

**APPLICATION FOR LICENSE TO EXPORT
NUCLEAR MATERIAL AND EQUIPMENT**

(See Instructions on Reverse)

Estimated burden per response to comply with this mandatory collection request: 2.4 hours. This submittal is reviewed to ensure that the applicable statutory, regulatory, and policy considerations are satisfied. Send comments regarding burden estimates to the Records Management Branch (T-6 E6), U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by internet e-mail to Infocollects@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-0027), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

| | | | | | |
|--------------------|--------------------------------------|-------------------------------------|------------|---------------------------------|---------------------------------|
| 1. APPLICANT'S USE | a. DATE OF APPLICATION 03/20/2006 | b. APPLICANT'S REFERENCE BEA0003 | 2. NRC USE | a. DOC. NO. NUMBER 110035619 | b. LICENSE NUMBER XEN1103419 |
|--------------------|--------------------------------------|-------------------------------------|------------|---------------------------------|---------------------------------|

| | | | | | |
|--|---|--|---|-------------------------|-------------|
| 3. APPLICANT'S NAME AND ADDRESS | | | 4. SUPPLIER'S NAME AND ADDRESS (Complete if applicant is not supplier) | | |
| a. NAME Battelle Energy Alliance LLC. (BEA) | | | a. NAME | | |
| b. STREET ADDRESS (Facility Site) 2525 North Fremont Avenue | | | b. STREET ADDRESS | | |
| c. CITY Idaho Falls | d. STATE ID | e. ZIP CODE 83415-5102 | b. STREET ADDRESS | | |
| f. TELEPHONE NUMBER (208) 526-3957 | g. FAX (208) 526-5432 | h. E-MAIL vkubiak@inl.gov | c. CITY | d. STATE | e. ZIP CODE |
| 5. FIRST SHIPMENT SCHEDULED 06/01/2006 | 6. FINAL SHIPMENT SCHEDULED 06/01/2006 | 7. APPLICANT'S CONTRACTUAL DELIVERY DATE 06/30/2006 | 8. PROPOSED LICENSE EXPIRATION DATE 12/31/2006 | 9. CONTRACT NO. None | |

| | | | | | |
|---|--|----------------------|--|--|--|
| 10. ULTIMATE FOREIGN CONSIGNEE | | | | 11. ULTIMATE END USE (Include plant or facility name) | |
| b. NAME Michael Masson, DRCP, CEA-Marcoule (Atalante Building) | | | | Irradiation testing of experimental fuels will be conducted as part of a collaborative effort between the U.S. Department of Energy and the French CEA at the Phenix Reactor. Tests will involve two metallic fuel pins and two nitride fuel pins. | |
| b. STREET ADDRESS (Facility Site) BP 17171, 30207 Bagnols sur Ceze | | | | 11a. DATE REQUIRED 06/30/2006 | |
| c. CITY Marcoule | | d. COUNTRY France | | | |

| | | | | | |
|------------------------------------|--|----------------------|--|--------------------------|--|
| 12. INTERMEDIATE FOREIGN CONSIGNEE | | | | 13. INTERMEDIATE END USE | |
| b. NAME | | | | | |
| b. STREET ADDRESS (Facility Site) | | | | | |
| c. CITY | | d. COUNTRY France | | 13a. DATE REQUIRED | |

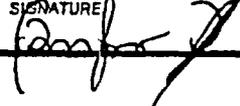
| | | | | | |
|------------------------------------|--|------------|--|--------------------------|--|
| 14. INTERMEDIATE FOREIGN CONSIGNEE | | | | 15. INTERMEDIATE END USE | |
| b. NAME | | | | | |
| b. STREET ADDRESS (Facility Site) | | | | | |
| c. CITY | | d. COUNTRY | | 15a. DATE REQUIRED | |

| 16. COM CODE | 17. DESCRIPTION (Include chemical and physical form of nuclear material; give dollar value of nuclear equipment and components) | 18. MAX. ELEMENT WEIGHT | 19. MAX. WT. % | 20. MAX. ISOTOPE WEIGHT | 21. UNIT |
|--------------|--|-------------------------|----------------|-------------------------|----------|
| | Fuel Pin #1, Pu-12Am-40Zr Fuel Pin #2, U-29Pu-4Am-2NP-30Zr Fuel Pin #3, (U0.50, Pu0.25, Am0.15, Np0.10)N Fuel Pin #4, (Pu0.50,Am0.50)N-36wt%ZrN | See Attached | | See Attached | |

