

Date: February 2003**EXHIBIT A**

**GOVERNMENT PROVISIONS
 APPLICABLE TO U.S. SUPPLIER
 PRIME CONTRACT **F19628-97-C-0112****

The clauses contained in the following Government regulations are incorporated by reference. Where necessary or appropriate to derive proper meaning in a subcontract situation, "Contractor" shall mean Seller. Government Clauses listed below or cited elsewhere in the contract shall be those in effect in June 1997.

<u>FAR/DFARS Reference</u>	<u>Title</u>	
52.204-2	Security Requirements (AUG 96) (Applies only if the contract requires access to classified information, "Government" means Buyer or the Government.)	
52.211-5	Material Requirements (OCT 97) ("Contracting Officer" means Buyer.)	
52.211-7	(DELETED)	D/Rev. B
52.211-15	Defense Priority and Allocation Requirements (SEP 90)	
52.215-14	Integrity of Unit Prices (FEB 97) (Excluding paragraph (b)). (Not applicable if only services will be provided.)	
52.215-15	Pension Adjustments and Asset Reversions (DEC 98) ("Contracting Officer" means Buyer and Seller's cognizant ACO.) (Applicable only if contract is other than firm-fixed-price or if certified cost or pricing data was provided.)	A/Rev. G
52.215-18	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other than Pensions (OCT 97) (Applicable only if the contract is other than firm-fixed price or if certified cost or pricing data was provided.)	A/Rev. G
52.215-19	Notification of Ownership Changes (OCT 97)	A/Rev. G

- 52.215-27 Termination of Defined Benefit Pension Plans (MAR 96) ("Contracting Officer" means Buyer and Seller's cognizant ACO.) (Applicable only if contract is other than firm-fixed-price or if certified cost or pricing data was provided.)
- 52.215-40 Notification of Ownership Changes (FEB 95)
- 52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (JUN 97)
- 52.222-1 Notice to the Government of Labor Disputes (FEB 97)
- 52.222-21 Prohibition of Segregated Facilities (FEB 99) (Certification required. The A/Rev. G clause is to be included in every subcontract or purchase order subject to the equal opportunity clause.)
- 52.222-26 Equal Opportunity (FEB 99) [Subparagraphs (b)(1) through (11)] A/Rev. H
- 52.222-29 Notification of Visa Denial (APR 84)
- 52.223-3 Hazardous Material Identification and Material Safety Data (JAN 97) (Applies only if hazardous material will be delivered) (In paragraph (b) insert: "None.") Group A and B hardware being delivered under LL/PAR contract are classified as "articles" and require no material safety data sheets (MSDS).
- 52.225-10 Duty-Free Entry (APR 84)
- 52.225-11 Restrictions on Certain Foreign Purchases ("Contracting Officer" means Buyer.)
- 52.227-10 Filing of Patent Applications - Classified Subject Material (APR 84) (Applies only if contract will involve access to classified information)
- 52.227-11 Patent Rights - Retention by Contractor (Short Form). (Applies only if Special Provision F.1 is included and Seller is a small business or non-profit organization.)
- 52.227-12 Patent Rights - Retention by Contractor (Long Form) (JAN 97) (Applies only if Special Provision F.1 is included and Seller is not a small business or non-profit organization.)

