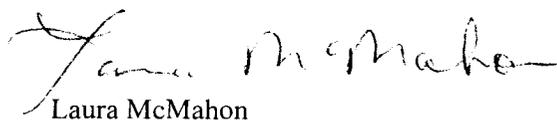


MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA
AND
THE SECRETARY OF STATE FOR DEFENCE OF
THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
FOR THE LOAN OF
ELECTROMAGNETIC LAUNCHER EQUIPMENT

CERTIFICATION OF AUTHENTICITY

I hereby certify this to be a true copy of the Memorandum of Understanding (MOU) between the Secretary of Defense on behalf of the Department of Defense of the United States of America and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland concerning for the Loan of Electromagnetic Launcher Equipment. The Armaments Cooperation Directorate (SAAL-NC), Office of the Deputy Assistant Secretary of the Army for Defense Exports and Cooperation maintains custody of a signed copy of the MOU.



Laura McMahon
DEPUTY, INTERNATIONAL AGREEMENTS

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The Department of Defense (DoD) of the United States of America, hereinafter referred to as the "Receiving Participant," and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland (UK MOD), hereinafter referred to as the "Providing Participant," recognizing the Agreement Concerning Defense Cooperation Arrangements of May 27, 1993 between the Government of the United States of America and the United Kingdom of Great Britain and Northern Ireland applies to this Memorandum of Understanding (MOU); and desiring to gain the benefits of the loan of specified property of the Providing Participant; pursuant to the following provisions; have reached the following understandings:

SECTION I

DESCRIPTION AND QUANTITY

1.1. The following items (hereinafter referred to collectively as the "Property") will be loaned by the Providing Participant to the Receiving Participant:

<u>Quantity</u>	<u>Description</u>	<u>Part/Stock#</u>	<u>Replacement Value</u>
3	EM Gun Launchers		3.4M U.S. Dollars
1	Pulsed Power Supply		2.0M U.S. Dollars
1 lot	Support Equipment and Spares		0.6M U.S. Dollars
1 lot	Containers		0.05M U.S. Dollars

Replacement Value 6.05M U.S. Dollars

1.2. None of the Property identified above is intended to be consumed or expended in the course of the testing conducted under this MOU. Before the end of the loan period, the Participants will decide whether the loan period should be extended or whether the equipment should be returned or disposed of. If the equipment is to be disposed of, the Participants will mutually determine how the disposal will be effected. However, it is anticipated that, however, all items identified above are intended to be disposed of by the Receiving Participant, without reimbursement to the Providing Participant, after the end of testing conducted under this MOU.

SECTION II

OBJECTIVES

2.1. The overall objective of this MOU is to loan the Property for research, development, test, and evaluation purposes. The specific objectives of this MOU include:

- 2.1.1. Establishment of detailed arrangements between the Providing Participant and Receiving Participant for the loan of the Property.

- 2.1.2. Testing, evaluation, and analysis of the performance of the loaned Property by the Receiving Participant.
- 2.1.3. Provision of a technical evaluation report to the Providing Participant that describes the results of the test and evaluation effort conducted by the Receiving Participant on the loaned equipment.

SECTION III

MANAGEMENT AND RESPONSIBILITIES

3.1. Each Participant will establish a point of contact who will be responsible for coordinating and monitoring the overall test and evaluation effort to ensure achievement of MOU objectives.

3.1.1. For the Providing Participant the point of contact is:

Mr. David Haugh
Dstl Fort Halstead
Sevenoaks
Kent TN14 7BP
UK

3.1.2. For the Receiving Participant the point of contact is:

Mr. Dennis Ladd
AMSRD-AAR-AEW-E(D)
Bldg 354
Picatinny Arsenal
NJ 07806-5000
U.S.A.

3.2. Each Participant will also appoint a Test Project Officer who is responsible for implementing the responsibilities of the Participants as described herein.

3.2.1. For the Providing Participant the Test Project Officer is:

Mr. David Haugh
Dstl Fort Halstead
Sevenoaks
Kent TN14 7BP
UK

3.2.2. For the Receiving Participant the Test Project Officer is:

Mr. Dennis Ladd

AMSRD-AAR-AEW-E(D)
Bldg 354
Picatinny Arsenal
NJ 07806-5000
U.S.A.

3.3. RESPONSIBILITIES OF THE PROVIDING PARTICIPANT:

- 3.3.1. LOAN OF THE PROPERTY - The Providing Participant will loan the Property until testing and evaluation of the data are complete or termination of this MOU, whichever comes first. The Providing Participant's Test Project Officer will advise the Receiving Participant's Test Project Officer of any shipping details for the Property, and confirm the receipt of returned Property, or the receipt of a certificate of its disposition.
- 3.3.2. PROPERTY DELIVERY - The Providing Participant will make the equipment available, without cost, at Dstl, Ft. Halstead, Sevenoaks, United Kingdom. Possession of the Property will pass from the Providing Participant to the Receiving Participant at the time of shipment of the Property.
- 3.3.3. CONDITION - The Providing Participant will make its best efforts to ensure the Property is furnished to the Receiving Participant in a serviceable condition suitable for its intended purpose. However, the Providing Participant makes no warranty nor guarantee of fitness of the Property for a particular purpose or use, and the Providing Participant makes no arrangement to alter, improve, adapt, or repair the Property or any part thereof.
- 3.3.4. DOCUMENTATION - The Providing Participant will furnish the Receiving Participant such operation and maintenance information as is necessary to conduct the test.

