



INTELLECTUAL PROPERTY RIGHTS AGREEMENT

BETWEEN

BAE SYSTEMS PLC

AND

THE SECRETARY OF STATE FOR DEFENCE

Pursuant to Undertakings given by BAE SYSTEMS PLC to the Office of Fair Trading on 23 March 2000 and accepted by the Secretary of State for Trade and Industry on 28 March 2000

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THIS AGREEMENT IS MADE THE 25th DAY OF MAY 2000

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BETWEEN

BAE SYSTEMS PLC (formerly known as British Aerospace Public Limited Company ("BAe")) (Company Registration No. 1470151) whose registered office is situated at Warwick House, PO Box 87, Farnborough Aerospace Centre, Farnborough, Hampshire, GU14 6YU, hereinafter referred to as "BAES", and

THE SECRETARY OF STATE FOR DEFENCE OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND acting primarily through the Defence Procurement Agency of the Ministry of Defence located at Abbey Wood, Bristol, BS34 8JH hereinafter referred to as "the Authority".

WHEREAS

- (A) On 27 April 1999 BAES agreed with The General Electric Company Plc ("GEC") the proposed merger of GEC's defence electronic business Marconi Electronic Systems ("MES") with BAES;
- (B) The merger came within the jurisdiction of Council Regulation (EEC) No. 4069/89 on the control of concentrations between undertakings ("the EC Merger Regulation");
- (C) BAES was requested, under the former Article 223(1)(b) of the EC Treaty, not to notify the military aspects of the merger to the European Commission under the EC Merger Regulation referred to at (B) above;
- (D) The military aspects of the merger were consequently considered by Her Majesty's Government under national merger control law;
- (E) The Authority has power under Section 75(1) of the Fair Trading Act 1973 to make a merger reference to the Competition Commission and, under Section 75G(1), to accept undertakings as an alternative to making such a reference;
- (F) The Authority requested that the Director General of Fair Trading seek undertakings from BAES in order to remedy or prevent the adverse affects of the merger;
- (G) Certain Undertakings (dated 20 March 2000) were consequently provided to the Office of Fair Trading by BAES;

- (H) The Secretary of State for Trade and Industry announced on 28 March 2000 that he accepted the Undertakings given by BAES;
- (I) One of the Undertakings, Undertaking 11, related to Access to Intellectual Property Rights and Technical Information for Follow-On Work;
- (J) Undertaking 11 requires BAES to enter into a legally binding agreement with the Authority on or before 31 May 2000 to implement and be fully consistent with Principles of Agreement set out in Annex B to the Undertakings and reproduced in this Agreement at Annex I.

WHEREFOR IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS

In this Agreement the following definitions shall apply:

- 1.1 "ROF Scheme": The Scheme made on 20 December 1984 by the Secretary of State for Defence pursuant to the Ordnance Factories and Military Services Act 1984.
- 1.2 "Products": products
 - (a) supplied by BAES or by any Subsidiary as defined at 1.12 below (a list of which is attached at Annex III), and
 - (b) either in service with the Armed Forces of the UK Government or in the course of procurement therefor as of 29 November 1999.
- 1.3 "Old DEFCON 15": DEFCON 15 Edition 8/74 or the equivalent provision of the ROF Scheme relating to those Products whose design was not funded under the Royal Ordnance Factories Trading Fund.
- 1.4 "New DEFCON 15": DEFCON 15 Edition 2/98.
- 1.5 "DEFCON 16": DEFCON 16 Edition 2/98.
- 1.6 "COTS Products": Products comprising Commercial-Off-The-Shelf Products bought directly from BAe or MES and (in respect of the ROF Scheme) those Products whose design was funded under the Royal Ordnance Factories Trading Fund.
- 1.7 "Technical Information": a manufacturing data pack ("MDP") as defined by UK DID MDP (Issue 2/98) or an Operation, or Repair and Maintenance Pack ("RMP") consisting of documentation



selected from the publications listed in Annex D to the Ministry of Defence Guidelines for Industry No. 10 [The Application of Intellectual Property (IP) DEFCONs] to the extent that the contents of such MDP and RMP exist in recorded form and are in the ownership or control of BAES at the relevant time.

- 1.8 "Intellectual Property": includes patents, registered designs, design rights, topography rights, copyright, database rights and other rights in information.
- 1.9 "Modification": means a change to the build standard of a Product and the expressions "to Modify" and "Modified" shall be interpreted accordingly.
- 1.10 "For the Services of the United Kingdom Government": means anything done in relation to Products owned or used by the Authority, under the authority of, or to the order of a Minister of the Crown in pursuance of authority vested in the Minister by Parliament.
- 1.11 "Repair and Maintenance": means activity to maintain Products in an operable conditions including:
- (a) maintenance of records of defects and reliability;
 - (b) the identification of replacements for Products that become obsolete;
 - (c) the preparation and application of procedures and arrangements (including safety procedures) for removing Products from and reinstalling them in an operational system, and for handling, storing, transporting, packaging and labelling Products;
 - (d) inspection and testing of Products to check calibration and performance and to detect and identify faults;
 - (e) dismantling Products;
 - (f) preparation and application of repair schemes;
 - (g) reassembling Products after repair, or incorporation of modifications, including the incorporation of replacement or new parts;
 - (h) testing and calibrating of Products prior to, during or after reassembly and after reinstallation in an operational system;
 - (i) reworking or reconditioning of Products;

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but excluding redesign or manufacture of any replacement or new parts, or the design of any modification.