52.228-4	Worker's Compensation and War-Hazard Insurance Overseas (APR 84) (Required in subcontracts to which the Defense Base Act (DBA) and War Hazards Compensation Act would apply but for a waiver.)	A/Rev. H
52.234-1	(DELETED)	D/Rev A
52.237-2	Protection of Government Buildings, Equipment, and Vegetation (APR 84) (Applies only if work will be performed on a government installation. "Contracting Officer" means Buyer.)	
52.242-15	Stop Work Order	
52.244-5	Competition in Subcontracting (Not applicable to CLINs identified in Section B as "Type Contract: Y")	
52.244-6	Subcontracts for Commercial Items and Commercial Components	
252.204-7000	Disclosure of Information (DEC 91)	
252.215-7000	Pricing Adjustments (DEC 91)	
252.223-7001	Hazard Warning Labels (DEC 91) (As required in paragraph C, insert: "None")	
252.225-7002	(DELETED)	D/Rev. B
252.225-7009	Duty-Free Entry-Qualifying Country End Products and Supplies (JAN 97)	
252.225-7010	Duty-Free Entry--Additional Provisions (JAN 97)	
252.225-7012	Preference for Certain Domestic Commodities (SEP 97)	
252.225-7016	(DELETED)	D/Rev A
252.225-7037	Duty-Free Entry--NAFTA Country End Products and Supplies	
252.227-7025	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends	
252.231-7000	Supplemental Cost Principles (DEC 91)	

252.235-7003 Frequency Authorization (DEC 91) (Applies only if contract involves developing, producing, testing or operating a device requiring radio frequency authorization.)

252.247-7024 (DELETED)

D/Rev. B

The following clause also applies if the contract price exceeds \$2,500:

52.222-36 Affirmative Action for Handicapped Workers (APR 84)

The following clauses also apply if the contract price exceeds \$10,000:

52.222-20 Walsh-Healy Public Contracts Act (DEC 96)

52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans (APR 84)

52.222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era (JAN 88)

The following clauses also apply if the contract price exceeds \$100,000:

52.203-6 Restrictions on Subcontractor Sales to the Government (JUL 95)

52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (Seller's signed proposal provided the required certification.)

52.203-12 Limitation on Payments to Influence Certain Federal Transactions. (The disclosures of Seller and its lower tier subcontractors required by paragraph (c) shall be submitted to Buyer's Material Representative.)

52.215-2 Audit and Records-Negotiation (JAN 97) (Applies only if contract is other than Firm-Fixed-Price, if cost or pricing data was required or if cost, funding or performance reports will be furnished.)

52.223-2 (DELETED)

D/Rev. H

52.228-5 Insurance - Work on Government Installation (JAN 97)

A/Rev. H

252.203-7001	Special Prohibition on Employment (JUN 97)	
252.209-7000	Acquisition from Subcontractors Subject to On-Site Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty (NOV 95)	
252.225-7026	(DELETED)	D/Rev. B
252.243-7002	Certification of Requests for Equitable Adjustment	A/Orig.
252.247-7023	Transportation of Supplies by Sea	
252.249-7002	Notification of Anticipated Contract Termination or Reduction In paragraph (e), "two weeks" is changed to 10 days.)	

The following clauses also apply if the contract price exceeds \$500,000:

52.215-39	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other than Pensions (MAR 96)	
52.219-9	Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan. (Applies only if Seller is <u>not</u> a small business. "Contracting Officer" in paragraphs (b) and (c) means Buyer.)	
52.230-2	Cost Accounting Standards (APR 96) (This clause applies only if Seller is A/Rev. H subject to Cost Accounting Standards (CAS).)	
52.230-6	Administration of Cost Accounting Standards (APR 96) (Add "Buyer and A/Rev. H "before "Contracting Officer" in paragraph (e).)	

The following clause also applies if the contract price exceeds \$1,000,000:

252.211-7000 Acquisition Streamlining (DEC 91)

The following clauses also apply if Technical Data or Computer Software will be Generated or Delivered:

