DEFENSE

Cooperation

Memorandum of Understanding between the
UNITED STATES OF AMERICA
and AUSTRALIA

Signed at Brisbane October 25, 2006

with

Annexes

and

Appendix

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

". . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

AUSTRALIA

Defense: Cooperation

Memorandum of understanding signed at
Brisbane October 25, 2006;
Entered into force October 25, 2006.
With annexes and appendix.

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE DEPARTMENT OF DEFENCE

OF AUSTRALIA

CONCERNING

COOPERATION ON FUTURE DESIGN, DEVELOPMENT,

TEST AND EVALUATION FOR THE

SOLDIER COMBAT SYSTEM

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INTRODUCTION

The Department of Defense of the United States of America (U.S. DoD) and Department of Defence of Australia (ADOD) hereinafter referred to as the "Participants":

Recognizing the Exchange of Notes constituting an Agreement between the Government of the United States of America and the Government of Australia Concerning Certain Mutual Defence Commitments done at Sydney on December 1, 1995 (Chapeau Agreement), as may be amended;

Recognizing the Agreement Concerning Security Measures for the Protection of Classified Information between the Governments of Australia and the United States of America, dated November 7, 2002 (Security Agreement);

Having a common interest in defense;

Recognizing the benefits to be obtained from standardization, rationalization, and interoperability of military equipments;

Desiring to improve their mutual conventional defense capabilities through the application of emerging technology;

Having a mutual need for the development of the Soldier Combat System (SCS) to satisfy common operational requirements;

Having independently conducted studies, research, exploratory development, and testing of the applications of various technologies, recognize the benefits of cooperation in the SCS;

Having established a Data Exchange Agreement (Annex No. A-DEA-AT-2002-1637) on December 9, 2002 for the Integration of Technology & Equipment into Soldier Systems; and

Having exchanged letters between the Under Secretary of Defence Materiel of the Australian Department of Defence and the Secretary of the Army of the United States of America regarding Cooperation on SCS Projects (April 10, 2003);

Have reached the following understandings:

SECTION I

DEFINITIONS AND ACRONYMS

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

ACTD	Advanced Concept Technology Demonstration
Background Information	Information not generated in the performance of a Project Arrangement (PA).
C4I	Command, Control, Communications, Computing, and Intelligence
Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification. This information may be in oral, visual, magnetic, electronic or documentary form or in the form of material equipment or technology.
Computer Data Base	A collection of data recorded in a form capable of being processed by a computer. This definition does not include Computer Software.
Computer Program	A set of instructions, rules, or routines recorded in a form that is capable of causing a computer to perform a specific operation or series of operations.
Computer Software	Computer Programs, source code, source code listings, design details, algorithms, processes, flow charts, formulae, and related materials that would enable the software to be reproduced, recreated, or recompiled. Computer Software does not include Computer Data Bases or Computer Software Documentation.
Computer Software Documentation	Owner's manuals, user's manuals, installation instructions, operating instructions, and other similar items, regardless of storage medium, that explain the capabilities of the Computer Software or provide instructions for using the Computer Software.
Contract	Any mutually-binding legal relationship under national laws that 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 that 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 under a PA 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 or the applicable PA.
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. Whether the information is provided or generated under this MOU or its PAs, the information will be marked to identify its "in confidence" nature. US export-controlled information will be marked as "International Traffic in Arms Regulations (ITAR)-Controlled". Australian export-controlled information will be marked as "Australian Export Controlled".
Cooperative Project Personnel (CPP)	Military members or civilian employees of a Participant assigned to a Joint Project Office (JPO) or a facility of the other Participant under a specific PA who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the PA.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of either Participant.

Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOU.
Equipment and Material	Any material, equipment, end item, subsystem, component, Special Tooling or test equipment that is either owned by one Participant and provided for use pursuant to a PA or Equipment and Material Transfer (E&MT) by that Participant or is jointly funded and acquired by both Participants and provided for use in a PA.
E&MT	Equipment and Material Transfer
Financial Costs	Project costs including, but not limited to, overhead and administrative costs, met with monetary contributions.
Financial Cost Ceiling	The maximum amount to which the Financial Cost Target may move without the prior written approval of the Participants.
Financial Cost Target	The accepted planning figure of the total Financial Cost of a PA.
FMPD	Financial Management Procedures Document
Foreground Information	Information generated in the performance of a PA.
Host Participant	The Participant whose nation serves as the location where CPP are assigned for duty pursuant to a PA under this MOU.
Information	Any information provided to, generated in, or used in this MOU and its PAs 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, 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.
Intellectual Property Rights	All copyright and neighbouring rights and all rights in relation to inventions (including patent rights), registered and unregistered trademarks (including service marks), registered and unregistered designs, undisclosed information (including trade secrets and know how), mask works fixed in semiconductor chip products, layouts, designs of integrated circuits, geographical indications, and any other rights resulting from creative activity in the industrial, scientific, literary and artistic fields.

Invention	Any product or process, in any field of technology, provided it is new, conceived or "first actually reduced to practice" or involves an inventive step and is capable of industrial application. 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.
Non-Financial Costs	Project costs met with non-monetary contributions.
Parent Participant	The Participant that sends its CPP to the nation of the other Participant pursuant to a PA under this MOU.
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 or its PAs.
Patent	Grant by a government 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.
Project Arrangement (PA)	An implementing arrangement, established after this MOU has come into effect, that specifies the arrangement for collaboration on a SCS project between the Participants.
Project Plan	An Annex to a PA that provides a description of the PA's delivery requirements and milestones.
Project Purposes	Any use by or for a Participant in connection with the activities of a particular PA.
Soldier Combat System (SCS)	Military hardware (and supporting computer software) at the system, sub-system or component level, worn, used or carried by a soldier.
SCS Activity	Anything authorized in the Scope of Work section of the MOU.

Special Tooling	Jigs, dies, fixtures, molds, patterns, tapes, gauges, other equipment and manufacturing aids, and all components of these items that 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.
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

OBJECTIVES

2.1 This MOU establishes a framework for cooperation between the U.S. DoD and the ADOD on mutually-determined activities associated with the evolutionary development of the SCS. Specific objectives of this MOU are to:

2.1.1 enhance interoperability between the Participants' air and land combat soldiers;

2.1.2 integrate small arms with appropriate high technology equipment to leverage the physical, psychological and intellectual potential of the soldier as an integrated weapon system for improved lethality, survivability, C4I, sustainability and mobility;

2.1.3 develop and promote defense science, technology and industrial relationships and cooperation between the United States and Australia to achieve their respective industrial objectives; and

2.1.4 enhance capability and reduce overall development time, costs and risks for each of the Participant's soldier modernization projects through the harmonizing of requirements, development of a common core architecture, use of the best available technology and expertise, reduced duplication of effort, and synergies arising from a cooperative development effort.

SECTION III

SCOPE OF WORK

3.1 The overall work to be carried out under this MOU includes, but is not limited to:

3.1.1 conducting informed discussions and information exchanges for study, evaluation and assessment efforts for the purposes of investigating capability gaps, exploring opportunities for requirements harmonization, improving understanding of Participants' national SCS programs, and identifying areas of potential cooperation or for use in national SCS programs to enhance the Participants' interoperability;

3.1.2 identifying operational capabilities and harmonizing operational requirements;

3.1.3 analyzing and evaluating operational requirements and programmatic options for achieving the required capability;

3.1.4 collaborating on the conduct of ACTDs to evaluate design and technology alternatives;

3.1.5 conducting cooperative SCS design, development, test and evaluation activities;

3.1.6 testing and validating SCS project performance; and

3.1.7 identifying, designing, developing, testing and application of SCS modifications to enhance the capability of the deployed force.

3.2 Each nation will have sole responsibility over configuration management for its national SCS. All efforts will be made to achieve interoperability and maintain commonality of common configurations to the maximum extent possible.

3.3 The following mechanisms will be utilized to undertake the SCS activities described in paragraph 3.1:

3.3.1 <u>Information Exchange:</u>

3.3.1.1 Information exchange will take place on an equitable basis as mutually determined by the Participants, in all areas concerning SCS. This MOU permits the exchange of information, including but not limited to, the harmonizing of SCS capability requirements and the formulating, developing, and negotiating of any SCS Activity such as a PA.

3.3.1.2 Computer Data Bases, Computer Software or Computer Software Documentation associated with SCS Activities may be transferred under this

MOU in accordance with national procedures, subject to the following limitations:

3.3.1.2.1 such transfers must be necessary or useful to the conduct of the SCS Activities as determined by the providing Participant; and

3.3.1.2.2 such transfers may occur only where the providing Participant has obtained national authority for such release. Such release may be subject to restrictions on use imposed by the providing Participant.

3.3.2 Working Groups (WGs):

WGs may be established to explore, study, and report on specific SCS issues. A WG will be limited in scope to a single, well-defined area and will endeavor to assess the SCS issue based on information provided by both Participants in such a way as to arrive at a jointly determined position within a set time limit. Each WG will have its own written Terms of Reference (TOR).

3.3.3 PAs:

Each SCS PA will be subject to the terms and conditions of this MOU and will include specific provisions, concerning the objectives, scope of work, sharing of tasks, management structure, financial arrangements, contractual arrangements (if required), assignment of CPP (if required), E&MT and disposal (if required), disclosure and use of information, security classification guidance and any other provisions as required. In the event of any conflict between a PA or Annex and this MOU, the provisions of this MOU will prevail. SCS PAs will conform to the format in Annex A (MODEL PROJECT ARRANGEMENT).

3.3.4 ACTDs:

The Participants recognize that it may be to their advantage to conduct ACTDs to evaluate evolving technology and SCS concepts. The plan for the ACTD will be documented in a PA in accordance with Annex A (MODEL PROJECT ARRANGEMENT).

3.3.5 E&MT:

The Participants recognize it may be necessary to transfer Equipment and Material for the purpose of implementing this MOU When E&MTs are performed outside of a PA, the Participants will execute an E&MT as identified at Annex C (MODEL EQUIPMENT AND MATERIAL TRANSFER ARRANGEMENT).

3.3.6 Familiarization Visits:

Familiarization visits may occur, in accordance with Section XI (VISITS TO ESTABLISHMENTS), to promote awareness of the other Participant's facilities and to identify potential cooperative SCS project opportunities.

