



**United States of America
Letter of Offer and Acceptance (LOA)**

**GG-P-SAE
EDA GRANT**

Based on Ministry of Internal Affairs of Georgia letter No. (continued on page 2)

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Government of Georgia, Embassy of Georgia to the USA, 1615 New Hampshire Ave., N.W., Suite 300, Washington, D.C. 20009, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is a "RESTATED" offer and supersedes the (continued on page 2)

Estimated Cost: \$3,195,163

Initial Deposit: \$3,195,163

Terms of Sale:

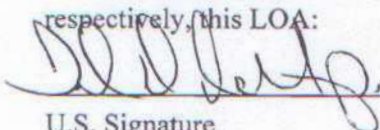
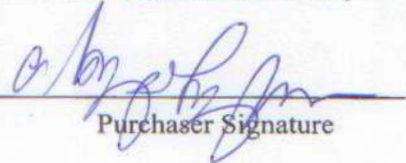
Cash with Acceptance

EDA Grant \$0

This offer expires on 15 July 2016. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 26.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

| | | | |
|--|--------------------|---|--------------------|
|  | <u>14 Jun 2016</u> |  | <u>12 Jul 2016</u> |
| U.S. Signature | Date | Purchaser Signature | Date |

FRANK DALTON
Deputy Director, EUCOM, AFRICOM & NATO
Typed Name and Title

TINATIN KHIDASHELI, MINISTER
Typed Name and Title

Navy International Programs Office
Implementing Agency

MINISTRY OF DEFENSE, GEORGIA
Agency

DSCA Reviewed/Approved 16 Jun 2016
DSCA Date

Information to be provided by the Purchaser:
Mark For Code __, Freight Forwarder Code __, Purchaser Procuring Agency Code __, Name and Address of the Purchaser's Paying Office: _____

Customer reference continued: 2425225 of 2 November 2015, US- Georgia Work Definition Conference of 15-17 December 2015, and DSCA email dated 7 June 2016.

Case description continued: previously offered version on 3 May 2016. This LOA provides for the Excess Defense Article (EDA) Grant Transfer and support of two (2) 110' Island-Class Patrol Boats, ex-USCGC JEFFERSON ISLAND (WPB-1340) and ex-USCGC STATEN ISLAND (WPB-1345) under Section 516 of the Foreign Assistance Act of 1961 as amended.

Items to be Supplied (costs and months for delivery are estimates):

| (1) Itm Nbr | (2) Description/Condition | (3) Qty, Unit of Issue | (4) Costs (a) Unit | (5) SC/MOS/ TA (b) Total | (6) Ofr Rel Cde | (7) Del Trm Cde |
|---|--|---------------------------------|--------------------------|-----------------------------------|--------------------------|--------------------------|
| 001 | C5Z 19050PBCFTVES (S)(N)(R)(VI) PATROL BOATS, CRAFT & OTHER VESSELS Q ex-USCGC JEFFERSON ISLAND (WPB-1340) & ex-USCGC STATEN ISLAND (WPB-1345) (Note(s) 1) | 2 EA | \$0.00 | \$0 E(1-2) TAA | - | - |
| Excess Defense Articles, Original Acquisition Value is \$14,426,200 Current Estimated Value is \$1,442,620 | | | | | | |
| 002 | F1F 1005003229715 (Y)(N)(R)(I) GUN, MACHINE, CAL 50 BR M2 HB Q M2HB (.50 Cal) Heavy Machine Guns (Note(s) 2) | 6 EA | \$25,001.82 | \$150,011 X(2-10) TA4 | X | 9 |
| 003 | J4A 67100000FLRCA (S)(N)(R)(XI) CAMERA INFRARED Q FLIR M-618CS Marine Gyro-Stabilized Long-Range Thermal Night Vision System (Note(s) 3) | 2 EA | \$38,514.65 | \$77,030 P(2-10) TA5 | X | 9 |
| 004 | H2Z 5820000000A1S (S)(N)(R)(XI) TRANSPONDER, AUTOMATIC IDENTIFICATION SYSTEM (AIS) Q Furuno FA150 Marine AIS Transponders (Note(s) 4) | 2 EA | \$4,043.50 | \$8,087 P(2-10) TA5 | X | 9 |

| (1) Itm Nbr | (2) Description/Condition | (3) Qty, Unit of Issue | (4) Costs (a) Unit | (5) SC/MOS/ TA (b) Total | (6) Ofr Rel Cde | (7) Del Trm Cde |
|-------------------|--|---------------------------------|--------------------------|-----------------------------------|--------------------------|--------------------------|
| 005 | G1F 130500M00A520 (S)(N)(R)(III) CARTRIDGE, 50 CALIBER, LINKED, 4 BARREL, 1 TRACER | 12,000 EA | \$3.75 | \$45,000 X(2-10) TA4 | X | 9 |
| Q | M2HB (.50 Cal) Ammunition (Note(s) 5) | | | | | |
| 006 | H3Z 582700RD10NAV (N)(N)(R)(XI) RADIO NAVIGATION EQUIPMENT, OTHER | XX | | \$197,754 P(2-10) TA5 | X | 9 |
| Q | Communication and Navigation Equipment (Commercial) (Note(s) 6) | | | | | |
| 007 | K6D 9K6D000D1ESEL (N)(N)(R)(XXI) DIESEL FUEL | XX | | \$75,000 X(2-10) TA4 | A | 4 |
| Q | Diesel Fuel (F76 & MGO) (Note(s) 7) | | | | | |
| 008 | K6Z 9K6Z000THRP0L (N)(N)(R)(XXI) OTHER PETROL, OIL & LUBRCTS | XX | | \$25,000 X(2-10) TA4 | A | 4 |
| Q | Petroleum, Oil, & Lubricant (POL) Products (Note(s) 8) | | | | | |
| 009 | K2Z 9K2Z00DENTMED (N)(N)(R)(XXI) DENTAL + MEDICAL SUPPLIES | XX | | \$2,500 X(2-10) TA4 | A | 5 |
| Q | Medical & Dental Supplies (Note(s) 9) | | | | | |
| 010 | L1A 016100USSURSV (N)(N)(R)(XXI) SURFACE TRANS, FMS SERVICE ONLY | XX | | \$60,000 X(2-18) TA4 | A | 4 |
| Q | Commercial Transportation (Note(s) 10) | | | | | |
| 011 | M2B 022500SHP0VHL (N)(N)(R)(XXI) OTHER SHIP OVERHAULS | XX | | \$538,743 X(-) TA4 | A | 4 |
| Q | Shipyards Maintenance Availability Technical Assistance (Note(s) 11) | | | Jul 2016 - Dec 2016 | | |
| 012 | J7Z 9J7Z0TSUPEQHT (N)(N)(R)(XXI) OTHER SUPPORT EQUIPMENT | XX | | \$574,800 P(2-18) TA5 | X | 9 |
| Q | Other Support Equipment (Note(s) 12) | | | | | |

| (1) Itm Nbr | (2) Description/Condition | (3) Qty, Unit of Issue | (4) Costs (a) Unit | (5) SC/MOS/ TA (b) Total | (6) Ofr Rel Cde | (7) Del Trm Cde |
|-------------------|---|---------------------------------|--------------------------|-----------------------------------|--------------------------|--------------------------|
| 013 | M1E 0205000TTECHA (N)(N)(R)(XXI) OTHER TECHNICAL ASSISTANCE Technical Support Services & Other Technical Assistance (Note(s) 13) | XX | | \$445,000 | X(-) TA4 | X 4 |
| | | | | | Jul 2016 | |
| | | | | | - | |
| | | | | | Aug 2017 | |

