

DEFENSE

Missiles

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

Signed at Koblenz, The Hague, and
Washington, October 20, October 21, and
December 3, 2004

with

Annexes



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: Missiles

*Memorandum of understanding signed at
Koblenz, The Hague, and
Washington, October 20, October 21,
and December 3, 2004;
Entered into force December 3, 2004.
With annexes.*

MEMORANDUM OF UNDERSTANDING

AMONG

THE FEDERAL MINISTRY OF DEFENCE OF

THE FEDERAL REPUBLIC OF GERMANY

AND

THE MINISTER OF DEFENCE

OF THE KINGDOM OF THE NETHERLANDS

AND

THE DEPARTMENT OF DEFENSE OF

THE UNITED STATES OF AMERICA

FOR THE,

PRODUCTION OF STANDARD MISSILE

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INTRODUCTION

The Federal Ministry of Defence of the Federal Republic of Germany (GE Participant), the Minister of Defence of the Kingdom of the Netherlands (NL Participant), and the Department of Defense of the United States of America (U.S. Participant) hereinafter referred to as the "Participants":

Having a common interest in defense;

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

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

Having a mutual need for the production of STANDARD Missile-2 BLK III family of missile variants (also referred to as "SM-2") to satisfy common operational requirements; and

Having independently procured variants of STANDARD Missile in the past, recognize the benefits to be obtained from a cooperative program;

Have reached the following understandings:

SECTION I

DEFINITIONS

The Participants have jointly decided upon the following definitions for terms used in this Memorandum of Understanding (MOU):

| | |
|------------------------------|--|
| Background Information | Information not generated in the performance of this MOU. |
| Classified Information | 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. |
| Class I Configuration Change | A change related to the established missile configurations that is effected to the extent that any of the following requirements would be outside specified limits or specified tolerances: Performance; Reliability, Maintainability, or Survivability; Weight, Balance or Moment of Inertia; Interference characteristics; Electromagnetic characteristics; or other technical requirements in the specifications. |
| Contract | Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or more of the Participants to pay for them. |
| Contracting | The obtaining of supplies or services by Contract from sources outside the government organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration. |
| Contracting Agency | The entity within the government organization of a Participant, which has authority to enter into, administer, and/or |

terminate Contracts.

Contracting Officer A person representing a Contracting Agency of a Participant who has the authority to enter into, administer, and/or terminate Contracts.

Contractor Any entity awarded a Contract by a Participant's Contracting Agency for work under this MOU.

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

Controlled Unclassified Information Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It could include information which has been declassified, but remains controlled. Whether the information is provided or generated under this MOU, 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". The Netherlands export controlled information will be marked "Germany/Netherlands/United States eyes only - further release subject to approval of the Netherlands." German export controlled technical data shall be marked as "Ausfuhrgenehmigungspflichtige Technologie gemäß AWG/AWV."

Cooperative Project Personnel (CPP) Military members or civilian employees of a Parent Participant assigned to the Project who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the Project.

Cost Ceiling The maximum amount of the total shared costs and the maximum amount of a Participant's contribution to the total shared costs.

| | |
|-------------------------------------|--|
| Defense Purposes | Manufacture or other use in any part of the world by or for the armed forces of any Participant. For use in a Third Party Sale or Transfer, see Section XIII (Third Party Sales and Transfers). |
| Designated Security Authority (DSA) | The security office approved by national authorities to be responsible for the security aspects of this MOU. |
| Foreground Information | Information generated in the performance of this MOU. |
| Host Participant | The Participant whose nation serves as the location of the hosting project office, i.e., the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor. |
| Parent Participant | The Participant which sends its CPP to the project office located in the nation of another Participant. |
| Participant | A signatory to this MOU represented by its military and civilian personnel. Contractors and Contractor Support Personnel will not be representatives of a Participant under this MOU. |
| Patent | Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these. |
| Project | Cooperation under this MOU encompassing the cooperative procurement, production and production support of the SM-2. |
| Project Equipment | Any material, equipment, end item, subsystem, component, special tooling or test equipment jointly acquired or provided by a Participant for use in the Project. |

Project Information Any information provided to, generated in, or used in this Project regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, patent, or other legal protection.

Project Invention Any invention or discovery formulated or made (conceived or "first actually reduced to Practice") in the course of work performed under the 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 An Annex to this MOU (Annex A) that provides details of the estimated order quantities, estimated Participant shared cost breakdown, and Cost Ceilings under this MOU.

Third Party Any person or other entity whose government or entity thereof is not a Participant.

SECTION II

OBJECTIVE

2.1 The objective of this MOU is to provide a means for cooperative procurement, production and production support of the SM-2. This cooperative effort will:

- 2.1.1 Enable the Participants to cooperatively acquire SM-2 in a timely and cost-effective manner, which meets their individual national requirements;
- 2.1.2 Increase the available production industrial base for SM-2;
- 2.1.3 Increase standardization and interoperability for SM-2;
- 2.1.4 Maximize commonality and component interchangeability between SM-2 variants;
- 2.1.5 Maintain common configuration of SM-2 systems to the maximum extent possible while continuing to meet the individual requirements of the Participants; and
- 2.1.6 Identify and implement changes that will maintain or improve the military effectiveness and availability of SM-2.