- 1.12 "Subsidiary": means an ex-BAe or ex-MES business which was on 28 March 2000 a wholly owned UK subsidiary of BAES (a list of which is attached at Annex III), and "Subsidiaries" shall be construed accordingly.

2. SPECIAL PRE-EXISTING ARRANGEMENTS

The terms set out in this Agreement shall be without prejudice to:

- (a) the Authority's right to rely on pre-existing rights in relation to a Product where it is in the Authority's interests to do so, and
- (b) BAES' right to rely on terms already agreed or extensions of the Authority's rights granted under special agreements (a non-exhaustive list of which is attached at Annex II hereto) relating to, or a procurement contract for, a Product rather than those set forth in Clause 3 onwards below.

3. CONFIDENTIALITY AND INVOLVEMENT OF THIRD PARTIES

- 3.1 All Technical Information which is provided to the Authority in accordance with this Agreement is disclosed in confidence and shall only be copied, disclosed and used in accordance with the provisions of this Agreement. The Authority shall ensure that all disclosures of Technical Information to any third party shall be under express conditions of confidentiality between the Authority and the third party, and shall procure, at the request of BAES, a direct confidentiality agreement in the form of DEFFORM 94.
- 3.2 Before disclosing Technical Information to a third party for the exercise of its rights under this Agreement in any instance, the Authority shall upon giving 60 days notice to BAES prior to disclosure:-
- (a) inform BAES of the identity of the third party and the purpose of the disclosure;
 - (b) afford to BAES a reasonable opportunity to make representations as to why the disclosure should not be made in that instance; and
 - (c) afford to BAES an opportunity to review the Technical Information which the Authority proposes to disclose, to

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remove therefrom any matter that is unnecessary and to apply a suitable proprietary or other legend thereto.

- 3.3 The Authority shall ensure that Technical Information released to any third party as a consequence of the operation of this Agreement is limited to that necessary for the task on which the third party is engaged.
- 3.4 BAES shall not be obliged to infringe the pre-existing rights of third parties nor to set aside pre-existing obligations to third parties in respect of the provision of Technical Information or the grant of rights hereunder.
- 3.5 Where the Authority invites third parties to bid for work requiring the exercise of its rights under this Agreement it shall include BAES in the competition.

4. OLD DEFCON 15 PRODUCTS

- 4.1 Subject to the provisions of this Agreement and to the rights of third parties, in respect of a Product which the Authority shows to the reasonable satisfaction of BAES is subject to Old DEFCON 15, but not New DEFCON 15 or DEFCON 16, the Authority and any other United Kingdom Government Department shall have the right to do any of the following:
- 4.1.1 anywhere in the world for the Services of the United Kingdom Government to copy, in whole or in part, and use Technical Information previously delivered to the Authority or available to the Authority on request under Old DEFCON 15:
- (i) to define the relevant interfaces to enable Products to interface or co-operate with other equipment and to use the resultant interfaces for the purposes of designing, developing and manufacturing such other equipment;
 - (ii) to design, develop and produce trainers and simulators relating to Products;
 - (iii) to design, develop and produce jigs, tools, and test equipment relating to Products;
 - (iv) to manufacture Products or, where the development of a process or material was specifically called for in the Schedule of Requirements in the relevant contract that included

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Old DEFCON 15, to use that process or to produce that material;

- (v) to Modify the design of Products, including the carrying out of design investigations, or where the development of a process or material was specifically called for in the Schedule of Requirements of the relevant contract that included Old DEFCON 15, to Modify that process or material and to produce design, manufacturing, user and other documentation relating to the Modifications or to the Modified Design;
- (vi) to dismantle, scrap or other wise destroy any Product.

4.1.2 to sell, hire, lease or otherwise dispose of anything manufactured in exercise of the rights granted under Clause 4.1.1 above, which is either outworn or surplus stock.

4.1.3 to request in writing the delivery of any parts of the MDP identified in that request as being subject to this Agreement and not previously delivered in pursuance of Old DEFCON 15 subject to the prior agreement of fair and reasonable payment terms reflecting the cost of its reproduction and supply by BAES and to use it in the exercise of the Authority's rights under Clause 4.1.1 above.

4.1.4 to request in writing the delivery of a RMP identified in that request as being subject to this Agreement and subject to the prior agreement of fair and reasonable payment terms with BAES reflecting the cost of its reproduction and supply.

4.1.5 to copy, in whole or in part, and use Technical Information delivered in pursuance of Old DEFCON 15 or provided under Clauses 4.1.3 or 4.1.4 above:

- (i) to carry out Maintenance and Repair of Products owned or in use by the Authority;
- (ii) to design, develop and produce jigs, tools and test equipment for the in-service support of Products;
- (iii) to dismantle, scrap or otherwise destroy any Products;

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- (iv) to operate Products.

PROVIDIED THAT nothing in this Clause 4.1 shall be construed as giving the Authority rights in relation to the manufacture of parts of Products.

- 4.2 If the Authority sells, hires, leases or otherwise disposes of any Product subject to old DEFCON 15, the Authority may supply relevant user handbooks and maintainer information previously supplied by BAES or ex-BAe or ex-MES business (or copies thereof) to the recipient and permit the recipient to copy and use such information for operation and maintenance of any such Product.

