

SECTION XVI

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

16.1. Customs duties, import and export taxes, and similar charges will be administered in accordance with each Participant's respective laws and regulations. Insofar as existing national laws and regulations permit, the Participants will endeavor to ensure that such readily identifiable duties, taxes and similar charges, as well as quantitative or other restrictions on imports and exports, are not imposed in connection with work carried out under this FFCS Project.

16.2. Each Participant will use its best efforts to ensure that customs duties, import and export taxes, and similar charges are administered in a manner favorable to the efficient and economical conduct of the work. If any such duties, taxes, or similar charges are levied, the Participant in whose country they are levied will bear such costs, over and above that Participant's shared costs of this MOU Supplement.

16.3. If, in order to apply European Community (EC) regulations, it is necessary to levy duties, then these will be met by the EC member end recipient. To this end, parts or components of the equipment coming from outside of the EC will proceed to their final destination accompanied by the relevant customs document enabling settlement of duties to take place. They will be levied as a cost over and above the relevant Participant's cost of the FFCS Project.

SECTION XVII

SETTLEMENT OF DISPUTES

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

SECTION XVIII

LANGUAGE

18.1. The working language for the Project will be the English language.

18.2. All data and information generated under this MOU Supplement and its implementing Contracts and provided by one Participant to the other Participant will be furnished in the English language.

SECTION XIX

AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION

19.1. All activities of the Participants under this MOU Supplement will be carried out in accordance with their national laws. The responsibilities of the Participants will be subject to the availability of appropriated funds for such purposes.

19.2. *The Basic MOU principles remain valid for the Project, except where provisions of this MOU Supplement differ from provisions of the Basic MOU and/or its supplements. In such cases, this MOU Supplement will prevail. In the event of a conflict between a Section of this MOU Supplement and any Annex to this MOU Supplement, the MOU Supplement will control.*

19.3. Except as otherwise provided, this MOU Supplement may be amended by the mutual written consent of the Participants. Annexes A, B, C, and D of this MOU Supplement may be amended by the written approval of the SC.

19.4. This MOU Supplement may be terminated at any time upon the written consent of the Participants. In the event both Participants consent to terminate this MOU Supplement, the Participants will consult prior to the date of termination to ensure termination on the most economical and equitable terms.

19.5. Either Participant may terminate this MOU Supplement upon 90 days written notification of its intent to terminate to the other Participant. Such notice will be the subject of immediate consultation by the SC to decide upon the appropriate course of action to conclude the activities under this MOU Supplement. In the event of such termination, the following rules apply:

19.5.1. The terminating Participant will continue participation, financial or otherwise, up to the effective date of termination.

19.5.2. Except as to Contracts awarded on behalf of both Participants, each Participant will be responsible for its own Project-related costs associated with termination of the Project. For contracts awarded on behalf of both Participants, the terminating Participant will pay all Contract modification or termination costs that would not otherwise have been incurred but for the decision to terminate; in no event, however, will a terminating Participant's total financial contribution, including Contract termination costs, exceed that Participant's Total Cost Ceiling for financial contributions as established in Section V (Financial Provisions).

19.5.3. All Project Information and rights therein received under the

provisions of this MOU Supplement prior to the termination will be retained by the Participants, subject to the provisions of this MOU Supplement.

19.6. The respective benefits and responsibilities of the Participants regarding Section VIII (Project Equipment), Section IX (Disclosure and Use of Project Information), Section X (Controlled Unclassified Information), Section XII (Security), Section XIII (Third Party Sales and Transfers), and Section XIV (Liability and Claims), and this Section XIX (Amendment, Termination, Entry into Effect, and Duration) will continue to apply notwithstanding termination or expiration of this MOU Supplement.

19.7. This MOU Supplement, which consists of nineteen (19) Sections and five (5) Annexes, will enter into effect upon signature by both Participants and will remain in effect for six (6) years. It may be extended by written consent of the Participants.

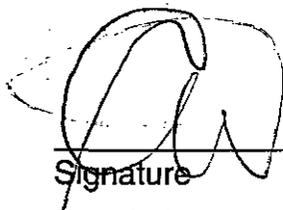
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The foregoing represents the understandings reached between the Participants on the matters referred to herein.

Signed in duplicate, in the English language by duly authorized representatives.