SECTION III

SCOPE OF WORK

3.1 The overall work to be carried out under this MOU includes:

- 3.1.1 Production of STANDARD Missile in the SM-2 BLK III family of missile variants in accordance with Annex A (Project Plan).
- 3.1.2 Production engineering, production support and production activities, including design agents, technical direction agent and in-service engineering agent support as they relate to production support.
- 3.1.3 Development, initial production and updating of life cycle elements. These elements include, but are not limited to, spare parts, test equipment, technical data, training materials, and technical support for SM-2.
- 3.1.4 Preparation and exchange of Project Information to facilitate the integration, operation, support, and disposal of SM-2 by the Participants.
- 3.1.5 Configuration management in accordance with Section IV (Management (Organization and Responsibility)).
- 3.1.6 Design, qualification, and production of approved engineering changes to SM-2 that reduce life cycle costs, enhance military effectiveness, enhance safety, enhance producibility, or improve operational and maintenance suitability.

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1 This MOU will be directed and administered on behalf of the Participants by an organization consisting of a STANDARD Missile Cooperative Council (SMCC), a U.S. STANDARD Missile Program Manager (SM PM), and an International Projects Section (IPS) of the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor.

4.2 The SMCC will consist of a representative appointed by each Participant. The SMCC will be chaired by the U.S. SMCC member and meet at least once a year. Decisions of the SMCC will be made unanimously. In the event that the SMCC is unable to reach a timely decision on an issue, each SMCC representative will refer the issue to its higher authority for resolution. In the meantime, and to the extent consistent with paragraph 4.3.5 below, the Project will continue to be implemented without interruption while the issue is being resolved by higher authority.

4.3 The SMCC will be responsible for effective implementation, efficient management, and executive-level direction of the Project in accordance with this MOU. Specific responsibilities include but are not limited to:

- 4.3.1 Reviewing progress in meeting Project requirements.
- 4.3.2 Reviewing the financial status of the MOU to ensure compliance with the provisions of Section V (Financial Provisions) and Annex A (Project Plan) of this MOU.
- 4.3.3 Resolving issues brought forth by the SM PM or IPS.
- 4.3.4 Reviewing and forwarding to the Participants for approval recommended amendments to this MOU in accordance with Section XIX (Amendment, Withdrawal, Termination, Entry Into Effect, and Duration).
- 4.3.5 Approving adjustments to Annex A (Project Plan) of this MOU within the individual Participant and total shared Cost Ceilings. In the event that upward or downward adjustments of order quantities and/or total shared costs, coupled with

application of the formula set out in Section V (Financial Provisions) paragraph 5.2, result in Participant shared costs that the SMCC is unable to unanimously approve, the Participants will consult, in accordance with Section XIX (Amendment, Withdrawal, Termination, Entry Into Force, and Duration), regarding amending the MOU and proceeding on a modified basis, or withdrawing from or terminating the MOU.

- 4.3.6 Approving plans to manage and control the transfer of Project Equipment in accordance with Section VIII (Project Equipment) including approving the list of Project Equipment detailed in paragraph 8.1.
- 4.3.7 Approving plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VIII (Project Equipment).
- 4.3.8 Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority of the Project Security Instruction and a Classification Guide.
- 4.3.9 Evaluating status reports submitted by the SM PM and recommending corrective action if necessary.
- 4.3.10 Providing recommendations to the Participants for the addition of new Participants in accordance with Section XV (Addition of New Participants).
- 4.3.11 Reviewing and approving the Financial Management and Procedures Document (FMPD) as described in Section V (Financial Provisions) paragraph 5.5.
- 4.3.12 Evaluating and approving improvements for incorporation into the missile variant for the GE Participant and NL Participant as described in Annex A (Project Plan).
- 4.3.13 Evaluating the distribution of work sharing in accordance with the principles of Section VII (Work Sharing) and recommending corrective action if necessary.
- 4.3.14 Approving the plan for the IPS that includes position description and duties for Cooperative Project Personnel (CPP).

4.4 It is anticipated that an IPS will be established within the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor and will report directly to the SM PM. The GE Participant and NL Participant may provide national representation to the IPS by appointing CPP. Specific responsibilities of the IPS include, but are not limited to, those contained in paragraphs 4.5 and 6.2 in support of the SM PM.

4.5 Responsibilities of the U.S. SM PM include, but are not limited to:

- 4.5.1 Managing the cost, schedule, performance and risk requirements, technical, security and financial aspects of the SM-2 Production described in this MOU.
- 4.5.2 Executing the approved Annex A (Project Plan).
- 4.5.3 Executing the financial aspects of the Project in accordance with Section V (Financial Provisions) and Annex A (Project Plan) of this MOU.
- 4.5.4 As necessary, and in consultation with the IPS, providing to the SMCC adjustments to Annex A (Project Plan). These adjustments will reflect revised order quantities, Participant shared costs, and total shared costs.
- 4.5.5 Developing and recommending amendments to this MOU to the SMCC.
- 4.5.6 Forwarding recommendations to the SMCC for the addition of new participants in accordance with Section XV (Addition of New Participants).
- 4.5.7 Performing configuration management, configuration control, and configuration status accounting, and consulting with the IPS regarding proposed Class 1 Configuration Changes related to SM variants under this MOU. Configuration control will be conducted as part of the overall U.S. SM program. No configuration changes under this MOU may be signed until the U.S. approves the change.
- 4.5.8 Referring issues to the SMCC that cannot be resolved by the SM PM and IPS.

