

**CUSTOMER CONTRACT REQUIREMENTS  
ARROW MISSILE PRODUCTION PROGRAM (AMPP)  
CUSTOMER CONTRACT H724-1100 (C) [Other]**

**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. If this contract is for the procurement of commercial items, as defined in FAR Part 2.101, see Section 3 below.

1. The following customer contract articles/clauses apply to this contract.

**SUB-ARTICLE 2.4–SUBCONTRACTORS**. Sub-Article 2.4 applies to all subcontractors.

- a. Seller recognizes that changing any of the subcontractors that it engaged in the framework of the AECPP Contract may have an impact on the Qualification of Seller Items and the Authorization of the U.S. AWS Co-Production Infrastructure. Accordingly, Seller shall avoid as much as possible changing any of its subcontractors during the performance of this Contract. To the extent Seller wishes to engage (or change) any Subcontractor(s) for the performance of any of its tasks under this Contract, it shall obtain the written approval of Boeing before engaging (or changing) such Subcontractor(s). Seller shall ensure that all such Subcontractor(s) are highly skilled, expert and competent in the area for which they are engaged. Notwithstanding the foregoing, Seller shall not be required to obtain Boeing's prior approval of subcontractor(s) of standardized parts and components, unless such change will have an impact on the Qualification of the Seller Items or the Authorization of the U.S. AWS Co-Production Infrastructure.
- b. Notwithstanding its use of any subcontractor(s) and Boeing's approval thereof, Seller shall be fully responsible for any tasks performed by such subcontractor(s) and/or any of the Seller Items (or parts thereof) manufactured or otherwise supplied by such subcontractor(s). Seller also shall be responsible for ensuring that its subcontractor(s) comply with Seller's obligations under this Contract (including, but not limited to, handling, use and disclosure of IAI, AECPP and AMPP Information, and handling, use and safeguarding of IAI, AECPP and AMPP Property).
- c. Notwithstanding the foregoing, whenever Seller proposes to select or change any Seller subcontractor comprising more than 5% of the Total Value of the First 10 Units Portion of this Contract, Seller shall inform Boeing of any such intended change of subcontractor in advance and shall obtain Boeing's approval prior to the change of such subcontractor.

**ARTICLE 3–U.S. AWS CO-PRODUCTION INFRASTRUCTURE AND AMPP PROPERTY AND INFORMATION**

- a. Applies to all subcontractors who have IAI, AECPP and/or AMPP Property and Information.

**3.1. Title and Use**

- (a) Seller hereby acknowledges and agrees that:
  - (i) it has no right, title or interest in IAI, AECPP and/or AMPP Property and Information other than the right to possess and use such property and information for the purposes of performing this Contract;
  - (ii) IAI is the owner and/or sole authorized representative of the owner(s) of the IAI, AECPP and AMPP Property and Information. Without derogating from the foregoing, title to AMPP Property and Information shall vest in IMOD upon the earliest to occur of acquisition,

manufacture, creation, construction, obtaining, compilation, or establishment (as applicable) of the relevant item of the AMPP Property and Information by Seller and/or its subcontractors;

- (iii) it shall look to and follow IAI's directions with respect to all matters relating to the IAI, AECPP and AMPP Property and Information (including, but not limited to, its use, handling, transfer and safeguarding) in the performance of this Contract. Upon IAI's written request, Seller shall return/transfer to IAI (and/or a third party designated by IAI) all of IAI, AECPP and AMPP Property and Information and all materials derived therefrom (including work in process, raw materials, supplies, and components);
- (iv) it shall not create or permit to be created, suffer any lien upon or encumber, and shall discharge promptly at Seller's sole expense, any liens, charges, pledges, claims or demands attributable to or caused by Seller or its subcontractors that may attach to any of the AMPP Property and Information while such property and information is in the possession or control of Seller and/or its subcontractors;
- (v) no part of the U.S. AWS Co-Production Infrastructure shall be used for any purpose other than performance by Seller and its subcontractors of this Contract; and
- (vi) Seller will not sell or offer the Seller Items for sale to anyone other than Boeing without Boeing's prior written consent.

