

# Boeing Defense & Space Group

Date: March 20, 1997

## EXHIBIT A

### CONTRACT PROVISIONS

### CONTRACT SMC23A/1100

#### 1. Security Measures (Applicable only to U.S. Contractors)

(a) The provisions of this clause are based upon an Agreement between the Government of the United Kingdom and the Government of the United States and shall apply to the extent that this Contract involves access to or possession of information to which a security classification has been assigned by the Government of the United Kingdom.

(b) The Government of the United Kingdom shall assign a security classification to each of the aspects of classified information which is furnished, or which is to be developed, under this Contract and shall advise the Defense Investigative Services, Attn: Deputy Director (Industrial Security) of such aspects and their security classification. If classified information is disclosed orally pursuant to a visit to the Seller by or on behalf of the Government of the United Kingdom, the Seller shall be informed of such security classification. The Defense Investigative Service (DIS) shall ensure that appropriate classification guidance is obtained for each aspect of United Kingdom (UK) classified information which is furnished, or which is to be developed, under the Contract and that such information is assigned an equivalent United States (U.S.) security classification. The Government of the United Kingdom shall keep current all security classifications, and inform the Defense Investigative Service, Attn: Deputy Director (Industrial Security) of any changes thereto. Each classified aspect of this Contract shall be safeguarded by the Seller as U.S. classified information of an equivalent security classification category as set forth in the following table of equivalent security classification categories.

#### Table of Equivalent Security Classification Categories

United Kingdom United States

UK TOP SECRET TOP SECRET

UK SECRET SECRET

UK CONFIDENTIAL CONFIDENTIAL

UK RESTRICTED \* NO EQUIVALENT

\* UK Restricted Information shall be safeguarded in accordance with Department of Defense National Industrial Security Program Operating Manual (NISPOM), DoD 5220.22-M dated January 1995.

Such information shall be subject to the provisions of U.S. laws and regulations. Classified information produced or reproduced in the U.S. in connection with UK classified Contracts shall be marked with the assigned classification markings of both countries as provided. The markings shall be applied in the manner prescribed in the regulations of the country in which the information is produced or reproduced.

(c) The Seller shall make no use of any U.S. classified information in connection with this Contract, except with the express written authorization of the U.S. agency responsible for the U.S. classified information.

(d) UK classified information furnished or developed in the performance of the contract shall not be used for any other purpose without the express written authorization of the UK agency responsible for the UK classified information.

(e) To the extent that aspects of this Contract have been or may be assigned a security classification as provided in the aforementioned table of equivalent security classification categories, the Seller shall safeguard all classified aspects of this Contract and shall provide and maintain a system of security controls with his own organization in accordance with the requirements of:

(1) The Department of Defense Security Agreement (DD Form 441) between the Contractor and the Government of the United States, including the Department of Defense Industrial Security Manual for Safeguarding Classified Information as in effect on the date of this Contract; and

(2) Any amendments to said Manual made after the date of this Contract, notice of which has been furnished to the Seller by the Cognizant Security Office.

(f) Representatives of the Cognizant Security Office shall be authorized to inspect at reasonable intervals the procedures, methods and facilities used by the Seller in complying with the security requirements under this Contract as locations within the U.S. Should the Government of the United States determine that the Seller is not complying with the security requirements of this Contract, the Seller shall be informed in writing through the Cognizant Security Office of the proper action to be taken in order to effect compliance with such requirements. When UK classified material is, or is likely to be, at risk D HQ Sy will be advised accordingly.

(g) If subsequent to the date of this Contract, the security classifications or security requirements under this Contract are changed by the Government of the United Kingdom or by the Government of the United States and the security costs under this contract are increased or decreased, the contract price shall be subject to an equitable adjustment by reason of such increase or decreased costs.

(h) The Seller agrees to insert security provisions which conform substantially to the language of this clause, including this paragraph in all subcontracts awarded to the U.S. contractors hereunder which involve access to classified information. In the event the U.S. Contractor proposes to award a subcontract to other than a U.S. contractor, prior permission must be obtained from the Government of the United Kingdom, which, if it approves of such a contract, will provide an appropriate security requirements clause.