- 4.5.9 Developing and, upon SMCC approval, implementing plans to manage and control the transfer of Project Equipment provided by a Participant in accordance with Section VIII (Project Equipment).
- 4.5.10 Developing and, upon SMCC approval, implementing plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VIII (Project Equipment).
- 4.5.11 Developing and forwarding to the SMCC the Project Security Instruction (PSI) and a Classification Guide for the Project within three months after MOU signature, and implementing them upon final approval.
- 4.5.12 Providing reports to the SMCC as required.
- 4.5.13 Developing, and upon SMCC approval, implementing a plan for the IPS that includes position description and duties for CPP.
- 4.5.14 Preparing information necessary for transition from production to follow-on/in-service support for all SM variants.
- 4.5.15 Executing production and process management according to prime and critical item fabrication specifications, parameter documents and interface control documents.
- 4.5.16 Maintaining technical data package/production data exchanges and production transition.
- 4.5.17 Conducting sub-assembly qualification and demonstration of manufacture (pilot lot and quality conformance inspections).
- 4.5.18 Conducting section integration, round-level missile verification and life cycle testing.
- 4.5.19 Conducting periodic cooperative production reviews.

SECTION V

FINANCIAL PROVISIONS

5.1 The Project will consist of both shared and non-shared costs. Shared costs are addressed in paragraph 5.2. Non-shared costs are addressed in paragraphs 5.3 and 5.4. The U.S. dollar will be the reference currency for the Project, and the Project fiscal year will be the U.S. fiscal year.

5.2 Each Participant will contribute its equitable share of the total shared costs of the Project, including administrative costs, costs of claims, production support, production engineering, production changes, other production related costs, and field activity support costs, and will receive an equitable share of the results of the Project as described in this MOU. The total shared costs will not exceed a Cost Ceiling of \$346.34 Million (then year dollars). The Participants' Cost Ceilings are as follows:

U.S. Participant - \$286.30M
GE Participant - \$29.27M
NL Participant - \$30.77M
Total - \$346.34M

Each Participant will contribute its share according to Table A-2 of Annex A (Project Plan). The Cost Ceilings may only be changed by amendment to this MOU in accordance with Section XIX (Amendment, Withdrawal, Termination, Entry into Force, and Duration).

5.2.1 The shared costs will be shared proportionately based on projected total missile orders. This sharing is reflected in the following formula:
$$S(SM) = (A/B)C.$$

5.2.1.1 "S(SM)" represents the shared costs to be borne by a Participant.

5.2.1.2 "A" represents the SM all-up-round (AUR) order quantities plus 0.5 times the SM mod kit quantities for that Participant. The values for "A" are set forth in Annex A (Project Plan) Table A-1.

5.2.1.3 "B" represents the sum of the individual "A" values of the Participants.

5.2.1.4 "C" represents the shared costs of the effort.

5.2.2 As necessary, each Participant will provide, through its SMCC member, adjustments to their order quantities for all subsequent years. If any Participant's AUR order quantity plus 0.5 times the mod kit order quantity ("A" value) increases or decreases by more than 10% from the original Annex A, the Participant's cost shares in subsequent years will be adjusted by the SMCC in accordance with Section IV (Management (Organization and Responsibility)) paragraph 4.3.5.

5.3 Those costs associated with production and related items and services, including spares intended solely and exclusively for use by a Participant, will be paid by that Participant.

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

5.4.1 Costs associated with national representation at meetings.

5.4.2 Costs associated with any unique national requirements identified by a Participant including costs for Special Tooling and Test Equipment, beyond those described in paragraph 5.3.

5.4.3 Costs incurred by the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor to make alternative arrangements when a Participant is unable to provide at least one person to the IPS.

5.4.4 Costs for CPP and their travel costs.

5.5 The SM PM will be responsible for establishing the detailed Financial Management and Procedures Document (FMPD) under which the Project will operate. These procedures, which must accord with national accounting and audit requirements of the Participants, will be prepared by the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor and will be subject to the review and approval of the SMCC. Where national auditors (for the German Participant the Bundesrechnungshof or its successor) need to obtain specific data or inspect records to be able to fulfill their national obligations, the SM PM will facilitate access to such information.

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

5.7 The cost of GE Participant and NL Participant CPP in the IPS of the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor will be borne as follows by the Parent Participant:

5.7.1 All pay and allowances.

5.7.2 Transportation of the CPP and their personal property to the place of assignment in the Host Participant's nation prior to the CPP's commencement of a tour of duty in the International Project Section of the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor, and return transportation of the foregoing to the place of assignment in the Host Participant's nation upon completion or termination of the tour of duty. The foregoing will apply to the CPP's dependents and their personal property to the extent permitted under the laws and regulations of the government of the Parent Participant.

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

5.7.4 Preparation and shipment of remains and funeral expenses in the event of the death of the CPP or the CPP's dependents, subject to the laws and regulations of the government of the Parent Participant.

5.8 The Participants recognize that it may become necessary for one Participant to incur contractual or other obligations for the benefit of other Participants prior to receipt of other Participant's funds under this MOU. In the event that a Participant incurs such obligations, those Participants will pay their equitable share of such obligations, make funds available in such amounts and at such times as may be required by the obligations, or pay any damages and costs that may accrue from the performance or cancellation of the obligations in advance of the time such payments, damages, or costs are due.

SECTION VI

CONTRACTING PROVISIONS

6.1 The U.S. Participant (acting through the Department of the Navy) will be responsible for Contracting for this MOU in accordance with U.S. Contracting laws, regulations and procedures. The Contracting Officer is the exclusive source for providing contractual direction and instructions to Contractors.

6.2 The SM PM will be responsible for the coordination of activities relating to the Project, and will cooperate with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, and Contract award. The IPS will review relevant contract provisions and statements of work prior to the development of solicitations and contract award to ensure that they are in accordance with this MOU. In addition, the Contracting Officer will keep the SM PM advised of all financial arrangements with the prime Contractor. The SM PM via the IPS will keep all MOU Participants advised of the Contracting process status and any options available during the Contracting process.

