

**CUSTOMER CONTRACT REQUIREMENTS
ARROW MISSILE PRODUCTION PROGRAM (AMPP)
CUSTOMER CONTRACT H724-1100 (F)**

CUSTOMER CONTRACT REQUIREMENTS

If Form GP1 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 29. If Form GP2 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 28. If Form GP3 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 41. If Form GP4 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 31. If this contract is for the procurement of commercial items, as defined in FAR Part 2.101, see Section 3 below.

1. The following customer contract articles/clauses apply to this contract.

SUB-ARTICLE 2.4–SUBCONTRACTORS. Sub-Article 2.4 applies to all subcontractors.

- a. Seller recognizes that changing any of the subcontractors that it engaged in the framework of the AECPP Contract may have an impact on the Qualification of Seller Items and the Authorization of the U.S. AWS Co-Production Infrastructure. Accordingly, Seller shall avoid as much as possible changing any of its subcontractors during the performance of this Contract. To the extent Seller wishes to engage (or change) any Subcontractor(s) for the performance of any of its tasks under this Contract, it shall obtain the written approval of Boeing before engaging (or changing) such Subcontractor(s). Seller shall ensure that all such Subcontractor(s) are highly skilled, expert and competent in the area for which they are engaged. Notwithstanding the foregoing, Seller shall not be required to obtain Boeing's prior approval of subcontractor(s) of standardized parts and components, unless such change will have an impact on the Qualification of the Seller Items or the Authorization of the U.S. AWS Co-Production Infrastructure.
- b. Notwithstanding its use of any subcontractor(s) and Boeing's approval thereof, Seller shall be fully responsible for any tasks performed by such subcontractor(s) and/or any of the Seller Items (or parts thereof) manufactured or otherwise supplied by such subcontractor(s). Seller also shall be responsible for ensuring that its subcontractor(s) comply with Seller's obligations under this Contract (including, but not limited to, handling, use and disclosure of IAI, AECPP and AMPP Information, and handling, use and safeguarding of IAI, AECPP and AMPP Property).

ARTICLE 3–U.S. AWS CO-PRODUCTION INFRASTRUCTURE AND AMPP PROPERTY AND INFORMATION

- a. Applies to all subcontractors who have IAI, AECPP and/or AMPP Property and Information; **except for ATK** which shall receive this Article in its entirety less sub-article 3.4.

3.1. Title and Use

- (a) Seller hereby acknowledges and agrees that:
 - (i) it has no right, title or interest in IAI, AECPP and/or AMPP Property and Information other than the rights to possess and use such property and information for the purposes of performing this Contract;
 - (ii) IAI is considered to be the owner and/or sole authorized representative of the owner(s) of the IAI, AECPP and AMPP Property and Information;
 - (iii) it shall look to and follow IAI's directions with respect to all matters relating to the IAI, AECPP and AMPP Property and Information (including, but not limited to, its use, handling, transfer and safeguarding) in the performance of this Contract. Upon Boeing's written request, Seller shall return/transfer to IAI/Boeing (and/or a third party designated by

IAI/Boeing) all of IAI, AECPP and AMPP Property and Information and all materials derived therefrom (including work in process, raw materials, supplies, and components);

- (iv) it shall not create or permit to be created, suffer any lien upon or encumber, and shall discharge promptly at Seller's sole expense, any liens, charges, pledges, claims or demands attributable to or caused by Seller or its subcontractor (s) that may attach to any of the AMPP Property and Information while such property and information is in the possession or control of Seller and/or its subcontractor (s);
- (v) no part of the U.S. AWS Co-Production Infrastructure shall be used for any purpose other than performance by Seller and its subcontractor (s) of this Contract; and
- (vi) Seller will not sell or offer the Seller Items for sale to anyone other than Boeing without Boeing's prior written consent.

3.2. Notice of Loss - Seller shall be responsible for the risk of loss, destruction or damage to the AMPP Property and Information while in Seller's or its subcontractors' care, custody or control. Seller shall obtain and maintain insurance coverage for the AMPP Property and Information. In the event of any loss of or destruction or damage to the AMPP Property and Information or any part thereof, Seller shall immediately notify Boeing in writing of any such loss, destruction or damage.