3.3.7 CPP:

CPP may be assigned pursuant to a PA under this MOU in either a JPO or a facility of the other Participant and will report to their designated supervisor regarding that PA work.

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1 This MOU and its PAs will be directed and administered on behalf of the Participants by an organization consisting of a Steering Committee (SC), Project Managers (PMs) and Project Officers (POs) appointed by the Participants. The SC will have overall authority over the PMs, in accordance with this MOU. The PMs will have primary responsibility for effective implementation, efficient management of SCS Activities, and direction of POs for subsequently developed PAs. The Participants may assign military or civilian employees to serve as CPPs in support of SCS PAs.

4.2 The SC will consist of the US Army's Program Executive Office Soldier (PEO Soldier), and the ADOD Director General Land Combat Systems (DGLCS). The SC will meet annually, with additional meetings held at the request of either Participant. The representative hosting the meeting will chair the meeting. The Participants will alternate hosting the SC meetings unless otherwise mutually determined. The hosting Participant will provide administrative support for the meeting at its own expense. 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 their higher authorities for resolution. Ongoing SCS Activities will continue to be implemented without interruption under the direction of the respective PM pending resolution of the issue. The SC's responsibilities include, but are not limited to:

4.2.1 exercising executive-level oversight;

4.2.2 approving the establishment of WGs to explore, study and report on specific SCS issues as well as approving WG TOR submitted by the PM;

4.2.3 reviewing the status reports submitted by the PMs;

4.2.4 maintaining oversight of the security aspects of this MOU;

4.2.5 resolving issues brought forth by the PMs;

4.2.6 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));

4.2.7 reviewing and forwarding to the Participants recommendations for the establishment of PAs and E&MTs;

4.2.8 monitoring Third Party Sales and Transfers authorized in accordance with Section XIII (THIRD PARTY SALES AND TRANSFERS);

4.2.9 approving PM plans for the transfer of Equipment and Material provided by a Participant in accordance with Section VIII (EQUIPMENT AND MATERIAL TRANSFERS); and

4.2.10 approving PM plans for the disposal of jointly acquired Equipment and Material under this MOU in accordance with Section VIII (EQUIPMENT AND MATERIAL TRANSFERS).

4.3 Project offices will be established in the US and AS to manage SCS Activities and PAs. The PEO Soldier will appoint the US PM, and the ADOD will appoint the AS PM, both of whom will be responsible for oversight of the activities under this MOU. The PMs will be responsible for:

4.3.1 managing the day-to-day activities associated with this MOU;

4.3.2 reviewing and recommending TOR for WGs and forwarding to the SC for approval;

4.3.3 recommending SCS Activities to the SC for approval;

4.3.4 referring issues to the SC that cannot be resolved by the PMs;

4.3.5 developing and recommending amendments to this MOU and its Annexes to the SC;

4.3.6 ensuring appointment of project security officers;

4.3.7 ensuring development of and forwarding to the SC a Project Security Instruction and a Classification Guide for the MOU within three months after signature of the MOU, and implementing them upon final approval by the respective DSAs;

4.3.8 providing status reports to the SC; and

4.3.9 implementing actions as directed by the SC.

4.4 For each PA, the Participants will each appoint one Project Officer (PO). The POs' duties will be specified in each PA. However, generally they will be responsible for:

4.4.1 managing and executing the cost, schedule, performance requirements and technical and financial aspects (in accordance with Section V FINANCIAL PROVISIONS) of the PA;

4.4.2 maintaining a list of all equipment transferred by either Participant under a PA or E&MT;

4.4.3 appointing a PA security officer; and

4.4.4 ensuring development of, and forwarding to the PMs, the Classification Guide for the PA and any proposed updates to the MOU Project Security Instruction within three months after signature of a PA, and implementing them upon final approval by the respective DSAs.

4.5 WGs will be established by the SC as necessary to examine areas of mutual interest and/or to perform work under specific PAs of this MOU. WGs will consist of representatives from the Participants. Each Participant will have one vote in WG matters, although a Participant may have as many representatives attend WG meetings as the Participant deems necessary. The location and chairmanship of the meetings will alternate between the Participants with the hosting Participant providing, without charge, appropriate meeting facilities, including security and administrative support. WGs will be responsible for:

4.5.1 developing and submitting a TOR and any required changes to the PMs for approval by the SC;

4.5.2 recommending potential SCS Activities through the PMs for review and endorsement to the SC;

4.5.3 interacting with and providing information to other WGs, as directed by either the PMs or the SC; and

4.5.4 referring issues to the PMs or the SC that cannot be resolved at the WG level.

SECTION V

FINANCIAL PROVISIONS

5.1 This MOU creates no financial commitments regarding individual PAs. Detailed descriptions of the financial provisions for a specific project, including the total cost of the project and each Participant's cost share, will be contained in the specific PA.

5.2 Each Participant will contribute its equitable share of the full Financial Costs and Non-Financial Costs of a PA, as mutually determined by the Participants and set out in each PA, including overhead costs, administrative costs, and costs of claims, and each Participant will receive an equitable share of the results of each PA, as mutually determined by the Participants.

5.3 The Financial Costs and Non-Financial Costs for a PA, including the total cost, and each Participant's share of the total cost, will be included in the PA.

5.4 For each PA, the POs will be responsible for establishing the detailed financial management procedures under which the project will operate. These procedures will be specified in a FMPD proposed by the POs and subject to the approval of the PMs or SC.

5.5 Each Participant will perform, or have performed, its tasks and will use its best efforts to perform the tasks within the cost estimates specified in each PA. Each Participant will bear the full costs it incurs for performing, managing, and administering its own activities under this MOU and participation in each PA, including its share of the costs of any Contracts awarded pursuant to paragraph 5.11.

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 national representation at meetings;

5.6.2 costs associated with any unique national requirements identified by a Participant; and

5.6.3 any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOU and its PAs.

5.7 For PAs with shared costs that involve the establishment of a JPO with CPP assignments, the PA will specify the Financial Costs and Non-Financial Costs required to be contributed by each Participant for JPO administration and associated support services including, but not limited to, JPO costs of travel incurred in support of PA efforts, JPO training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies.

5.8. In addition to the shared costs of JPO administration and associated support services costs described in paragraph 5.7, the cost of CPP assigned to the JPO or a facility of the other Participant will be borne as follows:

5.8.1 The Host Participant will bear the costs of all pay and allowances of its CPP assigned to the JPO. Where CPP are assigned to a facility of the Host Participant, the Host Participant will bear the following costs including, but not limited to, CPP assignment-related administrative and support services costs such as CPP costs of travel incurred in support of PA efforts, CPP-related training costs, office space, security services, information technology services, communications services, and supplies.

5.8.2 The Parent Participant will bear the following CPP related costs:

5.8.2.1 all pay and allowances of its CPP assigned to the JPO or a facility of the other Participant;

5.8.2.2 transportation of its CPP, CPP dependents, and their personal property to the JPO location or a facility of the other Participant prior to commencement of the CPP assignment in the JPO or a facility of the other Participant, and return transportation of the foregoing from the JPO location or facility of the other Participant upon completion or termination of the CPP assignment;

5.8.2.3 compensation for loss of, or damage to, the personal property of its CPP or CPP dependents, subject to the laws and regulations of the Parent Participant's government; and

5.8.2.4 preparation and shipment of remains and funeral expenses in the event of the death of its CPP or CPP dependents.

5.9 A Participant will promptly notify the other Participant if available funds will not be adequate to fulfill its obligations as mutually determined under any PA to this MOU, or if it appears that the cost estimates in a PA will be exceeded. The Participants will immediately consult with a view toward continuation on a modified basis.

5.10 For a PA where a Participant contracts on behalf of the other Participant or on behalf of both Participants, the PO will be responsible for establishing the detailed financial management procedures under which the PA will operate prior to the transfer of funds between the Participants. The procedures, which will accord with national accounting and audit requirements of the Participants, will be specified in a FMPD. Each Participant will provide funds in the amounts and at the times set out in the estimated schedule for monetary contributions, as specified in the FMPD.

5.11 For PAs, the Participants recognize that, in performing Contracting responsibilities on behalf of the other Participant, it may become necessary for the Contracting Participant to

incur contractual or other responsibilities for the benefit of the other Participant prior to the receipt of the other Participant's funds. In such event, the other Participant will make such funds available in such amounts and at such times as required by the Contract or other responsibility and will pay its equitable share, as mutually determined, of any damages and costs that may accrue from the performance or cancellation of the Contract or other responsibility, after consultation within the SC, in advance of the time such payments, damages, or costs are due.

5.12 Each Participant will be responsible for the audit of its activities or its Contractors' activities pursuant to a PA. A Participant's audits will be in accordance with its own national practices. For PAs where funds are transferred between the Participants, the receiving Participant will be responsible for the internal audit regarding administration of the other Participant's funds in accordance with the receiving Participant's national practices. Audit reports of such funds will be promptly made available by the receiving Participant to the other Participant.

SECTION VI

CONTRACTING PROVISIONS

6.1 If either Participant determines that Contracting is necessary to fulfill its obligations under the scope of work of any PA, that Participant will contract in accordance with its respective national laws, regulations and procedures. Sources from both Participants' industries will be allowed to compete on an equal basis for such Contracts.

6.2 When one Participant contracts on its own behalf to perform a task under a PA, 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 If the Participants determine that it is necessary under a PA that one Participant contract on behalf of the other Participant or for both Participants for tasks under that PA, the Contracting Agency will contract in accordance with its national laws, regulations, and procedures. Such contractual arrangements will be detailed in the particular PA. Sources from both Participants' industries will be allowed to compete on an equal basis for such Contracts. The Contracting Officer will be the exclusive source for providing contractual direction and instructions to Contractors and prospective Contractors. The PMs will be responsible for the coordination of activities relating to this MOU and its PAs and will cooperate with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, and Contract award. The Contracting Officer will also keep the PMs advised of all financial arrangements with Contractors.

6.4 Upon mutual consent, consistent with Section II (OBJECTIVES), a Participant may Contract for the unique national requirements of the other Participant.

6.5 For all Contracting activities performed by either Participant, the PMs will, upon request, be provided a copy of all statements of work prior to the development of solicitations to ensure that they are consistent with the provisions of this MOU and the applicable PA.