5. COTS PRODUCTS

- 5.1 Subject to the provisions of this Agreement and to the rights of third parties, in respect of a COTS Product including a Product which the Authority cannot show to the reasonable satisfaction of BAES is subject to Old DEFCON 15, New DEFCON 15 or DEFCON 16, the Authority and any other United Kingdom Government Department shall have the right to do any of the following:-

- 5.1.1 anywhere in the world for the Services of the United Kingdom Government to copy, in whole or in part, and use Technical Information previously delivered to the Authority by, or available to the Authority from, BAES or ex-BAe or ex-MES business on request by virtue of provisions in past contracts for such COTS Products PROVIDED THAT the Authority is able to show the existence of such provisions to the reasonable satisfaction of BAES:

- (i) to carry out Maintenance and Repair of Products owned or in use by the Authority;
- (ii) to design, develop and produce jigs, tools and test equipment for the in-service support of Products;
- (iii) to dismantle, scrap or otherwise destroy any Products;
- (iv) to operate Products,

- 5.1.2 to request in writing the delivery of Technical Information identified in that request as being subject to this Agreement and subject to the prior agreement of fair and reasonable payment terms with BAES reflecting the cost of its reproduction and supply,

- 5.1.3 to use an MDP delivered in accordance with Clause 5.1.2 above for work comprising the manufacture of spare parts for such COTS Products, PROVIDED THAT this right shall not extend to the manufacture of spare parts the first sale of which was made less than 10 years before the proposed date of use.
- 5.1.4 to use a RMP delivered in accordance with Clause 5.1.2 above for work comprising any of the activities listed in Clause 5.1.1 (i) to (iv) above.

6. PAYMENTS FOR THE USE OF TECHNICAL INFORMATION

6.1 Except as provided in Clauses 6.2 and 6.3 below or as otherwise provided for in this Agreement, the exercise by the Authority of the rights given by Clauses 4 and 5 above shall be free of charge.

6.2 The exercise by the Authority of the rights given under sub-Clauses

- (a) 4.1.1(ii),
- (b) 4.1.5(i), 4.1.5(ii), 4.1.5(iii) where a RMP is used, and
- (c) 5.1.1(i) to 5.1.1(iii), 5.1.3 and 5.1.4 (except to operate Products (Clause 5.1.1(iv)))

shall be subject to the prior agreement of fair and reasonable payment terms with BAES.

6.3 Subject to the rights of the Crown arising otherwise than under this Agreement, BAES shall be entitled to claim payment under the provisions of Section 55 to 59 of the Patents Act 1977 or the first schedule to the Registered Designs Act 1949 in respect of any patented invention or registered design owned or controlled by BAES and used in the exercise of the rights granted under this Agreement PROVIDED THAT BAES shall have declared the existence of relevant patents and registered designs at the time of bidding for the work.

7. INTELLECTUAL PROPERTY (GENERAL)

7.1 Subject to the provisions of Clause 3 above the rights set out in Clauses 4.1, 4.2 and 5.1 of this Agreement may be exercised by the Authority itself, any other United Kingdom Government



Department or any agent acting on behalf of, or a contractor in pursuance of a contract with, the Authority or any such Department PROVIDED THAT such rights shall not be so exercised except where the Authority confirms on a case by case basis to the satisfaction of BAES that a need to do so has arisen.

7.2 The rights granted to the Authority, and to any other United Kingdom Government Department, under this Agreement are additional to any rights under any other contract. The rights include the right to copy and to issue any Technical Information the subject of this Agreement as necessary to prospective tenderers for the purposes of establishing their interest in tendering and of preparing tenders for anything to be done or proposed to be done pursuant to this Agreement.

7.3 Nothing in this Agreement shall affect the rights of BAES in or grant to the Authority or any other United Kingdom Government Department any rights in, any Intellectual Property not covering the Products.

8. **CONSIDERATION FOR INITIAL PRODUCTION**

The Authority's obligations, if any, whether arising under Old DEFCON 15 or otherwise, to give consideration to placing, or to place, any production order for Products with BAES are unaffected by the provisions of this Agreement.

9. **MODIFICATIONS**

The rights of the Authority under Clause 4.1.1(v) above shall not be exercised unless BAES is unwilling to accept or unable to perform a contract on fair and reasonable terms for the Modifications required, and in that event, the Authority shall, upon receipt of a written request from BAES, ensure that BAES is provided with one copy of all information delivered to the Authority in relation to any such Modification. The Authority shall grant or procure for BAES the right to be granted a licence to use, have used and sub-license in any part of the world any Intellectual Property covering such information for the purposes of manufacture, selling and supporting any Product on fair and reasonable terms as between willing licensee and willing licensor.

10. **LIABILITY**

In the event that Technical Information to which this Agreement applies is used by or for the Authority otherwise than for the purpose for which it was supplied, BAES shall have no liability whatsoever for any direct

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or indirect consequences, including losses, damages or injuries caused to the Authority or any third party, arising from its use.

11. **CLARIFICATION OF INFORMATION**

At the request of the Authority, or any other United Kingdom Government Department, at any time during the period for which BAES is required by any contract to retain the Technical Information relating to a Product BAES shall, subject to the availability of resources and within the United Kingdom, provide assistance to the Authority, the other United Kingdom Government Department or their agents or contractors in exercising the rights granted under this Agreement insofar as they relate to that Product. Such assistance shall be limited to that required to enable a third party of similar skill to BAES in the relevant area of technology to interpret any Technical Information supplied as a consequence of this Agreement. BAES shall be entitled to payment by the Authority or other United Kingdom Government Department on fair and reasonable terms for any such assistance provided.