22. FOREIGN OBLIGATIONS BY COUNTRY AND PERCENTAGE (Use separate sheet if necessary)
Foreign obligations include a transfer of like material (see attached explanation) from Atalante Facility at CEA-Marcoule.

23. ADDITIONAL INFORMATION ON CONSIGNEES, END USES, AND PRODUCT DESCRIPTION (Use separate sheet if necessary)
Fuel pin details included with application.

24. The applicant certifies that this application is prepared in conformity with Title 10, Code of Federal Regulations; and that all information in this application is correct to the best of his/her knowledge.

| | | |
|-------------------------|---|---|
| 25. AUTHORIZED OFFICIAL | a. SIGNATURE  | b. TITLE Export Compliance Coordinator |
|-------------------------|---|---|

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11005619

April 06, 2006

CCN 204601

Deputy Director, Office of International Programs
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, Maryland 20852

SUBJECT: Request to Export Fuel Pins to the French Phenix Reactor in Support of Department of Energy Work

Dear Deputy Director:

Attached please find an application and supporting documentation to export two metallic fuel pins and two nitride fuel pins to the Phenix fast reactor located at the CEA-Marcoule site near Avignon, France. These fuel pins will be irradiated as part of the FUTURIX-FTA test of experimental fuels to be conducted as a collaboration between the United States Department of Energy and the French Commissariat à L'Energie Atomique (CEA).

If additional information is required, please contact the undersigned at (208) 526-3957.

Sincerely,



Vernon Robert Kubiak, Empowered Official
Export Compliance and Licensing

vrk

Enclosures

1. NRC Form 7, Application for License to Export Nuclear Material and Equipment

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Explanation of Block 22, Foreign Obligations and Percentages

Two TN-BGC1 containers with the four fuel pins from the Idaho National Laboratory (INL) will be shipped to the Atalante facility located at the Marcoule Site (just outside of Avignon, France). The four fuel pins will be irradiated in the Phenix reactor, also at the Marcoule Site.

Atalante is an IAEA safeguarded facility. When the shipment of the two TN-GBC1 containers arrives at the Marcoule Site, Commissariat à L'Energie Atomique (CEA) will transfer the U.S. obligations associated with the shipment to like materials already contained within the Atalante facility.

This will free up the U.S. obligations from the four experimental fuel pins shipped, and allow the pins to be loaded into the Phenix reactor for testing.

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Deputy Director, Office of International Programs
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Attachments

1. Letter of Explanation
2. Agreement between the Department of Energy of the United States of America and the Commissariat a L'Energie Atomique of France for Cooperation in Advanced Nuclear Reactor Science and Technology
3. Remittance for Application for License

cc: D.E. Coburn, INL, MS 3406 (w/o Att.)
J. J. Grossenbacher, INL, MS 3695 (w/o Att.)
L. A. Sehlke, INL, MS 3810 (w/o Att.)

