

MEMORANDUM OF AGREEMENT

The Federal Minister of Defense  
of the Federal Republic of Germany

and

The Chief of Naval Operations  
of The Department of Defense  
of the United States of America

- in conjunction with the handover  
of STYX Missile systems and Associated Equipments.

have agreed as follows:

Article 1  
Subject Matter of the Agreement

- 1.1 The Federal Minister of Defense will put at the disposal of the United States Navy, approximately 195 Anti-Ship missiles, together with shore based launchers, fueling and handling equipment, spare parts and other related equipments and materials. Following preparation of the final shipping list, the scope of delivery will be forwarded as an annex to this agreement.
- 1.2 The U.S. Navy will use the missiles as target drones and make possible the testing of German naval weapon systems at U.S. test ranges on the basis of a jointly agreed program. In exchange, the test results will be made available to Germany free of charge.

Article 2  
Costs

- 2.1 In consideration of the missiles and the agreed scope of delivery, no additional costs to Germany will be charged within the framework of the provisions under Article 1.
- 2.2 Any external costs incidental to transportation and resulting from the employment of commercial companies/civil institutions, will be borne by the United States, particularly
- provision of containers
  - securing of cargo in containers and in transport vehicles
  - preparation of cargo as specified by U.S. customs
  - transport to the agreed port of embarkation
  - loading and transloading the cargo at the German port of embarkation
  - Transporting materials to the U.S.
- 2.3 Preparatory packing cost for materials at the depot points of departure will be borne by Germany

Article 3  
Settlement of Damages/Liability

- 3.1 The Federal Republic of Germany will not be liable for damages sustained after the goods to be transported have been handed over to the U.S. NAVY in Wilhelmshaven, and/or Bremerhaven, Germany.
- 3.2 The Federal Republic of Germany will be held harmless in the case of any claims for damages by third parties submitted after handing over has been completed.
- 3.3 Upon handing over the subject matter of the agreement, ownership and risk will pass to the United States of America.
- 3.4 The U.S. is not entitled to compensation for damage to or loss of materials while being transported from points of departure to points of embarkation.

Article 4  
Contract Implementation

- 4.1 Contract implementation on the part of Germany will be affected by:

The Naval Support Command, Wilhelmshaven, Germany in order

- to achieve ready-for-shipment status and make the subject matter of the agreement available for shipment
- to deliver/hand over the subject matter of the agreement in Wilhelmshaven, and/or Bremerhaven, Germany.
- to coordinate the project with the contract agent, and
- to initiate export formalities;

The Federal Office of Defense Technology and Procurement (BWB) - AW I 3 - in order

- to ensure completion of export formalities in coordination with Naval Support Command, Wilhelmshaven and the U.S. Navy.

The Federal Office of Defense Administration in order

- to record all cost, e.g.

4.2 Contract implementation on the part of the United States will be effected by

- the Naval Sea Systems Command (NSSC) of the Department of Defense of the United States of America and its authorized U.S. agencies/activities in the Federal Republic of Germany.

Article 5  
Security Classification

5.1 The security classification of the project will -- to the extent technically possible -- be FOR OFFICIAL USE ONLY

Article 6  
End-Use Clause

6.1 The U.S. Navy undertakes not to convey to third persons not in the employ of the U.S. Government or to third states possession, use or ownership of the subject matter of the agreement without prior approval of the Federal Republic of Germany.

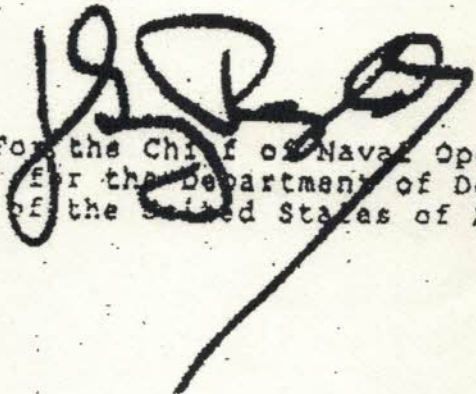
Article 7  
Date of Delivery, Shipping/Consignee

- 7.1 The subject matter of the agreement will be handed over to the U. S. Navy or the authorized contract agent in accordance with Article 3.1. Detail arrangements will be worked out by the parties.
- 7.2 Delivery of the subject matter of the agreement will be certified by means of the shipping agencies' freight documents (manifests/bills of lading).
- 7.3 Following completion of removal, the German Navy will prepare a record of delivery on the basis of the freight documents.
- 7.4 Delivery dates will be coordinated and set between the German Navy and U. S. Navy on a case-by-case basis.
- 7.5 The ports of destination in the United States, the consignee of the subject matter of the agreement in country of destination as well as appropriate part shipments will be determined in good time by the U. S. Navy, and identified to Germany.

Article 8  
Final Provisions

- 8.1 Changes to the Memorandum of Agreement must be in writing. They must be signed by both parties and expressly designed as changes to the Agreement.
- 8.2 The parties to the Agreement consent to minimize dissemination of this agreement and its contents.

For the Federal Minister  
of Defense of the  
Federal Republic of Germany

  
For the Chief of Naval Operations  
for the Department of Defense  
of the United States of America