

MEMORANDUM OF AGREEMENT EATC-KNR-90-01
FOR RAIL TRANSPORTATION AND RAILWAY CAR MAINTENANCE SERVICES

ENTERED INTO AND BY

25TH TRANSPORTATION CENTER (MOVEMENT CONTROL)

FOR AND ON BEHALF OF

UNITED STATES FORCES KOREA

AND

KOREAN NATIONAL RAILROAD, REPUBLIC OF KOREA

1. The undersigned parties mutually agree that:

a. The Korean National Railroad (KNR) shall provide complete rail services as required by the United States Forces Korea (USFK) for movement of passengers and freight between points specified by 25th Trans Cen (MC) pursuant to the technical specifications provided hereto.

b. The USFK shall pay for services rendered by KNR at the rates, charges and fares, including discount as may be applicable from time to time, as published tariff at the time of service ordered, except that all services provided under this memorandum of agreement shall not include any tax (as provided in SOFA).

c. Whenever any revision in a tariff is to be effected, the proposed tariff schedule and effective date thereof shall immediately be provided to the 25th Transportation Center (MC) in advance of the effective date.

d. In the event any labor dispute involving the KNR arises or is anticipated, the KNR shall immediately notify the Commander, 25th Trans Cen (MC), APO 96301-0037.

e. Any question and/or difficulty arising in the performance of this agreement shall be mutually resolved between and by only the undersigned parties, in accordance with a mutual agreement reached on an individual case basis. In the event any question or difficulty is not mutually resolved, the matter shall be referred to the Joint Committee, SOFA for final resolution.

f. This memorandum of agreement shall consist of the following ANNEXES, which shall form parts of this agreement:

- (1) ANNEX A - Schedule of Rates, Fares and Charges.
- (2) ANNEX B - Technical Specifications
- (3) ANNEX C - Payment Procedures
- (4) ANNEX D - General Provisions
- (5) ANNEX E - Claims Procedures

TECHNICAL SPECIFICATIONS
FOR
RAIL SERVICES, KOREA

1. SCOPE:

1.1. This specification covers requirements for the Korean National Railroad (KNR) to provide complete rail services in Korea for:

I. Movement of US Government sponsored material (freight) and personnel over the entire KNR railroad system within the Republic of Korea, on an as required basis.

II. Operation and maintenance of US Government owned railroad equipment (3.1.3.1 & 3.4) in Korea on a continuous or as required basis as specified herein (except exterior painting of freight cars including guard cars and interior coating and cleaning of tank cars).

1.2. The equipment and services required shall include, but are not limited to, all types of rail cars, locomotives, other equipment, facilities, tools, supplies, personnel, and supervision necessary for performance of rail movement and the maintenance of rail cars.

1.3. In the event it is determined by the Commander-in-Chief, United Nations Command, Korea that an emergency exists, the US Government will enjoy the priority use of rolling stock and motive power of the KNR.

1.4. The US Government will retain title to buildings, such other facilities as were constructed by the US Government, and rolling stock provided by the US Government; and may use, move, remove, or otherwise dispose of them. The US Government may continue to use buildings and facilities secured from the KNR for the performance of rail services.

2. APPLICABLE DOCUMENTS: The following documents form a part of this specification to the extent specified therein.

2.1. USFK Regulation 55-1, Transportation and Travel - Korea Standard Transportation and Movements Procedures, 9 October 1984.

2.2. TM 55-601, Railcar Loading Procedures, August 1971.

2.3. 25th Trans Pamphlet 55-2, Tie-Down Guide for Rail Movement, 1 December 1984.

2.4. TM 55-203, Maintenance of Rail Cars, August 1972.

2.5. KNR Railway passenger and freight service regulations, and KNR passenger and freight car regulation as established by the laws of the Republic of Korea, and supplementals thereof, in effect on date of service.

2.6. KNR Kilometer Table for Freight Tariff in effect on date of service.

2.7. KNR Kilometer Table for Passenger Tariff in effect on date of service.

3. REQUIREMENTS: All services (passenger, freight and railcar maintenance services) shall be accomplished, upon commitment by the US Government, in strict accordance with all provisions of this agreement, provided that any service incidental to services covered herein and procedure therefor is not provided herein, such service shall be furnished in accordance with applicable rules and regulations of KNR as may be mutually agreed upon between parties on an individual case basis.

3.1. FREIGHT MOVEMENT SERVICE

3.1.1. Service Commitment Procedures

3.1.1.1. Service Committing Agency: Commitment for required service will be coordinated by the local Movement Control Team (MCT) of the 25th Trans Cen (MC). The commitment will be confirmed by the 25th Trans Cen (MC) per para 3.1.1.5. The US Government will not be responsible for payment of service not committed in accordance with procedures prescribed in para 3.1.1. herein.

3.1.1.2. Time: Commitment of the KNR service will be made on a daily basis normally 48 hours prior to the required spotting time.

3.1.1.3. Place: The commitment will be presented to the KNR stationmaster at the point of origin station in writing using EATC Form 46 (Movement Request) by the MCT serving the shipping agency. The form provides information as to TMR number, consignor, origin, consignee, destination, weight, cube, and type of commodity to be transported, type/ownership and number of rail cars required, and spotting time and location.

3.1.1.4. Receipt: The MCT will obtain the signature of the KNR stationmaster's agent on all copies. The original will be left with the KNR, one copy will be returned to the shipping agency, and one copy will be kept for MCT file. The signature of the KNR representative on the form will constitute the evidence for receipt of the commitment by KNR.

3.1.1.5. Telephone Contact: In addition to the above, the 25th Trans Center (MC) will telephonically contact the main office of KNR with consolidated daily requirements for the purpose of verification/confirmation of requirements.

3.1.2. Performance Procedures.

3.1.2.1. Equipment: In performing freight movement services, the KNR shall provide required types of freight cars available in its system at the time of commitment for service; i.e., US Government owned (3.1.3.1), US Government leased (3.1.3.2) or KNR cars as specified by the 25th Trans Cen (MC). Primarily, the types of cars to be provided from KNR resources shall be, but are not limited to, box cars, gondolas, and flat cars. The KNR shall insure that only cars suitable for intended shipment and safe for movement are furnished. Each car shall be inspected by KNR prior to spotting to insure conformance to the criteria in para 3.4.3.10.

3.1.2.2. Time and Location: KNR shall spot the required rail cars at the time and location as specified by Movement Request.

3.1.2.3. Spur Clearance: When the KNR is to effect the spotting of empty cars for loading, the KNR shall coordinate with the MCT for arrangements with the shipping agency; such as, opening of gates and clearing of personnel or obstructions in the right of way along the spur tracks.

