

DEFENSE

Aircraft

**Memorandum of Understanding
Between the
UNITED STATES OF AMERICA and
OTHER GOVERNMENTS**

Signed October 5 and December 9, 2004 and
January 10, 2005

with

Annexes

and

Agreement Amending the Memorandum of
Understanding

Signed at Arlington, Wyton, Madrid, and Rome
April 30 and May 24, 2007,

November 14, 2008, and January 26, 2009



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.”

MULTILATERAL

Defense: Aircraft

*Memorandum of understanding signed
October 5 and December 9, 2004 and
January 10, 2005;*

Entered into force January 10, 2005.

With annexes.

*And agreement amending the memorandum of
understanding.*

*Signed at Arlington, Wyton, Madrid, and Rome
April 30 and May 24, 2007, November 14, 2008, and
January 26, 2009.*

Entered into force January 26, 2009.

FRAMEWORK MEMORANDUM OF UNDERSTANDING
AMONG THE
MINISTER OF DEFENSE OF THE REPUBLIC OF ITALY
AND THE
MINISTER OF DEFENSE OF THE KINGDOM OF SPAIN
AND THE
SECRETARY OF STATE FOR DEFENCE
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE
SECRETARY OF DEFENSE ON BEHALF OF THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA
CONCERNING
COOPERATION IN POST-PRODUCTION SUPPORT OF HARRIER AIRCRAFT
(Short Title: Harrier Framework MOU)

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INTRODUCTION

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

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;

Recognizing the successful cooperation of the UK MOD and the U.S. DoD in the Memorandum of Understanding between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America Relating to AV-8B/Harrier GR5 Development, Production and Support (hereinafter referred to as "the U.S.-UK AV-8B/GR5 Arrangement") of 27 July 1981, as amended by Amendment 1 of 26 February 1996;

Recognizing the successful cooperation of the IT MOD, SP MOD, and the U.S. DoD in the Memorandum of Understanding between the Minister of Defense of The Kingdom of Spain and the Minister of Defense of The Republic of Italy and The Secretary of Defense of the United States of America Concerning a Cooperative Program for Full Integration of a Radar in the AV-8B Weapon System and the Production and Life Cycle Support of a Radar Equipped AV-8B (AV-8B Harrier II Plus): The General and Full Integration Memorandum of Understanding for the AV-8B Harrier II Plus Program of 28 September 1990; and the Production, Remanufacture, and In-Service Support Memorandum of Understanding for the Harrier II Plus Program (hereinafter referred to as "the SP-IT-U.S. AV-8B Harrier II Plus Production, Remanufacture and In-Service Support MOU") of 30 December 1992, as amended by Amendment 1 of 1 December 2000, Amendment 2 of 28 December 2001, and Amendment 3 of 31 December 2002;

Recognizing that the MOU Participants have a mutual need for the post-production support of Harrier Aircraft to satisfy similar operational requirements; and

Desiring to establish a framework under this Memorandum of Understanding (MOU) to pursue cooperative efforts under this MOU and in individually negotiated Project Arrangements (PAs) for post-production support activities for Harrier aircraft;

Have reached the following understandings:

SECTION I

DEFINITIONS AND ACRONYMS

1.1. The MOU Participants have jointly decided upon the following definitions for terms used in this MOU and its PAs:

AV Tooling Information System (AVTIS)	<p>A computer-based data system, complementary to the Harrier electronic Tooling Information Management System (Harrier eTIMS), which provides:</p> <ul style="list-style-type: none">a. Electronic links to Harrier eTIMS for specific tooling data for tools retained for Harrier aircraft support, and;b. A repository for the following data pertaining to saved or discarded special tooling (ST)/special test equipment (STE) used in the production of Harrier aircraft: schematics, tool usage instructions, calibration, diagrams, parts lists, assembly plans, process data sheets, specifications and inspection aids.
Classified Information	<p>Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.</p>
Contract	<p>Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates an MOU Participant to pay for them.</p>

Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the MOU 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 an MOU Participant, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of an MOU Participant who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by an MOU Participant's Contracting Agency.
Contractor Support Personnel	Persons specifically identified in support Contracts who provide administrative, managerial, scientific, or technical support services to an MOU Participant under a Contract with that MOU Participant that prohibits using Information received under the Contract for any purpose other than those authorized under this MOU or applicable PA.
Controlled Unclassified Information	Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. Whether the information is provided or generated under this MOU or a PA, the information will be marked to identify its "in confidence" nature. U.S. export-controlled technical data will be marked as "International Traffic in Arms Regulations (ITAR) - Controlled". Italian export-controlled technical data will be marked as "Nuove Norme sul Controllo dell' Esportazione, Importazione e Transito dei

Materiali di Armamento". Spanish export-controlled technical data will be marked as "Spain Export-Controlled". U.K. export-controlled technical data will be marked as "U.K. Export-Controlled". It could include information which has been declassified, but remains controlled.

Cooperative Program Personnel (CPP)	Military members or civilian employees of a Parent Participant assigned to the Joint Program Office (JPO) or its annex offices, or to a Project Office (PO), who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the Program or a Project.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of an MOU Participant.
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOU.
Financial Cost Ceiling	The maximum amount of Financial Costs that may be contributed to a specific portion of the Program or to a relevant Project without the prior written approval of the MOU or PA Participants.
Financial Costs	Program or Project costs met with monetary contributions.
Harrier electronic Tooling Information Management System (eTIMS)	A relational automated information system that is employed to track the special tooling and special test equipment (ST/STE) for Harrier aircraft and contains part-to-part, tool-to-tool and physical tool location data. The Harrier eTIMS is used in determining the proper ST/STE required for specific post-production support activities and for inventory control.

Host Participant	The MOU Participant whose nation serves as the location of the JPO or its annex offices under this MOU, or the PO under a PA.
Information	Knowledge that can be communicated by any means, regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, computer software (which includes source code and object code), designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, Patent, or other legal protection.
Information Technology	Any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission or reception of data or information. The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.
Information Technology System	A specific Information Technology installation, with a particular purpose and operational environment.
MOU Participant	A signatory to this MOU represented by its military and civilian personnel. Contractors and Contractor Support Personnel will not be representatives of an MOU Participant.

Non-financial Costs	Program or Project costs met with non-monetary contributions.
PA Participant	A signatory to a Project Arrangement (PA) concluded pursuant to this MOU.
Parent Participant	An MOU Participant which sends its CPP to the JPO or its annex offices under this MOU, or a to PO under a PA, located in the nation of the Host Participant.
Patent	Legal protection of the benefit to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Program	The cooperative Harrier post-production support efforts of the MOU Participants under this MOU to achieve the objectives in paragraph 2.3 of Section II (Objective(s)) and accomplish the work in paragraphs 3.1, 3.2, 3.3, and 3.4 of Section III (Scope of Work). The Program does not include the work identified in paragraph 3.5 of Section III Scope of Work.
Program Background Information	Information not generated in the performance of the Program.
Program Foreground Information	Information generated in the performance of the Program.
Program Information	Information provided to, generated in, or used in this Program. Program Information does not include information exchanged under paragraphs 3.1 and 3.2 of Section III (Scope of Work).

Program Invention	Any invention or discovery formulated or made (conceived or "first actually reduced to practice") in the course of work performed under the Program. The term "first actually reduced to practice" means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Program Management Plan	A document that defines the integrated tasks and resources required to accomplish the scope of work of this MOU. It is the principal management document for the Joint Program Office.
Project	Collaborative activity performed under a PA concluded pursuant to this MOU.
Project Background Information	Information not generated in the performance of a Project.
Project Equipment	Any material, equipment, end item, subsystem, component, special tooling or test equipment jointly acquired or provided for use in the Program or a Project.
Project Information	Any information provided to, generated in, or used in a Project.
Project Invention	Any invention or discovery formulated or made (conceived or "first actually reduced to practice") in the course of work performed under a Project. 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.

Project Plan A document that defines the integrated tasks and resources required to accomplish the objectives of a PA under this MOU. It is the principle management document for the management of the Project.

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

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

U.S. Fiscal Year The U.S. Fiscal Year is 01 October of one calendar year through 30 September of the following calendar year. For example, U.S. Fiscal Year 2004 = 01 October 2003 through 30 September 2004.

1.2. Acronym List:

AVTIS	AV Tooling Information System
CG	Classification Guide
CPP	Cooperative Program Personnel
EU	European Union
DSA	Designated Security Authority
DPM	Deputy Project Manager
ESC	Executive Steering Committee
FMPD	Financial Management Procedures Document
Harrier eTIMS	Harrier electronic Tooling Information Management System
HMP	Harrier Management Panel
IT MOD	Minister of Defense of the Republic of Italy
JPO	Joint Program Office
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
PA	Project Arrangement
PM	Project Manager
PMP	Program Management Plan
PO	Project Office
PSC	Project Steering Committee
PSI	Project Security Instruction
SP MOD	Minister of Defense of the Kingdom of Spain
ST/STE	Special tooling/special test equipment
UK MOD	Secretary of Defence of the United Kingdom of Great Britain and Northern Ireland
U.S. DoD	Secretary of Defense on behalf of the Department of Defense of the United States of America

SECTION II

OBJECTIVE(S)

2.1. This MOU establishes the general provisions governing the post-production support of Harrier aircraft in the Participants' fleets. It will also serve as the mechanism which will enable the MOU Participants to identify and investigate collaborative opportunities in various areas pertinent to the post-production support of the Italian, Spanish, UK, and U.S. Harrier aircraft. Furthermore, it will serve as the vehicle for conducting certain salient cooperative Harrier post-production support efforts, as detailed in Section III (Scope of Work) of this MOU. As further collaborative opportunities are identified, the MOU Participants may enter into PAs for specifically defined Projects under the aegis of this MOU.

2.2. Upon signature of this MOU by the U.S. DoD and the UK MOD, this MOU will supercede the U.S.-UK AV-8B/GR5 Arrangement. Upon signature of this MOU by the IT MOD, SP MOD, and U.S. DoD, this MOU will supercede the IT-SP-U.S. AV-8B Harrier II Plus Production, Remanufacture and In-Service Support MOU, with the exception of those defense articles and services provided in accordance with Amendment 3 of that MOU. The MOU Participants will foster and maintain the spirit of cooperation developed under their previous MOUs and build upon the lessons learned from the MOU Participants' past successful cooperative efforts. Given the foregoing, all cooperative Harrier post-production support activities involving the IT MOD, SP MOD, and U.S. DoD that are initiated after those MOU Participants sign this MOU will be conducted under this MOU, and all cooperative Harrier post-production support activities involving the UK MOD and U.S. DoD that are initiated after the UK MOD and U.S. DoD sign this MOU will be conducted under this MOU. The MOU Participants acknowledge that all of their rights in Information and equipment provided, generated, or produced under the U.S.-UK AV-8B/GR5 Arrangement and the IT-SP-U.S. AV-8B Harrier II Plus Production, Remanufacture and In-Service Support MOU will continue to apply in accordance with the provisions of that Arrangement and that MOU.

2.3. The objectives of this MOU are to:

- 2.3.1. Promote interoperability among the MOU Participants' Harrier aircraft.

- 2.3.2. Promote systems safety in MOU Participants' Harrier fleets.
- 2.3.3. Identify opportunities for common post-production support of the MOU Participants' Harrier aircraft in a most cost-effective manner.
- 2.3.4. Identify upgrades that will enhance war fighting effectiveness and improve readiness in the MOU Participants' Harrier fleets.
- 2.3.5. Foster the exchange of ideas and promote collaborative initiatives among the MOU Participants' Harrier fleets and supporting industries.
- 2.3.6. Promote reliability, maintainability, and safety of the propulsion systems in the MOU Participants' Harrier fleets.
- 2.3.7. Establish the general principles that will apply to the initiation, conduct, and management of cooperative efforts in PAs concluded pursuant to this MOU.

2.4. The overall objective of the PAs will be to implement the collaborative opportunities, identified under this MOU, between or among two or more MOU Participants.

2.5. PAs under this MOU will be subject to the provisions of this MOU. Each PA will contain specific provisions concerning but not limited to the PA's individual objectives, scope of work, management, financial provisions, disclosure and use of information, Third Party sales and transfers, and termination, withdrawal, entry into effect, and duration. PAs will generally follow the format and content provided at Annex A (Sample Project Arrangement). In the case of a conflict between the provisions of this MOU and a PA, the MOU will govern, except that on a case-by-case basis, a PA may contain specific provisions which are identified as deviating from the provisions of this MOU, in which case the deviating PA provisions will govern. However, for any PA in which an MOU Participant is not a PA Participant but is contracting at the request of and on behalf of the PA Participants, the PA may not deviate from the provisions of paragraph 5.14 of Section V (Financial Provisions) and paragraph 12.6.1 of Section XII (Third Party Sales and Transfers).

2.6. Two or more MOU Participants may enter into individual PAs as PA Participants without seeking the approval of the other MOU Participants. The proposed PA Participants will, however, provide the other MOU Participants with a summary of the proposed Project before signature of the PA. A PA will not confer any benefits or impose any responsibilities upon a MOU Participant who is not a signatory of that PA, unless otherwise specified in this MOU.

SECTION III

SCOPE OF WORK

3.1. Information exchange specifically for the purpose of identifying opportunities for common Harrier post-production support efforts, discussing and harmonizing the MOU Participants' requirements for such post-production support, and for formulating, developing, and negotiating PAs is permitted under this MOU.

3.2. Information pertaining to certification or substantiation of airworthiness of Harrier aircraft which is generated nationally or for unique national requirements, or generated pursuant to a PA under this MOU may be exchanged between or among two or more MOU Participants as those MOU Participants mutually determine, provided that the information exchanged between or among those MOU Participants is deemed by them to be quantitatively and qualitatively equivalent over the course of the MOU. This paragraph will not be subject to the provisions of paragraph 5.8 of Section V (Financial Provisions) of this MOU.

3.3. Cooperative Harrier post-production support under this MOU will include the following work:

- 3.3.1. Investigate and conduct preliminary studies pertinent to obsolescence, logistics, avionics, propulsion, sub-systems, support equipment, ordnance and support issues relating to the Harrier airframe.
- 3.3.2. Exchange, by naval or other government message, electronic mail or other written means, notifications of safety-related events when circumstances require an MOU Participant to ground or take other action to avoid grounding aircraft within ten (10) flight hours.
- 3.3.3. Explore ways to perform common training to fulfill current and future requirements.
- 3.3.4. Research areas of potential collaboration in development of major upgrades and weapon system integration.

- 3.3.5. Develop and implement an information transfer strategy and an Information Technology System.
 - 3.3.6. Perform the following Pegasus engine activities:
 - 3.3.6.1. Conduct component improvement program efforts for the Pegasus F402-RR-408A/B/Mk107 engines, including investigating propulsion system problems and recommending design and other solutions to improve propulsion safety, reliability, maintainability, operability and survivability, and to reduce life cycle costs.
 - 3.3.6.2. Perform system safety analyses for the Pegasus F402-RR-406A/B/408A/B/Mk105/107 engines.
 - 3.3.6.3. Conduct efforts to improve system-level reliability, maintainability, and safety of the Gas Turbine Starter (GTS).
 - 3.3.7. Provide, either through Contracting or from the MOU Participants' respective stocks, spares and repairables for the individual MOU Participants' post-production support requirements.
 - 3.3.8. Provide Information generated under a PA (other than Information generated under a PA that may be exchanged under paragraph 3.2) or an item produced wholly or in part from such Information to an MOU Participant that is not a signatory to that PA, subject to the provisions of paragraph 5.8 of Section V (Financial Provisions).
- 3.4. In addition to the activities identified in paragraph 3.3, the IT MOD, UK MOD, and U.S. DoD will also conduct the following efforts:
- 3.4.1. The IT MOD, UK MOD, and U.S. DoD will determine which special tooling/special test equipment (ST/STE) and associated documentation acquired or used under the U.S.-UK AV-8B/GR5 Arrangement or the IT-SP-U.S. AV-8B Harrier II Plus Production, Remanufacture and In-Service Support MOU may likely be necessary for Harrier post-production

support requirements of IT MOD, UK MOD, and U.S. DoD.

