

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE SECRETARY OF DEFENSE

ON BEHALF OF

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE SECRETARY OF STATE FOR DEFENCE

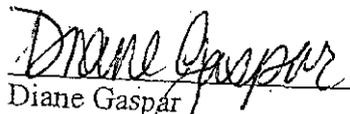
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

CONCERNING

COMBATING TERRORISM

RESEARCH AND DEVELOPMENT

Certified to be a true copy:


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INTRODUCTION

The Secretary of Defense on behalf of the Department of Defense of the United States of America (U.S. DoD) and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland (UK MOD), hereinafter referred to as the "Participants":

Recognizing the Agreement Concerning Defense Cooperation Arrangements of 27 May 1993 between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland will apply to this MOU;

Having a common interest in combating terrorism research and development;

Recognizing the Participants' successful cooperation under the Memorandum of Understanding between the Secretary of Defense on Behalf of the Department of Defense of the United States of America and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland Concerning Counterterrorism Research and Development of 18 April 1995;

Seeking to make the best use of their respective research and development capacities, eliminate unnecessary duplication of work, and obtain the most efficient and cost-effective results through cooperation in combating terrorism research and development;

Aiming to share both the costs and benefits resulting from the efforts under this MOU; and

Desiring to improve combating terrorism capabilities through the application of state-of-the-art and emerging technology;

Have reached the following understandings:

SECTION I

DEFINITIONS

The Participants have jointly decided upon the following definitions for terms used in this MOU:

Classified Information	Official information or material that requires protection in the interests of national security and is so designated by the application of a security classification marking. This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.
Contract	Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or both of the Participants to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Participant, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Participant who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Participant's Contracting Agency.

Contractor Support Personnel Persons specifically identified for support Contracts who provide administrative, managerial, scientific, or technical support services to a Participant under a Contract with that Participant that prohibits using information received under the Contract for any purpose other than those authorized under this MOU.

Controlled Unclassified Information Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It could include information that has been declassified but remains controlled.

Cost Ceiling The maximum amount of financial and non-financial contributions which will be dedicated to the Program.

Government Purposes Research, development, evaluation, testing, manufacture, or other use by or for the armed forces of the Participants, or by or for the law enforcement, national security, and intelligence agencies of the Participants' respective national governments.

Designated Security Authority (DSA) The security office approved by national authorities to be responsible for the security aspects of this MOU.

Financial Costs Program costs met with monetary contributions.

Non-financial Costs Program costs met with non-monetary contributions.

Participant A signatory to this MOU represented by its military and civilian personnel. Contractors and Contractor Support Personnel will not be representatives of a Participant under this MOU.

Patent	Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Program	The cooperative efforts of the Participants under this MOU to achieve the objectives in Section II (Objective(s)) and to accomplish the activities described in Section III (Scope of Work).
Program Background Information	Information not generated in the performance of the Program.
Program Equipment	Any material, equipment, end item, subsystem, component, Special Tooling or test equipment jointly acquired or provided for use in the Program.
Program Foreground Information	Information generated in the performance of the Program.
Program Information	Any information provided to, generated in, or used in this Program regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, computer software (including source code and object code), designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, Patent, or other legal protection.

Program Invention Any invention or discovery formulated or made (conceived or first actually reduced to practice) in the course of work performed under a Program. The term, "first actually reduced to practice", means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.

Special Tooling Jigs, dies, fixtures, molds, patterns, tapes, gauges, other equipment and manufacturing aids, and all components of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services and excluding material, special test equipment, facilities (except foundations and similar improvements necessary for installing Special Tooling), general or special machine tools or similar capital items.

Task A cooperative research and development effort under this MOU that complies with the objectives in Section II (Objectives) and the scope of work in Section III (Scope of Work) of this MOU, and which is executed in accordance with a Task Plan.

Task Plan A detailed description of a Task to be accomplished under this MOU, including a statement of work and provisions regarding the sharing of work, work schedule, costs, and management.