3.1.2.4. Shipper Inspection: Upon spotting of rail cars, the shipping agency will conduct an inspection of the cars to determine the suitability for loading of intended freight. Any of the cars spotted which fail to meet the inspection criteria will be immediately replaced by KNR with a suitable rail car(s). No demurrage or cancellation charge is incurred in connection with such rejection.

3.1.2.5. Condition of Loading and Unloading

3.1.2.5.1. Loading and unloading of rail cars will be performed by the US Government. All freight other than vehicles specified herein (3.1.2.18) shall be shipped per the consignor's report of weight, load and count.

3.1.2.5.2. The KNR has the right to inspect the cars loaded by the US Government to insure protection of freight for safe movement. Visual inspection of the load shall be made only on cars wherein the load is accessible for such inspection. For closed and sealed cars, visual inspection of the seals and car exterior only shall be made. In the event any loaded car is rejected or when freight shifts because of improper blocking or bracing which requires correction or reloading, the KNR shall inform the MCT reasons for such rejection or load condition. If the notice is made prior to KNR receipting for such load, the US Government will correct the loading or bear the expenses for such load correction as necessary. In the event freight shift or deficiencies in tie-down or dunnage are found after receipt of shipment is acknowledged by the KNR, the KNR shall correct the condition, reload or transload, and will bear the expenses thereof.

3.1.2.5.3. The US Government will load rail cars in such a method that safety and security of the freight intransit can be assured. Loading of rail cars with vehicular equipment and CONEX containers on flat cars in conformation with the procedures stipulated in US Army TM 55-601 (2.2) and 25th Trans Pamphlet 55-2 (2.3) shall be accepted by KNR. The KNR shall also accept the flat car loaded with the following commodities, when they are loaded as described below:

a. Bundled Lumber:

(1) Staking and Tie-Down - There will be a minimum of two stakes on each side of the rail car per length of bundle.

(2) Tie-Down - A wire tie will be looped between the stakes positioned opposite each other and shall be placed across the top of each bundle loaded on the car. Eight strands of No. 8 gage wire will be used for this purpose. In addition, a minimum of two tie-down with eight strands of No. 8 gage wire will be looped from one stake pocket to the other on the opposite side of the car to tie down each bundle of lumber to the car floor.

b. Poles (long tapering piece of wood)

(1) Poles shall be placed lengthwise on the car and positioned by alternating tops and bottoms to insure even distribution of weight on the car.

(2) Stakes - There will be a minimum of four stakes on each side of the car.

(3) Tie-Down

(a) A tie will be looped between the stakes positioned opposite each other and shall be placed over the top of the load. Eight strands of No. 8 gage wire shall be used for this purpose. Additional strands should be used for exceptionally heavy loads.

(b) If the height of the load exceeds 1.5 meters, another tie (as described in the preceding sub-paragraph) will be applied at 1/3 of the height of the total load. A minimum of two tie-down is required per load.

(c) A minimum of three tie-down using 18 millimeters or more diameter steel cable with clamps or turnbuckles (or equivalent strength wire tie) will be looped from one stake pocket to the other on the opposite side of the tie the load to the car floor.

3.1.2.5.4. When freight to be shipped has apparent damage, the extent of such damage will be noted on the Bill of Lading. Unless noted on the Bill of Lading, items loaded on a freight car will be presumed to be in apparent good order (concealed damage excepted).

3.1.2.5.5. When using US Government owned tank cars for shipment, the US Government will be responsible for fastening all domes, to include outlet pipe caps, and applying seals thereto. The KNR holds the right at any time prior to acceptance for movement to reject cars which are not properly fastened or sealed.

3.1.2.6. GBL: Upon completion of loading, the ITO of the shipping agency will prepare a GBL based upon information and authority provided in the TCMD or DD Form 250 (Material Inspection and Receiving Report for bulk POL shipments) covering the shipment. The GBL with the TCMD or DD Form 250 attached will be presented through the MCT to the KNR stationmaster. This will be considered as official release of the shipment for movement.

3.1.2.7. Receipt of Freight Shipments: The signature and official stamp (dojang) of the employee or agent of the KNR affixed on all copies of US Government Bill of Lading shall constitute prima facie evidence of receipt for the freight delivered to the KNR.

3.1.2.8. Custody: Responsibility for custody of freight by the KNR shall be effective when the freight is picked up at origin and terminate when the car is spotted or constructively placed at destination and notice thereof given to the consignee. The KNR shall exercise maximum efforts to insure that sufficient protection is provided to safeguard all freight moving under the terms of this contract.

3.1.2.9. Bad Order Car

3.1.2.9.1. If a loaded car is found to be mechanically inoperable after the receipt of shipment has been accomplished by the KNR, reloading onto an operable car shall be accomplished by or at the expense of the KNR, except where such reloading requires special facility, installation, equipment and handling of cargo beyond the KNR capacity. Determination as to the above mentioned exception will be made upon mutual agreement on an individual case basis. When determination is made that the KNR is not capable of reloading, the US Government will perform the reloading.

3.1.2.9.2. In the event it is determined by the KNR that deficiencies can be corrected without transloading, movement of loaded car between points for repairs shall be borne by the KNR.

3.1.2.9.3. In any case where a loaded or empty US owned or leased car has to be dropped off from train enroute for repair on account of bad order, the KNR shall immediately notify the nearest MCT of the 25th Trans Cen (MC). The notification shall include the following information; car number, commodity loaded, origin, destination, GBL number, location of the car, and reasons thereof, to include the estimated time of repair.

3.1.2.9.4. If an enroute US owned or leased car requires rerouting by the KNR to its maintenance facility for repairs, such rerouting shall be coordinated by the KNR with the nearest MCT serving the location where such change is to be made. In this case, the US Government will be responsible for movement cost only covering the distance from the point of origin specified on the GBL to the location where the rerouting is effected. Upon completion of the repair, the KNR shall coordinate with the MCT that will determine the point to which the repaired car is to be moved.

3.1.2.10. Destination Spotting: Upon arrival of the shipment at its destination, the stationmaster shall immediately notify the MCT serving the consignee. In coordination with the MCT, the KNR shall make all possible efforts to insure the immediate spotting of the arrived cars at the location designated by the MCT. In case a car cannot be spotted or placed at a location designated by the consignee, due to inability of the consignee (i.e., congestion of, unserviceability of the spur of the consignee, etc.), it shall be placed at a location within the destination station yard limits, and shall be handled in accordance with instructions from the MCT.

3.1.2.11. Joint Inspection: When the cars are spotted at the designated unloading point, the KNR shall conduct a joint inspection with the representative of the consignee to ascertain the condition of shipment and to verify whether or not the shipment sustained damage or loss while in transit. If no deficiencies are noted the consignee will accept the cars for unloading.