6.3 Participants will provide their production requirements prior to the Contracting process. Based on information made available during the Contracting process, Participants will confirm final production requirements prior to Contract award. The Participants expect that the Contract(s) that the Contracting Officer will award for the SM-2 missile production requirements will be fixed price Contracts or a variation thereof.

6.4 The Contracting Officer will negotiate to obtain the rights to use and disclose Project Information required by Section IX (Disclosure and Use of Project 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 IX (Disclosure and Use of Project Information), Section X (Controlled Unclassified Information), Section XII (Security), Section XIII (Third Party Sales and Transfers), and Section XIX (Amendment, Termination, Entry into Effect, and Duration) including suitable provisions to ensure compliance with the Participants' export control laws and 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.

6.5 In the event the Contracting Officer is unable to secure adequate rights to use and disclose Project Information as required by Section IX (Disclosure and Use of Project 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 SMCC for resolution.

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

6.7 The Contracting Officer will immediately advise the SM PM of any cost growth, schedule change, or performance problems of any Contractor for which the Contracting Officer is responsible.

6.8 Upon request of the Contracting Agency, the Participants will provide quality assurance, inspection/acceptance, and Contract audit services in connection with the placement and administration of Contracts and subcontracts in their nations. These services will be provided by each Participant through normal Government administrative agencies.

6.9 Consistent with Section II (Objective) a Participant may contract for their unique national requirements and, upon agreement, for the unique national requirements of other Participants.

SECTION VII

WORK SHARING

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

7.2 In the event of a competition, Contractor sources from all Participants will be permitted to bid on Project work. Each Participant will encourage its Contractors to provide competitive opportunities to sources from the other Participants to participate in the work of the Project, provided that such participation does not adversely impact the Project.

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

SECTION VIII

PROJECT EQUIPMENT

8.1 Each Participant may provide Project Equipment identified as being necessary for implementing the MOU to another Participant. Project Equipment will remain the property of the providing Participant. A list of all Project Equipment provided, including replacement value computed pursuant to the providing Participant's national laws and regulations, by one Participant to another Participant will be developed and maintained by the IPS and approved by the SMCC.

8.2 The receiving Participant will maintain any such Project Equipment in good order, repair, and operable condition. Unless the providing Participant has authorized the Project Equipment to be expended or otherwise consumed without reimbursement to the providing Participant, the receiving Participant will return the Project Equipment to the providing 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 Participant will return the Project Equipment to the providing Participant (unless otherwise specified in writing by the providing Participant) and pay its replacement value as specified in the list mentioned in Paragraph 8.1. If the Project Equipment is lost or stolen while in the custody of the receiving Participant, the receiving Participant will issue a certificate of loss to the providing Participant and pay the replacement value as specified in the list mentioned in Paragraph 8.1.

8.3 The providing Participant will deliver Project Equipment to the receiving Participant at a mutually determined location. Possession of the Project Equipment will pass from the providing Participant to the receiving Participant at the time of receipt of the Project Equipment. Any further transportation is the responsibility of the receiving Participant.

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

8.5 Project Equipment transferred to one Participant under this MOU will be returned to the providing Participant prior to

the withdrawal of either Participant or termination or expiration of this MOU.

8.6 Any Project Equipment which is jointly acquired on behalf of the Participants for use under this MOU will be disposed of during this Project or when the Project ceases, as agreed by the SMCC.

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

SECTION IX

DISCLOSURE AND USE OF PROJECT INFORMATION

9.1 The Participants recognize that successful collaboration depends on full and prompt exchange of information necessary for carrying out this Project. The Participants intend to acquire sufficient Project Information and rights to use such information to enable the production of SM-2. The nature and amount of Project Information to be acquired will be consistent with the objectives stated in Section II (Objective), Section III (Scope of Work), and Section VI (Contracting Provisions). Transfer of such information to Contractors will be consistent with each Participant's applicable export control laws and export control regulations.

9.2 Government Project Foreground Information

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

9.2.2 Use: Each Participant may use all Government Project Foreground Information without charge for Defense Purposes. The 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 XIII (Third Party Sales and Transfers) of this MOU.

9.3 Government Project Background Information

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

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

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

- 9.3.1.3 disclosure is consistent with national disclosure policies and regulations of the furnishing Participant; and
- 9.3.1.4 any disclosure or transfer of such Government Project Background Information to Contractors is consistent with the furnishing Participant's export control laws and export control regulations.

9.3.2 Use: Government Project Background Information disclosed by one Participant to the other Participants may be used without charge by the other Participants for Project Purposes only; however, the furnishing Participant will retain all its rights with respect to such Project Background Information. Where the use of Government Project Background Information is necessary to enable the use of Project Foreground Information, such Government Project Background Information may be used for Defense Purposes.

9.4 Contractor Project Foreground Information

- 9.4.1 Disclosure: Project Foreground Information generated and delivered by Contractors, will be disclosed without charge to the Participants.
- 9.4.2 Use: Each Participant may use without charge for its Defense Purposes all Contractor Project Foreground Information generated and delivered by Contractors of the other Participants. The 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 XIII (Third Party Sales and Transfers) of this MOU.

