

**CUSTOMER CONTRACT REQUIREMENTS
I & ESD
RMPA Tactical Command and Sensor System
CUSTOMER CONTRACT SBA/NIM-10159**

CUSTOMER CONTRACT REQUIREMENTS

The following customer contract requirements apply to this contract to the extent indicated 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.

CONDITIONS OF CONTRACT

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CONDITIONS OF CONTRACT

1.0 GENERAL CONDITIONS

1.1 The following standard conditions of Government contracts for Stores Purchases (GC/Stores/1, Edition April 1979) shall apply. Except as noted below, "Contractor" shall mean "Seller" and "Authority" shall mean "Buyer."

Part I:

Condition 5, "Acceptance Marks" ("Authority" shall mean the U.K. M.O.D.)

Condition 11, "Issues of Government Property" (shall apply only if U.K.-owned property is provided to Seller. "Authority" means U.K. M.O.D. Seller shall have no liability to the M.O.D. for the loss or damage to U.K.-owned property.)

Condition 13, "Value Added Tax"

Condition 16, "Racial Discrimination" (Applicable only to work performed in the United Kingdom or

subcontracted back to the United Kingdom.)

Condition 20, "Corrupt Gifts and Payments of Commission"

Condition 21, "Official Secrets Acts" (Applicable only to work performed in the United Kingdom or subcontracted back to the United Kingdom.)

Part II:

Condition 42, "Material Requirements"

Condition 51, "Reference to the Review Board of Questions arising in Relation to Relevant Sub-contracts" (Applicable only to U.K. contractors)

1.2 Other U.K. Government Regulations

DEFCON 23 (Edn. 6/76) - Special Jigs, Tools, etc. (Applies only to tooling and test equipment, the cost of which is included in the price of the contract.)

DEFCON 39 (Edn. 5/76) - Security Measures (Subcontracts).

DEFCON 68 (Edn. 2/90) - Control of Dangerous Articles and Substances.

DEFCON 75 (Edn. 6/86) - Waiver of Import Duty

DEFCON 76 (Edn. 6/91) - General Conditions of Contract Applicable to Work Performed by Contractor's Personnel at Government Establishments.

DEFCON 117 (Edn. 1/75) - Conditions Relating to the Supply of Documentation for NATO Codification

Purposes.

DEFCON 123 (Edn. 11/91) - General Conditions of Contract. (Incorporated herein are only paragraphs 11 and 19) The number of the NIMROD 2000 contract is CB/MAR21A/100.

DEFCON 177 (Edn. 3/80) - Design Rights and Patents (subcontractors) Agreement.

DEFCON 597 (Edn. 2/80) - Special Test Equipment Condition.

2.0 DATA VALIDITY

The Seller shall ensure that he has the right to divulge to the Buyer/UK MoD all documentation and information, including that originating from subcontractors or suppliers, that the UK MoD might reasonably require in connection with the Contract. The Seller shall also be entirely responsible for the validity and accuracy of such documentation and information. In the event that the Seller becomes aware that any such data is inaccurate or invalid he shall immediately so inform the Buyer. The parties acknowledge that the provisions of certain documentation and information may be subject to the completion of an end-user declaration by the UK MoD.

3.0 DATA SUBMITTAL

All material shall be submitted in English. If it is necessary to submit material which has been translated from the original language into English, either by the Seller or a third party, it shall be supported by a declaration that the translation is true and accurate. The English version of the material will take precedence.

4.0 ACCIDENTS, DAMAGE AND INSURANCE AT BRITISH AEROSPACE SITES

4.1 Seller shall carry out the work with a strict regard to safety. It will comply at all times with the requirements of the Health and Safety at Work Act, etc., 1974 as amended, together with the current edition of the BAe publication "Safety Regulations for Contractors on Site" and all other pertinent documents and regulations of BAe including without limitation, those relating to health, fire, and safety.

4.2 In the event of injury (including death) loss or damage to persons or property arising out of or in connection with the performance of the Contract, each party agrees to indemnify the other from and against all claims, suits, liabilities and expenses which arise out of negligence, default or breach of duty on the part of the indemnifying party or that of its employees, agents (and in the case of the Seller), its subcontractors.