3.1.2.12. Defects Noted Before Unloading Started:

3.1.2.12.1. In the event damage or loss to the freight is observed or suspected or seals are broken in case of shipment in enclosed cars, or when KNR seals have been applied in lieu of US seal number listed on GBL, the consignee

will request through MCT as soon as possible after discovery for KNR to provide its representative for a joint inventory of the freight. Such request will be given prior to breaking of seals and/or unloading of car, if indications of discrepancies are evident at that time. The unloading operation will be postponed for a reasonable time to allow a KNR representative to be present.

3.1.2.12.2. When the KNR is requested by the consignee to provide a representative, the stationmaster shall immediately furnish his representative at the location where the said car(s) is spotted to make joint inventory during the unloading of the freight. A reasonable period of time will be allowed for KNR investigation, but this period will not be considered as a part of free time allowed for unloading. If additional time is required by KNR, an extension of free time will be obtained in writing from the local KNR stationmaster.

3.1.2.12.3. In the event any damage to or loss of freight is noted during the inventory, the consignee will accomplish the Bill of Lading promptly and note on the reverse side on the original, Copy 5, and Copy 7 and discrepancies determined at that time. A memorandum report of discrepancy will be accomplished, signed by representatives of the consignee and the KNR and attached to the GBL providing a copy of the report to the 25th Trans Cen (MC) through local MCT. Discrepancies noted on the reverse side of the GBL will constitute notification to KNR that a discrepancy in shipment exists.

3.1.2.13. Defects Noted After Unloading Started.

3.1.2.13.1. If a discrepancy is discovered during or after unloading operation, the KNR destination stationmaster or his representative will be requested to make a joint inventory inspection as soon as possible after discovery, and proceed per above.

3.1.2.13.2. If discrepancies are noticed during unloading operations or thereafter and a notification is given to the KNR destination stationmaster or his representative within 14 days after delivery of the car a valid claim may be made based on the actual evidence causing the discrepancies.

3.1.2.13.3. Under the following circumstances, any loss or damage incident to shipment will be the responsibility of the US Government and no claim will be initiated against the KNR:

3.1.2.13.3.1. When a carload arrives with the seals intact, the seal number corresponding with that listed on GBL, and there is no other circumstances to which shortage may be attributed, such as, but are not limited to, evidence of forced entry through floor, sides, or roof, or end of the car.

3.1.2.13.3.2. When packages or boxes, known to have been packed by the shipping agency or known to be as originally packed at place of manufacture, arrive with no external evidence of tampering or repacking in transit, and when there are no other circumstance to which the shortage may be attributed.

3.1.2.13.3.3. When damage results from improper loading, blocking, or placement of freight in or on car.

3.1.2.14. Absolving incidents. The US Government will be notified promptly by the KNR after discovery of any incident which may be the basis for the US Government responsibility in connection with contractual claim action thereto, and in no event more than 90 days after the incident occurred.

3.1.2.15. Meeting. Once a month or more often if requested by either party a meeting shall be held to discuss and attempt to settle claims.

3.1.2.16. Claim payment. The KNR shall pay all claims promptly in Won by certified check payable to the 175th Finance and Accounting Office - Korea. This check shall be delivered to the CDR, 25th Trans Cen (MC), APO 96301-0037.

3.1.2.17. Accomplishment of GBL. Upon completion of unloading, the consignee will immediately accomplish the original and copy #7 held by the destination stationmaster (normally within 3 days). Under no circumstance will the accomplishment of GBL be delayed more than 15 days after the spotting of the freight for unloading.

3.1.2.17.1. The consignee will notify the stationmaster through the MCT of the time and date of completion of unloading via the most expeditious means of communication. The time of notice will be considered the evidence for release of the KNR empty equipment.

3.1.2.17.2. The signature of the US Government transportation officer or agent on the Copies No. 1, and 7 of US Government Bill of Lading will constitute prima facie evidence of receipt for freight delivered to the consignee (concealed damage excepted).

3.1.2.17.3. In the event an original GBL is misplaced and has not been located within 15 days subsequent to delivery of the shipment or cannot be found after diligent search to locate it and it is evident that it has been lost or destroyed, Chief, KNR Finance Audit Office shall submit a request for issuance of USFK Form 79-6EK (Certificate in Lieu of Lost US Government Bill of Lading) to the CDR, 25th Trans Cen (MC). The request for issuance of USFK Form 79-6EK will be made within 120 days after arrival of the shipment at destination. The 25th Trans Cen (MC) will insure that issuance of USFK Form 79-6EK is made within 60 days after receipt of such request from the KNR.

3.1.2.18. Vehicles. In addition to the provisions above, the following procedures are applicable when shipping vehicles.

3.1.2.18.1. A joint inspection shall be made upon arrival of switch engine (to remove the shipment from the consignor's installation) by representatives of the shipper and the KNR. During this inspection, both parties shall verify the presence of component parts listed on the Continuation Sheet (USFK Form 79-3-1EK) of the US Government Bill of Lading issued on all wheeled vehicle shipments. Track vehicles will be shipped with hatches sealed shut by the US Government for rail shipment. Seal number will be annotated on the GBL covering the shipment.

3.1.2.18.2. The same inspection procedures shall be effected at the unloading site of the consignee at the time the shipment is spotted by the KNR for unloading. When track vehicles arrive with seal intact, they will be accepted by the consignee subject to concealed damage procedures for other freight (para 3.1.2.11 thru 13). Representatives of the consignee and the KNR shall affix their signatures in the appropriate blocks provided on the GBL (USFK Form 79-3-LEK).

3.1.2.18.3. The spotting and/or removing of loaded railcars shall be performed expeditiously irrespective of the time of day.

3.1.2.18.4. If the US inspector of the shipping or receiving agency fails to arrive within 30 minutes after the arrival of the switch engine, the above verification procedures may be waived by annotating the GBL or USFK Form 79-3-LEK with statement "No US Inspector Available".

3.1.2.18.5. If the representative of the KNR at the point of origin or destination fails to arrive within 30 minutes after arrival of the switch engine, the GBL or USFK Form 79-3-LEK shall be annotated by the representative of the shipping or receiving agency with the statement "No KNR Inspector Available".

3.1.2.18.6. The US Government will consolidate vehicle shipments destined to a common destination to a minimum of twenty carloads per movement.

3.1.2.18.7. The KNR shall be given a minimum of 72 hours advance notice on such requirements by the US Government.

3.1.2.18.8. Under the above conditions, the KNR shall establish and operate a special train to move vehicle shipments exclusively. This train shall be scheduled as a through train without stop off enroute.

3.1.3. Incidental Services to Perform Freight Movement Service. Incidental to performing the freight movement services, the KNR shall furnish the following services upon commitment by the local MCT of the 25th Trans Cen (MC) in the manner specified herein.

