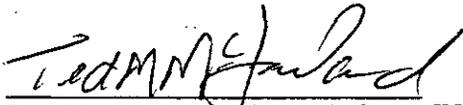


**ACQUISITION AGREEMENT**  
**BETWEEN**  
**THE UNITED STATES GOVERNMENT (USG)**  
**AND**  
**THE NATO AEW&C PROGRAMME MANAGEMENT ORGANIZATION (NAPMO)**  
**FOR**  
**ACQUISITION OF THE NATO E-3A AIRCRAFT, ENGINES**  
**AND RELATED ARTICLES AND SERVICES**

17 January, 2001

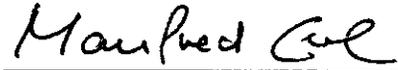
AMENDMENT NUMBER FIVE TO  
NATO E-3A ACQUISITION AGREEMENT  
17 January, 2001

This amendment reorganizes and updates the NATO E-3A Acquisition Agreement, which is amended to read as follows.



Ted M. McFarland, Maj Gen, USAF  
Assistant Deputy Under Secretary  
of the Air Force  
International Affairs

DATE: December 6, 2000



M. Erl  
Brigadier General, GEAF  
General Manager, NAPMA

DATE: 17 Jan 2001

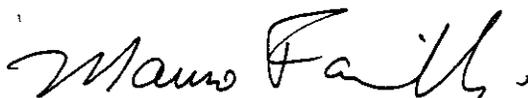


Countersignature: James A. McQuality  
Office of the Comptroller, DSCA

DATE: 18 DEC 2000

CERTIFICATION OF AUTHENTICITY

I hereby certify that, in the course of its official duties, the Armaments Cooperation Division (SAF/IAPQ), Office of the Deputy Under Secretary of the Air Force (International Affairs) maintains custody of the original signed copy of the Acquisition Agreement between the United States Government (USG) and the NATO AEW&C Programme Management Organization (NAPMO) for Acquisition of the NATO E-3A Aircraft, Engines and Related Articles and Services. The attachment is a true and certified copy of the original document.



MAURO FARINELLI, Col, USAF  
Chief, Armaments Cooperation Division  
Deputy Under Secretary of the Air Force  
International Affairs

AGREEMENT  
BETWEEN  
THE UNITED STATES GOVERNMENT (USG)  
AND  
THE NATO AEW&C PROGRAMME MANAGEMENT ORGANIZATION (NAPMO)  
PERTAINING TO THE ACQUISITION OF THE NATO E-3A AIRCRAFT  
AND RELATED ARTICLES AND SERVICES BY NAPMO

Pursuant to the Multilateral Memorandum of Understanding (MMOU) among NATO Ministers of Defense on the NATO E-3A Cooperative Programme signed at Brussels, Belgium, December 6, 1978, as addended December 1990 and amended and supplemented (hereinafter referred to as "the MMOU, as addended"), the USG agrees to sell, and the NAPMO agrees to buy, defense articles and services according to terms and conditions contained in Section I of this Agreement. In addition, this Agreement includes the acquisition of 18 E-3A aircraft, engines, and the modernization of these aircraft and related support procured under Section II (Agency Arrangement).

This Acquisition Agreement provides the best-estimated costs currently available for acquiring the NATO E-3A aircraft, engines, and the modernization of these aircraft. Cost estimates are based on the assumption that the US Secretary of Defense will implement US legislation authorizing waivers of surcharges and charges otherwise required to be applied.

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## FOREWORD

This Agreement includes the United States Government (USG) system acquisition services required for procurement of the airborne component of the NATO E-3A AEW&C system and the related modernization efforts and system improvements as agreed by the NAPMO and the USG.

This Acquisition Agreement is structured into three sections. Section I sets forth the terms and conditions under which the USG provides the DOD articles and services described in Appendix 1. Section II, the Agency Arrangement, describes the arrangements pursuant to which the USG acts as the NAPMO's agent. The items which the USG will procure as agent for the NAPMO are described in Appendix 2. Section III, General Provisions, describes general terms and conditions applicable to the entire Acquisition Agreement. Agent Acquisition and Management services (as set forth in Appendix 1) are provided by the USG as a foreign military sale under the US Arms Export Control Act.

