
SECURITY ASSISTANCE PERSPECTIVES

Revision of LOA

(Letter of Offer and Acceptance)

[Editor's Note. Per direction from the Defense Security Assistance Agency (DSAA), and effective with Letters of Request (LORs) received on or after 1 June 1992, the Security Assistance Community will implement revised formats for the Letter of Offer and Acceptance (LOA), the LOA Amendment, and the LOA Modification. Starting on that date, the former DD Forms 1513, 1513-1, and 1513-2 will no longer be employed. FMS programs which are underway as of 31 May 1992 and which use these forms will not be directly effected.

The primary reason for these revisions is to incorporate numerous legislative and policy changes which have occurred since the last substantial LOA revision was made in 1977. Formats and procedures which have been developed for these new documents reflect refinements made during operational testing within DoD, and they also reflect important feedback from representatives of several countries who were consulted during the new LOA development and evaluation process.

The following materials are presented to assist our readers in preparing for the 1 June implementation date. These materials include a summary of the key differences between the old and new formats plus copies of the new formats. Advance copies of these same materials, together with an interim change to the Security Assistance Manual (SAMM), were distributed to all FMS Implementing Agencies (IAs), other key USG agencies, SAOs, and foreign embassies in March and April. These changes will be included in a future formal change 5 to the SAMM. Any reader requiring a copy of the complete interim change package may request one from DISAM/DIR, DSN 785-2994, or Commercial (513) 255-2994.]

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REVISED LOA INFORMATION SHEET

This information sheet is provided to assist U.S. security assistance personnel in responding to questions regarding the LOA revision. For further assistance, contact Wayne Wells, DSAA/OPS-E, DSN 227-8108, Commercial (703) 697-8108.

Why revise the LOA?

DD Forms 1513, 1513-1, and 1513-2 were established in the mid-60s prior to widespread automation. Even though LOA developers subsequently produced certain types of automated forms, such automation was made difficult by the form layout (i.e., data spacing, placement of horizontal and vertical lines, legal size form, and large variety of print sizes and fonts). The LOA revision allows a greater flexibility in form development and data transmission.

Also, various sections of the DD Form 1513, added over the 15 years since the last substantial change, needed to be consolidated. Even though we had continued to use the form by adding financial terms and conditions, the "Cyprus note," security notes, and other terms and

conditions which were standard with each document, it was unnecessarily difficult to understand which particular terms, conditions, and explanatory information applied to a specific case.

Are there any specific advantages which offset the added effort necessary to implement the LOA revision?

The new format will consolidate the terms and conditions which are standard to all LOAs into a two-sheet insert which will be included in only the original LOA (presented to the customer for signature) and in the DoD file copy retained by the LOA developer. A second insert, showing courtesy information to help the customer understand acronyms, coding, financial information, and other LOA data will also be attached to the original and one file copy of the LOA. Together with our increased emphasis on transmitting data electronically during the development and coordination process, this should substantially reduce the volume of paper accompanying LOA processing.

Also, a few countries previously indicated dissatisfaction with the format of the DD Form 1513, preferring the more recognizable contract formats which have become common within the international business community. The LOA revision should help reduce those concerns, as a letter-size contract format that more closely resembles non-FMS contracts replaces the legal-size format.

Finally, it should also be easier to remain current with major legislative, policy, or procedural (e.g., code changes) once the revision is implemented.

What are key differences to look for?

- Summary information, which might be used for program approval by high level country officials or for LOA review during coordination processes, has been placed on the cover page.
- Consolidation of Standard Terms has been accomplished, with such items as the "Cyprus note" and add-on security notes made part of the boilerplate.
- There is less redundancy between boilerplate provisions and courtesy information and unique notes.
- A general update of the format has been accomplished, so that the form conforms more closely to actual practice and today's use of terminology.
- The minimum value for the submission of Reports of Discrepancy (ROD) to the U.S. has been increased from \$100 to \$200. This increase provides incentives for DoD to keep materiel discrepancies low in order to reduce its own expenses, including equipment down time, with FMS shipments processed under DoD procedures. The \$200 minimum was selected to balance the cost of processing RODs, which are often shared by all Defense Business Operating Fund (DBOF, formerly stock fund) customers, and fairness to individual customers finding a problem with a specific item.

The new minimum value still covers only a fraction of the cost of fully processing ROD requests. Low value RODs are cleared with minimal research, which reduces the processing cost but routinely allows credit to the customer. This probably gives an unfair advantage to the customer, since we know that a substantial portion of the RODs which are researched fully are resolved in favor of the United States.

A minimum ROD value increase to \$500 had been recommended as part of the FMS streamlining program initiatives. The recommendation was based on lowered operating costs and reduced complexity in such areas as program reconciliation and LOA closure. If ROD processing costs are ignored and inflation since 1977 is considered alone, the 1992 minimum would be \$230. The \$200 value was selected to improve the balance between a fair resolution of discrepancies and an equitable distribution of costs.

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

[AT-P-BLZ]

Based on [AUSTDEF ltr 2/265 of 10 Apr 92]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to [the Government of Australia, Office of the Naval Attaché, 1601 Massachusetts Ave., NW, Washington, DC 20036] 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 for [Standard Missile Block VI, support items, and services.]

Estimated Cost: [\$19,510,825] Initial Deposit: [\$19,360.450]
Terms of Sale: [Cash prior to delivery/dependable undertaking.
Congressional notification 92-17]

This offer expires on [22 July 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This page through page [4], plus Letter of Offer and Acceptance Standard Terms and Conditions attached, are a part of this LOA.

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

U.S. Signature	[30 May 92] Date	Purchaser Signature	Date
[A. R. DiTrapani Director]			
Typed Name and Title		Typed Name and Title	
[Navy International Programs Office] Implementing Agency		Agency	

DSAA	Date
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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

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

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

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA Notes	(6) Ofr Rel Cde	(7) Del Trm Cde
			(a) Unit	(b) Total			
1.	B2D 141000STDMSYS(Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$448,732	\$17,949,280	X(4) TA 4	Z	8
2.	B2D 141000STDCONT(N) CONTAINERS (Note 2)			347,631	X(4) TA 4	A	4
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA 4	A	4
(8)	Net Estimated Cost				\$[18,447,286]		
(9)	Packing, Crating, and Handling				\$[231,800]		
(10)	Administrative Charge				\$[553,419]		
(11)	Transportation				\$[278,320]		
(12)	Other (specify; e.g., supply support arrangement)				\$[]		
(13)	Total Estimated Cost				\$[19,510,825]		

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	\$19,360,450	\$19,360,450
15 Dec 92	21,483	19,381,933
15 Mar 93	21,482	19,403,415
15 Jun 93	21,482	19,424,897
15 Sep 93	21,482	19,446,379
15 Dec 93	21,482	19,467,861
15 Mar 94	21,482	19,489,343
15 Jun 94	21,482	19,510,825]

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021-030-004, DFAS/SAAC, Agency Code 3801, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the LOA or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the LOA identifier.]
2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000].

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS, attached following page [4], are a part of this LOA. The following terms and conditions also apply:

[Note 1. The configuration of the Standard Missile will be specified in NAVSEA Drawing Number 5246986-13. The missile and its components are classified. All missiles will be issued from stock in Condition Code A and configured with the MK 45 MOD 6 target detecting device. A listing of the exact configuration with ORDALTS and the remaining service life of each component, if applicable, will be provided prior to delivery. The dual thrust rocket motors have a remaining service life of ten years. USN assets will be replaced in kind from procurement. The estimated cost is based on the contract cost, including management of the replacement procurement. The expected delivery date is 30 November 1992.

Note 2. Item 1 defense articles are being provided with containers based on documented requests from the Purchaser.

Note 3. This includes initial estimated USN or contractor engineering support related to the LOA such as performing technical reviews, analyzing firing data, and answering general technical queries. Specifics will be defined in program management meetings.

Note 4. The Offer expiration date allows less than the normal time for review in order to meet the contract award date for the replacement procurement.

Note 5. The Purchaser will be charged for the use of USG sponsored (Government Bill of Lading) transportation services for items which are classified Confidential or are explosive. This is effective for Offer/Release Code Z and Delivery Term Code 8 items. Items other than classified or hazardous will be shipped Collect Commercial Bill of Lading to applicable freight forwarders.

Note 6. The projected LOA closure date is March 2000.

Note 7. This LOA will be implemented under the Standard Accounting and Reporting System (STARS).

Note 8. The Purchaser may cancel this LOA upon request to the Implementing Agency; however, an administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on acceptance, or the applicable

administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if cancelled after implementation.

Note 9. The USG is a self-insurer, and in this connection your attention is invited to Standard Terms and Conditions Section 5.3. The US Department of Defense shall employ the same inspection procedures for this ammunition as would be used in the procurement of this type of ammunition for itself. Lot production of ammunition, however, carries risks associated with the ammunition's performance. This risk is assumed by the USG in procurement for its own use, and this risk is also assumed by the Purchaser in procurement for its use under this LOA. Accordingly, financial restitution will not be made for claims made on SF 364, Report of Discrepancy (ROD) (see Standard Terms and Conditions Section 5.4) for ammunition deficiencies unless such claims involve damage due to USG actions with respect to packing, crating, handling, or transportation, or unless the USG can obtain equal restitution from its contractor.]