12. **MARKING**

Any Technical Information supplied in accordance with this Agreement may be marked by BAES with a copyright and/or restrictive legend provided that the legend acknowledges the Authority's rights under this Agreement. Any such marking shall be perpetuated in any copies of the Technical Information made by the Authority or any other United Kingdom Government Department or its agents or contractors.

13. **LEVY**

BAES' obligations, if any, whether arising under Old DEFCON 15 or otherwise, to pay a sum or sums (if any) to the Authority in respect of sales of Products or manufacturing licences granted in respect of Products by BAES are unaffected by the provisions of this Agreement and no new obligations in this respect are created for BAES hereby.

14. **INTERPRETATION**

14.1 The headings in this Agreement are for convenience only and shall not affect the interpretation of the Agreement.

14.2 This Agreement shall constitute an agreement to the contrary for the purposes of Section 48(5) of the Copyright, Designs and Patents Act 1988.

15. **EFFECTIVE DATE**

This Agreement shall be effective as of the date hereof and will remain in effect in perpetuity.

16. **ACCESS TO BAES ARCHIVED CONTRACT DOCUMENTS**

In the event that the Authority is unable to demonstrate the applicability of this Agreement to a Product to the satisfaction of BAES as required by Clauses 4.1 and 5.1.1 BAES shall at the Authority's expense afford the Authority upon 30 days notice to that effect access to its archived contract documents and shall assist the Authority with a search of such documents for supporting evidence. The Authority shall meet the reasonable costs incurred by BAES associated with the provision of such assistance.

17. **NOTICES**

17.1 Any notice or other communication authorised or required to be given under and for the purposes of this Agreement shall be deemed to be duly given:-

- (a) by BAES if left at or sent by post to the Authority for the attention of Group Leader Intellectual Property Rights Group at

Defence Procurement Agency
Poplar 2 # 19
MoD Abbey Wood
Bristol BS34 8JH

- (b) by the Authority if left at or sent by post to BAES for the attention of Director of Intellectual Property Rights at

BAE SYSTEMS plc
Group Intellectual Property Department
PO Box 87
Farnborough Aerospace Centre
Farnborough
Hampshire, GU14 6YU.

17.2 Alternatively notice may be sent by telefax to either of the above addresses as appropriate provided it is confirmed by post.

17.3 Any notice if served by post or telefax shall be deemed to have been given at the time when it would have been received in due course of post or telefax respectively and in proving service of such notice it shall only be necessary to show that the letter or

telefax containing the notice was properly addressed and if necessary prepaid and put into the post or into the fax machine as the case may be.

18. **SUBSIDIARIES**

BAES shall procure observance of the provisions of this Agreement by its wholly owned subsidiaries.

19. **AMENDMENTS**

Any amendment or modification of this Agreement to be effective shall be in writing and signed by or on behalf of both Parties. In particular the Parties recognise that Annex III may require amendment as it represents only the situation believed to be correct to the best of BAES' knowledge at the date of signature hereof.

20. **LAW AND DISPUTES**

This Agreement shall be considered a contract made in England and subject to the English law. Any dispute, difference or question between the Parties arising under this Agreement which cannot be resolved amicably, may be referred by either Party to an arbitrator to be agreed between the Parties or in default of agreement to be nominated by the President for the time being of the Law Society and such reference shall be deemed to be a submission to arbitration within the meaning of the Arbitration Acts of 1950 and 1979 or any re-enactment thereof. The arbitration decision shall be final and binding.

[Handwritten initials]

IN WITNESS WHEREOF the Authority's and BAES' authorised representatives have signed this Agreement on the dates and at the places indicated below

Signed on behalf of the Secretary of State for Defence

By DW SECKHART
(Name in Block Capitals)

[Handwritten signature]
(Signature)

Title DIRECTOR INTELLECTUAL PROPERTY RIGHTS

Place BRISTOL

Date 24 MAY 2000

Signed on behalf of BAES

By MICHAEL JEWESS
(Name in Block Capitals)

[Handwritten signature: M. Jewess]
(Signature)

Title DIRECTOR OF INTELLECTUAL PROPERTY

Place FARNBOROUGH, HANTS

Date 25 May 2000

ANNEX I
Principles Of Agreement Relating To Undertaking 11

Date: [Not later than 31 May 2000]

Parties: British Aerospace plc (expected to be shortly renamed as BAE SYSTEMS plc) ("BAES")
Secretary of State for Defence ("MoD")

Recital: [Reference back to the undertaking]

Terms agreed to:

For the avoidance of doubt the definitions and interpretations in Undertaking 17 do not apply to these Principles of Agreement.

BAES shall procure that these Principles of Agreement are complied with by its wholly owned subsidiaries.

1. In these Principles of Agreement the following definitions shall apply:

"ROF Scheme": The Scheme made on 20 December 1984 by the MoD pursuant to the Ordnance Factories and Military Services Act 1984.

"Products": products supplied by BAES or by ex-BAe or ex-Marconi Electronics Systems (MES) business which is at the effective date of the Undertakings a wholly owned UK subsidiary of BAES and either in service with the Armed Forces of the UK Government or in the course of procurement therefor as of 29 November 1999.

"Old DEFCON 15": DEFCON 15 Edition 8/74 and the equivalent provision of the ROF Scheme relating to those Products whose design was not funded under the Royal Ordnance Factories Trading Fund.

"COTS Products": Products comprising Commercial-off-the-shelf Products bought directly from BAe or MES and (in respect of the ROF Scheme) those Products whose design was funded under the Royal Ordnance Factories Trading Fund.