9.5 Contractor Project Background Information

- 9.5.1 Disclosure: Any Project Background Information, (including information subject to proprietary rights) generated and delivered by Contractors will be made available to the other Participants provided the following provisions are met:

- 9.5.1.1 such Project Background Information is necessary to or useful in the Project, with the Participant in possession of the information determining whether it is "necessary to" or "useful in" the Project;
 - 9.5.1.2 such Project Background Information may be made available without incurring liability to holders of proprietary rights;
 - 9.5.1.3 disclosure is consistent with national disclosure policies and regulations of the furnishing Participant; and
 - 9.5.1.4 any disclosure or transfer of such Contractor Project Background Information to Contractors is consistent with the furnishing Participant's export control laws and export control regulations.
- 9.5.2 Use: Project Background Information furnished by one Participant's Contractors and disclosed to the other Participants may be used without charge by the other Participants for Project Purposes only, and may be subject to further restrictions by holders of proprietary rights; however, the furnishing Participant will retain all its rights with respect to such Project Background Information. Where the use of Contractor Project Background Information is necessary to enable the use of Project Foreground Information, such Contractor Project Background may be used for Defense Purposes in accordance with such fair and reasonable terms as are arranged with the Contractor.

9.6 Alternative Uses of Project Information

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

9.7 Proprietary Project Information

- 9.7.1 All Project Information subject to proprietary interests will be identified and marked, and it will be handled as Controlled Unclassified Information.

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

9.8 Patents

- 9.8.1 Where a Participant owns title to a Project Invention, or has the right to receive title to a Project Invention, that Participant will consult with the other Participants regarding the filing of a Patent application for such Project Invention. The Participant which has or receives title to such Project Invention will, in other countries, file, cause to be filed, or provide the other Participants with the opportunity to file, on behalf of the Participant holding title, or its Contractors, as appropriate, Patent applications covering that Project Invention. If a Participant having filed or caused to be filed a Patent application decides to stop prosecution of the application, that Participant will notify the other Participants of that decision and permit the other Participants to continue the prosecution.
- 9.8.2 The other Participants will be furnished with copies of Patent applications filed and Patents granted with regard to Project Inventions.
- 9.8.3 The other Participants will acquire a non-exclusive, irrevocable, royalty-free license to practice or have practiced, by or on behalf of the Participant, throughout the world for Defense Purposes, any Project Invention.
- 9.8.4 Patent applications to be filed under this MOU which 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 Defense and for Which Applications for Patents Have Been Made, done in Paris on 21 September 1960, and its Implementing Procedures.

9.8.5 Each Participant will notify the other 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 Participants will provide information available to it that may assist in defending the claim. Each Participant will be responsible for handling all Patent infringement claims made in its territory, and will consult with the other Participants during the handling, and prior to any settlement, of such claims. The Participants will share the costs of resolving Patent infringement claims in the same percentage as they share the shared costs of the Project or consent to alternative language. The Participants will, in accordance with their national laws and practices, give their authorization and consent for all use and manufacture in the course of work performed under the Project of any invention covered by a Patent issued by their respective countries.

SECTION X

CONTROLLED UNCLASSIFIED INFORMATION

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

- 10.1.1 Such information will be used only for the purposes authorized for use of Project Information as specified in Section IX (Disclosure and Use of Project Information).
- 10.1.2 Access to such information will be limited to personnel whose access is necessary for the permitted use under subparagraph 10.1.1, and will be subject to the provisions of Section XIII (Third Party Sales and Transfers).
- 10.1.3 Each 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 10.1.2, unless the originating 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 Participant.

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

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

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

SECTION XI

VISITS TO ESTABLISHMENTS

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

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

11.3 Requests for visits by personnel of one Participant to a facility of another 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 the Project.

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

SECTION XII

SECURITY

12.1 All Classified Information provided or generated pursuant to this MOU will be stored, handled, transmitted, and safeguarded in accordance with the Participants' national security laws and regulations.

12.2 Classified Information will be transferred only through official government-to-government channels or through channels approved by the Designated Security Authorities (DSAs) of the 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.

12.3 Each Participant will take all lawful steps available to it to ensure that Classified Information provided or generated pursuant to this MOU is protected from further disclosure except as provided by paragraph 12.9., unless the other Participants consent to such disclosure. Accordingly, each Participant will ensure that:

12.3.1 The recipient will not release the Classified Information to any government, national, organization, or other entity of a Third Party without the prior written consent of the originating Participant in accordance with the procedures set forth in Section XIII (Third Party Sales and Transfers).

12.3.2 The recipient will not use the Classified Information for other than the purposes provided for in this MOU.

12.3.3 The recipient will comply with any distribution and access restrictions on Classified Information that is provided under this MOU.

12.4 Each Participant will maintain the security classifications assigned to information by the originating Participant and will afford to such information the same degree of security protection provided by the originating Participant.

12.5 The Participants will investigate all cases in which it is known or where there are grounds for suspecting that Classified Information provided or generated pursuant to this MOU has been lost or disclosed to unauthorized persons. Each Participant also will promptly and fully inform the other Participants of the

details of any such occurrences, and of the final results of the investigation and of the corrective action taken to preclude recurrences.

12.6 The DSA of a Participant that awards a classified Contract under this MOU 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 provided or generated under this MOU, the recipient Participant will:

- 12.6.1 Ensure that such Contractor, prospective Contractor, or subcontractor and its facilities have the capability to protect the Classified Information adequately.
- 12.6.2 Grant a security clearance to the facility(ies), if appropriate.
- 12.6.3 Grant a security clearance for all personnel whose duties require access to the Classified Information, if appropriate.
- 12.6.4 Ensure that all persons having access to the information are informed of their responsibilities to protect the information in accordance with national security laws and regulations, and the provisions of this MOU.
- 12.6.5 Carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected.
- 12.6.6 Ensure that access to the Classified Information is limited to those persons who have a need-to-know for purposes of the Project.