- 3.2. Notice of Loss - Seller shall be responsible for the risk of loss, destruction or damage to the AMPP Property and Information while in Seller's or its subcontractors' care, custody or control. Seller shall obtain and maintain insurance coverage for the AMPP Property and Information. In the event of any loss of or destruction or damage to the AMPP Property and Information or any part thereof, Seller shall immediately notify Boeing in writing of any such loss, destruction or damage.
- 3.3. (a) Marking - Seller shall clearly mark, maintain an inventory of, and identify each item of AMPP Property as such (including, if applicable, the provider of such items). Seller and its subcontractors shall maintain written records of all AMPP Property and Information that is in its care, custody or control.
- (b) Transfer - Seller and its subcontractors shall not sell, lease, lend or otherwise transfer title to or possession of, or disclose, (as applicable) any of the AMPP Property and Information to any third party except as authorized by Boeing. Boeing shall obtain permission of IAI which has the sole authority for permitting such transfers of AMPP Property and Information, as applicable, specifying the methods and conditions for implementing such transfers. Seller shall, in accordance with Boeing's instructions, return the AMPP Property and Information to Boeing for transfer to IAI or transfer the AMPP Property and Information to another entity or location as directed by Boeing, in the condition in which same was received, acquired or manufactured, except for normal wear and tear. Costs for transfer/disposition of AMPP Property and Information shall be borne by IAI through Boeing.
- (c) License - IAI, in its own right and as the sole authorized representative of the owner (s), hereby grants Boeing and Boeing's subcontractors a royalty-free license to use the IAI Information, AMPP Information and AECPP Information for the purposes of performing its obligations under this Contract. Seller may, subject to obtaining Boeing's prior written approval, sub-license such IAI Information, AMPP Information and AECPP Information to its subcontractors.
- 3.4. Non-Disclosure Agreement - For the avoidance of doubt, proprietary and/or confidential information furnished by either Party under this Contract shall be maintained in accordance with the Non-Disclosure Agreement (NDA) between Boeing and Seller, which is incorporated herein by reference and made an integral part of this Contract.

- 3.5. Without derogating from the foregoing provisions of this Article, Seller's responsibilities under this Article with respect to AMPP Property and Information shall also include those obligations set forth in FAR 45.505 to and including 45.505-14; 45.506; 45.507; 45.508 to and including 45.508-3; 45.509 to and including 45.509-2; 45.510; 45.511, as applicable.
- 3.6. The Parties recognize the importance of the protection and preservation of IMOD's and IAI's rights in AMPP Property and Information. Accordingly, Seller (and its subcontractors holding such property and information) shall provide Boeing and IAI with any and all assistance that IAI may reasonably request in order to register and demonstrate the rights and interests of IMOD and IAI in and to the AMPP Property and Information (including, without limitation, UCC-1 filings, and registrations with the United States Patent and Trademark Office).

#### **ARTICLE 6—INSPECTION AND TESTING**

- a. Sub-articles 6.1, 6.3, and 6.5 apply to all subcontractors except Messier, Eagle Picher, and Wildwood.
- 6.1 The Seller Items shall be inspected and tested in accordance with the provisions of this contract. The Seller Items shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Boeing shall perform inspections, surveillance and tests on a non-interference basis.
- 6.3 If Boeing performs an inspection, review or test on Seller's or its subcontractors' premises, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties. Seller shall provide Boeing's personnel, upon request, with all written and other information required for performance of such inspections, reviews, tests, meetings, etc.
- 6.5 Upon Boeing's request, Seller shall provide Boeing with reports and information regarding any specific delays, disruptions, or problems encountered by Seller in the performance of this Contract.

**Sub-articles 6.2, 6.4, and 6.6 are intentionally excluded.**

#### **ARTICLE 9—CONFIDENTIALITY AND SECURITY**

- a. Shall apply in its entirety to all subcontractors who receive, handle, use, etc. classified information.
- b. Subcontractors who do not receive, handle, use, etc. classified information shall abide by the requirements of 9.7 only as implemented in the Non-Disclosure Agreements between Boeing and such subcontractors.
- 9.1 Seller shall act in accordance with the security and confidentiality provisions established in the ASIP Agreement clauses and the security guidelines and classifications formulated on the basis of these provisions.
- 9.2 All classified information or material (as determined under the relevant laws/regulations of Israel and the United States of America) transferred or provided to, or generated by, either Party with respect to this Contract (or the AECPP Contract) shall be stored, handled, transmitted, and safeguarded in accordance with the relevant security agreements between the Governments of Israel and the United States of America, including the General Security of Information Agreement, the Arrow System Improvement Program Agreement and the current Security Classification Guide. U.S. Contractors shall comply with DOD 5220.22M (NISPOM).
- 9.3 Classified information and material shall be transferred only through official government-to-government channels or through channels approved by the relevant governmental security authorities. Such information and material shall bear a label designating the level of classification; denote the country of origin, the conditions of release, and the fact that the information relates to this Contract.

