

**CUSTOMER CONTRACT REQUIREMENTS
CANARD/ROTOR WING PROGRAM
MDA972-98-9-0009**

CUSTOMER CONTRACT REQUIREMENTS

1. The following contract clause is incorporated by reference from the Federal Acquisition Regulation and applies to the extent indicated. In the following clause, "Contractor" and "Offeror" mean Seller except as otherwise noted.

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.

2. DoD Contracts. The following contract clause is incorporated by reference from the Department of Defense Federal Acquisition Regulation Supplement and applies to the extent indicated. In the following clause, "Contractor" and "Offeror" mean Seller except as otherwise noted.

252.245-7001 Reports of Government Property (MAY 1994). Seller will provide information that Buyer may require to complete Buyer's annual report.

3. The following articles, which are incorporated in MDA972-98-9-0009, apply to this contract to the extent indicated. Except as indicated otherwise below, "MDHS" (i.e., Buyer) shall mean Seller, and "Agreement" means this contract.

ARTICLE VII: PATENT RIGHTS

(This article applies only if Seller is performing experimental, developmental, or development work. In paragraph M, (i) "MDHS," the first time it appears, means MDHS (i.e., Buyer) and (ii) add "and Seller is subsequently awarded a subcontract" after "CRW.")

A. Definitions

1. "Invention" means any invention or discovery that is or may be patentable or otherwise protectable under Title 35 of the United States Code.
2. "Made" when used in relation to any invention means the conception or first actual reduction to practice of such invention.
3. "Practical application" means to manufacture, in the case of a composition of product; to practice, in the case of a process or method, or to operate, in the case of a machine or system and, in each case, under such conditions as to establish that the invention is capable of being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
4. "Subject invention" means any invention made during the performance of objectives under this Agreement
5. "Background Invention" means any CRW invention made by MDHS prior to the performance of this Agreement.

B. Allocation of Principal Rights

Unless MDHS shall have notified the Government in accordance with Subparagraph C.2 of this Article that MDHS does not intend to retain title, MDHS shall retain the entire right, title, and interest throughout the world to each subject invention consistent with the provisions of this Article and 35 U.S.C. § 202. With respect to any subject invention in which MDHS retains title, the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced on behalf of the United States the subject invention throughout the world, solely for Government purposes, which do not include commercial purposes.

C. Invention Disclosure, Election of Title, and Filing of Patent Application

1. MDHS shall disclose each subject invention to the Government within six (6) months after the inventor discloses it in writing to his company personnel responsible for patent matters. The disclosure to the Government shall be in the form of a written report and shall identify the Agreement under which the invention was made and the identity of the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological, or electrical characteristics of the invention. The disclosure shall also identify any publication, sale, or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure.

2. If MDHS determines that it does not intend to retain title to any such invention, MDHS shall notify the Government, in writing, within eight (8) months of disclosure to the Government. MDHS may elect to file patent applications in additional countries (including in the European Patent Office and the Patent Cooperation Treaty) within, either ten (10) months of the corresponding initial patent application, or six (6) months from the date permission is granted by the Commissioner of Patents and Trademarks, where such filing has been prohibited by a Secrecy Order.

3. Requests for extension of the time for disclosure, election, and filing under paragraph C of this Article, may, at the discretion of the Government, and after considering the position of MDHS, be granted. Such requests shall not be unreasonably denied.

D. Conditions When the Government May Obtain Title

Upon the Government's written request, MDHS shall convey title to any subject invention to the Government under any of the following conditions:

1. If MDHS fails to disclose, or elects not to retain title in the subject invention within the times specified in paragraph C of this Article; provided, that the Government may only request title within sixty (60) calendar days after learning of the failure of MDHS to disclose or elect within the specified times.

2. In those countries in which MDHS fails to file patent applications within the times specified in paragraph C of this Article; provided, that if MDHS has filed a patent application in a country after the times specified in paragraph C of this Article, but prior to its receipt of the written request by the Government, MDHS shall continue to retain title in that country; or

3. In any country in which MDHS decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceedings on, a patent on a subject invention.

