



September 29, 2003

Mr. Joseph M. McDade
Assistant Deputy General Counsel
(Dispute Resolution)
1740 Air Force Pentagon
Washington, D.C. 20330

Dear Mr. McDade:

Enclosed is the Statement of Principles on ADR, signed by me on behalf of Bechtel National, Inc.

We very much support the use of ADR in the resolution of disputes, and are encouraged to see that the Air Force is also supportive of ADR.

Very truly yours,

Sandra P. Ogden
Principal Vice President
and General Counsel

SPO/ns
Attachment

**Statement of Principles Regarding the Use of
Alternative Dispute Resolution Processes
Between
The Department of The Air Force
and
Bechtel National, Inc.**

The Department of the Air Force and Bechtel National, Inc. share the objective of supplying America's war fighters with technologically advanced and reliable services in a timely manner to promote swift, safe and successful accomplishment of the national defense mission. Litigation unnecessarily consumes scarce and expensive resources and detracts from this mission. For most disputes, Alternative Dispute Resolution (ADR) is a less expensive and more effective method of resolution than the traditional legal remedies. ADR procedures involve collaborative techniques that can spare both the Air Force and Bechtel National, Inc. the expenses and burdens of litigation.

In recognition of the foregoing, we affirm our commitment to use ADR processes by agreeing to the following principles. We agree to:

- Conduct our business in a manner that will avoid or minimize disputes.
- Utilize a cooperative philosophy throughout the acquisition life cycle. In furtherance of this principle, all Air Force/Bechtel National, Inc. teams are encouraged to conduct joint reviews of the contract's goals and objectives, identify potential obstacles to the contract's timely and effective completion, and periodically assess progress toward overcoming these obstacles.
- Resolve all contract issues at the lowest possible level. This principle recognizes that: 1) the detailed knowledge of the issues is generally at the program level; and, 2) the resolution of problems at that level fosters teamwork in pursuing mutually satisfactory solutions.
- If an issue cannot be resolved through negotiation, the parties shall, in lieu of litigation, endeavor to use ADR to facilitate resolution. Air Force and Bechtel National, Inc. management will be kept advised of the progress in resolving these issues whether through negotiation or through ADR techniques.

- Consistent with FAR 33.214, the Air Force and Bechtel National, Inc. will, before initiating the use of ADR for a particular matter, agree in writing to specific ADR collaborative techniques, timelines and identification of neutrals appropriate to the issues in controversy.
- If it is necessary for the parties to protect information during the ADR process, the parties will enter into a confidentiality agreement sufficient to maintain such information in confidence to the extent permitted by law.
- It is not the intention of the parties for this agreement to alter, supplement or deviate from the terms and conditions of contract(s) between the parties 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.
- If either party believes a particular issue is not well-suited to ADR, or is dissatisfied with progress being made in a particular ADR proceeding, that party may, after good faith efforts to resolve the issue, elect to opt out of the ADR processes and proceed as otherwise provided under contract, regulation or statute. Nothing in this Statement of Principles shall prevent either party from preserving its legal rights and remedies during the ADR process.

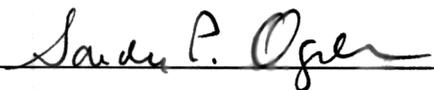
Joseph M. McDade
Assistant Deputy General Counsel
(Dispute Resolution)
Department of the Air Force



Date

10/5/03

Sandra P. Ogden
General Counsel
& Principal Vice President
Bechtel National, Inc.



Date

9/30/03

Statement of Principles – ADR