

**MEMORANDUM OF AGREEMENT
NAT-I-0018**

BETWEEN THE

**FEDERAL AVIATION ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
UNITED STATES OF AMERICA**

AND THE

**DEPARTMENT OF CIVIL AVIATION
AERONAUTICAL COMMAND
FEDERATIVE REPUBLIC OF BRAZIL**

WHEREAS, the Federal Aviation Administration (FAA) of the Department of Transportation of the United States of America is directed to encourage the development of civil aeronautics and the safety of air commerce, and is authorized to furnish on a reimbursable basis to foreign governments certain technical assistance to that end; and

WHEREAS, the Department of Civil Aviation (Departamento de Aviação Civil [DAC]) of the Aeronautical Command of the Federative Republic of Brazil has requested that such technical assistance be provided;

NOW THEREFORE, the FAA and the DAC, collectively referred to herein as the parties, mutually agree as follows:

ARTICLE I—OBJECTIVE

A. This Memorandum of Agreement (the Agreement) establishes the terms and conditions under which the FAA may provide assistance to the DAC in developing and modernizing Brazil's civil aviation infrastructure in the managerial, operational and technical areas. For this purpose, the FAA shall, subject to the availability of appropriated funds and necessary resources, provide personnel, resources, and related services to assist the DAC to the extent called for in the annexes and appendices to this Agreement.

B. The FAA's ability to furnish the full scope of technical assistance provided for under this Agreement depends on the use of the systems and equipment in Brazil that are similar to those used by the FAA in the U.S. National Airspace System. To the extent that other systems

and equipment are used in Brazil, the FAA may not be able to support those other systems and equipment under this Agreement.

ARTICLE II—IMPLEMENTATION

A. Specific technical assistance in areas of personnel, training, equipment, or services to be provided by the FAA for the DAC shall be delineated in annexes and appendices to this Agreement. When signed by the parties, such annexes and appendices shall become part of this Agreement. Such annexes and appendices shall contain a description of the technical assistance to be performed by the FAA, the personnel and other resources required to accomplish the tasks, the estimated costs, implementation plans, and duration.

B. The designated office at the FAA for the coordination and management of this Agreement, and where all requests for services under this Agreement should be made, is:

Federal Aviation Administration
Latin America-Caribbean Staff, ALC-10
FOB-10B, 6th Floor East
800 Independence Ave., S.W.
Washington, D.C. 20591

Telephone 202-385-8900
Fax 202-267-5032

ARTICLE III—DESCRIPTION OF SERVICES

A. The technical assistance provided by the FAA at the request of the DAC may include, but is not necessarily limited to, the following:

1. Providing technical and managerial expertise to assist the DAC in developing, improving, and operating its civil aviation infrastructure, standards, procedures, policies, training, and equipment;
2. Providing training for DAC personnel in the United States or in Brazil;
3. Assistance in inspecting and calibrating DAC-owned or -operated equipment, and civil aviation facilities; and
4. Providing resources, logistical support, and equipment for the civil aviation system of Brazil.

B. Technical assistance in these and other areas, as mutually agreed to, may be accomplished by appropriate short- and long-term in-country assignments or by other assistance offered by the FAA.

ARTICLE IV—STATUS OF FAA PERSONNEL

The FAA shall assign personnel to perform the services agreed upon in an annex or appendix. The personnel assigned may be the employees of the FAA, another U.S. Government agency, or a contractor to the FAA. FAA or other U.S. Government personnel assigned to any activity shall retain their status as U.S. Government employees. The supervision and administration of the personnel shall be in accordance with the policies and procedures of the FAA as an agency of the U.S. Government. The assigned personnel shall perform at the high level of conduct and technical execution required by the FAA.

ARTICLE V—HOST PARTY SUPPORT

A. The support by the DAC necessary for accomplishing the FAA technical assistance shall be in accordance with pertinent FAA or other U.S. regulations, rules, or procedures. The DAC also shall provide such additional support as may be set forth in each annex or appendix.

B. If for any reason the DAC is unable to provide fully the support specified in each annex or appendix, or if the support provided is not equivalent to that prescribed in pertinent FAA or other U.S. regulations, rules, or procedures, the FAA shall arrange for the support and charge the costs for such support to the DAC.

ARTICLE VI—FINANCIAL PROVISIONS

A. The DAC shall reimburse the FAA, in accordance with the provisions set forth in this Agreement and its annexes and appendices, for all costs (including administrative overhead charges) associated with the technical assistance provided by the FAA. In the event of a termination by either party under Article X.B of this Agreement, the DAC shall pay:

1. All costs incurred by the FAA prior to the date of such termination; and
2. All termination costs incurred by the FAA during the 120-day close-out period.

B. Each annex or appendix shall describe the specific financial arrangements for the technical assistance to be provided. However, all financial arrangements shall be subject to the following:

1. Payment of bills shall be due within sixty (60) days from date of billing.

Payments shall be made in U.S. dollars and may be made either by check or electronic funds transfer. Checks shall be drawn on a U.S. bank and forwarded to the FAA at the address specified. Electronic funds transfers shall be credited to the FAA's account as follows: Federal Reserve Bank of New York, 021030004 Account Treas NYC (69001104) FAA. All payments shall include a reference to the assigned agreement number and billing number.

2. In the event that payment is not made within sixty (60) days from the date of billing, U.S. Treasury Department regulations prescribe and require the FAA to assess late payment charges—i.e., interest, penalties, and administrative handling charges—in subsequent billings. These late charges shall be assessed for each additional thirty (30) day period, or portion thereof, that payment is not received. The DAC shall pay any such late charges.