4. If MDHS requests termination during Phase 2, and the Government elects to fully fund MDHS' performance, as described in Article II, Paragraph B, Terminations Provisions.

E. Minimum Rights to the Contractor and Protection of the Contractor's Right to File

1. MDHS shall retain a non-exclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title, except if MDHS fails to disclose the invention within the times specified in paragraph C of this Article. MDHS license extends to the domestic (including Canada) subsidiaries and affiliates, if any, of MDHS within the corporate structure of which MDHS is a party and includes the right to grant licenses of the same scope to the extent that MDHS was legally obligated to do so at the time the Agreement was awarded.
2. The MDHS domestic license may be revoked or modified by the Government to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted consistent with appropriate provisions at 37 CFR Part 404. This license shall not be revoked in that field of use or the geographical areas in which MDHS has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the Government to the extent MDHS, its licensees, or the subsidiaries or affiliates have failed to achieve practical application in that foreign country.
3. Before revocation or modification of the license, the Government shall furnish MDHS a written notice of its intention to revoke or modify the license, and MDHS shall be allowed thirty (30) calendar days (or such other time as may be authorized for good cause shown) after the notice to show cause why the license should not be revoked or modified.

F. Action to Protect the Government's Interest

1. MDHS agrees to execute or to have executed and promptly deliver to the Government Agreements Officer all instruments necessary to (i) establish or confirm the rights the Government has throughout the world in those subject inventions to which MDHS elects to retain title, (ii) convey title to the Government when requested under paragraph D of this Article, and (iii) enable the Government to obtain patent protection throughout the world in that subject invention.
2. MDHS agrees to require, by written agreement, its employees other than clerical and non-technical employees, to disclose promptly in writing to personnel, identified as responsible for the administration of patent matters, and in a format suggested by MDHS, each subject invention made under this Agreement in order that MDHS can comply with the disclosure provisions of paragraph C of this Article. MDHS shall instruct employees, through employee agreements or other suitable educational programs, on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.
3. MDHS shall notify the Government of any decisions not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceedings on a patent, in any country, not less than ninety (90) calendar days before the expiration of the response period required by the relevant patent office.
4. MDHS shall include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statement:

“This invention was made with Government support under a lower tier agreement under Agreement No. MDA972-98-9-0009 awarded by the Government. The Government has certain rights in the invention.”

G. Lower tier Agreements

MDHS shall include this Article, suitably modified to identify the Parties, in all subcontracts or lower tier agreements, regardless of tier, for experimental, developmental, or development work.

H. Reporting on Utilization of Subject Inventions

MDHS agrees to submit to the Government Agreements Officer, during the term of the Agreement, upon request, a report on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by MDHS or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by MDHS, and such other data and information as the agency may reasonably specify. MDHS also agrees to provide additional reports as may be requested the Government in connection with any march-in proceedings undertaken by the Government in accordance with paragraph J of this Article. Consistent with 35 U.S.C. § 202(c)(5), the Government agrees it shall not disclose such information to persons outside the Government without permission of MDHS.

I. Preference for American Industry

Notwithstanding any other provision of this clause, MDHS agrees that it shall not grant to any person the exclusive right to use or sell any subject invention in the United States or Canada unless such person agrees that any product embodying the subject invention or produced through the use of the subject invention shall be manufactured substantially in the United States or Canada. However, in individual cases, the requirements for such an agreement may be waived by the Government upon a showing by MDHS that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or Canada, or that, under the circumstances, domestic manufacture is not commercially feasible.