3.1.3.1.1. the US Government will furnish the US Army owned rail cars set forth at Appendix A of this Technical Specifications and the KNR shall take custody of, operate, and maintain them under the terms stipulated herein. When not in use the cars will be retained at designated home stations as follows:

- a. POL Tank Cars - Uijongbu, Pohang, Yonhwa, and Gaya.
- b. Guard Cars - Pusanjin and Sobingo.
- c. Flat Cars - Pusanjin and Waegwan.

3.1.3.1.2. The US Army-owned rail cars shall be exclusively used for US Government shipments, unless otherwise committed in writing by the CDR, 25th Trans Cen (MC) on an individual basis.

3.1.3.1.3. The US Government reserves the right to remove US Army-owned rail cars at any time (any portion of or the entire fleet), provided that the KNR is given adequate time to move those cars to a point designated by the CDR, 25th Trans Cen (MC).

3.1.3.1.4. When it is considered by the KNR that good and sufficient cause exists to deadline any of the US Army-owned cars because the car is unserviceable or inoperable, such car shall be removed from service. The KNR shall then notify the 25th Trans Cen (MC) for a joint inspection to determine whether or not the car is repairable. Upon determination by the joint inspection that any car is unrepairable, such car shall be removed to a point designated by the 25th Trans Cen (MC).

3.1.3.1.5. Terms of service using US Army-owned rail cars shall be the same as applicable to shipment made using KNR owned rail cars.

3.1.3.1.6. Title to and marking/numbering of all US Army-owned rail cars will remain with the US Government.

3.1.3.1.7. In addition to caboose furnished by the KNR, the US Government may provide its own guard car(s), as necessary, in performance of the security effort by the US Government for movement of cargo which requires peculiar security and care enroute (i.e., explosives, highly sensitive items, highly pilferable items, etc.) as determined by the US Government. In the event US owned guard car(s) is made available, the KNR will move the car(s) for US shipments to accommodate US military security guards assigned thereto, including deadheading to the train originating point/home station, at no expense to the US Government.

3.1.3.2. Equipment Rental (Lease):

3.1.3.2.1. The KNR shall make such KNR-owned rolling stock available for the exclusive use of the US Government as any be requested in writing as to number of cars, type of cars, or specific cars and necessary equipment for which the US Government desires exclusive use. Leased cars shall be operated from home stations per 3.1.3.1.1.

3.1.3.2.2. In the event any leased cars or equipment are not available or unserviceable during the rental period, the compensation for equipment rental of such period shall be exempted commencing the date a car is deemed unserviceable or unavailable. This exemption shall terminate on the day the car is returned to service and notice thereof given to the 25th Trans Cen (MC).

3.1.3.3. Special Train Service:

3.1.3.3.1. Upon commitment by the 25th Trans Cen (MC), the KNR shall provide special train service for movement of US Government sponsored shipments exclusively between specified points. Such service shall be operated on schedule equal to the fastest freight train service now operated or that may be scheduled by the KNR.

3.1.3.3.2. The schedule of special trains established by the KNR upon commitment by the 25th Trans Cen (MC) shall include time required for the locomotive to provide switching service for a minimum of two hours prior to departure from the point of origin and after arrival at destination. If the KNR furnishes a separate switch engine at these locations, the two hour addition may be foregone.

shipment. In the event any of those stop-off locations specified on the GBL is an agency which has military spur within its installation, switching service to and from the location shall also be provided, subject to applicable charges of both stop-off and switching services.

3.1.3.8. Diversion or Reconsignment:

3.1.3.8.1. Upon order by the 25th Trans Cen (MC), the KNR shall effect change of route, consignee, or destination of a shipment enroute.

3.1.3.8.2. The diversion or reconsignment order will be placed on the KNR, through the nearest MCT, by the US Government transportation officer located where the car is positioned or at the immediate KNR station where the car can be stopped at the time the order is issued. In these cases, a diversion charge is not applicable. However, an adjustment in transportation cost shall be made based upon actual distance the car is to be moved to reach the ultimate destination.

3.1.3.8.3. When the diversion or reconsignment order is placed on the KNR after the car has been spotted at the initial destination, such order shall be subject to the applicable charge specified in the Schedule of Rates in addition to the basic cost adjustment for further movement to the ultimate destination including switching service involved.

3.1.3.8.4. The order may be orally made and later confirmed by the ordering transportation officer issuing the Division and Reconsignment Request, USFK Form 79-5EK.

3.1.3.9. Demurrage:

3.1.3.9.1. Detention of any KNR rail car (loaded or empty) by the US Government beyond the free time allowed for loading, unloading, diversion, or reconsignment specified herein shall be subject to the demurrage charge as stipulated in the Schedule of Rates.

3.1.3.9.2. The free time for loading, unloading, diversion or reconsignment will commence at the time the car is spotted or constructively placed and notice thereof is given to the consignee. The initial free time shall be as specified in the Contract Schedule.

3.1.3.9.3. No extension of the free time shall be allowed on account of weekends or holidays. However, free time for any car(s) spotted by the KNR during the weekends (Saturdays and Sundays) or US/ROK legal holidays, through no fault of the US Government, shall commence at 0800 hours the day following the weekends or holidays. Every effort will be made by the US Government to insure that no shipment is scheduled to arrive at the destination at such time to cause unnecessary delay prior to spotting at destination on account of the weekends and/or holidays.

3.1.3.12.2. Freight loaded in or on US Army-owned rail cars within durable period of 25 years as specified in KNR regulation referenced in para 3.1.3.12.1 above shall be moved by the KNR at a reduced rate as specified in Schedule of Rates and charge allowed by the KNR. The KNR will accept freight.

3.2. PASSENGER & BAGGAGE SERVICE

3.2.1. KNR Regular Train Service: In providing passenger/baggage movement services specified herein, the KNR shall provide required accommodations on its regular scheduled passenger train service, or types of cars available in its system at the time of commitment for service, as specified by the 25th Trans Cen (MC) COR. As a minimum, accommodations provided shall be equal to those provided on KNR public trains for the first class reserved seat service or as otherwise specified. Primarily the types of cars to be provided from KNR resources shall be, but are not limited to, passenger coaches, baggage (mail) cars, and self-propelled motor coaches.

3.2.1.1. Individual Travel Service:

3.2.1.1.1. An order for individual travel via the existing KNR passenger trains will be made by presentation of properly prepared and executed US Government Transportation Request, USFK Form 79-LEK, (TR) by the traveler to the local KNR ticket agent or stationmaster at the point of origin.

3.2.1.1.2. Charter Coach/Baggage Car Service:

3.2.1.1.2. The TR will provide the traveler authorized passenger transportation and accommodation. Charter coach/baggage car service shall be provided by the 25th Trans Cen (MC) who will accept the TR.