252.227-7013	Rights in Technical Data--Noncommercial Items (NOV 95)	
	(Replace paragraph (k)(2) with: "In the event a subcontractor refuses to accept any such provisions, Boeing shall use reasonable efforts to negotiate provisions which are most nearly equivalent.")	
252.227-7014	Rights in Noncommercial Software and Noncommercial Software Documentation (JUN 95)	
	(Replace paragraph (k)(2) with: "In the event a subcontractor refuses to accept any such provisions, Boeing shall use reasonable efforts to negotiate provisions which are most nearly equivalent.")	
252.227-7015	Technical Data - Commercial Items (NOV 95) (This clause applies only if the delivery of data is required for commercial items under this contract.)	A/Rev. H
252.227-7016	Rights in Bid or Proposal Information (JUN 95)	A/Rev. H
252.227-7019	Validation of Asserted Restrictions - Computer Software (JUN 95)	
252.227-7025	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends (JUN 95)	A/Rev. H
252.227-7027	Deferred Ordering of Technical Data or Computer Software (APR 88)	
252.227-7030	Technical Data - Withholding of Payment ("Contracting Officer" and "Government" means Buyer.) (OCT 88)	
252.227-7036	Declaration of Technical Data Validity (JAN 97)	
252.227-7037	Validation of Restrictive Markings on Technical Data (NOV 95)	

The following Air Force FAR Supplement clauses are applicable as indicated:

5352.204-9000	(DELETED)	D/Rev. B
5352.223-9001	Health and Safety on Government Installations (Applies only if work will be performed on a Government installation.)	R/Orig.

Additional Provisions:

ANTI-KICKBACK PROCEDURES. Seller agrees to abide by the Anti-Kickback Act of 1986 (41 U.S.C. 51 through 58) and FAR 52.203-7, "Anti-Kickback Procedures" which is incorporated herein by reference, except that subparagraph (c)(1) of FAR 52.203-7 shall not apply to Seller, and further that in subparagraphs (c)(2), (c)(3), and (c)(5), the term "Contractor" shall mean Seller, and in subparagraph (c)(4) the term "Prime Contractor" shall mean Buyer and the term "Subcontractor" shall mean Seller. In addition to reporting possible violations of the Anti-Kickback Act to the Government pursuant to 41 U.S.C. §57(c), Seller shall report such possible violations, if related to Buyer, to the Director of Materiel and/or the Division Counsel of the Boeing division or subsidiary issuing this contract. Seller agrees to hold Buyer harmless from, defend Buyer against, and indemnify Buyer for all costs, expenses, and offsets Buyer may incur as a consequence of violations of this clause by Seller or by Seller's subcontractors or suppliers. The rights and obligations set forth in this clause shall survive completion of, final payment under, or termination of, this order. [A/Rev. H]

TRUTH IN NEGOTIATIONS ACT. (Applicable if certified cost or pricing data was provided.) Seller shall comply with the provisions of FAR 52.215-10 and 52.215-12 which are incorporated herein by reference to the extent such clauses are or become applicable to this contract. In the absence of other instructions, Seller shall submit cost or pricing data for changes which exceed the established threshold consistent with the cost or pricing data instructions applicable to the proposal for this contract. Seller shall reimburse the Buyer any amount by which this contract is determined by the Government to have been overpriced because of Seller's or Seller's subcontractor's failure to comply with such provisions plus any interest, fines or other penalties imposed upon the Buyer as a result of the Seller's or the Seller's subcontractor's defective pricing. [A/Rev. H]

The following NATO clauses are required by the prime contract:

1. EXPORT OF TECHNOLOGY

In the event that any participating Government does not provide to the Seller written approval of Manufacturing License and Technical Assistance Agreements and any other licenses, export or import licenses, visas, resident permits, work permits, or other similar governmental actions or approvals necessary: (1) to perform this contract; (2) to export from or to deliver to NAPMO any items involved in the performance of this contract; or (3) to permit the Seller and its subcontractors to contract with their Euro-Canadian subcontractors (at any tier) consistent with the performance and delivery schedules of this contract; an equitable adjustment shall be negotiated pursuant to the "Changes" clause hereof.