4.3 Seller shall when carrying out work of any kind on the sites of BAe or on such other sites as the Contract so directs effect Public Liability Insurance and the cover provided shall be not less than £5,000,000 in respect of loss or damage to property and injury to persons resulting from or during the performance of the Contract.

5.0 ACCESS TO SITE AND CONTROL OF LABOR

5.1 Seller shall be responsible for the good behavior of its employees while those employees are on the BAe site or the site of the MOD. The Seller shall in particular but without prejudice to the generality of the foregoing ensure that the employees are not permitted to wander freely around the BAe site except to the extent that may be necessary for the execution of the Contract.

5.2 In addition, the Seller shall procure that BAe or the MOD may search the Seller's employees and vehicles and the Seller's employees' vehicles when the said employees or vehicles are entering or leaving the BAe or MOD site. BAe may also search tool boxes or other equipment or property of Seller on BAe's site at any time.

5.3 The Seller shall be responsible for observing the instructions and regulations in such booklets and notices as are provided to it or to its employees by BAe or the MOD.

6.0 PERMITS and CLEARANCES

6.1 Access and Visas. The Seller shall submit the necessary applications to obtain work visas, multiple entry visas, work permits, vehicle operator permits, residence permits, and any other appropriate licenses or permits, as may be required by the Seller, its subcontractors, subsidiaries, or their personnel and dependents.

6.2 Security Clearances. The Seller will submit in a timely manner, for the required security clearances and passes for the Seller's personnel or personnel of the Seller's subcontractors or subsidiaries for restricted areas at locations where they are performing work under this Contract. The Seller's personnel and personnel of the Seller's subcontractors or subsidiaries shall not divulge to any foreign government, or to any unauthorized person whatsoever, any classified information of the United Kingdom or its agencies which may become known during performance of this Contract. If necessary, the Buyer will assist in having such applications processed through the UK Agency.

7.0 RESERVED

8.0 FORCE MAJEURE

8.1 If, by reason of any acts of God, war, war-like operations, armed conflict, hostilities, revolutions, insurrections or riots, fires, storms, floods, earthquakes or explosions; serious accidents beyond the control of the Seller; and strikes, lockouts or of any fire at the Seller's premises or those of his suppliers/subcontractors, the Seller shall have been delayed in completing the delivery of the contracted Articles or anticipated any such delay, the Seller shall, immediately upon becoming aware that any such delay or anticipated delay has been caused, give to the Buyer notice in writing of his claim for an extension of time for the completion of the delivery and the Buyer shall allow the Seller

an extension of time for such completion in respect of any delay caused by any of the circumstances before mentioned as shall be reasonable. Provided always that the Seller shall not be entitled to any extension of time unless he shall at all times have used all reasonable endeavors to prevent any such delay and to minimize its effects.

8.2 Any extension of time for completion of delivery granted under Paragraph 8.1 of this Contract will be limited to two months. If the delay extends or appears likely to extend beyond the period of extension, the Parties will consult to try to establish an equitable resolution, provided always that the obligation of the Buyer to consult shall be without prejudice to the Buyer's exercise of any right or remedy arising under this Contract or otherwise.

9.0 TERMINATION

9.1 Should the items or any portion thereof not be delivered within the time or times specified in the Contract, or in a warrant or order where used, the Buyer may, without prejudice to any other remedies, by giving Seller thirty-five (35) days notice in writing terminate the Contract either as respects the items which have not been delivered in accordance with the Contract at the time of such determination, or as respects all the items to which the Contract relates other than those delivered in accordance with the Contract before that time; provided however that Seller shall have the right to cure any such breach within such thirty-five (35) day period, and if Seller does so the Contract shall not be terminated thereby.