Then Year (TY) Dollars U.S. Dollars which reflect purchasing power at the time expenditures are actually made. Then Year U.S. Dollars are projected actual amounts to be paid.

Third Party

A government other than the government of a Participant and any person or other entity whose government is not the government of a Participant.

SECTION II

OBJECTIVE(S)

2.1. The objectives of this Program are:

2.1.1. To develop technology and prototype capabilities for combating terrorism, and to undertake research towards the development of equipment, and systems that will help deter, detect, surveil, and identify potential terrorists, neutralize their weapons, and reduce the probability of terrorist incidents.

2.1.2. To evaluate and test existing and newly developed prototype capabilities, equipment and systems.

2.1.3. To integrate or adapt existing and newly developed prototype capabilities, equipment and systems to reduce overall developmental costs.

SECTION III

SCOPE OF WORK

3.1. Activities under this MOU will include co-operation on any aspect of research, development, test and evaluation of prototype combating terrorism technology in the following areas:

- 3.1.1. Developing countermeasures to prevent, deter, and respond effectively to terrorist acts;
- 3.1.2. Developing capabilities that reduce the vulnerability and enable better preparation and response to terrorist attacks; and
- 3.1.3. For Tasks decided by the Steering Committee to be suitable, planning to transition these efforts identified in paragraphs 3.1.1. and 3.1.2. to formal acquisition programs. Such acquisition programs will be subject to separate arrangements and are outside the scope of this MOU.

3.2. Both Participants will test and evaluate existing and newly developed prototype technology in laboratory, field and operationally relevant settings. Final detailed test reports, to include test data, will be provided to both Participants.

3.3. Simulated operational exercises and user evaluations may be performed to evaluate and/or define the state of existing and prototype technology.

3.4. Tasks will be accomplished under Task Plans and will generally conform to the model in Annex A (Sample Task Plan). Each Task Plan will include specific provisions, consistent with this MOU, concerning the objectives, classification, statement of work, sharing of work, breakdown and schedule of work, financial provisions, management, special arrangements (including contractual, intellectual property rights, or information re-transfer) and principle organizations involved for the applicable Task Plan.

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. This Program will be directed and administered on behalf of the Participants by an organization consisting of a Steering Committee (SC) and National Program Managers (PMs), appointed by the Participants. The SC will provide policy oversight for the Program. The National PMs will be responsible for the technical execution of the Program. The Participants will maintain and fund their own organizations for managing this program.

4.2. The SC will consist of one representative appointed by each Participant. The SC will meet annually, with additional meetings held at the request of either representative. Each meeting of the SC will be chaired by the representative of the Participant hosting the meeting. Decisions of the SC will be made unanimously. In the event that the SC is unable to reach a timely decision on an issue, each SC representative will refer the issue to its higher authority for resolution. In the meantime, the approved Task Plan will continue to be implemented without interruption under the direction of the National PMs while the issue is being resolved by higher authority.

4.3. The SC will be responsible for:

- 4.3.1. Exercising executive-level policy oversight of the overall Program.
- 4.3.2. Approving the Task Plans and amendments thereto developed by the National PMs.
- 4.3.3. Reviewing the technical progress of the Task Plans against the Program.
- 4.3.4. Reviewing the financial status of the Program to ensure compliance with the provisions of Section V (Financial Provisions).
- 4.3.5. Approving the Financial Management Procedures Document (FMPD) required in paragraph 5.7. of Section V (Financial Provisions)
- 4.3.6. Approving plans developed by the National PMs to manage and control the transfer of Program Equipment provided by either Participant to

support the execution of the Program in accordance with Section VII (Program Equipment).

- 4.3.7. Approving plans developed by the National PMs for the disposal of property jointly acquired under this MOU in accordance with Section VII (Program Equipment).
- 4.3.8. Monitoring Third Party sales and transfers authorized in accordance with Section XII (Third Party Sales and Transfers).
- 4.3.9. Resolving Program issues brought forth by the National PMs.
- 4.3.10. Reviewing and forwarding to the Participants for approval recommended amendments to this MOU in accordance with Section XVII (Amendment, Termination, Entry Into Effect, and Duration).
- 4.3.11. Reviewing the biannual status report submitted by the National PMs.
- 4.3.12. Providing oversight of the security aspects of the Program, including reviewing and obtaining approval from the appropriate Designated Security Authority of a Program Security Instruction and a Classification Guide prior to the transfer of Classified Information or Controlled Unclassified Information.