Estimated Cost Summary:

| | |
|------------------------------------|-------------|
| (8) Net Estimated Cost | \$2,198,925 |
| (9) Packing, Crating, and Handling | 0 |
| (10) Administrative Charge | 76,962 |
| (11) Transportation | 919,276 |
| (12) Other | 0 |
| (13) Total Estimated Cost | \$3,195,163 |

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

| <u>Payment Date</u> | <u>Quarterly</u> | <u>Cumulative</u> |
|---------------------|------------------|-------------------|
| Initial Deposit | \$3,195,163 | \$3,195,163 |

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230. Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to ABA #021030004, U.S. Treasury NYC, Agency Location Code: 00003801, Beneficiary DFAS-JAX/IN Agency, showing "GG-P-SAE, payment from Georgia"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS, 3801 Center Collections DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490, showing "GG-P-SAE, payment from Georgia". Wire transfer is preferred.

2. One signed copy should be returned to Department of the Navy, Navy International Programs Office, 2521 S. Clark St., Suite 800, Arlington, VA 22202-3928.

Note 1. ex-USCGC JEFFERSON ISLAND (WPB-1340) & ex-USCGC STATEN ISLAND (WPB-1345).

The Excess Defense Articles (EDA) listed below are being provided at no cost under Section 516 of the Foreign Assistance Act (FAA) of 1961, as amended.

| Item | QTY | Location | Condition Code | RCN |
|--------------------------------------|-----|----------|----------------|------|
| ex-USCGC JEFFERSON ISLAND (WPB-1340) | 1 | CONUS | H-7 | AV74 |
| ex-USCGC STATEN ISLAND (WPB-1345) | 1 | CONUS | H-7 | AV74 |

EDA. TOTAL ACQUISITION VALUE IS \$14,426,200

TOTAL CURRENT VALUE IS \$1,442,620

EDA GRANT VALUE IS \$0

Line Item 001 provides for the ex-USCGC JEFFERSON ISLAND (WPB-1340) and ex-USCGC STATEN ISLAND (WPB-1345), two (2) 110' Island-Class Patrol Boats (Condition Code H-7), assigned small boats and onboard equipment as EDA grant transfers under Section 516 of the FAA, as amended. Equipment is offered "as is, where is" and may not meet standards normally prescribed by the U.S. Military for sale to security assistance Purchasers.

Note 2. M2HB (.50 Caliber) Heavy Machine Guns.

Line Item 002 provides for six (6) M2HB (.50 cal) heavy machine guns and related support equipment, to include mounts and/or stands.

Note 3. FLIR M-618CS Marine Gyro-Stabilized Long-Range Thermal Night Vision System.

Line Item 003 provides for two (2) FLIR M-618CS Gyro-Stabilized Long-Range Thermal Night Vision Systems and related support equipment.

Note 4. Furuno FA150 Marine AIS Transponders.

Line Item 004 provides for two (2) Furuno FA150 Automatic Identification System (AIS) Transponders and related support equipment.

Note 5. M2HB (.50 Caliber) Ammunition.

Line Item 005 provides for up to twelve thousand (12,000) .50 caliber cartridges for the M2HB heavy machine guns.

Note 6. Communications & Navigation Equipment (Commercial).

Line Item 006 provides for commercial communication and navigation equipment identified at the Joint Visual Inspection (JVI) and agreed upon at the Work Definition Conference (WDC) in order to restore the vessels to safe-to-sail condition for training and operational maintenance prior to shipment to the Purchaser's home port.

This line includes a Transas Navi-Sailor 4700 Electronic Chart Display (ECDIS) system, Furuno antennas, a Naviknot speedlog system, and material required for installation.

Uninterruptible Power Supply (UPS) items on all electronics equipment shall be "APC SMART" brand.

Note 7. Marine Diesel Fuel.

Line Item 007 provides for Marine Diesel Fuel (including F76 and MGO) required for training and operational maintenance while the vessels are in CONUS.

Note 8. Petroleum, Oil, & Lubricant (POL) Products.

Line Item 008 provides for Petroleum, Oil, and Lubricant (POL) products required for training and operational maintenance while the vessels are in CONUS.

Note 9. Medical & Dental Supplies.

Line item 009 provides for medical, dental supplies, and non-controlled substances required to outfit the vessels' ship bay(s).

Note 10. Commercial Transportation Services.

Line Item 010 provides for commercial transportation services including shipping, related storage and container costs of items requiring separate shipping to the vessels or OCONUS. It includes transportation for items procured that require long lead times such as non-consumable spare parts and special equipment, that would arrive after the vessels have already been shipped to the Purchaser's home port. Items would be shipped from their CONUS Point of Origin to an in-country location to be identified by the Purchaser. CONUS shipping from a manufacturer or vendor's facility to the vessels' location is included.

Note 11. Shipyard Maintenance Availability Technical Assistance.

Line Item 011 provides for technical assistance to conduct shipyard maintenance availability. The availability will include hull cleaning, inspection, and repair. Additional work items, as identified during the Joint Visual Inspection (JVI) and agreed upon at the Work Definition Conference (WDC), include repair items, reactivation items, damage control items, maintenance and other support provided by U.S. Coast Guard or contractors. Completion of the basic industrial availability work package will yield a safe-to-sail vessel upon which the Purchaser can safely execute training and operational maintenance aboard the vessels prior to their shipment to the Purchaser's homeport.

To accommodate Purchaser participation in the maintenance availability, the shipyard shall be located within fifty (50) miles of the Maritime Institute of Technology and Graduate Studies

(MITAGS) in Linthicum Heights, Maryland.

Note 12. Other Support Equipment.

Line Item 012 provides other support equipment and supplies required for operations and maintenance of two (2) 110' Island-Class Patrol Boats. This equipment will include, but not be limited to, the purchase of frequency converters, boat hoisting straps, and a shipping cradle, and will support emergent requirements identified by the crew. To the maximum extent practicable, delivery will occur at transfer location prior to vessel shipment to the Purchaser's home port. Long-lead material delivered after vessel shipment will be shipped separately to an in-country location identified by the Purchaser.

Uninterruptible Power Supply (UPS) items on all electronics equipment shall be "APC SMART" brand.

Note 13. Technical Assistance & Support Services.

Line Item 013 provides for vessel and engine preservation, reactivation, shipment preparation support, delivery reactivation, and all other technical services in support of the 110' Island Class Patrol Boat transfer support case, including site surveys, assessments and emergent requirements. In addition, this line provides for:

- Installation of communication and navigation equipment as well as installation of new systems and equipment identified by the Purchaser.
- Technical assistance to support unplanned, corrective maintenance which may arise as the result of equipment casualties during the transfer and training period.
- Ship chandlery, husbandry, pilotage, and port services in connection with operating and berthing the vessels in CONUS once they become property of the Purchaser.
- Cradle assembly services and installation of other support equipment in-country.
- Engineering assessment(s) to be completed in country for docking cutters on the Purchaser's travel lift(s).
- Crew support and assistance for the NEIT and crewmembers while located in CONUS.