9.2 Where Buyer has terminated the Contract under clause 9.1 hereof and without prejudice as aforesaid, Buyer may replace all or any of the items as respects which the Contract is so terminated by purchasing or manufacturing other items of the same or similar description, or by allocating other items of the same or similar description in the possession or control of Buyer to the purposes for which the article replaced are required and there shall be recoverable from Seller the amount by which the aggregate of the cost of purchasing and of manufacturing items in this way and of the value of any items allocated as aforesaid reasonably exceeds, to a maximum of 30%, the amount which would have been payable to Seller in respect of all the items so replaced if they had been delivered in accordance with the Contract.

9.3 In the event that any delay in delivery due to Force Majeure exceeds three (3) months, Buyer shall have the right to give Seller written notice forthwith terminating the order without incurring any liability whatsoever.

9.4 Buyer shall have the right to give Seller written notice forthwith terminating the Contract if Seller shall cease or threaten to cease carrying on business or shall become insolvent or has a receiver or administrator appointed or shall compound with its creditors or go into liquidation whether voluntary or otherwise (other than a member's voluntary liquidation for the purpose of amalgamation or reconstruction).

9.5 In addition, Buyer shall have the right at any time to give Seller written notice forthwith terminating the whole or any part of the Contract and Seller shall forthwith arrange the economical cessation of work against the Contract or part thereof at its own sites and at those of its subcontractors and shall await Buyer's disposal instructions. Buyer undertakes to reach a fair and reasonable settlement with Seller for all liabilities and expenditures necessarily and properly incurred in connection with the Contract so terminated provided that such settlement shall not exceed the total price of the item(s).

9.6 In the event of any termination of the Contract for whatever reason, the item(s) or Intellectual Property or information title to which is vested in Buyer shall be delivered by Seller or Buyer in default of which Buyer may enter Seller's site and remove the item(s) or Intellectual Property or information and recover the cost of so doing from Seller. Seller shall also provide to Buyer all documentation necessary for the completion and maintenance of the item(s). Such documentation shall include, but shall not be limited to, drawings, source code in form of commented listings together with related flow charts and other associated data. Save where the item(s) is (are) rejected by Buyer, Buyer shall pay

a fair and reasonable price for the item(s). Delivery of any information by Seller to Buyer shall be subject to any and all limitations and/or provisos included in the applicable export license.

9.7 Any termination of the Contract for whatever reason shall be without prejudice to any rights and remedies which either party may have and both parties shall use all reasonable endeavors to mitigate their losses on such termination. Without prejudice to the foregoing, Seller shall not be held responsible for consequential, special or incidental damages.

10.0 ROYALTIES

In the event that royalty payments or licenses to manufacture are required to enable performance of the Contract, the Seller shall be responsible for making whatever arrangements are necessary to obtain such agreements and pay any fees levied. The cost of any such fees or agreements are included within the contract price.

11.0 CUSTOMS DUTY

Articles to which this Contract applies are Defense Equipment in respect of which the United Kingdom will waive the application of Import Duty. In order that such Articles may be readily identified, the Seller shall certify on all invoices and other consignment documents that they are in aid of a MOD project, and shall quote the Contract Number. No UK Import Duty shall be included in the Contract Price.

12.0 ACCESS BY UK GOVERNMENT

Subject to Sellers security requirements, and on a non interference basis, the UK MoD shall have reasonable access to the premises where the work of the Contract is being undertaken and to all technical information relevant to the Contract for the purpose of keeping in touch with the nature and progress of the programme, and the Seller accordingly shall permit such access to his own work and ensure that similar rights are secured in the terms and conditions of all subcontract orders placed by himself or by his subsidiary companies on his behalf.

13.0 RELIABILITY AND MAINTAINABILITY

The Seller shall achieve the levels of Reliability, Maintainability and Testability set out in the Contract. All the figures contained in the Contract will be measured throughout the In Service Reliability and Maintainability Demonstration (ISRMD). Seller shall pay for the design, development and manufacture of any modifications necessary to achieve the R&M requirements and shall also be responsible, at no cost to the Buyer, for the incorporation of such modifications in all systems previously delivered under this Contract.

14.0 MAINTENANCE

In consideration of the award of this Contract and subject to reasonable notice having been given by the Buyer, Seller shall, if required, enter into Contracts at fair and reasonable prices for the provision of preventative and corrective maintenance of the equipment being supplied under this Contract for a period of up to 25 years from the date of acceptance of the first equipment supplied.