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 US 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 US DoD is solely responsible for negotiating the terms and conditions of contracts necessary to fulfill the requirements in this LOA.

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

1.4 Under unusual and compelling circumstances, when the national interest of the US 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.

1.5 US 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 US personnel in combat activities outside the US, in connection with the performance of these defense services.

1.6 The assignment or employment of US personnel for the performance of this LOA by the USG will not take into account race, religion, national origin, or sex.

1.7 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, to use the defense articles sold hereunder only:

2.2.1 For purposes specified in any Mutual Defense Assistance Agreement between the USG and the Purchaser;

2.2.2 For purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if section 2.2.1 is inapplicable; or,

2.2.3 For internal security, individual self-defense, or civic action, if sections 2.2.1 and 2.2.2 are inapplicable.

2.3 The Purchaser will not transfer title to, or possession of, the defense articles, components and associated support material, 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), 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 US Congress is required to be notified of any substantial evidence that the defense articles sold in this LOA have been used in a manner which is inconsistent with this provision.

2.4 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 US classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a US classified item is to be furnished to its contractor pursuant to this LOA: (a) items will be exchanged through official government channels, (b) the specified contractor has been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the US information involved, (c) all contractor personnel requiring access to such items have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser will assume responsibility for administering security measures while 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.

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 Purchaser or third parties, or

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

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 US 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 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.

4.4.7 That requests for funds or billings 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 discrepancy reports, Standard Form 364.

4.4.8 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.

4.4.9 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.

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 US 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 US 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 US 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 US 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 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 and will be submitted promptly by the Purchaser. DoD will not accept claims related to items of \$200. or less for overages, shortages, damages, non-shipment, or non-performance. Any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire lot), received after one year from passage of title to the article or from scheduled performance of the service will be disallowed by the USG unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Claims, received after one year from date of passage of title or initial billing, whichever is later, for nonshipment/nonreceipt of an entire lot will be disallowed by the USG. The Purchaser agrees to return discrepant articles to USG custody within 180 days from the date of USG approval of such return.

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 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 US 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 material 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 US Federal 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 US and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DOD 5105.38-M, the in-country Security Assistance Office, the DSAA Country Director, or from the implementing agency.

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, are shown in DOD 5105.38-M.

b. **Description/Condition.** The item description consists of coding for use in US management of the LOA (starting with Generic/MASL and MDE "(Y)" or non-MDE "(N)" data such as that in DOD 5105.38-M, Appendix D) plus a short description of what is to be provided. When items are serviceable, Code "A" (new, repaired, or reconditioned material which meets US Armed Forces standards of serviceability) may be used; otherwise, Code "B" (unserviceable or mixed condition without repair, restoration, or rehabilitation which may be required) may be used. 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" (each, or one; for example, 40 EA) or blank (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number). When blank, a quantity or Unit Cost is not shown.

d. **The Source 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 leadtime** cited is the number of months (MOS) estimated for complete delivery of defense articles or performance of defense services. The leadtime starts with Acceptance 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** are as follows:

- 3 - Source Code S, R, or E; based on Arms Export Control Act (AECA) Section 21(b).
- 4 - Source Code X; AECA Sections 21(b), 22(a), 29, or source undetermined.
- 5 - Source Code P; 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).
- M - MAP Merger; Foreign Assistance Act (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 US equipment; NC - This offer does not constitute a commitment to provide US training; SC - US training concurrently being addressed in separate LOA; NR - No US 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 4500.32-R, MILSTAMP, Appendix M, Figure M-1. 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)

3 - At the CONUS POE alongside the vessel or aircraft

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

6 - At the overseas POD on board the vessel or aircraft

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 customer 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. The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency which 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 which is to receive the items. This includes return of items repaired under an LOA.

(1) This address will be added by the US 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 US 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 US 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.

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 (SAAC) 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 US 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 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 forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in US 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 (SAAC/FS), Lowry AFB, CO 80279-5000.

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-US banks must go through a US correspondent FRS member bank. The following information is applicable to cash payments:

Wire transfer--

United States Treasury

New York, New York

021-030-004

DFAS/SAAC

Agency Code 3801

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--

Defense Finance and Accounting Service (DFAS)
DE/SAAC/F
Denver, CO 80279-5000

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 (DFAS/DE-FCC), Denver, Colorado 80279-5000. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSAA-COMPT-FMD.

f. Payments not received by DFAS (SAAC) 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, SAAC 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 Comptroller, DSAA.

h. The Purchaser may cancel this LOA upon request to the implementing agency. An administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on LOA acceptance, or the applicable administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if this LOA is cancelled after implementation.

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 which 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 US distribution as the basic LOA.

d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the implementing agency for consideration. See DOD 5105.38-M, section 70105.M.2.

6. CORRESPONDENCE. Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the implementing agency within DoD.

TABLE 701-2
Termination Liability Worksheet

Case Identification: _____ Date: _____
(Agency, Country, Case Designator)

Liability/ Payment Holdback Date	(a)		(c) Estimated		(e) Termination	
	(b) Total Payment		(d) Disbursements		(f) Contractor	
	Qtr	Cum	Qtr	Cum	Qtr	Cum
Initial Deposit	88,000	88,000	88,000	88,000	0	0
15Jun85	216,000	304,000	124,800	212,800	91,200	91,200
15Sep85	344,000	648,000	208,400	421,200	135,600	226,800
15Dec85	528,000	1,176,000	343,200	764,400	184,800	411,600
15Mar86	752,000	1,928,000	488,800	1,253,200	263,200	674,800
15Jun86	1,000,000	2,928,000	737,840	1,991,040	262,160	936,960
15Sep86	1,192,000	4,120,000	1,016,560	3,007,600	175,441	1,112,400
15Dec86	1,256,000	5,376,000	1,400,720	4,408,320	(144,720)	967,680
15Mar87	1,128,000	6,504,000	1,640,400	6,048,720	(512,400)	455,280
15Jun87	816,000	7,320,000	1,124,880	7,173,600	(308,880)	146,400
15Sep87	472,000	7,792,000	618,400	7,792,000	(146,400)	0
15Dec87	208,000	8,000,000	208,000	8,000,000	0	0

Notes: (a) Columns a and b must be identical to payment schedule in LOA financial annex.
 (b) Column a = c + e.
 (c) Column b = d + f.
 (d) At end of worksheet, column b = column d; column f must be zero (0).
 (e) In initial deposit, columns e and f are zero (0) unless contract will be let before first scheduled payment.

TABLE 701-3
Supplementary Information for Letters of Offer

SUPPLEMENT INFORMATION	Weapons System Package Sale	Communications Systems Package Sale	Coproduction/Coassembly	End Item	SSA Stock Level Case	Requisition Cases Incl SSA Req	Demolished Spare Parts of Supplies (Incl ammunition)	Excesses "As-Is, Where-Is"	Modifications	Publications, Charts, Film	Training	Maintenance and Overhaul	Contractual Services OETS	Military Services Overseas (i.e., TAFI)	Military Services in CONUS (i.e., Project Mgmt Office)	Aircraft Flight Delivery	Transportation Services MAC&MSTS	RDT&E Services	Technical Data Package	Pro-Rata R&D or Royalty Cases	Non-Standard Military Equipment
Mode and Destination of Shipments	X	X	X	X		X	X	X	X	X		X	A/R			X	X		X		X
Delivery Schedule of Items	X	X	A/R	X				X	A/R			A/R					X		A/R		A/R
Personal Movement to and From Country	A/R	A/R	A/R						A/R		A/R	A/R	X	X		A/R					A/R
Qualifications Regarding Validity of Data	X	X	X	X			X		X		X	X	X	X		X	X	X	X		X
Agreements to Safeguard Status of USG or Contractor Personnel While in Host Country	A/R	A/R	A/R						A/R					X		A/R					A/R
Statement of Facilities, Services, or Personnel to be Provided by Purchasing Nation	A/R	A/R	A/R						A/R		A/R			A/R		A/R					A/R
Separate Memorandum of Understanding or Detailed Statement of Work	A/R	A/R	A/R						A/R		A/R			A/R		A/R					A/R
Schedule of Personnel Training	A/R	A/R	A/R								X			A/R							A/R
Logistics Information	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R							A/R		A/R
Responsibility for Initiation of Requisitions	X	X	X	X		X	X		A/R	A/R		X							A/R		A/R
Payment Schedule	X	X	X	A/R			A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R
Administration Charge in Event of Cancellation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

X — Must be addressed in supplemental terms and conditions.

A/R — Should be addressed if applicable to this L.O.A.

**TABLE 701-4
LOA Preparation Checklist**

Item	Action Officer (Last Name, Phone, Date)	Validation	
		Service (Last Name, Phone, Date)	DSAA (Last Name, Phone, Date)
Mode and destination of shipments			
Delivery Schedule of items			
Personnel movement to and from country			
Qualifications of Pricing and Availability Data			
Agreements to safeguard status of USG or contractor personnel in-country			
Statement of facilities, services, or personnel to be provided by purchaser			
Separate International Agreement or detailed Statement of Work			
Schedule of Personnel Training			
Logistical Information			
Explanation of condition of equipment			
Identification of equipment supportable under case			
Description of services to be provided			
Description of components of pricing			
Responsibility for initiation of requisitions			
Idemnification and assumption of risk			
Payment schedules			
Financial analysis			

Remarks:

TABLE 701-5
Additional Terms and Conditions
[Aircraft Movement]

The following may be consolidated as one note on the LOA, as considered appropriate by the IA.