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ENCLOSURE 1 TO THE BATTELLE ENERGY ALLIANCE
REQUEST TO EXPORT FUEL PINS TO THE FRENCH
PHENIX REACTOR IN SUPPORT OF DEPARTMENT OF
ENERGY WORK

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XSNM03449

ATTACHMENT TO NRC FORM 7, APPLICATION FOR LICENSE TO EXPORT NUCLEAR MATERIAL AND EQUIPMENT

| Block 17. DESCRIPTION (Include chemical and physical form of nuclear material; give dollar value of nuclear equipment and components) | Block 18. MAX. ELEMENT WEIGHT | 19. MAX. WT. % | 20. MAX. ISOTOPE WEIGHT | 21. UNIT |
|--|--|--|---|----------|
| Fuel Pin #1: Pu-12Am-40Zr Value \$1.00 | Total Np <0.500 Total U <0.500 Total Pu 10.710 Total Am 2.677 Total Zr 8.924 Total Alloy 22.230 | Np <1.00% U <1.00% Pu 48.18% Am 12.04% Zr 39.98% | U-235 <0.500 U-238 <0.500 Np-237 <0.500 Pu-238 0.005 Pu-239 8.839 Pu-240 1.768 Pu-241 0.061 Pu-242 0.037 Am-241 2.677 | Grams |
| Fuel Pin #2: U-29Pu-4Am-2Np-30Zr Value \$1.00 | Total Np 0.514 Total U 8.992 Total Pu 7.451 Total Am 1.027 Total Zr 7.708 Total Alloy 25.680 | Np 2.00% U 35.02% Pu 29.01% Am 4.00% Zr 30.01% | U-235 0.018 U-238 8.990 Np-237 0.514 Pu-238 0.004 Pu-239 6.150 Pu-240 1.229 Pu-241 0.042 Pu-242 0.025 Am-241 1.027 | Grams |
| Fuel Pin #3: (U0.50,Pu0.25,Am0.15,Np0.10)N Value \$1.00 | Total Np 2.468 Total U 12.314 Total Pu 6.174 Total Am 3.706 Total Zr <0.500 Total Alloy 26.160 | Np 9.43% U 47.07% Pu 23.60% Am 14.17% Zr <1.00% | U-235 0.025 U-238 12.314 Np-237 2.468 Pu-238 0.001 Pu-239 5.791 Pu-240 0.374 Pu-241 0.006 Pu-242 0.002 Am-241 3.706 | Grams |
| Fuel Pin #4: (Pu0.50,Am0.50)N-36wt%ZrN Value \$1.00 | Total Np <0.500 Total U <0.500 Total Pu 7.085 Total Am 7.088 Total Zr 7.313 Total Alloy 23.400 | Np <1.00% U <1.00% Pu 30.28% Am 30.29% Zr 31.25% | U-235 <0.500 U-238 <0.500 Np-237 <0.500 Pu-238 0.001 Pu-239 6.646 Pu-240 0.430 Pu-241 0.007 Pu-242 0.002 Am-241 7.088 | Grams |

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ATTACHMENT 1 TO THE BATTELLE ENERGY ALLIANCE
REQUEST TO EXPORT FUEL PINS TO THE FRENCH
PHENIX REACTOR IN SUPPORT OF DEPARTMENT OF
ENERGY WORK

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Letter of Explanation Request to Export Fuel Pins to the French Phenix Reactor
In Support of Department of Energy Work

Background

FUTURIX-FTA is an experimental fuels irradiation test to be conducted as a collaboration between the US DOE and the French CEA. In the irradiation test, a total of eight experimental fuel pins will be irradiated in the Phénix fast reactor at Marcoule, France. Four of these pins will be included in this export. The remaining pins will be supplied by other international entities.

Fuel Pin Description

The four fuel pins to be fabricated at Idaho National Laboratory are externally identical. The fuels will be clad in stainless steel tubes of 0.655 cm outer diameter and 50 cm in length. All four fuel pins will make use of a metallic sodium bond in the fuel-clad gap. The metallic sodium will melt to become a liquid during irradiation, but it will be solid during transportation. Each fuel pin will contain approximately 0.9 g of metallic sodium, for a total of not more than 4.0 g of metallic sodium for the entire shipment. Two of the fuel pins will contain metallic alloys fuels, and two will contain nitride fuels; these fuels are described in the next two sections. Both the fuel material and the sodium will be encapsulated and seal-welded inside the stainless steel cladding material and be approved for irradiation in the Phénix reactor at the time of shipment.