3.2.1.1.3. The KNR shall furnish only the authorized transportation and accommodation as indicated on the TR issuing appropriate train ticket in exchange of the TR.

3.2.1.1.4. Purchase of train-passenger tickets by TR shall be accepted by the KNR commencing seven days for one way ticket, 10 days for round trip ticket prior to date of travel.

3.2.1.1.5. Rates: Charges for individual travel on US Government TR via KNR established trains shall be those officially published railroad passenger tariffs, excluding transportation tax, effective on the date of travel. Appropriate reduced rate and charge if provided by the KNR to other users shall also apply.

3.2.1.1.6. Unused passenger tickets for KNR public trains purchased by TR may be returned to station of issue for cancellation of travel. Return of unused ticket under this provision will be accomplished by the appropriate transportation officer of the US Government who will annotate the TR accordingly. Refund for such cancellation shall be made by the KNR in accordance with the provisions contained in the Schedule of Rates.

3.2.1.2. Baggage (small lot cargo) Service:

3.2.1.2.1. The KNR shall accept and move baggage and small lot cargo via its existing baggage car service, upon presentation of the baggage and US Government Bill of Lading, as specified by the 25th Trans Cen (MC). The KNR shall advise the shipper of the estimated time and date of departure and arrival at destination.

3.3.2. When a mixed special train service is ordered, the minimum charge for the train applicable thereto shall be determined as follows:

3.3.2.1. Special train minimum charge for either passenger service (3.2.2.) or freight service (3.1.3.3.) whichever is greater in terms of number of rail cars on the train shall be applicable.

3.3.2.2. In the event the number of passenger and freight cars placed on a train is equal, the solution of computation by adding special train minimums of passenger and freight as provided in the Schedule of Rates and divide by two (2) will apply.

3.4. MAINTENANCE OF US ARMY-OWNED RAIL CARS

3.4.1. General:

3.4.1.1. The KNR shall provide all personnel, facilities, equipment, transportation, and materials (except US Government furnished items specified in 6.2.) and perform all echelons of maintenance as specified herein on all US Army-owned rail cars furnished pursuant to this agreement. This service shall be performed in conformance with the provisions of rules and regulations of the KNR title "Korean National Railroad Railcar Regulation for Inspection and Repairs of Railway Passenger and Freight Cars" and supplemental instructions thereto effective during the period of this agreement.

3.4.1.2. Scope: The maintenance service shall include, but is not limited to, inspection, routine maintenance, repairs and overhaul required to insure full life expectancy and safe operation in the interest of protecting the cars and freight being transported therein from damage/loss, except external painting of freight cars including guard cars and interior coating and cleaning of tank cars.

3.4.1.3. Standards: Performance of all types of maintenance shall be conducted by the KNR in the same manner as for its own cars. Notwithstanding the provisions of 3.4.1.1. in the event discrepancies exist between US and KNR rail car standards, over which disagreement arises between inspectors of both parties, the requirements set forth in TM 55-203 will be used as the preferred standard.

3.4.2. Non-Scheduled (Operational) Maintenance:

3.4.2.1. Pre-Running: Inspection and repairs shall be conducted at a station prior to spotting and prior to departure after being loaded. The inspection will cover all components of the cars with emphasis on journal boxes (packing and oil level), brake shoes, and coupling devices.

3.4.2.2. Running: Inspection and repairs shall be conducted during the train run at stops or as necessary for emergencies.

3.4.2.3. Incidental Shop Repair: This category of shop maintenance is defined as repairs effected in KNR Back Shop, upon agreement by and between the 25th Trans Cen (MC) and KNR, for repairs to correct deficiencies noted. If these deficiencies noted 60 days or less prior to due day for the general maintenance, then KNR will perform the repair together with the general maintenance. In this case the KNR shall be paid for only the general maintenance.

3.3.2. When a mixed special train service is ordered, the minimum charge for the train applicable thereto shall be determined as follows:

3.3.2.1. Special train minimum charge for either passenger service (3.2.2.) or freight service (3.1.3.3.) whichever is greater in terms of number of rail cars on the train shall be applicable.

3.3.2.2. In the event the number of passenger and freight cars placed on a train is equal, the solution of computation by adding special train minimums of passenger and freight as provided in the Schedule of Rates and divide by two (2) will apply.

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3.4.3.1. The US Government will insure that all US Government-owned tank cars to be placed in KNR back shop for any type of maintenance covered by this contract are vapor free. Purging and cleaning of interior of tank car will be effected by the US Government prior to release for maintenance performed by KNR.

3.4.3.2. Monthly Maintenance (Lubrication Inspection) - In connection with this maintenance service, a car shall be placed out of service for inspection and repairs as needed of journal boxes, journals, packings, and oil (repacking and lubrication). This maintenance shall be completed within 48 hours after the car is placed in the maintenance facility.

3.4.3.3. Four Month Maintenance (Partial Inspection) - This maintenance service shall cover inspection, test, and repairs of journal brass (including wedges), journal bearings, couplers, air brake, and hand brake. For this maintenance, a car shall normally be placed out of service for five days. In line with the performance of this maintenance, service mentioned in para 3.4.3.2. will also be conducted.

3.4.3.4. Eight Month Maintenance (Ordinary Inspection) - This maintenance service will be effected on all valves including triple valve, brake cylinders, and draft gears. This maintenance service shall require a car to be out of service for a period of seven days, since requirements stipulated in the preceding two paragraphs must be fulfilled at the same time this maintenance is performed.

3.4.3.5. General Maintenance - This maintenance service involves extensive inspection and repairs on all components of a car and shall be performed in the KNR Back Shop. It shall require KNR to perform inspection, test, and repairs of faults detected while disassembling components of the car except parts welded or riveted. During this overhaul, a car may be out of service more than five days, but not more than ten days. This category of maintenance shall be performed every 24 months on freight cars and every 16 months on passenger/guard cars (caboose).

3.4.3.5.1. The KNR shall establish within its overall annual car maintenance program, a schedule covering the entire fleet of US Government-owned rail cars for the general maintenance indicating car numbers and month and location in which the maintenance service is to be performed. The schedule shall be presented to the 25th Trans Cen (MC) for review and concurrence a minimum of 30 days prior to implementation thereof.

3.4.3.5.2. When a car reaches the due date for the general maintenance or incidental shop repair has been agreed upon by the 25th Trans Cen (MC), the KNR shall request authority through local MCT for the 25th Trans Cen (MC) to place the car out of service. Upon approval of the KNR request, the 25th Trans Cen (MC) will issue Maintenance Release Number which will constitute authority for KNR to place the car into KNR back shop. The maintenance release number shall be used in all documents involved for service and payment for cross reference.