J. March-in Rights

MDHS agrees that, with respect to any subject invention in which it has retained title, the Government shall have the right to require MDHS, an assignee, or exclusive licensee of a subject invention to grant a nonexclusive license to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if MDHS, assignee, or exclusive licensee refuses such a request, the Government has the right to grant such a license itself if the Government determines that:

1. Such action is necessary because MDHS or assignee has not taken effective steps, consistent with the intent of this Agreement, to achieve practical application of the subject invention; a reasonable time being no less than one (1) year from the end of the term of the Agreement.
2. Such action is necessary to alleviate health or safety needs, which are not reasonably satisfied by MDHS, assignee, or their licensees; or
3. Such action is necessary to meet requirements for public use and such requirements are not reasonably satisfied by MDHS, assignee, or licensees; or
4. Such action is necessary because the agreement required by paragraph I of this Article VII has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

K. Opportunity to Cure

Certain provisions of this Article provide that the Government may gain title in, or license to, a subject invention by reason of the MDHS' action, or failure to act, within the times required by this Article. Prior to claiming such rights (including any rights under Article VII. Paragraph J., "March-in Rights"), the Government shall give written notice to MDHS of the Government's intent, and afford MDHS a reasonable period of time to cure such action or failure to act. The length of the cure period will depend on the circumstances, but in no event will be less than sixty (60) days. MDHS may also use the cure period to show good cause why the claiming of such title or right would be inconsistent with the intent of this Agreement in light of the appropriate timing for introduction of the technology in question, the relative funding and participation of the parties in the development, and other factors.

L. Patent Notification

In no event shall the provisions set forth in this Article apply to any Background Inventions or Patents obtained thereon by MDHS. MDHS shall retain the entire right, title, and interest throughout the world to each such Inventions and Patents, and the Government shall not have any rights under this Agreement, except as provided in Paragraph M of this Article, or in Article II, Term and Termination. Such Background Inventions or Patents include the following:

1. Canard Rotor Wing Patent No. 5,454,530, Issued 03 Oct 1995
2. Centrifugally Activated Variable Damper – Disclosed 18 Feb 1998
3. Telescoping Hub Seal – Disclosed 17 Mar 1998
4. Blade Lock Together – Disclosed 17 Mar 1998
5. Pitch Lock Mechanism – Disclosed 17 Mar 1998
6. Active Brake Control for Indexing Rotor – Disclosed 17 Mar 1998
7. Thermostatic Metal Actuator for Nozzle Actuation – Filed 1995
8. Flight Control System for Jet Powered Tri-Mode Aircraft – MDHS-339 – Filed 1995

M. If MDHS is awarded an Engineering Manufacturing Development (EMD) contract for the CRW, MDHS agrees to grant, upon the execution of such EMD contract, a nonexclusive, nontransferable, irrevocable, paid up license to practice or have practiced on behalf of the United States each Patent describing and claiming a Background Invention for Government purposes, which do not include commercial purposes.

ARTICLE VIII: DATA RIGHTS

(This article applies only if Seller is performing experimental, developmental, or development work.)

A. Definitions

1. "Data" means unpublished recorded information, regardless of form, the media on which it may be recorded, or the method of recording. The term includes, but is not limited to, data of a scientific or technical nature, and computer software and documentation thereof, and data comprising commercial and financial information.
2. "Unlimited Rights," as used in this article, means rights to use, duplicate, release, or disclose, these Data in whole or in part, in any manner and for any purposes whatsoever, and to have or permit others to do so.

3. "Government Purpose Rights" means a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced on behalf of the United States these Data throughout the world. These rights allow the Government to use, duplicate, or disclose these Data by or on behalf of the Government for Government purposes, but does not include the disclosure, release, or use of these Data for any commercial purposes.

B. Data Categories

1. General: Data exchanged between the Government and MDHS under this Agreement shall be exchanged without restriction as to its disclosure, use or duplication (i.e., subject to Unlimited Rights), except as otherwise provided by this Article.

2. Background Data: CRW Technical Data that existed prior to, or that was produced outside of this Agreement, that embodies trade secrets, and is so identified with MDHS' legend, and is identified as Background Data. The following Data, developed under the Contractor's IRaD Projects #140 and 265, are identified as Background Data;