1. Metallic Fuel Specification

Two metallic alloy fuel slugs will be fabricated at INL in Idaho for use in two of the fuel pins. For both fuel slugs, the design dimensions are identical; each will be solid cylinders having a nominal diameter of 0.489 cm and a nominal height of 10.0 cm (*Note*—it is possible that the full 10.0-cm slug height might be reached by using several smaller-height 0.489-cm diameter cylinders with a combined stack height of 10.0 cm).

The two metallic alloys will have nominal compositions of Pu-12Am-40Zr and U-29Pu-4Am-2Np-30Zr, where alloy constituents are given in weight-percents. Both alloys have been previously fabricated at INL and have measured immersion densities of 9.9 g/cm³ (Pu-12Am-40Zr) and 11.4 g/cm³ (U-29Pu-4Am-2Np-30Zr).

Nominal compositions are supplied in the NRC Form 7.

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2. Nitride Fuel Specification

Nitride fuel pellets of two compositions will be used in fabricating two of the experimental fuel pins. The fuel pellets as designed will have outer diameters of 0.489 cm and the pellets will be stacked in each of the two fuel pins to a nominal total fuel column height of 10.0 cm.

The two nitride fuels will have nominal compositions of $(U_{0.50}, Pu_{0.25}, Am_{0.15}, Np_{0.10})N$ and $(Pu_{0.50}, Am_{0.50})N-36wt\%ZrN$. They have assessed theoretical densities (TD) of 11.6 and 10.4 g/cm^3 , but will be fabricated to nominally 85% TD.

Nominal compositions are supplied in the NRC Form 7.

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ATTACHMENT 2 TO THE BATTELLE ENERGY ALLIANCE
REQUEST TO EXPORT FUEL PINS TO THE FRENCH
PHENIX REACTOR IN SUPPORT OF DEPARTMENT OF
ENERGY WORK

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2008 APR 11 AM 11:23

AGREEMENT

between

**THE DEPARTMENT OF ENERGY
OF THE UNITED STATES OF AMERICA**

and

**THE COMMISSARIAT A L'ENERGIE ATOMIQUE
OF FRANCE**

FOR COOPERATION IN

ADVANCED NUCLEAR REACTOR SCIENCE AND TECHNOLOGY

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Preamble

The Department of Energy of the United States of America (DOE) and the Commissariat à l'Energie Atomique of France (CEA), herein referred to as the Parties,

Sharing a mutual interest in fostering advanced nuclear engineering and pursuing scientific research and development (R&D) in the nuclear field,

Believing that cooperation based on equitable sharing of their respective R&D data, technology and experience in the nuclear domain, focusing on the field of advanced nuclear reactors would be of mutual benefit, and

Recognizing the contribution such R&D in the field of nuclear energy applications can make to further the safe and economic application of nuclear energy,

It is agreed as follows :

Article 1: OBJECTIVE

- 1.1_ The objective of this Agreement is to establish the basis for cooperation between the Parties in the field of advanced nuclear reactor engineering and scientific R&D.
- 1.2 Cooperation between the Parties shall be on the basis of mutual benefit, equality, and reciprocity.

Article 2: AREAS OF COOPERATION

- 2.1 DOE and CEA shall cooperate in joint planning to utilize their existing R&D capabilities in the field of advanced reactor engineering and scientific research, including such test reactors as the Fast Flux Test Facility, if the facility is restarted for civilian use, and the future Jules Horowitz reactor, if a decision is taken with regard to its construction.
- 2.2 Areas of advanced nuclear reactor engineering and scientific R&D cooperation may include:
 - Advanced reactor materials irradiation development and testing
 - Advanced reactor fuel development for next generation reactors
 - Medical and industrial applications of isotopes and the related research
 - R&D on transmutation as applied to nuclear waste disposition (not covered in the Agreement between the United States Department of Energy and the French Commissariat à l'Energie Atomique in the Field of Radioactive Waste Management of October 8, 1995)

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-- Other areas of mutual R&D interest.