6.6 For all Contracting activities performed by either Participant, each Participant's Contracting Agency will negotiate to obtain the rights to use and disclose Information required by Section IX (DISCLOSURE AND USE OF INFORMATION). Each Participant's Contracting Agency will insert into its prospective Contracts (and require its Contractors to insert in subcontracts) suitable provisions to satisfy the requirements of this MOU and the specific PA, including Section IX (DISCLOSURE AND USE OF INFORMATION), Section X (CONTROLLED UNCLASSIFIED INFORMATION), Section XII (SECURITY), Section XIII (THIRD PARTY SALES AND TRANSFERS) and Section XVII (AMENDMENT, TERMINATION, ENTRY INTO EFFECT AND DURATION) including suitable provisions to require compliance with the Participants' respective export control laws and regulations. During the Contracting process, each Participant's Contracting Officer will advise prospective Contractors of their obligation to notify the Contracting Agency immediately 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 such restrictions.

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 or the applicable PA. The Participants will establish legal arrangements with their Contractors to require that their Contractors do not retransfer or otherwise use export-controlled Information for any purpose other than the purposes authorized under this MOU or the applicable PA. Such legal arrangements will also provide that the Contractor will not retransfer the export-controlled Information to another Contractor without the written consent of the Government of the furnishing Participant.

6.8 In the event a Participant's Contracting Agency is unable to secure adequate rights to use and disclose Information as required by Section IX (DISCLOSURE AND USE OF INFORMATION), or is notified by Contractors or prospective Contractors of any restrictions on the disclosure and use of Information, that Participant will notify the other Participant of the restriction(s). The Participants will immediately consult, at the appropriate level, to assess the consequences and determine the way ahead.

6.9 The Contracting Officer will ensure that the PMs are provided with sufficient information concerning the Contract and its execution to enable them to fulfill their relevant responsibilities.

6.10 Should a Participant's Contracting Agency determine that quality assurance services, pricing or cost investigation services are required, such services will be obtained through the responsible national authorities of the Participant within whose territories the performing Contractor or subcontractor is located, consistent with the Details of Agreement Between the Defense Authorities of the United States of America and the Commonwealth of Australia for Mutual Acceptance of Government Quality Assurance, dated November 29, 1994.

6.11 For SCS PAs where funds are transferred between the Participants, the receiving Participant will be responsible for the internal audit regarding administration of the other Participant's funds in accordance with its national practices. Audit reports of such funds will be promptly made available by the receiving Participant to the other Participant.

6.12 Each Participant will promptly advise the other Participant of any cost growth, schedule delay, or performance problems of any Contractor for which its Contracting Agency is responsible.

SECTION VII

WORK SHARING

7.1 The Participants will work toward the goal that the work to be performed under this MOU and each PA will be shared in proportion to the financial and non-financial contribution of the Participants to the maximum extent practicable, consistent with high technical merit, reasonable cost, and the need to achieve the timely, economical, and efficient execution of the PA. This work will encompass those requirements contained in Section III (SCOPE OF WORK) of this MOU that are common to the Participants and are funded under this MOU.

7.2 Sources from both nations will be permitted to bid on PA work. Each Participant will encourage its Contractors to provide competitive opportunities to sources from the other Participant to participate in the work of the PA, provided that such participation does not adversely impact the PA.

7.3 No requirement will be imposed by either Participant for work sharing or other industrial or commercial compensation in connection with this MOU or the applicable PA that is not in accordance with this MOU or the applicable PA.

SECTION VIII

EQUIPMENT AND MATERIAL TRANSFER

8.1 For the purpose of carrying out a PA, each Participant may transfer, without charge to the other Participant, such Equipment and Material identified as being necessary for implementing a PA. The PA will provide specific details of any transfer of Equipment and Material. Equipment and Material identified at the time of PA signature will be specified in the PA as set out in Annex A (MODEL PROJECT ARRANGEMENT). Equipment and Material that cannot be identified at the time of PA signature will be documented, when identified, in a list to be developed and maintained by the PM(s). Approval for all E&MTs will be in accordance with national procedures.

8.2 For E&MTs concluded pursuant to Annex C, each Participant may transfer, without charge to the other Participant, Equipment and Material, in accordance with the model at Annex C (EQUIPMENT AND MATERIAL TRANSFER). Approval for all E&MTs will be in accordance with national procedures. The Receiving Participant of the Equipment and Material, in accordance with the provisions of this MOU and its national laws, regulations and policies, will provide without charge the results of any testing or evaluation to the other Participant.

8.3 The providing Participant will make every effort to ensure that the Equipment and Material is furnished in a serviceable and usable condition according to its intended purpose. However, the providing Participant makes no warranty or guarantee of fitness of the Equipment and Material for a particular purpose or use, and makes no commitment to alter, improve, or adapt the Equipment and Material, or any part thereof.

8.4 The receiving Participant will maintain any such Equipment and Material in good order, repair, and operable condition. Unless the providing Participant has authorized the Equipment and Material to be expended or otherwise consumed without reimbursement to the providing Participant, the receiving Participant will return the Equipment and Material to the providing Participant in as good condition as received, normal wear and tear excepted, or return the Equipment and Material and pay the cost to restore it. If the Equipment and Material is damaged beyond economical repair, the receiving Participant will return the Equipment and Material to the providing Participant (unless otherwise specified in writing by the providing Participant) and pay the replacement value as computed pursuant to the providing Participant's national laws, regulations, and procedures. If the Equipment and Material is lost or stolen 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 as computed pursuant to the providing Participant's national laws, regulations, and procedures.

8.5 The providing Participant, at its expense, will deliver Equipment and Material to the receiving Participant at a mutually determined location. Possession and responsibility for the Equipment and Material will pass from the providing Participant to the receiving

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

8.6 All Equipment and Material that is transferred will be used by the receiving Participant only for the purposes of carrying out this MOU and the applicable PA or E&MT, unless otherwise consented to in writing by the providing Participant. In addition, in accordance with Section XIII (THIRD PARTY SALES AND TRANSFERS), Equipment and Material will not be retransferred to a Third Party without the prior written consent of the providing Participant.

8.7 The providing Participant will transfer the Equipment and Material for the mutually determined transfer period. The transfer period may be extended by written mutual consent of the Participants provided that the duration of the transfer period will not exceed the effective period of the PA or E&MT.

8.8 The providing Participant will furnish the receiving Participant such information as is necessary to enable the Equipment and Material to be used. If the Participants mutually determine that specific training is required for use of Equipment and Material, they will mutually determine the appropriate arrangements for the provision of such training.

8.9 The receiving Participant will inspect and inventory the Equipment and Material upon receipt. The receiving Participant will also inspect and inventory the Equipment and Material prior to its return (unless the Equipment and Material is to be expended or consumed).

8.10 Upon expiration or termination of the transfer period specified in the PA or the E&MT (taking into account any extension), the receiving Participant will return the Equipment and Material, at its expense, to the providing Participant at a location mutually determined. Possession and responsibility for the Equipment and Material will pass from the receiving Participant to the providing Participant at the time of its receipt. Any further transportation is the responsibility of the providing Participant.

8.11 The receiving Participant will provide written notice of consumption or expenditure of Equipment and Material 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 Equipment and Material, at its expense, to the providing Participant to the location mutually determined in the PA or E&MT. Any further transportation is the responsibility of the providing Participant.

8.12 The Participants will ensure, by all reasonable means, the protection of Intellectual Property Rights in Equipment and Material.

8.13 Equipment and Material transferred to one Participant under an E&MT or under a PA will be returned to the providing Participant prior to the termination or expiration of this MOU.

8.14 Each Participant waives all claims against the other Participant for damage to or loss of jointly acquired Equipment and Material arising from the performance of official duties. However, if the Participants mutually decide to repair damaged jointly acquired Equipment and Material in order to complete a PA, the cost of such repair will be shared in a manner that results in sharing the total costs of the PA in the proportions established for the Participants' contributions under the PA. In any case, if the Participants mutually determine that damage or loss is caused by reckless acts, reckless omission, willful misconduct or gross negligence of one Participant, the costs of any liability, including the cost of repairs, will be borne by that Participant.

8.15 Any Equipment and Material that is jointly acquired on behalf of both Participants for use under this MOU will be disposed of during the PA, or when the PA expires or is terminated, as approved or directed by the SC. Jointly acquired Equipment and Material will remain the property of both Participants in the same ratio as Financial and Non-Financial Costs are shared in the PA under which it is acquired. The Participant who has custody of the jointly acquired Equipment and Material will maintain such jointly acquired Equipment and Material in good order and operable condition, normal wear and tear excepted, unless the Participants have mutually determined that it may be expended or otherwise consumed by that Participant in connection with this MOU and applicable PA. If jointly acquired Equipment and Material is damaged or lost while in custody of a Participant, the provisions of this Section, and in particular the responsibilities of the receiving Participant in paragraph 8.4, will apply. Where a person or entity, other than the Participants (including their personnel), damages jointly acquired Equipment and Material, and the cost of making good such damage is not recoverable from such person or entity, the Participants will share such costs in the same ratios as the financial contributions to the PA.

8.16 Disposal of jointly acquired Equipment and Material may include a transfer of the interest of one of the Participants in such Equipment and Material to the other Participant; the sale or transfer to a U.S. or AS entity; or, the sale or transfer of such Equipment and Material to a Third Party, in accordance with Section XIII (THIRD PARTY SALES AND TRANSFERS) of this MOU. The Participants will share the consideration from jointly acquired Equipment and Material transferred or sold to a Third Party, or other U.S. or AS entity in the same ratio as Financial Costs and Non-Financial Costs are shared in the relevant PA.

SECTION IX

DISCLOSURE AND USE OF INFORMATION

9.1 General

Both Participants recognize that successful cooperation depends on full and prompt exchange of Information necessary for carrying out this MOU. The Participants intend to acquire sufficient Information and rights to use such Information to promote the objectives of this MOU. The nature and amount of Information to be acquired will be consistent with the objectives stated in Section II (OBJECTIVES) and Section III (SCOPE OF WORK) of this MOU and any applicable PA. Subject to the rights both Participants are accorded under this MOU, title to Foreground Information generated by a Participant or its Contractor will reside in that Participant and/or its Contractors, in accordance with that Participant's national laws, regulations, and policies. Nothing in this MOU will affect title to Background Information of the Participants or their Contractors. Transfer of such Information to Contractors will be in accordance with each Participant's applicable export control laws and regulations.