- A. The USG will provide for movement of aircraft to point of delivery specified in this LOA.
 - *B. In order to carry out the purpose of this LOA, the USG will accept title to the aircraft from the contractor, and title to the aircraft will remain with the USG until arrival at the point of delivery, at which time title passes to the Purchaser.
 - *C. The aircraft will be marked with appropriate USG markings. The Purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings upon passage of title to the Purchaser.
 - D. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the Purchaser.
 - E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
 - F. The Purchaser is liable for all enroute costs including, but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current USG regulations, prior to flight.
 - G. It is agreed that there will normally be no USG/Purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by _____ based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.
- *When the USG is to ferry Purchaser-owned aircraft, replace B. and C. above with the following:
- B. In order to carry out the purpose of this LOA, the Purchaser grants the USG possession of the aircraft. The title to the aircraft will remain with the Purchaser.
 - C. The aircraft will be marked with appropriate USG markings. The Purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings.

TABLE 701-6
Additional Terms and Conditions
Transportation and Services

The following may be consolidated as one note on the LOA, as considered appropriate by the IA.

- A. USG agrees to provide, transportation services for the items identified in this LOA to the Point of Delivery. Purchasers property will be transported at the Purchaser's risk.
- B. Purchaser will accept USG delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the POD, and for movement of the materiel from its POD to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the USG does not in fact recover from an independent carrier or handler, including where the USG is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The USG will assist the Purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for USG-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the Purchaser's account.
- H. If the Purchaser proposes to take delivery and custody of the classified material in the US and use its own facilities and transportation for onward shipment to its territory, the Purchaser agrees to submit a transportation plan as outlined in the *Security Assistance Management Manual*, Chapter 5, Section 503, Table 503-4. Further, the Purchaser agrees to notify the cognizant DOD Component of any changes as they occur to the transportation plan. The Purchaser will be notified of the approval or disapproval of this plan. If disapproved, the Purchaser will be notified of the reason for disapproval and be required to provide a revised transportation plan that will be acceptable to the USG or the USG will ship the classified materiel by the Defense Transportation Service.

TABLE 701-7
Additional Terms and Conditions
Safeguards for Contractor Personnel

A. Passports, Visas, Licenses, and Permits.

1. The Contractor shall be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate government agency for the required passports, visas, licenses, or permits.

2. To ensure the effective and timely performance of this contract, the Government of [country] (GO__), [e.g., Government of Turkey (GOT)] will, within the framework of the laws of GO__, ensure the timely issuance of work visas, multiple entry visas, exit visas, work permits, vehicle operator permits, residence permits, in-country travel permits, and any other appropriate licenses or permits as may be required of the Contractor, and its subcontractors, or their personnel and dependents. The Contractor and his subcontractors shall be responsible for the sponsorship of their employees and their dependents and shall process said permits directly with the appropriate GO__ agency.

3. The GO__ will receive, without regard to race, religion, sex, or ethnic or national origin, persons of other than [country] nationality imported into [country], under proper authority, to work exclusively on efforts covered by the provisions of this contract, who have USG issued passports, provided they are technically qualified for the work and meet the security requirements of the GO__, and will impose on such person no fee or charges for entry, exit, quarantine, nor will they require work or residence permits for personnel working under this contract.

4. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the GO__ under this LOA, and the contract delivery schedule shall be appropriately adjusted. Reimbursement shall be limited to those costs incurred, including applicable overhead and General and Administrative (G&A) costs but excluding profit.

B. Access.

1. Contractor and subcontractor personnel in [country] in connection with this Program shall be authorized reasonable access to all information (data, plans, and reports) and all existing and proposed offices, sites, and areas within [country] as required to accomplish this effort. The GO__ shall provide permits, licenses, visas, rights of entry, and any necessary arrangements to insure prompt access by Contractor and subcontractor personnel.

C. Export of Data.

1. The Contractor or subcontractor shall not be required to deliver to the Government of [country] nor to any person or entity not a citizen of the United States of America, any technical data produced or utilized under this Program until the Country has been furnished with evidence acceptable to it that such delivery of the data is (1) approved by the Center for Defense Trade of the U.S. State Department pursuant to the International Traffic in Arms Regulations of that Agency, or (2) approval is not required.

D. **Currency Revaluation.**

1. The financial procedures in this Program are based on the principle that neither the United States nor any U.S. or foreign subcontractors shall realize financial benefit nor incur financial loss by reason of fluctuation in the official rate of currency exchange or currency revaluation. For the purpose of this Program, a currency revaluation is defined as a change in the official rate of exchange between the U.S. dollar and the [country currency] which occurs as a direct result of sovereign decree.

2. If a currency revaluation, or a fluctuation in the exchange rate results in a financial gain or loss to the Contractors, the price of the contract(s) shall be adjusted upward or downward. Such adjustment in contract price shall be negotiated based upon a proposal submitted by the Contractor.

3. [Country] currency required by the Contractor for non-United States expenditures in the performance of this Program will be purchased by the Contractor from the GO__.

E. **Taxes, Duties, and Charges for Doing Business.**

1. It is agreed that the contract implementing this LOA will include the clause entitled "Taxes-Foreign Fixed-Price Contracts (Jan 1991)" set forth in FAR Section 52.229-6.

2. The GO__ further agrees with respect to the [company] (hereinafter referred to as "the Contractor"):

a. All property, materiel, equipment, household furniture, appliances and supplies imported into [country] by the Contractor or its subcontractors exclusively for use in support of the Contractor and its personnel and consigned and marked, as required or approved by the USG shall be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. Duty-free import of major appliances for personnel support shall be limited to one (1) each: stove, refrigerator, freezer, washing machine, clothes dryer, and two (2) each televisions per family, plus a reasonable number of spare and replacement major appliances for use as maintenance requirements dictate. Any of the foregoing which does not become a part of the completed work or otherwise consumed, may at the Contractor's discretion, be removed from [country] or disposed of in [country] free of any restrictions or claims which may arise by reasons of such removal or disposal, except that any applicable custom duty, tax or charges will be paid in the event of sale or disposal in [country] to a Purchaser other than an agency of the GO__ or other person entitled to duty-free importation. The Contractor shall maintain any inventory control and accounting system adequate to reflect the usage and disposition of all Contractor-owned property which has entered [country] duty-free under this contract.

b. The GO__, its agencies, and political subdivisions shall levy no taxes or fees (including taxes on individual or corporate income or property, customs or import duties and other taxes on employee personal household goods, supplies and personal effects imported into [country] for personal use) on the Contractor, its subcontractors, the employees of either and the dependents of such employees. Duty-free entry of employee/dependent personal household goods, supplies, or personal effects shall be limited to (1) the shipment of personal household goods, supplies, and personal effects identified by [company] as the employees' initial shipment; (2) the personal household goods, supplies, and personal effects shipped or carried by an employee or his dependents when returning from leave or duty outside [country] to the extent such items are allowed duty-free entry under the GO__ customs laws; and (3) the shipment of an additional 100 pounds per family member of personal household goods, supplies, and personal effects identified by [company] as the employees' employment extension shipment. Duty-free

import of major appliances for personnel support is limited to those items described above and imported in the name of the Contractor. In their individual capacity, contractor employees are not authorized duty-free import of major appliances or automobiles. Furthermore, this tax exclusion does not apply to the GO___ taxes levied on the purchase of personal household goods, supplies or personal effects or automobiles in the country of [country] by the employees of the Contractor or employees of its subcontractors. This paragraph does not apply to [country] employees of the Contractor or [country] subcontractors or their employees.

3. If, notwithstanding the above agreements, taxes, duties, or similar charges are imposed by the GO___ under the excepted circumstances described above, costs thereby incurred by the Contractor shall serve to increase the contract price and will be reimbursed to the Contractor at cost, including applicable overhead and G & A, but excluding profit, out of national funds (not FMS Credit or MAP funds) to be provided by the GO___ under this LOA.

4. The GO___ agrees that the appropriate agency of the GO___ will implement any policy guidance necessitated by this provision.

F. Limitation of Contractor Liability.

1. The GO___ agrees, with respect to the Contractor:
 - a. To waive any or all claims which it has or may have against the Contractor, its agents, officers, and employees, for damage, loss, or destruction of property, or for injury to or death of persons, arising out of the Contractor's participation in this Program in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents, or employees.
 - b. To indemnify and hold harmless the Contractor, its agents, and employees against all claims arising directly or indirectly by reason of injury to or death of persons or loss or damage to property, out of the Contractor's participation in this Program, in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents or employees.
 - c. In the event any other Contractor or party asserts any claim or commences any action in the [country] courts or elsewhere against the Contractor because of program efforts, the GO___ agrees to cooperate fully in the defense of such claim or action including the furnishing of witnesses and evidence at the GO___ expense. Except for claims or losses arising out of any breach of this contract or subcontractors thereunder or violations of any statute of the United States by the Contractor, the GO___ agrees to indemnify the Contractor against any judgments or losses which may result from claims or litigation and to reimburse the Contractor for the expense resulting from any such action.
 - d. To accept full responsibility for the security and safekeeping of GO___ real and personal property located on its military bases or installations. The Contractor, its agents, officers, or employees shall not be liable for any damage arising directly out of a breach or failure of the GO___ security procedures, however caused.
 - e. The GO___ shall provide adequate security to protect the personnel and property of the USG, and its Contractors or subcontractors located on GO___ military bases or installations.
 - f. The term "agents" as used in this paragraph includes subcontractors.

2. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be

increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the GO___ under this LOA. Reimbursement shall be limited to those costs incurred, including applicable overhead and G&A, but excluding profit.

G. Special Contingencies Provision.

1. It is understood that no contingency pricing has been included in this LOA for items a. through d. set forth in paragraph 2. below.

2. The GO___ agrees, with respect to the Contractor, that in the event of the following situation(s) occurring as a result of effort performed in support of this LOA in [country], an adjustment to the resulting contract(s) will be made for:

a. Costs incurred due to actions brought against the Contractor or subcontractors under [country] Labor or Social Insurance Laws, provided such actions were not caused by conduct prescribed by other laws or willful contravention of [country] Labor or Social Laws.

b. Additional costs incurred resulting from GO___ prevention of shipment of Contractor or employee belongings in or out of [country] within 120 days of the date such property is made available for shipment where transportation is otherwise reasonably available.

c. An increase or decrease in costs incurred by the Contractor resulting from war, armed conflict, insurrection, nationalization, civil or military strife, or similar conditions, or acts of God where the safety of the Contractor and subcontractor personnel is threatened, and where retention or replacement of such personnel is required; and damage or loss as a result of conditions listed above to property owned by the Contractor, subcontractor, or employees. Whether to retain or replace such personnel shall be within the sole discretion of the USG.

d. An increase or decrease in costs incurred by the Contractor or its subcontractors resulting from the GO___ changing any laws, regulations, or policy in effect on the acceptance date of this LOA.

3. It is understood that no adjustment shall be made due to the above situations:

a. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to any circumstances not set forth in 2, above.

b. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to the fault or negligence of the Contractor; or

c. For which any adjustment is otherwise provided or excluded under any other provision of the resulting contract, such other provision shall be enforced in accordance with its terms.

4. The adjustments provided for in this provision may be made in the delivery or performance dates and any other provision of the contract implementing this LOA, affected by the above conditions. Upward or downward adjustments may also be made in the contract price, but shall be limited to actual costs, including overhead and G&A, but excluding profit. FAR, Part 31, Contract Cost Principles and Procedures, shall be used in determining the amount of any price adjustment, and is not superseded by any provision herein. Costs reimbursed to the Contractor under this provision shall be paid out of funds which will be provided by the GO___ under this LOA.

TABLE 804-1

Preparing the Amendment or Modification to the Letter of Offer and Acceptance

Information in this Table is designed to assist in completing an LOA Amendment or Modification after the decision is made, based on guidance in section 804, that one or the other is applicable. Guidance in section 701 for the basic LOA should also be helpful in completing these LOA changes. A sample completed LOA Amendment and Modification is included in this Table, with additions to the standardized format bracketed for emphasis. Information in the basic LOA should be repeated only to the extent necessary to ensure clarity for those reviewing the Amendment or Modification documents; e.g., to correlate the current Amendment or Modification to the basic LOA and previous changes and to accurately describe the revision(s). The following guidance also applies:

A. The "This Amendment (or Modification) is for:" section should always include "Basic LOA was accepted (date)" and a concise and clear purpose of the Amendment or Modification, using the following guidelines.

1. This section provides an overview of the Amendment or Modification. Actual changes are shown in detail subsequent to page 1.

2. Enter references to specific parts of the basic LOA, Amendments, or Modifications; e.g., Basic LOA, Item 1, Atchmt 2; Amendment 2, Item 3. Show if the action is an addition, modification, or deletion, increase, or decrease. If a previous Amendment Offer has expired, explain and indicate that an effect on cost does not apply to the Amendment or Modification being processed. Enter the previous description of the amended item.

3. Include the DSAA transmittal used in the statutory Congressional notification (e.g., Congressional Notification 92-15) when applicable.

4. Include a statement that the preceding Amendment was not accepted by the Purchaser when the Amendment Offer expires and a subsequent Amendment or Modification is issued. The consecutive Amendment number should not be reused once it has been assigned.

B. The Amendment expiration date is normally 85 days after the US Signature Date.

C. Amendments or Modifications determined to not require DSAA Countersignature should show one of the following on the "DSAA" line--

1. Amendments. "SAMM 80402.C applies"

2. Modifications. "SAMM 80403.C applies"

The DSAA countersignature line "Date" should reflect the date the no-countersignature determination was made by the IA.

D. Normal LOA, Amendment, and Modification distribution (original and two copies, three copies with credit LOAs) will be adjusted as discussed in this section when countersignature is not required.

E. To avoid misunderstandings, especially with customers, use caution in discussing changes in cost or increases in scope prior to Amendment acceptance. When in doubt, obtain approval for these discussions from DSAA OPS.

SAMPLE

AMENDMENT [1] TO LETTER OF OFFER AND ACCEPTANCE

[AT-P-BLZ]

Based on [AUSTDEF ltr 2/343 of 12 Aug 92]. [Mail to: The Government of Australia, Office of the Naval Attaché, 1601 Massachusetts Ave., NW, Washington, DC 20036.]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. Other provisions, terms, and conditions of the original LOA remain unchanged.

This Amendment is for: [Increases Basic LOA Item 2 quantity based on Purchaser request, reduce costs in Item 3 based on requirement definitization, and revise other data accordingly. Basic LOA accepted 18 Jul 92.]

Estimated Cost: [\$19,499,601] Initial Deposit: [\$34,764]
Terms of Sale: [Cash prior to delivery/dependable undertaking.
Congressional Notification 92-17.]

This offer expires on [19 December 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, this offer will terminate on the expiration date.

This page through page [3] attached are a part of this Amendment.

The undersigned are duly authorized representatives of their Governments and hereby respectively offer and accept this Amendment:

_____ [25 Sep 92] _____
U.S. Signature Date Purchaser's Signature Date

[A. R. DiTrapani
Director]

Typed Name and Title _____
Typed Name and Title

[Navy International Programs Office]
Implementing Agency _____
Agency

_____ _____
DSAA Date

SECURITY ASSISTANCE PERSPECTIVES

Revision of LOA

(Letter of Offer and Acceptance)

[Editor's Note. Per direction from the Defense Security Assistance Agency (DSAA), and effective with Letters of Request (LORs) received on or after 1 June 1992, the Security Assistance Community will implement revised formats for the Letter of Offer and Acceptance (LOA), the LOA Amendment, and the LOA Modification. Starting on that date, the former DD Forms 1513, 1513-1, and 1513-2 will no longer be employed. FMS programs which are underway as of 31 May 1992 and which use these forms will not be directly effected.

The primary reason for these revisions is to incorporate numerous legislative and policy changes which have occurred since the last substantial LOA revision was made in 1977. Formats and procedures which have been developed for these new documents reflect refinements made during operational testing within DoD, and they also reflect important feedback from representatives of several countries who were consulted during the new LOA development and evaluation process.

The following materials are presented to assist our readers in preparing for the 1 June implementation date. These materials include a summary of the key differences between the old and new formats plus copies of the new formats. Advance copies of these same materials, together with an interim change to the Security Assistance Manual (SAMM), were distributed to all FMS Implementing Agencies (IAs), other key USG agencies, SAOs, and foreign embassies in March and April. These changes will be included in a future formal change 5 to the SAMM. Any reader requiring a copy of the complete interim change package may request one from DISAM/DIR, DSN 785-2994, or Commercial (513) 255-2994.]

* * * * *

REVISED LOA INFORMATION SHEET

This information sheet is provided to assist U.S. security assistance personnel in responding to questions regarding the LOA revision. For further assistance, contact Wayne Wells, DSAA/OPS-E, DSN 227-8108, Commercial (703) 697-8108.

Why revise the LOA?

DD Forms 1513, 1513-1, and 1513-2 were established in the mid-60s prior to widespread automation. Even though LOA developers subsequently produced certain types of automated forms, such automation was made difficult by the form layout (i.e., data spacing, placement of horizontal and vertical lines, legal size form, and large variety of print sizes and fonts). The LOA revision allows a greater flexibility in form development and data transmission.

Also, various sections of the DD Form 1513, added over the 15 years since the last substantial change, needed to be consolidated. Even though we had continued to use the form by adding financial terms and conditions, the "Cyprus note," security notes, and other terms and

conditions which were standard with each document, it was unnecessarily difficult to understand which particular terms, conditions, and explanatory information applied to a specific case.

Are there any specific advantages which offset the added effort necessary to implement the LOA revision?

The new format will consolidate the terms and conditions which are standard to all LOAs into a two-sheet insert which will be included in only the original LOA (presented to the customer for signature) and in the DoD file copy retained by the LOA developer. A second insert, showing courtesy information to help the customer understand acronyms, coding, financial information, and other LOA data will also be attached to the original and one file copy of the LOA. Together with our increased emphasis on transmitting data electronically during the development and coordination process, this should substantially reduce the volume of paper accompanying LOA processing.

Also, a few countries previously indicated dissatisfaction with the format of the DD Form 1513, preferring the more recognizable contract formats which have become common within the international business community. The LOA revision should help reduce those concerns, as a letter-size contract format that more closely resembles non-FMS contracts replaces the legal-size format.