15.0 RESERVED

16.0 AVAILABILITY OF SPARES

In consideration of the award of the Contract, Seller guarantees the availability of spare parts and components of his own manufacture for the RMPA system covered by this Contract at fair and reasonable prices for a period of 25 years from the date of this Contract, and for the purposes of agreeing fair and reasonable prices shall, if required, permit price investigation of his offered prices. Insofar as items of other manufacturers are incorporated in the equipment, Seller shall endeavor to obtain similar guarantees, but where this is not possible, he will make every reasonable effort to seek a suitable alternative acceptance to the Buyer if the original spare part or component is no longer available.

17.0 SUPPORT IN THE UK

Seller shall ensure to the satisfaction of the Buyer that all equipment supplied under the Contract shall be

capable of being fully supported, including any software aspects, within the United Kingdom.

18.0 IMPORT AND EXPORT LICENSE

The Seller shall be responsible for securing any such licenses or security clearances necessary to enable him to meet his obligations under the terms of the Contract and shall confirm to the Buyer, with supporting evidence, that such licenses and clearances have been secured. The parties acknowledge that compliance with this provision may require the completion of end-user declarations by the UK MoD, for which the Buyer agrees to provide reasonable assistance.

19.0 TITLE AND RISK

19.1 Title to and risk in the Item shall pass to the Buyer on delivery.

19.2 In the event of rejection of the Item by the Buyer whether following an acceptance test or otherwise, title to and risk in the Item shall revert to the Seller upon notification by the Buyer to the Seller of such rejection except that where any payment has already been made to the Seller for such rejected Item, title shall revert to the Seller only upon the Buyer being reimbursed in full for such payment.

20.0 ACCEPTANCE AND ACCEPTANCE TESTS

20.1 Acceptance of the Item shall be in accordance with either Condition 20.1.1 or Condition 20.1.2 or Condition 20.1.3.

20.1.1 Where Buyer acceptance tests are defined in the Specification, acceptance of the Item shall be effected after satisfactory completion of the acceptance tests. If the tests show the Item to be defective the Buyer shall be entitled to reject the Item. If the Buyer does reject the Item, the Seller shall at its own expense forth with rectify the Item after which the tests shall be repeated until conformance is achieved. The time granted to the Seller for rectification shall not be more than four (4) weeks from either the date of the test upon which the Item was found to be defective or where the Item needs to be returned to the Seller, the date of receipt of the Item at the Seller's site whichever is the later. If the Item needs to be returned to the Seller then it shall be at the Seller's risk. The Seller shall be responsible for all expenses relating to any rectification and retest.

20.1.2 Where Buyer acceptance tests are defined in the Specification and the Buyer unreasonably fails to commence the tests within two (2) months of the date of actual delivery then the Buyer shall be deemed to have accepted the Item at the end of the two (2) month period from the date of actual delivery.

20.1.3 Where no acceptance tests are defined in the Specification, acceptance of the Item shall be effected either after satisfactory completion by the Buyer of inspection or within two (2) months from the date of delivery to the Buyer.

20.2 Notwithstanding that the Buyer has the right to reject the Item, the Buyer may accept such Item subject to a concession waiver or otherwise as it may consider expedient and such acceptance shall be without prejudice to any rights and remedies available to the Buyer including without limitation the right to claim an appropriate price reduction which is fully representative of the defect and any reduction which is fully representative of the defect. Further, the Buyer shall have the right to recover an appropriate part of any sum which he may have already paid in respect of that part of the Item not accepted and not retained.

20.3 Acceptance shall be conclusive, except for latent defects, fraud or gross mistakes amounting to fraud.

21.0 SPECIAL PROVISIONS

A. RESERVED

B. DEFINITIONS. Whenever used in this Contract, (a) "Customer" means any customer of Buyer, any subsequent owner, operator or user of the Goods and any other individual, partnership, corporation or person or entity which has or acquires any interest in the Goods from, through or under buyer; (b) "Goods" means all of the goods, services, data, software and other items furnished or to be furnished to Buyer under this Contract; and (c) "Contract" means this purchase contract including the provisions on its face, these General Provisions, and all of the specifications, technical descriptions, statements of work, drawings, designs, documents, and other requirements and provisions attached to, incorporated into or otherwise made a part of this purchase contract. It is understood that in interpreting UK Government Conditions the Buyer assumes the rights and obligations of the "Authority" and the Seller assumes the risk and obligations of the "Contractor."