Information Exchange, WGs and Familiarization Visits

9.2 The disclosure and use provisions that govern Information exchanges,WGs, and Familiarization Visits authorized in Section III (SCOPE OF WORK), are as follows:

9.2.1 Disclosure: Each Participant, upon request, will disclose to the other Participant any relevant Information, provided that:

9.2.1.1 such Information is necessary to or useful in a SCS Activity, with the furnishing Participant determining whether it is "necessary to" or "useful in" the SCS Activity;

9.2.1.2 Information subject to Intellectual Property Rights may be disclosed only without incurring liability to holders of Intellectual Property Rights;

9.2.1.3 disclosure is consistent with national disclosure policies and regulations of the furnishing Participant; and

9.2.1.4 any disclosure or transfer of such Information to Contractors is in accordance with the furnishing Participant's export control laws and regulations.

9.2.2 Use: Use of Information will be for information and evaluation purposes only. Written permission from the furnishing Participant will be required for any other use.

PAs

9.3 Government Foreground Information

9.3.1 Disclosure: Government Foreground Information generated by a Participant's military or civilian employees will be disclosed without charge to both Participants.

9.3.2 Use: Each Participant may use all Government Foreground Information without charge for Defense Purposes only. The Participant generating Government Foreground Information will also retain its rights of use thereto. Any sale or other transfer to a Third Party will be subject to the provisions of Section XIII (THIRD PARTY SALES AND TRANSFERS) of this MOU.

9.4 Government Background Information

9.4.1 Disclosure: Each Participant, upon request, will disclose to the other Participant any relevant Government Background Information generated by its military or civilian employees, provided that:

9.4.1.1 such Government Background Information is necessary to or useful in the PA, with the Participant in possession of the Information determining whether it is "necessary to" or "useful in" the PA;

9.4.1.2 Government Background Information subject to Intellectual Property Rights may be disclosed only without incurring liability to holders of Intellectual Property Rights;

9.4.1.3 disclosure is consistent with national disclosure policies and regulations of the furnishing Participant; and

9.4.1.4 any disclosure or transfer of such Government Background Information to Contractors is in accordance with the furnishing Participant's export control laws and regulations.

9.4.2 Use: Government Background Information disclosed by one Participant to the other may be used without charge by the other Participant for Project Purposes only; however, the furnishing Participant will retain all its rights with respect to such Government Background Information. Subject to any Intellectual Property Rights held by the other Participant, where the use of Government Background Information is necessary to enable the use of Foreground Information, such Government Background Information may be used for Defense Purposes. The furnishing Participant, in consultation with the other Participant, will determine whether the use of such Government Background Information is necessary. The furnishing Participant will retain all its rights with respect to such Government Background Information.

9.5 Contractor Foreground Information

9.5.1 Disclosure: Contractor Foreground Information generated and delivered by Contractors, will be disclosed without charge to both Participants.

9.5.2 Use: Each Participant may use without charge for its Defense Purposes all Contractor Foreground Information generated and delivered by Contractors of the other Participant. The Participant whose Contractors generate and deliver Contractor Foreground Information will also retain rights of use thereto, in accordance with the applicable Contract(s). Any sale or other transfer to a Third Party of Contractor Foreground Information will be subject to the provisions of Section XIII (THIRD PARTY SALES AND TRANSFERS) of this MOU.

9.6 Contractor Background Information

9.6.1 Disclosure: Any Contractor Background Information, (including Information subject to Intellectual Property Rights) generated and delivered by Contractors will be made available to the other Participant provided the following provisions are met:

9.6.1.1 such Contractor Background Information is necessary to or useful in the PA, with the Participant in possession of the Information determining whether it is "necessary to" or "useful in" the PA;

9.6.1.2 Contractor Background Information subject to Intellectual Property Rights may be disclosed only without incurring liability to holders of Intellectual Property Rights;

9.6.1.3 disclosure is consistent with national disclosure policies and regulations of the furnishing Participant; and

9.6.1.4 any disclosure or transfer of such Contractor Background Information to Contractors is in accordance with the furnishing Participant's export control laws and regulations.

9.6.2 Use: Contractor Background Information furnished by one Participant's Contractors and disclosed to the other Participant may be used without charge by the other Participant for Project Purposes only, and may be subject to further restrictions by holders of Intellectual Property Rights; however, the furnishing Participant will retain all its rights with respect to such Contractor Background Information. Subject to any Intellectual Property Rights held by the other Participant, where the use of Contractor

Background Information is necessary to enable the use of Foreground Information, such Contractor Background Information may be used for Defense Purposes. The furnishing Participant, in consultation with the other Participant, will determine whether the use of such Contractor Background Information is necessary.

9.7 Alternative Uses of Information

9.7.1 Any Background Information provided by one Participant will be used by the other Participant only for the purposes set out in this MOU, unless otherwise consented to in writing by the providing Participant.

9.7.2 The prior written consent of each Participant will be required for the use of Foreground Information for purposes other than those provided for in this MOU.

9.8 Information subject to Intellectual Property Rights

9.8.1 All unclassified Information subject to Intellectual Property Rights will be identified, marked and handled as Controlled Unclassified Information in accordance with Section X (CONTROLLED UNCLASSIFIED INFORMATION). All Classified Information subject to Intellectual Property Rights will be identified, marked and handled in accordance with Section XII (SECURITY).

9.8.2 In addition to Section 10.4 of this MOU, prior to transferring Information subject to Intellectual Property Rights to Contractors, the Participants will ensure the Contractors are legally bound to respect such Intellectual Property Rights.

9.9 Inventions and Patents

9.9.1 Reporting of Inventions. A Participant will disclose to the other Participant any Invention made by its respective employees or Contractors pursuant to work undertaken under this MOU or applicable PA as promptly as possible after the Invention is made. The disclosure will be in the form of a written report listing the inventor(s) and describing the manner and process of making and using the Invention in sufficient technical detail as to enable any person skilled in the art to which it pertains to make and use the Invention.

9.9.2 Title of Inventions. Each Participant will retain title to each Invention made by its respective employees under this MOU or applicable PA.

9.9.2.1 The Participant retaining title to such Inventions will grant to the other Participant at least a royalty-free, non-exclusive, irrevocable license to

practice, or have practiced worldwide for Defense Purposes by or on behalf of the other Participant, such Inventions covered by any resulting Patents.

9.9.2.2 The Participant retaining title to such Inventions may, in its discretion, grant rights in such Inventions covered by any resulting Patents to the other Participant, or any other person or entity, upon such terms and conditions as it deems appropriate.

9.9.3 Title to Joint Inventions. Title to Inventions made jointly by employees of the Participants will be held jointly by the Participants unless otherwise mutually determined.

9.9.3.1 The Participants may grant rights in such joint Inventions to any other person or entity, upon such terms and conditions as they mutually determine to be appropriate.

9.9.4 Contractor-Generated Inventions. Title to Inventions made by Contractors will be held in accordance with the terms of the respective Contract. Where any Contract fails to specify how title in any Patent will be held, title will be determined in accordance with the national laws governing Inventions by Contractors of the Participant who awarded the Contract.

9.9.4.1 Contractor-Generated Inventions in Unique National Variants. Where Inventions are made in connection with a unique national variant, paid for fully by or on behalf of only one Participant, regardless of who is the Contracting Agency, the Contracting Agency must ensure that the Contract grants to the Participant funding the national variant any rights as directed by that Participant.

9.9.4.2 Contractor-Generated Inventions of Participants. Where a Contract is awarded by a Participant on its own behalf, or by a Contracting Agency on behalf of one or both of the Participants, the Contract so awarded must ensure that the owner of any Invention made by a Contractor, pursuant to that contract, will grant to the Participant(s) at least a royalty-free, non-exclusive, irrevocable license to practice or have practiced worldwide for Defense Purposes by or on behalf of the Participant(s) the Invention covered by any resulting Patents.

9.9.5 Patent Applications. A Participant having the right to hold title to an Invention may elect to file Patent applications or otherwise seek Patent protection thereon, provided it advises the other Participant of its intention to do so, and the countries in which it intends to seek Patent protection within 60 days from the date it reports the Invention to the other Participant.

9.9.5.1 If a Participant initially elects to seek Patent protection, but later

decides not to continue seeking Patent protection, or if a Participant decides not to share the costs of seeking Patent protection of a joint Invention, then the other Participant may elect (but is not required) to seek Patent protection on such an Invention in those countries in which the Participant has not elected to seek Patent protection.

9.9.5.2 If the other Participant elects to seek Patent protection in those countries, the Participant initially having the right to seek Patent protection on the Invention is deemed to consent to such filing by the other Participant and the other Participant will equitably share, as mutually determined by the Participants, any royalties from the licensing of any resulting Patents taking into consideration the expenses incurred by each Participant in securing Patent protection.

9.9.5.3 A Participant will not file or cause to be filed any Patent application outside the United States of America or Australia, or publish, or cause to be published, any such application or Patent thereon anywhere, without the other Participant's prior written consent where the application contains either:

9.9.5.3.1 the other Participant's Background Information, or

9.9.5.3.2 jointly-generated Foreground Information.

9.9.5.4 Patent applications for Inventions that contain Classified Information to be filed under this MOU or any of its PAs, will be protected and safeguarded in accordance with the requirements contained in Section XII (SECURITY) of this MOU.

9.9.6 Patent Prosecution

9.9.6.1 The expenses attendant to seeking Patent protection as specified above will be borne by the Participant seeking Patent protection. Where both Participants jointly seek Patent protection, the expenses attendant to seeking the Patent protection will be shared equally between the Participants, unless mutually determined otherwise.

9.9.6.2 Each Participant will provide the other with copies of Patent applications it files in Patent offices, along with a power to inspect and make copies of all documents retained in the files of the applicable Patent office that are available for inspection and copying by a Participant seeking Patent protection.

9.9.6.3 A Participant seeking Patent protection will have the right to control the Patent prosecution where it is solely funding the expenses attendant to seeking the Patent protection. Where both Participants are seeking Patent protection, they will jointly control the Patent prosecution if each is funding a portion of the expenses

attendant to seeking the Patent protection. Both Participants will cooperate with each other in seeking Patent protection.

9.9.7 Maintenance Fees. The fees payable to a Patent office in order to maintain the Patent on an Invention will be paid by the Participant having title to the Patent or will be shared equally if title is held jointly by both Participants. If a Participant decides not to pay the required maintenance fees, it will immediately notify the other Participant, who may pay the maintenance fees if it desires to maintain the enforcement of the Patent. In this case, the Participant who has decided not to pay the maintenance fees will assign its rights to the other Participant.

