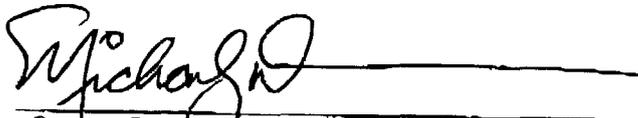


Medium Expendable Launch Services

Alternative Dispute Resolution Memorandum of Agreement Between The Department of the Air Force and McDonnell Douglas Corporation A Wholly Owned Subsidiary of the Boeing Company

1. The Department of the Air Force (Air Force), and McDonnell Douglas Corporation (collectively the Parties) have entered into contract(s) F04701-87-C-0005 and F04701-93-C-0004 to acquire Medium Expendable Launch Services. This (These) contract(s) contain(s) the "Disputes" clause (52.233-1) to implement the contract Disputes Act of 1978. However, as contemplated by FAR 32.214, the parties also recognize that Alternative Dispute Resolution (ADR) procedures involving collaborative techniques may be used as an alternative to Disputes Clause procedures in order to avoid the disruption and high cost of litigation which detracts from mission accomplishment.
2. The Parties agree that they will try to resolve all issues in controversy arising under or related to the contract by negotiation and mutual agreement at the contracting officer's level. If these negotiations are unsuccessful, the parties agree to consider use of one or more of the ADR processes contemplated by FAR 32.2 to reduce or eliminate the need for litigation. The Parties further agree that, depending on the facts and circumstances of each case, an ADR process must be structured to allow sufficient time to exchange and analyze any information necessary to obtain and justify a settlement.
3. Consistent with FAR 33.214, in cases where the parties decide to use ADR, the parties will prepare and agree to a specific, written ADR agreement appropriate to the controversy, before the ADR process begins. The agreement should normally address the following (as appropriate): authorized representatives for each party, ADR techniques and processes to be utilized and procedures to be followed; methods for the exchange of information; a schedule and procedures for any discovery proceedings, including how to limit discovery/factual exchange; appointment and payment of neutrals; possible audit requirements to justify a settlement; confidentiality; at what point the parties will begin negotiations; and a provision for termination of the agreement.
4. The decision to use ADR is mutual between the Government and the contractor. If the contracting officer rejects a contractor's request to use ADR proceedings, the contracting officer shall provide the contractor a written explanation citing one or more of the conditions in 5 U.S.C. 572(b) or such other specific reasons that ADR procedures are inappropriate for the resolution of the dispute. See 41 U.S.C. 605(e) and FAR 33.214(b). In any case where a contractor rejects the government's request to use ADR proceedings, the contractor shall inform the agency in writing of the contractor's specific reasons for rejecting the request.

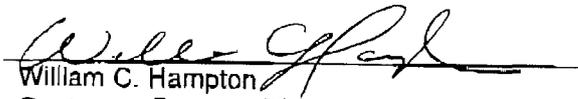
5. It is not the intent of the parties that this agreement alter, supplement or deviate from the terms and conditions of any contract(s) between the parties, or the legal rights and obligations of the parties set forth therein. Any changes to that contract(s) must be executed in writing by authorized contracting officials.
6. In the event either party believes a particular ADR proceeding is not well-suited to ADR, or is dissatisfied with progress being made in a particular ADR proceeding, that party may elect to abandon the ADR process and proceed as otherwise provided under contract, regulation or statute. Nothing in this Agreement shall be deemed to prevent either party from preserving and exercising its legal rights and remedies during the ADR process.


System Program Director

28 Sep 99
Date


Program Director of Contracts

9/24/99
Date


William C. Hampton
Contractor Program Director

9/13/99
Date


Philip R. Slack
Contractor Director of Contracts

9/17/99
Date