Finally, it should also be easier to remain current with major legislative, policy, or procedural (e.g., code changes) once the revision is implemented.

What are key differences to look for?

- Summary information, which might be used for program approval by high level country officials or for LOA review during coordination processes, has been placed on the cover page.
- Consolidation of Standard Terms has been accomplished, with such items as the "Cyprus note" and add-on security notes made part of the boilerplate.
- There is less redundancy between boilerplate provisions and courtesy information and unique notes.
- A general update of the format has been accomplished, so that the form conforms more closely to actual practice and today's use of terminology.
- The minimum value for the submission of Reports of Discrepancy (ROD) to the U.S. has been increased from \$100 to \$200. This increase provides incentives for DoD to keep materiel discrepancies low in order to reduce its own expenses, including equipment down time, with FMS shipments processed under DoD procedures. The \$200 minimum was selected to balance the cost of processing RODs, which are often shared by all Defense Business Operating Fund (DBOF, formerly stock fund) customers, and fairness to individual customers finding a problem with a specific item.

The new minimum value still covers only a fraction of the cost of fully processing ROD requests. Low value RODs are cleared with minimal research, which reduces the processing cost but routinely allows credit to the customer. This probably gives an unfair advantage to the customer, since we know that a substantial portion of the RODs which are researched fully are resolved in favor of the United States.

A minimum ROD value increase to \$500 had been recommended as part of the FMS streamlining program initiatives. The recommendation was based on lowered operating costs and reduced complexity in such areas as program reconciliation and LOA closure. If ROD processing costs are ignored and inflation since 1977 is considered alone, the 1992 minimum would be \$230. The \$200 value was selected to improve the balance between a fair resolution of discrepancies and an equitable distribution of costs.

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

[AT-P-BLZ]

Based on [AUSTDEF ltr 2/265 of 10 Apr 92]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to [the Government of Australia, Office of the Naval Attaché, 1601 Massachusetts Ave., NW, Washington, DC 20036] 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 for [Standard Missile Block VI, support items, and services.]

Estimated Cost: [\$19,510,825] Initial Deposit: [\$19,360.450]
Terms of Sale: [Cash prior to delivery/dependable undertaking,
Congressional notification 92-17]

This offer expires on [22 July 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This page through page [4], plus Letter of Offer and Acceptance Standard Terms and Conditions attached, are a part of this LOA.

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

U.S. Signature	[30 May 92] Date	Purchaser Signature	Date
[A. R. DiTrapani Director]			
Typed Name and Title		Typed Name and Title	
[Navy International Programs Office] Implementing Agency		Agency	

DSAA	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

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

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 (b) Total		(5) SC/MOS/ TA Notes	(6) Ofr Rel Cde	(7) Del Trm Cde
1.	B2D 141000STDMSYS(Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$448,732	\$17,949,280	X(4) TA 4	Z	8
2.	B2D 141000STDCONT(N) CONTAINERS (Note 2)			347,631	X(4) TA 4	A	4
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA 4	A	4
(8)	Net Estimated Cost				\$[18,447,286]		
(9)	Packing, Crating, and Handling				\$[231,800]		
(10)	Administrative Charge				\$[553,419]		
(11)	Transportation				\$[278,320]		
(12)	Other (specify; e.g., supply support arrangement)				\$[]		
(13)	Total Estimated Cost				\$[19,510,825]		

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	\$19,360,450	\$19,360,450
15 Dec 92	21,483	19,381,933
15 Mar 93	21,482	19,403,415
15 Jun 93	21,482	19,424,897
15 Sep 93	21,482	19,446,379
15 Dec 93	21,482	19,467,861
15 Mar 94	21,482	19,489,343
15 Jun 94	21,482	19,510,825]

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021-030-004, DFAS/SAAC, Agency Code 3801, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the LOA or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the LOA identifier.]
2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000].

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS, attached following page [4], are a part of this LOA. The following terms and conditions also apply:

[Note 1. The configuration of the Standard Missile will be specified in NAVSEA Drawing Number 5246986-13. The missile and its components are classified. All missiles will be issued from stock in Condition Code A and configured with the MK 45 MOD 6 target detecting device. A listing of the exact configuration with ORDALTS and the remaining service life of each component, if applicable, will be provided prior to delivery. The dual thrust rocket motors have a remaining service life of ten years. USN assets will be replaced in kind from procurement. The estimated cost is based on the contract cost, including management of the replacement procurement. The expected delivery date is 30 November 1992.

Note 2. Item 1 defense articles are being provided with containers based on documented requests from the Purchaser.

Note 3. This includes initial estimated USN or contractor engineering support related to the LOA such as performing technical reviews, analyzing firing data, and answering general technical queries. Specifics will be defined in program management meetings.

Note 4. The Offer expiration date allows less than the normal time for review in order to meet the contract award date for the replacement procurement.

Note 5. The Purchaser will be charged for the use of USG sponsored (Government Bill of Lading) transportation services for items which are classified Confidential or are explosive. This is effective for Offer/Release Code Z and Delivery Term Code 8 items. Items other than classified or hazardous will be shipped Collect Commercial Bill of Lading to applicable freight forwarders.

Note 6. The projected LOA closure date is March 2000.

Note 7. This LOA will be implemented under the Standard Accounting and Reporting System (STARS).

Note 8. The Purchaser may cancel this LOA upon request to the Implementing Agency; however, an administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on acceptance, or the applicable

administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if cancelled after implementation.

Note 9. The USG is a self-insurer, and in this connection your attention is invited to Standard Terms and Conditions Section 5.3. The US Department of Defense shall employ the same inspection procedures for this ammunition as would be used in the procurement of this type of ammunition for itself. Lot production of ammunition, however, carries risks associated with the ammunition's performance. This risk is assumed by the USG in procurement for its own use, and this risk is also assumed by the Purchaser in procurement for its use under this LOA. Accordingly, financial restitution will not be made for claims made on SF 364, Report of Discrepancy (ROD) (see Standard Terms and Conditions Section 5.4) for ammunition deficiencies unless such claims involve damage due to USG actions with respect to packing, crating, handling, or transportation, or unless the USG can obtain equal restitution from its contractor.]

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 US 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 US DoD is solely responsible for negotiating the terms and conditions of contracts necessary to fulfill the requirements in this LOA.

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

1.4 Under unusual and compelling circumstances, when the national interest of the US 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.

1.5 US 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 US personnel in combat activities outside the US, in connection with the performance of these defense services.

1.6 The assignment or employment of US personnel for the performance of this LOA by the USG will not take into account race, religion, national origin, or sex.

1.7 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, to use the defense articles sold hereunder only:

2.2.1 For purposes specified in any Mutual Defense Assistance Agreement between the USG and the Purchaser;

2.2.2 For purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if section 2.2.1 is inapplicable; or,

2.2.3 For internal security, individual self-defense, or civic action, if sections 2.2.1 and 2.2.2 are inapplicable.

2.3 The Purchaser will not transfer title to, or possession of, the defense articles, components and associated support material, 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), 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 US Congress is required to be notified of any substantial evidence that the defense articles sold in this LOA have been used in a manner which is inconsistent with this provision.

2.4 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 US classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a US classified item is to be furnished to its contractor pursuant to this LOA: (a) items will be exchanged through official government channels, (b) the specified contractor has been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the US information involved, (c) all contractor personnel requiring access to such items have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser will assume responsibility for administering security measures while 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.

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 Purchaser or third parties, or

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

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 US 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 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.

4.4.7 That requests for funds or billings 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 discrepancy reports, Standard Form 364.

4.4.8 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.

4.4.9 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.

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 US 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 US 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 US 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 US 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 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 and will be submitted promptly by the Purchaser. DoD will not accept claims related to items of \$200. or less for overages, shortages, damages, non-shipment, or non-performance. Any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire lot), received after one year from passage of title to the article or from scheduled performance of the service will be disallowed by the USG unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Claims, received after one year from date of passage of title or initial billing, whichever is later, for nonshipment/nonreceipt of an entire lot will be disallowed by the USG. The Purchaser agrees to return discrepant articles to USG custody within 180 days from the date of USG approval of such return.

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 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 US 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 material 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 US Federal 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 US and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DOD 5105.38-M, the in-country Security Assistance Office, the DSAA Country Director, or from the implementing agency.

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, are shown in DOD 5105.38-M.

b. **Description/Condition.** The item description consists of coding for use in US management of the LOA (starting with Generic/MASL and MDE "(Y)" or non-MDE "(N)" data such as that in DOD 5105.38-M, Appendix D) plus a short description of what is to be provided. When items are serviceable, Code "A" (new, repaired, or reconditioned material which meets US Armed Forces standards of serviceability) may be used; otherwise, Code "B" (unserviceable or mixed condition without repair, restoration, or rehabilitation which may be required) may be used. 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" (each, or one; for example, 40 EA) or blank (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number). When blank, a quantity or Unit Cost is not shown.

d. **The Source 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 leadtime** cited is the number of months (MOS) estimated for complete delivery of defense articles or performance of defense services. The leadtime starts with Acceptance 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** are as follows:

- 3 - Source Code S, R, or E; based on Arms Export Control Act (AECA) Section 21(b).
- 4 - Source Code X; AECA Sections 21(b), 22(a), 29, or source undetermined.
- 5 - Source Code P; 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).
- M - MAP Merger; Foreign Assistance Act (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 US equipment; NC - This offer does not constitute a commitment to provide US training; SC - US training concurrently being addressed in separate LOA; NR - No US 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 4500.32-R, MILSTAMP, Appendix M, Figure M-1. 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)

3 - At the CONUS POE alongside the vessel or aircraft

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

6 - At the overseas POD on board the vessel or aircraft

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 customer 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. The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency which 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 which is to receive the items. This includes return of items repaired under an LOA.