"Follow on Work": work by any United Kingdom Government Department or any agent acting on behalf of, or a contractor in pursuance of a contract with, any such Department and consisting of any of the activities listed in DEFCON 15 Edition 2/98 ("New DEFCON 15") Clauses 4(b) to 4(g) and 5 ("New DEFCON 15 Work") or in DEFCON 16 Edition 2/98 ("DEFCON 16") Clauses 4(b) to 4(e) and 5

(“DEFCON 16 Work”) as qualified by this agreement in relation to a Product.

“Technical Information”: a manufacturing data pack (“MDP”) as defined by UK DID MDP (Issue 2/98) or an Operation, or Repair and Maintenance Pack (“RMP”) consisting of documentation selected from the publications listed in Annex D to MoD’s Guidelines for Industry No. 10 to the extent that the contents of such MDP and RMP exist in recorded form and are in the ownership or control of BAES at the relevant time.

2. The terms set out in paragraphs 3 to 9 below shall be without prejudice to:
 - (a) MoD’s right to rely on existing rights retained under the ROF Scheme or secured under any contract between BAES and MoD in relation to a Product where it is in MoD’s interests to do so, and
 - (b) BAES’ right to rely on terms already agreed or extensions of MoD’s rights granted under special agreements (a non-exhaustive list of which is attached hereto) relating to, or a procurement contract for, a Product rather than those set forth in paragraph 3 onwards below.

3. The provisions of the following paragraphs shall henceforth apply to Products PROVIDED THAT before disclosing Technical Information to a third party for the exercise of its rights hereunder in any instance, MoD shall first –
 - (a) inform BAES of the identity of the third party and the purpose of the disclosure;
 - (b) ensure that the third party has entered into an agreed form of confidentiality agreement with BAES;
 - (c) afford to BAES a reasonable opportunity to make representations as to why the disclosure should not be made in that instance; and
 - (d) afford to BAES an opportunity to review the Technical Information which MoD proposes to disclose, to remove therefrom any matter that is inappropriate and to apply a suitable proprietary or other legend thereto.

4. Where MoD invites other companies to bid for Follow on Work it shall include BAES in the competition.

5. BAES shall not be obliged to infringe the pre-existing rights of third parties nor to set aside pre-existing obligations to third parties in respect of the provision of Technical Information or the grant of rights hereunder.
6. In respect of a Product subject to Old DEFCON 15, but not New DEFCON 15 or DEFCON 16, MoD shall have the right as the need arises to do the following:-
- (i) To use and have used Technical Information previously delivered or available on request under Old DEFCON 15 for the purposes of New DEFCON 15 Work PROVIDED THAT work consisting of designing, developing and producing trainers and simulators (Clause 4(c)), shall be on fair and reasonable payment terms to be agreed in advance with BAES and that nothing in this Clause 6(i) shall be construed as giving MoD rights in relation to the manufacture of parts of Products.
 - (ii) To call for the delivery of any part of the MDP not previously delivered in pursuance of Old DEFCON 15 subject to the prior agreement of fair and reasonable payment terms reflecting the cost of its reproduction and supply with BAES and to use it as in (i) above.
 - (iii) To call for the delivery of an RMP subject to the prior agreement of fair and reasonable payment terms with BAES reflecting the cost of its reproduction and supply.
 - (iv) To use any Technical Information delivered in pursuance of Old DEFCON 15 or of (ii) or (iii) above for DEFCON 16 Work. Such use of Technical Information delivered under (iii) above shall be except for Operation of Products (Clause 4(e)) subject to the prior agreement of fair and reasonable payment terms with BAES.
7. In respect of a COTS Product MoD shall have the right as the need arises to do any of the following:-
- (i) To call for the delivery of Technical Information subject to the prior agreement of fair and reasonable payment terms with BAES reflecting the cost of its reproduction and supply.
 - (ii) To use an MDP delivered in accordance with (i) above for New DEFCON 15 Work consisting of the manufacture of spare parts for such COTS Products (within Clause 4(e)) on fair and reasonable payment terms to be agreed in advance with BAES,

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PROVIDED THAT this right shall not extend to spare parts the first sale of which was made less than 10 years before the proposed date of use.

- (iii) To use a RMP delivered in accordance with (i) above for DEFCON 16 Work PROVIDED THAT such work shall be except for Operation of Products (Clause 4(e)) subject to fair and reasonable payment terms to be agreed in advance with BAES.
8. In addition to the above terms Clauses 1 to 3 and Clauses 6 onward of both New DEFCON 15 and DEFCON 16 will apply to the provision and use of Technical Information hereunder, save that:
- (i) the operation of the Contract Data Requirement mechanism of New DEFCON 15 and DEFCON 16 will be replaced by the use of the terms MDP and RMP respectively as defined above;
 - (ii) Clause 8 will be amended to allow BAES to receive any payment where this is provided for above;
 - (iii) Clause 9 of both New DEFCON 15 and DEFCON 16 will be amended to require BAES to declare relevant background patents at the time of bidding for Follow on Work and the last sentence will be deleted;
 - (iv) alternative (b) in Clause 12 of New DEFCON 15 will be deleted; and
 - (v) Clause 18 of New DEFCON 15 will not impose any new obligations on BAE SYSTEMS.
9. The exercise of rights by MoD hereunder shall be subject to the assurances given by CDP in his letter to the CBI dated 18 March 1998.