9.9.8 Each Participant will notify the other of any Patent infringement claim made in its territory and, insofar as possible, each Participant will extend to the other Participant any assistance in defending such claims arising in the course of work performed under this MOU or under a PA. The Participants will, in accordance with their national laws and practices, give their authorization and consent for all use and manufacture in the course of work performed under this MOU or a PA of any Invention covered by a Patent issued by their respective countries. Each Participant is responsible for handling all Patent infringement claims made in its territory and to inform the other Participant of such claims and to consult with the other Participant during the handling and prior to any settlement of such claims.

SECTION X

CONTROLLED UNCLASSIFIED INFORMATION

10.1 Except as otherwise provided in this MOU or as authorized in writing by the originating Participant, Controlled Unclassified Information provided or generated pursuant to this MOU will be controlled as follows:

10.1.1 such Information will be used only for the purposes authorized according to Section IX (DISCLOSURE AND USE OF INFORMATION);

10.1.2 access to such Information will be limited to personnel whose access is necessary for the permitted use under subparagraph 10.1.1, and will be subject to the provisions of Section XIII (THIRD PARTY SALES AND TRANSFERS); and

10.1.3 each Participant will take all applicable lawful steps, which may include national classification, available to it to keep such information free from further disclosure (including requests under any legislative provisions), except as provided in subparagraph 10.1.2, unless the originating Participant consents in writing to such disclosure. In the event of unauthorized disclosure, or if it becomes probable that the information may have to be further disclosed under any legislative provision, immediate notification will be given to the originating Participant.

10.2 To assist in providing the appropriate controls, the originating Participant will ensure that Controlled Unclassified Information is appropriately marked. The Participants will decide, in advance and in writing, on the markings to be placed on the Controlled Unclassified Information.

10.3 Controlled Unclassified Information provided or generated pursuant to this MOU will be handled in a manner that ensures control as provided for in paragraph 10.1.

10.4 Prior to authorizing the release of Controlled Unclassified Information to Contractors, the Participants will ensure the Contractors are legally bound to control such information in accordance with the provisions of this Section.

SECTION XI

VISITS TO ESTABLISHMENTS

11.1 All visits will be in accordance with the Security Agreement.

11.2 Each Participant will permit visits to its government establishments, agencies and laboratories, and Contractor industrial facilities by employees of the other Participant or by employees of the other Participant's Contractor(s), provided that the visit is authorized by both Participants and the employees have all necessary and appropriate security clearances and a need-to-know.

11.3 All visiting personnel will be required to comply with the security regulations of the host Participant. Any Information disclosed or made available to visitors will be treated as if supplied to the Participant sponsoring the visiting personnel, and will be subject to the provisions of this MOU.

11.4 Requests for visits by personnel of one Participant to a facility of the other Participant will be coordinated through official channels, and will conform with the established visit procedures of the host Participant. Requests for visits will bear the name of this MOU and the applicable PA, if any.

11.5 Lists of personnel of each Participant required to visit, on a continuing basis, facilities of the other Participant will be submitted through official channels in accordance with recurring international visit procedures.

SECTION XII

SECURITY

12.1 All Classified Information provided or generated pursuant to this MOU and any of its PAs will be stored, handled, transmitted, and safeguarded in accordance with the Security Agreement.

12.2 Classified Information will be transferred through official government-to-government channels only or through channels approved in writing by the Designated Security Authorities (DSAs) of the Participants. Such Classified Information will bear the level of classification, denote the country of origin, the conditions of release, and the fact that the information relates to this MOU and the applicable PA.

12.3 Each Participant will take all applicable lawful steps available to it to ensure that Classified Information provided or generated pursuant to this MOU is protected from further disclosure, except as permitted by paragraph 12.8, unless the other Participant consents in writing to such disclosure. Accordingly, each Participant will ensure that:

12.3.1 the receiving Participant will not release the Classified Information to any government, national, organization, or other entity of a Third Party without the prior written consent of the originating Participant in accordance with the procedures set out in Section XIII (THIRD PARTY SALES AND TRANSFERS);

12.3.2 the receiving Participant will not use the Classified Information for other than the purposes provided for in this MOU and applicable PA; and

12.3.3 the receiving Participant will comply with any distribution and access restrictions on Classified Information that are required under this MOU.

12.4 The Participants will investigate all cases in which it is known or where there are grounds for suspecting that Classified Information provided or generated pursuant to this MOU or any of its PAs has been lost or disclosed to unauthorized persons or other entities. Each Participant also will promptly and fully inform the other Participants of the details of any such occurrences, and of the final results of the investigation and of the corrective action taken to preclude recurrences.

12.5 When a PA contains provisions for the exchange of Classified Information, the PMs or POs, as appropriate, will prepare a Project Security Instruction (PSI) and a Classification Guide (CG) for the PA. The PSI and the CG will describe the methods by which Information will be classified, marked, used, transmitted, and safeguarded. The PSI and CG will be developed by the PMs, or POs, as appropriate, within three months after the PA enters into effect and in accordance with the Security Agreement. They will be reviewed and forwarded to the

Participants' DSAs for approval, and will be applicable to all government and Contractor personnel participating in the PA. The CG will be subject to regular review and revision with the aim of downgrading the classification whenever this is appropriate. The PSI and the CG will be approved by the appropriate DSA prior to the transfer of any Classified Information or Controlled Unclassified Information under this MOU and applicable PA.

12.6 The DSA of the Participant in which a classified Contract is awarded pursuant to this MOU or any PA will assume responsibility for administering within its territory security measures for the protection of the Classified Information, in accordance with its laws and regulations. Prior to the release to a Contractor, prospective Contractor, subcontractor, or prospective subcontractor of any Classified Information provided or generated under this MOU and any applicable PA, the DSAs will:

12.6.1 ensure that such Contractor, prospective Contractor, subcontractor, or prospective subcontractor and their facility(ies) have the capability to protect the Classified Information adequately;

12.6.2 grant a security clearance to the facility(ies);

12.6.3 grant a security clearance for all personnel whose duties require access to Classified Information;

12.6.4 ensure that all persons having access to the Classified Information are informed of their responsibilities to protect the Classified Information in accordance with national security laws and regulations, and provisions of this MOU; and

12.6.6 ensure that access to the Classified Information is limited to those persons who have a need-to-know for purposes of the MOU and any of its PAs.

12.7 The DSAs may carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected.

12.8 Contractors, prospective Contractors, subcontractors, or prospective subcontractors who are determined by the DSAs to be under financial, administrative, policy, or management control of nationals or entities of a Third Party, may participate in a Contract or subcontract requiring access to Classified Information provided or generated pursuant to this MOU or any of its PAs only when enforceable measures are in effect to ensure that nationals or other entities of a Third Party will not have access to Classified Information. If enforceable measures are not in effect to preclude access by nationals or other entities of a Third Party, the other Participant will be consulted for written approval prior to permitting such access.

12.9 For any facility wherein Classified Information is to be used, the responsible Participant or Contractor will approve the appointment of a person or persons to exercise effectively the responsibilities for safeguarding at such facility the Classified Information pertaining to this MOU and any of its PAs. These officials will be responsible for limiting access to Classified

Information involved in this MOU and any of its PAs to those persons who have been properly approved for access and have a need-to-know.

12.10 Each Participant will ensure that access to the Classified Information is limited to those persons who possess requisite security clearances and have a specific need for access to the Classified Information in order to participate in this MOU or any of its PAs.

12.11 Information provided or generated pursuant to this MOU may be classified as high as SECRET. The existence of this MOU is UNCLASSIFIED and the contents are UNCLASSIFIED. The classification of the existence of any PA and its contents will be stated in that PA.

SECTION XIII

THIRD PARTY SALES AND TRANSFERS

13.1. Except to the extent permitted in paragraph 13.2, the Participants will not sell, transfer title to, disclose, transfer possession of Foreground Information (or any item produced either wholly or in part from Foreground Information) or jointly acquired or produced Project Equipment, to any Third Party without the prior written consent of the Government of the other Participant. Furthermore, neither Participant will permit any such sale, disclosure, or transfer, including by the owner of the item, without the prior written consent of the Government of the other Participant. Such consent will not be given unless the Government of the intended recipient consents in writing with the Participants that it will:

13.1.1 not retransfer, or permit the further retransfer of, any equipment or information provided; and

13.1.2 use, or permit the use of, the equipment or information provided only for the purposes specified by the Participants.

13.2 Each Participant will retain the right to sell, transfer title to, disclose, or transfer possession of Foreground Information that:

13.2.1 is generated solely by a Participant or that Participant's Contractors in the performance of that Participant's work allocation under Section III (SCOPE OF WORK) of a PA; and

13.2.2 does not include any Foreground Information or Background Information of the other Participant, and whose generation, test or evaluation has not relied on the use of Equipment and Material of the other Participant.

13.3 In the event that questions arise as to whether the Foreground Information (or any item produced either wholly or in part from the Foreground Information) that a Participant intends to sell, transfer title to, disclose, or transfer possession of to a Third Party is within the scope of paragraph 13.2, the matter will be brought to the immediate attention of the other Participant. The Participants will resolve the matter prior to any sale or other transfer of such Foreground Information (or any item produced either wholly or in part from the Program Foreground Information) to a Third Party.

13.4 The Participants will not sell, transfer title to, disclose, or transfer possession, grant, donate or transfer usage rights of Equipment and Material or Background Information provided by the other Participant to any Third Party without the prior written consent of the Government of the Participant that provided such Equipment and Material or Information. The providing Participant's Government will be solely responsible for authorizing such transfers and, as applicable, specifying the method and provisions for implementing such transfers. For Project Equipment or Background Information that has been provided by a furnishing PA Participant to a receiving PA Participant, the Participants recognize that any sale, transfer of title to, disclosure

of, or transfer of possession of such Project Equipment or Background Information by the receiving PA Participant to any non-Third Party will be in accordance with the applicable provisions of this MOU, including Section VI (CONTRACTING PROVISIONS), Section VIII (EQUIPMENT AND MATERIAL TRANSFER), and Section IX (DISCLOSURE AND USE OF INFORMATION).