- 9.4 Seller shall take all steps to ensure that all classified information and materials transferred or provided to, or generated by, it with respect to this Contract shall be used only in accordance with the relevant laws/regulations, for the purposes permitted in this Contract and shall ensure that access to such classified information and materials is limited to those persons who possess the requisite security clearances and have a specific need for access to such information and materials in order to participate in this Contract. Seller shall flow down to its subcontractors and vendors these measures for safeguarding the use, handling, disclosure, storage, and transmittal of information and materials.
- 9.5 Seller shall not disclose or transfer classified information and/or materials to any third part whatsoever without the prior written approval of Boeing and the relevant governmental authorities.
- 9.6 The Parties shall use the existing EDE channel for the transfer of non-classified information only. Use of the said EDE for classified information shall be subject to the approval of appropriate governmental authorities.
- 9.7 Controlled Unclassified Information provided or generated under this Contract shall be handled in accordance with the provisions of the NDA and controlled as follows:
- a. Such information shall be used only for the purposes provided in this Contract.
  - b. Access to such information shall be limited to personnel whose access is necessary in order to participate in the AMP Program.
  - c. Seller shall not further disclose such information unless Boeing consents to such disclosure.
  - d. Nothing contained herein shall be construed to derogate in any way the obligations or responsibilities of the Parties as set forth in the NDA.

**ARTICLE 10-WARRANTY.** This warranty article applies to all subcontractors and specifically replaces the Warranty clause in any Boeing General Provision.

- a. Seller warrants that all Goods furnished under this contract shall conform to all specifications and requirements of this contract and shall be free from defects in materials and workmanship. To the extent Goods are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the Goods shall be free from design and specification defects. This warranty shall survive inspection, test and acceptance of, and payment for, the Goods. This warranty shall run to Buyer and its successors, assigns, and customers (including Israel Aircraft Industries Ltd. which shall have the right to directly exercise rights under this warranty during the period of this warranty). Such warranty shall begin after Buyer's final acceptance. Buyer may, at its option, either (i) return for credit or refund, or (ii) require prompt correction or replacement of the defective or non-conforming Goods. Return to Seller of defective or non-conforming Goods and redelivery to Buyer of corrected or replaced Goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to this article and the "Inspection" article of this contract in the same manner and to the same extent as Goods originally delivered under this contract, but only as to the corrected or replaced part or parts thereof. Even if the parties disagree about the existence of a breach of this warranty, Seller shall promptly comply with Buyer's direction to: (i) repair, rework or replace the Goods, or (ii) furnish any materials or parts and installation instructions required to successfully correct the defect or nonconformance. If the parties later determine that Seller did not breach this warranty, the parties shall equitably adjust the contract price.
- b. Seller warrants that any hardware, software, and firmware Goods delivered under this contract shall be able to accurately process date/time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it. The duration of this warranty and the remedies available to Buyer for breach of this warranty shall be as defined in, and subject to, the other warranties contained in this contract, provided that notwithstanding any provision to the contrary in such

warranties, the remedies available to Buyer under this warranty shall include repair or replacement of any non-compliant Goods discovered and made known to Seller in writing. Nothing in this warranty shall be construed to limit any rights or remedies Buyer may otherwise have under this contract with respect to defects other than year-2000 performance.

**SUB-ARTICLE 13.9-ACCOUNTING PRACTICES.** Applies to all subcontractors.

- a. Subcontractors shall use the same cost and pricing methodologies and estimating principles that were used to price their contracts for any claims relating to contract changes, modifications, termination, and follow-on procurements and provide supporting rationale for all costs and pricing.

**ARTICLE 17-TERMINATION FOR CONVENIENCE.** Applies to all subcontractors and specifically replaces the Termination for Convenience clause in any Boeing General Provision.