Non-Exhaustive List of Special Agreements between MoD and BAES

(Paragraph 2 above refers)

1. Nimrod 2000 Contract
2. RARDEN APEP Licence Agreement
3. CHARM 3 Training Round Licence Agreement
4. GPMG Spares Licence Agreement
5. Surplus Army Ammunition Agreement

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ANNEX IINon-Exhaustive List of Special Agreements between MoD and BAES(Paragraph 2 above refers)

1. Nimrod 2000 Contract
2. RARDEN APEP Licence Agreement
3. CHARM 3 Training Round Licence Agreement
4. GPMG Spares Licence Agreement
5. Surplus Army Ammunition Agreement

ANNEX III (PART 1)

LIST OF WHOLLY OWNED SUBSIDIARIES - BAE SYSTEMS PLC

txtSubsidiarieName	Trading Status	Percentage		Country Description
		Held	Ultimate Parent Percentage	
1 AA> Aero International (Regional) Limited	Dormant	100.00	100.00	England
1 AA> Aeromax Limited	Trading	100.00	100.00	England
1 AA> Aeromax UK Limited	Dormant	100.00	100.00	England
1 AA> Airbus UK Limited	Dormant	100.00	100.00	England
1 AA> Armstrong Whitworth Aircraft Limited	Dormant	100.00	100.00	England
1 AA> Avro International Aerospace Limited	Dormant	100.00	100.00	England
1 AA> BAE Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS Australia (UK) Limited	Dormant	100.00	100.00	England
1 AA> BAE SYSTEMS (Aviation Services) Limited	Dormant	100.00	100.00	England
1 AA> BAE SYSTEMS (Bristol House) Limited	Dormant	100.00	100.00	England
1 AA> BAE SYSTEMS Communications (Holdings) Limited	Trading	100.00	100.00	England
2 AA> BAE SYSTEMS Communications Limited	Dormant	100.00	100.00	England
3 AA> Shalford Satellite Communications Limited	Dormant	100.00	100.00	England
2 AA> Satellite Broadcasting Company Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Consultancy Services) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Defence Systems) Limited	Dormant	100.00	100.00	England
2 AA> BAE SYSTEMS (Farnborough 4) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Dynamics) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Farnborough 1) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Farnborough 2) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Farnborough 3) Limited	Dormant	100.00	100.00	England
1 AA> BAE SYSTEMS (Farnborough 5) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Finance) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Germany) Limited	Dormant	100.00	100.00	England
1 AA> BAE SYSTEMS (Herford House) Limited	Dormant	100.00	100.00	England
1 AA> BAE SYSTEMS (Insurance Brokers) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Insurance) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (International) Limited	Trading	100.00	100.00	England
1 AA> BAE SYSTEMS (Investments) Limited	Trading	100.00	100.00	Jersey
2 AA> Aztec Limited				

2	'AA> BAE SYSTEMS Properties Limited	Trading	100.00	100.00	England
3	'AA> BAE SYSTEMS Properties (Hatfield) Limited	Trading	100.00	100.00	England
3	'AA> Binford Limited	Dormant	100.00	100.00	England
3	'AA> Buckfield Properties Limited	Trading	100.00	100.00	England
3	'AA> Herfordshire Estates Limited	Trading	100.00	100.00	England
3	'AA> Jetasset Limited	Dormant	100.00	100.00	England
3	'AA> Kalamind Limited	Dormant	100.00	100.00	England
3	'AA> Lemacrown Limited	Trading	100.00	100.00	England
4	'AA> Nescolin Limited	Trading	100.00	100.00	England
3	'AA> Lookwise Limited	Dormant	100.00	100.00	England
3	'AA> Newcombe Properties Limited	Trading	100.00	100.00	England
3	'AA> Pedaldonie Limited	Dormant	100.00	100.00	England
3	'AA> Philip Hill & Partners Limited	Dormant	100.00	100.00	England
4	'AA> C.G.M. Securities Limited	Dormant	100.00	100.00	England
3	'AA> Port Solent Limited	Trading	100.00	100.00	England
3	'AA> Port Solent Marina Limited	Dormant	100.00	100.00	England
3	'AA> Laberhold Limited	Dormant	100.00	100.00	England
4	'AA> Quadred Limited	Dormant	100.00	100.00	England
3	'AA> The Leeds Partnership Limited	Trading	100.00	100.00	England
3	'AA> Viewsend Limited	Dormant	100.00	100.00	England
2	'AA> Globe Limited		100.00	100.00	Jersey
2	'AA> Plex Limited		100.00	100.00	Jersey
2	'AA> Royal Ordnance Speciality Metals Limited	Dormant	100.00	100.00	England
1	'AA> BAE SYSTEMS (Lancaster House) Limited	Dormant	100.00	100.00	England
1	'AA> BAE SYSTEMS (Land and Sea Systems) Limited	Trading	100.00	100.00	England
2	'AA> Corda Limited	Trading	100.00	100.00	England
2	'AA> Eurocombat Limited	Dormant	100.00	100.00	England
2	'AA> Submarine Propulsion Technologies Limited	Dormant	100.00	100.00	England
2	'AA> Yard Limited	Dormant	100.00	100.00	England
1	'AA> BAE SYSTEMS (Military Aircraft) Limited	Dormant	100.00	100.00	England
2	'AA> BAE SYSTEMS Insurance (Isle of Man) Limited	Trading	100.00	100.00	Isle of Man