Note 14. PROCUREMENT USING OTHER THAN FULL AND OPEN COMPETITION.

The Purchaser has requested in letters dated 02 November 2015 and U.S.- Georgia Work Definition Conference Meeting Minutes of 15-17 December 2015 that the following be designated as prime contractors for this Letter of Offer and Acceptance.

Prime Contractor
Glotech Incorporated

Line
003, 004, 006, and 013

(Installation and technical assistance for communications and navigation equipment)
ASCOM S.P.A. of Formigine, Italy 013
(Engineering Assessment(s), site surveys, and technical assistance for docking cutters onto
ASCOM travel lifts located in country)

This note is confirmation that a sole source designation has been requested in writing by the purchaser and that the Department of Defense has accepted the request.

Note 15. SHORT OFFER EXPIRATION DATE (OED).

To satisfy this requirement, this LOA must be signed and appropriate financial arrangements concluded by the OED shown on page 1 in order to meet cutter availability constraints and anticipated transfer schedule.

Note 16. END-USE AUTHORIZATION.

Defense articles, components, and associated support material received under this LOA will be used to enhance the Georgian Coast Guard's maritime patrol capability, including surveillance, reconnaissance, vessel interdiction, and Search and Rescue.

Note 17. AMMUNITION AND OTHER EXPLOSIVES.

The U.S. Government is a self-insurer and, in this connection, your attention is directed to Standard Terms and Conditions 1.2 and 3.1. The Department of Defense will employ the same inspection procedures for ammunition and other explosives as would be used in the procurement of these types of items for itself. Lot production of ammunition and other explosives, however, carries risks associated with the items' resultant performance. This risk is assumed by the U.S. Government in procurement for its own use, and this risk is also assumed by the purchaser in procurement for its use under this Offer. Accordingly, financial restitution will not be made for claims made on SF 364 Supply Discrepancy Report (SDR) (see Standard Condition 5.4) for deficiencies pertaining to these items unless such claims involve damage due to U.S. Government actions with respect to compliance with applicable inspection criteria and procedures, or U.S. Government actions with respect to packing, crating, handling, or transportation, or unless the U.S. Government can obtain equal restitution from its contractor.

Note 18. EXCESS DEFENSE ARTICLES (EDA) - SALES OR GRANT: CONDITION OF MATERIEL.

Equipment in line items 001 is offered in "as is, where is" condition and may not meet serviceability standards normally prescribed by the U.S. Military for sale to security assistance purchasers. Items may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this Letter of Offer and Acceptance (LOA) does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages, future supportability, or training. These services will be provided only if available within the

resources of the U.S. Military at the time a request is made by the purchaser and at the purchaser's expense. Standard Form 364, Supply Discrepancy Report (SDR), cannot be submitted against the equipment in line items 001.

Note 19. EXCESS DEFENSE ARTICLES (EDA) - ASSOCIATED SERVICES.

This LOA provides funds for packing, crating, handling and transportation (PCH and T) of the equipment listed in Note 1 that is being provided on a grant basis under the Foreign Assistance Act of 1961, section 516, as amended. The equipment listed is offered in "as is, where is" condition and may not meet serviceability standards normally prescribed by the U.S. Military for sale to security assistance purchasers. Items may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this Letter of Offer and Acceptance (LOA) does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages, future supportability, or training. These services will be provided only if available within the resources of the U.S. Military at the time a request is made by the purchaser and at the purchaser's expense. Any Standard Form 364 submitted against this LOA is limited to services provided under the case and cannot be submitted against the materiel listed in Note 1.

Note 20. EXCESS DEFENSE ARTICLES (EDA) - STORAGE CHARGES FOR GRANT EDA.

If the purchaser does not arrange to remove the materiel listed in Note 1 within 60 days after implementation of the LOA, a storage charge will be determined by applying 1.5 percent annually (.125 percent monthly) against the original acquisition value of the materiel. Storage charges will commence with the materiel release order date. These costs will be recouped by adding a storage line to this LOA via modification.

Note 21. NONRECURRING COSTS - APPLY.

Nonrecurring Costs (NC) apply to line item(s) 002 of this FMS case and are included within the cost of the line item.

Note 22. PERSONNEL PROTECTION AND RELATED COSTS.

1. Passports, Visas, Licenses, and Permits.

a. The U.S. Government and/or U.S. Government contractor cost and delivery estimates herein anticipate the purchaser will, within the framework of its laws, ensure the timely issuance of work, entry, or exit visas; work, vehicle operator, residence, or in-country travel permits; and any other appropriate licenses or permits required of the personnel, including dependents, to carry out this effort.

b. U.S. Government and/or U.S. Government contractors will be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate purchaser agency for the required passports, visas, licenses, or permits. The U.S. Government and/or U.S. Government contractors will be responsible for the sponsorship of its employees and their dependents and will process said permits directly with the appropriate purchaser agency.

2. Access. U.S. Government and/or U.S. Government contractor cost and delivery schedules herein anticipate that U.S. personnel in country will be authorized, at no cost, reasonable access to all data, plans, reports, or other information and all existing and proposed offices, sites, and areas within the country as required to accomplish this effort.

3. Export of Data. U.S. Government and/or U.S. Government contractor personnel will not be required or expected to deliver to the purchaser, nor to any person or entity not a citizen of the U.S., any technical data produced or utilized under this LOA until the purchaser has been furnished with clear evidence that such delivery of the data is (1) approved by the U.S. State Department pursuant to the International Traffic in Arms Regulation, or (2) approval is not required.

4. Taxes, Duties, and Charges for Doing Business. U.S. Government and/or U.S. Government contractor contracts(s) implementing this LOA will include the clause entitled "Taxes Foreign Fixed-Price Contracts (June 2003)" set forth in Federal Acquisition Regulation (FAR) Subsection 52.229-6 and/or the clause entitled "Taxes-Cost-Reimbursement Contracts (March 1990)" set forth in FAR Subsection 52.229-8 depending on acquisition plans; therefore, price and delivery estimates within this LOA anticipate the following:

a. Property, materiel, equipment, household furniture, appliances, and supplies imported into the country by U.S. Government and/or U.S. Government contractors exclusively for use in support of the U.S. Government and/or U.S. Government contractors and its personnel and consigned and marked as required or approved by the U.S. Government will be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. The U.S. Government and/or U.S. Government contractor will maintain an inventory control and accounting system adequate to reflect the usage and disposition of all U.S. Government and/or contractor-owned property that has entered the country duty-free under this LOA.

b. The purchaser, its agencies, and political subdivisions will levy no taxes or fees (including taxes on individual or corporate income or property, customs and import duties, or other taxes on employee personal household goods, supplies and personal effects imported into the country for personal use) on the U.S. Government and/or U.S. Government contractor, its employees, or the dependents of such employees.

c. If any charges under 4.a. or 4.b. are imposed by the purchaser, costs thereby incurred by the U.S. Government and/or U.S. Government contractor will be reimbursed to the U.S. Government and/or U.S. Government contractor at cost, including applicable overhead and General and Administrative, but excluding profit, out of national funds to be provided by the purchaser under this LOA.

5. Security. U.S. Government and/or U.S. Government contractor price and delivery estimates anticipate that the purchaser will provide adequate security to protect personnel and property associated with this LOA and located on purchaser military bases, installations, or other designated work sites.