2. RIGHTS OF PARTICIPATING NATO GOVERNMENTS TO AUDIT REPORTS

Seller agrees that NAPMO may receive from the Contracting Officer reports of audit of the Contractor/Seller and subcontractors, derived pursuant to the clause titled, "Audit and Records - Negotiation." The Seller shall identify proprietary or sensitive data and/or information in source documentation for the aforementioned audit reports. [R/Rev. B]

3. DISALLOWANCE OF OVERCEILING IR&D AND B&P COSTS [R/Rev. B]

The recovery of overceiling IR&D and B&P costs for the NATO Mid-Term and any follow-on Production and Retrofit Program will not be charged. [R/Rev. H]

4. SUBCONTRACT MANAGEMENT/CONSENT

a. Prior to the award of a subcontract to a Euro-Canadian subcontractor, Seller shall notify the appropriate Contracting Officer. This notification shall comply with the requirements of paragraph (c) of FAR 52.244-1, "Subcontracts - Fixed Price Contracts." [R/Rev. A]

b. The Contracting Officer reserves the right to review and consent to all Euro-Canadian subcontracts prior to award of definitive instruments. Consent by the Contracting Officer to any such subcontract or any provisions thereof shall not be construed to be a determination of the acceptability of any critical subcontract price or of any amount paid under any critical subcontract or to relieve the Seller of any responsibility for performing this contract, unless such consent specifically provides otherwise. [A/Rev. A]

c. It is contemplated that the Contracting Officer's review of Euro-Canadian subcontracts may include participation by the NAPMO staff and representatives of the respective host government as well as the particular Euro-Canadian subcontractor in order to assure full understanding by all of the above of the terms, conditions, special requirements and contract administration arrangements which pertain to this contract. The review will include: [A/Rev. A]

(i) Flowdown of all contract clauses required by this purchase contract.

(ii) Verification that the Euro-Canadian subcontract has been priced in accordance with national pricing regulations as defined by the applicable National Audit Authority.

(iii) Verification that the audit findings of the applicable National Audit Authority have been utilized in the negotiated agreement for each subcontract.

5. CUSTOMS AND DUTIES

a. This contract contains no provisions or costs for customs or duties imposed by those countries identified in paragraph d. below. In the event a foreign country imposes such customs, duties or similar charges, Seller's incurred costs are reimbursable to Seller. Reimbursement shall be limited to those Seller incurred costs, including applicable overhead and G&A expense, but excluding profit. The contract price will be increased accordingly. [R/Orig.]

b. The NAPMO, acting on behalf of NATO shall enjoy the privileges of exemption from taxes, customs, duties, and quantitative restrictions on imports and exports in respect of any item or aspect of the

Programs as set out in Articles IX and X of the Agreement on the status of the North Atlantic Treaty Organization, National Representatives and International Staff (Ottawa, 20 September 1951). Identifiable taxes, customs, duties or other charges levied by any participating nation in connection with the activities covered by this arrangement will be borne by the government of the participating nation, either directly or by waiver or by an appropriate increase of that participating nation's contribution.

c. Taxes levied by non-participating nations and not waived by them will be borne by NAPMO.

d. The countries contemplated by paragraph a. are: Belgium, Luxembourg, Canada, Denmark, Germany, Greece, Italy, The Netherlands, Norway, Portugal, Spain, Turkey and United Kingdom [R/Rev. B]

e. Paragraph a. through d. of this Special Contract Requirement shall be inserted verbatim in all subcontracts and purchase orders awarded by the Seller in all cases where such taxes and customs duties would otherwise apply. [R/Orig.]

6. DATA (Applicable only if technical data will be delivered.) [A/Orig.]

a. FAR/DFARS - Application and Definitions: This contract includes DFARS 252.227-7013 "Rights in Technical Data - Noncommercial Commercial Items" and DFARS 252.227-7014, "Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation." The definitions set forth therein shall apply in this clause. In addition, "Operation" means the use of an E-3 AWACS AEW System for its intended purpose, and "Support" means Organizational Intermediate, and Depot Level Maintenance, as well as Engineering Analysis of the E-3 AWACS AEW System.

b. Provision/Furnishment of Technical Data. Boeing, as the manufacturer and supplier of the E-3 AWACS AEW System, has an interest in ensuring that its customers receive the full use and benefit of their purchase over its useful life. NAPMO, as an owner and operator of a fleet of E-3 AWACS AEW Systems, has an interest in ensuring that its Operation and Support of those Systems will not be impeded by a lack of necessary technical data.