12.7 The SM PM will prepare a Project Security Instruction and a Classification Guide for the Project. The Project Security Instruction and the Classification Guide will describe the methods by which Project Information will be classified, marked, used, transmitted, and safeguarded. The Instruction and Guide will be developed by the SM PM within three months after this MOU enters into force and forwarded to the SMCC. The Instruction and Guide will be reviewed and forwarded to the Participants' DSAs for final approval and will be applicable to all government and Contractor personnel participating in the Project. The Classification Guide will be subject to regular review and

revision with the aim of downgrading the classification whenever this is appropriate. The Project Security Instruction and the Classification Guide will be approved by the appropriate DSA prior to the transfer of any Classified Information or Controlled Unclassified Information.

12.8 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 only when enforceable measures are in effect to ensure that nationals or 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 Participants will be consulted for approval prior to permitting such access.

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

12.10 Information provided or generated pursuant to this MOU may be classified as high as SECRET.

SECTION XIII

THIRD PARTY SALES AND TRANSFERS

13.1 The U.S. Participant will retain the right to sell, transfer title to, disclose, or transfer possession of Project Foreground Information or any item produced either wholly or in part from Project Foreground Information to Third Parties.

13.2 Participants other than the U.S. Participant will not sell, transfer title to, disclose, or transfer possession of Project Foreground Information, or any item produced either wholly or in part from Project Foreground Information to any Third Party without the prior written consent of the U.S. Government and the other Participants. Furthermore, the Participants other than the U.S. Participant will not permit any such sale, disclosure, or transfer by others, including the owner of the item, without the prior written consent of the U.S. Government and the other Participants. The Participants recognize that such sales, disclosures, or other transfers will not be authorized by the Participants unless the government of the intended recipient consents in writing that it will:

13.2.1 Not retransfer, or permit the further retransfer of, any equipment or information provided; and

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

13.3 A Participant will not sell, transfer title to, disclose, or transfer possession of Project Background Information or Project Equipment provided by another Participant to any Third Party without the prior written consent of the government of the Participant which provided such equipment or information. The providing Participant's government will be solely responsible for authorizing such transfers and, as applicable, specifying the method and provisions for implementing such transfers.

SECTION XIV

LIABILITY AND CLAIMS

14.1 For liability arising out of, or in connection with, activities undertaken in the performance of official duty in the execution and for the benefit of the Project, the following provisions will apply.

14.2 Each Participant waives all claims against the other Participants in respect to damage caused to its military or civilian personnel or damage caused to its property by personnel or agents (which do not include contractors) of another Participant. If however, such damage results from reckless acts or reckless omissions, willful misconduct or gross negligence of a Participant, its personnel or agents, the costs of any liability will be borne by that Participant alone.

14.3 Claims from third parties for damage of any kind caused by one of the Participants' personnel or agents will be processed by the most appropriate Participant, as determined by the Participants. The cost incurred in satisfying such claims will be borne by the Participants in the same percentage as they share the shared costs of the Project. If however, such liability results from the reckless acts or reckless omissions, willful misconduct or gross negligence of a Participant's personnel or agents, the costs of any liability will be borne by that Participant alone.

14.4 In the case of damage caused to or by jointly acquired property of the Participants, where the cost of making good such damage is not recoverable from other persons, such cost will be borne by the Participants in the same percentage as they share the shared costs of the Project.

14.5 Claims arising under any Contract awarded pursuant to Section VI (Contracting Provisions) will be resolved in accordance with the provisions of the Contract. The Participants will not indemnify Contractors against liability claims by any other persons. However, in exceptional circumstances (e.g., involving certain nuclear activity or other unduly hazardous activity where the cost of insurance is excessively high) the Participants may consider whether to indemnify Contractors against liability claims by any other persons.

SECTION XV

ADDITION OF NEW PARTICIPANTS

15.1 It is recognized that potential additional participants may wish to join the MOU.

15.2 Unanimous consent of the Participants will be required to conduct discussions with potential additional participants. The Participants will discuss the arrangements and formulate the provisions under which additional participants might join. This will require an amendment to this MOU by the Participants.

SECTION XVI

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

16.1 Insofar as existing laws and regulations of the Participants permit, the Participants will endeavor to ensure that readily identifiable taxes, customs, duties and similar charges or quantitative/qualitative restrictions on imports and exports will not be imposed in connection with this Project.

16.2 The Participants concerned will endeavor to ensure that such taxes, customs, duties and similar charges from which relief is available as aforesaid do not enter into the price of information or materials produced under this Project. The Participants will administer such taxes, customs, duties and similar charges in the manner most favorable to the satisfactory execution of the arrangements described in this MOU.

16.3 If taxes, customs, duties, or similar charges are levied, they will be borne by the Participant of the country in which they are levied as a cost to that Participant over and above that Participant's shared costs of the Project.

16.4 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 or 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 method of apportionment of such duties between EU member Participants will be decided by consultation. They will be levied as a cost over and above the relevant Participant's shared costs of the Project.

SECTION XVII

SETTLEMENT OF DISPUTES

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

SECTION XVIII

GENERAL PROVISIONS

18.1 The working language for the MOU will be the English language.

18.2 All data and information generated and provided under this MOU and its implementing Contracts and provided by one Participant to the other Participants will be furnished in the English language.

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

SECTION XIX

AMENDMENT, WITHDRAWAL, TERMINATION, ENTRY INTO EFFECT, AND DURATION

19.1 This MOU may be amended by written amendment signed by the Participants.

19.2 In the event of a conflict between a Section of this MOU and any Annex to this MOU, the Section will prevail.

19.3 If any Participant considers it necessary to withdraw from this MOU, it will promptly notify the other Participants and the matter will be subject to immediate consultation among the Participants to enable them to fully evaluate and determine the consequences. Any Participant may withdraw from this MOU upon 90 days written notification to the other Participants.