Note 23. STATUS OF FORCES AGREEMENT (SOFA).

U.S. Government military and civilian personnel present in the territory of Georgia for the purpose of implementing this LOA shall be entitled to all of the rights, privileges, and immunities accorded in the Agreement on Defense Cooperation regarding the status of their forces, dated 10 December 2002, and any related implementing agreements.

Note 24. TRANSPORTATION SERVICES THROUGH DTS.

1. The U.S. Government agrees to provide transportation services for the items identified in this LOA to the point of delivery. The purchaser's property will be transported at the purchaser's risk.

2. The purchaser will accept U.S. Government delivery listings as the basis for billing and proof of shipment.

3. The purchaser will accept responsibility for clearance of materiel through its customs at the Point of Debarkation (POD) and for movement of the materiel from its POD to the ultimate in-country destination.

4. The purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.

5. The purchaser will absorb losses of materiel the U.S. Government does not in fact recover from an independent carrier or handler, including where the U.S. Government is self-insured.

6. The purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the U.S.

7. The U.S. Government will assist the purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for U.S. Government-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the purchaser's account.

8. If the purchaser proposes to take delivery and custody of the classified materiel in the U.S. and use its own facilities and transportation for onward shipment to its territory, a Transportation Plan is required. The Transportation Plan is developed by the DoD Component that prepares the LOA in coordination with the purchasing government as outlined in the Security Assistance Management Manual, Chapter 3. The purchaser may obtain assistance in the development of the Transportation Plan with its cleared freight forwarder. Further, the purchaser will notify the Implementing Agency of any changes as they occur to the

Transportation Plan. The Implementing Agency that initiates the FMS transaction will designate the security officials who are authorized to evaluate the Transportation Plan to determine whether the plan adequately ensures protection of the highest level of classified materiel involved. The purchaser will be notified of the approval or disapproval of the plan and any changes. If disapproved, the purchaser will be notified of the reason for disapproval and, when possible, changes that would be acceptable to the U.S. Government. As an alternative, the U.S. Government will ship the classified materiel by the Defense Transportation System.

Note 25. CASE CLOSURE (ACCP).

The estimated closure date is 24 months after the date of projected final delivery or service performance.

Note 26. SUPPLY DISCREPANCY REPORT (SDR) TIME LIMITS.

Pursuant to paragraph 5.4 of the Standard Terms and Conditions with regard to Supply Discrepancy Reports (SDR), the purchaser agrees to report misdirected or unordered shipments. The purchaser further agrees to report such shipments containing items that are identified as classified/sensitive materiel, and/or arms, arms parts, or explosives, within 24 hours of discovery, regardless of dollar value, for disposition instructions from the U.S. Government. The purchaser agrees to ship such classified/sensitive materiel, and/or arms, arms parts, or explosives within 30 days of U.S. Government direction for such return. For all other items, the purchaser agrees to ship discrepant articles within 180 days of receiving U.S. Government direction for such return. When appropriate, the U.S. Government may direct an expedited return of an exemplar of the discrepant articles prior to issuing further direction.

Note 27. CARGO PREFERENCE ACT.

All items transferred under Section 516 of the FAA or purchased with Foreign Military Sale (FMS) Credit (Non-Repayable) or FMS Credit (Repayable) that are transported by ocean carriers must comply with the U.S. Cargo Preference Act. Recipient countries must use U.S. flag vessels for the shipment of all FAA Section 516 materiel or materiel purchased with FMS Credit (Non-Repayable) or FMS Credit (Repayable) unless the Maritime Administration (MARAD) grants a non-availability waiver or DSCA grants a general or security waiver. MARAD will assist in working with the recipient country to determine availability of U.S. vessels from the port of shipment to the delivery port in the recipient country. Shipment options, utilizing U.S. flag exclusively, or in conjunction with a foreign flag carrier for a portion of the route, may be proposed by MARAD. In addition, MARAD will assist in monitoring compliance with the U.S. Cargo Preference Act.

Note 28. CONTRACT ADMINISTRATION SERVICES (CAS) SURCHARGE.

For any lines on this LOA document with a Source of Supply of 'X' or 'P', USCG Contract

Administration Services (CAS), supported by the Department of Homeland Security, are included in above the line costs. Per DSCA/NIPO interim agreement, DoD CAS is not applicable to USCG procurement and is not included in below the line costs.

Note 29. ACCESSORIAL CHARGES.

A transportation charge has been applied to the applicable portions of lines 001-006, 009 and 012.

Note 30. ADMINISTRATIVE SURCHARGE.

An administrative surcharge of 3.5% has been applied to lines 002-013. An administrative surcharge has not been applied to line 001.

Estimated Deliveries by Quarter

LINE NUMBER : 001
MASL : 19050PBCFTVES
DESCRIPTION : PATROL BOATS, CRAFT & OTHER VESSELS
ITEM CODE : WPB-1340 & -1345

| <u>Calendar Year</u> | <u>Quarter 1</u> | <u>Quarter 2</u> | <u>Quarter 3</u> | <u>Quarter 4</u> |
|----------------------|------------------|------------------|------------------|------------------|
| 2016 | 0 | 2 | 0 | 0 |

Item Quantity : 2

Total Quantity For Line 001 : 2

LINE NUMBER : 002
MASL : 1005003229715
DESCRIPTION : GUN, MACHINE, CAL 50 BR M2 HB
ITEM CODE : .50 Cal

| <u>Calendar Year</u> | <u>Quarter 1</u> | <u>Quarter 2</u> | <u>Quarter 3</u> | <u>Quarter 4</u> |
|----------------------|------------------|------------------|------------------|------------------|
| 2017 | 6 | 0 | 0 | 0 |

Item Quantity : 6

Total Quantity For Line 002 : 6

LINE NUMBER : 003
MASL : 67100000FLRCA
DESCRIPTION : CAMERA INFRARED

ITEM CODE : FLIR

| <u>Calendar Year</u> | <u>Quarter 1</u> | <u>Quarter 2</u> | <u>Quarter 3</u> | <u>Quarter 4</u> |
|----------------------|------------------|------------------|------------------|------------------|
| 2017 | 2 | 0 | 0 | 0 |

Item Quantity : 2

Total Quantity For Line 003 : 2

LINE NUMBER : 004
MASL : 5820000000AIS
DESCRIPTION : TRANSPONDER, AUTOMATIC IDENTIFICATION SYSTEM (AIS)

ITEM CODE : AIS

| <u>Calendar Year</u> | <u>Quarter 1</u> | <u>Quarter 2</u> | <u>Quarter 3</u> | <u>Quarter 4</u> |
|----------------------|------------------|------------------|------------------|------------------|
| 2017 | 2 | 0 | 0 | 0 |

Item Quantity : 2

Total Quantity For Line 004 : 2

LINE NUMBER : 005
MASL : 130500M00A520
DESCRIPTION : CARTRIDGE, 50 CALIBER, LINKED, 4 BARREL, 1 TRACER
ITEM CODE : .50 Cal Ammunition

| <u>Calendar Year</u> | <u>Quarter 1</u> | <u>Quarter 2</u> | <u>Quarter 3</u> | <u>Quarter 4</u> |
|----------------------|------------------|------------------|------------------|------------------|
| 2017 | 12000 | 0 | 0 | 0 |

Item Quantity : 12000

Total Quantity For Line 005 : 12000

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS

Section

- 1 Conditions - United States Government (USG) Obligations
- 2 Conditions - General Purchaser Agreements
- 3 Indemnification and Assumption of Risks
- 4 Financial Terms and Conditions
- 5 Transportation and Discrepancy Provisions
- 6 Warranties
- 7 Dispute Resolution

1 Conditions - United States Government (USG) Obligations

1.1 Unless otherwise specified, items will be those which are standard to the U.S. Department of Defense (DoD), without regard to make or model.