4.4. Program offices will be established in Combating Terrorism Technology Support Office, Arlington, Virginia, U.S.A. and in the Ministry of Defence, London, UK to manage the Program. The Assistant Secretary of Defense for Special Operations/Low Intensity Conflict will appoint the U.S. National PM, and the Ministry of Defence (UK) will appoint the UK National PM. The National PMs will be responsible for implementing this MOU and for carrying out the overall Program.

4.5. The National PMs will be responsible for:

- 4.5.1. Managing the cost, schedule, performance requirements, and the technical, security, and financial aspects of the overall Program.

- 4.5.2. Developing Task Plans and any amendments thereto for the SC's approval.
- 4.5.3. Executing the financial aspects of the Program in accordance with Section V (Financial Provisions).
- 4.5.4. Preparing and submitting the FMPD for SC approval.
- 4.5.5. Providing the biannual status report to the SC, and other such reports as directed by the SC.
- 4.5.6. Developing and forwarding to the SC a Program Security Instruction and a Classification Guide for the Program within three months after MOU signature, and implementing them upon final approval.
- 4.5.7. Developing and implementing SC-approved plans to manage and control the transfer of Program Equipment provided by either Participant in accordance with Section VII (Program Equipment).
- 4.5.8. Developing and implementing SC-approved plans for the disposal of property jointly acquired under this MOU in accordance with Section VII (Program Equipment).
- 4.5.9. Referring Program issues to the SC that cannot be resolved by the National PMs.

4.6. For each Task, each Participant will appoint a Task Manager, who will be identified in the Task Plan. The Task Managers will be responsible for the day-to-day execution of the Task Plan and will submit quarterly status reports to each National PM.

SECTION V

FINANCIAL PROVISIONS

5.1. The Participants estimate that the performance of the responsibilities of the Participants under this MOU will not cost more than a total Cost Ceiling of 250 million Then Year (TY) U.S. dollars. The Cost Ceiling may be changed only upon the written consent of the Participants. The U.S. dollar will be the reference currency for the Program, and the Program fiscal year will be the U.S. fiscal year.

5.2. Each Participant will contribute its equitable share of the full Financial Costs and Non-financial Costs of the Program, including overhead costs, administrative costs, and costs of claims, and will receive an equitable share of the results of the Program.

5.3. The full Financial Costs and Non-financial Costs of the Program, as identified in this Section of this MOU, will be shared according to the following percentages:

Participant	Percentage Share
U.S. DoD	50%
UK MoD	50%

The Participants recognize that each Task may not reflect the overall 50/50 cost share for the Program. However, over the duration of the Program, the Program will reflect the 50/50 cost share on the basis of financial and non-financial contributions.

5.4. Participation in the Program will include both financial and non-financial contributions to directly support Program efforts. The financial contributions and non-financial contributions for each Task will be specified in the Task Plan for that Task.

5.5. Each Participant will bear the costs it incurs for performing, managing, and administering its activities under this MOU and all such costs will be included as part of each Participant's contribution to the Program. These costs include salaries, travel and per diem for its Program personnel, as well as any Contract costs.

5.6. The following costs will be borne entirely by the Participant incurring the costs or on whose behalf the costs are incurred:

5.6.1. Costs associated with any unique national requirements identified by a Participant.

5.6.2. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOU.

5.7. The National PM's will be responsible for establishing the detailed financial management procedures under which the Program will operate. These procedures, which must accord with the national accounting and audit requirements of the Participants, will be detailed in a Financial Management Procedures Document (FMPD) prepared by the National PM's and subject to the approval of the SC. Each Participant will fund the Task Plans in accordance with the estimated schedule of financial contributions contained in the FMPD which will be consistent with paragraph 5.9.