(1) This address will be added by the US 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 US 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 US 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.

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 (SAAC) 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 US 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 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 forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in US 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 (SAAC/FS), Lowry AFB, CO 80279-5000.

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-US banks must go through a US correspondent FRS member bank. The following information is applicable to cash payments:

Wire transfer--

United States Treasury

New York, New York

021-030-004

DFAS/SAAC

Agency Code 3801

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--

Defense Finance and Accounting Service (DFAS)
DE/SAAC/F
Denver, CO 80279-5000

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 (DFAS/DE-FCC), Denver, Colorado 80279-5000. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSAA-COMPT-FMD.

f. Payments not received by DFAS (SAAC) 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, SAAC 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 Comptroller, DSAA.

h. The Purchaser may cancel this LOA upon request to the implementing agency. An administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on LOA acceptance, or the applicable administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if this LOA is cancelled after implementation.

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 which 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 US distribution as the basic LOA.

d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the implementing agency for consideration. See DOD 5105.38-M, section 70105.M.2.

6. CORRESPONDENCE. Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the implementing agency within DoD.

TABLE 701-2
Termination Liability Worksheet

Case Identification: _____ Date: _____
(Agency, Country, Case Designator)

Liability/ Payment Holdback Date	(a)		(c)		(e)	
	Total Payment		Disbursements		Contractor	
	Qtr	Cum	Qtr	Cum	Qtr	Cum
Initial Deposit	88,000	88,000	88,000	88,000	0	0
15Jun85	216,000	304,000	124,800	212,800	91,200	91,200
15Sep85	344,000	648,000	208,400	421,200	135,600	226,800
15Dec85	528,000	1,176,000	343,200	764,400	184,800	411,600
15Mar86	752,000	1,928,000	488,800	1,253,200	263,200	674,800
15Jun86	1,000,000	2,928,000	737,840	1,991,040	262,160	936,960
15Sep86	1,192,000	4,120,000	1,016,560	3,007,600	175,441	1,112,400
15Dec86	1,256,000	5,376,000	1,400,720	4,408,320	(144,720)	967,680
15Mar87	1,128,000	6,504,000	1,640,400	6,048,720	(512,400)	455,280
15Jun87	816,000	7,320,000	1,124,880	7,173,600	(308,880)	146,400
15Sep87	472,000	7,792,000	618,400	7,792,000	(146,400)	0
15Dec87	208,000	8,000,000	208,000	8,000,000	0	0

Notes: (a) Columns a and b must be identical to payment schedule in LOA financial annex.
 (b) Column a = c + e.
 (c) Column b = d + f.
 (d) At end of worksheet, column b = column d; column f must be zero (0).
 (e) In initial deposit, columns e and f are zero (0) unless contract will be let before first scheduled payment.

TABLE 701-3
Supplementary Information for Letters of Offer

SUPPLEMENT INFORMATION	Weapons System Package Sale	Communications Systems Package Sale	Coproduction/Coassembly	End Item	SSA Stock Level Case	Requisition Cases Incl SSA Req.	Demolished Spare Parts of Supplies (Incl ammunition)	Excesses "As-Is, Where-Is"	Modifications	Publications, Charts, Film	Training	Maintenance and Overhaul	Contractual Services OETS	Military Services Overseas (i.e., TAFI)	Military Services in CONUS (i.e., Project Mgmt Office)	Aircraft Flight Delivery	Transportation Services MAC&MSTS	RDT&E Services	Technical Data Package	Pro-Rata R&D or Royalty Cases	Non-Standard Military Equipment
Mode and Destination of Shipments	X	X	X	X		X	X	X	X	X		X	A/R			X	X		X		X
Delivery Schedule of Items	X	X	A/R	X				X	A/R			A/R				X	X		A/R		A/R
Personal Movement to and From Country	A/R	A/R	A/R						A/R		A/R	A/R	X	X		A/R			X		A/R
Qualifications Regarding Validity of Data	X	X	X	X			X		X		X	X	X	X		X		X	X		X
Agreements to Safeguard Status of USG or Contractor Personnel While in Host Country	A/R	A/R	A/R						A/R					X		A/R					A/R
Statement of Facilities, Services, or Personnel to be Provided by Purchasing Nation	A/R	A/R	A/R				A/R		A/R		A/R			A/R		A/R		A/R			A/R
Separate Memorandum of Understanding or Detailed Statement of Work	A/R	A/R	A/R						A/R		A/R			A/R		A/R		A/R			A/R
Schedule of Personnel Training	A/R	A/R	A/R								X			A/R							A/R
Logistics Information	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R				A/R		A/R	A/R		A/R
Responsibility for Initiation of Requisitions	X	X	X	X		X	X		A/R	A/R		X									A/R
Payment Schedule	X	X	X	A/R			A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R
Administration Charge in Event of Cancellation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

X — Must be addressed in supplemental terms and conditions.

A/R — Should be addressed if applicable to this L.O.A.

**TABLE 701-4
LOA Preparation Checklist**

Item	Action Officer (Last Name, Phone, Date)	Validation	
		Service (Last Name, Phone, Date)	DSAA (Last Name, Phone, Date)
Mode and destination of shipments			
Delivery Schedule of items			
Personnel movement to and from country			
Qualifications of Pricing and Availability Data			
Agreements to safeguard status of USG or contractor personnel in-country			
Statement of facilities, services, or personnel to be provided by purchaser			
Separate International Agreement or detailed Statement of Work			
Schedule of Personnel Training			
Logistical Information			
Explanation of condition of equipment			
Identification of equipment supportable under case			
Description of services to be provided			
Description of components of pricing			
Responsibility for initiation of requisitions			
Idemnification and assumption of risk			
Payment schedules			
Financial analysis			

Remarks:

TABLE 701-5
Additional Terms and Conditions
[Aircraft Movement]

The following may be consolidated as one note on the LOA, as considered appropriate by the IA.

- A. The USG will provide for movement of aircraft to point of delivery specified in this LOA.
 - *B. In order to carry out the purpose of this LOA, the USG will accept title to the aircraft from the contractor, and title to the aircraft will remain with the USG until arrival at the point of delivery, at which time title passes to the Purchaser.
 - *C. The aircraft will be marked with appropriate USG markings. The Purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings upon passage of title to the Purchaser.
 - D. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the Purchaser.
 - E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
 - F. The Purchaser is liable for all enroute costs including, but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current USG regulations, prior to flight.
 - G. It is agreed that there will normally be no USG/Purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by _____ based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.
- *When the USG is to ferry Purchaser-owned aircraft, replace B. and C. above with the following:
- B. In order to carry out the purpose of this LOA, the Purchaser grants the USG possession of the aircraft. The title to the aircraft will remain with the Purchaser.
 - C. The aircraft will be marked with appropriate USG markings. The Purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings.

TABLE 701-6
Additional Terms and Conditions
Transportation and Services

The following may be consolidated as one note on the LOA, as considered appropriate by the IA.

- A. USG agrees to provide, transportation services for the items identified in this LOA to the Point of Delivery. Purchasers property will be transported at the Purchaser's risk.
- B. Purchaser will accept USG delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the POD, and for movement of the materiel from its POD to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the USG does not in fact recover from an independent carrier or handler, including where the USG is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The USG will assist the Purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for USG-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the Purchaser's account.
- H. If the Purchaser proposes to take delivery and custody of the classified material in the US and use its own facilities and transportation for onward shipment to its territory, the Purchaser agrees to submit a transportation plan as outlined in the *Security Assistance Management Manual*, Chapter 5, Section 503, Table 503-4. Further, the Purchaser agrees to notify the cognizant DOD Component of any changes as they occur to the transportation plan. The Purchaser will be notified of the approval or disapproval of this plan. If disapproved, the Purchaser will be notified of the reason for disapproval and be required to provide a revised transportation plan that will be acceptable to the USG or the USG will ship the classified materiel by the Defense Transportation Service.

TABLE 701-7
Additional Terms and Conditions
Safeguards for Contractor Personnel

A. Passports, Visas, Licenses, and Permits.

1. The Contractor shall be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate government agency for the required passports, visas, licenses, or permits.

2. To ensure the effective and timely performance of this contract, the Government of [country] (GO__), [e.g., Government of Turkey (GOT)] will, within the framework of the laws of GO__, ensure the timely issuance of work visas, multiple entry visas, exit visas, work permits, vehicle operator permits, residence permits, in-country travel permits, and any other appropriate licenses or permits as may be required of the Contractor, and its subcontractors, or their personnel and dependents. The Contractor and his subcontractors shall be responsible for the sponsorship of their employees and their dependents and shall process said permits directly with the appropriate GO__ agency.