1.2 The USG will furnish the items from its stocks and resources, or will procure them under terms and conditions consistent with DoD regulations and procedures. When procuring for the Purchaser, DoD will, in general, employ the same contract clauses, the same contract administration, and the same quality and audit inspection procedures as would be used in procuring for itself; except as otherwise requested by the Purchaser and as agreed to by DoD and set forth in this LOA. Unless the Purchaser has requested, in writing, that a sole source contractor be designated, and this LOA reflects acceptance of such designation by DoD, the Purchaser understands that selection of the contractor source to fill requirements is the responsibility of the USG, which will select the contractor on the same basis used to select contractors for USG requirements. Further, the Purchaser agrees that the U.S. DoD is solely responsible for negotiating the terms and conditions of contracts necessary to fulfill the requirements in this LOA.

1.3 The USG may incorporate anti-tamper (AT) protection into weapon systems and components that contain critical program information (CPI). The AT protection will not impact operations, maintenance, or logistics provided that all terms delineated in the system technical documentation are followed.

1.4 The USG will use its best efforts to provide the items for the dollar amount and within the availability cited.

1.5 Under unusual and compelling circumstances, when the national interest of the U.S. requires, the USG reserves the right to cancel or suspend all or part of this LOA at any time prior to the delivery of defense articles or performance of defense services. The USG shall be responsible for termination costs of its suppliers resulting from cancellation or suspension under this section. Termination by the USG of its contracts with its suppliers, other actions pertaining to such contracts, or cessation of deliveries or performance of defense services is not to be construed as cancellation or suspension of this LOA itself under this section.

1.6 U.S. personnel performing defense services under this LOA will not perform duties of a combatant nature, including duties relating to training and advising that may engage U.S. personnel in combat activities outside the U.S., in connection with the performance of these defense services.

1.7 The assignment or employment of U.S. personnel for the performance of this LOA by the USG will not take into account race, religion, national origin, or gender.

1.8 Unless otherwise specified, this LOA may be made available for public inspection consistent with the national security of the United States.

2 Conditions - General Purchaser Agreements

2.1 The Purchaser may cancel this LOA or delete items at any time prior to delivery of defense articles or performance of defense services. The Purchaser is responsible for all costs resulting from cancellation under this section.

2.2 The Purchaser agrees, except as may otherwise be mutually agreed in writing by the Purchaser and the USG, to use the defense articles sold hereunder only:

2.2.1 for internal security;

2.2.2 for legitimate self-defense;

2.2.3 for preventing or hindering the proliferation of weapons of mass destruction and of the means of delivering such weapons;

2.2.4 to permit the Purchaser to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the Purchaser to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security; or

2.2.5 for the purpose of enabling foreign military forces in less developed countries to construct public works and to engage in other activities helpful to social and economic development.

2.2.6 for purposes specified in any Mutual Defense Assistance Agreement between the USG and the Purchaser; or,

2.2.7 for purposes specified in any other bilateral or regional defense agreement to which the USG and the Purchaser are both parties.

2.3 The Purchaser agrees that the USG retains the right to verify reports that defense articles and services have been used for purposes not authorized or for uses not consented to by the USG.

2.4 The Purchaser will not transfer title to, or possession of, the defense articles, components and associated support materiel, related training or other defense services (including plans, specifications, or information), or technology furnished under this LOA to anyone who is not an officer, employee, or agent of the Purchaser (excluding transportation agencies) or of the USG, and shall not use or permit their use for purposes other than those authorized, unless the written consent of the USG has first been obtained. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any items and any plans, specifications, or information furnished, whether patented or not. The Purchaser also agrees that the defense articles offered will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus, and recognizes that the U.S. Congress is required to be notified of any substantial evidence that the defense articles sold in this LOA have been used in a manner that is inconsistent with this provision.

2.5 The Purchaser agrees not to divert articles and services received under this LOA for purposes or uses other than those for which it was furnished, including, but not limited to, any use that could contribute to the acquisition, design, development or production of a "missile," as defined in section 74 of the Arms Export Control Act (AECA) (22 U.S.C. 2797c). The items will be used only for the purposes stated and such use will not be modified nor the items modified or replicated without the prior consent of the USG; neither the items nor replicas nor derivatives thereof will be retransferred without the consent of the USG. The USG has the right to take action under section 73(a) of the AECA (22 U.S.C. 2797b(a)) in the case of any export or transfer of any Missile Technology Control Regime (MTCR) equipment or technology that contributes to the acquisition, design, development or production of missiles in a country that is not an MTCR adherent.

2.6 The Purchaser will maintain the security of such article or service and will provide substantially the same degree of security protection afforded to such article or service by the United States Government. To the extent that items, including plans, designs, specifications, technical data, or information, furnished in connection with this LOA may be classified by the USG for security purposes, the Purchaser certifies that it will maintain a similar classification and employ measures necessary to preserve such security, equivalent to those employed by the USG and commensurate with security agreements between the USG and the Purchaser. If such security agreements do not exist, the Purchaser certifies that classified items will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program and that it will promptly and fully inform the USG of any compromise, or possible compromise, of U.S. classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a U.S. classified item is to be furnished to its contractor pursuant to this LOA: (a) the item will be exchanged through official Government channels, (b) the specified contractor will have been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the U.S. information involved, (c) all contractor personnel requiring access to such items will have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser is also responsible for administering security measures while the item is in the contractor's possession. If a commercial transportation agent is to be used for shipment, the Purchaser certifies that such agent has been cleared at the appropriate level for handling classified items. These measures will be maintained throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed.

2.7 Pursuant to section 505 of the Foreign Assistance Act of 1961, as amended (FAA) (22 U.S.C. 2314), and section 40A of the AECA (22 U.S.C. 2785), the USG will be permitted, upon request, to conduct end-use monitoring (EUM) verification with respect to the use, transfer, and security of all defense articles and defense services transferred under this LOA. The Purchaser agrees to permit scheduled inspections or physical inventories upon USG request, except when other means of EUM verification shall have been mutually agreed. Upon request, inventory and accountability records maintained by the Purchaser will be made available to U.S. personnel conducting EUM verification.

2.8 The USG is not a party to any offset agreements/arrangements that may be required by the Purchaser in relation to the sales made in this LOA. The USG assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs. To the extent that the Purchaser requires offsets in conjunction with this sale, offset costs may be included in the price of contracts negotiated under this LOA. Such costs shall be determined or deemed to be reasonable in accordance with SUBPART 225.73 of the Defense Federal Acquisition Regulation Supplement (DFARS). If the Purchaser desires visibility into these costs, the Purchaser should raise this with the contractor during negotiation of offset arrangements. If the Purchaser desires visibility into these costs, the

Purchaser should raise this with the contractor during negotiation of offset arrangements.