C. SHIPMENT/DELIVERY. Shipments or deliveries, as specified in this Contract, shall be strictly in accordance with: the specified quantities, without shortage or excess; the specified schedules, neither ahead nor behind schedule; and the other requirements of this Contract. Seller shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefor, and the actions being taken by Seller to overcome or minimize the delay. If requested by Buyer, Seller shall, at Seller's expense, ship via air or other fast transportation to avoid or minimize the delay to the maximum extent possible.

D. RESERVED

E. RESERVED

F. RESERVED

G. RESERVED

H. RESERVED

I. RESERVED

J. RESERVED

K. RESPONSIBILITY FOR PROPERTY. Unless otherwise specified, upon delivery to Seller or manufacture or acquisition by Seller of any materials, parts, tooling, data or other property, title to which is in Buyer, Seller assumes the risk of and shall be responsible for any loss thereof or damage thereto. In accordance with the provisions of this Contract, but in any event upon completion thereof, Seller shall return such property to Buyer in the condition in which it was received except for reasonable wear and tear and except for such property as has been reasonably consumed in the performance of this Contract.

L. RESERVED

M. NOTICE OF LABOR DISPUTES. If the Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Seller shall immediately give written notice, including all relevant information, to the Buyer.

N. RESERVED

O. RESERVED

P. RESERVED

22. RESERVED

23.0 BUYER INSPECTION

Subject to Seller's security requirements and without unreasonable interface, all work under this Contract is subject to Buyer inspection and acceptance at source either on a random or 100% basis and at all times

(including the period of performance) and places, and in any event, prior to shipment. Upon receipt of this Contract, promptly notify Buyer's QA Representative normally servicing your plant and furnish him a copy of the Contract so his inspections can be appropriately planned. Contact the Buyer's Quality Control representative 48 hours in advance of the time articles or processes will be ready for Buyer's inspection. During performance of this contract, your quality control or inspection system and manufacturing processes are subject to review, verification and analysis by authorized UK Government representatives. For any procurement outside of the UK, Government Quality Assurance Services (GQAS) will be arranged in accordance with the requirements of DEF STAN 05-3, Issue 4, Mutual Acceptance of Government Quality Assurance. Government inspection or release of product prior to shipment is not required, unless you are otherwise notified. A copy of this contract will be furnished to your government representative upon request.

24.0 RESERVED

25.0 BUYER APPROVALS

Seller agrees that any and all Buyer approvals of Seller's technical and quality specifications, drawings, plans, procedures, and reports shall neither relieve Seller from Seller's obligations to perform all of the requirements of this contract nor be used as conclusive evidence of Seller compliance with such requirements.

26.0 RESERVED

27.0 RESERVED

28.0 SUPPLY OF INFORMATION ABOUT SUBSTANCES REFERRED TO IN THE MONTREAL PROTOCOL

(Required with proposal)

28.1 As a signatory to the Montreal Protocol on Substances that deplete the Ozone Layer, the UK Government is committed to the reduction of the production and consumption of those Substances controlled under the Protocol. Therefore, the UK Government wishes to know which substances detailed at 28.3 below are contained in the Articles which are the subject of the Contract. Accordingly, Seller shall provide to Buyer a list specifying:

- i. All substances listed at 28.3 below contained in the Articles (including the packaging thereof, whether or not specified in the Contract);
 - ii. The quantity of each of the substances at 28.3 below contained in the Articles;
 - iii. Where in the Articles (including packaging) the substances listed at 28.3 below are contained;
- or
- iv. Confirmation that you have a "Nil Return" in respect of i, ii and iii above.