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

Craig D. Hunter
Name

S. Porter
Name

Deputy Assistant Secretary of the Army
for Defense Exports and Cooperation
Title

XDS, DLA
Title

October 30, 2003
Date

23 December 2003
Date

Washington D.C.
Location

Abbey Wood, Bristol
Location

ANNEX A

SYSTEM REQUIREMENTS

The United States Army TRADOC System Manager for Rocket and Missile Systems and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland (UK) approved the Harmonized Requirement for a Future Fire Control System For MLRS dated 11 September 2002. The FFCS requirements are specified in the above document.

ANNEX B

PROJECT PLAN

Previous to this MOU Supplement, the U.S. DoD has developed and produced M270A1 launchers, including the IFCS. In addition, the U.S. DoD has developed and will begin to produce the HIMARS launcher which also utilizes the IFCS. The FFCS will be developed by making changes and updates to the IFCS design. Upon successful completion of development, the Participants intend to produce the FFCS and incorporate it, and an ADS into Platforms.

Initially, the UK MOD will upgrade M270 launchers with the FFCS and ADS as described in this Annex.

When the FFCS becomes available through this program, the U.S. DoD M270A1 production will be complete but the HIMARS launcher will still be in production. Future HIMARS launchers of the U.S. DoD will be built with the FFCS rather than the IFCS. Additionally, previously built U.S. DoD M270A1 and HIMARS launchers built with the IFCS will be converted to the FFCS configuration through replacement as needed of the Line Replaceable Units (LRUs) that compose the IFCS and FFCS.

The UK MOD's requirement is to align the FFCS program with that of the ADS program in order to meet a common In Service Date (ISD) of July 2006. This will allow the development of both programs to be aligned with the added benefit that the qualification, integration and installation activities would be done in one effort.

Project Phases

Development: This will entail development of the FFCS and ADS, integration into a M270 (the MLRS launcher vehicle) and system qualification.

Production: This will comprise production of FFCS and ADS, installation kits, diagnostic/maintenance equipment, training systems and spare components.

Installation: FFCS and ADS installation will be carried out in the UK using UK contractors with technical support from US based contractors.

System Acceptance: System acceptance will be carried out in the UK with the user.