3.4. RESPONSIBILITIES OF THE RECEIVING PARTICIPANT

- 3.4.1. The Receiving Participant will appoint a representative for the purpose of making an inspection and inventory of the Property at the time of receipt of the Property and again when the Property is returned, unless the Property is disposed of by the Receiving Participant. The Receiving Participant's Test Project Officer will acknowledge receipt of the Property, advise when the Property is returned upon completion of the tests, or issue a certificate of disposition in accordance with subparagraph 3.4.7. of this Section, and provide a test report in accordance with subparagraph 3.4.8. of this Section.
- 3.4.2. INSTALLATION - The Receiving Participant will be responsible for supplies and services required to install properly, align, check out, and otherwise make the Property ready for testing.

- 3.4.3. HEALTH AND SAFETY – The Receiving Participant will be responsible for satisfying all of its relevant health, safety, and environmental legislation appertaining to the Property, its installation, and its use.
- 3.4.4. TRAINING - The Receiving Participant will be responsible for obtaining operation and maintenance training for those personnel assigned to operate and maintain the Property.
- 3.4.5. OPERATION AND MAINTENANCE OF THE PROPERTY - The Receiving Participant will be responsible for all operation and maintenance required on the Property while in its possession.
- 3.4.6. TESTING SITE(S) - The test(s) will be conducted by or on behalf of the Receiving Participant at the U.S. Army Yuma Proving Ground, Arizona. The Receiving Participant must obtain approval in writing from the Providing Participant's point of contact if it desires to conduct testing at additional sites.
- 3.4.7. REMOVAL AND RETURN OF EQUIPMENT; RESPONSIBILITY FOR DAMAGED OR RETURNED PROPERTY – Upon completion of testing and evaluation, or expiration of the loan period, or termination of this MOU pursuant to paragraph 11.3. of this MOU, whichever occurs first, the Receiving Participant will maintain any such Property in good order, repair, and operable condition. Unless the Providing Participant has authorized the Property to be expended or otherwise disposed of without reimbursement to the Providing Participant, the Receiving Participant will make the Property available for return to the Providing Participant in as good as condition as received, reasonable wear and tear excepted. If the Property is damaged beyond economical repair, the Receiving Participant will make the Property available to the Providing Participant (unless otherwise specified in writing by the Providing Participant), and pay its replacement value specified in paragraph 1.1. of this MOU, which has been computed pursuant to the Providing Participant's national laws and regulations. If the Property is lost while in the custody of the Receiving Participant, the Receiving Participant will issue a certificate of loss to the Providing Participant and pay the replacement value specified in paragraph 1.1. of this MOU.
- 3.4.8. TEST REPORT - Subject to the limitations of national disclosure policy, the Receiving Participant will furnish the Providing Participant an interim technical evaluation test report on the loaned equipment two years after this MOU enters into effect and a final technical evaluation test report on the loaned equipment in accordance with this MOU. The test reports will be provided without charge, and the final test report will be furnished to the Providing Participant no later than 90 days after completion of the termination or expiration of this MOU. The format and content of the reports will reflect the objectives identified in Section II (Objectives) of this MOU.

3.5. This MOU provides only for the loan of Property for research, development, test, and evaluation purposes. Participation in this MOU does not imply any intention by either Participant to participate in any follow-on efforts beyond the scope of this MOU including the exchange of any additional information. Any other effort(s) will be established through separate arrangements.

SECTION IV

FINANCIAL ARRANGEMENTS

- 4.1. There are no charges for the loan of the above Property or for the test report.
- 4.2. Each Participant will fully bear all costs it incurs for performing, managing, and administering its activities under this MOU.
- 4.3. The Receiving Participant is responsible for all costs of transportation including preparation, packing, and applicable customs charges within its country.

SECTION V

PROPERTY RIGHTS AND RESTRICTIONS

- 5.1. Except as specifically provided herein, the Providing Participant will retain title to all Property loaned under this MOU.
- 5.2. The Receiving Participant will not make changes or alterations to the Property except with the prior written approval of the Providing Participant.
- 5.3. The Property will be loaned only for the purposes set forth in Section II (Objectives). No other use of the Property by the Receiving Participant during the loan period is authorized.
- 5.4. Information furnished by the Providing Participant to the Receiving Participant will be used by the Receiving Participant for operation and maintenance of the Property only, except as otherwise stated in this MOU.
- 5.5. Information generated under this MOU may be used by either Participant for defense purposes. Defense Purposes means manufacture or any other use in any part of the world by or for the armed forces of either Participant.
- 5.6. No intellectual property rights, other than as set out in this MOU, are created or conveyed by this MOU. The Participants consent to ensure, by all means available to them, the protection of property rights in the Property, test data, and other information provided or generated under this MOU, whether subject to patent (or like protection) or not.