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1	AA> BAE SYSTEMS (Systems and Equipment) Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS (Warwick House) Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS (York House) Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS 2000 Pension Plan Trustees Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Aerostructures Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Airbus Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Aircrew Pension Scheme Trustees Limited	Dormant	100.00	100.00	Jersey
1	AA> BAE SYSTEMS Capital Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Communications Limited	Trading	100.00	100.00	England
1	AA> BAE SYSTEMS Defence Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Enterprises Limited	Trading	100.00	100.00	England
1	AA> BAE SYSTEMS (Gripen Overseas) Limited	Dormant	100.00	100.00	England
2	AA> BAE SYSTEMS (Hawk Synthetic Training) Limited	Trading	100.00	100.00	England
2	AA> BAE SYSTEMS (Operations) Limited	Trading	100.00	100.00	England
2	AA> BAE SYSTEMS Management Services Limited	Trading	100.00	100.00	England
2	AA> Brabazon Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Executive Pension Scheme Trustees Limited	Trading	100.00	100.00	Scotland
1	AA> BAE SYSTEMS Flight Training (U.K.) Limited	Trading	100.00	100.00	England
1	AA> BAE SYSTEMS Funds Management	Trading	100.00	100.00	England
3	AA> Reflective UK Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Pension Funds CIF Trustees Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Pension Funds Investment Management Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Pension Funds Trustees Limited	Dormant	100.00	100.00	England
2	AA> Western Car Parks Limited	Trading	100.00	100.00	England
1	AA> BAE SYSTEMS Profit Sharing Scheme Trustee Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Quest Limited	Dormant	100.00	100.00	England
1	AA> BAE SYSTEMS Regional Aircraft Limited	Dormant	100.00	100.00	England
1	AA> BAE Thomson Public Limited Company	Dormant	100.00	100.00	England
1	AA> Bishopsgate Systems Limited	Trading	100.00	100.00	England
1	AA> British Aircraft Corporation (11 Nominees) Limited	Dormant	100.00	100.00	England
1	AA> British Aircraft Corporation (Holdings) Limited	Dormant	100.00	100.00	England

1	AA>	British Aircraft Corporation (Pension Fund Trustees) Limited	Dormant	100.00	100.00	England
1	AA>	British Aircraft Corporation Limited	Dormant	100.00	100.00	England
1	AA>	Cadavon Limited	Dormant	100.00	100.00	England
1	AA>	Capitalsecure Public Limited Company	Dormant	100.00	100.00	England
1	AA>	Cashhold Limited	Dormant	100.00	100.00	England
2	AA>	Arlington Estates Limited	Dormant	100.00	100.00	England
1	AA>	CLV Limited	Trading	100.00	100.00	England
1	AA>	Courtchart Limited	Dormant	100.00	100.00	England
2	AA>	Project Management International Holdings Limited	Trading	100.00	100.00	England
3	AA>	Project Management International Public Limited Company	Dormant	100.00	100.00	England
4	AA>	P M I. Project Management International Limited	Dormant	100.00	100.00	England
1	AA>	Courtdirect Limited	Dormant	100.00	100.00	England
1	AA>	Dynamic Microcircuits Limited	Trading	100.00	100.00	England
1	AA>	Farnborough Business Aviation Limited	Dormant	100.00	100.00	England
1	AA>	Gloster Aircraft Limited	Trading	100.00	100.00	England
1	AA>	Gradtrans Limited	Dormant	100.00	100.00	England
1	AA>	Guideorder Limited	Dormant	100.00	100.00	England
1	AA>	Hawker Siddeley Aviation Limited	Dormant	100.00	100.00	England
1	AA>	Hawker Siddeley Dynamics Limited	Dormant	100.00	100.00	England
1	AA>	HS(A/HSI) Pension Funds Trustees Limited	Dormant	100.00	100.00	England
1	AA>	J.A. Aviation Limited	Dormant	100.00	100.00	Scotland
1	AA>	Jetstream Aircraft Limited	Dormant	100.00	100.00	Scotland
2	AA>	Jetstream Turboprop Limited	Dormant	100.00	100.00	England
1	AA>	London Business Aviation Limited	Dormant	100.00	100.00	Jersey
1	AA>	MES Holdco Limited	Trading	100.00	100.00	England
2	AA>	MES Interco	Trading	100.00	100.00	England
3	AA>	Meslink Limited	Trading	100.00	100.00	England
1	AA>	MES Nominees Limited	Dormant	100.00	100.00	England
1	AA>	Mindchart Limited	Dormant	100.00	100.00	England
1	AA>	Nanoquest Defence Products Limited	Dormant	100.00	100.00	England
1	AA>	Novelmight Limited	Trading	100.00	100.00	England