c. Identification of Technical Data. Consequently, the parties have attempted to identify technical data which NAPMO will need for fleet Operation and Support, and to specify that technical data in the list of technical data which is to be delivered under this contract. The parties recognize that it may not be possible at the time of contracting to anticipate each and every need for technical data NAPMO may experience over the term of this contract. Accordingly, the parties agree that if NAPMO needs Seller or subcontractor proprietary technical data for Operation or Support, Seller or its subcontractors may provide such technical data under the provisions of DFARS 252.227-7013, "Rights in Technical Data and Computer Software," as limited rights technical data. Similarly, non-proprietary technical data may be provided as unlimited rights technical data.

d. Data Disclosure Policy. The parties recognize that such technical data may be subject to the provisions of the Export Administration Act of 1979 (50 USC 2401-2420) and the Export Administration Regulations promulgated thereunder (15 CFR 768-799), and the Arms Export Control Act (22 USC 2778), and the International Traffic in Arms Regulations (22 CFR 120-1228 and 130). The parties acknowledge that these statutes and regulations impose restrictions on import, export and transfer to third countries of

certain categories of data, that licenses from the U.S. Department of State and/or the U.S. Department of Commerce may be required before such data can be disclosed hereunder, and that such license may impose further restrictions on use and further disclosure of such data.

e. Flow Down Provisions. Seller shall undertake to insert the provision of this clause in all subcontracts and purchase orders requiring delivery of technical data. In the event a subcontractor refuses to accept any of such provisions, Seller shall use reasonable efforts to negotiate provisions which are most nearly equivalent.

7. TIME AND MATERIALS CONTRACT LINE ITEM IMPLEMENTATION

(Applicable to CLINs/SubCLINs 0005, 0007, 0008, 0018, 0021, 0029, 1005, 100501, 3001, 3002, 4001AA, and 4001AB.)

Notwithstanding any other contract provisions, the Seller shall maintain sufficient accounting records for verification of the hours, categories of labor, material costs, equipment costs and travel costs incurred in the performance of this contract. It is further understood and agreed that these accounting records shall be available for Government review by national audit agencies during the performance of the contract. Subcontractor National Audit Authorities shall review all subcontractor Time and Material (T&M) invoices and shall certify to the accuracy of the invoices in accordance with the subcontractor's national audit laws, policies, and procedures. A copy of the certification shall be provided to the Buyer.

8. RECOVERY OF NAPMO'S PRO RATA SHARE OF NONRECURRING COSTS ON FOREIGN COMMERCIAL SALES

a. In the event the Seller or its subcontractors, intends to enter into foreign commercial sales or license agreements for the items developed under this contract or essentially similar items, it shall promptly notify the Buyer and the Boeing Buyer.

(i) The phrase "foreign sales or license agreements" includes all sales to or license agreements with foreign buyers that are subject to the Arms Export Control Act, including foreign governments and international organizations, directly by the U.S. domestic firms.

b. The Seller agrees that his rights to enter into production for foreign sales of the items or essentially similar items are expressly contingent upon compliance with the provisions of this clause.

c. The Seller further agrees to flow-down this clause, substantially as written, in all NATO Mid Term Long Lead and PAR subcontracts. The Seller's obligations will be limited to reporting to the NAPMO such foreign commercial sales or license agreements that applicable subcontracts enter into. The NAPMO will be responsible for recoupment of any amount or amounts due directly from such subcontractors. [R/Rev. H]

9. MID-TERM EMD ACCEPTANCE (Clause 49 of the prime contract) [A/Rev. H]

a. Final Government acceptance of the SubCLINs listed in paragraph "b." below, does not relieve the