3.3. (a) Marking - Seller shall clearly mark, maintain an inventory of, and identify each item of AMPP Property as such (including, if applicable, the provider of such items). Seller and its subcontractors shall maintain written records of all AMPP Property and Information that is in its care, custody or control.

(b) Transfer - Seller and its subcontractor (s) shall not sell, lease, lend or otherwise transfer title to or possession of, or disclose, (as applicable) any of the AMPP Property and Information to any third party except as authorized by Boeing. IAI shall have the sole authority for permitting such transfers of AMPP Property and Information, as applicable, specifying the methods and conditions for implementing such transfers.

(c) License - IAI, in its own right and as the sole authorized representative of the owner (s), hereby grants Boeing and Boeing's subcontractors a royalty-free license to use the IAI Information, AMPP Information and AECPP Information for the purposes of performing its obligations under this Contract. Seller may, subject to obtaining Boeing's prior written approval, sub-license such IAI Information, AMPP Information and AECPP Information to its subcontractors.

3.4. Non-Disclosure Agreement - For the avoidance of doubt, proprietary and/or confidential information furnished by either Party under this Contract shall be maintained in accordance with the Non-Disclosure Agreement (NDA) between Boeing and Seller, which is incorporated herein by reference and made an integral part of this Contract.

3.5. Without derogating from the foregoing provisions of this Article, Seller's responsibilities under this Article with respect to AMPP Property and Information shall also include those obligations set forth in FAR 45.505 to and including 45.505-14; 45.506; 45.507; 45.508 to and including 45.508-3; 45.509 to and including 45.509-2; 45.510; 45.511, as applicable.

3.6. The Parties recognize the importance of the protection and preservation of IMOD's and IAI's rights in AMPP Property and Information. Accordingly, Seller (and its subcontractors holding such property and information) shall provide Boeing and IAI with any and all assistance that IAI may reasonably request in order to register and demonstrate the rights and interests of IMOD and IAI in and to the AMPP Property and Information (including, without limitation, UCC-1 filings, and registrations with the United States Patent and Trademark Office).

- 3.7 Nothing contained herein shall be implied (or otherwise construed) to limit Seller's obligations with respect to the IAI and AECPP Property and Information under Article 4 of the AECPP Contract.

ARTICLE 6—INSPECTION AND TESTING

- a. Sub-articles 6.1, 6.3, and 6.5 apply to all subcontractors except Messier, Eagle Picher, and Wildwood.
- 6.1 The Seller Items shall be inspected and tested in accordance with the provisions of this contract. The Seller Items shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Boeing shall perform inspections, surveillance and tests on a non-interference basis.
- 6.3 If Boeing performs an inspection, review or test on Seller's or its subcontractors' premises, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties. Seller shall provide Boeing's personnel, upon request, with all written and other information required for performance of such inspections, reviews, tests, meetings, etc.
- 6.5 Upon Boeing's request, Seller shall provide Boeing with reports and information regarding any specific delays, disruptions, or problems encountered by Seller in the performance of this Contract.

Sub-articles 6.2, 6.4, and 6.6 are intentionally excluded.