5.8 A Participant will promptly notify the other Participant if available funds are not adequate to fulfill its responsibilities under the Program. If a Participant notifies the other Participant that it is terminating or reducing its funding for the Program, both Participants will immediately consult with a view toward continuation on a modified basis.

5.9. The Participants recognize that it may become necessary for one Participant to incur contractual or other responsibilities for the benefit of the other Participant, as identified in SC-approved Task Plans, prior to the receipt of the other Participant's funds. In the event that one Participant incurs such responsibilities, the other Participant will make such funds available in such amounts and at such times as may be required by the Contract or other responsibility, and will pay any damages and costs that may accrue from the performance of or cancellation of the Contract or other responsibility in advance of the time such payments, damages, or costs are due.

SECTION VI

CONTRACTING PROVISIONS

6.1. If either Participant determines that Contracting is necessary to fulfill that Participant's responsibilities under Section III (Scope of Work) of this MOU, that Participant will contract in accordance with its respective national laws, regulations and procedures, with such waivers and deviations from its national regulations as its procedures permit and as deemed necessary to implement this MOU. Sources from both Participants' industries will be allowed to compete on an equal basis for such Contracts.

6.2. When one Participant individually contracts to perform a task under this MOU in accordance with paragraph 6.1. of this Section, it will be solely responsible for its own Contracting, and the other Participant will not be subject to any liability arising from such Contracts.

6.3. Each Participant may, upon request, make use of the other Participant's Contracting Agency in the event that Contracting on behalf of the requesting Participant or both Participants is required to implement this MOU. The Contracting Agency so used will place Contracts in accordance with its respective national laws, regulations, and procedures, with such waivers and deviations from its national regulations as its procedures permit and as deemed necessary to implement this MOU. Sources from both Participants' industries will be allowed to compete on an equal basis for such Contracts. The Contracting Participant's Contracting Officer will be the exclusive source for providing contractual directions and instructions to the Contractors.

6.4. For all Contracting activities performed by either Participant, the National PMs will, upon request, be provided a copy of all Contracts at least 10 working days prior to Contract award to ensure that that they are consistent with the provisions of this MOU.

6.5. Each Participant's Contracting Agency will negotiate to obtain the rights to use and disclose Program Information required by Section VIII (Disclosure and Use of Program Information). Each Participant's Contracting Agency will insert into its prospective Contracts (and require its subcontractors to insert in subcontracts) suitable provisions to satisfy the requirements of this MOU, including Section VIII (Disclosure and Use of Program Information), Section IX (Controlled Unclassified

Information), Section XI (Security), Section XII (Third Party Sales and Transfers) and Section XVII (Amendment, Termination, Entry Into Effect, and Duration), including suitable provisions to ensure compliance with the Participants' export control laws and regulations, and any corresponding provisions in the Task Plans. During the Contracting process, each Participant's Contracting Officer will advise prospective Contractors of their responsibility to immediately notify the Contracting Agency, before Contract award, if they are subject to any license or agreement that will restrict that Participant's freedom to disclose information or permit its use. The Contracting Officer will also advise prospective Contractors to employ their best efforts not to enter into any new agreement or arrangement that will result in restrictions.

6.6. In the event a Participant's Contracting Agency is unable to secure adequate rights to use and disclose Program Information as required by Section VIII (Disclosure and Use of Program Information), or is notified by Contractors or potential Contractors of any restrictions on the disclosure and use of information, that Participant's National PM will notify the other Participant's National PM of the restriction(s), and the National PMs will submit the matter to the SC for resolution.

6.7. The transfer of export-controlled information furnished by one Participant will be authorized by the Government of the furnishing Participant only to those Contractors of the other Participant who will limit the end use of the Information received for the sole purpose of furthering the purposes authorized under this MOU. The Participants will establish legal arrangements with their Contractors to ensure that their Contractors do not retransfer or otherwise use export-controlled information for any purpose other than the purposes authorized under this MOU. Such legal arrangements will also provide that the Contractor will not re-transfer the export-controlled information to another Contractor without the Government of the furnishing Participant's consent.