1	AA>	Royal Ordnance Public Limited Company	Trading	100.00	100.00	England
2	AA>	European Dispenser Systems Limited	Dormant	100.00	100.00	England
2	AA>	Heckler & Koch (UK) Limited	Trading	100.00	100.00	England
3	AA>	Heckler & Koch Machine Tool Co. Limited	Dormant	100.00	100.00	England
2	AA>	International Military Sales Limited		100.00	100.00	England
2	AA>	Monkwood Estate Management Limited		100.00	100.00	England
2	AA>	Royal Ordnance (Crown Service) Pension Scheme Trustees Limited	Dormant	100.00	100.00	England
2	AA>	Royal Ordnance (Weapons & Munitions) Limited	Trading	100.00	100.00	England
2	AA>	Royal Ordnance Ammunition Limited	Dormant	100.00	100.00	England
2	AA>	Royal Ordnance Explosives Limited	Dormant	100.00	100.00	England
2	AA>	Royal Ordnance Senior Staff Pension Scheme Trustees Limited	Dormant	100.00	100.00	England
2	AA>	Royal Ordnance Small Arms Limited	Dormant	100.00	100.00	England
2	AA>	Royal Ordnance Summerfield Limited	Trading	100.00	100.00	England
2	AA>	Royal Ordnance Weapons & Fighting Vehicles Limited	Dormant	100.00	100.00	England
2	AA>	Sterling Armament Company Limited	Dormant	100.00	100.00	England
1	AA>	RWT Limited	Dormant	100.00	100.00	England
1	AA>	Scintivil Limited	Dormant	100.00	100.00	England
1	AA>	Scottish Aviation Limited	Dormant	100.00	100.00	Scotland
1	AA>	sobac Limited	Dormant	100.00	100.00	England
1	AA>	Stockmicro Limited	Trading	100.00	100.00	England
1	AA>	The Blackburn Aeroplane & Motor Co. Limited	Dormant	100.00	100.00	England
1	AA>	The Bristol Aviation Company Limited	Dormant	100.00	100.00	England
1	AA>	The British & Colonial Aeroplane Co. Limited	Dormant	100.00	100.00	England
1	AA>	The Supermarine Aviation Works Limited	Dormant	100.00	100.00	England
1	AA>	Thomas Sopwith Aviation Company Limited	Dormant	100.00	100.00	England
1	AA>	Warwick House (Hampshire) No. 1 Limited	Trading	100.00	100.00	England

Marconi Companies

Old name	Company No.	New Name
GEC Ferranti OSP Services Limited	88771	BAE SYSTEMS OSP Services Limited
GEC-Marconi (100) Limited	412556	BAE SYSTEMS (100) Limited
GEC-Marconi (Aberdeen) Limited	57296	BAE SYSTEMS (Aberdeen) Limited
GEC-Marconi (Developments) Limited	57385	BAE SYSTEMS (Developments) Limited
GEC-Marconi Flight Systems limited	650081	BAE SYSTEMS Flight Systems Limited
GEC-Marconi GAV limited	3452833	BAE SYSTEMS GAV Limited
GEC-Marconi InFlight Systems Limited	850637	BAE SYSTEMS InFlight Systems Limited
GEC-Marconi InFlight Systems (Overseas) Limited	692380	BAE SYSTEMS InFlight Systems (Overseas) Limited
GEC-Marconi Infra-Red Limited	2519499	To be renamed BAE SYSTEMS Infra-Red Limited -- business to trade directly through BAE SYSTEMS Electronics Ltd
GEC-Marconi Oil and Gas International Limited	885125	BAE SYSTEMS Oil and Gas International Limited
GEC-Marconi (Stammore) Limited	1057806	BAE SYSTEMS (Stammore) Limited
Marconi Aerospace Systems Limited	2519610	To be renamed BAE SYSTEMS Aerospace Limited -- business to trade directly through BAE SYSTEMS Electronics Ltd
Marconi Astronics Inc.		BAE SYSTEMS Aircraft Controls Inc.

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Marconi Astute Class Limited	736591	BAE SYSTEMS Astute Class Limited
Marconi Avionics (Holdings) Limited	2426132	BAE SYSTEMS Avionics Limited
Marconi Avionics Limited	184068	BAE SYSTEMS Avionics (Management) Limited
Marconi Avionics Overseas Limited	713317	BAE SYSTEMS Avionics Overseas Limited
Marconi China (Exports) Limited	993875	BAE SYSTEMS China (Exports) Limited
Marconi (China) Limited	710957	BAE SYSTEMS (China) Limited
Marconi Electronics Overseas Limited	771516	BAE SYSTEMS Electronics (Overseas) Limited
Marconi Electronic Systems (Holdings) Limited	622657	BAE SYSTEMS Electronics (Holdings) Limited
Marconi Electronic Systems Limited	53403	BAE SYSTEMS Electronics Limited
Marconi Electro Optics Limited	841799	To be renamed BAE SYSTEMS Electro Optics Limited -- business to trade directly through BAE SYSTEMS Electronics Ltd
Marconi Electro Optics (Overseas) Limited	488277	BAE SYSTEMS Electro Optics (Overseas) Limited
Marconi (Japan) Limited	536412	BAE SYSTEMS (Japan) Limited
Marconi Marine Limited	3134322	BAE SYSTEMS Marine (100) Limited
Marconi Marine (Prime Contracts) Limited	155506	To be renamed BAE SYSTEMS Marine (Prime Contracts) Limited -- business to trade directly through BAE SYSTEMS Electronics Ltd

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Marconi Marine (VSEL) Limited	229770	BAE SYSTEMS Marine Limited
Marconi Marine (YSL) Limited	883985	BAE SYSTEMS Marine (YSL) Limited
Marconi North America Inc.		BAE SYSTEMS North America Inc.
Marconi Offset International Limited	760533	BAE SYSTEMS Offset International Limited
Marconi Overseas Limited	469781	BAE SYSTEMS Overseas Limited (No change at present)
Marconi Power & Control Systems Limited	2312335	To be renamed BAE SYSTEMS Power & Control Limited – business to trade directly through BAE SYSTEMS Electronics Ltd
Marconi (Projects) Limited	444860	BAE SYSTEMS (Projects) Limited
Marconi Projects (Overseas) Limited	176441	BAE SYSTEMS Projects (Overseas) Limited
Marconi Radar and Control Overseas Limited	526285	BAE SYSTEMS Radar and Control Overseas Limited

Last updated 11.2.00

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