Overarching Principles Between The Department of The Air Force and The Boeing Company Concerning Use of Alternative Dispute Resolution Processes

The Department of the Air Force (Air Force) and The Boeing Company (Boeing) share a mutual objective to supply 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, if successful, can forestall expensive and disruptive legal proceedings.

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/Boeing 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.

- ADR processes may be invoked by agreement of the parties before, after or concurrent with submission of a claim by either party in accordance with the Contract Disputes Act of 1978 (as set forth in FAR Clause 52.233-1).

- Air Force and Boeing management will be advised in a timely manner of any failure to make satisfactory progress in a dispute resolution at the contract

execution level and will work together to support use of ADR to achieve settlement.

- Consistent with FAR 33.214, specific ADR collaborative techniques, timelines and identification of neutrals appropriate to the issues in controversy will be mutually agreed to in writing before the ADR process begins.

- If it is necessary for the parties to protect information during the ADR process, the parties will enter into a confidentiality agreement to maintain such information in confidence to the extent permitted by law.

- It is not the intention of the parties to alter, supplement or deviate from the contract(s) and the legal rights and obligations of the parties set forth therein. Any changes to the contract(s) must be executed in writing by authorized contracting officials.

- In the event the ADR process does not produce results satisfactory for either party or if either party believes the issue in controversy is not suitable for ADR techniques, the dispute resolution process set forth in the Contract Disputes Act of 1978 (as set forth in FAR Clause 52.233-1) shall be followed,

Darleen A. Druyun 28 Oct 98

DARLEEN A. DRUYUN
Principal Deputy Assistant Secretary (Contracting)
of the Air Force (Acquisition & Management)

Harry C. Stonecipher

HARRY STONECIPHER
President and Chief Operating Officer
The Boeing Company

Overarching Principles Between The Department of the Air Force and Lockheed Martin Corporation Concerning Use of Alternative Dispute Resolution Processes

The Department of the Air Force and Lockheed Martin Corporation share a mutual objective to supply 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 Lockheed Martin 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/Lockheed Martin 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, will be considered to settle the dispute in lieu of litigation.

- Air Force and Lockheed Martin management will be advised in a timely manner of any failure to make satisfactory progress in a dispute resolution at the contract execution level and will work together to either achieve settlement or to support use of ADR, where appropriate.

- Specific ADR collaborative techniques, timelines and identification of neutrals appropriate to the issues in controversy will be mutually agreed to in writing before the ADR process begins.

- If it is necessary for the parties to protect information during the ADR process, the parties will enter into a confidentiality agreement to maintain such information in confidence to the extent permitted by law.

- It is not the intention of the parties to alter, supplement or deviate from the contract(s) and the legal rights and obligations of the parties set forth therein. Any changes to the contract(s) must be executed in writing by authorized contracting officials.

- In the event the ADR process does not produce results satisfactory for either party or if either party believes the issue in controversy is not suitable for ADR techniques, the dispute resolution process set forth in the Contract Disputes Act of 1978 (as set forth in FAR Clause 52.233-1) shall be followed.

11-6-98

DARLEEN A. DRUYUN
Date
Principal Deputy Assistant Secretary (Contracting)
of the Air Force (Acquisition & Management)

10/27/98

Peter B. Teets
Date
President and Chief Operating Officer
Lockheed Martin Corporation