Seller from its overall FCA/PCA requirements. Each successfully completed and accepted SubCLIN effort will be considered Contractor Furnished Property (CFP) or Contractor Furnished Data (CFD), for subsequent contract performance. Notwithstanding any other provisions of this contract, the Government shall not take possession of any contract deliverable produced under CLIN 0001 until completion of SubCLIN 0001AL, "Systems FCA and PCA." The Seller shall make available for Government inspection any contract products which have been certified as complete in accordance with acceptance criteria for each CLIN 0001 SubCLIN. The DD250 for SubCLIN 0001AL, "System FCA and PCA," shall contain a list of all CLIN 0001 deliverables to the Government.

b. Acceptance of each CLIN 0001 EMD SubCLIN shall be made only after completion of the acceptance criteria for each SubCLIN, defined as evidence of completion criteria. The Seller must meet all SubCLIN acceptance criteria to receive full payment for an individual SubCLIN. All payments made under the provisions contained herein, for the completed efforts termed Seller furnished property or data, shall be recoverable under the terms of the "Progress Payments" clause, FAR 52.232-16, if this contract is terminated under the provisions of the "Default" clause, FAR 52.249-8.

c. The Seller shall certify, on a Certificate of Conformance (COC), that SubCLIN acceptance criteria have been completed, and the Seller shall submit to the cognizant Administrative Boeing Buyer (ACO) and Boeing each COC for review and approval prior to Government acceptance. The Government reserves the right to participate in any Seller conducted demonstrations and/or reviews which support acceptance of EMD SubCLINs. The Seller shall provide for Government review and verification of all technical data and/or financial documentation which provides evidence of completion of the EMD SubCLINs.

NATO MID-TERM PAR

PLANNED EXPENDITURE PROFILE BY CALENDAR YEAR

(TY U.S. Dollars Equivalents in Millions)

d. EPA Determination

(1) The forecast annual index rate is subtracted from the actual annual index rate using the same calendar year for both. The difference is divided by the forecast annual index rate. The result determines whether an adjustment is to be made for the calendar year. If the difference is greater than plus or minus the "trigger band" of .01 (one percent), adjustment is calculated as described in the following paragraphs. No adjustment is made if either the result is less than or equivalent to .01 or the result is greater than .01 but the calculation yields less than \$10,000.

Mechanics to Calculate EPA Adjustment (SIC ECISW372INS, Aircraft Industry, White Collar Workers Example):

Where X = Actual Annual Index (Bureau of Labor Statistics (SIC ECIWSW372INS, applicable year)

Y = Forecast Annual Index (Annual Index forecast in contract, applicable

project and year)

Z = Sum of dollars subject to adjustment (Planned Expenditure Profile, applicable cost element and year)

Step 1: Calculation for SIC SCIWSW372INS Labor: (x - y)

200X Actual Annual Index 1.110

200X Forecast Annual Index 1.150

-0.040

The forecast values shall be calculated to the same number of decimal places as used by the BLS for reported actual annual indexes.

Step 2: Calculation for "Trigger Band": (x - y)/y

1.110-1.150 = .035

1.150

If the difference is greater than plus or minus .01, adjustment is calculated using three decimal places as described in the following paragraphs. If the difference is less than or equivalent to .01, no adjustment is made.

Step 3: Labor Adjustment: [(x-y)/y](z)

Planned Expenditure Profile

Cost Element Index	200X
Labor (SIC ECIWSW372INS)	\$75,000,000

Exclusion of price elements are referenced in d.(1) and (2)

-.035(75,000,000) = \$2,625,000 Adjustment for SIC ECIWSW372INS

(2) EPA adjustments under this clause shall be based on actual annual index values.

The Seller shall submit a proposal for appropriate adjustment for the NATO MID-TERM PAR Project under this clause for each calendar year of the Planned Expenditure Profile by 30 April of the claim year or within thirty (30) days after the release of the actual annual index values. This proposal shall cover the applicable U.S. subcontractors only.