- a. CRW aircraft configuration design studies and associated analyses
- b. The following analysis tools and simulation Software:
 - (1) Design, Manufacturing & Producibility Simulation (DMAPS)
 - (2) Rotor/Wing Gas Analyses (RWGAS)
 - (3) Multiple Exhaust System Analysis (MESA)
 - (4) Dynamic Analysis Research Tool (DART)
 - (5) Fly Real-Time Simulation Program (FLYRT)
 - (6) Rotor/Wing Concept Sizing & Performance (RWSIZE)
 - (7) Vehicle Management System Engineering Environment (VMSEE)
- c. The following CRW test results, data and reports:
 - (1) Shaft Drive Conversion Test Report
 - (2) Reaction Drive Conversion Test Report
 - (3) Hub Duct Flow Test report
 - (4) Blade Tip-Jet Test report
 - (5) Static Blade Flow Report
 - (6) Reaction Drive Hover test Report
 - (7) Cold Flow Propulsion Test Report
 - (8) Ames 40X80 Fixed-Wing Wind Tunnel Test Report
- d. CRW Aircraft Guidance, Navigation & Flight Control Law Development Tools
- e. CRW demonstrator aircraft hardware trade studies & system trade studies
- f. Relevant manufacturing and tooling concepts
- g. Ground control station and architecture, including software for antenna control, display, data, and sensor/actuator simulation.

In the event additional data is identified, this list shall be revised, which revision shall be evidenced by a bilateral modification to this Agreement.

3. Copyright: MDHS grants to the Government a nonexclusive, paid-up license under any copyright owned by MDHS in any Data first produced by MDHA under this Agreement of the same scope as the rights defined herein.

4. Oral and Visual Information: If information which MDHS considers to embody trade secrets is disclosed orally or visually to the Government, such information must be reduced to tangible, recorded form (i.e., converted into Data as defined herein), identified and marked with a suitable notice or legend, and furnished to the Government within five (5) days after such oral or visual disclosure, or the Government shall have no duty to limit or restrict, and shall not incur any liability for any disclosure and use of such information.

5. Disclaimer of Liability: Notwithstanding the above, the Government shall not be restricted in, nor incur any liability for, the disclosure and use of:

- a. Data not identified with a suitable notice or legend as set forth in Subparagraph B.2 of this Article; or
- b. Information contained in any Data for which disclosure and use is restricted under Subparagraph B.2 of this Article, if such information is or becomes generally known without breach of the above, is known to or is generated by the Government independently of carrying out responsibilities under this Agreement, is rightfully received from a third party without restriction or is included in data which MDHS has, or is required to the U.S. Government without restriction on disclosure or use.

C. Allocation of Principal Rights

1. This Agreement shall be performed with mixed Government and MDHS funding. The Parties agree that in consideration for Government funding, MDHS intends to use good faith efforts to reduce to practical application items, components and processes developed under this Agreement.

2. MDHS agrees to retain and maintain in good condition until five (5) years after completion or termination of this Agreement, all Data necessary to achieve practical application. In the event of exercise of the Government's March-in Rights as set forth under Article VII or subparagraph B.3 of this Article, MDHS agrees, upon written request from the Government, to deliver at no additional cost to the Government, all Data necessary to achieve practical application within sixty (60) calendar days from the date of the written request. The Government shall retain Unlimited Rights, as defined in paragraph A of this Article to these delivered Data.

3. MDHS agrees that, with respect to Data necessary to achieve practical application, the Government has the right to require MDHS to deliver all such Data to the Government in accordance with the Government's reasonable directions if the Government determines that:

- a. Such action is necessary because MDHS or assignee has not taken, within twelve months after the completion of this Agreement, effective steps, consistent with the intent of this Agreement, to achieve practical application of the technology developed during the performance of this Agreement;
- b. Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by MDHS, assignee, or their licensees; or
- c. Such action is necessary to meet requirements for public use and such requirements are not reasonably satisfied by MDHS, assignee, or licensee.

4. MDHS agrees that all Data resulting directly from the performance of work that is specified as an element of performance under this Agreement shall be delivered with Government-Purpose Rights. During the performance of this Agreement, there may be MDHS/Boeing/Subcontractor data/software that predates this Program, and therefore may be identified as proprietary, MDHS reserves the right to identify any such data within 30 days after MDHS is made aware of the existence of such data/software. Any data that is identified as proprietary after award of this Agreement shall be incorporated into this Agreement only after mutual discussion and agreement between the Parties. Such data shall not be delivered under this Agreement, and the Government shall acquire no rights therein, except as provided in Subparagraph C.3 of this Article in Article II, Paragraph B, termination Provisions.