13.5 Consent for Third Party sales and transfers of Foreground Information, jointly acquired Equipment and Material, or any item produced either wholly or in part from Foreground Information will be subject to foreign policy, national security considerations, and national laws, regulations and policies. A Participant's Government's written approval of the other Participant's Government's proposed sale or transfer to a Third Party will take into account its willingness to sell or transfer such equipment or information to the same Third Party.

SECTION XIV

LIABILITY AND CLAIMS

14.1 Claims arising under this MOU and any PA will be dealt with in accordance with the Chapeau Agreement.

14.2 The Participants will share any costs required to be shared under subparagraph 1(b)(ii) of the Chapeau Agreement in the same proportions as the Financial and Non-Financial Costs are shared in the applicable PA.

14.3 The Participants will share any costs required to be shared under subparagraph 1(b)(iv) of the Chapeau Agreement on the following basis:

14.3.1 for Contracts where one Participant contracts solely on its own behalf, the Participant awarding the Contract will pay the cost of claims arising under that Contract;

14.3.2 for Contracts where one Participant contracts on behalf of the other Participant, the Participant on whose behalf the Contract was awarded will pay the cost of claims arising under that Contract. The contracting Participant will not indemnify Contractors against third party liability claims, unless otherwise mutually determined; and

14.3.3 for Contracts awarded on behalf of both Participants, the cost of claims arising under such Contracts will be shared in the same proportions as costs are shared in the applicable PA. The contracting Participant will not indemnify Contractors against third party liability claims, unless otherwise mutually determined.

SECTION XV

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

15.1 Customs duties, import and export taxes, and similar charges will be administered in accordance with each Participant's respective laws and regulations. Insofar as existing national laws and regulations permit, the Participants will endeavor to ensure that such readily identifiable duties, taxes and similar charges, as well as quantitative or other restrictions on imports and exports, are not imposed in connection with work carried out under this MOU and any PA or E&MTA.

15.2 Each Participant will use its best efforts to ensure that customs duties, import and export taxes, and similar charges are administered in a manner favorable to the efficient and economical conduct of the work. If any such duties, taxes, or similar charges are levied, the Participant in whose country they are levied will bear such costs. Any such costs will not be considered to fall under either Participant's shared costs.

SECTION XVI

SETTLEMENT OF DISPUTES

Disputes between the Participants arising under or relating to this MOU will be resolved only by consultation between the Participants and will not be referred to a national court, an international tribunal, or to any other person or entity for settlement.

SECTION XVII

AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION

17.1 All activities of the Participants under this MOU will be carried out in accordance with their respective national laws and regulations, including their respective export control laws and regulations. The obligations of the Participants will be subject to the availability of funds for such purposes.

17.2 In the event of a conflict between the terms of this MOU, or any PA or E&MTArrangement under this MOU, this MOU will take precedence.

17.3 This MOU, or any PA or E&MTA to this MOU, may be amended by the mutual written consent of the Participants.

17.4 This MOU, or any PA under this MOU, may be terminated at any time by the mutual written consent of the Participants. In the event the Participants consent to terminate this MOU, or any PA under this MOU, the Participants will consult prior to the date of termination to ensure termination on the most economical and equitable terms. Termination of this MOU will result in the termination of all PAs or E&MTAs under this MOU.

17.5 Either Participant may terminate this MOU, or any PA under this MOU, upon 180 days written notice of its intent to terminate to the other Participant. Such notice will be the subject of immediate consultation to decide upon the appropriate course of action to conclude the activities under this MOU or PA. In the event of such termination, the following rules apply:

17.5.1 the Participants will continue participation, financial or otherwise, in all SCS Activities subject to the notice of termination, up to the effective date of termination;

17.5.2 except as to Contracts awarded on behalf of both Participants, each Participant will be responsible for its own project-related costs associated with termination of the PA. For Contracts awarded on behalf of both Participants, the terminating Participant will pay all Contract modification and termination costs that would not otherwise have been incurred but for the decision to terminate. However, in no event will a terminating Participant's total financial contribution, including Contract termination costs, exceed that Participant's total financial contribution for the PA being terminated;

17.5.3 all Information and rights therein received under the provisions of this MOU, prior to termination of the MOU, will be retained by the Participants, subject to the provisions of this MOU;

17.5.4 if requested by the other Participant, the terminating Participant may continue to administer the project Contract(s) that it awarded on behalf of the other Participant on a reimbursable basis;

17.5.5 additional PA termination provisions consistent with this Section may be established in a PA; and

17.5.6 each Participant will make available to the other Participant all Foreground Information generated prior to termination that has not been provided to the other Participant prior to the termination.

17.6 The respective rights and obligations of the Participants regarding Section VIII (EQUIPMENT AND MATERIAL TRANSFER), Section IX (DISCLOSURE AND USE OF INFORMATION), Section X (CONTROLLED UNCLASSIFIED INFORMATION), Section XII (SECURITY), Section XIII (THIRD PARTY SALES AND TRANSFERS), Section XIV (LIABILITY AND CLAIMS), Section XVI (SETTLEMENT OF DISPUTES) and this Section XVII (AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION) will continue to apply notwithstanding termination or expiration of this MOU or any of its PAs or E&MTs.

17.7 This MOU, which consists of seventeen (17) Sections and three (3) Annexes, will come into effect on the date of last signature, and will remain in effect for fifteen (15) years unless terminated by either Participant. This MOU will be automatically extended for successive five-year periods unless one Participant notifies the other in writing, at least 180 days in advance of expiration, that it does not desire this MOU to be extended.

The foregoing represents the understanding reached between the Department of Defense of the United States of America and the Department of Defence of Australia upon the matters referred to herein.

Signed, in duplicate, in the English language.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA	FOR THE DEPARTMENT OF DEFENCE OF AUSTRALIA
R. Mark Brown	Colin Sharp
Signature	Signature
Brigadier General R. Mark Brown	MR COLIN SHARP, AM, CSC
Name	Name
Program Executive Officer, Soldier	HEAD LAND SYSTEMS
Title	Title
25 OCT 2006	25th October 2006
Date	Date
BRISBANE, AUSTRALIA.	Brisbane
Location	Location

ANNEX A

MODEL PROJECT ARRANGEMENT (PA)

PA NUMBER – (-XXXX*)

TO THE

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE DEPARTMENT OF DEFENCE

OF AUSTRALIA

CONCERNING COOPERATION ON FUTURE DESIGN, DEVELOPMENT,

TEST AND EVALUATION FOR THE

SOLDIER COMBAT SYSTEM

DATED

CONCERNING

(FULL DESIGNATION OF THE PROJECT)

*The U.S. DoD will assign the Project Arrangement number.

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(Drafting guidance: At a minimum, a PA will include the above sections, unless explicitly labeled "optional" in this annex. If additional topics need to be addressed, sections, appendices, or special provisions should be included as necessary and appropriate, consistent with the terms of the MOU. In the event of a conflict between the terms of the MOU and this PA, the MOU will take precedence.)

INTRODUCTION

This Soldier Combat System (SCS) Project Arrangement (PA) is entered into pursuant to the MOU between the Department of Defense of the United States of America (U.S. DoD) and the Department of Defence of Australia (ADOD) Concerning Cooperation on Future Design, Development, Test and Evaluation for the Soldier Combat System, dated _____(***Insert effective date of the MOU***).

SECTION I

DEFINITIONS

(Define only those terms used in this PA that have not been defined in the MOU.)

SECTION II

OBJECTIVES

The objectives of this _____ PA are:

a. The development of _____.

b. The improvement of _____.

SECTION III

SCOPE OF WORK

The following work will be undertaken under this PA.

a. Develop _____.

b. Evaluate _____.

c. Design, fabricate and test _____.

SECTION IV

SHARING OF TASKS

The sharing of tasks will be as follows:

a. The U.S. DoD will _____.

b. The ADOD will _____.

c. The U.S. DoD and the ADOD will jointly_____.

SECTION V

BREAKDOWN AND SCHEDULE OF TASKS (OPTIONAL)

(Use this format when the tasks covered under this project may be performed using multiple phases, requiring milestones or decision points.)

The Project will proceed according to the following phases and schedule. Note that national priorities may pre-empt mutually determined schedules in PAs.

Phase 1	Start	End
Description of Phase 1	Month X	Month Y

(Milestone 1) (e.g., Transmittal of Feasibility Report)

Phase 2	Start	End
Description of Phase 2	Month X	Month Y

(Milestone 2) (e.g., Decision to proceed to Phase 3)

Phase 3	Start	End
Description of Phase 3	Month X	Month Y

(Milestone 3) (e.g., Evaluation, analysis of results)

(Add as many phases as necessary.)

The final report must be transmitted to the Steering Committee (SC) six months before the termination date of this PA.

SECTION VI

MANAGEMENT

1. The POs are:

U.S. DoD PO	Title/Position	_____
	Organization	_____
ADOD PO	Title/Position	_____
	Organization	_____

2. Project Offices will be established in _____ ***(Name of US location)*** and in _____ ***(Name of AS location).*** The POs are responsible for management of those tasks listed as national responsibilities in Section V (SHARING OF TASKS) in this PA.

3. Particular Management Procedures:

(Drafting guidance: Mention only those additional management responsibilities not covered under Section IV (Management (ORGANIZATION AND RESPONSIBILITY)) of the MOU.)

For instance, if a PA will be administered by one Joint Project Office (JPO) staffed by members from each Participant, add the following Paragraph:

3.x Either Participant may assign personnel to the JPO to assist in administering a PA. The Host Participant will provide office space and administrative support to the personnel of the other Participant in accordance with the Host Participant's normal practice. A Participant's assigned personnel will be subject to the normal procedures and regulations of the Host Participant. Provisions for the personnel provided are described in Appendix 1 to this PA.)

SECTION VII

FINANCIAL PROVISIONS

The Participants estimate that the cost of performance of the tasks under this PA will not exceed $ _____ U.S. or $ _____ AS

Cooperative efforts of the Participants over and above the mutually determined tasks set out in the SCOPE OF WORK, SHARING OF TASKS, FINANCIAL PROVISIONS, and CONTRACTING PROVISIONS Sections will be subject to amendment to this PA or signature of a new PA.

(If a PA will involve the assignment of CPP, the PA will include a provision that refers to paragraphs 5.7 - 5.8 of the MOU, identifies which Participant is sending or hosting CPP, and specifies the number of CPP to be assigned. In addition, the PA will include the amount of financial and non-financial contribution related to CPP in one of the two alternatives below in this section.)