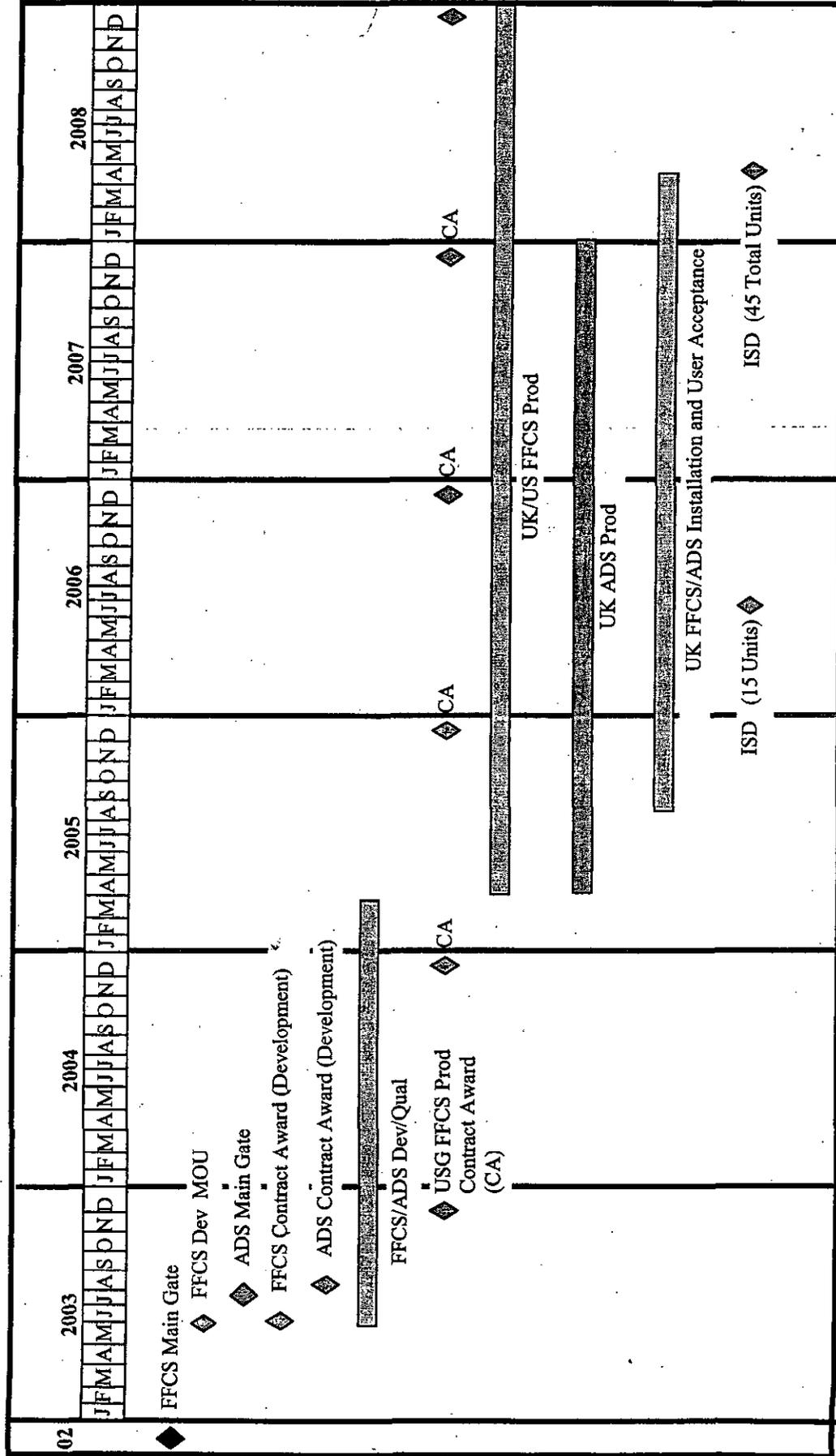
Contracting Methodology

It is intended to place development and production contracts for the FFCS and ADS through the US DoD Precision Fires Rockets and Missiles Systems (PFRMS) Project Office. The systems installation contract will be placed and managed by the UK Future Artillery Weapon Systems (FAWS) IPT.

FFCS/ADS schedule

An outline FFCS/ADS schedule is attached showing an ISD of July 2006.

FFCS/ADS Schedule



ANNEX C

FINANCIAL MATTERS

1. The Financial Cost Target of the FFCS development phase is \$20M fiscal year 2003 U.S. dollars. The difference between the Financial Cost Ceiling/ Financial Cost Minimum and the Financial Cost Target will be considered a contingency only and will be managed by the SC. If at any time the PM has reason to believe that the Financial Cost Target of the Project will be exceeded, the PM will promptly notify the SC and will set forth a new estimate of the Financial Cost Target of the Project together with supporting documentation. The SC will advise the PM as to what action should be taken.
2. The financial contributions required to support the FFCS development phase will be funded by the UK MOD. The U.S. DoD previously funded the development of the IFCS. A portion of the development effort will serve as background data for the FFCS development. The estimated RDT&E recoupment cost per IFCS, based upon the previous investment and the anticipated Foreign Military Sales of the IFCS, is \$107K. Since the UK MOD will upgrade 45 launchers with the FFCS based upon IFCS, the estimated value of the U.S. DoD sunk cost contribution to the UK MOD is \$107K per launcher for 45 launchers or \$4.8M.

TABLE C-1

PROJECT FINANCIAL CONTRIBUTIONS

<u>Participant</u>	<u>Funding</u>
UK MOD	\$20M
U.S. DoD	N/A

3. As part of its equitable share of Project costs, each Participant will provide non-financial contributions as shown in Table C-2.

TABLE C-2

PROJECT NON-FINANCIAL CONTRIBUTIONS

Contribution	U.S. DoD	UK MOD
U.S. IFCS RDT&E	\$ 4,800K	
M270 Launcher from stock	\$ 3,200K	
(2) M68A2 MLPA Trainers	\$ 33.6K	

LIDAS	\$ 335.7K	
(2) MFOM MWSA1 Simulator	\$ 95K	
UK RRPR Fortran Ballistic Algorithm		\$ 1,400K
UK AT2 Fortran Ballistic Algorithm		\$ 5,000K
UK Aux. Power Unit		\$ 100K

4. A separate joint project office will not be established to manage the FFCS development phase. In accordance with Section IV Management, the existing U.S. PFRMS PMO will manage the FFCS development phase. In support of this project the UK MOD will fund \$ 952.5 K (7.5 manyears) per year for two years for PFRMS PMO support. This expense is included in the UK MOD financial contribution reported in table C-1.