6.8. Each Participant's National PM will promptly advise the other Participant's National PM of any cost growth, schedule delay, or performance problems of any Contractor for which its Contracting Agency is responsible. Each Participant's National PM will also consult with the other Participant's National PM prior to cancellation of any Contract entered into on behalf of the other Participant in accordance with paragraph 5.9. of Section V (Financial Provisions).

SECTION VII

PROGRAM EQUIPMENT

7.1. Each Participant may provide Program Equipment identified as being necessary for executing the MOU to the other Participant. Program Equipment will remain the property of the providing Participant. A list of all Program Equipment provided by one Participant to another Participant will be developed and maintained by the National PMs, approved by the SC, and incorporated into the Task Plans in accordance with Annex A (Sample Task Plan).

7.2 The providing Participant will furnish the receiving Participant such operation and maintenance information as is necessary to enable use of the Program Equipment.

7.3 The receiving Participant will inspect and record the condition of the Program Equipment upon receipt. The receiving Participant will also inspect and record the condition of the Program Equipment prior to its return (unless the Program Equipment is to be expended or consumed).

7.4. The receiving Participant will maintain any such Program Equipment in good order, repair, and operable condition. Unless the providing Participant has authorized the Program Equipment to be expended or otherwise consumed without reimbursement to the providing Participant, the receiving Participant will return the Program Equipment to the providing Participant in as good a condition as received, normal wear and tear excepted, or return the Program Equipment and pay the cost to restore it. If the Program Equipment is damaged beyond economical repair, the receiving Participant will return the Program Equipment to the providing Participant (unless otherwise specified in writing by the providing Participant) and pay the replacement value, which will be computed pursuant to the providing Participant's national laws and regulations. If the Program Equipment is lost while in the custody of the receiving Participant, the receiving Participant will issue a certificate of loss to the providing Participant and pay the replacement value. If known at the time of development of the Task Plan, the replacement value of the Program Equipment will be specified in the Task Plan.

7.5. The providing Participant will deliver, at its expense, Program Equipment to the receiving Participant at a mutually determined location. Possession of the Program Equipment will pass from the providing Participant to the receiving Participant.

at the time of receipt of the Program Equipment. Any further transportation is the responsibility of the receiving Participant.

7.6. All Program Equipment that is transferred will be used by the receiving Participant only for the purposes of carrying out Task Plans under this MOU, unless otherwise consented to in writing by the providing Participant. In addition, in accordance with Section XII (Third Party Sales and Transfers), Program Equipment will not be retransferred to a Third Party without the prior written consent of the providing Participant.

7.7. Prior to the completion of work under the applicable Task Plan or termination or expiration of this MOU (whichever occurs first), the receiving Participant will return, at its expense, Program Equipment to the providing Participant at a location mutually approved by the National PMS. Any further transportation is the responsibility of the providing Participant.

7.8. The receiving Participant will provide written notice of consumption or expenditure of Program Equipment approved for such consumption or expenditure. In the event the intended consumption or expenditure does not occur, the receiving Participant will, unless otherwise determined by the providing Participant, return the Program Equipment, at its expense, to the providing Participant to the location mutually approved by the National PMS. Any further transportation is the responsibility of the providing Participant.

7.9. The Participants will ensure, by all reasonable means, the protection of intellectual property rights in Program Equipment.

7.10. Any Program Equipment that is jointly acquired on behalf of both Participants for use under this MOU will be disposed of during this Program or when the Program ceases, as determined by the SC.

7.11. Disposal of jointly acquired Program Equipment may include a transfer of the interest of one Participant in such Program Equipment to the other Participant, or the sale of such equipment to a Third Party in accordance with Section XII (Third Party Sales and Transfers) of this MOU. The Participants will share the consideration from jointly acquired Program Equipment transferred or sold to a Third Party in the same ratio as costs are shared under this MOU.