Article 3: FORMS OF COOPERATION

Cooperation under this Agreement may include the following forms:

- 3.1 Exchange on a current basis of scientific and engineering information and results and methods of research and development.
- 3.2 Organization of and participation in seminars or other meetings on specific agreed topics in the areas listed in Article 2.
- 3.3 Short visits by specialist teams or individuals to the facilities of the other Party, subject to the prior written agreement of that Party.
- 3.4 Assignment of the staff of one Party, its contractors or subsidiaries to the facilities of the other Party, its contractors or subsidiaries for participation in agreed research, development, design, analysis or other experimental activities.
- 3.5 Exchange of materials and equipment for testing.
- 3.6 Exchange of technology and engineering drawings (including specifications of components and of industrial plants) as appropriate to the areas of cooperation and as agreed to by the Parties.
- 3.7 Joint projects in which the Parties agree to share the work and/or costs.
- 3.8 Such other specific forms of cooperation as the Parties may agree.

Article 4: IMPLEMENTING ARRANGEMENTS

When the Parties agree to undertake a form of cooperation set forth Article 3, they shall conclude an Implementing Arrangement, which shall be subject to this Agreement. Each Implementing Arrangement shall include detailed provisions for carrying out the activity and shall cover such matters as technical scope, total costs, cost sharing between the Parties, project schedule, management of the cooperation, exchange of equipment, and information disclosure specific to the particular project. Activities under Implementing Arrangements may involve, as appropriate, associated firms or laboratories of the Parties or their contractors or subsidiaries.

Article 5: MANAGEMENT

- 5.1 The Parties shall establish a DOE/CEA advanced nuclear reactor engineering and scientific R&D Steering Committee under which expert groups will be established in areas such as those listed in Article 2 of this Agreement.

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- 5.2 To supervise the execution of this Agreement, each Party shall name a Principal Coordinator. The Principal Coordinators, who shall lead the Steering Committee noted in Article 5.1, shall meet each year, alternately in the United States and in France, or at such other times and places as agreed.
- 5.3 At their meetings, the Principal Coordinators shall evaluate the status of cooperation under this Agreement. This evaluation may include a review of the past year's activities and accomplishments under this Agreement, a review of the activities planned for the coming year within each of the various areas of cooperation listed in Article 2, an assessment of the balances of exchanges under this Agreement within each of the areas of cooperation listed in Article 2, and a consideration of measures required to correct any imbalances. In addition, the Principal Coordinators shall consider and act on any major new proposals for cooperation.
- 5.4 Day-to-day management of the cooperation under this Agreement shall be carried out by Technical Coordinators designated by the Principal Coordinators. The Technical Coordinators shall agree on specific details of cooperation in the technical areas listed in Article 2 within policy guidelines established by the Principal Coordinators. The Technical Coordinators shall be responsible for working contacts between the Parties in their respective areas of cooperation.

Article 6: INTELLECTUAL PROPERTY RIGHTS

The treatment of intellectual property created or furnished in the course of cooperative activities under this Agreement is provided for in Annex I, which is an integral part of this Agreement and shall apply to all activities conducted under the auspices of this Agreement.

Article 7: DISCLAIMER

Information transmitted by one Party to the other Party under this Agreement shall be accurate to the best knowledge and belief of the transmitting Party, but the transmitting Party does not warrant the suitability of the information transmitted for any particular use or application by the receiving Party or by any third party.

Article 8: LIABILITIES

A Party sending information, materials, or supplies to the other Party under this Agreement shall not be liable for damages of any nature, either direct or indirect, to property or personnel of the Party receiving the information, material, or supplies or to any third party resulting from the use by the Party receiving such information.

Article 9: LEGAL PROVISIONS

Each Party's activities under this Agreement shall be in accordance with its national laws and regulations. All questions related to the Agreement arising during its term shall be settled by the Parties by mutual agreement.