(If a PA will not involve one Participant Contracting for the other or both Participants, and no funds will be exchanged between the Participants, use the following format for the Financial Arrangements. Both financial and non-financial contributions should be included in the total U.S. DoD and ADOD costs.)

Alternative 1

The U.S. DoD tasks will not cost more than: _____ U.S. $ or _____AS $.

The ADOD tasks will not cost more than: _____ AS $ or _____U.S. $.

Or:

(If a PA will involve one Participant Contracting for the other Participant or both Participants, or the Participants will transfer or exchange funds between them, use the following format for the Financial Arrangements.)

Alternative 2

(Cost of performance includes Financial and Non-Financial Costs.)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
U.S. DoD						

ADOD						
TOTAL						

(Using the above table and whatever description is necessary, explain and demonstrate how the PA will be funded. Identify both financial (funds) and non-financial (e.g., use of equipment) contributions and identify the amount of funds to be transferred between the Participants, as well as the rate of currency exchange.)

(The Financial Management Procedures Document (FMPD) should be developed by the POs, if needed, and submitted to the SC for approval. The FMPD should include, at a minimum, schedule, handling, funding levels by year, and auditing procedures for monetary contributions anticipated for this PA.)

SECTION VIII

CONTRACTING PROVISIONS
(OPTIONAL)

(Drafting guidance: Insert any special contract provisions that are needed to supplement the standard provisions contained in the MOU.)

SECTION IX

LEVEL OF CLASSIFICATION

Only one of the three following possibilities may be selected:

a. No Classified Information will be exchanged under this PA.

b. The highest level of Classified Information exchanged under this PA is CONFIDENTIAL.

c. The highest level of Classified Information exchanged under this PA is SECRET.

The existence of this PA is ***[Insert classification]*** and its contents are ***[Insert classification].***

SECTION X

PRINCIPAL ORGANIZATIONS INVOLVED

(List the organizations and facilities of the Participants.)

SECTION XI

EQUIPMENT AND MATERIAL TRANSFERS (OPTIONAL)

Providing Participant	Receiving Participant	Qty	Description	Part/ Stock #	Consumable/ Non-Consumable	Transfer Period	Security Classification	* Estimated Replacement Value

* Estimated Replacement Value is a good faith estimate of the replacement value at the time of the loan.

NOTES:

1. ***In the event that the cooperative efforts under the PA requires the provision of Equipment and Material to either Participant, a list of such Equipment and Material must be developed in general accordance with the proceeding table. (Equipment and Material that cannot be identified at the time of PA signature will be documented, when identified, in a list to be developed and maintained by the PMs in the format above.)***

2. ***If jointly acquired Equipment and Material is an aspect of the cooperative effort under the PA, terms and conditions for the disposal of such jointly acquired Equipment and Material must be included in the PA.***

SECTION XII

SPECIAL PROVISIONS

All activities of the Participants under this PA will be carried out in accordance with each Participant's respective national laws and regulations, including their respective applicable export control laws and regulations.

(Identify any procedures, specifications, or other necessary attributes of the project not delineated in other Sections).

SECTION XIII

ENTRY INTO EFFECT, DURATION AND TERMINATION

This _____ Soldier Combat System PA, a project under the MOU between the Department of Defense of the United States of America and the Department of Defence of Australia, Concerning Cooperation on Future Design, Development, Test and Evaluation for the Soldier Combat System ***(Insert effective date of the MOU)*** will come into effect upon signature by both the Participants, and will remain in effect for ____ years unless terminated by either Participant. It may be extended by the written mutual determination of the Participants.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA:	FOR THE DEPARTMENT OF DEFENCE OF AUSTRALIA:
_____	_____
Signature	Signature
_____	_____
Name	Name
_____	_____
Title	Title
_____	_____
Date	Date
_____	_____
Location	Location

ANNEX B

COOPERATIVE PROJECT PERSONNEL

1.0 Purpose and Scope

1.1 This Annex establishes the provisions that will govern the conduct of Cooperative Project Personnel (CPP). The Parent Participant will assign military members or civilian employees to the Joint Project Office (JPO) or other office or facility in accordance with Section IV (MANAGEMENT(ORGANIZATION AND RESPONSIBILITY)) and this Annex. CPP will be able to perform all the responsibilities assigned to them under this MOU and the relevant PA. Commencement of assignments will be subject to any requirements that may be imposed by the Host Participant or its Government regarding acceptance of CPP, such as, but not limited to, visas and visit request documentation. The SC will determine the length of tour for the positions at the time of initial assignment.

1.2 CPP will be assigned to a JPO or other office or facility for PA work and will report to their designated supervisor regarding that work. The POs will be responsible for the creation of a document describing the duties of each CPP position, which will be subject to approval by the SC. CPP will not act as liaison officers on behalf of the Parent Participant. CPP may act from time to time on behalf of their respective SC member if the latter so authorizes in writing.

1.3 CPP will not be assigned to command or other positions that would require them to exercise responsibilities that are reserved by law or regulation to an officer or employee of the Host Participant's Government.

2.0 Security

2.1 The SC will establish the maximum level of security clearance required, if any, to permit CPP to have access to Classified Information and facilities in which Classified Information is used in accordance with the Project Security Instruction (PSI) and Classification Guide (CG). Access to Classified Information and facilities in which Classified Information is used will be consistent with, and limited by, Section II (OBJECTIVES) and Section III (SCOPE OF WORK) of this MOU and will be kept to the minimum required to accomplish the work assignments.

2.2 The Parent Participant will file visit requests for the CPP through prescribed channels in compliance with the Host Participant's procedures. As part of the visit request procedures, the Parent Participant will cause security assurances to be filed, through the Parent Government's embassy located in the Host Participant's country specifying the security clearances for the CPP being assigned.

2.3 The Host Participant and Parent Participant will use their best efforts to ensure that CPP assigned to a JPO or other office or facility are aware of, and comply with, applicable laws and

regulations as well as the requirements of Section IX (DISCLOSURE AND USE OF INFORMATION), Section X (CONTROLLED UNCLASSIFIED INFORMATION), Section XI (VISITS TO ESTABLISHMENTS), Section XII (SECURITY), and Section XVII (AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION) of this MOU and the provisions of the applicable PSI and CG. Prior to commencing assigned duties, CPP will, if required by the Host Government's laws, regulations, policies, or procedures, sign a certification concerning the conditions and responsibilities of CPP.

2.4 CPP will at all times be required to comply with the security and export control laws, regulations, and procedures of the Host Government. Any violation of security procedures by CPP during their assignment will be reported to the Parent Participant for appropriate action. CPP committing violations of security and export control laws, regulations, or procedures during their assignments may be withdrawn from the project with a view toward appropriate administrative or disciplinary action by the Parent Participant.

2.5 All Classified Information made available to CPP will be considered as Classified Information furnished to the Parent Participant, and will be subject to all provisions and safeguards provided for in Section XII (SECURITY), the PSI, and CG.

2.6 CPP will not have personal custody of Classified Information or Controlled Unclassified Information unless approved by the Host Participant and as authorized by the Parent Participant. They will be granted access to such Information in accordance with Section X (CONTROLLED UNCLASSIFIED INFORMATION), Section XII (SECURITY), and the PSI during normal duty hours at the JPO or other office or facility and when access is necessary to perform PA work.

2.7 CPP assigned to a JPO or other office or facility will not serve as a conduit between the Host Participant and Parent Participant for requests and/or transmission of Classified Information or Controlled Unclassified Information unless specifically authorized by the PSI.

3.0 Technical and Administrative Matters

3.1 Consistent with the Host Government's laws and regulations, and subject to applicable multilateral or bilateral agreements or arrangements, CPP will be subject to the same restrictions, conditions, and privileges as Host Participant personnel of comparable rank and in comparable assignments. Further, to the extent authorized by Host Government's laws and regulations, and any applicable multilateral or bilateral agreements or arrangements, CPP and their authorized dependents will be accorded:

3.1.1 Exemption from any Host Government's tax upon income received from the Parent Participant; and

3.1.2 Exemption from any Host Government's customs and import duties or similar charges levied on items entering the country for their official or personal use, including their baggage, household effects, and private motor vehicles.

3.2 On arrival, CPP will be provided briefings arranged by the JPO or other office or facility about applicable laws, orders, regulations, and customs and the need to comply with them. CPP will also be provided briefings arranged by the JPO or other office or facility regarding entitlements, privileges, and obligations such as:

3.2.1 Any medical and dental care that may be provided to CPP and their dependents at Host Participant medical facilities, subject to the requirements of applicable laws, regulations, and any applicable multilateral or bilateral agreements or arrangements;

3.2.2 Purchasing and patronage privileges at military commissaries, exchanges, theaters, and clubs for CPP and their dependents, subject to the requirements of applicable laws, regulations, and any applicable multilateral or bilateral agreements or arrangements;

3.2.3 The Host Participant will provide, if available, housing and messing facilities for CPP and their dependents on the same basis and priority as for its own personnel. CPP will pay messing and housing charges to the same extent as Host Participant personnel. At locations where facilities are not provided by the Host Participant for its own personnel or facilities are not available, the Parent Participant will make suitable arrangements for its CPP; and

3.2.4 CPP and their accompanying dependents will have the responsibility of obtaining motor vehicle liability insurance coverage in accordance with the laws and regulations applicable in the area where they are residing. In case of claims involving the use of private motor vehicles by CPP, the recourse will be against such insurance.

3.3 The PO, through the JPO or other office or facility, will, in consultation with the CPP, establish standard operating procedures for CPP in the following areas:

3.3.1 Working hours, including holiday schedules;

3.3.2 Leave authorization, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Participant and Parent Participant;

3.3.3 Dress regulations, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Participant and Parent Participant;

3.3.4 Performance evaluations, recognizing that such evaluations will be rendered in accordance with the Parent Participant's military or civilian personnel regulations and practices; and

3.3.5 CPP will be required to wear in clear view, when required by security procedures, a U.S. DoD or similar building or installation pass or badge that clearly identifies CPP. CPP will not be provided nametags, codes or titles that could imply that CPP are U.S. DoD persons.

3.4 CPP committing an offense under the laws of the government of the Host Participant or Parent Participant may be withdrawn from the project with a view toward further administrative or disciplinary action by the Parent Participant. Disciplinary action, however, will not be taken by the Host Participant against CPP, nor will the CPP exercise disciplinary powers over the Host Participant's personnel. In accordance with Host Participant's government laws and regulations, the Host Participant will assist the Parent Participant in carrying out investigations of offenses involving CPP.