TABLE C-3

TOTAL CONTRIBUTIONS BY UK FISCAL YEAR
(U.S. FY 2003 Dollars)

	FY 2003	FY 2004	FY 2005	TOTAL
Required	<u>12.675M</u>	<u>6.725M</u>	<u>0.600M</u>	<u>20M</u>
U.S. DoD				
F (Table C-1)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
NF (Table C-2)	<u>8.464M</u>	<u>N/A</u>	<u>N/A</u>	<u>8.464M</u>
			TOTAL	<u>8.464M</u>
Participant				
F (Table C-1)	<u>12.675M</u>	<u>6.725M</u>	<u>0.600M</u>	<u>20M</u>
NF (Table C-2)	<u>6.500M</u>	<u>N/A</u>	<u>N/A</u>	<u>6.500M</u>
			TOTAL	26.5M
			GRAND TOTAL	34.964M

F = Financial Contributions
NF = Non-financial Contributions

ANNEX D

INVENTORY OF PROJECT EQUIPMENT

<u>Nomenclature</u>	<u>Part No./ Model No.</u>	<u>Replacement Value</u>	<u>Providing Participant</u>	<u>Date Transferred</u>
Launcher, M270	13029700-203	\$3,221,052.63	U.S. DoD	
LCHR Instrumentation LIDAS	127B000000100	\$335,707.00	U.S. DoD	
(2) Weapon Simulator MFOM MWSA1	IST1000000100	\$47,526.00 (each)	U.S. DoD	
(2) MLPA M68A2 Trainer M68A2		\$16,806.14 (each)	U.S. DoD	
AT2 SPAP	S/W	\$1,600,000	UK MOD	
RRPR SPAP	S/W	\$1,200,000	UK MOD	
APU		\$50,000	UK MOD	

ANNEX E

COOPERATIVE PROJECT PERSONNEL

1.0. Purpose and Scope

1.1. This Annex establishes the provisions which will govern the conduct of Cooperative Project Personnel (CPP). The Parent Participant will assign military members or civilian employees to the PMO in accordance with Section IV (Management), and this Annex. CPP must be able to perform all the responsibilities assigned to them under this MOU Supplement. Commencement of assignments will be subject to any requirements that may be imposed by the Host Participant or its government regarding acceptance of CPP, such as, but not limited to, visas and visit request documentation. The SC will determine the length of tour for the positions at the time of initial assignment.

1.2. CPP will be assigned to the PMO for Project work and will report to their designated PMO supervisor regarding that work. The PM will be responsible for the creation of a document describing the duties of each CPP position, which will be subject to approval by the SC. CPP will not act as liaison officers on behalf of the Parent Participant. CPP may act from time to time on behalf of their respective SC member if the latter so authorizes in writing.

1.3. CPP will not be assigned to command or other positions that would require them to exercise responsibilities that are reserved by law or regulation to an officer or employee of the Host Participant's government.

2.0. Security

2.1. The SC will establish the maximum level of security clearance required, if any, to permit CPP to have access to Classified Information and facilities in which Classified Information is used in accordance with the Project Security Instruction (PSI) and Classification Guide (CG). Access to Classified Information and facilities in which Classified Information is used will be consistent with, and limited by, Section II (Objectives) and Section III (Scope of Work) of this MOU Supplement and will be kept to the minimum required to accomplish the work assignments.

2.2. The Parent Participant will file visit requests for the CPP through prescribed channels in compliance with the Host Participant's procedures. As part of the visit request procedures, the Parent Participant will cause security assurances to be filed, through the UK Embassy in Washington D.C. specifying the security clearances for the CPP being assigned.

2.3. The Host Participant and Parent Participant will use their best efforts to ensure that CPP assigned to the PMO are aware of, and comply with, applicable

laws and regulations as well as the requirements of Section X (Controlled Unclassified Information), Section XI (Visits to Establishments), Section XII (Security), and paragraph 19.6. of Section XIX (Amendment, Termination, Entry into Effect, and Duration) of this MOU Supplement and the provisions of the PSI and CG. Prior to commencing assigned duties, CPP will, if required by the Host Participant's government laws, regulations, policies, or procedures, sign a certification concerning the conditions and responsibilities of CPP.