- 3.4.2. The IT MOD, UK MOD, and U.S. DoD will also, based upon the determinations made under paragraph 3.4.1, enter data into, and maintain, the Harrier electronic Tooling Information Management System (eTIMS) and provide for electronic on-line access for those MOU Participants.
- 3.4.3. The IT MOD and U.S. DoD will preserve, transport (for the purpose of storage), maintain, and store ST/STE and associated documentation which are determined under paragraph 3.4.1 to likely be necessary for the Harrier post-production support requirements of the IT MOD, UK MOD, and U.S. DoD, and which are located in the United States.
- 3.4.4. The UK MOD will preserve, transport (for the purpose of storage), maintain, and store ST/STE and associated documentation which is identified in paragraph 3.4.1 to likely be necessary for the Harrier post-production support requirements of the IT MOD, UK MOD, and U.S. DoD, and which are located in the United Kingdom of Great Britain and Northern Ireland.

3.5. The scope of work for PAs under this MOU will encompass various Harrier post-production support efforts to further the objective identified in paragraph 2.4 of Section II (Objectives); the scope of these efforts will extend beyond the MOU Participants' efforts described in paragraphs 3.3 and 3.4 of Section III (Scope of Work) of this MOU and may include system development efforts. The tasks for each PA will be detailed in that PA.

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. This Program will be directed and administered on behalf of the MOU Participants by an organization consisting of an Executive Steering Committee (ESC), a Harrier Management Panel (HMP) and a Joint Program Office (JPO) headed by a JPO Director. The ESC will have overall authority over the HMP and the JPO, in accordance with this MOU. The JPO Director will have primary responsibility for effective implementation, efficient management, and direction of the Program in accordance with this MOU.

4.2. The Program Management Plan (PMP) is the principal management document for the Joint Program Office. It will define the integrated tasks and resources required to accomplish the scope of work of this MOU.

4.3. The ESC will consist of a representative appointed by each MOU Participant. The ESC will meet annually with additional meetings held at the request of any ESC representative. Each meeting of the ESC will be chaired by the representative of the MOU Participant hosting the meeting. Decisions of the ESC will be made unanimously. In the event that the ESC is unable to reach a timely decision on an issue, each ESC representative will refer the issue to its higher authority for resolution. In the meantime, the approved PMP will continue to be implemented without interruption under the direction of the JPO Director while the issue is being resolved by higher authority.

4.4. The ESC will be responsible for:

- 4.4.1. Exercising executive-level oversight of the Program.
- 4.4.2. Providing guidance and executive level direction to the HMP and JPO.
- 4.4.3. Reviewing the financial status of the Program, to ensure compliance with the provisions of Section V (Financial Provisions) of this MOU.
- 4.4.4. Approving the PMP, and changes to the PMP, submitted by the JPO Director.
- 4.4.5. Approving, or as appropriate, obtaining approval from the appropriate national authorities of, the

Program Financial Management Procedures Document (FMPD) required in paragraph 5.12 of Section V (Financial Provisions) of this MOU.

- 4.4.6. Approving plans to manage and control the transfer of Project Equipment provided by MOU Participants to support the execution of the Program in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.4.7. Approving plans for the disposal of Project Equipment jointly acquired under this MOU in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.
- 4.4.8. Reviewing annually and adjusting, if necessary, the quantities established in Table B-1 of Annex B (Estimated Pegasus Engine Inventory Quantities).
- 4.4.9. Maintaining oversight of the security aspects of the Program, including reviewing and obtaining approval from the appropriate Designated Security Authority of a Project Security Instruction (PSI) and a Classification Guide (CG), prior to the transfer of Classified Information or Controlled Unclassified Information.
- 4.4.10. Reviewing the annual status report submitted by the JPO Director for this MOU.
- 4.4.11. Providing recommendations to the MOU Participants for the addition of new MOU Participants to this MOU in accordance with Section XIV (Participation of Additional Nations) of this MOU.
- 4.4.12. Reviewing and forwarding to the MOU Participants for approval recommended amendments to this MOU, in accordance with Section XVIII (Amendment, Termination, Entry Into Effect, and Duration) of this MOU.
- 4.4.13. Providing recommendations to the MOU Participants for new PAs.
- 4.4.14. Resolving issues brought forth by the JPO Director that cannot be resolved by the HMP.
- 4.4.15. Monitoring Third Party sales and transfers authorized in accordance with Section XII (Third Party Sales and Transfers) of this MOU.

4.5. In addition to the responsibilities identified in paragraph 4.4, the ESC representatives will have responsibilities as follows:

4.5.1. The IT MOD, UK MOD, and U.S. DoD ESC representatives will be responsible for:

4.5.1.1. Approving a plan to maintain data in the Harrier eTIMS identified in paragraph 3.4.2 of Section III (Scope of Work).

4.5.1.2. Approving a plan to preserve, transport (for the purpose of storage), maintain, store, and use ST/STE and associated documentation, as described in paragraphs 3.4.3 and 3.4.4 of Section III (Scope of Work) and referenced in paragraph 7.1 of Section VII (Project Equipment) of this MOU.

4.5.1.3. Reviewing annually and adjusting, if necessary, the quantities established in Table C-1 of Annex C (Estimated IT MOD, UK MOD, and U.S. DoD Harrier Airframe Inventory Quantities).

4.5.2. The IT MOD, and U.S. DoD ESC representatives will be responsible for reviewing annually and adjusting, if necessary, the quantities established in Table D-1 of Annex D (Estimated IT MOD and U.S. DoD Harrier Airframe Inventory Quantities).

4.6. The HMP will consist of the managers of each MOU Participant's national program. They may be supported by their JPO Deputies and the JPO Director as required. Upon mutual consent of the HMP members and in accordance with Section X (Visits to Establishments), additional persons (including industrial representatives) may be invited to attend meetings of the HMP. The HMP will meet monthly, or more frequently if required. Decisions at the HMP will be made unanimously. In the event that the HMP is unable to reach a timely decision on an issue, the HMP will refer the issue to the ESC for resolution without interruption of the PMP.

4.7. The HMP will be responsible for:

- 4.7.1. Providing recommendations to the ESC on matters of collaborative strategy.
- 4.7.2. Harmonizing national requirements of the MOU Participants.
- 4.7.3. Overseeing the exchange of Information under this MOU which is authorized under paragraph 3.1 of Section III (Scope of Work), and designating representatives for such exchange.
- 4.7.4. Reviewing the progress towards accomplishing paragraph 3.3 of Section III (Scope of Work) of this MOU.
- 4.7.5. Reviewing the PMP, and changes to the PMP, submitted by the JPO Director.
- 4.7.6. Reviewing the annual status report prepared by the JPO Director.
- 4.7.7. Providing recommendations to the ESC for new PAs.
- 4.7.8. Resolving issues brought forth by the JPO Director for this MOU.

4.8. The JPO will be co-located with or in close proximity to the PMA-257 Program Office, or its successor in the event of a reorganization. The JPO may establish annex offices in additional locations as required and approved by the ESC. After consultation with the ESC, the U.S. Department of the Navy will appoint the JPO Director, who, as head of the JPO, will be responsible for implementation and day-to-day management of this MOU. The U.S. DoD, IT MOD, SP MOD, and the UK MOD will each appoint to the JPO a national representative to serve as a JPO Deputy. Each JPO Deputy will coordinate his or her activities with the JPO Director.

4.9. The JPO Director will be responsible for:

- 4.9.1. Implementation of this MOU, to include managing the cost, schedule, performance requirements, security, and financial aspects of the Program described in this MOU and further detailed in the PMP, PSI and CG, and Program FMPD.

- 4.9.2. Submitting the PMP, and any required changes to the approved PMP, to the HMP and after the HMP's review, to the ESC.
- 4.9.3. Preparing and submitting the Program FMPD to the HMP and after the HMP's review, to the ESC.
- 4.9.4. Reviewing and endorsing, in conjunction with the JPO Deputies, Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
- 4.9.5. Preparing and submitting to the ESC plans to manage and control the transfer of Project Equipment provided by a MOU Participant to support the execution of the Program in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.9.6. Preparing and submitting to the ESC plans for the disposal of Project Equipment jointly acquired under this MOU in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.
- 4.9.7. Preparing and submitting to the IT MOD, UK MOD and U.S. DoD ESC representatives a plan to preserve, transport (for the purpose of storage), maintain, store, and use ST/STE and associated documentation, as described in paragraphs 3.4.3 and 3.4.4 of Section III (Scope of Work) and referenced in paragraph 7.1 of Section VII (Project Equipment) of this MOU.
- 4.9.8. Appointing a Program security officer for this MOU.
- 4.9.9. Managing the following functions in the JPO:
 - 4.9.9.1. Systems Engineering
 - 4.9.9.2. Business and Financial Management
 - 4.9.9.3. Logistics
 - 4.9.9.4. Information Technology Support
 - 4.9.9.5. Administrative Support

4.9.9.6. Programmatic Technical Support

- 4.9.10. Developing and submitting to the ESC the Project Security Instruction and Classification Guide.
 - 4.9.11. Preparing and providing the annual status report to the HMP, and after the HMP's review, to the ESC.
 - 4.9.12. Forwarding recommendations to the ESC for the addition of new MOU Participants in accordance with Section XIV (Participation of Additional Nations).
 - 4.9.13. Submitting to the ESC recommended amendments to this MOU.
 - 4.9.14. Referring unresolved issues to the HMP, and in the event that the HMP cannot resolve an issue, referring that issue to the ESC.
 - 4.9.15. Coordinating with U.S. program offices and U.S. DoD field activities, when required for implementation of the Program or a Project to which the U.S. DoD is not a PA Participant.
 - 4.9.16. Coordinating with the U.S. Contracting Officer, when the U.S. DoD performs Contracting for the implementation of the Program or a Project to which the U.S. DoD is not a PA Participant.
 - 4.9.17. Reporting on Contract progress for Contracts under the MOU, as detailed in the PMP for the MOU.
 - 4.9.18. Preparing and submitting to the IT MOD, UK MOD and U.S. DoD ESC representatives a plan to maintain data in the Harrier eTIMS identified in paragraph 3.4.2 of Section III (Scope of Work).
 - 4.9.19. Reviewing and endorsing, in conjunction with the JPO Deputies, plans regarding Program work to be performed by government entities.
- 4.10. The JPO Deputies will be responsible for:

- 4.10.1. Assisting the JPO Director in managing the cost, schedule, performance requirements, technical, security and financial aspects of the Program described in this MOU.
 - 4.10.2. Providing day-to-day MOD representation within the JPO on all matters related to the Program.
 - 4.10.3. Assisting the JPO Director in developing the PMP, Program FMPD, PSI and CG, and other documents for the Program.
 - 4.10.4. Reviewing and endorsing Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
 - 4.10.5. Performing other Program tasks as may be assigned by the JPO Director consistent with the PMP.
 - 4.10.6. Reviewing and endorsing plans regarding Program work to be performed by government entities.
- 4.11. In addition to the responsibilities identified in paragraph 4.10, the IT MOD, UK MOD, and U.S. DoD JPO Deputies will be responsible for assisting the JPO Director in developing the plans required in paragraphs 4.9.7 and 4.9.18.
- 4.12. Unless otherwise specified in a PA, PAs will be directed and administered by an organization consisting of a Project Steering Committee (PSC) and a Project Office (PO) headed by a Project Manager (PM). When a PA establishes a PSC, each PA Participant will appoint a representative to the PSC. PSC members may also be ESC and/or HMP members.
- 4.13. Unless otherwise specified in a PA, the PSC for each PA will be responsible for:
- 4.13.1. Exercising executive-level oversight of the Project.
 - 4.13.2. Reviewing the progress towards accomplishing the objectives and scope of work provisions of the PA.
 - 4.13.3. Reviewing the financial status of the Project, to ensure compliance with the provisions of Section

V (Financial Provisions) of this MOU and the corresponding provisions of the PA.

- 4.13.4. Reviewing and approving the Project FMPD, required in paragraph 5.13 of Section V (Financial Provisions) of this MOU, and the Project Plan, developed by the PM for the Project.
- 4.13.5. Approving plans to manage and control the transfer of Project Equipment provided by a PA Participant to support the execution of the Project in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.13.6. Approving plans for the disposal of Project Equipment jointly acquired under the PA in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.
- 4.13.7. Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority of any PA-specific annex for the Project Security Instruction and a Classification Guide, prior to the transfer of Classified Information or Controlled Unclassified Information under the PA.
- 4.13.8. Reviewing the annual status report submitted by the PM for the PA.
- 4.13.9. Providing recommendations to the PA Participants, as appropriate, for the addition of new PA Participants to the PA in accordance with Section XIV (Participation of Additional Nations) of this MOU.
- 4.13.10. Reviewing and forwarding to the PA Participants for approval recommended amendments to the PA, in accordance with Section XVIII (Amendment, Termination, Entry Into Effect, and Duration) of this MOU and any corresponding provisions in the PA.
- 4.13.11. Resolving issues brought forth by the PM.

4.13.12. Monitoring Third Party sales and transfers authorized in accordance with the Third Party sales and transfers section of the PA.

4.14. Unless otherwise specified in a PA, each PA under this MOU will identify the PA Participant who will appoint the PM for the Project. The PM will be responsible for implementing the PA. The other PA Participant(s) will each appoint a national representative to serve as Deputy Project Manager (DPM) for the Project. Each DPM will coordinate his or her activities with the PM. Unless otherwise specified in a PA, the PO will be co-located in the JPO.

4.15. Unless otherwise specified in a PA, the PM will be responsible for:

- 4.15.1. Implementation of the PA, to include managing the cost, schedule, performance requirements, technical, security and financial aspects of the Project described in the PA.
- 4.15.2. Preparing and submitting to the PSC for approval the Project Plan and Project FMPD.
- 4.15.3. Executing the financial aspects of the Project in accordance with Section V (Financial Provisions) of this MOU and the corresponding provisions of the PA.
- 4.15.4. Reviewing and endorsing, in conjunction with the DPMs, Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
- 4.15.5. Submitting to the PSC plans to manage and control the transfer of Project Equipment provided by a PA Participant to support the execution of the Project in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.15.6. Submitting to the PSC plans for the disposal of Project Equipment jointly acquired under the PA in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.