3.4.3.5.3. At the time the KNR requests a Maintenance Release Number the KNR shall indicate whether or not any GFM parts (6.2.) are needed, if known. The necessity for replacing items, components, and parts specified above shall be determined by a joint inspection of both parties. (For this inspection, the KNR

3.5. SAFETY.

3.5.1. The KNR shall make all possible efforts to insure safe operation of rail cars while transporting US Government property under the terms of this contract.

3.5.2. The KNR shall observe all applicable rules and regulations of the KNR governing safe railroad operations. In addition thereto, the KNR shall adhere to all signs posted at the right of way of spur and crossings by the US Government while operating trains within US military installations.

3.5.3. Under no circumstances, shall a train be operated at a speed higher than 10 mile per hour within any US military installation.

3.5.4. When the KNR is performing switching service within a US military installation, there shall be sufficient switchmen (excluding engine crew) available for the operation. In no case shall the number be less than two persons. When a group of cars is pushed backward by the locomotive, a flagman must be positioned at the extreme forward end of the train toward the direction of the train movement.

3.5.5. When switching service is provided at a US military installation which handles explosives (ammunition) or flammable item (POL or chemical), the KNR shall use a diesel electric locomotive. The KNR shall obtain concurrence of the 25th Trans Cen (MC), prior to using a steam locomotive at such locations. However, under no circumstance shall a steam locomotive without spark arrester be used.

3.5.6. In the movement of hazardous items, such as ammunition, explosives, POL products and sensitive flammable chemicals, the car loaded with such items shall not be placed on one train mixing ammo/explosives or chemicals and POL products. In the event such a cargo mix is unavoidable, a minimum of three cars loaded with other non-flammable general cargo or empty cars shall be placed between the cars (or groups of cars) on the train to provide sufficient insulation. Under no circumstances, shall such hazardous freight shipments be placed on passenger train in service.

3.5.7. Prior to entering a US installation which handles explosives, POL products (ammo supply points or POL terminals), the KNR shall insure that train crewmen have no matches or cigarette lighters in their possession while on the installation.

3.5.8. For the purpose of fire prevention and the protection of cargo, equipment, and facilities of both parties, all KNR stations that handle cars loaded with POL or explosives shipments shall be equipped with proper and sufficient fire-fighting equipment. In line with this purpose, all locomotives of the KNR operated in and out of US military installations shall have appropriate fire extinguishers installed.

4. QUALITY ASSURANCE PROVISIONS:

4.1. Responsibility For Inspection: Unless otherwise specified in this agreement, the KNR is responsible for the performance of all inspections requirements as specified herein. Except as otherwise specified in the agreement, the KNR may use his own on any other facilities suitable for the performance of the inspection requirements. The US Government reserves the right to perform any of the inspections set forth in this specification where such inspections are deemed necessary to assure services and equipment furnished conform to prescribed requirements.

4.2. Classification of Inspection: The inspection requirements specified herein are classified as follows:

4.2.1. Service Quality Conformance Inspection: This inspection shall be conducted to insure that all prescribed services are provided in such manner as required in Section 3, and as defined in Section 6 of this specification.

4.2.2. Equipment Qualification Inspection: This inspection shall be conducted to insure that all U.S. Government owned rail cars furnished under this contract are maintained in such condition that these meet operational, safety and other equipment maintenance and inspection requirements per Section 3 hereof.

4.2.3. KNR Spot Inspection: In addition to maintenance inspections indicated in para 3.4. above, the KNR shall conduct periodic and non-scheduled spot inspections.

4.2.4. US Government Spot Inspections: The US Government shall make spot inspections on all US Government owned rail cars at any time and any where in addition to that normally performed by the KNR. Upon request by the US inspector, the KNR shall provide a qualified rolling stock inspector to conduct a joint inspection at the location, time and date specified.

4.2.5. Deadline: The US rail car inspector appointed by the 25th Trans Cen (MC) reserves the right to deadline any US Government owned rail car, if the inspector determines that further operation of the car might result in serious damage to the car or rail facilities or poses a hazard to personnel. Any rail car so deadlined shall not be operated until a mutual agreement is reached between the rail car inspector and a responsible KNR representative as to the action necessary to correct the defect.

4.2.6. KNR Equipment: Inspections per above shall be continuously conducted by KNR for all KNR equipment either direct use or US Government leased to assure conformance to all requirements for performing this service.

5. PREPARATION FOR DELIVERY:

Not applicable.

6. NOTES:

6.1. Documentation:

6.1.1. Orders for transportation and maintenance service or certifications thereof presented for payment shall be made by means of properly executed transportation documents listed below: ITO or his TA and traveler who affix their signature on the documents listed in para a thru i, below, shall sign in ink (black or blue-black).

FORM NUMBER

a. USFK Form 79EK, Bill for Accessorial Services (BAS)

FORM NUMBER

b. USFK Form 79-1EK, US Government Transportation Request (GTR) (Pers)

c. USFK Form 79-2EK, US Government Transportation Request (GTR) (Equip)

d. USFK Form 79-3EK, US Government Bill of Lading (GBL)

e. EATC Form 46, Movement Request

f. USFK Form 79-5EK, Diversion and Reconsignment Request

g. USFK Form 79-6EK, Certificate in Lieu of Lost US Government Bill of Lading.

h. Letter of invoice (in format approved by the 25th Trans Cen (MC))

i. EATC Form 22, Inspection of cars.

j. EATC Form 37, Receipt for Supply

SERVICES COVERED

- a. Demurrage.
- b. Cancellation.
- c. Rail car maintenance service and use of repair parts from KNR sources.

SERVICES COVERED

- a. Individual travel on KNR public trains.
- a. Charter coach or baggage car service
- b. Deadhead of US leased coach or baggage car.
- a. Carload freight.
- b. Special train service.
- c. Switching service.
- d. Stop-off in-transit.
- e. Deadhead of US owned/leased cars.
- f. Surcharge for over-size freight.
- g. Shipment of small lot freight on baggage service.
- a. Freight Movement (multiple shipment)
- a. Diversion or reconsignment of freight shipment.
- a. When the original copy of Bill of USFK Form 79-3EK, is lost or destroyed.
- a. Rental charge for leased passenger and freight cars.
- b. Maintenance charge for maintenance of US owned rail cars.
- a. Passenger coach inspection.
- a. GFM issued to KNR.

6.2. Government Furnished Equipment and Materials: Government shall be issued by

6.2.1. Equipment: The US Government shall furnish US Government owned rail cars in numbers and types indicated at Appendix A.

6.2.2. Material: For KNR performing maintenance of the US Government owned rail cars, the US Government shall furnish repair parts in-kind or at the expense of the US Government in the quantity as required. GFM to be furnished is listed at Appendix A.