(3) If actual annual index values have not been promulgated within one (1) year after the end of the pertinent Planned Expenditures Profile calendar year, preliminary annual index values shall be used and the proposal will be submitted within sixty (60) days after the end of the said claim year. The EPA adjustments agreed to by both parties shall be identified in this provision as set forth in a supplemental agreement to the contract. In the event the contract price is increased/decreased as the result of EPA adjustment, the price of the next CLIN or SubCLIN to be delivered will be modified to include the applicable EPA adjustment(s). If the actual annual index values are different from the preliminary annual index values, there will be a retroactive adjustment which will be reflected in a subsequent supplemental agreement. However, if the amount of the potential retroactive adjustment is \$1,000 or less, then no retroactive adjustment will take place. Any retroactive adjustment to actual annual index values used will not be cause for further adjustment under this clause. The Boeing Buyer reserves the right to initiate an Economic Price Adjustment under this clause if the Seller fails to initiate such action. Claims not initiated in the time frames above by either the Seller or the Boeing Buyer will not be considered.

b. Annual Index Substitution: In the event that the preparing agency substantially revises the methodology or discontinues determining any one of the annual indexes identified in paragraphs i. and j. herein, the parties shall agree upon an appropriate substitute for the revised or discontinued annual index within ninety (90) days for use in this clause. The parties will also agree upon an appropriate substitute where preliminary annual indexes are not published in time to fulfill the requirements of paragraph d.(2) herein. If this occurs, the time frames in paragraph d.(2) above shall be extended by mutual agreement. Forecast annual index values shall not be revised to reflect improved pricing techniques, production and marketing patterns.

c. Adjustments to target cost, target price and ceiling price shall be made a follows:

(1) The target cost of this contract shall be adjusted by an amount equal to the sum of the adjustment defined in paragraph d. above and the EPA adjustments of all subcontracts.

(2) The target price of this contract shall be adjusted by the amount defined in paragraph f.(1) above, multiplied by the target price percentage in existence on the day of execution of the specific supplemental agreement.

(3) the ceiling price of this contract shall be adjusted by the amount defined in paragraph f.(1) above multiplied by the ceiling price percentage in existence on the day of execution of the specific supplemental agreement.

d. Termination of Contract: Should this contract be terminated in whole or in part, for any reasons, actual annual index values and the Planned Expenditure Profile(s) for the year in which the termination occurs shall be used to determine EPA adjustments. The values in the Planned Expenditure Profile(s), for the year in which the termination occurs, shall be adjusted on a pro rata basis if the termination occurs prior to December (e.g. if the termination occurs on 31 July then the Planned Expenditure Profile shall be adjusted by 7/12ths for that year).

e. EPA on Subcontract: Notwithstanding the above, the subcontract EPA clauses negotiated between the Seller and applicable EPA subcontractors shall be cause to adjust the target cost, target price and ceiling price of the contract as described in paragraph f. above. Boeing shall perform an analysis of

subcontract adjustments for applicable U.S. subcontractors only and shall submit the analysis together with the adjustment proposal required in paragraph d. of this clause.

f. U.S. Subcontractors: The purpose of paragraphs a. through h. above is to provide for economic price adjustments in the U.S. economy as evidenced by the following Government reviewed indexes:

Labor SIC ECIWSW372INS, Aircraft Industry, White Collar Workers

<u>Table</u>			
<u>Year</u>	<u>Telephonics</u>	<u>Telephonics</u>	<u>Xetron</u>
	<u>(IFF)</u>	<u>(COM)</u>	
<u>Index</u>			
<u>2004</u>			
<u>2005</u>			
<u>2006</u>			
<u>2007</u>			
<u>2008</u>			
<u>Material</u>			
<u>Year</u>	<u>Telephonics</u>	<u>Telephonics</u>	<u>Xetron</u>
	<u>(IFF)</u>	<u>(COM)</u>	
<u>Index</u>			

<u>2004</u>			
<u>2005</u>			
<u>2006</u>			
<u>2007</u>			
<u>2008</u>			

(1) All indexes shall be annual indexes by calendar year. The base year for all indexes will be adjusted to 1 January 1996. If the base year for an index is changed to any year other than 1996, then such index values shall be adjusted to an equivalent value using first trimester 1996 as the base year for the purposes of this clause. The above indexes described in paragraph i.(1) and i.(2) shall be used in all EPA clauses with U.S. subcontractors and incorporated into this clause.

