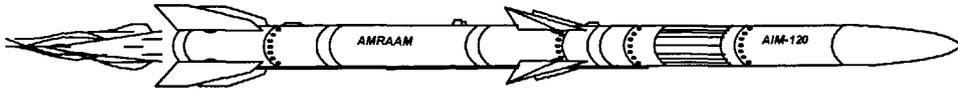


ADVANCED MEDIUM RANGE AIR-TO-AIR MISSILE (AMRAAM)



MISSILE PRODUCTION

AMRAAM ALTERNATIVE DISPUTES RESOLUTION (ADR) PLAN

YA-98-03

Dated 13 Apr 98



PREPARED BY:
AIR-TO-AIR JOINT SYSTEMS PROGRAM OFFICE

NATIVE DISPUTE RESOLUTION PROCESS PLAN FOR AMRAAM PROGRAM

CONCEPT: An Alternative Dispute Resolution (ADR) process is intended to provide a mechanism to resolve disputes, that have not been resolved by negotiation, and avoid the prolonged expensive alternative of litigation. The AMRAAM Joint Systems Program Office (JSPO) and the Raytheon Systems Corporation, Raytheon Missiles Systems Company (RMSC), have executed a Partnering Agreement for the AIM-120 Program which recognizes the desirability of using ADR for dispute resolution. All disputes under all AIM-120 contracts may be subject to this process. The process which follows is unique. It reflects the willingness of the AMRAAM JSPO and RMSC to take risks, go where others have feared to trust, to achieve a superior program experience.

Step I.

The Partners will initially rely on good faith negotiations to resolve differences of opinion. Recognizing that there are, on occasion, issues upon which reasonable persons differ and are not susceptible to being resolved by negotiation, one of the Partners, believing they are at an impasse, may request and, upon mutual agreement of the Partners, proceed to Step II

Step II.

Believing to be at an impasse in negotiations, the Partners may request the exchange of "white papers". Within 20 calendar days, the Partners will provide each other a description of the dispute, the facts relating to the dispute, and such other information and representations that each Partner believes are relevant to understanding the dispute. The final section of the white paper will be a proposed resolution of the dispute, an offer of settlement, to which the drafter is willing to agree.

The white paper will be no more than 10 pages long, on 8.5" x 11" paper, single spaced with one-inch margins. Having simultaneously exchanged the white papers, the Partners may resume negotiations or either Partner may request and, upon mutual agreement of the Partners, proceed to Step III.

Step III.

Unable to reach a settlement in Step II, the Partners may request that the issue be reviewed by an ADR Panel. The Panel will convene within 20 calendar days of the request, contingent upon the availability of the Panel members, and will be composed of three persons, a Chair and two members. The members will be selected by a cross nomination and selection process. Each Partner will propose three members and the other partner will select a member from that list. The Chair of the Panel will be selected by mutual agreement of the Partners. Each Partner will propose five persons from which the Partners will select the Chair. Depending on the nature of the dispute, the Partners will then agree whether (1) the Chair of the Panel will mediate/facilitate resolution of the dispute, or (2) the full Panel will hear the presentations of each Partner and render a nonbinding decision. At least 10 days prior to

convening the Panel, the white papers previously exchanged at the end of negotiations will be provided to the Panel members and the Partners will determine the length of the presentations. It is anticipated that a Panel proceeding would take no longer than one day, including deliberations, except under the most exceptional circumstances.

Having decided how long the presentations may be, each Partner can use the time as it sees fit to engage the issue in dispute. However, as this is an “Alternative” Dispute Resolution Process in lieu of formal litigation, each Partner is encouraged to limit its participation to only those persons principally involved in the dispute and to avoid a litigative atmosphere. If there is a disagreement in defining the issue to be heard by the Panel, the Chair will assist the Partners to define the issue before the Panel convenes. The proceeding may be by narrative description, presentation of documents or such other explanation that will be helpful to the Panel in resolving the dispute.

The presentations to the Panel will be confidential and in a closed proceeding. Only the Partners and the Panel or other person mutually agreed upon will be present. The presentations before the panel as well as the “white papers” and any other information or materials prepared for ADR will not be available for use in any subsequent legal proceeding, or court. The proceedings shall not be released outside the Partners and the Panel except as mandated by law. The privacy protections at the Panel are intended to promote the full and open presentation of the facts and positions of the Partners; prompt resolution of the dispute will thus be promoted. At all times, the Panel Chair may act in the role of a mediator to help bring the Partners to common ground and resolve the dispute. Further, the Partners are encouraged at any point in time to achieve a resolution of the issues on their own.

The findings and recommendation of the Panel will be nonbinding upon the Partners and will be held in confidence between them and the Panel unless disclosure is mandated by law.

The membership of the Panel will be selected thirty (30) days upon determination of the need. The Panel will be briefed on the overall AIM-120 program immediately after selection and then updated at least biannually. Any Panel member, including the Chair, will be replaced at the request of either Partner. Costs for the Panel will be shared equally by the AMRAAM JSPO and RMSC.

CHUCK ANDERSON
Vice President, Air-to-Air Missiles
Raytheon Systems Company

JUDY A. STOKLEY
System Program Director, Air-to-Air JSPO