28.2 Upon award of the Contract, the above will form the basis of a Contract Condition.

28.3 Montreal Protocol Substances

Substance Chemical Name:

Carbon Tetrachloride

1,1,1 Trichloroethane (Methyl Chloroform)

CFC 11 Trichlorofluoromethane

CFC 12 Dichlorodifluoromethane

CFC 13

CFC 111

- CFC 112
- CFC 113 Trichlorotrifluorethane
- CFC 114 Dichlorotetrafluoroethane
- CFC 115 Chloropentafluorethane
- CFC 211
- CFC 212
- CFC 213
- CFC 214
- CFC 215
- CFC 216
- CFC 217
- CFC 500 (See Footnote 1)
- CFC 502 (See Footnote 2)
- Halon
 - 1211 Bromochlorodifluoromethane
 - 1301 Bromotrifluoromethane
 - 2402 Dibromotetrafluoroethane
- Footnote 1: CFC 500 is a blend of CFC 12 and HFC152a
- Footnote 2: CFC 502 is a blend of CFC 115 and HCFC22t

29.0 PROCUREMENT CONTROL DRAWING INFORMATION

The procurement control drawing (envelope, source control, or specification control drawing, as applicable) and its revision level listed below, including parts list when applicable, identifies the hardware and/or software requirements ordered in the purchase contract.

<u>PARTS LIST/DRAWING</u>	<u>REVISION</u>	<u>ADCN/ADRN</u>
TBD	TBD	TBD

30.0 PRODUCT CERTIFICATION (SOFTWARE)

Certification stating control and records used to assure the acceptability of software products to the following parameters:

- A. Incorporation and testing of all changes, including testing of units indirectly impacted by the change.
- B. Incorporation of changes in documentation.
- C. Identification of open problems.
- D. Preparation of Buyer copy from Seller's master.
- E. Verification that label is complete and correct.
- F. Verification that the product is write protected, sealed and ready for packaging and shipping.
- G. That finished items were controlled and tested in accordance with requirements of this contract and that such records are on file (or that the material used was supplied by Buyer) shall be included with the packing sheet for each shipment, duplicate copy shall be airtailed to Buyer at time of shipment.

31.0 QUALITY SYSTEM

31.1 Seller is required to maintain a quality system in compliance with ISO 9001, "Quality Systems for Design/Development, Production, Installation and Servicing." Buyer reserves the right to conduct surveillance at Seller's facility to determine that Seller's quality system meets the requirements documented in that standard.

31.2 Nonconforming material review and disposition. The proposed use or repair of product which does not conform to specified requirements shall be reported by supplier to the Buyer or Buyer's representative for concession in accordance with the quality standard imposed herein unless Buyer has specifically delegated material review board authority to supplier and the disposition action is within the limits of Buyer's delegation to Seller.

31.3 Seller shall ensure that this Contract is carried out in accordance with the quality requirements specified in DEF STAN 05-91 issue 1, Quality system requirements for design/development, production, installation and servicing, and DEF STAN 05-95 Issues, Quality system requirements for the development, supply and maintenance of software, or equivalent National Standards, as agreed by the Buyer, for Contractors outside of the UK.

32.0 AUDIT RIGHTS

For the purpose of evaluating Seller's incurred costs with respect to Seller's claim(s) arising out of a termination or partial termination of the Contract, or elements of Seller's change proposals which involve unique claims (e.g., obsolescence costs) which must be verified by audit, Buyer, and Seller agree to the following:

A. Buyer or any of its duly authorized representatives shall have access to and the right to audit any directly pertinent books, documents, papers, and records regarding direct costs.

B. Seller denies Buyer rights for indirect costs and direct labor rates. These cost elements will be subject to verification through the UK Government. The UK Government's audit report resulting from this verification shall be releasable to the Buyer.

C. In the event the UK Government refuses or is unable to verify the direct labor rates and the indirect costs, such audit shall be conducted by the Seller's independent audit firm. The independent audit firm's report shall be releasable to the Buyer and shall be in sufficient detail to allow Buyer to evaluate Seller's claimed costs.