- 4.15.7. If necessary, developing and forwarding to the PSC a PA-specific annex to the PSI and CG within three months after the PA enters into effect.
- 4.15.8. Providing an annual status report to the PSC.
- 4.15.9. Forwarding recommendations to the PSC for the addition of new PA Participants in accordance with Section XIV (Participation of Additional Nations) of this MOU.
- 4.15.10. Developing and recommending to the PSC amendments to the PA.
- 4.15.11. Referring issues to the PSC that cannot be resolved by the PM.
- 4.15.12. Reviewing and endorsing, in conjunction with the DPMs, plans regarding Project work to be performed by government entities.
- 4.16. Unless otherwise specified in a PA, the DPM(s) will be responsible for:
 - 4.16.1. Assisting the PM in managing the cost, schedule, performance requirements, technical, security and financial aspects of the Project described in the PA and detailed in the Project Plan, PA specific Annex to the PSI and CG, and Project FMPD.
 - 4.16.2. Providing day-to-day MOD representation on all matters related to the Project.
 - 4.16.3. Reviewing and endorsing Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
 - 4.16.4. Assisting the PM in developing the Project Plan, Project FMPD, PA-specific PSI and CG provisions, and other documents for the Project.
 - 4.16.5. Performing other Project tasks as may be assigned by the PM consistent with the Project Plan.
 - 4.16.6. Reviewing and endorsing plans regarding Project work to be performed by government entities.

4.17. The U.S. DoD PM or U.S. DPM, as applicable, will coordinate U.S. program offices and U.S. DoD field activities, when required for implementation of a PA to which the U.S. DoD is a PA Participant.

4.18. When the U.S. DoD performs Contracting for implementation of a PA to which the U.S. DoD is a PA Participant, the U.S. DoD PM or U.S. DPM, as applicable, will coordinate with the U.S. Contracting Officer.

SECTION V

FINANCIAL PROVISIONS

5.1. The MOU Participants estimate that the performance of the responsibilities under this MOU will not exceed the following Financial Cost Ceilings:

- 5.1.1. A Financial Cost Ceiling of 10.136 million Then Year Dollars, for performance of the responsibilities under this MOU, excluding the work performed under paragraphs 3.3.6 and 3.4 of Section III (Scope of Work);
- 5.1.2. A Financial Cost Ceiling of 67.013 million Then Year Dollars, for work performed pursuant to paragraph 3.3.6 of Section III (Scope of Work);
- 5.1.3. A Financial Cost Ceiling of 4.647 million Then Year Dollars, for work performed pursuant to paragraphs 3.4.1 and 3.4.2 of Section III (Scope of Work); and
- 5.1.4. A Financial Cost Ceiling of 9.720 million Then Year Dollars, for work performed pursuant to paragraph 3.4.3 of Section III (Scope of Work).

5.2. The Financial Cost Ceilings identified in paragraph 5.1 may be changed only upon the mutual written consent of the MOU Participants participating in the efforts covered by those Financial Cost Ceilings. Except for the Non-Financial Cost of the UK MOD's efforts identified in paragraph 5.5, the U.S. dollar will be the reference currency for the Program. The fiscal year for the Program will be the U.S. Fiscal Year.

5.3. Each MOU Participant will contribute its equitable share of the full costs of the Program, including overhead costs, administrative costs, and, in accordance with Section XIII (Liability and Claims), costs of claims, and will receive an equitable share of the results of the Program, in accordance with the provisions of this MOU. Administrative costs include such costs as contract administration costs, office support, the costs incurred by the JPO related to the facilities and equipment necessary for the performance of tasks by personnel assigned to the JPO, and the costs of providing the JPO

functions identified in paragraph 4.9.9 (including travel costs).

5.4. The Financial Costs of the Program, as identified in this Section of this MOU, will be shared as follows:

- 5.4.1. The Financial Costs of performance of responsibilities under this MOU excluding the work performed under paragraphs 3.3.6 and 3.4 of Section III (Scope of Work), will be shared equally by the MOU Participants.
- 5.4.2. The Financial Costs for the MOU Participants' efforts under paragraph 3.3.6 of Section III (Scope of Work) of this MOU will be shared by the MOU Participants in the proportion of their individual Pegasus engine inventories to the total Pegasus engine inventories of the MOU Participants. This requirement is reflected in the following formula: $S(\text{engine}) = (A/B)C$. "S(engine)" represents the financial contribution by an individual MOU Participant. "A" represents the estimate of Pegasus engines in the inventory of an individual MOU Participant plus the number of Pegasus engines which have been placed on Contract for that MOU Participant. The values for "A" are set forth in Annex B (Estimated Pegasus Engine Inventory Quantities) and will be adjusted by the ESC, if necessary, to reflect changes in the MOU Participants' estimated Pegasus engine quantities in accordance with paragraph 4.4.8 of Section IV (Management (Organization and Responsibility)). "B" represents the sum of the individual "A" values of the MOU Participants. "C" represents the Financial Costs of the effort under paragraph 3.3.6.
- 5.4.3. The Financial Costs for the IT MOD, UK MOD, and U.S. DoD to perform the work under paragraphs 3.4.1 and 3.4.2 of Section III (Scope of Work) of this MOU will be shared by those MOU Participants in the proportion of their individual Harrier airframe inventories to the total Harrier airframe inventories of those MOU Participants. This requirement is reflected in the following formula: $S(\text{airframe}) = (X/Y)Z$. "S(airframe)"

represents the financial contribution by an individual MOU Participant. "X" represents the estimated Harrier airframe inventory of an individual MOU Participant. The values for "X" are set forth in Annex C (Estimated IT MOD, UK MOD, and U.S. DoD Harrier Airframe Inventory Quantities) and will be adjusted by the IT MOD, UK MOD, and the U.S. DoD ESC representatives, if necessary, to reflect changes in the MOU Participants' estimated Harrier airframe quantities in accordance with paragraph 4.5.1.3 of Section IV (Management (Organization and Responsibility)). "Y" represents the sum of the individual "X" values of the MOU Participants. "Z" represents the Financial Costs of the efforts under paragraphs 3.4.1 and 3.4.2.

- 5.4.4. The Financial Costs for the IT MOD and U.S. DoD to perform the work under paragraph 3.4.3 of Section III (Scope of Work) of this MOU will be shared by those MOU Participants in the proportion of their individual Harrier airframe inventories to the total Harrier airframe inventories of those MOU Participants. This requirement is reflected in the following formula: $S(\text{airframe}) = (X/Y)Z$. "S(airframe)" represents the financial contribution by an individual MOU Participant. "X" represents the estimated Harrier airframe inventory of an individual MOU Participant. The values for "X" are set forth in Annex D (Estimated IT MOD and U.S. DoD Harrier Airframe Inventory Quantities) and will be adjusted by the IT MOD and the U.S. DoD ESC representatives, if necessary, to reflect changes in the MOU Participants' estimated Harrier airframe quantities in accordance with paragraph 4.5.2 of Section IV (Management (Organization and Responsibility)). "Y" represents the sum of the individual "X" values of the MOU Participants. "Z" represents the Financial Costs of the effort under paragraph 3.4.3.
- 5.4.5. In the event that the SP MOD intends to use Information generated by the IT MOD, UK MOD, and U.S. DoD pursuant to paragraphs 3.4.1 and 3.4.2 of Section III (Scope of Work) of this MOU, the

SP MOD will contribute an equitable pro rata share of accumulated costs incurred by IT MOD, UK MOD, and U.S. DoD at the time of the SP MOD's initial utilization of such Information. In any follow-on use of such Information, the SP MOD will contribute an equitable pro rata share of any subsequent accumulated costs incurred by IT MOD, UK MOD, and U.S. DoD for efforts made pursuant to paragraphs 3.4.1 and 3.4.2.

5.4.6. In the event that the SP MOD intends to use any ST/STE identified under the determination made in accordance with paragraph 3.4.1 of Section III (Scope of Work), the SP MOD will contribute an equitable pro rata share of the accumulated costs incurred by the other MOU Participants, as follows:

5.4.6.1. For provision to the SP MOD of ST/STE located in the United States, SP MOD will contribute an equitable pro rata share of accumulated costs for efforts made pursuant to paragraph 3.4.3 Of Section III (Scope of Work) that have been incurred by the IT MOD and U.S. DoD at the time of the provision of such ST/STE. In any subsequent provision of such ST/STE, the SP MOD will contribute an equitable pro rata share of any subsequent accumulated costs incurred by the IT MOD and U.S. DoD for efforts made pursuant to paragraph 3.4.3.

5.4.6.2. For provision to the SP MOD of ST/STE located in the United Kingdom of Great Britain and Northern Ireland, SP MOD will contribute an equitable pro rata share of accumulated costs for efforts made pursuant to paragraph 3.4.4 of Section III (Scope of Work) that have been incurred by the UK MOD at the time of the provision of such ST/STE. In any subsequent provision of such ST/STE, the SP MOD will contribute an equitable pro rata share of any subsequent accumulated costs incurred by the UK MOD for efforts made pursuant to paragraph 3.4.4.

5.5. The UK MOD's efforts under paragraph 3.4.4 of Section III (Scope of Work) of this MOU will be a Non-Financial Cost of £2.500 million UK Pounds Sterling under the Program.

5.6. The Non-Financial Costs of the Program include the costs of providing personnel to the JPO. The U.S. DoD will bear the costs of providing the JPO Director and the U.S. DoD JPO Deputy in accordance with paragraph 5.10. The other MOU Participants will bear, in accordance with paragraph 5.10, the costs of providing their personnel to the JPO under paragraph 4.8.

5.7. Each PA Participant will contribute its equitable share of the full costs of the Project under that PA, including overhead costs, administrative costs, and, in accordance with Section XIII (Liability and Claims), cost of claims, and will receive an equitable share of the results of the Project, in accordance with the provisions of that PA. Administrative costs include such costs as contract administration costs, office support, and the costs incurred by the PO related to the facilities and equipment necessary for the performance of tasks by personnel assigned to the PO under the PA. Detailed descriptions of the financial arrangements of a PA, including the total cost of the Project and each PA Participant's share of the total cost, will be included in the PA.

5.8. In the event that an MOU Participant does not join a particular PA, but intends to acquire, under any legal vehicle (including paragraph 3.3.8 of Section III (Scope of Work)), Information generated under that PA or an item produced wholly or in part from such Information, that MOU Participant will, under this MOU, contribute to the applicable PA Participants an equitable pro rata share of the costs incurred in the generation of that Information, as may be required and determined by the PA Participants. The MOU Participant's contribution will be allocated to the PA Participants in proportion to their financial contributions to the PA, and may be used by a PA Participant in the first instance to satisfy financial costs under the applicable PA or this MOU.

5.9. The MOU Participants acknowledge that the IT MOD and U.S. DoD intend, pursuant to a PA under this MOU, to enter data into, and maintain, the AV Tooling Information System (AVTIS). In the event that the SP MOD or UK MOD need for any purpose to gain access to AVTIS and use the data therein, either directly through or by authorizing a governmental or Contractor entity, the SP MOD or UK MOD, as appropriate, will contribute an equitable pro rata share of accumulated costs incurred by IT MOD

and U.S. DoD for their AVTIS efforts at the time of gaining access to the AVTIS data. In the case of any subsequent access and use of AVTIS data, the SP MOD or UK MOD, as applicable, will contribute an equitable pro rata share of any subsequent accumulated costs incurred by the IT MOD or U.S. DoD at the time of the subsequent access. The equitable pro rata share for which the SP MOD and UK MOD will be responsible will be adjusted in those cases in which both of these MOU Participants access and use AVTIS data.

5.10. In addition to the shared JPO costs described in paragraph 5.3 and the shared PO costs described in paragraph 5.7, the cost of personnel assigned to the JPO or its annex offices under this MOU, or the PO under a PA, will be borne as follows:

5.10.1. The Host Participant will bear the costs of all pay and allowances of the JPO Director and the U.S. DoD JPO Deputy and of Host Participant personnel assigned to the PO under a PA, as well as all costs of travel necessary for the performance of work of such personnel under this MOU or a PA.

5.10.2. The Parent Participant will bear the following Cooperative Program Personnel (CPP)-related costs:

5.10.2.1. All pay and allowances of CPP assigned to the JPO or its annex offices, or to the PO under a PA.

5.10.2.2. Transportation of CPP, CPP dependents, and their personal property to the JPO or its annex offices, or to the relevant PO location prior to commencement of the CPP assignment in the JPO or its annex offices, or to the relevant PO, and return transportation of the foregoing from the JPO or its annex offices, or from the relevant PO location upon completion or termination of the CPP assignment.

5.10.2.3. Travel by CPP necessary for the performance of work under this MOU or a PA.

5.10.2.4. Compensation for loss of, or damage to, the personal property of CPP or CPP dependents, subject to the laws and regulations of the Parent Participant's government.

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

5.11.1. Costs associated with national representation at meetings by non-JPO or non-PO members.

5.11.2. Costs associated with any unique national requirements identified by a MOU Participant or PA Participant, including the following:

5.11.2.1. The costs for spares and repairables for the individual MOU Participants' post-production support requirements under paragraph 3.3.7 of Section III (Scope of Work);

5.11.2.2. The cost to compile and duplicate information and the cost of items provided to an MOU Participant under paragraph 3.3.8 of Section III (Scope of Work); and

5.11.2.3. The cost of any items or services provided for an individual PA Participant under a PA.

5.11.3. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOU or a PA to which the MOU Participant is a signatory.

5.12. The JPO Director will be responsible for establishing the detailed financial management procedures under which the Program will operate. These procedures, which will be consistent with the national accounting and audit requirements of the MOU Participants, will be detailed in a Program Financial Management Procedures Document (FMPD) prepared by the JPO Director and subject to the approval of the ESC. Each MOU Participant will fund the Program in accordance with the estimated schedule of financial contributions contained in the Program FMPD, which will be consistent with paragraph 5.14.

5.13. The PM for each Project will be responsible for establishing the detailed financial management procedures under which the Project will operate. These procedures, which will be consistent with the national accounting and audit requirements of the PA Participants, will be detailed in a Project FMPD prepared by the PM and subject to the approval of the PSC. The banking procedures set forth in the Project FMPD will be in

accordance with those procedures in the Program FMPD relevant to the MOU Participants that are Participants under the PA. Each PA Participant will fund the Project in accordance with the estimated schedule of financial contributions contained in the Project FMPD, which will be consistent with paragraph 5.14 of this MOU.

5.14. The MOU Participants recognize that in order to fulfill their Contracting duties for the Program under this MOU or a Project under a PA, it may become necessary for one MOU Participant to incur contractual or other responsibilities for the benefit of the other MOU Participants which have endorsed such incurrence in accordance with paragraphs 4.9.4 and 4.10.4 or paragraphs 4.15.4 and 4.16.3 of Section IV (Management (Organization and Responsibility)) of this MOU prior to receipt of the other MOU Participant's funds. In the event that one MOU Participant incurs such responsibilities, the other MOU Participants so benefited will make such funds available in such amounts and at such times as may be required by the Contract or other responsibility and will pay any damages and costs that may accrue from the performance of or cancellation of the Contract or other responsibility in advance of the time such payments, damages, or costs are due.

5.15. Unless a Contract or other responsibility is cancelled as a result of criminal, fraudulent or otherwise illegal or seriously improper activities on the part of the Contractor in accordance with national laws and regulations applicable to such cancellation, or is cancelled as a consequence of court order or ruling by an administrative forum, the following will apply, if a Contract or other responsibility incurred for the implementation of this MOU or a PA is cancelled without proper prior consultation as required under paragraphs 4.9.4 and 4.10.4 or paragraphs 4.15.4 and 4.16.3 of Section IV (Management (Organization and Responsibility)) by the MOU Participant of the Contracting Agency with the MOU Participants benefiting from such Contract or other responsibility, or without the Contracting Officer's taking into account the interests of the benefiting MOU Participants:

- 5.15.1. The MOU Participant of the Contracting Agency and the benefiting MOU Participants will determine whether the resultant cancellation costs would have otherwise been reasonably avoided had consultation occurred.