(i) The Seller also agrees that he shall determine that any subcontractor proposed by him for the furnishing of supplies and services which will involve access to UK classified information in the U.S. Contractor's custody has:

(1) If located in the U.S., a current U.S. Department of Defense facility security clearance at the appropriate level and the ability to safeguard classified information properly prior to being afforded access to such classified information; and

(2) If located in any other country, been approved by the government of the United Kingdom to have access to its classified information prior to being afforded such access.

## 2. Security Measures (Applicable only to non-U.S. Contractors)

(1) Except with the consent of the Buyer, in writing, the Seller shall not disclose the Contract or any provisions thereof, or any Specification, Plan, Drawing, Pattern, Sample or Information issued or

furnished by or on behalf of the Buyer in connection therewith to any person, other than a person employed or engaged by the Seller in the carrying out of the Contract or any further Seller, supplier or other person concerned with the same.

(2) Any disclosure to any person permitted under (1) of this condition shall be made in confidence and shall extend only so far as is necessary for the purposes of the Contract.

(3) Where any information in connection with the Contract has been designated in writing by the Buyer as "classified aspects":

(a) The Seller shall not disclose that information, shall not permit that information to be disclosed, and shall take all practicable measures to prevent that information being disclosed to any person (whether an employee of the Seller or not) who is not a person to whom the Seller is currently permitted by the Government to disclose classified information; and

(b) The Seller shall protect that information grade for grade, in the manner and to the extent required by the Buyer for information of equivalent grading.

(4) The Seller's obligation under this Clause shall apply after as well as before the completion or termination of the Contract.

(5) Any breach by the Seller of his obligations under this Clause shall entitle the Buyer (without prejudice to any other right or remedy) forthwith to terminate the Contract by notice in writing to the Seller.

(6) The Buyer will notify the Seller regarding the security grading of the information that will be provided to the Seller under the Contract.

### 3. Special Jigs, Tools, Etc.

(1) The Seller shall provide such jigs, tools, moulds, dies and manufacturing gauges as are essential to enable the articles specified in the schedule to the Contract to be produced in accordance with the Contract requirements and within a scale approved by the Buyer whose representative shall be given facilities to enable him to verify the need for provision on the scale proposed before manufacture is

commenced.

(2) The Seller shall maintain a separate register of the jigs, tools, etc, provided for the production of the supply to which this Contract relates. Such register shall include particulars of additions or alterations to the jigs, tools, etc., after the initial provision, and shall show clearly that the jigs, tools, etc., referred to are held at the disposal of the Secretary of State for Defense and that the register may not be destroyed or defaced without the consent of the Buyer. The register shall be available at all reasonable times for inspection by the authorized representative of the Buyer, the UK and of the Comptroller and Auditor General. The transfer of any jigs, tools, etc., from the custody of the Seller must be properly recorded in the appropriate register and vouchers (receipts) must be obtained in support of the transfer of jigs, tools, etc., to any other individual, Company, Factory or Government Establishment.

(3) The Buyer reserves the right to require the Seller to furnish a copy of the register of jigs, tools, etc., within a specified period.

(4) The Seller shall maintain and retain the jigs, tools, etc., in good order, until instructions for their disposal are given by the Buyer. The Seller shall, as and when required, furnish to the Buyer such certificates as to the existence and condition of the tools, etc., as will satisfy the Buyer that they are in good order and available for further use, and shall afford reasonable facilities to the representative of the Buyer to inspect the jigs, tools, etc.

(5) (a) The price paid for the articles to be supplied under this Contract shall include an appropriate amount to enable the Seller to recover his expenditure on the jigs, tools, etc., provided in accordance with paragraph 'i' above.

