

Overarching Principles

Between The Department of The Air Force and United Technologies Corporation

Concerning Use of Alternative Dispute Resolution Processes

The Department of the Air Force (Air Force) and United Technologies Corporation (UTC) share the mutual objective of supplying 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.

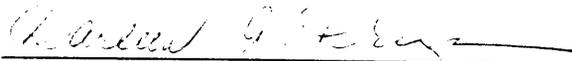
Litigation consumes resources and funds and detracts from this objective. We mutually recognize that there are less expensive, more effective methods of resolving many business disputes than traditional litigation. Alternative Dispute Resolution (ADR) procedures involve collaborative techniques which can often spare the Air Force and UTC the high cost and disruption of litigation.

In recognition of the foregoing, we confirm our mutual commitment to use ADR processes in accordance with the following principles:

- We will conduct our existing and future business relations in a manner calculated to avoid contract disputes;
- Following contract award and periodically thereafter during contract performance, Air Force and UTC teams are encouraged to jointly review each contract's requirements and to identify potential obstacles to timely contract performance and completion;
- Both parties will attempt to resolve all contractual issues at the program/contracting officer level whenever possible, recognizing that the best knowledge of the facts and issues and the resolution of problems at that level fosters teamwork in pursuing mutually satisfactory solutions;
- In the event an issue cannot be resolved at the program/contracting officer level, ADR will be explored as a possible means to settle the dispute in lieu of litigation;
- Senior Air Force and UTC management will be advised in a timely manner of any failure to make progress in a dispute resolution at the

program/contracting officer level and will work together to support use of ADR to achieve settlement;

- Consistent with FAR 33.214, specific ADR 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 appropriate confidentiality agreements, to the extent permitted by law;
- It is not the intention of the parties to alter, supplement or deviate from the terms and conditions of extant or future contract(s), and the legal rights and obligations of the parties set forth therein. Any changes to existing contract(s) resulting from the ADR process must be executed in writing by authorized contracting officials of each party; and
- In the event either party believes that a particular dispute is not well-suited to ADR, or is dissatisfied with progress being made in a particular ADR proceeding, that party may elect to opt out of the ADR processes and proceed as otherwise provided under contract, regulation, or statute.



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DARLEEN A. DRUYUN

Principal Deputy Assistant Secretary of the Air Force
(Acquisition & Management)



PATRICK J. GNAZZO 2/19/99

Vice President - Business Practices
United Technologies Corporation