5.15.2. If the determination in 5.15.1 is affirmative, the MOU Participant of the Contracting Agency and the benefiting MOU Participants will decide, in accordance with this MOU's principle of equitable sharing of costs, the extent to which an equitable adjustment of their contributions under the MOU or PA is warranted.

5.16. In the event that an MOU Participant consents to perform the Contracting activities under a PA to which it is not a Participant, as permitted under paragraph 6.20 of Section VI (Contracting Provisions), the PA Participants will provide funds to that MOU Participant for the administration of such Contracts in accordance with the Project FMPD.

5.17. The Host Participant will be responsible for the audit of the procurement activities for which it is responsible under this Program or a Project in accordance with its national practices. The Host Participant will be responsible for the internal audit regarding administration of the other Participants' Program or Project funds in accordance with its national practices. All audit reports of such funds will be promptly made available by the Host Participant to the other Participants. Where auditors of a non-host Participant or its Government need to obtain or to inspect specific Program or Project financial data to fulfill its national obligations, the Host Participant will grant access to such specific financial data at mutually determined times and locations.

5.18. A MOU Participant or PA Participant will promptly notify the other MOU Participants or PA Participant(s), as appropriate, if available funds are not adequate to fulfill its responsibilities under this MOU or the relevant PA. If a MOU Participant or PA Participant notifies the other MOU Participants or PA Participant(s) that it is terminating or reducing its funding for this Program or the relevant Project, the MOU Participants or PA Participants will immediately consult with a view toward continuation on a modified basis.

SECTION VI

INDUSTRIAL PARTICIPATION AND CONTRACTING PROVISIONS

INDUSTRIAL PARTICIPATION AND GENERAL PROVISIONS

6.1. The MOU Participants recognize that there are manufacturing and industrial capabilities within each of the MOU Participants' nations that may significantly contribute to the efficient and economical post-production support of their respective fleets.

6.2. The MOU Participants acknowledge that the commercial sources of Harrier-related articles and services located within each of the respective MOU Participant nations may compete for Contracts for these articles and services. The MOU Participants will be encouraged to offer opportunities for subcontracting to industries or entities of all of the MOU Participants' nations, whenever practicable.

6.3. In any competition for articles and services conducted to fulfill the scope of work of this MOU or a PA, the MOU Participant conducting the competition will make good faith efforts to furnish all known qualified sources for particular articles and/or services in each of the MOU Participants' nations with timely notification of published solicitations of offers.

6.4. In order to promote the achievement of best value in its competitions, it is the intent of the U.S. DoD, through its contracting activities at Headquarters, Naval Air Systems Command (NAVAIRSYSCOMHQ) and its field activities, such as the Naval Air Warfare Centers, or their successor organizations, to employ to the maximum extent practicable, "best value" source selection criteria in its competitions for the acquisition of articles and services and will consider the past performance of offerors as a significant factor in source selections.

6.5. No requirement will be imposed by any MOU Participant for work sharing or other industrial or commercial compensation in connection with this MOU or its PAs that is not in accordance with this MOU or its PAs.

6.6. In all NAVAIRSYSCOMHQ and NAWC TSD competitions, if the unsuccessful offeror(s) so request, the U.S. DoD will provide

debriefings within a reasonable time, in accordance with U.S. acquisition regulations and policies in effect at the time of such request. Following the Contract award, the MOU Participants acting through their JPO Deputies and DPMS may request and receive Information through the JPO regarding acquisition strategies and source selection procedures used by NAVAIRSYSCOMHQ and NAWCTSD for Contract awards employing competitive acquisition processes.

6.7. To the extent permitted by national laws and regulations, an MOU Participant contracting under the aegis of the MOU or a PA will make available to the other MOU Participants or PA Participants, copies of Contracts awarded on behalf of the MOU Participants or PA Participants, including any Contract modifications and non-proprietary content of audit reports and other relevant internal Contract documentation that represents a final agency action involving Contracts awarded on behalf of the MOU Participants or PA Participants.

6.8. When procuring the same type of articles or services for the national requirements of two or more of the MOU Participants under the aegis of this MOU or its PAs, the Contracting Officer will, to the extent practicable, utilize the same contractual vehicle for those MOU Participants' requirements.

CONTRACTING PROVISIONS FOR THE PROGRAM

6.9. The U.S. DoD (acting through the Department of the Navy) will be primarily responsible for Contracting for the Program in accordance with U.S. Contracting laws, regulations and procedures. However, the ESC or HMP may request that a MOU Participant other than the U.S. DoD issue Contracts for the Program in accordance with that MOU Participant's national Contracting laws, regulations and procedures. The Contracting Officer is the exclusive source for providing contractual direction and instructions to Contractors. The Contracting Officer will, when it facilitates satisfying the objectives of this MOU, seek waivers of national regulations, procurement procedures, and practices.

6.10. The JPO Director will be responsible for the coordination of activities relating to the Program, and the JPO Director will cooperate with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, and Contract award. The JPO Director will review statements of work prior to the development of solicitations to ensure that they are in accordance with this MOU. In addition, the Contracting

Officer will keep the JPO Director advised of all financial arrangements with the prime Contractor.

6.11. The Contracting Officer will negotiate to obtain the rights to use and disclose Program Information required by Section VIII (Disclosure and Use of Program Information). The Contracting Officer will insert into prospective Contracts (and require its Contractors to insert in subcontracts) suitable provisions to satisfy the requirements of this MOU, including Section VIII (Disclosure and Use of Program Information), Section IX (Controlled Unclassified Information), Section XI (Security), Section XII (Third Party Sales and Transfers), and Section XVIII (Amendment, Termination, Entry into Effect, and Duration) concerning compliance with the MOU Participants' export control laws and export control regulations. During the Contracting process, the Contracting Officer will advise prospective Contractors of their responsibility to immediately notify the Contracting Agency, before Contract award, if they are subject to any license or agreement that will restrict their freedom to disclose information or permit its use. The Contracting Officer will also advise prospective Contractors to employ their best efforts not to enter into any new agreement or arrangement that will result in restrictions.

6.12. In the event the Contracting Officer is unable to secure adequate rights to use and disclose Project Information as required by Section VIII (Disclosure and Use of Program Information), or is notified by Contractors or potential Contractors of any restrictions on the disclosure and use of information, the matter will be referred to the ESC for resolution.

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

6.14. For Contracts or Contract modifications which are awarded on behalf of the MOU Participants, the Contracting Officer will ensure that the JPO Director and JPO Deputies are provided with sufficient information and documentation to review and endorse Contract strategies, requests for proposals prior to release, and Contracts and Contract modifications prior to award of any such Contracts or issuance of Contract modifications. During the administration of such Contracts or Contract modifications, the Contracting Officer will immediately advise the JPO Director and the JPO Deputies of any cost growth, schedule change, or performance problems, as well as the Contracting Officer's intended measures for managing and resolving such issues, to include any contemplated Contract terminations. The Contracting Officer will take into consideration the interests of the MOU Participants in Contract administration decisions.

6.15. Upon mutual determination, consistent with Section II (Objectives), a Participant may contract for the unique national requirements of the other MOU Participants.

CONTRACTING PROVISIONS SPECIFICALLY APPLICABLE TO PAs

6.16. If a PA Participant determines that Contracting is necessary to fulfill that PA Participant's responsibilities under a PA, that PA Participant will contract in accordance with its respective national laws, regulations and procedures.

6.17. When one PA Participant individually contracts to perform a task under a PA, it will be solely responsible for its own Contracting, and the other PA Participants will not be subject to any liability arising from such Contracts without their prior written consent.

6.18. For all Contracting activities performed under a PA, the PMs will, upon request, be provided a copy of all statements of work prior to the development of solicitations to ensure they are consistent with the provisions of this MOU and the relevant PA.

6.19. The PM may make use of a PA Participant's Contracting Agency in the event that Contracting on behalf of another PA Participant or all PA Participants is required to implement the Project. The Contracting Agency so used will place Contracts in accordance with its respective national laws, regulations, and procedures. The Contracting Participant's Contracting Officer will be the exclusive source for providing contractual direction and instructions to the Contractors. The Contracting Officer

will, when it facilitates satisfying the objectives of the PA, seek waivers of national regulations, procurement procedures, and practices.

6.20. PA Participants may request that an MOU Participant perform the Contracting activities required to fulfill scope of work to be accomplished under a PA, even in those instances in which that MOU Participant is not a PA Participant under that PA. In the event that the MOU Participant consents to perform the Contracting activities under the PA, the Contracting Officer for each Contract will be the exclusive source for providing contractual direction and instructions to Contractors.

6.21. Contracting Officers will insert into prospective Contracts (and require its Contractors to insert in subcontracts) suitable provisions to satisfy the requirements of the PA, including Section VIII (Disclosure and Use of Program Information, Section IX (Controlled Unclassified Information) and Section XI (Security) and Section XII (Third Party Sales and Transfers), and Section XVIII (Amendment, Termination, Entry into Effect, and Duration) concerning compliance with the MOU Participants' export control laws and export control regulations, of this MOU, and the corresponding provisions of the PA. Contracting Officers will negotiate to obtain the rights to use and disclose Project Information required by Section VIII (Disclosure and Use of Program Information) of this MOU and the corresponding provisions of the PA. During the Contracting process, Contracting Officers will also advise prospective Contractors of their responsibility to immediately notify the Contracting Agency, before Contract award, if they are subject to any license or agreement that will restrict their government's freedom to disclose information or permit its use, and to employ their best efforts not to enter into any new agreement or arrangement that will result in restrictions.

6.22. The transfer of export-controlled Information furnished by one PA Participant will be authorized by the government of the furnishing PA Participant only to those Contractors of another PA Participant who will limit the use of the Information received for the sole purpose of furthering the purposes authorized under the PA. The PA Participants will establish legal arrangements with their Contractors to ensure that their Contractors do not retransfer or otherwise use export-controlled Information for any purpose other than the purposes authorized under the PA. Such legal arrangements will also provide that the Contractor will not retransfer the export-controlled

Information to another Contractor without the consent of the furnishing PA Participant's government.

6.23. In the event a Contracting Officer is unable to secure adequate rights to use and disclose Information as required by Section VIII (Disclosure and Use of Program Information) and the corresponding provisions of the PA, or is notified by Contractors or prospective Contractors of any restrictions on the disclosure and use of Information, the matter will be referred to the PSC for resolution.

6.24. For Contracts or Contract modifications which are awarded on behalf of the PA Participants, the Contracting Officer will ensure that the PM and DPMS are provided with sufficient information and documentation to review and endorse Contract strategies, requests for proposals prior to release, and Contracts and Contract modifications prior to award of any such Contracts or issuance of Contract modifications. During the administration of such Contracts or Contract modifications, the Contracting Officer will promptly advise the PM and DPMS of any cost growth, schedule changes, delay, or performance problems, as well as the Contracting Officer's intended measures for managing and resolving such issues, to include any contemplated Contract terminations. The Contracting Officer will take into consideration the interests of the PA Participants in Contract administration decisions.

6.25. Upon mutual determination, consistent with the objectives section of a PA, a PA Participant may contract for the unique national requirements of another PA Participant.

SECTION VII

PROJECT EQUIPMENT

7.1. Project Equipment Acquired or Used under Previous MOUs

7.1.1. For the purpose of executing this MOU or its PAs, each MOU Participant consents to the use by the other MOU Participants of Project Equipment that meets the following criteria: (1) the Project Equipment is ST/STE that was acquired or used under the U.S.-UK AV-8B/GR5 Arrangement or the IT-SP-U.S. AV-8B Harrier II Plus Production, Remanufacture and In-Service Support MOU, and (2) the consenting MOU Participant has legal title or an equitable interest in the ST/STE. The SP MOD's use of such ST/STE will be subject to the provisions of paragraph 5.4.6 of Section V (Financial Provisions) of this MOU.

7.1.2. Each MOU Participant will provide the Project Equipment referenced in paragraph 7.1.1 to another MOU Participant in accordance with the ST/STE plan referenced in paragraphs 4.5.1.2 and 4.9.7 of Section IV (Management (Organization and Responsibility)). The providing Participant, as well as any other MOU Participant that has an interest in the Project Equipment, will retain all of its interest in such Project Equipment. A list of all such Project Equipment will be developed and maintained by the JPO Director, approved by the ESC, and incorporated into the ST/STE plan referenced in Section IV (Management (Organization and Responsibility)).

7.1.3. The receiving MOU Participant will maintain any such Project Equipment in good order, repair, and operable condition. Unless the providing MOU Participant and any other MOU Participant that has an interest in the Project Equipment have authorized the Project Equipment to be expended or otherwise consumed without reimbursement, the receiving MOU Participant will return the Project Equipment to the providing MOU Participant in as good condition as received, normal wear and tear excepted, or return the Project Equipment and pay

the cost to restore it. If the Project Equipment is damaged beyond economical repair, the receiving MOU Participant will return the Project Equipment to the providing MOU Participant (unless otherwise specified in writing by the providing MOU Participant) and pay its replacement value, as computed by the providing MOU Participant pursuant to its national laws and regulations and as notified in writing to the receiving MOU Participant prior to the transfer of the Project Equipment. If the Project Equipment is lost while in the custody of the receiving MOU Participant, the receiving MOU Participant will issue a certificate of loss to the providing MOU Participant and pay the replacement value as notified by the providing MOU Participant in accordance with the requirements of this subparagraph.

- 7.1.4. The providing MOU Participant will deliver the Project Equipment described in paragraph 7.1.1 to the receiving MOU Participant at a mutually determined location. Possession of the Project Equipment will pass from the providing MOU Participant to the receiving MOU Participant at the time of receipt of the Project Equipment. Any further transportation is the responsibility of the receiving MOU Participant.
- 7.1.5. All Project Equipment that is transferred pursuant to paragraph 7.1.1 will be used by the receiving MOU Participant only for the purposes of carrying out this MOU or the relevant PA, unless otherwise consented to in writing by the providing MOU Participant and any other MOU Participant that has an interest in the Project Equipment. In addition, in accordance with Section XII (Third Party Sales and Transfers) and the corresponding section of the PA, Project Equipment will not be re-transferred to a Third Party without the prior written consent of the providing MOU Participant and any other MOU Participant that has an interest in the Project Equipment.
- 7.1.6. Project Equipment transferred to a MOU Participant under paragraph 7.1.1 will be returned to the providing MOU Participant prior to the termination

or expiration of this MOU or the relevant PA, as appropriate.

7.2. Other Project Equipment Provided by an MOU Participant

7.2.1. Each MOU Participant may provide Project Equipment that is identified as being necessary for executing this MOU and that is not described in paragraph 7.1.1 to another MOU Participant, and a PA Participant may provide Project Equipment that is identified as being necessary for executing a PA and that is not described in paragraph 7.1.1 to another PA Participant. Such Project Equipment will remain the property of the providing MOU or PA Participant. A list of all such Project Equipment provided by one MOU Participant to another MOU Participant under this MOU, or by one PA Participant to another PA Participant under a PA, will be developed and maintained by the JPO Director or PM, approved by the ESC or PSC, as appropriate, and incorporated into the PMP for this MOU or the Project Plan for the relevant PA in accordance with Section IV (Management (Organization and Responsibility)) prior to such transfers.