Article 10: SECURITY OBLIGATIONS

If either Party believes that information or equipment proposed to be provided or exchanged under this Agreement requires protection in the interest of that Party's national defense or foreign relations, that Party shall so notify the other Party, and the Parties shall promptly consult to identify and agree upon appropriate measures for the protection of the information or equipment.

Article 11: FINANCIAL OBLIGATIONS

Except when otherwise specifically agreed in writing, all costs resulting from cooperation under this Agreement shall be borne by the Party that incurs them. It is understood that the responsibilities of each Party to carry out its obligations under this Agreement are subject to the availability of personnel and appropriated funds.

Article 12: DURATION, AMENDMENT, AND TERMINATION

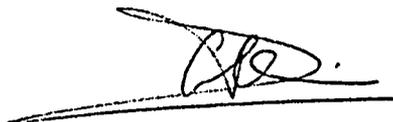
- 12.1 This Agreement shall enter into force upon the latter date of signature and shall remain in force for five (5) years.
- 12.2 This Agreement may be amended or extended by written agreement of the Parties.
- 12.3 This Agreement may be terminated at any time at the discretion of either Party, upon six (6) months advance notification in writing by the Party seeking to terminate the Agreement. Such termination shall be without prejudice to the rights that may have accrued under this Agreement to either Party up to the date of such termination.
- 12.4 Joint efforts and experiments not completed at the expiration or termination of this Agreement may, on agreement of the Parties, be continued until their completion under the terms of this Agreement.
- 12.5 The rights and obligations set forth in Article 8 shall survive termination of this agreement.

Done, in duplicate, at Vienna, this 18th day of September 2000, in the English and French languages, each text being equally authentic.

FOR THE DEPARTMENT OF ENERGY
OF THE UNITED STATES OF
AMERICA



FOR THE COMMISSARIAT
A L'ENERGIE ATOMIQUE OF
FRANCE



ANNEX I: INTELLECTUAL PROPERTY

PREAMBLE

PURSUANT TO ARTICLE 6 OF THIS AGREEMENT:

The Parties shall ensure adequate and effective protection of intellectual property created or furnished under this Agreement and relevant Implementing Arrangements. The Parties agree to notify one another in a timely fashion of any inventions or copyrighted works arising under this Agreement and to seek protection for such intellectual property in a timely fashion. Rights to such intellectual property shall be allocated as provided in this Annex.

I SCOPE

- I-A. This Annex is applicable to all cooperative activities undertaken by the Parties or by the relevant entities (hereafter "cooperative entities") pursuant to this Agreement, except as otherwise specifically agreed by the Parties or their cooperative entities.
- I-B. For purposes of this Agreement, "intellectual property" shall have the meaning found in Article 2 of the convention establishing the World Intellectual Property Organization, done at Stockholm, July 14, 1967.
- I-C. This Annex addresses the allocation of rights, interests, and royalties between the Parties. Each Party shall ensure that the other Party or cooperative entities can obtain the rights to intellectual property allocated in accordance with the Annex. The allocation between a Party and participants on behalf of this Party in the cooperative activities, which shall be determined by the Party's laws and practices, shall not be altered or prejudiced by application of this Annex.
- I-D. Disputes concerning intellectual property arising under this Agreement should be resolved through discussions between the concerned participating institutions or, if necessary, the Parties or their designees. Upon mutual agreement of the Parties, a dispute shall be submitted to an arbitral tribunal for binding arbitration in accordance with the applicable rules of international law. Unless the Parties or their designees agree otherwise in writing, the arbitration rules of UNCITRAL shall govern.
- I-E. Termination or expiration of this Agreement shall not affect the rights or obligations under this Annex.