3.5 During their assignment, CPP will not be placed in the following duty status or environments unless it is consented to in writing by the Parent Participant:

3.5.1 Areas of political sensitivity where their presence may jeopardize the interests of either the Host Participant or Parent Participant, or where, in the normal course of their duty, they may become involved in activities that may embarrass either Participant;

3.5.2 Deployments in non-direct hostility situations, such as UN peacekeeping or multi-national operations, or third countries; and

3.5.3 Duty assignments in which direct hostilities are likely. Should a JPO or other office or facility to which CPP are assigned become involved in hostilities unexpectedly, assigned CPP will not be involved in the hostilities. Any such CPP approved by the Parent Participant for involvement in hostilities will be given specific guidance as to the conditions under which the assignment will be carried out by the appropriate authorities of the Host Participant and Parent Participant.

APPENDIX 1

COOPERATIVE PROJECT PERSONNEL POSITION DESCRIPTION

1. Position:

   a. Title: Cooperative Project Personnel

2. Position Location:

3. Security Clearance level Required for the Position:

4. Qualifications/Skills Required for Position: ***(Insert appropriate data, e.g., Accredited degree in a scientific or aviation related subject, aviation staff and/or operational experience in rotary-wing aircraft. Military specialty similar to US Aviation Product Manager and/or acquisition engineering experience. Previous experience in tactical helicopter operations.)*** The CPP will perform the following tasks and responsibilities as mutually determined by the Project Manager (PM).

5. General Categories of Information to which access will be required: ***(Insert appropriate categories, e.g., provided oral and visual access to information required to perform the duties outlined in this position description.).***

6. Description of Specific Duties:

   a. CPP will be primarily responsible for ***(Insert responsibilities, e.g., coordinating the administration of the SCS MOU)***. CPP will require information access to ***(Insert specific information access requirements, e.g., research, development and engineering programs involving the MLRS)***;

   b. Identify specific duties;

   c The CPP requires access to computer word processing systems for preparing reports;

   d. Identify anticipated travel requirements and locations;

   e. The CPP will attend technical meetings and symposiums as required in performance of assigned duties;

   f. Identify reporting requirements ***(e.g., Provide a monthly summary of the U.S./AS SCS programs that are undertaken as separate PA's under the MOU)*** and any detail requirement ***(e.g., This report is to cover upgrade plans and program execution, associated technology programs in the U.S. DoD, ADOD and industry, and in-service support and engineering issues. It should also include forecasts of forthcoming trials, tests and program reviews.)***;

g Attend AS and US project reviews and provide a summary report of PA activities at that venue as required;

h. In support of the PA, advise the PM on respective national procurement and fielding policy, support and logistics doctrine and organization; and

i. Provide administrative support and coordination for the SC and other project meetings. In particular to:

(1) Request inputs from PA WGs at least two weeks prior to each meeting;

(2) Provide written briefs to PM at least one week prior to each meeting;

(3) Provide draft minutes for each meeting within 10 days;

(4) Provide written briefs on PA activities to PM every six weeks;

(5) Coordinate with key players in all PAs so as to ensure timely progress;

(6) Act as focus for routing requests for information from both sides regarding PAs;

(7) Attend PA meetings and provide administrative support where necessary; and

(8) Brief progress on PAs to PM as directed above.

ANNEX C

MODEL EQUIPMENT AND MATERIAL TRANSFER (E&MT) ARRANGEMENT

E&MT NUMBER (E&MT-XXXX*)

TO THE

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE DEPARTMENT OF DEFENCE

OF AUSTRALIA

CONCERNING COOPERATION ON FUTURE DESIGN, DEVELOPMENT,

TEST AND EVALUATION FOR THE

SOLDIER COMBAT SYSTEM

(Insert titles of the Organizations participating in the transfer.)

*The U.S. DoD will assign the E&MTA number.

INTRODUCTION

This Equipment and Material Transfer (E&MT) is entered into pursuant to the Memorandum of Understanding (MOU) between the Department of Defense of the United States of America and the Department of Defence of Australia Concerning Cooperation on Future Design, Development, Test and Evaluation for the Soldier Combat System (Insert effective date of the MOU). This E&MT is being executed by authorized representatives of the providing and receiving Participants pursuant to Section VIII (EQUIPMENT AND MATERIAL TRANSFER) of the MOU.

SECTION I

DESCRIPTION AND QUANTITY

1.1 The following Equipment and Material will be transferred by the providing Participant to the receiving Participant:

Providing Participant	Receiving Participant	Qty	Description	Part/ Stock #	Consumable/ Non-Consumable	Transfer Period	Security Classification	* Estimated Replacement Value

* Estimated Replacement Value is a good faith estimate of the replacement value at the time of the loan.

(Fill in as appropriate)

1.2 (Choose one of the following alternatives, or use both if both situations apply.)

Alternative A –Use when return of Equipment and Material is planned.

None of the Equipment and Material identified in paragraph 1.1 is intended to be consumed or expended during the course of the Soldier Combat System (SCS) Activities described in paragraph 2.1.1.

Alternative B –Use when return of Equipment and Material is not planned due to its consumption during the activity.

The Equipment and Material described in paragraph 1.1 is intended to be consumed or expended during the course of the activities described in paragraph 2.1.1.

SECTION II

PURPOSE

2.1 The purpose of this E&MT is to support the following activities.

2.1.1 ***(Fill in as appropriate)***

SECTION III

MANAGEMENT AND RESPONSIBILITIES

3.1 Each Participant will establish a point of contact who will be responsible for implementing this E&MT.

3.1.1 For the providing Participant the point of contact is *

3.1.2 For the receiving Participant the point of contact is *

**** Insert the appropriate names, title/office symbols, addresses, and telephone numbers of the individuals assigned to implement the E&MT.***

3.2 Responsibilities of the Providing Participant

3.2.1 Transfer of the Equipment and Material – The providing Participant will transfer the Equipment and Material listed above for the duration of the transfer period specified in paragraph 6.4 unless extended by mutual written consent.

3.2.2 Equipment and Material Delivery – The providing Participant will deliver the Equipment and Material ***(specify arrangements)***. Possession and responsibility for the Equipment and Material will pass from the providing Participant to the receiving Participant at the time of receipt of the Equipment and Material at the mutually determined location specified. Any further transportation is the responsibility of the receiving Participant unless otherwise specified in this paragraph.

3.2.3 Information – The providing Participant will furnish the receiving Participant such information as is necessary to enable the Equipment and Material to be used in the activities described in paragraph 2.1.1 in accordance with Section IX (DISCLOSURE AND USE OF INFORMATION) of the MOU.

3.3 Responsibilities of the Receiving Participant

3.3.1 <u>Inspection and Inventory</u> – The receiving Participant will inspect and inventory the Equipment and Material upon receipt. The receiving Participant will also inspect and

inventory the Equipment and Material prior to its return to the providing Participant, unless the Equipment and Material is consumed in accordance with paragraph 3.3.2.

3.3.2 (Choose one of the following alternatives, or use both if both situations apply.)

Alternative A – Use when return of Equipment and Material is planned.

Return of Equipment and Material – Upon expiration or termination of the transfer period as specified in paragraph 6.4 (taking into account any approved extensions by the providing Participant), the receiving Participant will return the Equipment and Material to the providing Participant ***(specify arrangements).*** Possession and responsibility for the Equipment and Material will pass from the receiving Participant to the providing Participant at the time of receipt of the Equipment and Material at the mutually determined location specified. If the Equipment and Material is lost, unintentionally destroyed, or damaged beyond economical repair, while in the custody of the receiving Participant, the receiving Participant will issue a certificate of loss/destruction/irreparable damage to the providing Participant.

Alternative B – Use when return of Equipment and Material is not planned due to it consumption during the activity.

Consumption of Equipment and Material – It is intended that the receiving Participant will consume the Equipment and Material specified in paragraph 1.1 during the course of the activities described in paragraph 2.1.1. If this does occur, the receiving Participant will provide written notice of its consumption to the providing Participant. In the event consumption does not occur prior to the end of the transfer period specified in paragraph 6.4, the receiving Participant will return the Equipment and Material to the providing Participant ***(specify arrangements).*** Possession and responsibility for the Equipment and Material will pass from the receiving Participant to the providing Participant at the time of receipt of the Equipment and Material at the mutually determined location specified. If the Equipment and Material is lost, unintentionally destroyed, or damaged beyond repair prior to its intended consumption while in the custody of the receiving Participant, the receiving Participant will issue a certificate of loss/destruction/irreparable damage to the providing Participant.

3.4 This E&MT provides only for transfer of Equipment and Material associated with the activities described in paragraph 2.1.1. Signature of this E&MT does not imply any commitment by a Participant to participate in any activities beyond the E&MT described herein.

SECTION IV

SPECIAL PROVISIONS (OPTIONAL)

4.1 (Insert any special provisions as required.)

SECTION V

CLASSIFICATION

5.1 ***(Insert only one of the following paragraphs; note that one of these options must be selected.)***

a. No classified Equipment and Material will be transferred under this E&MT.

b. The highest level of classified Equipment and Material transferred under this E&MT is CONFIDENTIAL.

c. The highest level of classified Equipment and Material transferred under this E&MT is SECRET.

SECTION VI

MODIFICATION, TERMINATION, AND TRANSFER PERIOD

6.1 The provisions of this E&MT may be modified or extended by written mutual consent of authorized representatives of the Participants in accordance with Section VIII (EQUIPMENT AND MATERIAL TRANSFER) of the MOU.

6.2 The E&MT described in this E&MT may be terminated at any time in accordance with the following provisions.

6.2.1 Through the mutual written consent of the authorized representatives of the Participants.

6.2.2 Unilaterally by the receiving Participant on 60 days written notice to the providing Participant.

6.2.3 Unilaterally by the providing Participant at any time.

6.3 Responsibilities regarding security and protection against unauthorized use, disclosure, or transfer that accrued prior to termination or expiration of the transfer period will continue to apply without limit of time in accordance with Section XVIII (AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION) of the MOU.

6.4 The transfer period for the Equipment and Material described herein begins on the date of the last signature below, and unless terminated or extended, will continue until (***enter date or amount of time***).