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

the Project Equipment is lost while in the custody of the receiving MOU or PA Participant, the receiving MOU or PA Participant will issue a certificate of loss to the providing MOU or PA Participant and pay the replacement value specified in the PMP or the Project Plan.

7.2.3. The providing MOU or PA Participant will deliver the Project Equipment described in paragraph 7.2.1 to the receiving MOU or PA Participant at a mutually determined location. Possession of the Project Equipment will pass from the providing MOU or PA Participant to the receiving MOU or PA Participant at the time of receipt of the Project Equipment. Any further transportation is the responsibility of the receiving MOU or PA Participant.

7.2.4. All Project Equipment that is transferred under paragraph 7.2.1 will be used by the receiving MOU or PA Participant only for the purposes of carrying out this MOU or the relevant PA, unless otherwise consented to in writing by the providing MOU or PA Participant. In addition, in accordance with Section XII (Third Party Sales and Transfers) and the corresponding section of the PA, Project Equipment will not be re-transferred to a Third Party without the prior written consent of the providing MOU or PA Participant.

7.2.5. Project Equipment transferred to a MOU Participant under this MOU, or to a PA Participant under a PA, will be returned to the providing MOU or PA Participant prior to the termination or expiration of this MOU or the relevant PA, as appropriate.

7.3. Project Equipment Jointly Acquired under this MOU or a PA

7.3.1. Any Project Equipment which is jointly acquired on behalf of the MOU Participants for use under this MOU will be disposed of during this Program or when the Program ceases, as determined by the ESC. Any Project Equipment which is jointly acquired on behalf of the PA Participants for use

under a PA will be disposed of during the Project or when the Project ceases, as agreed by the PSC.

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

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

SECTION VIII

DISCLOSURE AND USE OF PROGRAM INFORMATION

8.1. The MOU Participants will exchange Information under this MOU through representatives designated by the HMP for the purposes of identification of opportunities for common post-production support efforts, requirements harmonization, and PA formulation, development and negotiation in accordance with paragraph 3.1 of Section III (Scope of Work) of this MOU. They may also exchange Information through representatives designated by the HMP for the purpose of maintaining airworthiness of the MOU Participants' Harrier fleets in accordance with paragraph 3.2 of Section III (Scope of Work) of this MOU. When furnishing Information pursuant to paragraph 3.1 or 3.2 of Section III (Scope of Work), the furnishing MOU Participant will clearly indicate to the receiving MOU Participant the applicable purposes for which the Information may be used. The disclosure and use of Information provisions which govern these Information exchange activities are as follows:

8.1.1. A MOU Participant (including its Contractor Support Personnel) may use the Information exchanged under paragraph 3.1 of Section III (Scope of Work) of this MOU for information and evaluation purposes only, and may only use the Information exchanged under paragraph 3.2 of that section for the purpose of maintaining airworthiness of the MOU Participants' Harrier fleets. The specific prior written consent of the furnishing MOU Participant is required for any other use or disclosure, including disclosure to Contractors. Transfer of such Information to Contractors will be consistent with each MOU Participant's applicable export control laws and export control regulations.

8.1.2. A receiving MOU Participant will ensure that Contractor Support Personnel or Contractors to whom it discloses Information received under paragraph 3.1 or 3.2 of Section III (Scope of Work) of this MOU are under a legally binding obligation not to further disclose such Information, or to use such Information for other than the purposes specified in paragraph 8.1.1 of this section.

8.1.3. The MOU Participants may exchange Information under paragraph 3.1 or 3.2 of Section III (Scope of Work) of this MOU only where the following conditions are met:

- 8.1.3.1. Information may be exchanged without incurring liability to holders of proprietary rights therein.
- 8.1.3.2. Disclosure of Information is consistent with national policies and regulations of the furnishing MOU Participant.
- 8.1.3.3. In the case of Information generated under a PA that is to be exchanged by a PA Participant to a non-PA Participant, the prior written consent of the other PA Participant(s) must be obtained, unless otherwise specified in that PA.

8.2. The MOU Participants recognize that successful collaboration depends on full and prompt exchange of Information necessary for carrying out paragraphs 3.3 and 3.4 of Section III (Scope of Work) of this MOU as well as PAs under this MOU. The MOU Participants intend to acquire sufficient Information and rights to use such Information to enable the conduct of this MOU and each PA to which they are signatories. The nature and amount of Information to be acquired will be consistent with the pertinent portions of Section II (Objectives), Section III (Scope of Work) and Section VI (Contracting Provisions) of this MOU and the corresponding sections of the PAs. The following provisions establish the arrangements for this MOU regarding the availability to the MOU Participants of Program Information, the use of Program Information, and Patent rights for Program Inventions, except that the use by the SP MOD of Program Foreground Information generated under paragraph 3.4 of Section III (Scope of Work) will be subject to paragraph 5.4.5 of Section V (Financial Provisions). Transfer of Program Information to Contractors will be consistent with each MOU Participant's applicable export control laws and export control regulations. Each PA will detail the arrangements regarding the availability to the PA Participants of Project Information, the use of Project Information, and Patents rights for Project Inventions.

8.3. Government Program Foreground Information

- 8.3.1. Disclosure: All Program Foreground Information generated by a MOU Participant's military or

civilian employees will be disclosed without charge to the other MOU Participants.

8.3.2. Use: Each MOU Participant may use or have used such Government Program Foreground Information without charge for Defense Purposes. The MOU Participant generating Government Program 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 XII (Third Party Sales and Transfers) of this MOU.

8.4. Government Program Background Information

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

8.4.1.1. such Program Background Information is necessary to or useful in the Program, with the MOU Participant in possession of the information determining whether it is "necessary to" or "useful in" the Program;

8.4.1.2. such Program Background Information may be made available without incurring liability to holders of proprietary rights;

8.4.1.3. disclosure is consistent with national disclosure policies and regulations of the furnishing MOU Participant; and

8.4.1.4. any disclosure or transfer of such Program Background Information to Contractors is consistent with the furnishing MOU Participant's export control laws and export control regulations.

8.4.2. Use: Government Program Background Information disclosed by one MOU Participant to the other MOU Participants may be used without charge by or for the other MOU Participants for Program purposes. The furnishing MOU Participant will retain all its rights with respect to such Program Background Information.

8.5. Contractor Program Foreground Information

- 8.5.1. Disclosure: Program Foreground Information generated and delivered by Contractors, will be disclosed without charge to the MOU Participants.
- 8.5.2. Use: Each MOU Participant may use or have used without charge for its Defense Purposes all Contractor Program Foreground Information generated and delivered by Contractors of the other MOU Participants. The MOU Participant whose Contractors generate and deliver Contractor Program 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 Program Foreground Information will be subject to the provisions of Section XII (Third Party Sales and Transfers) of this MOU.

8.6. Contractor Program Background Information

- 8.6.1. Disclosure: Any Program Background Information generated and delivered by Contractors will be made available to the other MOU Participants provided the following provisions are met:
 - 8.6.1.1. such Program Background Information is necessary to or useful in the Program , with the MOU Participant in possession of the information determining whether it is "necessary to" or "useful in" the Program;
 - 8.6.1.2. such Program Background Information may be made available without incurring liability to holders of proprietary rights;
 - 8.6.1.3. disclosure is consistent with national disclosure policies and regulations of the furnishing MOU Participant; and
 - 8.6.1.4. any disclosure or transfer of such Program Background Information to Contractors is consistent with the furnishing MOU Participant's export control laws and export control regulations.
- 8.6.2. Use: Program Background Information furnished by one MOU Participant's Contractors and disclosed

to the other MOU Participants may be used without charge by or for the other MOU Participants for Program purposes only, and may be subject to further restrictions by holders of proprietary rights; however, the furnishing MOU Participant will retain all its rights with respect to such Program Background Information.

8.7. Alternative Uses of Program Information

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

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

8.8. Proprietary Program Information

8.8.1. All Program Information subject to proprietary interests will be identified and marked, and it will be handled as Controlled Unclassified Information.

8.8.2. The provisions of the NATO Agreement on the Communication of Technical Information for Defence Purposes, done at Brussels on 19 October 1970, and the Implementing Procedures for the NATO Agreement on the Communication of Technical Information for Defence Purposes, approved by the North Atlantic Council on 1 January 1971, will apply to proprietary Program Information related to this MOU.

8.9. Patents

8.9.1. Each MOU Participant will include in all its Contracts for the Program a provision governing the disposition of rights in regard to Program Inventions and Patent rights relating thereto, which either:

- 8.9.1.1. Provides that the MOU Participant will hold title to all such Program Inventions together with the right to make Patent applications for the same, free of encumbrance from the Contractor concerned; or
- 8.9.1.2. Provides that the Contractor will hold title (or may elect to retain title) for such Program Inventions together with the right to make Patent applications for the same, while securing for the MOU Participants a license for the Program Inventions, and any Patents thereto, on terms in compliance with the provisions of paragraph 8.9.2 below.
- 8.9.2. In the event that a Contractor holds title (or elects to retain title) for any Program Invention, the Contracting MOU Participant will secure for the other MOU Participants non-exclusive, irrevocable, royalty-free licenses under all Patents secured for that invention, to practice or have practiced the patented Program Invention for Defense Purposes.
- 8.9.3. The provisions of subparagraphs 8.9.4 through 8.9.7 below will apply in regard to Patent rights for all Program Inventions made by the MOU Participants' military or civilian employees, including those within Government-owned facilities, and for all Program Inventions made by Contractors for which the Contracting MOU Participant holds title or is entitled to acquire title.
- 8.9.4. Where a MOU Participant has or can secure the right to file a Patent application with regard to a Program Invention, that MOU Participant will consult the other MOU Participants regarding the filing of such Patent application. The MOU Participant which has or receives title to such Program Invention will, in other countries, file, cause to be filed, or provide the other MOU Participants with the opportunity to file, on behalf of the MOU Participant holding title, Patent applications covering that Program Invention. If a MOU Participant, having filed or caused to be filed a Patent application, decides to stop prosecution of the application or to

cease maintaining the Patent granted or issued on the application, that MOU Participant will notify the other MOU Participants of that decision and permit the other MOU Participants to continue the prosecution, or maintain the Patent as the case may be.

- 8.9.5. Each MOU Participant will be furnished with copies of the Patent applications filed and Patents granted with regard to Program Inventions.
- 8.9.6. Each MOU Participant will grant to the other MOU Participants a non-exclusive, irrevocable, royalty-free license under its Patents for Program Inventions, to practice or have practiced the Program Invention for Defense Purposes.
- 8.9.7. Patent applications to be filed under this MOU that contain Classified Information will be protected and safeguarded in accordance with the requirements contained in the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defence and for which Applications for Patents have been Made, done in Paris on 21 September 1960, and its Implementing Procedures.
- 8.9.8. Each MOU Participant will notify the other MOU Participants of any Patent infringement claims made in its territory arising in the course of work performed under the Program. Insofar as possible, the other MOU Participants will provide Information available to them that may assist in defending the claim. Each MOU Participant will be responsible for handling all Patent infringement claims made in its territory, and will consult with the other MOU Participants during the handling, and prior to any settlement, of such claims. The MOU Participants will share the costs of resolving Patent infringement claims in the same ratios as specified for their financial contributions in this MOU. The MOU 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 the Program of any invention

covered by a Patent issued by their respective countries.

SECTION IX

CONTROLLED UNCLASSIFIED INFORMATION

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

- 9.1.1. Such Information will be used only for the purposes authorized for use of Program or Project Information as specified in Section VIII (Disclosure and Use of Project Information) or the corresponding section of the relevant PA.
- 9.1.2. Access to such Information will be limited to personnel whose access is necessary for the permitted use under subparagraph 9.1.1, and will be subject to the provisions of Section XII (Third Party Sales and Transfers) or the corresponding section of the relevant PA.
- 9.1.3. Each MOU Participant will take all 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 9.1.2, unless the originating MOU Participant consents 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 MOU Participant.

9.2. To assist in providing the appropriate controls, the originating MOU Participant will ensure that Controlled Unclassified Information is appropriately marked. The MOU Participants will decide, in advance and in writing, on the markings to be placed on the Controlled Unclassified Information. The appropriate markings will be defined in the Project Security Instructions for this MOU and any PA-specific annex for each relevant PA.

9.3. Controlled Unclassified Information provided or generated pursuant to this MOU or its PAs will be handled in a manner that ensures control as provided for in paragraph 9.1.

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

SECTION X

VISITS TO ESTABLISHMENTS

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

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

10.3. Requests for visits by personnel of one MOU Participant to a facility of another MOU Participant will be coordinated through official channels, and will conform with the established visit procedures of the host country. Requests for visits will bear the name of this MOU and the relevant PA, and will be submitted in accordance with International Visit Procedures as described by Multi-national Industrial Security Working Group (MISWG) Document Number 7. However, when visits are only associated with classified Program Background Information exchanged between MOU Participants (other than the U.S. DoD) and classified Project Background Information exchanged between PA Participants (other than the U.S. DoD), such visits will be undertaken in accordance with the provisions of the Letter of Intent Framework Agreement dated 27 July 2000 (hereinafter referred to as "the Framework Agreement"), provided such Program Background Information or Project Background Information does not include Information provided or generated by the U.S. DoD under this MOU or any PA.

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

SECTION XI

SECURITY

11.1. All Classified Information provided or generated pursuant to this MOU or its PAs will be stored, handled, transmitted, and safeguarded in accordance with the MOU Participants' national security laws and regulations, to the extent that they provide a degree of protection no less stringent than that provided for NATO Classified Information and material as set forth in the document "Security Within the North Atlantic Treaty Organization," C-M(2002)(49) dated 17 June 2002, and its subsequent amendments. Furthermore, classified Program Background Information exchanged between MOU Participants (other than U.S. DoD) and classified Project Background Information exchanged between PA Participants (other than U.S. DoD) will be protected in accordance with Part 4 of the Framework Agreement, provided such Program Background Information and Project Background Information does not include Information provided or generated by the U.S. DoD under this MOU or any PA.

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

11.3. Each MOU Participant will take all lawful steps available to it to ensure that Classified Information provided or generated pursuant to this MOU or a PA under it is protected from further disclosure, except as provided under paragraphs 11.3.1 and 11.8. Accordingly, each MOU Participant will ensure that:

- 11.3.1. The recipient will not release the Classified Information to any government, national, organization, or other entity of a Third Party except as permitted under the procedures described in accordance with the procedures set forth in Section XII (Third Party Sales and Transfers) or the corresponding procedures in the relevant PA.

11.3.2. The recipient will not use the Classified Information for other than the purposes provided for in this MOU and the relevant PA.

11.3.3. The recipient will comply with any distribution and access restrictions on information that is provided under this MOU and the relevant PA.

11.4. The MOU 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 a PA has been lost or disclosed to unauthorized persons. Each MOU Participant also will promptly and fully inform the other MOU Participants (in cases involving loss or unauthorized disclosure of Classified Information provided or generated under the MOU) or its fellow PA Participants (in cases involving loss or unauthorized disclosure of Classified information provided or generated under the applicable PA) of the details of any such occurrences, and of the final results of the investigation and of the corrective action taken to preclude recurrences.