19.3.1 A withdrawing Participant will meet in full its commitments, financial or otherwise, up to the end of the effective date of withdrawal.

19.3.2 Except as to Contracts awarded on behalf of the Participants under this MOU, each Participant will be responsible for its own Project-related costs associated with the withdrawal of a Participant.

19.3.3 For Contracts awarded on behalf of the Participants, the withdrawing Participant will pay any Contract modification or Contract termination costs incurred under Contracts that would otherwise not have been incurred but for the decision to withdraw from this MOU. However, the total financial contribution by any withdrawing Participant, including Contract modification or termination costs, will in no event exceed the amount the withdrawing Participant would have contributed had it remained in this MOU.

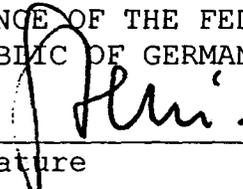
19.3.4 All Project Information and rights therein received under the provisions of this MOU prior to withdrawal will be retained by the Participants.

19.4 This MOU may be terminated at any time upon the unanimous written consent of the Participants. In the event the Participants consent to terminate this MOU, the Participants will consult prior to the date of termination to ensure termination on the most economical and equitable provisions.

19.5 The respective benefits and responsibilities of the Participants regarding Section VIII (Project Equipment), Section IX (Disclosure and Use of Project Information), Section X (Controlled Unclassified Information), Section XII (Security), Section XIII (Third Party Sales and Transfers), and Section XIV (Liability and Claims), and this Section XIX (Amendment, Withdrawal, Termination, Entry into Effect, and Duration) will continue to apply notwithstanding termination of, withdrawal from or expiration of this MOU.

19.6 This MOU, which consists of 19 sections and 2 Annexes, will enter into effect upon signature by all Participants and will remain in effect for 15 years.

FOR THE FEDERAL MINISTRY OF
DEFENCE OF THE FEDERAL
REPUBLIC OF GERMANY



Signature

Harald Stein

Name

Vicepresident

Title

20.10.2004

Date

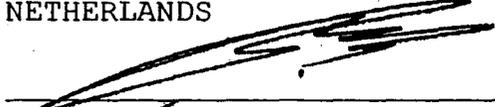
BwB - Koblenz

Location

19.5 The respective benefits and responsibilities of the Participants regarding Section VIII (Project Equipment), Section IX (Disclosure and Use of Project Information), Section X (Controlled Unclassified Information), Section XII (Security), Section XIII (Third Party Sales and Transfers), and Section XIV (Liability and Claims), and this Section XIX (Amendment, Withdrawal, Termination, Entry into Effect, and Duration) will continue to apply notwithstanding termination of, withdrawal from or expiration of this MOU.

19.6 This MOU, which consists of 19 sections and 2 Annexes, will enter into effect upon signature by all Participants and will remain in effect for 15 years.

FOR THE MINISTER OF DEFENCE
OF THE KINGDOM OF THE
NETHERLANDS



Signature

RADM P.S. Bedet
Name

Chief of Naval Materiel
Title

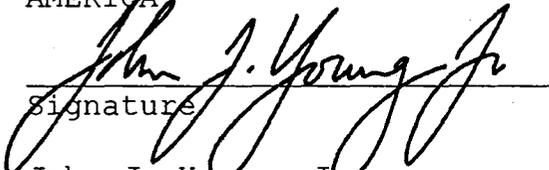
21 October 2004
Date

The Hague, The Netherlands
Location

19.5 The respective benefits and responsibilities of the Participants regarding Section VIII (Project Equipment), Section IX (Disclosure and Use of Project Information), Section X (Controlled Unclassified Information), Section XII (Security), Section XIII (Third Party Sales and Transfers), and Section XIV (Liability and Claims), and this Section XIX (Amendment, Withdrawal, Termination, Entry into Effect, and Duration) will continue to apply notwithstanding termination of, withdrawal from or expiration of this MOU.

19.6 This MOU, which consists of 19 sections and 2 Annexes, will enter into effect upon signature by all Participants and will remain in effect for 15 years.

FOR THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF
AMERICA


Signature
John J. Young, Jr.
Name

Assistant Secretary of the
Navy (Research, Development,
and Acquisition)
Title

3 Dec 2004
Date

Washington, DC
Location

ANNEX A

PROJECT PLAN

1.1 This Project Plan provides details of the cooperative production program of SM-2 under this MOU. This Project encompasses the cooperative production of SM-2 BLK IIIA missiles for the GE Participant procurements, SM-2 BLK IIIA missiles for the NL Participant procurements, and SM-2 BLK IIIB missiles and missile modification kits for U.S. Participant procurements.

1.2 Initially single year contracts will be awarded. The U.S. Department of the Navy may decide in the future to pursue a multi-year contract strategy. Contract payments will be made in accordance with the provisions of the Financial Management Procedures Document (FMPD). Deliveries will commence approximately 24 months after Contract award.

1.3 Estimated order quantities are identified in Table A-1. Missile modification kits are considered equivalent to one half a missile. The Participants will confirm their order quantities for a given year with the SM PM.