(b) The UK acting through the Buyer reserves the right to require the Seller to deliver the jigs, tools, etc., to such individual, Company, Factory or Government Establishment as may be named by the Buyer, without further payment except in respect of such charges for packing, carriage, etc., as may be reasonably incurred and on such delivery the Seller's liability in respect of their maintenance will be terminated. This condition shall not, however, entitle the Buyer to require the Seller to surrender the jigs, tools, etc., to the prejudice of orders held by the Seller for the articles specified in the schedule.

(c) If the jigs, tools, etc., are used by the Seller for manufacture to the order of anyone other than the Secretary of State for Defense, the United Kingdom shall be entitled to payment for such use; the amount shall be decided in the light of the circumstances of each case.

(6) When the jigs, tools, etc., cease to be required for production against a Ministry of Defense Contract held by the Seller, he shall report accordingly to the Buyer, who will instruct the Seller as to their disposal.

#### 4. DEFCON 76 (Applies only if work will be performed on U.K. Government Installations)

DEFCON 76 (Edn. 6/91), "General Conditions of Contract Applicable to Work Performed by Contractor's Personnel at Government Establishments," is incorporated by reference. The Seller's limitation of liability for any one incident under DEFCON 76 shall be £10,000,000.

#### 5. General Conditions of Contract

##### (1) DRAWINGS AND SPECIFICATIONS (PROPRIETARY ARTICLES)

(a) No change may be made to the product supplied under the terms of the Contract which affects, or is likely to affect, performance, quality, reliability, strength or interchangeability without the approval of the Buyer in writing.

(b) Component and unit interchangeability of parts and subunits constituting manufacturers' standard replacement shall be maintained.

##### (2) DRAWINGS AND SPECIFICATIONS (NON-PROPRIETARY ARTICLES)

(a) Any minor part or parts not shown on the drawings or mentioned in the Specifications but which are clearly necessary to the satisfactory completion of the work shall be deemed to be included in the Contract and no extra price will be allowed on account of such omission.

(b) No addition to or correction of the Drawings or Specifications may be made without the prior approval of the Buyer.

(3) FACILITIES TO BE PROVIDED BY THE SELLER The Seller shall provide, at no additional direct cost to the Buyer, such reasonable accommodation for representatives of the Buyer as the Buyer may require. Such representatives may include Technical Costs, Professional Accountancy and Equipment

Accounting Officers of the Buyer. All accommodation provided shall be adequately furnished, lighted, heated and ventilated and shall include suitable cloak-room and telephone facilities.

#### (4) GOVERNMENT PROPERTY ISSUED TO CONTRACTORS

(a) If the Buyer issues to the Seller any government-owned material, components, instruments, etc., whether such issues are on loan or repayment, the Seller shall account for all such issues (including arisings therefrom) and shall maintain complete records of receipt and use or disposal. The Buyer may determine the form of the records and the extent of the information to be recorded therein and may require the Seller to comply with an approved stock recording scheme.

(b) The records shall be subject to audit by the Buyer, the United Kingdom and by the Comptroller and Auditor General, and shall also be available to authorized representatives of the Buyer and the United Kingdom for inspection or for the extraction of information. The records shall be retained for a period of three years after the Seller's completion of contract work.

(c) The right of the Buyer to reject Articles under the Contract shall in no way be prejudiced by or through the fact that the Articles in question may have been made from or include materials, components, instruments, etc., supplied by the Buyer.

(d) The Seller shall inform the Buyer if Government property not specified as issuable for the purpose is used by him in the manufacture of Articles under the Contract and shall pay a fair and reasonable price therefor.

(5) RETENTION OF QUALITY CONTROL/INSPECTION RECORDS Unless otherwise directed in the Contract, the Seller shall retain the quality control/ inspection records for a period of three years from completion of all work under the Contract, and shall make them available to the Buyer on request. Exceptionally, when requested by the Seller, earlier disposal may be authorized in writing by the Seller if acceptable to the Buyer. At the end of the retention period, the Seller shall seek confirmation that the quality control/inspection records may be destroyed. If the Buyer wishes them to be retained, the Seller will make the necessary arrangements for their delivery to the Buyer.