6.2.2.1. Supply Procedure: When any of the above items require replacement (3.4.3.5.3.), the KNR shall submit a EATC Form 43, Installation/Parts Request, to the 25th Trans Cen (MC). The 25th Trans Cen (MC) shall make required parts available in-kind or authorize KNR to use parts from KNR stock which shall be paid for or later reimbursed in-kind per the agreement reached in each individual case. The KNR shall receipt for the items on EATC Form 37, Receipt for Supply. The KNR shall honor such commitment only when the 25th Trans Cen (MC) specifically commits in writing. Payment for KNR furnished replacement parts shall be made by issuing the BAS by the 25th Trans Cen (MC).

6.2.2.2. Reserve Stock: In the event any component parts are made available but not in immediate need they shall be stored in KNR warehouse facilities and properly maintained so as to permit the parts to be immediately used any time a requirement arises. The stored reserve stocks shall not be mixed with KNR own warehouse stocks. In the event any of the reserve stock is required to be moved between KNR facilities for the use in repair of US owned cars or for turn in to the US Government supply channel, the KNR shall load and secure in conveyance furnished by the US Government.

6.2.2.3. Inventory: The US Government shall conduct a periodic inventory of parts on hand. To facilitate such an inventory, the KNR shall maintain a separate supply card by item to record the amount, date received, and car number to which applied if used.

6.2.2.4. Scrap: All scrap material generated from replacing parts, items, and components of US Government owned rail cars whether replaced with GFM or KNR materials shall be stored within the KNR premises for disposal by the Property Administrator of the US Government. Such material shall be separated from KNR owned material. Upon provision of US Government transportation, the KNR shall load the scrap material thereon for removal from the KNR's premises.

6.2.3. Use of GFM: The KNR shall not utilize US Government property for any other purpose than that specified in this agreement.

6.3. Definitions: As used throughout this agreement, the following terms shall have the meanings set forth below:

6.3.1. Bad Order Car - A rail car that has been determined by a qualified rail car inspector of the KNR (or US) to be unsafe for operation and in need of repair due to deficiencies on any component, body, or equipment of the car.

6.3.2. Bill for Accessorial Services (BAS) - USFK Form 79-EX, is a serially numbered, bilingual, and accountable document. This document shall be issued by the installation transportation officer (ITO). It shall be used as a basis for certifying a demurrage bill or bill for cancellation submitted by the KNR forms. This document shall also be issued to document the payment for rail car maintenance service/component parts (Appendix A) ordered from KNR.

6.3.3. Baggage-Car (or mail car) - A rail car which is designed for operation with a passenger train. It is used to transport common baggage or mail shipment. A heating system shall be provide in each car when operated during winter months.

6.3.4. Box Car - A freight car with enclosed sides and a roof. Doors are built in the sides and are lockable. This type of car is used for general service, and especially for freight which must be protected from the weather and pilferage.

6.3.5. Bolster (Truck) - A cross member in the center of rail car truck on which the car's body rests.

6.3.6. Bearing (Journal) - A combination of rollers and races or a block of metal, usually brass or bronze, in contact with a journal, on which the load of freight and the car body rests.

6.3.7. Brake Beam - An immediate supporting structure for the two brakeheads and brakeshoes acting upon any given pair of wheels of a rail car.

6.3.8. Brakeshoes - A piece of metal with curved inner surface, held against a wheel to produce braking action on a rail car.

6.3.9. Commitment - Action by the duly designated agent of the 25th Trans Cen (MC) requiring the KNR to arrange and prepare transportation or maintenance or rail cars (US owned) for the US Government. Upon this action by the 25th Trans Cen (MC), the KNR shall arrange and provide transportation or maintenance service as specified. Each commitment shall be identified by a TMR or MRN number as appropriate.

6.3.10. Combination Car (Baggage & Mail) - A baggage (or mail) car which is designed to consist of compartments for baggage and mail shipments separately loaded with a partition built in the car.

6.3.11. Coupler - A device installed on each end of a rail car which connects one car with another, maintains the connection, and then disconnects the cars.

6.3.12. Carload freight - Freight of all commodities in any quantity loaded in any type of freight car provided by the KNR or US Government. Carload freight is subject to minimum charge as specified in Schedule of Rates.

- 6.3.38. Oversize Freight - An individual item exceeding 10 meters (33'10"). 50 cubic meters (1,766 cu ft), or 30 metric tons (66,000 pounds) or cargo loaded on freight car protrudes beyond the ends and sides of rail car floor.
- 6.3.39. Passenger Coach - A rail car designed to transport passengers, equipped with comfortable seats, toilet facilities, lighting, heating devices for winter months (November - April) and cooling devices for summer months (June-September).
- 6.3.40. Refrigerator Car - A specially constructed box car carrying freight that requires icing in transit to maintain a certain temperature for protection against freight spoilage due to outside climate temperatures.
- 6.3.41. Movement Region (MR) - A subelement of the 25th Trans Center (MC) which acts as a field movement control agency and is responsible for coordination and supervision of all transportation activities committed by the 25th Trans Cen (MC) within its assigned area. Further, it commands and supervises MCTs assigned under the direction of the Commander, 25th Transportation Center (MC).
- 6.3.42. Special Train - A passenger or freight train operated by the KNR upon commitment by the 25th Trans Cen (MC) to move passenger equipment or freight cars for the exclusive use of the US Government. The schedule of such a train shall be established on an individual case basis to meet departure times and routes specified by the 25th Trans Cen (MC).
- 6.3.43. Switching - The movement of rail cars by the KNR from one location to another in order to spot or locally transport to, between or within US military installations and the KNR station serving the installations.
- 6.3.44. Spotting - Placement of rail cars by the KNR at the location designated by 25th Trans Cen (MC)/Consignor/Consignee for loading or unloading when notice thereof is given to the Government.
- 6.3.45. Stop-off in Transit - Spot that a loaded rail car makes enroute as specified by the US Government, for partial loading or unloading. Location of such stops shall be indicated on GBL and surcharge therefore shall be paid as specified in the Schedule of Rates.
- 6.3.46. Special Express - A class of passenger train service which makes less stop than ordinary express but more than the excellent or express enroute and operated at a standard speed of 75-85 kilometers per hour.
- 6.3.47. Super Express - A class of passenger train service which makes very limited stops enroute and provides the best accommodations of the KNR system and is operated at a standard speed of 100 kilometers per hour.
- 6.3.48. Self-Propelled Motor Coach - A rail passenger car equipped similarly to the passenger coach. This car shall also be capable of propelling itself and an additional passenger car.
- 6.3.49. Shipment - A lot of freight offered for transportation from a consignor to a consignee under a single order pursuant to this contract. A shipment is identified by a TMR number issued by the 25th Trans Center (MC).

6.3.50. Side Frame - The longitudinal part of a rail car's truck structure which is on the outside of the wheels and extends from one axle to the other, and to which the journal boxes and bolsters are attached or form a part thereof.

