an appropriate end-use authorisation from H.M. Customs & Excise. The Authority will issue the Supplier with a certificate confirming the items on which duty may be suspended. This certificate (or for multiple consignments, its reference number) together with the Supplier's end-use authorisation number, issued by Customs, must be made available to the Supplier's import agent to enable them to achieve suspension of the import duties at the time of import. In order that these items can readily be identified by the Supplier's import agent, the Supplier's overseas suppliers shall be instructed to endorse their invoices certifying that the goods are in aid of this Contract and shall quote "Destined for use by or on behalf of the Authority, Contract number: CDAIR-0774". No import duty is included in the Contract price.