(6) MARKING OF ARTICLES General guidance on the marking of Articles is contained in DEFSTAN 05-34.

Unless otherwise directed, the Seller shall, if practicable, mark each Article clearly and indelibly in accordance with the requirements of the relevant specification or drawing. In the absence of such requirements, the Articles shall be marked with the MOD stock reference or alternative reference number shown in the Contract Schedule. Any marking method used shall not have a deleterious effect upon the strength or corrosion resistance of the Articles.

The marking shall include any serial numbers allocated to the Article and, if the Article has a limited shelf life, the cure date/date of manufacture expressed as required by the specification or drawing, or, in the absence of such requirement, as month (letters) and years (last two figures).

In some cases serial numbers will be allocated in the Schedule but, when allocated by the Seller, these shall be consecutive and shall not repeat any number allocated to similar articles supplied under previous Contracts.

Where because of its size or nature it is not possible to mark an Article with the required particulars, these should be included on the package or carton in which the article is packed.

(7) NOTIFICATION TO SUBCONTRACTORS (Contracts for non-proprietary articles only.) The Seller must notify to subcontractors the number of the Contract and this information must be passed down to each subcontractor concerned in the execution of the Contract no matter how remote the stage of subcontracting may be.

(8) IMPORT LICENSE If in the execution of the Contract, the Seller needs to import materials for which a license is required, the responsibility for applying for the license shall rest with the Seller.

(9) DEVELOPMENT AREAS AND NORTHERN IRELAND The Seller is asked to give consideration, as far as possible, to firms situated in Development Areas and Northern Ireland when placing subcontracts, with a view to assisting employment in these areas, whenever this can be done without increased cost to the Buyer. Lists of Development Areas may be obtained, free-of-charge, from Regional Offices of the Department of Industry.

(10) SUBCONTRACTING TO SHELTERED WORKSHOPS When placing subcontracts in the United Kingdom the Seller is asked to give consideration, as far as possible, to the placing of work on a competitive basis with workshops approved by the Department of Employment under the Disabled Persons (Employment) Acts 1944 and 1958. Details of the capabilities of these workshops are available from the Sheltered Employment Procurement and Consultancy Services (SEPACS), a unit of the



Manpower Services Commission (SEPACS 20 Albert Embankment, London SE1 7ST Tel: 01-735-9431). The Seller is asked also to give similar consideration to prison workshops.

(11) USE OF ASBESTOS No asbestos of any type shall be incorporated into the Articles to be delivered except that in exceptional circumstances where it is considered essential to the satisfactory performance of the Articles or where the use of an alternative substance would be equally or more hazardous than using CHRYSOTILE (WHITE) Asbestos, then Chrysotile (White) asbestos may be incorporated in the Articles subject to the Seller obtaining prior written consent of the Buyer.

## 6. Review Board (Applies only if Contract exceeds \$200,000)

### (a) In this Clause

(1) "the Authority" means the U.K. Secretary of State for Defence or his authorized Representatives.

(2) "the relevant period" means three (3) years after final delivery; and

(3) "the Review Board" means the Review Board for Government Contracts (see Note 2 below).

(b) Where, in relation to the contract, any of the circumstances mentioned in Paragraph (c) below has arisen in consequence of which there is a question whether any payment should be made by the Authority to the Seller or by the Seller to the Authority, that question may, at any time within the relevant period, be referred by the Authority or the Seller (or by both jointly) to the Review Board for its decision as to the amount (if any) of such payment or repayment:

(i) the Seller's right to make any such reference at a time falling within the last six months of the relevant period shall be conditional on his treating the provisions of Paragraphs (1) and (2) of the "Availability of Information" clause hereof as applying (notwithstanding that they would otherwise cease to apply) for a period of six months from the date on which the reference is made, and

(ii) the Authority may make any such reference at a time falling within the six months immediately following the expiration of the relevant period if, before that expiration, he has given written notice to the Seller that he reserves the right to do so.