3. The GO__ will receive, without regard to race, religion, sex, or ethnic or national origin, persons of other than [country] nationality imported into [country], under proper authority, to work exclusively on efforts covered by the provisions of this contract, who have USG issued passports, provided they are technically qualified for the work and meet the security requirements of the GO__, and will impose on such person no fee or charges for entry, exit, quarantine, nor will they require work or residence permits for personnel working under this contract.

4. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the GO__ under this LOA, and the contract delivery schedule shall be appropriately adjusted. Reimbursement shall be limited to those costs incurred, including applicable overhead and General and Administrative (G&A) costs but excluding profit.

B. Access.

1. Contractor and subcontractor personnel in [country] in connection with this Program shall be authorized reasonable access to all information (data, plans, and reports) and all existing and proposed offices, sites, and areas within [country] as required to accomplish this effort. The GO__ shall provide permits, licenses, visas, rights of entry, and any necessary arrangements to insure prompt access by Contractor and subcontractor personnel.

C. Export of Data.

1. The Contractor or subcontractor shall not be required to deliver to the Government of [country] nor to any person or entity not a citizen of the United States of America, any technical data produced or utilized under this Program until the Country has been furnished with evidence acceptable to it that such delivery of the data is (1) approved by the Center for Defense Trade of the U.S. State Department pursuant to the International Traffic in Arms Regulations of that Agency, or (2) approval is not required.

D. **Currency Revaluation.**

1. The financial procedures in this Program are based on the principle that neither the United States nor any U.S. or foreign subcontractors shall realize financial benefit nor incur financial loss by reason of fluctuation in the official rate of currency exchange or currency revaluation. For the purpose of this Program, a currency revaluation is defined as a change in the official rate of exchange between the U.S. dollar and the [country currency] which occurs as a direct result of sovereign decree.

2. If a currency revaluation, or a fluctuation in the exchange rate results in a financial gain or loss to the Contractors, the price of the contract(s) shall be adjusted upward or downward. Such adjustment in contract price shall be negotiated based upon a proposal submitted by the Contractor.

3. [Country] currency required by the Contractor for non-United States expenditures in the performance of this Program will be purchased by the Contractor from the GO__.

E. **Taxes, Duties, and Charges for Doing Business.**

1. It is agreed that the contract implementing this LOA will include the clause entitled "Taxes-Foreign Fixed-Price Contracts (Jan 1991)" set forth in FAR Section 52.229-6.

2. The GO__ further agrees with respect to the [company] (hereinafter referred to as "the Contractor"):

a. All property, materiel, equipment, household furniture, appliances and supplies imported into [country] by the Contractor or its subcontractors exclusively for use in support of the Contractor and its personnel and consigned and marked, as required or approved by the USG shall be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. Duty-free import of major appliances for personnel support shall be limited to one (1) each: stove, refrigerator, freezer, washing machine, clothes dryer, and two (2) each televisions per family, plus a reasonable number of spare and replacement major appliances for use as maintenance requirements dictate. Any of the foregoing which does not become a part of the completed work or otherwise consumed, may at the Contractor's discretion, be removed from [country] or disposed of in [country] free of any restrictions or claims which may arise by reasons of such removal or disposal, except that any applicable custom duty, tax or charges will be paid in the event of sale or disposal in [country] to a Purchaser other than an agency of the GO__ or other person entitled to duty-free importation. The Contractor shall maintain any inventory control and accounting system adequate to reflect the usage and disposition of all Contractor-owned property which has entered [country] duty-free under this contract.

b. The GO__, its agencies, and political subdivisions shall levy no taxes or fees (including taxes on individual or corporate income or property, customs or import duties and other taxes on employee personal household goods, supplies and personal effects imported into [country] for personal use) on the Contractor, its subcontractors, the employees of either and the dependents of such employees. Duty-free entry of employee/dependent personal household goods, supplies, or personal effects shall be limited to (1) the shipment of personal household goods, supplies, and personal effects identified by [company] as the employees' initial shipment; (2) the personal household goods, supplies, and personal effects shipped or carried by an employee or his dependents when returning from leave or duty outside [country] to the extent such items are allowed duty-free entry under the GO__ customs laws; and (3) the shipment of an additional 100 pounds per family member of personal household goods, supplies, and personal effects identified by [company] as the employees' employment extension shipment. Duty-free

import of major appliances for personnel support is limited to those items described above and imported in the name of the Contractor. In their individual capacity, contractor employees are not authorized duty-free import of major appliances or automobiles. Furthermore, this tax exclusion does not apply to the GO___ taxes levied on the purchase of personal household goods, supplies or personal effects or automobiles in the country of [country] by the employees of the Contractor or employees of its subcontractors. This paragraph does not apply to [country] employees of the Contractor or [country] subcontractors or their employees.

3. If, notwithstanding the above agreements, taxes, duties, or similar charges are imposed by the GO___ under the excepted circumstances described above, costs thereby incurred by the Contractor shall serve to increase the contract price and will be reimbursed to the Contractor at cost, including applicable overhead and G & A, but excluding profit, out of national funds (not FMS Credit or MAP funds) to be provided by the GO___ under this LOA.

4. The GO___ agrees that the appropriate agency of the GO___ will implement any policy guidance necessitated by this provision.

F. Limitation of Contractor Liability.

1. The GO___ agrees, with respect to the Contractor:
 - a. To waive any or all claims which it has or may have against the Contractor, its agents, officers, and employees, for damage, loss, or destruction of property, or for injury to or death of persons, arising out of the Contractor's participation in this Program in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents, or employees.
 - b. To indemnify and hold harmless the Contractor, its agents, and employees against all claims arising directly or indirectly by reason of injury to or death of persons or loss or damage to property, out of the Contractor's participation in this Program, in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents or employees.
 - c. In the event any other Contractor or party asserts any claim or commences any action in the [country] courts or elsewhere against the Contractor because of program efforts, the GO___ agrees to cooperate fully in the defense of such claim or action including the furnishing of witnesses and evidence at the GO___ expense. Except for claims or losses arising out of any breach of this contract or subcontractors thereunder or violations of any statute of the United States by the Contractor, the GO___ agrees to indemnify the Contractor against any judgments or losses which may result from claims or litigation and to reimburse the Contractor for the expense resulting from any such action.
 - d. To accept full responsibility for the security and safekeeping of GO___ real and personal property located on its military bases or installations. The Contractor, its agents, officers, or employees shall not be liable for any damage arising directly out of a breach or failure of the GO___ security procedures, however caused.
 - e. The GO___ shall provide adequate security to protect the personnel and property of the USG, and its Contractors or subcontractors located on GO___ military bases or installations.
 - f. The term "agents" as used in this paragraph includes subcontractors.

2. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be

increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the GO___ under this LOA. Reimbursement shall be limited to those costs incurred, including applicable overhead and G&A, but excluding profit.

G. Special Contingencies Provision.

1. It is understood that no contingency pricing has been included in this LOA for items a. through d. set forth in paragraph 2. below.

2. The GO___ agrees, with respect to the Contractor, that in the event of the following situation(s) occurring as a result of effort performed in support of this LOA in [country], an adjustment to the resulting contract(s) will be made for:

a. Costs incurred due to actions brought against the Contractor or subcontractors under [country] Labor or Social Insurance Laws, provided such actions were not caused by conduct prescribed by other laws or willful contravention of [country] Labor or Social Laws.

b. Additional costs incurred resulting from GO___ prevention of shipment of Contractor or employee belongings in or out of [country] within 120 days of the date such property is made available for shipment where transportation is otherwise reasonably available.

c. An increase or decrease in costs incurred by the Contractor resulting from war, armed conflict, insurrection, nationalization, civil or military strife, or similar conditions, or acts of God where the safety of the Contractor and subcontractor personnel is threatened, and where retention or replacement of such personnel is required; and damage or loss as a result of conditions listed above to property owned by the Contractor, subcontractor, or employees. Whether to retain or replace such personnel shall be within the sole discretion of the USG.

d. An increase or decrease in costs incurred by the Contractor or its subcontractors resulting from the GO___ changing any laws, regulations, or policy in effect on the acceptance date of this LOA.

3. It is understood that no adjustment shall be made due to the above situations:

a. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to any circumstances not set forth in 2, above.

b. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to the fault or negligence of the Contractor; or

c. For which any adjustment is otherwise provided or excluded under any other provision of the resulting contract, such other provision shall be enforced in accordance with its terms.

4. The adjustments provided for in this provision may be made in the delivery or performance dates and any other provision of the contract implementing this LOA, affected by the above conditions. Upward or downward adjustments may also be made in the contract price, but shall be limited to actual costs, including overhead and G&A, but excluding profit. FAR, Part 31, Contract Cost Principles and Procedures, shall be used in determining the amount of any price adjustment, and is not superseded by any provision herein. Costs reimbursed to the Contractor under this provision shall be paid out of funds which will be provided by the GO___ under this LOA.

TABLE 804-1

Preparing the Amendment or Modification to the Letter of Offer and Acceptance

Information in this Table is designed to assist in completing an LOA Amendment or Modification after the decision is made, based on guidance in section 804, that one or the other is applicable. Guidance in section 701 for the basic LOA should also be helpful in completing these LOA changes. A sample completed LOA Amendment and Modification is included in this Table, with additions to the standardized format bracketed for emphasis. Information in the basic LOA should be repeated only to the extent necessary to ensure clarity for those reviewing the Amendment or Modification documents; e.g., to correlate the current Amendment or Modification to the basic LOA and previous changes and to accurately describe the revision(s). The following guidance also applies:

A. The "This Amendment (or Modification) is for:" section should always include "Basic LOA was accepted (date)" and a concise and clear purpose of the Amendment or Modification, using the following guidelines.