(2) The indexes to be used as actual annual index rates shall be from the "Employment and Earnings" Standard Industrial Classification (SIC) series promulgated by the U.S. Department of Labor, Bureau of Labor Statistics for the series defined in paragraph j.(1) and j.(2) above, which will be supplied by the Government. No other index will be substituted without the specific permission of the Boeing Buyer.

(3) The index forecasts for use in the formula of paragraph d. of this clause are the indexes for the twelve (12) months of each calendar year.

10. COTS Licenses for Production and Retrofit (PAR) (Nov. 2002) (H.C. 69 of the prime contract) [A/ Rev. H]

Licenses for the following COTs products will be obtained by NAPMO for the PAR phase of the NATO Mid-Term Program and are not provided by the Seller:

<u>Vendor</u>	<u>COTS S/W Product</u>
Public Domain	PERL
Adobe	FrameMaker
Enigma	Dyna Text Browser
GlobeTrotter	FlexLM

GNU	GNU gtar
GNU	GNU "doc++" documentation extraction program
Intermaphics	InterMAPhics AIRDEF1
Intermaphics	InterMAPhics Development Env
Intermaphics	InterMAPhics Window Manager
Intermaphics	InterMAPhics ATC Toolkit
Intermaphics	InterGEO V1.4 Map Filter set, (WDBII, DTED, CADRG, VPF) (No ADRG)
Intermaphics	InterMAPhics Map Client
IST	Xdesigner
KDA	UIS_Datastore
KDA	UIS_Motif_Ctrl
KDA	STL
LMFS	Hardpack
Oracle	Oracle Forms & Reports (STAT)
Oracle	Oracle Enterprise Server
Rational	Rational Suite Development Studio for Unix (includes) Rational Unified Process)
Rational	Rational SoDA
Rational	Rational Rose
Rational	Rational Quantify
Rational	Rational Purify

Rational	Rational Apex Duo
Rational	Rational Ada Analyzer
Rational	Rational Ada TestMate
Rational	ClearQuest
Sitraka	XRT PDS
SSEI	IRIS
Sun	Sun C/C++Compiler
Sun	Java
Telelogic	DOORS
Telelogic	Object Team
TrollTech	Qt
Veritas	Veritas Net Backup

11. CONSUMABLE MATERIALS FOR PAR (Nov 2002) (Clause H.C. 73 of the prime contract) [A/ Rev. H]

The Government will furnish all consumable items necessary to perform maintenance on the aircraft while undergoing the retrofit at the retrofit subcontractor's facilities such as light blubs, gaskets, and o-rings, filters, etc. These items will be provided in accordance with paragraph 3.0.1. of the Aircraft Maintenance Exhibit, Appendix A to the PAR SOW.

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12. RECOVERY OF NAPMO'S PRO RATA SHARE OF NONRECURRING COSTS ON FOREIGN COMMERCIAL SALES

a. In the event the Seller or its subcontractors, intends to enter into foreign commercial sales or license agreements for the items developed under this contract or essentially similar items, it shall promptly notify the Buyer and the Boeing Buyer.

(i) The phrase "foreign sales or license agreements" includes all sales to or license agreements with foreign buyers that are subject to the Arms Export Control Act, including foreign governments and international organizations, directly by the U.S. domestic firms.

b. The Seller agrees that his rights to enter into production for foreign sales of the items or essentially similar items are expressly contingent upon compliance with the provisions of this clause.

c. The Seller further agrees to flow-down this clause, substantially as written, in all NATO Mid Term Long Lead and PAR subcontracts. The Seller's obligations will be limited to reporting to the NAPMO such foreign commercial sales or license agreements that applicable subcontracts enter into. The NAPMO will be responsible for recoupment of any amount or amounts due directly from such subcontractors. [R/Rev. H]