Table A-1. U.S. Participant, GE Participant, and NL Participant Fiscal Year (FY) Order Quantities

| <u>ESTIMATED ORDER QUANTITIES</u> | <u>FY04-FY05</u> | <u>FY06</u> | <u>FY07</u> | <u>FY08</u> | <u>FY09</u> | <u>FY10</u> | <u>TOTAL</u> | <u>SHARE</u> |
|--|------------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|
| United States of America (U.S.) | | | | | | | | |
| SM-2 BLK IIIB Missiles | 150 | 75 | 75 | 75 | 75 | 75 | 525 | |
| SM-2 BLK IIIB Mod Kits | 150 | 75 | 75 | 75 | 25 | 75 | 475 | 82.7% |
| Federal Republic of Germany (GE) | | | | | | | | |
| SM-2 BLK IIIA Missiles | 39 | 29 | 10 | 0 | 0 | 0 | 78 | 8.4% |
| The Kingdom of the Netherlands (NL) | | | | | | | | |
| SM-2 BLK IIIA Missiles | 23 | 4 | 28 | 7 | 8 | 12 | 82 | 8.9% |
| TOTAL | 287 | 146 | 150 | 120 | 95 | 125 | 923 | 100.0% |

Table A-2. Estimated Participant Shared Cost Breakdown (Then Year \$M)

| <u>CONTRIBUTIONS</u> | <u>FY04-FY05</u> | <u>FY06</u> | <u>FY07</u> | <u>FY08</u> | <u>FY09</u> | <u>FY10</u> | <u>FY11-19</u> | <u>COST CEILINGS</u> |
|----------------------|------------------|-------------|-------------|-------------|-------------|-------------|----------------|----------------------|
| U.S. | 75.85 | 39.64 | 40.83 | 42.05 | 43.32 | 44.61 | 0 | 286.30 |
| GE | 4.88 | 5.00 | 5.12 | 5.27 | 4.43 | 4.56 | 0 | 29.27 |

| | | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|---------------|
| NL | 8.16 | 4.26 | 4.39 | 4.52 | 4.65 | 4.79 | 0 | 30.77 |
| | | | | | | | | |
| TOTAL | 88.89 | 48.90 | 50.34 | 51.84 | 52.40 | 53.96 | 0 | 346.34 |

1.4 The plan set out in Section IV (Management (Organization and Responsibility) paragraph 4.5.13 will address the following duties:

- 1.4.1 Define the quantities of missiles, spares, associated support/test equipment and production services to be purchased.
- 1.4.2 Obtain funds to procure missiles, spares, associated support/test equipment and production services.
- 1.4.3 Finalize spend plans and budgets for missiles, spares, associated support/test equipment and production services.
- 1.4.4 Attend periodic cooperative project production reviews.
- 1.4.5 Resolve problems cooperatively through periodic Production team reviews.

ANNEX B

COOPERATIVE PROJECT PERSONNEL

1.0 Purpose and Scope

1.1 This Annex establishes the provisions that will govern the conduct of Cooperative Project Personnel (CPP). The Parent Participant will assign military members or civilian employees to the Host Participant project office in accordance with this Annex. CPP must be able to perform all the responsibilities assigned to them under this MOU. 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 SMCC will determine the length of tour for the positions at the time of initial assignment.

1.2 CPP will be assigned to the Host Participant's project office for work associated with this MOU and will report to the SM PM regarding that work. The SM 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 SMCC. CPP may act as liaison officers on non-MOU work on a case-by-case basis, if authorized by the Host Participant upon the request of the CPP's Participant. Such CPP may act from time to time on behalf of their respective SMCC member if the former is so authorized in writing.

1.3 CPP will not be assigned to 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 SM PM will establish the 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 (Objective) and Section III (Scope of Work) of this MOU, and will be kept to the minimum required to accomplish the work assignments.

2.2 The Parent Participant will file visit requests for the CPP through prescribed channels in compliance with the Host Participant's procedures.

2.3 The Host Participant and Parent Participant will use their best efforts to ensure that CPP assigned to the Host Participant's program office are aware of, and comply with, applicable laws and regulations as well as the requirements of Section X (Controlled Unclassified Information), Section XI (Visits to Establishments), Section XII (Security), and paragraph 19.4 of Section XIX (Amendment, Withdrawal, Termination, Entry into Force/Effect, and Duration) of this MOU and the provisions of the PSI and CG.

2.4 Upon or shortly after a CPP's arrival, the SM PM will be responsible for informing CPP about applicable laws, orders, regulations, and customs and the need to comply with them. 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. 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 Project 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 XII (Security), and the PSI and CG.

2.6 CPP will not have personal custody of Classified Information or Controlled Unclassified Information unless approved by the Host Participant and as authorized by the Parent Participant. They will be granted access to such Information in accordance with Section X (Controlled Unclassified Information), Section XII (Security), and the PSI during normal duty hours at the Host Participant's program office when access is necessary to perform Project work.

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

3.0 Technical and Administrative Matters

3.1 Consistent with 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. Further, to the extent authorized by Host Participant's government laws and regulations, CPP and their authorized dependents will be accorded:

3.1.3 Exemption from any Host Participant's government tax upon income received from the Parent Participant.

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

3.2 CPP will also be provided briefings arranged by the Host Participant's project office regarding entitlements, privileges, and obligations such as:

3.2.1 Any medical and dental care that may be provided to CPP and their dependents at Host Participant medical facilities, subject to the requirements of applicable laws and regulations, including reimbursement requirements.

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 Host Participant PM will, in consultation with the CPP, establish standard operating procedures for CPP in the following areas:

3.3.1 Working hours, including holiday schedules.

3.3.2 Leave authorization, consistent to the extent possible with the military and civilian personnel

regulations and practices of the Host Participant and Parent Participant.

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

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

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