(c) The said circumstances are that it appears to the Authority or the Seller -

(1) that a profit of or exceeding the upper point of reference or a loss of or exceeding the lower point of reference has been made on the contract, the upper and lower reference points being the points, as agreed between Her Majesty's Government and the CBI and set out in paragraph 16 of annexure 2 to Form GC/Stores/2 as revised by subsequent addenda, which are applicable at the time of pricing of the contract; or

(2) that the achievement of a fair and reasonable price for the contract was frustrated because the information on which it was based has proved to be materially inaccurate or incomplete.

(d) Where a question is referred to the Review Board under Paragraph (b) above -

(1) the Buyer and the Seller shall take all reasonable steps to secure proper compliance with any requirement of the Board as to the evidence or other information (whether documentary or oral) to be given or furnished to the Board for the purpose of enabling it to reach a proper decision on the reference, and in particular the Buyer and the Seller shall produce to the Board, or make available for its examination, any document in any way relating to the contract or its implementation which the Board may require for that purpose; and

(2) the Buyer shall take all reasonable steps to secure the due observance by the Authority of such obligations in relation to the reference and the decision of the Review Board thereon as arise under Condition No. 51 of the contract between the Authority and the Buyer in connection with which, or for the purposes of which, the contract has been made:

Provided that this Paragraph shall not have effect to impose on either party to the contract any obligation to give any evidence or to produce or make available any document which he could not be compelled to give or produce in proceedings before the High Court or, in complying with any requirement for the furnishing of information, to give any information which he could not be compelled to give in evidence in such proceedings.

(e) The Buyer and the Seller hereby agree -

(1) that the decision of the Review Board on any such reference as aforesaid shall be final and conclusive; and

(2) to take all necessary steps to give prompt effect to that decision, and that where the Board decides that a payment of any amount should be made by the Seller or by the Authority that amount shall be paid direct to the party entitled to it in pursuance of the decision.

(Note 1. - Details of the Government Profit Formula are set out in paragraph 4 of a paper entitled "Profit Formula Review -- Arrangements agreed with Industry to be applied from 26th February 1968," as subsequently revised. A copy of the former and a summary of the various revisions thereto are contained in booklet Form GC/Stores/2 (Edition October 1970) and subsequent addenda thereto which may be obtained from the Authority.

Note 2. - The Review Board for Government Contracts is the body set up in pursuance of arrangements relating to the review of Government contracts made between Her Majesty's Government and the Confederation of British Industry; a copy of the document which records these arrangements is contained in booklet Form GC/Stores/2 (Edition October 1970) which may be obtained from the Authority.)"

## 7. Intellectual Property Rights

(1) Intellectual Property Rights. Subject to the rights of third parties and to the rights of the UK arising otherwise than under this Contract and to the provisions of this clause, all intellectual property subsisting in the results of the work done under this Contract shall belong to the Seller.

(2) Patents and Security Classification.

(a) If the Seller or any person employed by him, whether under subcontract or otherwise, applies in any country for patent or similar protection for any invention or design made in the course and as part of work performed under this Contract, the Seller shall within thirty days of such application furnish to the Ministry of Defense (D/IPR, Procurement Executive, Poplar, MoD Abbey Wood 19, P.O. Box 702, Bristol BS1 7DU, United Kingdom) the application serial number, the filing date, the name of the Applicant and a copy of the application as filed, quoting the number of the Buyer's prime contract. Under any such protection granted any UK Government Department and any person authorized by a UK Government Department may in any part of the world do in relation to the invention any act as defined in Section 55(1)(a) to (e) of the Patents Act 1977 or use the design for the services of the Government of the United Kingdom and the Seller shall not be entitled to any payment whatsoever in respect of the doing of such an act or the use of the design. The Seller shall, in addition, not be entitled to claim

compensation payable directly or indirectly by the Buyer in respect of a secrecy order imposed by a Patent Office or Government (upon any such invention or design). The rights conferred by this Clause shall be in addition to and not in derogation of rights exercisable by virtue of Sections 55 to 59 of the Patents Act 1977 and Section 12 of the Registered Designs Act 1949.