D. Marking of Data

Pursuant to Paragraph B of this Article, any Data exchanged under this Agreement shall be marked with the following legend:

“Use, duplication, or disclosure is subject to the restrictions as stated in Agreement MDA972 -98-9-0009 between the Government and the Contractor.”

E. Lower Tier Agreements

MDHS shall use good faith efforts to include this Article, suitably modified to identify the Parties, in all subcontracts or lower tier agreements, regardless of tier, for experimental, developmental, or development work. If any subcontractor refuses to include this Article, MDHS shall promptly notify DARPA, and seek permission to enter into the subcontract, which permission shall not be unreasonably withheld

ARTICLE IX: Foreign Access to Technology

(This article applies only if Seller is performing experimental, developmental, or development work. This article shall remain in effect during the term of the Agreement and for three (3) years thereafter.)

A. Definitions

1. "Foreign Firm or Institution" means a firm or institution organized or existing under the laws of a country other than the United States, its territories, or possessions. The term includes, for purposes of this Agreement, any agency or instrumentality of a foreign government; and firms, institutions or business organizations which are owned or substantially controlled by foreign government, firms, institutions, or individuals.
2. "Know-How" means all information including, but not limited to, discoveries, formulas, materials, inventions, processes, ideas, approaches, concepts, techniques, methods, software, programs, documentation, procedures, firmware, hardware, technical data, specifications, devices, apparatus and machines.
3. "Technology" means discoveries, innovations, Know-How and inventions, whether patentable or not, including computer software, recognized under U.S. law as intellectual creations to which rights of ownership accrue, including, but not limited to, patents, trade secrets, maskworks, and copyrights developed under this contract.

B. General

The Parties agree that development findings and technology developments arising under this Agreement may constitute a significant enhancement to the national defense, and to the economic vitality of the United States. Accordingly, access to important technology developments under this contract by Foreign Firms and Institutions must be carefully controlled. The controls contemplated by this Article are in addition to, and are not intended to change or supersede, the provisions of the International Traffic in Arms Regulation (22 CFR 121 et seq.), the DoD Industrial Security Regulation (DoD 5220.22-R), and the Department of Commerce Export Regulation (15 CFR 770 et seq.).

C. Restrictions on Sale or Transfer of Technology to Foreign Firms or Institutions

1. In order to promote the national security interests of the United States and to effectuate the

policies that underlie the regulations cited above, the procedures stated in Subparagraphs C.2, C.3, and C.4 of this Article shall apply to any transfer of an exclusive right in Technology. For purposes of this paragraph, a transfer includes, but is not limited to, transactions such as the sale of a company (ies), and sales or exclusive licensing of Technology. Transfers do not include:

- a. sales of products or components, or
- b. licenses of software or documentation related to sales of products or components, or
- c. transfer to foreign subsidiaries of MDHS for purposes related to this Agreement, or
- d. transfer which provides access to Technology to a Foreign Firm or Institution which is an approved source of supply or source for the conduct of development under this contract provided that such transfer shall be limited to that necessary to allow the firm or institution to perform its approved role under this Agreement.

2. MDHS shall provide timely notice to DARPA of any proposed transfers from MDHS of Technology developed under this Agreement to Foreign Firms or Institutions. In any event, MDHS shall provide written notice to the DARPA Agreements Officer of any proposed transfer to a Foreign Firm or Institution at least sixty (60) calendar days prior to the proposed date of transfer. Such notice shall cite this clause and shall state specifically what is to be transferred and the general terms of the transfer.