11.5. The JPO Director will prepare a Project Security Instruction (PSI) and a Classification Guide (CG) that will be applicable to this MOU and each PA involving Classified Information or Controlled Unclassified Information. The PSI and the CG will describe the methods by which Program Information and Project Information will be classified, marked, used, transmitted, and safeguarded. The PSI and CG will be developed by the JPO within three months after this MOU enters into effect. If necessary, the PMs for a PA will prepare additional PSI and CG provisions specifically applicable to that PA within three months after the PA enters into effect. The PSI and CG, as well as any PA-specific provisions, will be reviewed and forwarded to the MOU Participants' DSAs for approval and will be applicable to all government and Contractor personnel participating in the Program or Projects. 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.

11.6. The DSA of the MOU Participant in which a classified Contract is awarded 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, or Subcontractor of any Classified Information received under this MOU or its PA, the DSAs will:

- 11.6.1. Ensure that such Contractor, prospective Contractor or subcontractor and their facility(ies) have the capability to protect the Classified Information adequately.
 - 11.6.2. Grant a security clearance to the facility(ies), if appropriate.
 - 11.6.3. Grant a security clearance for all personnel whose duties require access to Classified Information, if appropriate.
 - 11.6.4. 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 the relevant PA.
 - 11.6.5. Carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected.
 - 11.6.6. Ensure that access to the Classified Information is limited to those persons who have a need-to-know for purposes of the MOU and the relevant PA.
- 11.7. Contractors, prospective Contractors, or subcontractors which are determined by 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 a PA 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 MOU or PA Participants as applicable will be consulted for approval prior to permitting such access.
- 11.8. For any facility wherein Classified Information is to be used, the responsible MOU Participant or Contractor will approve the appointment of a person or persons to exercise effectively the responsibilities for safeguarding at such facility the

information or material pertaining to this MOU or a PA. These officials will be responsible for limiting access to Classified Information involved in this MOU to those persons who have been properly approved for access and have a need-to-know.

11.9. Each MOU 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 the Program or relevant Project.

11.10. Information or material provided or generated pursuant to this MOU or a PA under this MOU may be classified as high as SECRET. The existence of this MOU is Unclassified and the contents are Unclassified.

SECTION XII

THIRD PARTY SALES AND TRANSFERS

12.1. The Third Party sales and transfer provisions that govern the Information exchange activities described in paragraphs 3.1 and 3.2 of Section III (Scope of Work) are as follows:

12.1.1. An MOU Participant will not sell, transfer title to, transfer possession of, or otherwise disclose Information received through the exchange activities described in paragraphs 3.1 and 3.2 of Section III (Scope of Work) of this MOU to any Third Party without the prior written consent of the government of the providing MOU Participant.

12.1.2. The providing MOU Participant's government will be solely responsible for authorizing any such sale, transfer, or disclosure and specifying the method and conditions for implementing any such sale, transfer, or disclosure. However, in the case of Information generated under a PA under this MOU that is provided by a PA Participant to a non-PA Participant, the written consent of the governments of the other PA Participant(s) will also be obtained for any such sale, transfer, or disclosure, unless otherwise provided in the PA.

12.2. The MOU Participants will not sell, transfer title to, disclose, or transfer possession of Program Foreground Information, Project Equipment jointly acquired under the MOU, or any item produced either wholly or in part from Program Foreground Information to any Third Party without the prior written consent of the other MOU Participants' governments. Furthermore, no MOU Participant will permit any such sale, disclosure, or transfer, including by the owner of the item, without the prior written consent of the other MOU Participants' governments. Such consent will not be given unless the government of the intended recipient confirms in writing that it will:

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

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

12.3. The MOU Participants will not sell, transfer title to, disclose, or transfer possession of Project Equipment or Program Background Information provided by another MOU Participant for this MOU to any Third Party without the prior written consent of the government of the MOU Participant which provided such equipment or Information and, in the case of Project Equipment provided under paragraph 7.1.1 of Section VII (Project Equipment), the prior written consent of the government of any other MOU Participant that has an interest in the Project Equipment. The providing MOU Participant's government will be solely responsible for authorizing such transfers and, as applicable, specifying the method and conditions for implementing such transfers, except that in the case of Project Equipment provided under paragraph 7.1.1 of Section VII (Project Equipment), the government of any other MOU Participant that has an interest in the Project Equipment will share in the providing MOU Participant's government's responsibility regarding the authorization and implementation of such transfers.

12.4. Consent for Third Party sales and transfers of Program Foreground Information, Project Equipment jointly acquired under the MOU or any item produced either wholly or in part from Program Foreground Information will be subject to foreign policy, national security considerations, and national laws, regulations and policies of the MOU Participants' respective governments. Approval by one MOU Participant's government of another MOU Participant's sale or transfer to a Third Party will take into consideration its willingness to sell or transfer such equipment or Information to the same Third Party.

12.5. Sales and other transfers to a Third Party of equipment developed under this MOU may attract a levy to be shared among the MOU Participants. Prior to any such sale or other transfer, the amounts of any levy and the procedures for assessing and distributing such levy will be mutually determined by all MOU Participants consistent with the laws and regulations of each MOU Participant. Any MOU Participant may reduce the assessment of its share of the levy.

12.6. Each PA will contain provisions which govern any Third Party sales and transfers of Information or equipment pertinent to that PA. In addition to those provisions in the PA, the following will apply for any PA in which an MOU Participant is

not a PA Participant but is Contracting at the request of and on behalf of the PA Participants:

- 12.6.1. The PA Participants will obtain the written consent of the Contracting Agency's government prior to selling, transferring title to, disclosing, or transferring possession to a Third Party of Information or equipment obtained under a Contract entered into by that Contracting Agency.

SECTION XIII

LIABILITY AND CLAIMS

13.1. For liability arising out of, or in connection with, activities carried out in the performance of official duty in the execution and for the benefit of this MOU or its PAs, the following provisions will apply.

13.2. Each MOU or PA Participant waives all claims against the other MOU or PA Participants for injury to or death of its military or civilian personnel (which do not include Program Contractors) of the other MOU or PA Participants. If, however, such loss or damage results from the reckless acts or reckless omissions, willful misconduct, or gross negligence of an MOU or PA Participant or its personnel, the costs of liability will be borne by that MOU or PA Participant alone.

13.3. Claims from any other persons for injury, death, damage or loss of any kind caused by one of the MOU or PA Participants' personnel will be processed by the most appropriate MOU or PA Participant, as determined by the MOU or PA Participants. Any costs determined to be owed to the claimant will be borne by the MOU or PA Participants in proportion to the MOU or PA Participants' financial contributions to the MOU, or to the PA Participants' financial contributions to the PA, respectively. If, however, such loss or damage results from the reckless acts or reckless omissions, willful misconduct, or gross negligence of an MOU or PA Participant or its personnel, the costs of liability will be borne by the MOU or PA Participant alone.

13.4. Claims arising under any Contract awarded pursuant to Section VI (Contracting Provisions) of this MOU or a PA will be resolved in accordance with the provisions of the Contract.

SECTION XIV

PARTICIPATION OF ADDITIONAL NATIONS

14.1. It is recognized that other national defense organizations may wish to join the MOU and its PAs.

14.2. Mutual consent of the MOU Participants will be required to conduct discussions with potential additional Participants to the MOU. The MOU Participants will discuss the arrangements under which another Participant might join, including the furnishing of releasable Program Information for evaluation prior to joining. If the disclosure of Program Information is necessary to conduct discussions, such disclosure will be in accordance with Section VIII (Disclosure and Use of Program Information), Section IX (Controlled Unclassified Information) and Section XII (Third Party Sales and Transfers) of this MOU.

14.3. If a MOU Participant wishes to become an additional PA Participant in a specific PA, mutual consent of the PA Participants will be required to conduct discussions with that MOU Participant, to include the furnishing of releasable Project Information for evaluation prior to joining. If the disclosure of Program Information is necessary to conduct discussions, such disclosure will be in accordance with Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information) and Section XII (Third Party Sales and Transfers) of this MOU and corresponding PA provisions.

14.4. The addition of a new Participant to the MOU will require amendment of this MOU by the MOU Participants. The addition of a PA Participant to a PA will require amendment of that PA by the PA Participants.

SECTION XV

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

15.1. For the MOU and its PAs, customs duties, import and export taxes, and similar charges will be administered in accordance with each MOU Participant's respective laws and regulations. Insofar as existing national laws and regulations permit, the MOU 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 its PAs.

15.2. Each MOU 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 MOU Participant in whose country they are levied will bear such costs over and above that MOU Participant's shared cost of the Program or relevant PA.

15.3. If, in order to apply European Union (EU) regulations, it is necessary to levy duties, then these will be met by the EU member end recipient. To this end, parts of the components of the equipment coming from outside the EU will proceed to their final destination accompanied by the relevant customs document enabling settlement of duties to take place. The duties will be levied as a cost over and above that MOU Participant's shared cost of the Program or relevant Project.

SECTION XVI

SETTLEMENT OF DISPUTES

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

SECTION XVII

LANGUAGE

17.1. The working language for the Program will be the English language. The working language for each Project will be the English language, unless otherwise specified in the relevant PA.

17.2. All data and information generated under this MOU and its PAs, and their implementing Contracts, and provided by one MOU Participant or PA Participant to the other MOU Participants or PA Participants, respectively, will be furnished in the English language.

SECTION XVIII

AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION

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

18.2. This MOU may be amended by the mutual written consent of the MOU Participants. Except as otherwise provided in a PA, PAs may be amended by the mutual written consent of the PA Participants.

18.3. This MOU may be terminated at any time upon the written consent of the MOU Participants. In the event the MOU Participants consent to terminate this MOU, the MOU Participants will consult prior to the date of termination to ensure termination on the most economical and equitable provisions. Upon MOU termination or expiration, all PAs will be automatically terminated, unless, prior to the termination or expiration of this MOU, the PA Participants of a PA mutually consent to, and execute, the conversion by amendment of that PA into a stand-alone MOU.

18.4. A PA may be terminated at any time upon the written consent of the PA Participants. In the event of PA termination, the PA Participants will consult prior to the date of PA termination on the most economical and equitable terms.

18.5. Any MOU Participant may withdraw from this MOU upon 120 days written notification to the other MOU Participants. Such withdrawal will automatically result in the former MOU Participant's withdrawal from all PAs to which it is a signatory. A PA Participant may choose to withdraw from a PA without withdrawing from this MOU; withdrawal from a PA is subject to 120 days written notice to the other PA Participants. Notice of withdrawal from either the MOU or its PAs will be the subject of immediate consultation by the ESC (in the case of the MOU) or PSC (in the case of a PA) to decide upon the appropriate course of action. In the event of withdrawal from the MOU or its PAs, the following rules apply:

18.5.1. The withdrawing MOU Participant or PA Participant will continue participation, financial or

otherwise, up to the effective date of withdrawal from the MOU or PA, as applicable.

18.5.2. Except as to Contracts awarded on behalf of the MOU Participants under this MOU, each MOU Participant will be responsible for its own Program-related costs associated with the withdrawal of a MOU Participant. For Contracts awarded on behalf of all MOU Participants under this MOU, the withdrawing MOU Participant will pay all Contract modification or withdrawal costs that would not otherwise have been incurred but for the decision to withdraw; in no event, however, will a withdrawing MOU Participant's total financial contribution, including Contract termination costs, exceed that MOU Participant's total share of the Financial Cost Ceilings for financial contributions as established in Section V (Financial Provisions).

18.5.3. Except as to Contracts awarded on behalf of the PA Participants under a PA, each PA Participant will be responsible for its own Project-related costs associated with the withdrawal of a PA Participant. For Contracts awarded on behalf of all PA Participants under a PA, the withdrawing PA Participant will pay all Contract modification or withdrawal costs that would not otherwise have been incurred but for the decision to withdraw; in no event, however, will a withdrawing PA Participant's total financial contribution, including Contract termination costs, exceed that PA Participant's total share of the Financial Cost Ceiling for financial contributions as established in the PA.

18.5.4. All Program and Project Information and rights therein received under the provisions of this MOU or its PAs prior to the withdrawal will be retained by the MOU Participants or PA Participants, as applicable, subject to the provisions of this MOU and its PAs.

18.6. The respective benefits and responsibilities of the MOU Participants regarding Section VII (Project Equipment), Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information), Section XI (Security),

Section XII (Third Party Sales and Transfers), and Section XIII (Liability and Claims), and this Section XVIII (Amendment, Termination, Entry into Effect, and Duration), and the corresponding provisions of the PAs will continue to apply notwithstanding termination of, withdrawal from, or expiration of this MOU or its PAs.

18.7. This MOU, which consists of eighteen (18) Sections and five (5) Annexes, will enter into effect upon signature by at least two MOU Participants and will remain in effect for ten (10) years. For each subsequent MOU Participant, the signatory MOU Participants will have no responsibilities in regard to that MOU Participant, and that MOU Participant will have no rights or responsibilities under this MOU, until such time as that MOU Participant has signed this MOU. In the event that all four of the MOU Participants have not signed this MOU within one hundred and eighty (180) days after it enters into effect, the signatory MOU Participants will immediately consult in order to negotiate an amendment for those changes necessary to make this MOU bilateral or trilateral, as appropriate.

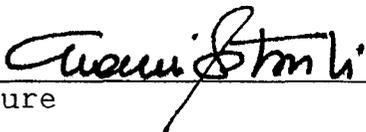
18.8. The MOU may be extended by written consent of the MOU Participants.

The foregoing represents the understandings reached among the MOU Participants on the matters referred to herein.

SIGNED, in four (4) copies, in the English language, by authorized representatives.

FOR THE MINISTER OF DEFENSE OF THE
REPUBLIC OF ITALY

FOR THE MINISTER OF DEFENSE OF THE
KINGDOM OF SPAIN


Signature

Signature

Name
IL SEGRETARIO GENERALE DELLA DIFESA /DNA
(Ten. Gen. Gianni BOTONDI)

Name

Title
09 DIC. 2004

Title

Date

Date

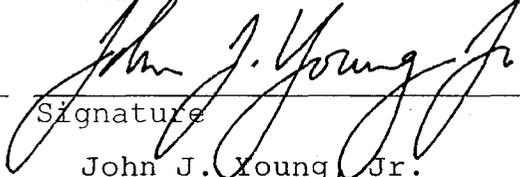
Location

Location

FOR THE SECRETARY OF STATE FOR
DEFENCE OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND

FOR THE SECRETARY OF DEFENSE ON
BEHALF OF THE DEPARTMENT OF
DEFENSE OF THE UNITED STATES OF
AMERICA


Signature


Signature

Name
ID THORNE

Name
John J. Young Jr.

Title
Hav IPTL

Title
ASN(RD&A)

Date
5 October 2004

Date
10 January 2005

Location

4E589

Location

ANNEX A

SAMPLE PROJECT ARRANGEMENT

PROJECT ARRANGEMENT

AMONG [OR BETWEEN] THE **[List Titles of PA Participants]**

FOR THE **[Insert Title of Project]**

UNDER

THE FRAMEWORK MEMORANDUM OF UNDERSTANDING

CONCERNING COOPERATION IN

POST-PRODUCTION SUPPORT OF HARRIER AIRCRAFT OF _____

INTRODUCTION

This Project Arrangement (PA) is established under, and is subject to, the Framework Memorandum of Understanding Among the Minister of Defense of the Republic of Italy and the Minister of Defense of the Kingdom of Spain and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland and the Secretary of Defense on behalf of the Department of Defense of the United States of America Concerning Cooperation in Post-Production Support of Harrier Aircraft of _____ (hereinafter referred to as "the Harrier Framework MOU"). The PA Participants in this PA are: **[list PA Participants]**.

