

SAMPLE

Dear :

Your name has been provided to our office as a nominee for the position of Outside Director as part of a Special Security Agreement between (insert name US company) and its ultimate foreign parent company, _____, a (insert country of ownership) company.

If approved for the position for which you have been nominated, along with fulfilling your fiduciary responsibilities as an Outside Director at (insert name of cleared company) you will be responsible for ensuring that the provisions of the Special Security Agreement are appropriately implemented. In addition, you will be expected to maintain a proactive posture to ensure that (insert name of cleared company) complies with the terms of the Special Security Agreement. The agreement presents a means to effectively exclude the foreign shareholder/parent (and any entities and affiliates that the aforementioned company controls) from unauthorized access to classified and controlled unclassified information; and from exerting direct control and influence over (insert name of cleared company) business and management in a manner which adversely impacts upon its ability to perform on classified contracts.

An individual appointed to fulfill an Outside Director position must meet certain requirements as follows:

- Be a U.S. citizen residing in the United States
- Be eligible for, agree to be processed for, and maintain a personnel security clearance equivalent to the level of (insert name of cleared company) facility security clearance
- Be a totally "disinterested" individual capable of exercising judgment independent of any influence(s) that might prejudice his decision-making capability. (**Note:** "Disinterested" is defined as having no prior contractual, financial or employment relationship with either (insert name of cleared company), (insert name of ultimate parent) or any of its affiliates. The application of the term "disinterested" extends to members of the nominee's immediate family as well.)

Additionally, it is incumbent upon you, as the nominee, to assure that you have no potential conflicts of interest with any other positions that you may hold.

Concerning these requirements and the responsibility of the Defense Security Service (DSS) to review and approve a nominee's qualifications prior to his or her appointment, we request that you provide detailed responses to the attached questionnaire and execute the attached certificate.

Responses should be of sufficient detail to enable DSS to determine your eligibility to function in the appointed position as an independent and totally disinterested individual.

Please return the questionnaire with your responses and the certificate (to include a witness' signature), to DSS, 1340 Braddock Place, Attn: FOCI Branch, Alexandria, VA 22314.

If you have any questions, please contact Ms. _____, Chief, FOCI Branch at _____ . For your convenience in expediting the processing of your nomination, you may provide our office with an advance copy of your responses by facsimile at _____ .

Sincerely,

Deputy Director, Industrial Security

Attachment

Copy to:

NOTE: The Corporation cited below refers to (insert name of cleared company). The Foreign Shareholder and its affiliates as cited below refers to (insert name of ultimate parent), a (insert country of ownership) company.

1. Who nominated you for this position, and what is your understanding of how you became nominated?
2. Please provide our office with information as to whether there are any connections between you and the Corporation, its affiliates, or the foreign shareholder and any of its affiliates.
3. Will you (or your company, if applicable) be receiving any type of compensation for other/additional services performed for the Corporation, its affiliates, or the foreign shareholder and/or any of its affiliates?
4. Do you serve on the Board of Directors of any other firms chaired by, or employing any of the officers, management personnel, or board members of the Corporation, its affiliates, or the foreign shareholder and/or any of its affiliates? If not, do you anticipate serving on any other corporate Boards where the individuals filling the above-mentioned positions also serve?
5. Do you personally, or does your company, have any business relationship in any form or manner with any outside interests of the officers, management, or directors of the Corporation, its affiliates, or the foreign shareholder and/or any of its affiliates?
6. Does any member of your immediate family have employment or business associations with any officers, management personnel, or directors of the Corporation, its affiliates, or the foreign shareholder and/or any of its affiliates?
7. Do you, or any member of your immediate family, have any indebtedness (to include business or investment partnerships) to any officers, management, or directors of the Corporation, its affiliates, or the foreign shareholder and/or any of its affiliates or to any business interests of the above individuals?
8. Have you been provided with any details of your proposed Compensation Agreement for this position? If so, please provide this office with details.
- *9. Since you reside in (insert state), how do you plan to maintain proactive oversight at (insert name of cleared company)?

* When the Outside Director/Proxy Holder reside in a different state from where the company is located, be sure and include this question. If they live in the same state where the company is located you can leave this question off.

Certificate

I certify that the entries made herein by me, and on any attachments, am true, complete, and correct to the best of my knowledge and belief and am made in good faith. In addition, I acknowledge that by signing below I have been informed, and understand, the responsibilities of this position (as defined herein). I also acknowledge that I have been advised to review any other agreements, contracts, arrangements or understandings to determine if there could be a conflict of interest which should be raised to the U.S. firm and foreign buyer.

DATE: _____

PRINT NAME: _____

SIGNATURE: _____

Mailing Address: _____
(Please print)

E-mail Address: _____

WITNESS: _____

DATE :