(b) Pending formal determination of its security classification, the preparation and filing of an application for patent or similar protection shall be handled under conditions of security appropriate to related work under the Contract. Any application made in the United Kingdom for patent or similar protection shall be sent direct to the Security Section of the Patent Office, or other appropriate office, state that the application is related to work being carried out under a Ministry of Defense security classified contract and quote the number of the Contract.

### (3) Rights to Other Intellectual Property.

(a) In addition to its rights under 2 above, the Buyer and the Authority shall have the right to copy, to use and to authorize others to use, any Technical Data provided pursuant to the "Maintenance and Supply of E-3D Technical Data" clause hereof for the purposes of the UK AEW Programme. The Buyer and the Authority shall have the further right to copy, to use, and to disclose, in whole or in part, in any manner and for any purpose whatsoever, any Technical Data pertaining to items which have first been developed in the performance of this contract and which Technical Data is required to be delivered to the Buyer and the Authority by the terms of this contract.

(b) The Seller grants the Buyer and the Authority the right to copy, use and modify information furnished by the Seller hereunder comprising computer software source code, on the further condition that it is used solely for the purpose of maintenance and/or modification of the software for the Sentry AEW Mk1 (E-3D) Programme. The Buyer and the Authority acknowledge that source code may only be provided for that computer software owned by the Seller.

(c) Subject to the proviso at the end of this Clause, if the Seller includes in any information furnished under the Contract commercially or industrially confidential Data arising from work performed otherwise than under this Contract or any other contract funded by the United Kingdom, the Seller shall identify such Data by applying an appropriate restrictive legend which the Buyer and the United Kingdom shall respect and which shall be perpetuated on any copies of that Data. Accordingly, the Buyer and the United Kingdom shall not disclose such Data to any third party except, UK Government Departments or Sentry AEW Mk1 (E-3D) System In-Service Support bidders and contractors in accordance with the terms of this Paragraph (3)(c) and Paragraph (4), or use such data except in accordance with those terms. If, in the exercise of its rights under Paragraph (4) below, the Buyer or the United Kingdom wishes to disclose such data to other than UK Government Departments, the Buyer or

the United Kingdom shall inform the Seller of the data to be disclosed and the party to whom the Buyer or the United Kingdom intends to disclose the data and will, in addition, apply Standard Condition 31 of Form GC/Stores/1 (Edition April 1979) (or its equivalent) provisions to any bidder and in any contract under which such a disclosure will be made. Further, the Buyer and the United Kingdom shall prohibit reproduction and disclosure of Seller's commercially or industrially confidential data by bidders and contractors, and shall prohibit incorporation of such data into other documents except as necessary to submit a bid or perform under a contract, and the Buyer and the United Kingdom shall require all recipients of the Seller's commercially or industrially confidential data to perpetuate an appropriate restrictive legend identifying the Seller as the owner of that data on all other documentation submitted as part of a bid or delivered under a contract except that the obligations of this Clause shall not apply to the Buyer or the United Kingdom when any such data

- (i) is already known to the Buyer or the United Kingdom otherwise than by communication either directly or indirectly from the Seller;
  - (ii) is publicly known through no wrongful act of the Buyer or the United Kingdom;
  - (iii) is rightfully received by the Buyer or the United Kingdom from a third party without any obligation of confidence;
  - (iv) is subsequently developed by the Buyer or the United Kingdom through means independent of the information provided by the Seller;
  - (v) is furnished to a third party by the Seller without any restriction on that third party's right of disclosure;
  - (vi) is approved for release by written consent of the Seller.
- (d) The Authority shall provide reasonable assistance to Seller in the Seller's efforts to reach a separate confidentiality agreement with any third party to whom the Buyer intends to disclose Seller's commercially or industrially confidential or the Authority data to such third party pursuant to (3)(c) above.

(4) Conditions of Use by the United Kingdom.