- 17.1. Boeing shall have the right, at its convenience and discretion, to terminate the First 10 Units Portion of this Contract, in whole or in part, from time to time, by giving Seller a Notice of Termination for Convenience, specifying the extent to which the First 10 Units Portion of this Contract is terminated, and the date upon which such termination shall become effective. Such termination for convenience shall be subject to the terms and procedures for termination set forth below. Costs included in Seller's termination claim may be verified by the Auditor and/or the U.S. Government. In addition, in the event of such termination, any licenses granted to Seller and its subcontractors hereunder shall be automatically revoked and cancelled, as applicable.
- 17.2. After receipt of the Notice of Termination, Seller shall act immediately according to the provisions in the Notice of Termination for Convenience. Following such Notice, Seller shall not enter into any additional commitments/engagements in the framework of the First 10 Units Portion of this Contract or the entire Contract (as described in the Notice), without Boeing's prior written authorization and except as directed by Boeing, Seller shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts under this Article:
  - (a) Stop work as specified in the notice.
  - (b) Place no further subcontracts or orders (referred to as "subcontracts" in this Article), except as necessary to complete the continued portion of the Contract (if applicable).
  - (c) Terminate all subcontracts to the extent they relate to the work terminated.
  - (d) Assign to Boeing, as directed by Boeing, all rights, title, and interest of Seller under the subcontracts terminated, in which case Boeing shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.
  - (e) With approval of Boeing, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under the First 10 Units Portion of this Contract.
  - (f) Transfer title (if not already transferred) and, as directed by Boeing, deliver to Boeing or IAI as directed:
    - (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated;
    - (ii) the completed or partially completed plans, drawings, information, and other property that, if the First 10 Units Pof the Contract had been completed, would be required to be furnished to Boeing; and

- (iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for the First 10 Units Portion of this Contract, the cost of which Seller has been or will be reimbursed under the First 10 Units Portion of this Contract.
  - (iv) For the avoidance of doubt, to the extent not covered in (i) to (iii) above, Seller's obligations under the provisions of this Article 17.2(f) shall also apply to all items of IAI, AECPP and AMPP Property and Information.
  - (g) Complete performance of the work not terminated.
  - (h) Take any action that may be necessary, or that IAI may direct, for the protection and preservation of IAI, AECPP and AMPP Property and Information that is in the possession of Seller and/or its subcontractors.
  - (i) Use its best efforts to sell, as, and to the extent, directed or authorized by Boeing, any property of the types referred to in Article 17.2(f); provided, however, that Seller (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by Boeing. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by Boeing under the First 10 Units Portion of this Contract, credited to the price or cost of the work, or paid in any other manner directed by Boeing.
- 17.3. Seller shall submit complete termination inventory schedules no later than 90 days from the effective date of termination, unless extended in writing by Boeing upon written request of Seller within such 90-day period.
- 17.4. After termination, Seller shall submit a final termination settlement proposal to Boeing. Seller shall submit the proposal promptly, but no later than 120 days from the effective date of termination, unless extended in writing by Boeing upon written request of Seller within this 120-day period. However, if Boeing determines that the facts justify it, a termination settlement proposal may be received and acted on after 120 days or any extension. If Seller fails to submit the proposal within the time allowed, Boeing may determine, on the basis of information available, the amount, if any, due Seller because of the termination and shall pay the amount determined.
- 17.5. Subject to Article 17.4 above, Boeing and Seller may agree on the whole or any part of the amount to be paid (including an allowance for the Fee) because of the termination. In such event, the First 10 Units Portion of the Contract shall be amended, and Seller paid the agreed amount.
- 17.6. If Boeing and Seller fail to agree in whole or in part on the amount of costs and/or Fee to be paid because of the termination of work, Boeing shall determine, on the basis of information available, the amount, if any, due Seller, and shall pay that amount, which shall include the following:
- (a) All costs reimbursable under the First 10 Units Portion of this Contract, not previously paid, for the performance of the First 10 Units Portion of this Contract (excluding costs reimbursable under paragraphs (b) and (c) below) before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by Boeing; however, Seller shall discontinue these costs within 45 days of the effective date of termination.
  - (b) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the First 10 Units Portion of the Contract if not included in Article 17.6(a) above.
  - (c) The reasonable costs of settlement of the work terminated, including --
    - (i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