3 Indemnification and Assumption of Risks

3.1 The Purchaser recognizes that the USG will procure and furnish the items described in this LOA on a non-profit basis for the benefit of the Purchaser. The Purchaser therefore undertakes to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (whether in tort or in contract) which might arise in connection with this LOA because of:

3.1.1 Injury to or death of personnel of the Purchaser or third parties,

3.1.2 Damage to or destruction of (a) property of DoD furnished to the Purchaser or suppliers specifically to implement this LOA, (b) property of the Purchaser (including the items ordered by the Purchaser pursuant to this LOA, before or after passage of title to the Purchaser), or (3) property of third parties, or

3.1.3 Infringement or other violations of intellectual property or technical data rights.

3.2 Subject to express, special contractual warranties obtained for the Purchaser, the Purchaser agrees to relieve the contractors and subcontractors of the USG from liability for, and will assume the risk of, loss or damage to:

3.2.1 The Purchaser's property (including items procured pursuant to this LOA, before or after passage of title to Purchaser), and

3.2.2 Property of DoD furnished to suppliers to implement this LOA, to the same extent that the USG would assume for its property if it were procuring for itself the items being procured.

4 Financial Terms and Conditions

4.1 The prices of items to be procured will be billed at their total cost to the USG. Unless otherwise specified, the cost of items to be procured, availability determination, payment schedule, and delivery projections quoted are estimates based on the best available data. The USG will use its best efforts to advise the Purchaser or its authorized representatives of:

4.1.1 Identifiable cost increases that might result in an overall increase in the estimated costs in excess of ten percent of the total value of this LOA,

4.1.2 Changes in the payment schedule, and

4.1.3 Delays which might significantly affect estimated delivery dates. USG failure to advise of the above will not change the Purchaser's obligation under all subsections of section 4.4.

4.2 The USG will refund any payments received for this LOA which prove to be in excess of the final total cost of delivery and performance and which are not required to cover arrearages on other LOAs of the Purchaser.

4.3 The Purchaser's failure to make timely payments in the amounts due may result in delays in contract performance by DoD contractors, claims by contractors for increased costs, claims by contractors for termination liability for breach of contract, claims by USG or DoD contractors for storage costs, or termination of contracts by the USG under this or other open Letters of Offer and Acceptance of the Purchaser at the Purchaser's expense.

4.4 The Purchaser agrees to the following:

4.4.1 To pay to the USG the total cost to the USG of the items even if costs exceed the amounts estimated in this LOA.

4.4.2 To make payment(s) by check or wire transfer payable in U.S. dollars to the Treasurer of the United States.

4.4.3 If Terms of Sale specify "Cash with acceptance", to forward with this LOA a check or wire transfer in the full amount shown as the estimated Total cost, and agrees to make additional payment(s) upon notification of cost increase(s) and request(s) for funds to cover such increase(s).

4.4.4 If Terms of Sale specify payment to be "Cash prior to delivery", to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payment requirements for items to be furnished from the resources of DoD. USG requests for funds may be based on estimated costs to cover forecasted deliveries of items. Payments are required 90 days in advance of the time DoD plans such deliveries or incurs such expenses on behalf of the Purchaser.

4.4.5 If Terms of Sale specify payment by "Dependable Undertaking," to pay to the USG such amounts at such times as may be

specified by the USG (including initial deposit) in order to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue from termination of contracts by the USG because of Purchaser's cancellation of this LOA. USG requests for funds may be based upon estimated requirements for advance and progress payments to suppliers, estimated termination liability, delivery forecasts, or evidence of constructive delivery, as the case may be. Payments are required 90 days in advance of the time USG makes payments on behalf of the Purchaser.

4.4.6 If the Terms of Sale specify Foreign Military Financing (FMF), the Purchaser will pay to the USG such costs as may be in excess of the approved FMF funding amount.

4.4.7 If Terms of Sale specify "Payment on delivery", that bills may be dated as of the date(s) of delivery of the items, or upon forecasts of the date(s) thereof.

4.4.8 That requests for funds or billing are due and payable in full on presentation or, if a payment date is specified in the request for funds or bill, on the payment date so specified, even if such payment date is not in accord with the estimated payment schedule, if any, contained in this LOA. Without affecting Purchaser's obligation to make such payment(s) when due, documentation concerning advance and progress payments, estimated termination liability, or evidence of constructive delivery or shipment in support of requests for funds or bills will be made available to the Purchaser by DoD upon request. When appropriate, the Purchaser may request adjustment of any questioned billed items by subsequent submission of a discrepancy report.

4.4.9 To pay interest on any net amount by which it is in arrears on payments, determined by considering collectively all of the Purchaser's open LOAs with DoD. Interest will be calculated on a daily basis. The principal amount of the arrearage will be computed as the excess of cumulative financial requirements of the Purchaser over total cumulative payments after quarterly billing payment due dates. The rate of interest paid will be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the USG as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.

4.4.10 To designate the Procuring Agency and responsible Paying Office and address thereof to which the USG will submit requests for funds and bills under this LOA.

4.4.11 Any articles, equipment, materials, supplies, goods, or other commodities purchased with USG assistance funds appropriated and allocated pursuant to foreign operations, export financing, and related programs appropriations acts in support of this LOA, whether provided directly by the USG or through procurement contracts or otherwise in support of this LOA, shall be exempt from all value added taxes and customs duties imposed by the recipient country or the full amount of the tax or customs duty must be reimbursed by the Purchaser. This exemption is in addition to any other tax exemption provided by the Purchaser through separate agreements or other means.

5 Transportation and Discrepancy Provisions

5.1 The USG agrees to deliver and pass title to the Purchaser at the initial point of shipment unless otherwise specified in this LOA. With respect to items procured for sale to the Purchaser, this will normally be at the manufacturer's loading facility; with respect to items furnished from USG stocks, this will normally be at the U.S. depot. Articles will be packed, crated, or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" is specified other than the initial point of shipment, the supplying U.S. Department or Agency will arrange movement of the articles to the authorized delivery point as a reimbursable service but will pass title at the initial point of shipment. The USG disclaims any liability for damage or loss to the items incurred after passage of title irrespective of whether transportation is by common carrier or by the U.S. Defense Transportation System.

5.2 The Purchaser agrees to furnish shipping instructions which include Mark For and Freight Forwarder Codes based on the Offer Release Code.

5.3 The Purchaser is responsible for obtaining insurance coverage and customs clearances. Except for articles exported by the USG, the Purchaser is responsible for ensuring that export licenses are obtained prior to export of U.S. defense articles. The USG incurs no liability if export licenses are not granted or they are withdrawn before items are exported.

5.4 The Purchaser agrees to accept DD Forms 645 or other delivery documents as evidence that title has passed and items have been delivered. Title to defense articles transported by parcel post passes to the Purchaser at the time of parcel post shipment. Standard Form 364 (Supply Discrepancy Report (SDR)) will be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, item deficiency, improper identification, improper documentation, or non-shipment of defense articles and non-performance of defense services. The Standard Form 364 will be submitted promptly by the Purchaser. The USG will disallow any claim, including a claim for shortage or nonperformance, received more than 1 year after delivery or more than 1 year after passage of title to the defense articles, whichever comes first, or received more than 1 year after the end of the scheduled period of performance for defense services, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Claims for non-shipment or non-receipt of an entire lot will be disallowed by the USG if such claims are received more than 1

year after the scheduled delivery date or initial billing, whichever is later. The Purchaser agrees to return discrepant articles to the USG's custody promptly in accordance with any direction provided by the USG. The Purchaser may submit SDRs for documentation purposes regardless of the dollar value, but only SDRs valued at \$200 or more will be reviewed for possible compensation regardless of the type of discrepancy. This minimum value includes the value of the item plus any transportation and handling costs.

