

A GREEMENT BETWEEN
THE UNITED STATES OF AMERICA
AND THE REPUBLIC OF KOREA
CONCERNING SPECIAL MEASURES RELATING TO
ARTICLE V OF THE AGREEMENT UNDER ARTICLE IV
OF THE MUTUAL DEFENSE TREATY BETWEEN
THE REPUBLIC OF KOREA AND THE UNITED STATES OF AMERICA
REGARDING FACILITIES AND AREAS AND THE STATUS OF UNITED STATES
ARMED FORCES IN THE REPUBLIC OF KOREA

The United States of America and the Republic of Korea (hereinafter referred to as "the Parties") have agreed to take the following special measures relating to Article V of the Agreement under Article IV of the Mutual Defense Treaty between the Republic of Korea and the United States of America Regarding Facilities and Areas and the Status of United States Armed Forces in the Republic of Korea (hereinafter referred to as "the Status of Forces Agreement") signed at Seoul on July 9, 1966, as amended, which sets forth the principles on the sharing of expenditures incident to the maintenance of the United States Armed Forces in Korea, in recognition of the goal of a strong and mutual commitment to the Republic of Korea - United States of America alliance.

Article I

The Republic of Korea shall bear, for the duration of this Agreement, as a special measure relating to Article V of the Status of Forces Agreement, a part of the expenditures associated with the stationing of the United States Armed Forces in Korea. The contribution of the Republic of Korea shall be categorized into Labor Cost Sharing, Logistics Cost Sharing, and Republic of Korea Funded Construction. Implementation of this Agreement shall be in accordance with a separate implementation arrangement between the concerned authorities of the Parties.

Article II

This Agreement shall determine the contribution of the Republic of Korea for 2009 through 2013. The contribution of the Republic of Korea for 2009 is 760 billion Korean Won. The 2010, 2011, 2012, and 2013 contributions shall be determined by increasing the contribution of the previous year by the inflation rate (Consumer Price Index) published by the Korea National Statistical Office using the 2008 rate for the 2010 contribution, the 2009 rate for 2011, the 2010 rate for 2012, and the 2011 rate for 2013. Further, the inflation rate used for any given year shall not exceed four percent.

Article III

The Labor Cost Sharing contributions shall consist of cash support and the Logistics Cost Sharing contribution shall consist of in-kind support. Republic of Korea Funded Construction shall consist of cash contributions and in-kind contributions. Republic of Korea Funded Construction shall be gradually shifted to the in-kind contributions from 2009, and the contributions of Republic of Korea Funded Construction shall be completely in-kind starting from 2011, except for expenses associated with design and construction oversight of facilities. If unexecuted in-kind contributions of Republic of Korea Funded Construction remain at the end of the year, those contributions shall roll over to the next year. Implementation details of the Republic of Korea Funded Construction, such as guiding principles and specific procedures, shall be in accordance with separate documents between the concerned authorities of the Parties.

Each year's Labor Cost Sharing payments shall be made in three equal payments on or before April 1, June 1, and August 1 of that year. Republic of Korea Funded Construction contributions provided in cash shall be paid, before the completion of the shift, in two equal payments with 50 percent paid on March 1 of the program year and 50 percent paid one year later (March 1). After the completion of the shift, expenses associated with design and construction oversight of facilities shall be paid on March 1 of each program year.

Article IV

All materials, supplies, equipment and services provided as part of the in-kind contribution shall be exempt from Republic of Korea taxes, or provided on an after-tax basis. Such materials, supplies, equipment and services procured by the Government of the Republic of Korea shall be exempt from individual consumption taxes and value added taxes. In the case of value added taxes, the zero rate shall be applied. If taxes are levied against any such materials, supplies, equipment or services, payment of such taxes shall not be made from cost-sharing funding.

Article V

This Agreement shall enter into force upon the date of the exchange of written notification by the Parties that their respective domestic legal procedures necessary for the entry into force of this Agreement have been completed, and shall remain in force until December 31, 2013.

The termination of this Agreement shall not affect the carrying out of any Republic of Korea Funded Construction projects which are selected every year in accordance with the agreed procedures under this Agreement, and not fully executed as of the date of termination of this Agreement.

Article VI

The Parties may consult on all matters regarding this Agreement through the Joint Committee provided for in Paragraph 1 of Article XXVIII of the Status of Forces Agreement, or through the Joint Cost-Sharing Committee, which is composed of representatives appointed by the Parties.

Article VII

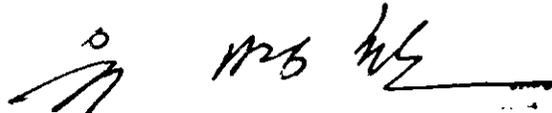
This Agreement may be revised or amended in writing by mutual consent. The revision or amendment of this Agreement shall enter into force on the date when the Parties exchange written notifications that their domestic legal requirements for such revision or amendment have been fulfilled.

IN WITNESS WHEREOF, the undersigned, duly authorized for the purpose, have signed this Agreement.

DONE at Seoul this 15th day of January 2009, in duplicate, in the Korean and English languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA

FOR THE REPUBLIC OF KOREA

Handwritten signature of Kathleen Stephens in cursive script.Handwritten signature of Mr. B. W. S. in cursive script, consisting of a stylized initial 'B' followed by 'W. S.' and a horizontal line.