ARTICLE 9—CONFIDENTIALITY AND SECURITY

- a. Shall apply in its entirety to all subcontractors who receive, handle, use, etc. classified information.
- b. Subcontractors who do not receive, handle, use, etc. classified information shall abide by the requirements of 9.7 only as implemented in the Non-Disclosure Agreements between Boeing and such subcontractors.
- 9.1 Seller shall act in accordance with the security and confidentiality provisions established in the ASIP Agreement clauses and the security guidelines and classifications formulated on the basis of these provisions.
- 9.2 All classified information or material (as determined under the relevant laws/regulations of Israel and the United States of America) transferred or provided to, or generated by, either Party with respect to this Contract (or the AECPP Contract) shall be stored, handled, transmitted, and safeguarded in accordance with the relevant security agreements between the Governments of Israel and the United States of America, including the General Security of Information Agreement, the Arrow System Improvement Program Agreement and the current Security Classification Guide. U.S. Contractors shall comply with DOD 5220.22M (NISPOM).
- 9.3 Classified information and material shall be transferred only through official government-to-government channels or through channels approved by the relevant governmental security authorities. Such information and material shall bear a label designating the level of classification; denote the country of origin, the conditions of release, and the fact that the information relates to this Contract.
- 9.4 Seller shall take all steps to ensure that all classified information and materials transferred or provided to, or generated by, it with respect to this Contract shall be used only in accordance with the relevant laws/regulations, for the purposes permitted in this Contract and shall ensure that access to such classified information and materials is limited to those persons who possess the requisite security clearances and have a specific need for access to such information and materials in order to participate in this Contract. Seller shall flow down to its subcontractors and vendors these measures for safeguarding the use, handling, disclosure, storage, and transmittal of information and materials.
- 9.5 Seller shall not disclose or transfer classified information and/or materials to any third part whatsoever without the prior written approval of Boeing and the relevant governmental authorities.

- 9.6 The Parties shall use the existing EDE channel for the transfer of non-classified information only. Use of the said EDE for classified information shall be subject to the approval of appropriate governmental authorities.
- 9.7 Controlled Unclassified Information provided or generated under this Contract shall be handled in accordance with the provisions of the NDA and controlled as follows:
- a. Such information shall be used only for the purposes provided in this Contract.
 - b. Access to such information shall be limited to personnel whose access is necessary in order to participate in the AMP Program.
 - c. Seller shall not further disclose such information unless Boeing consents to such disclosure.
 - d. Nothing contained herein shall be construed to derogate in any way the obligations or responsibilities of the Parties as set forth in the NDA.

ARTICLE 10-WARRANTY. This warranty article applies to all subcontractors and specifically replaces the Warranty clause in any Boeing General Provision.

- a. Seller warrants that all Goods furnished under this contract shall conform to all specifications and requirements of this contract and shall be free from defects in materials and workmanship. To the extent Goods are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the Goods shall be free from design and specification defects. This warranty shall survive inspection, test and acceptance of, and payment for, the Goods. This warranty shall run to Buyer and its successors, assigns, and customers (including Israel Aircraft Industries Ltd. which shall have the right to directly exercise rights under this warranty during the period of this warranty). Such warranty shall begin after Buyer's final acceptance. Buyer may, at its option, either (i) return for credit or refund, or (ii) require prompt correction or replacement of the defective or non-conforming Goods. Return to Seller of defective or non-conforming Goods and redelivery to Buyer of corrected or replaced Goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to this article and the "Inspection" article of this contract in the same manner and to the same extent as Goods originally delivered under this contract, but only as to the corrected or replaced part or parts thereof. Even if the parties disagree about the existence of a breach of this warranty, Seller shall promptly comply with Buyer's direction to: (i) repair, rework or replace the Goods, or (ii) furnish any materials or parts and installation instructions required to successfully correct the defect or nonconformance. If the parties later determine that Seller did not breach this warranty, the parties shall equitably adjust the contract price.
- b. Seller warrants that any hardware, software, and firmware Goods delivered under this contract shall be able to accurately process date/time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it. The duration of this warranty and the remedies available to Buyer for breach of this warranty shall be as defined in, and subject to, the other warranties contained in this contract, provided that notwithstanding any provision to the contrary in such warranties, the remedies available to Buyer under this warranty shall include repair or replacement of any non-compliant Goods discovered and made known to Seller in writing. Nothing in this warranty shall be construed to limit any rights or remedies Buyer may otherwise have under this contract with respect to defects other than year-2000 performance.

SUB-ARTICLE 13.9-ACCOUNTING PRACTICES (ATK Version). Shall apply to ATK only with the exception of 13.9(d) (which shall be replaced with a reference to the relevant forward pricing agreement between the subcontractor and the U.S. Government).