6 Warranties

6.1 The USG does not warrant or guarantee any of the items sold pursuant to this LOA except as provided in section 6.1.1. DoD contracts include warranty clauses only on an exception basis. If requested by the Purchaser, the USG will, with respect to items being procured, and upon timely notice, attempt to obtain contract provisions to provide the requested warranties. The USG further agrees to exercise, upon the Purchaser's request, rights (including those arising under any warranties) the USG may have under contracts connected with the procurement of these items. Additional costs resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties, will be charged to the Purchaser.

6.1.1 The USG warrants the title of items sold to the Purchaser hereunder but it makes no warranties other than those set forth herein. In particular, the USG disclaims liability resulting from infringement or other violation of intellectual property or technical data rights occasioned by the use or manufacture outside the U.S. by or for the Purchaser of items supplied hereunder.

6.1.2 The USG agrees to exercise warranties on behalf of the Purchaser to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective, when such materiel is procured for the Purchaser.

6.2 Unless the condition of defense articles is identified to be other than serviceable (for example, "as-is"), DoD will repair or replace at no extra cost defense articles supplied from DoD stocks which are damaged or found to be defective in respect to materiel or workmanship when it is established that these deficiencies existed prior to passage of title, or found to be defective in design to such a degree that the items cannot be used for the purpose for which they were designed. Qualified representatives of the USG and of the Purchaser will agree on the liability hereunder and the corrective steps to be taken.

7 Dispute Resolution

7.1 This LOA is subject to U.S. law and regulation, including U.S. procurement law.

7.2 The USG and the Purchaser agree to resolve any disagreement regarding this LOA by consultations between the USG and the Purchaser and not to refer any such disagreement to any international tribunal or third party for settlement.

LETTER OF OFFER AND ACCEPTANCE INFORMATION

1. GENERAL. This provides basic information pertaining to the LOA for U.S. and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DoD 5105.38-M, the in-country Security Cooperation Organization (SCO), the DSCA Country Program Director, or from the Implementing Agency (IA).

2. INFORMATION ENTERED BY THE USG.

a. Terms of Sale, and Purchaser responsibilities under those Terms, are described on the LOA. A list of all Terms of Sale, with explanations for each, is shown in DoD 5105.38-M.

b. Description/Condition. The item description consists of coding for use in U.S. management of the LOA (starting with Generic/MASL and codes, loaded automatically based on the MASL, that identify whether the line item is Significant Military Equipment (SME)/Major Defense Equipment (MDE), controlled under the Missile Technology Control Regime (MTCR), subject to special End-Use Monitoring (EUM), and controlled under an identified Category of the International Traffic in Arms Regulations (ITAR) U.S. Munitions List (USML). Codes used are listed below:

SME/MDE

- Y MDE
- S SME that is not MDE
- N Non-SME

Missile Technology Control Regime (MTCR)

- M Contains MTCR-controlled components
- N Contains no MTCR-controlled components

End-Use Monitoring (EUM)

- R Routine
- E Enhanced

International Traffic in Arms Regulations (ITAR) U.S. Munitions List (USML) Category

- I Firearms, Close Assault Weapons and Combat Shotguns
- II Guns and Armament
- III Ammunition/Ordnance
- IV Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines
- V Explosives and Energetic Materials, Propellants, Incendiary Agents and Their Constituents
- VI Vessels of War and Special Naval Equipment
- VII Tanks and Military Vehicles
- VIII Aircraft and Associated Equipment
- IX Military Training Equipment and Training
- X Protective Personnel Equipment and Shelters
- XI Military Electronics
- XII Fire Control, Range Finder, Optical and Guidance and Control Equipment
- XIII Auxiliary Military Equipment
- XIV Toxicological Agents, Including Chemical Agents, Biological Agents, and Associated Equipment
- XV Spacecraft Systems and Associated Equipment
- XVI Nuclear Weapons, Design and Testing Related Items
- XVII Classified Articles, Technical Data and Defense Services Not Otherwise Enumerated
- XVIII Directed Energy Weapons
- XIX Gas Turbine Engines and Associated Equipment
- XX Submersible Vessels, Oceanographic and Associated Equipment
- XXI Miscellaneous Articles
- Not a USML Item

This is followed by a short description of what is to be provided. Unless otherwise noted in the LOA, all items listed are in Condition Code A, Serviceable-Issuable without Qualification, or B, Serviceable-Issuable with Qualification, and are new, used, repaired, or reconditioned material which is serviceable and issuable for its intended purpose. In some instances, reference to a note in the Terms and Conditions may complement or replace these codes.

c. The Unit of Issue is normally "EA" (with associated quantity; for example, 40 EA) or "XX" (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number), or blank. When XX or blank, a quantity or Unit Cost is not shown.

d. The Source of Supply Code (SC) in the Articles or Services to be Supplied Section is one or more of the following:

- S Shipment from DoD stocks or performance by DoD personnel
- P From new procurement
- R From rebuild, repair, or modification by the USG
- X Mixed source, such as stock and procurement, or undetermined
- E Excess items, as is
- F Special Defense Acquisition Fund (SDAF) items

e. Availability lead time cited is the number of months (MOS) estimated for delivery of defense articles or performance of defense services. The lead time starts with Implementation of this Offer, including the conclusion of appropriate financial arrangements, and ends when items are made available to transportation.

f. Type of Assistance (TA) Codes below may also be found in DoD 4000.25-1-M:

- 3 Source Code S, R, or E; Cash Sale from Stock with Payment in Advance, based on Arms Export Control Act (AECA) Section 21(b).
- 4 Source Code X; Source Undetermined with Payment in Advance, AECA Sections 21(b), 22(a), 29.
- 5 Source Code P; Cash Sale from Procurement with Payment in Advance, AECA Section 22(a).
- 6 Source Code S, R, or E, Payment on Delivery; AECA Section 21(d).
- 7 Source Code P, Dependable Undertaking with 120 days Payment after Delivery; AECA Section 22(b).
- 8 Source Code S, R, or E, Stock Sales with 120 days Payment after Delivery; AECA Section 21(d).
- A FAA Excess Defense Articles - non-reimbursable, provided under the authority of Section 516 of the Foreign Assistance Act (FAA) of 1961, as amended.
- M MAP Merger/USG Grant; FAA Section 503(a)(3).
- N FMS Credit (Nonrepayable); AECA Sections 23 or 24.
- U Source Code P; Cooperative Logistics Supply Support Arrangement (CLSSA) Foreign Military Sales Order (FMSO) I.
- V Source Code S; CLSSA FMSO II stocks acquired under FMSO I.
- Z FMS Credit; AECA Sections 23 or 24.

g. Training notes: AP - Annual training program; SP - Special training designed to support purchases of U.S. equipment; NC - This offer does not constitute a commitment to provide U.S. training; SC - U.S. training concurrently being addressed in separate LOA; NR - No U.S. training is required in support of this purchase.

h. Offer Release Codes (Ofr Rel Cde) and Delivery Term Codes (Del Trm Cde) below may also be found in DoD 4500.9-R. The following Offer Release Codes also pertain to release of items for shipment back to Purchaser on repair LOAs:

- A Freight and parcel post shipments will be released automatically by the shipping activity without advance notice of availability.
- Y Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
- Z Advance notice is required, before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.
- X The Implementing Agency (IA) and country representative have agreed that the:

-- IA will sponsor the shipment to a country address. Under this agreement, the Freight Forwarder Code must also contain X and a Customer-within-country (CC) Code must be entered in the Mark For Code on the front page of the LOA. The MAPAD must contain the CC Code and addresses for each type of shipment (parcel post or freight).