5.7. "Foreground Information" means any information generated during performance of any acts under this MOU.

5.8. Foreground Information will be owned by the Participant who generates it or the Participant's contractor depending on national contracting practice.

5.9. Any specification, production information, or manufacturing know-how incidentally derived from the performance of the provisions of this MOU will be used and fully protected in accordance with this MOU.

5.10. The Participants mutually determine that this MOU provides the authority for the exchange of information as set forth in subparagraphs 3.3.4. and 3.4.8. of Section III (Management and Responsibilities) of this MOU only.

5.11. All export-controlled information and/or Property furnished by the U.S. DoD, its Contractors, and their subcontractors pursuant to this MOU will be subject to export controls established by the U.S. Government in accordance with the Arms Export Control Act and International Traffic in Arms Regulations.

SECTION VI

RELEASE OF INFORMATION UNDER LEGISLATIVE PROVISIONS

6.1. Each Participant will take all lawful steps available to it to keep free from unauthorized disclosure information that is provided or generated with the condition that it is to be treated in confidence. If it becomes probable that such information may be disclosed to other persons or to a judicial body, immediate notification will be given to the other Participant.

6.2. Such information will be safeguarded in a manner that ensures its proper protection from unauthorized disclosure.

6.3. To assist in providing this protection, the information will be marked with a legend containing the country of origin, a reference to this MOU, the security classification, if any, and if the information is unclassified but is to be treated in confidence, the provisions for release and a statement to the effect that the information is furnished in confidence.

SECTION VII

SECURITY

7.1. It is the intent of the Participants that the loan carried out under this MOU will be conducted at the unclassified level. No classified information or Property will be provided or exchanged under this MOU.

SECTION VIII

THIRD PARTY TRANSFERS

8.1. The Receiving Participant consents not to disclose or transfer any Property, test data, or other information provided to it under this MOU to any Third Party without prior written consent of the Providing Participant's Government. The Participants consent not to disclose any information generated under this MOU to any Third Party without the prior written consent of the other Participant's Government. For the purposes of this MOU, the term "Third Party" means a government other than the Government of a Participant and any person or other entity whose government is not the Government of a Participant.

8.2. Disclosures or transfers requiring authorization under paragraph 8.1. of this Section will not be made or authorized unless the Third Party recipient consents in writing that it will not use any such equipment or information for purposes other than those for which it was furnished nor permit any further transfer without the prior written consent of both Participants.

SECTION IX

LIABILITY

9.1. Claims arising under this MOU will be dealt with under paragraph 1 of the Agreement Concerning Defence Cooperation of May 27, 1993 between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland.

SECTION X

SETTLEMENT OF DISPUTES

10.1. Disputes between the Participants arising under or relating to this MOU will be resolved only by consultation between the Participants and will not be referred to a national court, to an international tribunal, or to any other person or entity for settlement.

SECTION XI

ENTRY INTO EFFECT, AMENDMENT, AND TERMINATION

11.1. All activities of the Participants under this MOU will be carried out in accordance with their national laws and regulations, including their export control laws and regulations. The responsibilities of the Participants will be subject to the availability of funds for such purposes.

11.2. This MOU may be amended or extended by written mutual consent of the Participants. Six months prior to the expiration of the MOU, the Participants will confer and mutually determine if the MOU should be extended.

11.3. This MOU may be terminated at any time:

11.3.1. By mutual written consent of the Participants.

11.3.2. By the Receiving Participant on 21 days written notice; or

11.3.3. By the Providing Participant at any time.

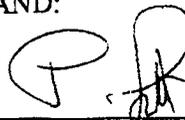
11.4. Arrangements and responsibilities regarding security and protection of property benefits against unauthorized use, disclosure, or transfer that accrued prior to termination or expiration of this MOU will continue to apply without limit of time.

11.5. This MOU will come into effect on the date of the later signature below, and unless terminated or extended, will remain in effect for five (5) years.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Participants, have signed this MOU on the dates indicated below.

FOR THE DEPARTMENT OF DEFENSE OF
THE UNITED STATES OF AMERICA:

FOR THE SECRETARY OF STATE FOR
DEFENCE OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN
IRELAND:



Signature

Signature

Keith B. Webster

Professor P. Sutton

Name

Name

Deputy Assistant Secretary of the Army
for Defense Exports and Cooperation

Director General
Science & Technology Strategy

Title

Title

September 19, 2008

19/9/2008

Date

Date

Arlington, Virginia, U.S.A.

LONDON, UK

Location

Location