- (ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and
  - (iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory.
- (d) A portion of the Fee payable under the First 10 Units Portion of the Contract.
- 17.7 The cost principles and procedures in Part 31 of the Federal Acquisition Regulation, in effect on the date of this Contract, shall govern all costs claimed, agreed to, or determined under this Article
- 17.8. Seller shall have the right of dispute, under the Disputes clause, from any determination made by Boeing under Articles 17.4, 17.6, or 17.10, except that if Seller failed to submit the termination settlement proposal within the time provided in Article 17.4 and failed to request a time extension, there is no right to dispute. If Boeing has made a determination of the amount due under Articles 17.4, 17.6, or 17.10, Boeing shall pay Seller (1) the amount determined by Boeing if there is no right to dispute or if no timely dispute has been commenced, or (2) the amount finally determined after the dispute is resolved.
- 17.9. In arriving at the amount due Seller under this Article 17, there shall be deducted--
- (a) All unliquidated advance or other payments to Seller, under the terminated portion of the First 10 Units Portion of this Contract;
  - (b) Any claim which Boeing has against Seller under this Contract; and
  - (c) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by Seller or sold under this Article and not recovered by or credited to Boeing.
- 17.10. Boeing and Seller must agree to any equitable adjustment in the Fixed Fee for the continued part of the First 10 Units Portion of the Contract when there is a partial termination. Boeing shall amend this Contract to reflect such agreement.
- 17.11. (a) Boeing shall, under the terms and conditions prescribed herein, make partial payments and payments against costs incurred by Seller for the terminated part of the First 10 Units Portion of the Contract, if Boeing believes the total of these payments will not exceed the amount to which Seller will be entitled.
- (b) If the total payments exceed the amount finally determined to be due, Seller shall repay the excess to Boeing upon demand, together with interest computed at the rate of then annual LIBOR plus 2%. Interest shall be computed for the period from the date the excess payment is received by Seller to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the Seller's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Boeing because of the circumstances.
- 17.12. If following the payment of the costs referred to in this Article 17, Seller acquires any asset or right, the title to such asset or right shall be vested in Boeing.
- 17.13. To eliminate doubt, it is emphasized that Seller shall not be entitled to any remedy, compensation and/or additional payment due to the termination of the First 10 Units Portion of the Contract according to this Article 17, apart from the payments specified in this Article.

**ARTICLE 33--GOVERNMENT MANAGEMENT, OVERSIGHT AND CONTROL.** Applies to all subcontractors.

- 33.1. The IMOD and U.S. Government Arrow Program Office ("APO") have management, oversight and control powers with respect to the AMP Program. Seller undertakes to extend to the IMOD any assistance required for the exercise of its management, oversight and control powers.

- 33.2. For said purpose IMOD's representative in all that pertains to and derives from this Contract shall be the director of the IMOD Arrow Program Administration or anyone acting on his behalf. Supplier undertakes to cooperate with the IMOD representatives and to aid them in the performance of their function. Without derogating from the general nature of the foregoing, Supplier shall place at Boeing's disposal all the information and/or documents and/or data required by Boeing.
- 33.3. For classified contracts only, Supplier shall be subject to the security directives and guidelines found in the National Industrial Security Program Operating Manual (NISPOM), DOD-5220.2-M. The Proprietary Information Agreement between Boeing and Supplier governs disclosure of unclassified proprietary information.
- 33.4. Without derogating from the foregoing IMOD and the U.S. Dept. of Defense ("DOD") shall have the following rights with regard to this contract:
- (a) to review performance, technical and schedule aspects of this contract, including receiving copies of technical data, ECPs, price proposals, engineering drawings, computer software and listing and test data generated by the Supplier.
  - (b) to monitor the Supplier schedule
  - (c) to manage and control transfer of IAI, AECPP and/or AMPP Property and Information whether furnished by Boeing, IAI or acquired.
  - (d) to maintain an oversight of the security aspects of the contract, including reviewing and obtaining approval for transfer of classified information.
  - (e) IAI/MLM, IMOD and DOD shall have the right, at reasonable times during the course of the performance of this contract and subject to coordination with Boeing and Supplier, to review, on a non-interference basis, the work performed for this contract. Access may be limited due to security or export control matters. During each review, Boeing shall provide, and shall require its Subcontractors to provide, all reasonable support and assistance (including the necessary security and export approvals) as well as access to all relevant drawings, documentation, test results and reports for IAI/MLM's, IMOD's and DOD's representatives.
2. The following provision applies to this contract.

**CLASSIFIED MATERIAL.** Subcontractors awarding second-tier subcontracts which involve classified material or the handling of classified information will prepare second-tier DD Forms 254 in accordance with the Industrial Security Manual and will forward the completed DD Forms 254 through the Boeing Materiel Organization issuing this contract for review and Government Contracting Officer approval. The Boeing Materiel Organization will obtain Government Contracting Officer approval and furnish copies of approved DD Forms 254 to the subcontractor.