The rights in Seller-owned commercially or industrially confidential Technical Data provided under 3.3 above shall be exercisable free of any payment whatsoever to the Seller, and in particular without payment in respect of any intellectual property owned or controlled by the Seller, in the following circumstances, and subject to the following conditions:

(a) Such rights shall be exercisable solely for the purposes of the Sentry AEW Mk1 (E-3D) Programme whether within or outside the United Kingdom.

(b) Such rights shall include the right to provide Data for the purposes of defense collaboration between the UK and a third party Government or for the purposes of a reciprocal programme for the exchange of information between the United Kingdom and one or more nations of NATO or other nations with whom UK has treaty or similar obligations for mutual defense provided that such provision of Data shall not confer on the recipient any right of manufacture or production and on the condition that any recipient of the Data agrees to receive it in confidence to the extent it contains Seller's commercially or industrially confidential data.

(c) Such rights shall include the right to provide Data to the United States Government, which comprises Data pertaining to changes, modifications and improvements in the design of the Sentry AEW Mk1 (E-3D) System and which make use of US Government unlimited rights technical data furnished to the UK in accordance with the UK/US AWACS Memorandum of Understanding. The Seller, without prejudice to Paragraph (3)(c), undertakes to mark with an appropriate legend any Technical Data that is either proprietary to it or is subject to US Limited Rights. Any technical Data not so marked may be regarded as subject to US Unlimited Rights.

(5) The Seller shall not assign or license any intellectual property in such a way as to prejudice the intellectual property rights granted in this Contract without the prior approval of the Buyer and the Authority.

(6) The Seller shall not sell otherwise than for the purposes of the Authority any articles, sub-assemblies, components or spare parts therefore which have been designed, developed or modified under this Contract or grant any license to manufacture otherwise than for the purposes of the Authority any such articles, sub-assemblies, components or spare parts therefore without first agreeing with the Authority the sum or sums (if any) which should reasonably be paid to the Authority by the Seller in respect of such sale or grant having regard inter alia to the amounts paid or payable to the Seller under this Contract.

(7) Seller's Intellectual Property

(a) In the event that work is to be undertaken for the purposes of this contract by a subcontractor, and the United Kingdom does not wish to enter into direct contractual relations with that subcontractor, the Seller shall, unless the United Kingdom agrees otherwise, use reasonable endeavors to procure that in so far as legally possible the terms of the subcontract provide for the United Kingdom the same rights as against the subcontractor as are set out in this clause and impose on the subcontractor the same obligations (the necessary changes being made) as are imposed on the Seller in this Clause.

(b) The Seller shall obtain Buyer approval before placing any subcontract work involving research, design or development under this Contract. Requests for such approval shall be accompanied by two signed copies of the agreement set out in Annex A, attached hereto from the proposed subcontractor, or a statement by the Seller that the proposed subcontractor has refused to sign that agreement.

#### 8. Import Duty (Applies if a subcontractor could import items into the United Kingdom)

Articles to which this Contract applies are Defense Equipment in respect of which the United Kingdom will waive the application of import duty provided that the U.K. Customs entry documents are completed by the appropriate UK agency. 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 the Sentry AEW Mk1 (E-3D) Programme, and shall quote the prime contract number. No import duty shall be included in the contract price. Subcontractors should be similarly instructed. If the Seller should be required to pay UK import duty, such amounts will be reimbursed by the Buyer, provided the Seller has complied fully with the requirements of this Clause.

#### 9. Export Approvals

The Seller shall not enter into a subcontract with a subcontractor in the U.K. for articles or services forming this contract, except on terms that the subcontractor shall not export from the UK (except to the Seller) any articles or services without the prior written approval of the Authority. A similar provision shall be placed in all subcontracts.

#### 10. Definitions

The term "Authority," as used herein, is defined as the Secretary of State for Defence or his authorized representatives. For the purposes of this Contract authority is devolved through the Director of Contracts

(RAF) to Deputy Director Support Management (Contracts 2) (RAF) [DDSM (C2) (RAF)] and his Contracts Branch CB/SMC 23 (RAF), who is the Authorized Representative for the Contract.