SECTION ONE: DEFINITIONS OF TERMS AND ABBREVIATIONS

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

Project Foreground Information	Information generated in the performance of the Project.
--------------------------------	--

SECTION TWO: OBJECTIVES

2.1. The objectives of this _____ Project are:

2.1.1. The development of _____

2.1.2. The improvement of _____

SECTION THREE: SCOPE OF WORK

3.1. The following work will be carried out under this PA.

3.1.1. Develop _____

3.1.2. Evaluate _____

3.1.3. Design, fabricate and test _____

SECTION FOUR: MANAGEMENT

4.1. The Project Steering Committee (PSC) members are as follows: **[List should reflect titles of the PSC members of only the actual PA Participants]**

4.1.1. **[PA Participant 1]** - [title, position]

4.1.2. **[PA Participant 2]** - [title, position]

4.1.3. **[PA Participant 3]** - [title, position]

4.1.4. **[PA Participant 4]** - [title, position]

4.2. The **[Insert PA Participant appointing the Project Manager]** will appoint the Project Manager (PM) for the Project.

4.3. The Deputy Project Managers (DPMs) are as follows: **[List should reflect the titles of the Deputy Project Managers of only the actual PA Participants, other than the PA Participant appointing the Project Manager]**

4.3.1. **[PA Participant 1]** Deputy Project Manager: [title, position]

4.3.2. **[PA Participant 2]** Deputy Project Manager: [title, position]

4.3.3. **[PA Participant 3]** Deputy Project Manager: [title, position]

4.4. Particular Management Procedures:
[Mention only those additional management responsibilities not covered under Section IV (Management (Organization and Responsibility) of the Harrier Framework MOU.)]

SECTION FIVE: FINANCIAL ARRANGEMENTS

5.1. The PA Participants estimate that the performance of the responsibilities under this PA will not cost more than a Financial Cost Ceiling of **[insert amount in Then Year dollars]**. The U.S. dollar will be the reference currency for the Project, and the fiscal year for the Project will be the U.S. Fiscal Year. The Financial Cost Ceiling may be changed only upon the mutual written consent of the PA Participants.

5.2. The Financial Costs of the Project, as identified in this Section of this PA, will be shared according to the following percentages:

<u>Participant</u>	<u>Percentage Share</u>
[PA Participant 1]	[X]%
[PA Participant 2]	[X]%
[PA Participant 3]	[X]%
[PA Participant 4]	[X]%

[If there will be non-financial contributions other than the PM or DPMs assigned to the Project office, insert the following paragraphs 5.3 and 5.4.]

5.3. The PA Participants non-financial contributions include the following:

- 5.3.1. [List PA Participants] personnel assigned to the Project Office in accordance with paragraphs 4.2 and 4.3 of Section IV (Management) of this PA.
- 5.3.2. [In this and subsequent subparagraphs, as necessary, describe and assign dollar value to each non-financial contribution]

5.4. Exclusive of paragraph 5.3.1, [List PA Participants] financial and non-financial contributions, expressed in Then Year U.S. dollars, are reflected in Table 5-1 below:

Table 5-1:

	FINANCIAL	NON-FINANCIAL	TOTAL
[PA Participant 1]			
[PA Participant 2]			
[PA Participant 3]			
[PA Participant 4]			

SECTION SIX: DISCLOSURE AND USE OF PROJECT INFORMATION

6.1. As required under paragraph 8.2 of Section VIII (Disclosure and Use of Program Information) of the Harrier Framework MOU, the following paragraphs detail the arrangements regarding the availability to the PA Participants of Project Information, the use of Project Information, and Patents rights for Project Inventions. Transfer of such Information to Contractors will be consistent with each PA Participant's applicable export control laws and export control regulations.

6.2. Government Project Foreground Information

6.2.1. Disclosure: All Project Foreground Information generated by a PA Participant's military or civilian employees will be disclosed without charge to the other PA Participants.

6.2.2. Use: Each PA Participant may use or have used such Government Project Foreground Information without charge for Defense Purposes. The MOU Participant generating Government Project 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 Eight (Third Party Sales and Transfers) of this PA.

6.3. Government Project Background Information

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

6.3.1.1. such Project Background Information is necessary to or useful in the Project, with the PA Participant in possession of the information determining whether it is "necessary to" or "useful in" the Project;

6.3.1.2. such Project Background Information may be made available without incurring liability to holders of proprietary rights;

6.3.1.3. disclosure is consistent with national disclosure policies and regulations of the furnishing PA Participant; and

6.3.1.4. any disclosure or transfer of such Project Background Information to Contractors is consistent with the furnishing PA Participant's export control laws and export control regulations.

6.3.2. Use: Government Project Background Information disclosed by one PA Participant to the other PA Participants may be used without charge by or for the other PA Participants for Project purposes. The furnishing PA Participant will retain all its rights with respect to such Project Background Information.

6.4. Contractor Project Foreground Information

6.4.1. Disclosure: Project Foreground Information generated and delivered by Contractors, will be disclosed without charge to the PA Participants.

6.4.2. Use: Each PA Participant may use or have used without charge for its Defense Purposes all Contractor Project Foreground Information generated and delivered by Contractors of the other PA Participants. The PA Participant whose Contractors generate and deliver Contractor Project 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 Project Foreground Information will be subject to the provisions of Section Eight (Third Party Sales and Transfers) of this PA.

6.5. Contractor Project Background Information

6.5.1. Disclosure: Any Project Background Information generated and delivered by Contractors will be made available to the other PA Participants provided the following provisions are met:

6.5.1.1. such Project Background Information is necessary to or useful in the Project, with the PA Participant in possession of the

information determining whether it is "necessary to" or "useful in" the Project;

- 6.5.1.2. such Project Background Information may be made available without incurring liability to holders of proprietary rights;
- 6.5.1.3. disclosure is consistent with national disclosure policies and regulations of the furnishing PA Participant; and
- 6.5.1.4. any disclosure or transfer of such Project Background Information to Contractors is consistent with the furnishing MOU Participant's export control laws and export control regulations.

6.5.2. Use: Project Background Information furnished by one PA Participant's Contractors and disclosed to the other PA Participants may be used without charge by or for the other PA Participants for Project purposes only, and may be subject to further restrictions by holders of proprietary rights; however, the furnishing PA Participant will retain all its rights with respect to such Project Background Information.

6.6. Alternative Uses of Project Information

- 6.6.1. Any Project Background Information provided by one PA Participant will be used by the other PA Participants only for the purposes set forth in this PA, unless otherwise consented to in writing by the providing PA Participant.
- 6.6.2. The prior written consent of each PA Participant will be required for the use of Project Foreground Information for purposes other than those provided for in this PA.

6.7. Proprietary Project Information

- 6.7.1. All Project Information subject to proprietary interests will be identified and marked, and it will be handled as Controlled Unclassified Information.
- 6.7.2. The provisions of the NATO Agreement on the Communication of Technical Information for

Defence Purposes, done at Brussels on 19 October 1970, and the Implementing Procedures for the NATO Agreement on the Communication of Technical Information for Defence Purposes, approved by the North Atlantic Council on 1 January 1971, will apply to proprietary Project Information related to this PA.

6.8. Patents

- 6.8.1. Each PA Participant will include in all its Contracts for the Project a provision governing the disposition of rights in regard to Project Inventions and Patent rights relating thereto, which either:
 - 6.8.1.1. Provides that the PA Participant will hold title to all such Project Inventions together with the right to make Patent applications for the same, free of encumbrance from the Contractor concerned; or
 - 6.8.1.2. Provides that the Contractor will hold title (or may elect to retain title) for such Project Inventions together with the right to make Patent applications for the same, while securing for the PA Participants a license for the Project Inventions, and any Patents thereto, on terms in compliance with the provisions of paragraph 6.8.2 below.
- 6.8.2. In the event that a Contractor holds title (or elects to retain title) for any Project Invention, the Contracting PA Participant will secure for the other PA Participants non-exclusive, irrevocable, royalty-free licenses under all Patents secured for that invention, to practice or have practiced the patented Project Invention for Defense Purposes.
- 6.8.3. The provisions of subparagraphs 6.8.4 through 6.8.7 below will apply in regard to Patent rights for all Project Inventions made by the PA Participants' military or civilian employees, including those within Government-owned facilities, and for all Project Inventions made by Contractors for which the Contracting PA

Participant holds title or is entitled to acquire title.

- 6.8.4. Where a PA Participant has or can secure the right to file a Patent application with regard to a Project Invention, that PA Participant will consult the other PA Participants regarding the filing of such Patent application. The PA Participant which has or receives title to such Project Invention will, in other countries, file, cause to be filed, or provide the other PA Participants with the opportunity to file, on behalf of the PA Participant holding title, Patent applications covering that Project Invention. If a PA Participant, having filed or caused to be filed a Patent application, decides to stop prosecution of the application or to cease maintaining the Patent granted or issued on the application, that PA Participant will notify the other PA Participants of that decision and permit the other PA Participants to continue the prosecution, or maintain the Patent as the case may be.
- 6.8.5. Each PA Participant will be furnished with copies of the Patent applications filed and Patents granted with regard to Project Inventions.
- 6.8.6. Each PA Participant will grant to the other PA Participants a non-exclusive, irrevocable, royalty-free license under its Patents for Project Inventions, to practice or have practiced the Project Invention for Defense Purposes.
- 6.8.7. Patent applications to be filed under this PA that contain Classified Information will be protected and safeguarded in accordance with the requirements contained in the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defence and for which Applications for Patents have been Made, done in Paris on 21 September 1960, and its Implementing Procedures.
- 6.8.8. Each PA Participant will notify the other PA Participants of any Patent infringement claims made in its territory arising in the course of work performed under the Project. Insofar as possible, the other PA Participants will provide

Information available to them that may assist in defending the claim. Each PA Participant will be responsible for handling all Patent infringement claims made in its territory, and will consult with the other PA Participants during the handling, and prior to any settlement, of such claims. The PA Participants will share the costs of resolving Patent infringement claims in the same ratios as specified for their financial contributions in this PA. The PA 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 the Project of any invention covered by a Patent issued by their respective countries.

SECTION SEVEN: CLASSIFICATION

[The PA Participants will choose to include one of the following alternatives:

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

Or

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

Or

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

SECTION EIGHT: THIRD PARTY SALES AND TRANSFERS

8.1. The PA Participants will not sell, transfer title to, disclose, or transfer possession of Project Foreground Information, Project Equipment jointly acquired under a PA, or any item produced either wholly or in part from Project Foreground Information to any Third Party without the prior written consent of the other PA Participants' governments. Furthermore, no PA Participant will permit any such sale, disclosure, or transfer, including by the owner, without the prior written consent of the other PA Participants' governments. Such consent will not be given unless the government of the intended recipient confirms in writing that it will:

8.1.1. not retransfer, or permit the retransfer of, any Information or equipment provided; and

8.1.2. use, or permit the use of, the Information or equipment provided only for the purposes specified by the PA Participants.

8.2. A PA Participant will not sell, transfer title to, disclose, or transfer possession of Project Foreground Information, Project Equipment jointly acquired under the PA, or any items produced either wholly or in part from Project Foreground Information to an MOU Participant that is not a signatory to this PA without the written consent of the other PA Participants' governments. A MOU Participant who is permitted to receive Information or equipment from a PA to which it is not a signatory will be required to confirm in writing that it will not retransfer, or permit the further retransfer of, any such Information or equipment provided, and that it will use, or permit the use of, the Information or equipment provided only for the purposes specified by the PA Participants.

8.3. A PA Participant will not sell, transfer title to, disclose, or transfer possession of Project Background information or Project Equipment provided by another PA Participant under paragraph 7.2.1 of Section VII (Project Equipment) of the Harrier Framework MOU to any Third Party and to any MOU Participant who is not a signatory to that PA without the prior written consent of the government of the PA Participant which provided such Information or equipment. The providing PA Participant's government will be solely responsible for authorizing such transfers and as applicable, specifying the methods and provisions for implementing such transfers. A PA Participant will not sell, transfer title to, disclose or

transfer possession of Project Equipment provided by an MOU Participant under paragraph 7.1.1 of Section VII (Project Equipment) of the Harrier Framework MOU to any Third Party and to any MOU Participant who is not a signatory to that PA without the prior written consent of the providing MOU Participant's government and the government of any other MOU Participant that has an interest in such Project Equipment. The providing MOU Participant's government and the government of any other MOU Participant that has an interest in such Project Equipment will be responsible for authorizing such transfers and as applicable, specifying the methods and provisions for implementing such transfers.

[Provision for levy, in the event that Participants chose to insert such a provision: 8.4. Sales or other transfers to Third Parties of equipment developed under this PA may attract a levy to be shared among the PA Participants. Prior to any such sale or other transfer, the amounts of the levy and the procedures for assessing and distributing such levy will be mutually determined by the PA Participants consistent with the laws and regulations of each PA Participant. Any PA Participant may reduce the assessment of its share of the levy.]

SECTION NINE: ENTRY INTO EFFECT, DURATION AND TERMINATION

9.1. This _____ PA, which consists of nine (9) sections, will enter into effect upon signature by the PA Participants, and will remain in effect for _____ years unless terminated by all of the PA Participants. It may be extended by the written consent of all of the PA Participants.

The foregoing represents the understandings reached among the PA Participants on the matters referred to herein.

Signed in [insert # of PA Participants] copies, in the English language, by authorized representatives of the PA Participants.

FOR THE MINISTER OF DEFENSE OF THE
REPUBLIC OF ITALY

FOR THE MINISTER OF DEFENSE OF THE
KINGDOM OF SPAIN

Signature

Signature

Name

Name

Title

Title

Date

Date

Location

Location

FOR THE SECRETARY OF STATE FOR
DEFENCE OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN
IRELAND

FOR THE SECRETARY OF DEFENSE ON
BEHALF OF THE DEPARTMENT OF
DEFENSE OF THE UNITED STATES OF
AMERICA

Signature

Signature

Name

Name

Title

Title

Date

Date

Location

Location

ANNEX B

ESTIMATED PEGASUS ENGINE INVENTORY QUANTITIES

Table B-1. Estimated F402-RR-408A/B Pegasus Engine Inventory Quantities

MOU Participant	Quantities	Percentage (%) of Total
IT MOD	26	9
SP MOD	21	7
UK MOD	40	13
U.S. DoD	218	71
Total	305	100%

ANNEX C

ESTIMATED IT MOD, UK MOD, AND U.S. DOD HARRIER AIRFRAME
INVENTORY QUANTITIES

Table C-1. Estimated Harrier Airframe Inventory Quantities

MOU Participant	Quantities
IT MOD	17
UK MOD	79
U.S. DoD	152

ANNEX D

ESTIMATED IT MOD AND U.S. DOD HARRIER AIRFRAME INVENTORY
QUANTITIES

Table D-1. Estimated Harrier Airframe Inventory Quantities

MOU Participant	Quantities
IT MOD	17
U.S. DoD	152

ANNEX E

COOPERATIVE PROGRAM PERSONNEL

1.0. Purpose and Scope

1.1. This Annex establishes the provisions which will govern the conduct of Cooperative Program Personnel (CPP). Each Parent Participant will, in accordance with Section IV (Management) of this MOU and this Annex, assign military members or civilian employees to the JPO or its annex offices under this MOU, or to the PO under a PA. CPP must be able to perform all responsibilities assigned to them under this MOU and its PAs. 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 ESC will, in accordance with national policies and procedures, determine the length of tour for CPP positions under the MOU, and the PSC will, in accordance with national policies and procedures, determine the length of tour for CPP positions under a PA.