C. Agreement number NAT-I-0018 has been assigned by the FAA to identify this technical assistance project and shall be referenced in all correspondence and bills related to this Agreement.

ARTICLE VII—LIABILITY

A. The DAC, through the Office of the Attorney General, agrees to defend any suit brought in any jurisdiction, or pay for the defense of any suit brought against the Government of the United States, the FAA, or any instrumentality or current or former officer or employee of the United States arising out of any work performed under this Agreement or its annexes and appendices. The DAC further agrees to hold the United States, the FAA, or any instrumentality or current or former officer or employee of the United States harmless against any claim by the Government of Brazil, or by any agency thereof, or by third persons for personal injury, death, or property damage arising out of any work performed under this Agreement or its annexes and appendices.

B. Grossly negligent, fraudulent, or criminal acts resulting in personal injury, death, or property damage shall not be considered within the scope of "work performed under this Agreement" for the purpose of the obligation of the DAC under paragraph A of this Article to defend or pay for the defense of any suit brought against the Government of the United States, the FAA, or any instrumentality or current or former officer or employee of the United States, or to hold the Government of the United States, the FAA, or any instrumentality or current or former officer or employee of the United States harmless against any claim.

ARTICLE VIII—AMENDMENTS

This Agreement or its annexes or appendices may be amended by mutual consent of the parties. The details of any such amendment shall be memorialized by written agreement signed by both parties.

ARTICLE IX—RESOLUTION OF DISAGREEMENTS

Any disagreement regarding the interpretation or application of this Agreement or its annexes and appendices shall be resolved by consultations between the parties and shall not be referred to any international tribunal or third party for settlement.

ARTICLE X—ENTRY INTO FORCE AND TERMINATION

A. This Agreement shall enter into force on the date of the last signature and shall remain in force until terminated.

B. This Agreement or its annexes or appendices may be terminated at any time by either party by providing sixty (60) days notice in writing to the other party. Termination of this Agreement shall not affect existing obligations of the DAC under Articles IV, VI, VII, and IX. The FAA shall have one hundred and twenty (120) days to close out its activities following termination of this Agreement or its annexes or appendices. Termination of this Agreement also shall terminate all annexes and appendices subsequently concluded by the parties pursuant to this Agreement.


ARTICLE XI—SIGNATURE IN COUNTERPARTS

To facilitate execution, this Agreement or its annexes or appendices may be executed in as many counterparts as may be required. It shall not be necessary that the signature of or on behalf of each party appear on each counterpart, but it shall be sufficient that the signature of or on behalf of each party appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement.

ARTICLE XII—AUTHORITY

The FAA and the DAC agree to the provisions of this Agreement as indicated by the signature of their duly authorized representatives.

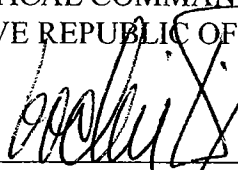
FEDERAL AVIATION ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
UNITED STATES OF AMERICA

BY: 
Douglas E. Lavin

TITLE: Assistant Administrator for
International Aviation

DATE: February 16, 2005

DEPARTAMENT OF CIVIL AVIATION
AERONAUTICAL COMMAND
FEDERATIVE REPUBLIC OF BRAZIL

BY: 
Maj Brig Ar Jorge Godinho Barreto Nery

TITLE: Director-General
Department of Civil Aviation

DATE: 18/03/2005

LETTER OF UNDERSTANDING

This letter expresses the understanding of the Federal Aviation Administration and the Department of Civil Aviation (DAC) of the Aeronautical Command of the Federative Republic of Brazil regarding the obligations undertaken by the DAC in Article VII of the Memorandum of Agreement NAT-I-0018 (the Agreement) between the FAA and the DAC.

The parties understand that the DAC undertakes the obligations under Article VII as the government agency of the Federative Republic of Brazil responsible for and authorized to control and settle issues related to the civil aviation system (including research and development) in Brazil, and in doing so, acts on behalf of the Government of the Federative Republic of Brazil.

The parties further understand that the DAC undertakes the obligations under Article VII consistent with Article 37, paragraph 6 of the Constitution of the Federative Republic of Brazil.

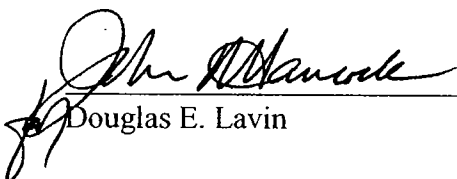
The parties further understand that the obligation to "defend any suit" in paragraph A of Article VII means to provide legal representation and defense in civil litigation.

The parties further understand that the obligation to "hold harmless" in paragraph A of Article VII means to assume responsibility for the payment of any monetary damages, costs, or other liabilities arising out of a claim for such monetary damages, costs, or liability for personal injury or death or the loss of or damage to property.

The parties further understand and affirm that the phrase "work performed under this Agreement or its annexes and appendices" in Article VII includes any technical assistance or advice provided or other activity performed by the FAA pursuant to the Agreement or its annexes and appendices.

FEDERAL AVIATION ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
UNITED STATES OF AMERICA

BY:


Douglas E. Lavin

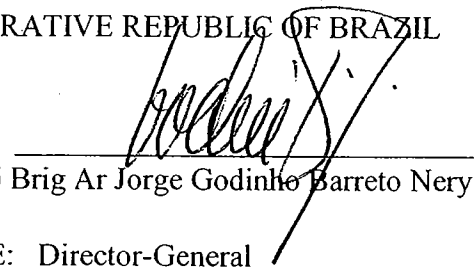
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