2.4. CPP will at all times be required to comply with the security and export control laws, regulations, and procedures of the Host Participant's government. Any violation of security procedures by CPP during their assignment will be reported to the Parent Participant for appropriate action. CPP committing significant violations of security and export control laws, regulations, or procedures during their assignments will be withdrawn from the Project with a view toward appropriate administrative or disciplinary action by their Parent Participant.

2.5. All Classified Information made available to CPP will be considered as Classified Information furnished to the Parent Participant, and will be subject to all provisions and safeguards provided for in Section XII (Security), the PSI, and CG.

2.6. CPP will not have personal custody of Classified Information or Controlled Unclassified Information unless approved by the Host Participant and as authorized by the Parent Participant. They will be granted access to such information in accordance with Section X (Controlled Unclassified Information), Section XII (Security), and the PSI during normal duty hours at the PMO and when access is necessary to perform Project work.

2.7. CPP assigned to the PMO will not serve as a conduit between the Host Participant and Parent Participant for requests and/or transmission of Classified Information or Controlled Unclassified Information unless specifically authorized by the PSI.

3.0. Technical and Administrative Matters

3.1. Consistent with Host Participant's government laws and regulations, CPP will be subject to the same restrictions, conditions, and privileges as Host Participant personnel of comparable rank and in comparable assignments. Further, to the extent authorized by Host Participant's government laws and regulations, CPP and their authorized dependents will be accorded.

3.1.1. Exemption from any Host Participant's government tax upon income received from the Parent Participant.

3.1.2. Exemption from any Host Participant's government customs and

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import duties or similar charges levied on items entering the country for their official or personal use, including their baggage, household effects, and private motor vehicles.

3.2. On arrival CPP and their dependents will be provided briefings arranged by the PMO about applicable laws, orders, regulations, and customs and the need to comply with them. CPP will also be provided briefings arranged by PMO regarding entitlements, privileges, and obligations such as:

- 3.2.1. Any medical and dental care that may be provided to CPP and their dependents at Host Participant medical facilities, subject to the requirements of applicable laws and regulations, including reimbursement requirements.
- 3.2.2. Purchasing and patronage privileges at military commissaries, exchanges, theaters, and clubs for CPP and their dependents, subject to the requirements of applicable laws and regulations.
- 3.2.3. The Host Participant will provide, if available, housing and messing facilities for CPP and their dependents on the same basis and priority as for its own personnel. CPP will pay messing and housing charges to the same extent as Host Participant personnel. At locations where facilities are not provided by the Host Participant for its own personnel, the Parent Participant will make suitable arrangements for its CPP.
- 3.2.4. Responsibility of CPP and their accompanying dependents to obtain motor vehicle liability insurance coverage in accordance with the laws and regulations applicable in the area where they are residing. In case of claims involving the use of private motor vehicles by CPP, the recourse will be against such insurance.

3.3. The PM, through the PMO, will, in consultation with the CPP, establish standard operating procedures for CPP, in the following areas:

- 3.3.1. Working hours, including holiday schedules.
- 3.3.2. Leave authorization, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Participant and Parent Participant.
- 3.3.3. Dress regulations, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Participant and Parent Participant.
- 3.3.4. Performance evaluations, recognizing that such evaluations will

be rendered in accordance with the Parent Participant's military or civilian personnel regulations and practices.

3.4. CPP committing an offense under the laws of the government of the Host Participant or Parent Participant may be withdrawn from this Project with a view toward further administrative or disciplinary action by the Parent Participant. Disciplinary action, however, will not be taken by the Host Participant against CPP, nor will the CPP exercise disciplinary powers over the Host Participant's personnel. In accordance with Host Participant's government laws and regulations, the Host Participant will assist the Parent Participant in carrying out investigations of offenses involving CPP.

3.5. During their PMO assignment, CPP will not be placed in the following duty status or environments unless mutually decided by the SC:

- 3.5.1. Areas of political sensitivity where their presence may jeopardize the interests of either the Host Participant or Parent Participant, or where, in the normal course of their duty, they may become involved in activities, which may embarrass either Participant.
- 3.5.2. Deployments in non-direct hostility situations, such as UN peacekeeping or multi-national operations, or third countries.
- 3.5.3. Duty assignments in which direct hostilities are likely. Should a PMO to which CPP are assigned become involved in hostilities unexpectedly, CPP assigned to that PMO will not be involved in the hostilities. Any such CPP approved by the SC for involvement in hostilities will be given specific guidance as to the conditions under which the assignment will be carried out by the appropriate authorities of the Host Participant and Parent Participant.