

**Overarching Principles  
Between The Department of The Air Force  
and  
AlliedSignal Inc.  
Concerning Use of Alternative Dispute Resolution Processes**

The Department of the Air Force (Air Force) and AlliedSignal Inc. share a mutual objective to supply the America's warfighters with technologically advanced and reliable equipment in a timely manner to promote swift, safe and successful accomplishment of the national defense mission. Drawn out litigation consumes resources and funds, detracting from this mission accomplishment. We recognize that for many business disputes there is a less expensive, more effective method of resolution than the traditional lawsuit. Alternative Dispute Resolution (ADR) procedures involve collaborative techniques which can often spare the Air Force and AlliedSignal the high cost and wear and tear of litigation.

In recognition of the foregoing, we confirm our mutual commitment to use of ADR processes in accordance with the following principles:

- Conduct our existing and prospective future business in a manner that will avoid or minimize disputes.
- Following contract award, all Air Force/AlliedSignal teams are encouraged to jointly review a particular contract's goals and objectives and identify all potential obstacles to its timely and effective completion. The team will periodically assess progress and success in overcoming these obstacles.
- Resolve all contractual issues in controversy at the program/contract execution level whenever possible, recognizing that the best knowledge of the issues involved is generally at the program level. and that resolution of problems at the contract execution level fosters teamwork in pursuing mutually satisfactory solutions.
- In the event an issue in controversy cannot be resolved through contracting officer negotiation, ADR, which involves various collaborative techniques to facilitate resolution, should be used to settle the dispute in lieu of litigation.
- Air Force and AlliedSignal management will be advised in a timely manner of any failure to make satisfactory progress in a dispute resolution at the contract executive level and will work together to support use of ADR to achieve settlement.