1. This section provides an overview of the Amendment or Modification. Actual changes are shown in detail subsequent to page 1.

2. Enter references to specific parts of the basic LOA, Amendments, or Modifications; e.g., Basic LOA, Item 1, Atchmt 2; Amendment 2, Item 3. Show if the action is an addition, modification, or deletion, increase, or decrease. If a previous Amendment Offer has expired, explain and indicate that an effect on cost does not apply to the Amendment or Modification being processed. Enter the previous description of the amended item.

3. Include the DSAA transmittal used in the statutory Congressional notification (e.g., Congressional Notification 92-15) when applicable.

4. Include a statement that the preceding Amendment was not accepted by the Purchaser when the Amendment Offer expires and a subsequent Amendment or Modification is issued. The consecutive Amendment number should not be reused once it has been assigned.

B. The Amendment expiration date is normally 85 days after the US Signature Date.

C. Amendments or Modifications determined to not require DSAA Countersignature should show one of the following on the "DSAA" line--

1. Amendments. "SAMM 80402.C applies"

2. Modifications. "SAMM 80403.C applies"

The DSAA countersignature line "Date" should reflect the date the no-countersignature determination was made by the IA.

D. Normal LOA, Amendment, and Modification distribution (original and two copies, three copies with credit LOAs) will be adjusted as discussed in this section when countersignature is not required.

E. To avoid misunderstandings, especially with customers, use caution in discussing changes in cost or increases in scope prior to Amendment acceptance. When in doubt, obtain approval for these discussions from DSAA OPS.

SAMPLE

AMENDMENT [1] TO LETTER OF OFFER AND ACCEPTANCE

[AT-P-BLZ]

Based on [AUSTDEF ltr 2/343 of 12 Aug 92]. [Mail to: The Government of Australia, Office of the Naval Attaché, 1601 Massachusetts Ave., NW, Washington, DC 20036.]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. Other provisions, terms, and conditions of the original LOA remain unchanged.

This Amendment is for: [Increases Basic LOA Item 2 quantity based on Purchaser request, reduce costs in Item 3 based on requirement definitization, and revise other data accordingly. Basic LOA accepted 18 Jul 92.]

Estimated Cost: [\$19,499,601] Initial Deposit: [\$34,764]
Terms of Sale: [Cash prior to delivery/dependable undertaking.
Congressional Notification 92-17.]

This offer expires on [19 December 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, this offer will terminate on the expiration date.

This page through page [3] attached are a part of this Amendment.

The undersigned are duly authorized representatives of their Governments and hereby respectively offer and accept this Amendment:

_____ [25 Sep 92] _____
U.S. Signature Date Purchaser's Signature Date

[A. R. DiTrapani
Director]

Typed Name and Title _____
Typed Name and Title

[Navy International Programs Office]
Implementing Agency _____
Agency

_____ _____
DSAA Date

[This Amendment consists of changes as follows:

(1) itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA or Tng Note	(6) Ofr Rel Cde	(7) Dcl Trm Cde
			(a) Unit	(b) Total			
<u>Previous</u>							
1.	B2D 141000STDCONT(N) Containers (Note 2)			347,631	X(4)	A	4
<u>Revised</u>							
2.	B2D 141000STDCONT(N) Containers (Note 2)			382,395	X(4)	A	4
<u>Previous</u>							
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA 4	A	4
<u>Revised</u>							
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			105,000	X(24) TA 4	A	4

	<u>Previous</u>	<u>Revised</u>
(8) Total Before and After Changes	\$18,447,286	\$18,436,675
(9) Packing, Crating, and Handling	231,800	231,666
(10) Administrative Charge	553,419	553,100
(11) Transportation	278,320	278,160
(12) Other (specify)		
(13) Total Estimated Cost	19,510,825	19,499,601

Note 2 Revised

Note 2. Item 1 defense articles are being provided with containers and 4 Each spare containers will be furnished based on a written request from the Purchaser.

Note 3 Revised

Note 3. This includes estimated USN and contractor support for two technical reviews, analysis of firing data during those reviews, and answering specific technical queries as defined in 12 August 1992 AUSTDEF letter.

[This Amendment consists of changes as follows:

(1) itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA or Tng Note	(6) Ofr Rel Cde	(7) Dcl Trm Cde
			(a) Unit	(b) Total			
<u>Previous</u>							
1.	B2D 141000STDCONT(N) Containers (Note 2)			347,631	X(4)	A	4
<u>Revised</u>							
2.	B2D 141000STDCONT(N) Containers (Note 2)			382,395	X(4)	A	4
<u>Previous</u>							
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA 4	A	4
<u>Revised</u>							
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			105,000	X(24) TA 4	A	4

	<u>Previous</u>	<u>Revised</u>
(8) Total Before and After Changes	\$18,447,286	\$18,436,675
(9) Packing, Crating, and Handling	231,800	231,666
(10) Administrative Charge	553,419	553,100
(11) Transportation	278,320	278,160
(12) Other (specify)		
(13) Total Estimated Cost	19,510,825	19,499,601

Note 2 Revised

Note 2. Item 1 defense articles are being provided with containers and 4 Each spare containers will be furnished based on a written request from the Purchaser.

Note 3 Revised

Note 3. This includes estimated USN and contractor support for two technical reviews, analysis of firing data during those reviews, and answering specific technical queries as defined in 12 August 1992 AUSTDEF letter.

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

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date	NA	\$19,360,450
Initial Deposit (This Amendment)	\$34,764	19,395,214
15 Dec 92	14,913	19,410,127
15 Mar 93	14,913	19,425,040
15 Jun 93	14,913	19,439,953
15 Sep 93	14,912	19,454,865
15 Dec 93	14,912	19,469,777
15 Mar 94	14,912	19,484,689
15 Jun 94	14,912	19,499,601]

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this Amendment to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021-030-004, DFAS/SAAC, Agency Code 3801, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the Amendment or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the Agreement identifier.]
2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000.]

SAMPLE

MODIFICATION [1] TO LETTER OF OFFER AND ACCEPTANCE

[AT-P-BLZ]

Based on [cost adjustments due to experience during program execution]. [Mail to: The Government of Australia, Office of the Naval Attaché, 1601 Massachusetts Ave., NW, Washington, DC 20036.]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the Purchaser of Modification of the Letter of Offer and Acceptance (LOA) identified above. All other terms and conditions of the LOA remain unchanged.

This Modification is for: [Cost adjustments to Basic LOA Item Number 1 and Amendment 1 Items Number 2 and 3 based on experience while executing the program. LOA accepted 18 Jul 92.]

Estimated Cost: [\$19,426,346]

Initial Deposit: [-0-]

Terms of Sale: [Cash prior to delivery/dependable undertaking.

Congressional Notification 92-17.]

This page through page [3] attached are part of this Modification.

The undersigned are duly authorized representatives of their Governments and hereby respectively furnish and acknowledge receipt of this Modification:

_____	<u>[8 Jan 93]</u>	_____	_____
U.S. Signature	Date	Purchaser Signature	Date
<u>[A. R. DiTrapani Director]</u>		_____	
Typed Name and Title		Typed Name and Title	
<u>[Navy International Programs Office]</u>		_____	
Implementing Agency		Agency	
_____	_____		
DSAA	Date		

[This Modification provides notification of changes as follows:

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit (b) Total		(5) SC/MOS/ TA or Tng Note	(6) Ofr Rel Cde	(7) Dcl Trm Cde
<u>Previous</u>							
1.	B2D 141000STDMSYS(Y) 40 EA STANDARD MISSILE BLOCK VI (Note 1)		\$448,732	\$17,949,280	X(4) TA 4	Z	8
<u>Revised</u>							
1.	B2D 141000STDMSYS(Y) 40 EA STANDARD MISSILE BLOCK VI (Note 1)		\$443,488	\$17,739,520	X(4)	Z	8
<u>Previous</u>							
2.	B2D 141000STDCONT(N) Containers (Note 2)			382,395	X(4) TA 4	A	4
<u>Revised</u>							
2.	B2D 141000STDCONT(N) Containers (Note 2)			501,395	X(4) TA 4	A	4
<u>Previous</u>							
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			105,000	X(24) TA 4	A	4
<u>Revised</u>							
3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			126,500	X(24) TA 4	A	4
			<u>Previous</u>	<u>Revised</u>			
(8) Total Before and After Changes			\$18,436,675	\$18,367,415			
(9) Packing, Crating, and Handling			231,666	230,794			
(10) Administrative Charge			553,100	551,022			
(11) Transportation			278,160	277,115			
(12) Other (specify)							
(13) Total Estimated Cost			19,499,601	19,426,346			

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

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date	NA	\$19,410,127
15 Mar 93	2,703	19,412,830
15 Jun 93	2,703	19,415,533
15 Sep 93	2,703	19,418,236
15 Dec 93	2,703	19,420,939
15 Mar 94	2,703	19,423,642
15 Jun 94	2,704	19,426,346]

Signed Copy Distribution:

1. Upon acknowledgement of receipt, the Purchaser should return one signed copy of this Modification to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000.
2. One signed copy should also be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000.]