-- Shipments are to be made to an assembly point or staging area as indicated by clear instructions on exception requisitions. Under this agreement, the Freight Forwarder Code must contain W. A Mark For Code may be entered in the Mark For Code space on the front page of the LOA, and the MAPAD must contain the Mark For Code if the Mark For Address is to be used on the shipment to the assembly point or staging area.

i. For the following Delivery Term Codes, DoD delivers:

- 2 To a CONUS inland point (or overseas inland point when the origin and destination are both in the same geographic area)
- 4 Not applicable (Purchaser has full responsibility at the point of origin. Often forwarded collect to country freight forwarder.)
- 5 At the CONUS POE on the inland carrier's equipment
- 7 At the overseas inland destination on board the inland carrier's equipment
- 8 At the CONUS POE on board the vessel or aircraft
- 9 At the overseas POD alongside the vessel or aircraft

Delivery Term Codes showing DoD transportation responsibility for repair LOAs are shown below. The LOA will provide a CONUS address for each item identified for repair. The Purchaser must assure this address is shown on all containers and documentation when materiel is returned.

- A From overseas POE through CONUS destination to overseas POD on board the vessel or aircraft
- B From overseas POE through CONUS destination to CONUS POE on board the vessel or aircraft
- C From CONUS POD on board the vessel or aircraft through CONUS destination to CONUS POE on board the vessel or aircraft
- D From CONUS POD on board the vessel or aircraft through the CONUS destination to overseas POD on board the vessel or aircraft
- E Not applicable (Purchaser has complete responsibility.)
- F From overseas inland point through CONUS destination to overseas inland destination
- G From overseas POE through CONUS destination to overseas POD alongside vessel or aircraft
- H (For classified items) From CONUS inland point to CONUS POE alongside vessel or aircraft
- J (For classified cryptographic items) From CONUS inland point to overseas inland destination

3. INFORMATION TO BE ENTERED BY THE PURCHASER.

Mark For and Freight Forwarder Codes are maintained in the Military Assistance Program Address Directory (MAPAD), DoD 4000.25-8-M. The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency that is purchasing the item(s). The Name and Address of the Purchaser's Paying Office is also required.

a. Mark For Code. This Code should be entered for use in identifying the address of the organization in the Purchaser country that is to receive the items. This includes return of items repaired under an LOA.

(1) This address will be added by the U.S. DoD to the Ship To address on all freight containers. It will also appear on items forwarded by small parcel delivery service, including parcel post. The address should include the port of discharge name and designator (water or air), country name, country service name, street, city, state or province, and (if applicable) in-country zip or similar address code.

(2) Shippers are not authorized to apply shipment markings. If codes and addresses are not published, containers will be received at the freight forwarder or U.S. military representative in-country unmarked for onward shipment with resultant losses, delays, and added costs. The USG will sponsor shipment of this materiel to FOB U.S. point of origin.

b. Freight Forwarder Code. When Offer Release Code X applies, Code X or W, discussed under Offer Release Code X above, must be entered.

c. Purchaser Procuring Agency Codes:

- B Army
- D Air Force
- K Marine Corps
- P Navy
- T Other

4. FINANCIAL

a. The method of financing is shown in the LOA, Amendment, or Modification. The initial deposit required with Purchaser signature of the LOA is an integral part of the acceptance.

b. LOA payment schedules are estimates, for planning purposes. DFAS-JAX/IN will request payment in accordance with the payment schedule unless DoD costs, including 90-day forecasted requirements, exceed amounts required by the payment schedule. When this occurs, the U.S. will use its best efforts to provide a new schedule via LOA Modification at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly DD Forms 645 issued by DFAS-JAX/IN regardless of the existing payment schedule.

c. The DD Form 645 serves as the bill and statement of account. An FMS Delivery Listing identifying items physically or constructively delivered and services performed during the billing period, will be attached to the DD Form 645. DFAS-JAX/IN forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in U.S. dollars to the USG in time to meet prescribed due dates. Costs in excess of amounts funded by FMF agreements must be paid by the Purchaser. Questions concerning the content of DD Forms 645 and requests for billing adjustments should be submitted to the Defense Finance and Accounting Service, 3801 Collections Center, DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490.

d. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS; therefore, non-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

Wire transfer--

ABA #021030004

U.S. Treasury NYC

Agent Location Code 00003801

Beneficiary DFAS-JAX/IN Agency

Payment from (country or international organization) for Letter of Offer and Acceptance (Identifier at the top of the first page of the LOA)

Check mailing address-

DFAS

3801 Collections Center

DFAS-JAX/IN

P.O. Box 269490

Indianapolis, IN 46226-9490

e. To authorize payments from funds available under FMF loan or grant agreements, the Purchaser may be required to submit a letter of request to the Defense Finance and Accounting Service, 3801 Collections Center, DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSCA/CFM.

f. Payments not received by DFAS-JAX/IN by the due date may be subject to interest charges as outlined in paragraph 4.4.8 of the LOA Standard Terms and Conditions.

g. The values on the LOA are estimates. The final amount will be equal to the cost to the USG. When deliveries are made and known costs are billed and collected, DFAS-JAX/IN will provide a "Final Statement of Account" which will summarize final costs. Excess funds will be available to pay unpaid billings on other statements or distributed as agreed upon between the Purchaser and the DSCA Deputy for Country Financial Management.

h. The Purchaser may cancel this LOA upon request to the IA. If this LOA is canceled after implementation, an FMS administrative surcharge may be assessed that equals one-half of the applicable FMS administrative surcharge rate times the ordered LOA value, or the applicable FMS administrative surcharge rate times the actual LOA value at closure, whichever is higher.

5. CHANGES TO THE LOA. Changes may be initiated by the USG or by requests from the Purchaser. After acceptance of the basic LOA, these changes will take the form of Amendments or Modifications.

a. Amendments encompass changes in scope, such as those which affect the type or number of significant items to be provided. Amendments require acceptance by the USG and the Purchaser in the same manner as the original LOA.

b. Modifications include changes that do not constitute a change in scope, such as increases or decreases in estimated costs or delivery schedule changes. Modifications require signature only to acknowledge receipt by the Purchaser.

c. When signed, and unless alternate instructions are provided, copies of Amendments and Modifications should be given the same U.S. distribution as the basic LOA.

d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the IA for consideration. Any change made by the Purchaser and not authorized by the IA is considered a counteroffer. See DoD 5105.38-M for more information.

6. CORRESPONDENCE. Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the IA within the Department of Defense.

Copy to:

DFAS-JAX/IN Indianapolis, IN

NAVY IPO (260)

NAVSUP WSS

USCG (CG-922)

USEUCOM EC-J4

ODC TBLISI