3. In the event MDHS proposes to grant an exclusive license, or effectively grant an exclusive license through the sale of a company, in Technology, and DARPA determines that the transfer may have adverse consequences to the national security interests of the United States, MDHS, its vendors, and DARPA shall jointly endeavor to find alternatives to the proposed transfer which will provide substantially equivalent benefits to MDHS. Within thirty (30) calendar days of receipt of MDHS' written notification, the DARPA Agreements Officer shall advise MDHS whether it consents to the proposed transfer of an exclusive license to a Foreign Firm or Institution. In cases where DARPA does not consent, or sixty (60) calendar days after receipt and DARPA provides no decision, MDHS may utilize the procedures under Article VI, Disputes. No transfer shall take place until a decision is rendered.

4. In the event of a transfer of an exclusive license, or an effective transfer through the sale of a company, in Technology to Foreign Firms or Institutions which is NOT approved by DARPA, MDHS shall (a) refund to MDHS the funds paid for the development of the Technology and (b) the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced on behalf of the United States the Technology throughout the world for Government purposes, and any and all other purposes, particularly to effectuate the intent of this Agreement. Upon request of the Government, MDHS shall provide written confirmation of such licenses.

D. Lower Tier Agreements

MDHS shall include this Article, suitably modified to identify the Parties, in all subcontracts or lower tier agreements, regardless of tier, for experimental, developmental, or development work.

ARTICLE II: TERM AND TERMINATION

This article is included for the sole purpose of assisting in the readability of various provisions in Articles VII and VIII.

A. Term

The Program shall commence upon the Effective date of this Agreement, and continue for thirty-seven (37) months consecutive months thereafter. If all funds are expended prior to the thirty-seven (37) month duration, the Parties have no obligation to continue performance, and may elect to cease development at that point. Provisions of this Agreement, which, by their express terms or by necessary implication, apply for periods of time other than specified herein, shall be given effect, notwithstanding this Article.

B. Termination Provisions

1. Subject to a reasonable determination that the Program will not produce beneficial results commensurate with the expenditure of resources, either Party may terminate this Agreement in Phase I (see Attachment 1 for definition) by written notice to the other Party, provided that such written notice is preceded by consultation between the Parties. In the event of a termination of the Agreement, it is agreed that disposition of Intellectual Property developed under this Agreement shall be in accordance with the provisions set forth in Article VII, Patent Rights, and in Article VIII, Data Rights. Both Parties shall negotiate in good faith a reasonable and timely adjustment of all outstanding issues between the Parties as a result of the termination. Failure of the Parties to agree to a reasonable adjustment shall be resolved pursuant to Article VI, Disputes. The Government has no obligation to reimburse MDHS beyond the last completed and paid milestone, if MDHS decides to terminate.

2. During Phase 2 (see Attachment 1 for definition), the Government may terminate this Agreement by written notice to MDHS, provided that such written notice is preceded by consultation between the parties. During Phase 2, MDHS may request that this Agreement be terminated by giving the Government sixty (60) days written notification of its intent to do so. If MDHS decides to request termination of this Agreement in Phase 2, the Government may, at its discretion, agree to terminate, or elect to fully fund MDHS' performance for the remainder of Phase 2. If the Government elects to fully fund MDHS' performance, MDHS shall grant to the Government "Government Purpose Rights," as defined in Article VII (Patent Rights) and Article VIII (Data Rights) in any Background Invention(s) and Patent(s) describing and claiming such Background Invention(s) as identified herein *see Article VII), and Background Data as identified herein (see Article VIII), and title in and possession of, any air vehicles and supporting assets. The Government and MDHS shall negotiate in good faith a reasonable and timely adjustment of all outstanding issues between the Parties as a result of the termination, which may include non-cancelable commitments. Failure of the Parties to agree to a reasonable adjustment shall be resolved pursuant to Article VI, Disputes. The Government has no obligation to reimburse MDHS beyond the last completed milestone.

C. Extending the Term

The Parties may extend the term of this Agreement, if technological maturation, funding availability, and development opportunities reasonably warrant. If these conditions exist, and the Parties agree to any additional technology development effort after the completion of Phase 2, in entering into this Agreement the Parties further agree to continue to fund such additional effort on a 50/50 cost share basis as described in Article V, Paragraph 5, Limitation of Funds. Any such extension shall be evidenced by a bilateral modification to this Agreement.