- (a) Seller's accounting practices applied to the Basic Portion (and Exercised Options) (FFP basis) part of this Contract shall be the same as the practices currently disclosed and applied on all other contracts being performed by Seller with the U.S. Government.
- (b) Seller shall consistently follow its U.S. Government approved cost accounting practices in accumulating and reporting contract performance cost data concerning this Contract. If any change in such cost accounting practices is approved by the U.S. Government, the change must be applied prospectively to this Contract.
- (c) Seller shall comply with the provisions of FAR Part 31 with regard to allowability, reasonableness and allocability as they apply to this Contract, to the same extent as it does in its contracts with the U.S. Government. However, U. S. Government unallowable cost items, if any, may be allowed for the performance of this Contract after express agreement of Boeing/IAI. If Seller proposes any unallowable costs, they will be identified and quantified and submitted to Boeing/IAI for prior approval.
- (d) Seller's pricing in this Contract is based on the Forward Pricing Rate Agreement (FPRA) _____ dated _____. For avoidance of doubt, changes to the above FPRA shall not be a basis for modifications of the Basic Portion (FFP) and Option (FFP) prices, except for Changes (e.g. new work or equitable adjustments).

SUB-ARTICLE 13.9-ACCOUNTING PRACTICES (All suppliers except ATK). Applies to all subcontractors except ATK.

- a. Subcontractors shall use the same cost and pricing methodologies and estimating principles that were used to price their contracts for any claims relating to contract changes, modifications, termination, and follow-on procurements and provide supporting rationale for all costs and pricing.

ARTICLE 33-GOVERNMENT MANAGEMENT, OVERSIGHT AND CONTROL. Applies to all subcontractors.

- 33.1. The IMOD and U.S. Government Arrow Program Office ("APO") have management, oversight and control powers with respect to the AMP Program. Seller undertakes to extend to the IMOD any assistance required for the exercise of its management, oversight and control powers.
- 33.2. For said purpose IMOD's representative in all that pertains to and derives from this Contract shall be the director of the IMOD Arrow Program Administration or anyone acting on his behalf. Supplier undertakes to cooperate with the IMOD representatives and to aid them in the performance of their function. Without derogating from the general nature of the foregoing, Supplier shall place at Boeing's disposal all the information and/or documents and/or data required by Boeing.
- 33.3. For classified contracts only, Supplier shall be subject to the security directives and guidelines found in the National Industrial Security Program Operating Manual (NISPOM), DOD-5220.2-M. The Proprietary Information Agreement between Boeing and Supplier governs disclosure of unclassified proprietary information.
- 33.4. Without derogating from the foregoing IMOD and the U.S. Dept. of Defense ("DOD") shall have the following rights with regard to this contract:
 - (a) to review performance, technical and schedule aspects of this contract, including receiving copies of technical data, ECPs, price proposals, engineering drawings, computer software and listing and test data generated by the Supplier.

- (b) to monitor the Supplier schedule
- (c) to manage and control transfer of IAI, AECPP and/or AMPP Property and Information whether furnished by Boeing, IAI or acquired.
- (d) to maintain an oversight of the security aspects of the contract, including reviewing and obtaining approval for transfer of classified information.
- (e) IAI/MLM, IMOD and DOD shall have the right, at reasonable times during the course of the performance of this contract and subject to coordination with Boeing and Supplier, to review, on a non-interference basis, the work performed for this contract. Access may be limited due to security or export control matters. During each review, Boeing shall provide, and shall require its Subcontractors to provide, all reasonable support and assistance (including the necessary security and export approvals) as well as access to all relevant drawings, documentation, test results and reports for IAI/MLM's, IMOD's and DOD's representatives.

2. The following provision applies to this contract.

CLASSIFIED MATERIAL. Subcontractors awarding second-tier subcontracts which involve classified material or the handling of classified information will prepare second-tier DD Forms 254 in accordance with the Industrial Security Manual and will forward the completed DD Forms 254 through the Boeing Materiel Organization issuing this contract for review and Government Contracting Officer approval. The Boeing Materiel Organization will obtain Government Contracting Officer approval and furnish copies of approved DD Forms 254 to the subcontractor.