33.0 EXAMINATION OF PROPOSED COSTS

For the purpose of evaluating Seller's proposed costs with respect to proposals, change proposals, and proposals for follow-on procurement, Buyer and Seller agree to the following:

A. Buyer or any of its duly authorized representatives may subject the direct costs contained in such proposals or reports and related financial data to analysis type examination at Seller's facility.

B. Seller denies Buyer rights for indirect costs and direct labor rates. These cost elements will be subject to verification through the UK Government. The UK Government's audit report resulting from this verification shall be releasable to the Buyer.

C. In the event the UK Government refuses or is unable to verify the direct labor rates and the indirect costs, such audit shall be conducted by the Seller's independent audit firm. The independent audit firm's report shall be releasable to the Buyer and shall be in sufficient detail to allow Buyer to evaluate Seller's claimed costs.

34.0 RESERVED

35.0 REDUNDANT MATERIALS AND RESIDUAL EQUIPMENT

35.1 All redundant materials, parts and equipment which arise out of alterations to the specifications or to the requirements of this Contract of which the costs have been properly included by Seller in the costs chargeable to the Contract, shall be disposed as follows:

35.1.1 On completion or termination of this Contract and earlier if appropriate, Seller shall prepare lists of all items which are to be transferred to other Contracts. The lists shall be countersigned by the Quality Assurance Representative and Buyer and submitted to the Buyer.

35.1.2 Seller shall prepare lists of serviceable or repairable redundant materials, parts or equipment, and state the condition of each item, whether it is standard or nonstandard, and its actual or estimated cost. The lists will be countersigned by the Quality Assurance Representative and Buyer. Seller will arrange with Buyer for the retention of any nonstandard parts or equipment required for the purpose of other Contracts placed by Buyer or its Customers, or required for instructional purposes in Service School or Training Establishments. Countersigned copies of the lists, annotated to show the items retained on the instructions of Buyer or released for

instructional purposes are to be sent to Buyer for disposal instructions. The remaining listed materials and parts, etc. shall be retained pending the receipt of disposal instructions. Such disposal instructions shall be issued to Seller within six months of receipt of the lists by Buyer.

35.1.3 All materials, parts and equipment certified by the Quality Assurance Representative as unserviceable or scrap shall be disposed of by Seller on fair and reasonable terms. In appropriate cases articles certified as scrap shall be dismantled and disposed of under the Quality Assurance Representative's supervision in such a manner as to preclude the possibility of re-sale in their existing form.

35.1.4 The proceeds of sale of scrap and unserviceable parts and equipment shall be credited to Buyer or as may otherwise be agreed in writing. A list of the items so disposed of, countersigned by the Quality Assurance Representative, shall be sent to the Buyer, with a statement of the proceeds of the sale, and if there are no arising of scrap and unserviceable parts and equipment, the Seller shall furnish a certificate to that effect, countersigned by the Quality Assurance Representative, on the completion of this Contract.

36.0 LICENSES

(Required with proposal)

36.1 Seller shall note that the UK Government does not intend to provide assistance in the obtaining of any export/import license, royalty agreements or manufacturing license which may be required in furtherance of their proposal or in satisfying any future Contract.

36.2 Accordingly, Seller is required to confirm that they have obtained or will be able to obtain any such licenses or agreements necessary for the performance of the Contract. A list of any such licenses and agreements are to be included with the Seller's proposal.

36.3 Seller shall confirm that they are able to secure any licenses or security clearances necessary for export to the UK of the articles which are the subject of the proposal, including all data, drawings, documentation, software or other information required to satisfy the requirements of any subsequent Contract.

36.4 All items for the supply of which permission is required from a third party shall be listed in the proposal. (For US companies, the US State Department's Advisory Opinion Service is available to provide an early indication of equipment releasability.)

36.5 Seller shall note that where the items to be delivered under the Contract will include proprietary software (including third-party proprietary software) for the use of which the UK Government will require a license, the proposal shall include for each case a copy of the License Agreement signed by the Licensor and with Schedule 1 fully completed, for agreement and signature by the UK Government.

37.0 RESERVED

38.0 RESERVED