1.2. CPP will be assigned to JPO or its annex offices for Program work or to the PO for Project work and will report to their designated JPO or PO supervisor regarding that work. The JPO Director or PM will be responsible for the creation of a document describing the duties of each CPP position, which will be subject to approval by the ESC or the PSC as applicable. CPP will not act as liaison officers on non-Program or non-Project work unless authorized in writing by the Host Participant upon the request of the Parent Participant. CPP may act from time to time on behalf of their respective ESC or PSC 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 ESC 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 the corresponding provisions of its relevant PAs and will be kept to the minimum required to accomplish the work assignments.

2.2. Each Parent Participant will cause security assurances to be filed through its Embassy, specifying the security clearances for its CPP personnel that are to be assigned. The security assurances will be prepared and forwarded through prescribed channels in compliance with established Host Participant procedures.

2.3. The Host Participant and Parent Participants will use their best efforts to ensure that CPP assigned to the JPO or its annex offices under this MOU, or to a PO under a Project, are aware of, and comply with, applicable laws and regulations pertaining to Controlled Unclassified Information, as well as the requirements of Section IX (Controlled Unclassified Information), Section X (Visits to Establishments), Section XI (Security), paragraph 18.6 of Section XVIII (Amendment, Termination, Entry into Effect, and Duration) of this MOU and the corresponding provisions of the relevant PAs, and the provisions of the PSI and CG and any PA-specific annexes thereto. Prior to commencing assigned duties, CPP will, if required by the Host Participant's government 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 Participant's government. Any violation of security procedures by CPP during their assignment will be reported to the Parent Participant for appropriate action. CPP committing significant violations of security and export control laws, regulations, or procedures during their assignments will be withdrawn from the Program and any Projects with a view toward appropriate administrative or disciplinary action by their 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 XI (Security) and any corresponding provisions in the relevant PA, 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 their Parent Participant. They will be granted access to such Information in accordance with Section IX (Controlled Unclassified Information) and Section XI (Security) of this MOU and corresponding provisions in the PAs, and the PSI, during normal duty hours at the JPO or its annex offices under this MOU, or at a PO under a PA, and when access is necessary to Program work or Project work.

2.7. CPP assigned to the JPO or its annex offices under this MOU, or to a PO under a Project, 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 or a PA-specific annex thereto.

3.0. Administrative Matters

3.1. Consistent with Host Participant's government laws and regulations, CPP will be subject to the same restrictions, conditions, and privileges as Host Participant personnel of comparable rank and in comparable assignments.

3.2. On or shortly after arrival CPP and their dependents will be provided briefings arranged by the JPO or its annex offices under this MOU, or by a PO under a Project, about applicable laws, orders, regulations, and customs and the need to comply with them. CPP will also be provided briefings arranged by the JPO 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 local medical facilities, subject to the requirements of applicable laws and regulations, including reimbursement requirements when required.

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 and regulations.

3.2.3. Responsibility of CPP and their accompanying dependents to obtain 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 JPO Director, through the JPO, will, in consultation with the CPP assigned to the JPO or its annex offices under this MOU, establish standard operating procedures for CPP in the areas identified in paragraphs 3.3.1 through 3.3.4 of this Annex. For each Project with CPP assignments, the PM, through the PO, will, in consultation with the CPP assigned to the PO under the PA, establish standard operating procedures for CPP in the areas identified in paragraphs 3.3.1 through 3.3.4 of this Annex.

- 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.

3.4. CPP committing an offense under the laws of the government of the Host Participant or Parent Participant may be withdrawn from the Program and its Projects 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 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.

AMENDMENT ONE TO THE
FRAMEWORK MEMORANDUM OF UNDERSTANDING
AMONG THE
MINISTER OF DEFENSE OF THE REPUBLIC OF ITALY
AND THE
MINISTER OF DEFENSE OF THE KINGDOM OF SPAIN
AND THE
SECRETARY OF STATE FOR DEFENCE
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE
SECRETARY OF DEFENSE ON BEHALF OF THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA
CONCERNING
COOPERATION IN POST-PRODUCTION SUPPORT OF HARRIER AIRCRAFT
(Short Title: Harrier Framework MOU)

INTRODUCTION

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

Considering the Framework Memorandum of Understanding among the Minister of Defense of the Republic of Italy and the Minister of Defense of the Kingdom of Spain and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland and the Secretary of Defense on behalf of the Department of Defense of the United States of America concerning Cooperation in Post-Production Support of Harrier Aircraft of December 9, 2004 (hereinafter referred to as the "Harrier Framework MOU"),

Have reached the following understandings:

SECTION I PURPOSE

The purpose of this amendment is to include Spain in the portion of the Scope of Work of the Harrier Framework MOU that addresses special tooling/special test equipment (ST/STE) disposition; population and maintenance of the Harrier electronic Tooling Information Management System (eTIMS) database; and preservation, transportation, maintenance, and storage of post-production tooling.

SECTION II AMENDMENT

The Harrier Framework MOU is hereby amended as follows:

1. Change the TABLE OF CONTENTS as follows:

a. Replace the title of Annex C with the following:
"ESTIMATED IT MOD, SP MOD, UK MOD, AND U.S. DOD HARRIER AIRFRAME INVENTORY QUANTITIES".

b. Replace the title of Annex D with the following:
"ESTIMATED IT MOD, SP MOD, and U.S. DOD HARRIER AIRFRAME
INVENTORY QUANTITIES".

2. Change SECTION III (SCOPE OF WORK) as follows:

a. Replace paragraph 3.4. with the following: "In addition to the activities identified in paragraph 3.3., the MOU Participants will also conduct the following efforts:"

b. Replace paragraph 3.4.1. with the following: "The MOU Participants will determine which special tooling/special test equipment (ST/STE) and associated documentation acquired or used under the U.S.-UK AV-8B/GR5 Arrangement or the IT-SP-U.S. AV-8B Harrier II Plus Production, Remanufacture, and In-Service Support MOU may likely be necessary for Harrier post-production support requirements of the MOU Participants."

c. Replace paragraph 3.4.2. with the following: "The MOU Participants will also, based upon the determinations made under paragraph 3.4.1., enter data into, and maintain, the Harrier electronic Tooling Information Management System (eTIMS) and provide for electronic on-line access for the MOU Participants."

d. Replace paragraph 3.4.3. with the following: "The IT MOD, SP MOD, and U.S. DoD will preserve, transport (for the purpose of storage), maintain, and store ST/STE and associated documentation that are determined under paragraph 3.4.1. likely to be necessary for the Harrier post-production support requirements of the MOU Participants, and that are located in the United States."

e. Replace paragraph 3.4.4. with the following: "The UK MOD will preserve, transport (for the purpose of storage), maintain, and store ST/STE and associated documentation that are identified in paragraph 3.4.1. as likely to be necessary for the Harrier post-production support requirements of the MOU Participants, and that are located in the United Kingdom of Great Britain and Northern Ireland."

3. Change SECTION IV (MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)) as follows:

a. Replace paragraph 4.5. with the following: "In addition to the responsibilities identified in paragraph 4.4., the following responsibilities will apply:"

b. Replace paragraph 4.5.1. with the following: "The ESC will be responsible for:"

c. Replace paragraph 4.5.1.3. with the following: "Reviewing annually and adjusting, if necessary, the quantities established in Table C-1 of Annex C (Estimated IT MOD, SP MOD, UK MOD, and U.S. DoD Harrier Airframe Inventory Quantities)."

d. Replace paragraph 4.5.2. with the following: "The IT MOD, SP MOD, and U.S. DoD ESC representatives will be responsible for reviewing annually and adjusting, if necessary, the quantities established in Table D-1 of Annex D (Estimated IT MOD, SP MOD, and U.S. DoD Harrier Airframe Inventory Quantities)."

e. Replace paragraph 4.9.7. with the following: "Preparing and submitting to the ESC a plan to preserve, transport (for the purpose of storage), maintain, store, and use ST/STE and associated documentation, as described in paragraphs 3.4.3. and 3.4.4. of Section III (Scope of Work) and referenced in paragraph 7.1. of Section VII (Project Equipment) of this MOU."

f. Replace paragraph 4.9.18. with the following: "Preparing and submitting to the ESC a plan to maintain data in the Harrier eTIMS identified in paragraph 3.4.2. of Section III (Scope of Work)."

g. Replace paragraph 4.11. with the following: "In addition to the responsibilities identified in paragraph 4.10., the JPO Deputies will be responsible for assisting the JPO Director in developing the plans required in paragraphs 4.9.7. and 4.9.18."

4. Change SECTION V (FINANCIAL PROVISIONS) as follows:

a. Replace paragraph 5.4.3. with the following: "The Financial Costs for the MOU Participants to perform the work under paragraphs 3.4.1. and 3.4.2. of Section III (Scope of Work) of this MOU will be shared by the MOU Participants in the proportion of their individual Harrier airframe inventories to

the total Harrier airframe inventories of the MOU Participants. This requirement is reflected in the following formula: $S(\text{airframe}) = (X/Y)Z$. "S(airframe)" represents the financial contribution by an individual MOU Participant. "X" represents the estimated Harrier airframe inventory of an individual MOU Participant. The values for "X" are set forth in Annex C (Estimated IT MOD, SP MOD, UK MOD, and U.S. DoD Harrier Airframe Inventory Quantities) and will be adjusted by the ESC, if necessary, to reflect changes in the MOU Participants' estimated Harrier airframe quantities in accordance with paragraph 4.5.1.3. of Section IV (Management (Organization and Responsibility)). "Y" represents the sum of the individual "X" values of the MOU Participants. "Z" represents the Financial Costs of the efforts under paragraphs 3.4.1. and 3.4.2."

b. Replace paragraph 5.4.4. with the following: "The Financial Costs for the IT MOD, SP MOD, and U.S. DoD to perform the work under paragraph 3.4.3. of Section III (Scope of Work) of this MOU will be shared by those MOU Participants in the proportion of their individual Harrier airframe inventories to the total Harrier airframe inventories of those MOU Participants. This requirement is reflected in the following formula: $S(\text{airframe}) = (X/Y)Z$. "S(airframe)" represents the financial contribution by an individual MOU Participant. "X" represents the estimated Harrier airframe inventory of an individual MOU Participant. The values for "X" are set forth in Annex D (Estimated IT MOD, SP MOD, and U.S. DoD Harrier Airframe Inventory Quantities) and will be adjusted by the IT MOD, SP MOD, and the U.S. DoD ESC representatives, if necessary, to reflect changes in the MOU Participants' estimated Harrier airframe quantities in accordance with paragraph 4.5.2. of Section IV (Management (Organization and Responsibility)). "Y" represents the sum of the individual "X" values of the MOU Participants. "Z" represents the Financial Costs of the effort under paragraph 3.4.3.

c. Paragraphs 5.4.5., 5.4.6., 5.4.6.1., and 5.4.6.2. are deleted in their entirety.

5. Change SECTION VII (PROJECT EQUIPMENT) as follows:

a. Delete in its entirety the last sentence in paragraph 7.1.1.

6. Change SECTION VIII (DISCLOSURE AND USE OF PROGRAM INFORMATION) as follows:

a. Replace paragraph 8.2. with the following: "The MOU Participants recognize that successful collaboration depends on full and prompt exchange of Information necessary for carrying out paragraphs 3.3. and 3.4. of Section III (Scope of Work) of this MOU as well as PAs under this MOU. The MOU Participants intend to acquire sufficient Information and rights to use such Information to enable the conduct of this MOU and each PA to which they are signatories. The nature and amount of Information to be acquired will be consistent with the pertinent portions of Section II (Objectives), Section III (Scope of Work), and Section VI (Contracting Provisions) of this MOU and the corresponding sections of the PAs. The following provisions establish the arrangements for this MOU regarding the availability to the MOU Participants of Program Information, the use of Program Information, and Patent rights for Program Inventions. Transfer of Program Information to Contractors will be consistent with each Participant's applicable export control laws and export control regulations. Each PA will detail the arrangements regarding the availability to the PA Participants of Project Information, the use of Project Information, and Patents rights for Project Inventions."

7. ANNEX C (ESTIMATED IT MOD, UK MOD, AND U.S. DOD HARRIER AIRFRAME INVENTORY QUANTITIES) is replaced with the following:

ANNEX C

ESTIMATED IT MOD, SP MOD, UK MOD, AND U.S. DOD HARRIER AIRFRAME INVENTORY QUANTITIES

Table C-1. Estimated Harrier Airframe Inventory Quantities

MOU Participant	Quantities
IT MOD	17
SP MOD	16
UK MOD	79
U.S. DoD	152

8. ANNEX D (ESTIMATED IT MOD AND U.S. DOD HARRIER AIRFRAME INVENTORY QUANTITIES) is replaced with the following:

ANNEX D
ESTIMATED IT MOD, SP MOD, AND U.S. DOD HARRIER AIRFRAME
INVENTORY QUANTITIES

Table D-1. Estimated Harrier Airframe Inventory Quantities

MOU Participant	Quantities
IT MOD	17
SP MOD	16
U.S. DoD	152

**SECTION III
ENTRY INTO EFFECT**

This Amendment One to the Harrier Framework MOU will enter into effect upon the date of the last signature below. This amendment will remain in effect for the same period as the MOU that it amends. Unless specifically amended herein, all other provisions of the Harrier Framework MOU remain unchanged.

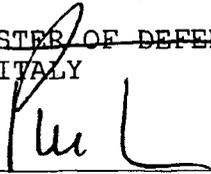
The foregoing represents the understandings reached among the MOU Participants on the matters referred to herein.

SIGNED, in four (4) copies, in the English language, by authorized representatives.

FOR THE MINISTER OF DEFENSE OF THE
REPUBLIC OF ITALY

FOR THE MINISTER OF DEFENSE OF THE
KINGDOM OF SPAIN

Signature



Name **IL CAPO REPARTO AEROMOBILI**
(Contrammiraglio Paolo TREU)

Title

26 GEN. 2009

Date

ROME

Location

Signature



Name **ALMIRANTE MANUEL OTERO PENELAS**
JEFE 35225937 B

Title

14 NOV 2008

Date

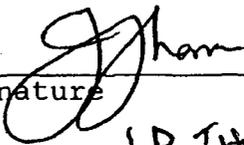
MADRID

Location

FOR THE SECRETARY OF STATE FOR
DEFENCE OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND

FOR THE SECRETARY OF DEFENSE ON
BEHALF OF THE DEPARTMENT OF
DEFENSE OF THE UNITED STATES OF
AMERICA

Signature



Name

ID THORNE

Title

HQS IPTC

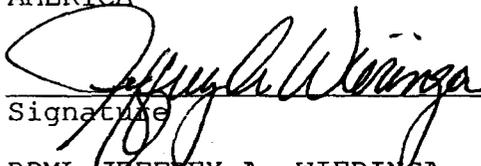
Date

24 May 07

Location

RAF wylton

Signature



Name **RDML JEFFREY A. WIERINGA**

DEPUTY ASSISTANT SECRETARY OF THE
NAVY (INTERNATIONAL PROGRAMS)

Title

APR 30 2007

Date

ARLINGTON, VIRGINIA

Location