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II ALLOCATION OF RIGHTS

- II-A. Each Party, subject to the restrictions of Article III of this Annex, shall be entitled to a nonexclusive, irrevocable, royalty-free license in all countries to translate, reproduce, and publicly distribute scientific and technical journal articles and publicly available reports directly arising under this Agreement. All publicly distributed copies of a copyrighted work prepared under this provision shall indicate the names of the authors of the work unless an author explicitly declines to be named. Each Party or its cooperative entities shall have the right to review a translation prior to public distribution.
- II-B. Rights to all forms of intellectual property, other than those rights described in section II-A above, shall be allocated as follows:
- II-B-1. Visiting researchers, for example, scientists visiting primarily in furtherance of their education, shall receive intellectual property rights under the policies of the host institution unless a specific agreement is or has been signed between the host and forwarding institutions. In addition, each visiting researcher named as an inventor shall be entitled to treatment as a national of the host country with regard to awards, bonuses, benefits, or any other rewards in accordance with the policies of the host institution.
- II-B-2(A). For intellectual property created during joint research, the Parties or their cooperative entities shall jointly develop a technology management plan either prior to the start of their cooperation, for example in research areas likely to lead rapidly to industrial applications, or within a reasonable time from the time a Party becomes aware of the creation of intellectual property. The technology management plan shall consider the relative contributions of the Parties and their cooperative entities, the benefits of exclusive or nonexclusive licensing by territory or for field of use, requirements imposed by the Parties' domestic laws, and other factors deemed appropriate. If needed, the technology management plan shall be jointly modified or completed in a timely fashion subject to the approval of both Parties or their cooperative entities.
- II-B-2(B). If the Parties or their cooperative entities cannot reach agreement on a joint technology management plan within a reasonable time not to exceed six months from the time a Party becomes aware of the creation of the intellectual property in question, each Party may designate one co-exclusive licensee to have world-wide rights to said intellectual property. Each Party shall notify the other two months prior to making a designation under this paragraph. When both Parties (or their licensees) exploit the intellectual property in a country, they shall share equally the reasonable cost of intellectual property protection in that country.
- II-B-2(C). A specific program of research will be regarded as joint research for purposes of allocating rights to intellectual property only when it is designated as such in the relevant Implementing Arrangement, otherwise the allocation of rights to intellectual

property will be in accordance with paragraph II-B-1.

II-B-2(D). In the event that either Party believes that a particular joint research project under this agreement will lead, or has led, to the creation or furnishing of intellectual property of a type not protected by the applicable laws of one of the Parties, the Parties shall immediately hold discussions to determine the allocation of the rights to the said intellectual property; the joint activities in question will be suspended during the discussions unless otherwise agreed by the Parties thereto. If no agreement can be reached within a three-month period from the date of the request for discussions, the Parties shall cease the cooperation in the project in question. Notwithstanding paragraphs II-B-2(A) and (B), rights to any intellectual property that have been created will be resolved in accordance with the provision of Article I-D.

III BUSINESS-CONFIDENTIAL INFORMATION

In the event that information identified in a timely fashion as business-confidential is furnished or created under the Agreement, each Party and its cooperative entities shall protect such information in accordance with applicable laws, regulations, and administrative practice. Information may be identified as business confidential information if a person having the information may derive an economic benefit from it or may obtain a competitive advantage over those who do not have it, the information is not generally known or publicly available from other sources, and the owner has not previously made the information available without imposing in a timely manner an obligation to keep it confidential. Without prior written consent, neither of the Parties shall disclose any business-confidential information provided by the other Party except to appropriate employees and government personnel. If expressly agreed between the Parties, business-confidential information may be disclosed to prime and subcontractors. Such disclosure shall be for use only within the scope of their contracts with the Parties relating to cooperation under the Agreement. The Parties shall impose, or shall have imposed, an obligation on those receiving such information to keep it confidential. If one of the Parties becomes aware that, under its laws or regulations, it will be, or may reasonably expected to become, unable to meet the nondisclosure provision, it shall immediately inform the other Party. The Parties shall thereafter consult to define an appropriate course of action.

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