SECTION I

TERMS AND CONDITIONS

APPLICABLE FOR FOREIGN MILITARY SALES OF DOD ARTICLES

AND SERVICES LISTED AND DESCRIBED IN APPENDIX 1

A. The USG:

1. Agrees to furnish such items from its Department of Defense (hereinafter referred to as "DOD") stocks and resources, or to procure them under terms and conditions consistent with DOD regulations and procedures except as noted in this Agreement. When procuring for the NAPMO, the DOD shall, in general, employ the same contract clauses, the same contract administration, and the same inspection procedures as would be used in procuring for itself, except as otherwise requested by the NAPMO and as agreed by the DOD. Unless the NAPMO has requested that a sole source contractor be designated, and this Agreement reflects acceptance of such a request by the DOD, the NAPMO understands that selection of the contractor sources is solely the responsibility of the USG. Further, the NAPMO agrees that the USG is solely responsible for negotiating the terms and conditions of all contracts necessary to fulfill the requirements of this Agreement.

2. Advises that when the USG procures for itself, its contracts include warranty clauses only on an exceptional basis. The USG shall, with respect to items being procured, and upon timely notice, attempt to the extent possible to obtain any particular or special contract provisions and warranties desired by the NAPMO. The USG further agrees to exercise, upon the NAPMO's request, any rights (including those arising under any warranties) the USG may have under contract connected with the procurement of any items. Any additional cost resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties or any other rights that the USG may have under any contract connected with the procurement of items, shall be charged to the NAPMO.

3. (a) Shall repair or replace at no extra cost articles supplied from USG stocks which are damaged or found to be defective in respect of material or workmanship, when it is established that these deficiencies existed prior to passage of title, or are found to be defective in design to such a degree that the items cannot be used at all for the purpose for which they were designed. Qualified representatives of the USG and the NAPMO, upon notification pursuant to paragraph B.9. below, shall agree on the liability of the USG hereunder and the corrective steps to be taken.

(b) With respect to items being procured for sale to the NAPMO, agrees to exercise warranties on behalf of the NAPMO pursuant to paragraph A. 2. above to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective.

(c) In addition, warrants the title of all items sold to the NAPMO hereunder. The USG, however, makes no warranties other than those specifically set forth herein. In particular the USG disclaims any liability resulting from patent infringement occasioned by the use or manufacture, by or for the NAPMO, outside the United States, of items supplied hereunder.

4. Agrees to deliver and pass title to the NAPMO of defense articles at the initial point of shipment unless otherwise specified in this Agreement. With respect to defense articles procured for sale to the NAPMO, delivery and title passage will normally be at the manufacturer's loading facility; with respect to defense articles furnished from USG stocks, this will normally be at the US depot. Articles will be packed, crated or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" is specified otherwise than the initial point of shipment, the supplying USG Agency will arrange movement of the items to the authorized delivery point of

shipment. The USG disclaims liability for damage to, or loss of the items incurred after passage of title, irrespective of whether transportation is by common carrier or by the US Defense Transportation System.

5. Advises that:

(a) Unless otherwise specified, USG standard items will be furnished without regard to make or model.

(b) The price of all articles and services to be procured shall be at their total cost to the USG.

(c) The price of items provided from USG stocks shall, in the case of defense articles not intended to be replaced by the USG, be not less than the actual value thereof; or, in the case of defense articles intended to be replaced by the USG, shall be the estimated cost of replacement of such articles including the contract or production costs less any depreciation in the value of such articles. The USG will, in writing, advise the NAPMO of all revisions of estimated total costs, and of payment requirements and of all delays which might affect delivery dates. The USG shall immediately give notification to the NAPMO of any significant changes in costs, or delays which might significantly affect delivery dates. The failure of the USG to so advise shall not affect the NAPMO's obligations under paragraphs B.1. and B.3. below.

(d) The USG will use its best efforts to deliver items or render services for the amount specified and at the times quoted.

6. Under unusual and compelling circumstances when the national interest of the United States so requires, the USG reserves the right to cancel or suspend all or part of this Agreement

at any time prior to the delivery of defense articles or performance of services (including training). The USG shall be responsible for all termination costs of its suppliers resulting from cancellations or suspensions under this paragraph.

7. Shall refund to the NAPMO any payments received hereunder which prove to be in excess of the final total cost of delivery of the defense articles and services.

8. Advises that personnel performing defense services provided under this Agreement will not perform any duties of a combatant nature, including any duties relating to training, advising or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of these defense services.

9. Advises that in the assignment or employment of United States personnel for the performance of this Agreement, the USG will not take into account race, religion, national origin or sex.

10. Advises that, notwithstanding the NAPMO's agreement to pay interest on any net amount by which the NAPMO may be in arrears on payment (as provided for in paragraph B.6. below), USG funds will not be used for disbursements to its contractors in the event of any such arrears in payments. Accordingly, failure by the NAPMO to make timely payments in the amounts due may result in delays in contract performance by contractors, claims by contractors for increased costs (including the above mentioned interest costs), claims by contractors for termination liability for breach of contract or termination of contracts by the USG under this Agreement.