6.3.51. Troop Train - A train consisting of a group of passenger coaches and baggage cars and/or freight cars intended for the exclusive movement of troops and impedimenta.

6.3.52. Transportation Movement Release Number (TMR) - The authorization issued by the 25th Transportation Center (MC) for movement of freight by transportation committed by that organization, which consists of numbers and symbols. This number is issued on each shipment and is entered on all transportation documents (GBL, TCMD and DD Form 250) to prove that the shipment is properly authorized, thus obligating US Government funds.

6.3.53. Movement Control Team (MCT) - A field representative of the Movement Region of the 25th Trans Center (MC) who receives and screens all transportation requirements from units (ITOs) located in its assigned area, processes these requirements through channels to obtain approval of CDR, 25th Trans Center (MC), (monitors the shipment to insure the transportation service rendered by the KNR is carried on in the manner prescribed by the 25th Trans Cen (MC), and advise/assists consignees in completing shipments including all necessary coordination between the consignor/consignee and the local KNR representative. The same abbreviated designation used by the US Air Force means Traffic Management Office. These offices are located at each Air Base and performs a similar function for the Air Force. However, it will be considered as an ITO for the purpose of procedures of this agreement.

6.3.54. Transportation Control and Movement Document (TCMD) - DD Form 1384 is used as documentation for shipments of other than bulk POL products for which DD Form 250 is used in Lieu of TCMD and is the basis for issuance of a GBL when contractual transportation is used. Issuance of this document is required by DoD Reg 4500.32-R (MILSTAMP).

6.3.55. Tank Car - A freight car with a tank body for transporting liquids and POL products.

6.3.56. Unloading - The physical movement of freight from the rail car to a general location.

6.3.57. U.S. Government Bill of Lading - USFK Form 79-3EK is a serially numbered, bilingual, and accountable document. This document is required for procurement of transportation from the KNR pursuant to this contract. This document when properly issued by the consignor provides routing, consignor, consignee, commodity, weight, cube, appropriation chargeable, and TMR number. When signed by the consignee, it becomes a legal document for the KNR to claim rates and charges for service rendered from the US Government.

PAYMENT PROCEDURES

1. PAYMENT PROCESS

a. The Korean National Railroad (KNR) will submit invoices at the unit prices stipulated in the schedule of rates, charges and fares to the 25th Trans Cen (MC) every two weeks or at more frequent intervals as deemed necessary by the 25th Trans Cen (MC) for verification and certification for services satisfactorily rendered and accepted. The 25th Trans Cen (MC) will forward invoices to the 175th Finance and Accounting Office-Korea for payment.

b. Invoices will be submitted in six (6) copies by the Korean National Railroad, will be identified by Agreement Number, GBL, BAS, TR number, date of GBL, BAS or TR and Amount and shall be supported by properly executed GBL, BAS, or TR (Copy Nr 1) for services rendered.

c. Except for cases in which there are unusual circumstances, payment will be made by the 175th Finance & Accounting Office-Korea within 15 working days from the date of receipt of the invoice at that office, providing that the invoice and all supporting documentation are complete and proper for payment.

2. ADDRESS FOR PAYMENT

a. The Korean National Railroad may designate a bank authorizing delivery of payments (checks) due under this agreement for deposit to its account, providing Name of Bank, Address of Bank and Account Number.

b. Receipt of payments by a representative of the above designated bank shall constitute a full accord and satisfaction of the US Government's obligation under the agreement to the extent of the amount of the payment made.

c. In the event the Korean National Railroad does not elect to designate a bank for deposit of the check as indicated in paragraph a, above, the check will be mailed to the Korean National Railroad's address.

d. The Korean National Railroad assumes total responsibility for the safe delivery of any payment sent through the Korean Mail.

e. Checks mailed directly to Korean National Railroad office by the 175th Finance and Accounting Office-Korea are sometime lost in the mail. It takes not less than 6 months to obtain the necessary authorization, (which must be processed through the Korean Courts) to issue a substitute check. Accordingly, in cases where the 175th Finance and Accounting Office-Korea will make payments, the Korean National Railroad is encouraged to indicate above, the name of a bank in the Seoul area where payment (checks) may be delivered for deposit to his account.

3. LIABILITY:

a. The Korean National Railroad shall be strictly liable to and shall immediately indemnify the US Government for any loss of or damage to freight and/or US Government property except when the loss or damage results from an act of God or an act of the public enemy or except when the Korean National Railroad shall be relieved of responsibility in accordance with c, below.

b. Examples of US Government property are US Government owned rolling stock, fence gate, loading ramps, rail car stopper, etc.

c. When loss of or damage to freight and/or US Government property results from the fault or negligence of the US Government, its agents, servants or employees or from the furnishing by the US Government of defective equipment or supplies, the Korean National Railroad shall be relieved from responsibility only for that proportion of the total loss or damage which the US Government's fault, negligence or the furnishing of defective equipment or supplies bears to the total fault of both parties that caused the loss or damage.

d. The Korean National Railroad shall indemnify and reimburse the US Government for any and all liability, expenses and fees:

(1) For personal injury to, or death of any person

(2) For loss of or damage to any freight or property of any type owned by any third party, when such personal injury or death, property loss or damage is caused in whole or in part by the acts or omissions of the Korean National Railroad, its officers, agents, servants or employees, in the performance of this agreement, provided that when such personal injury or death, or loss or damage is caused or contributed to, by the negligent acts of the US Government, its agents, servants, or employees, the Korean National Railroad shall be relieved from liability to the US Government only for that ratio of the total liability which the US Government's negligence bears to the total fault of both parties.

e. The Korean National Railroad shall not be liable for bodily injury, death of persons, or damage to property caused by the US Government owned Sentry Dogs in transit.

f. The US Government is responsible for repair of damage to and for loss of the Korean National Railroad's equipment when such equipment is in the custody and control of US Government and such loss or damage is solely caused by a wrongful or negligent act or omission of US Government's officers, agents, or employees in connection with performance of service under this agreement.

g. The interior of guard cars set aside for utilization by US/UN Security Guards shall be considered to be in the custody and control of the US Government when these guard cars are occupied by US/UN security guards. The US Government shall be responsible for damage to the Korean National Railroad's freight equipment resulting from US Government's negligence in welding car doors or hatches or in opening such welded car doors or hatches.

h. In the event the Korean National Railroad is indemnified, reimbursed or relieved for any loss or damage to US Government property from a third party, KNR shall equitably reimburse the US Government. The Korean National Railroad shall do nothing to prevent the US Government's right to recover against third parties for any such loss, or damage, and upon request of the Commander, 25th Trans Cen (MC), shall at the US Government's expense, furnish to the US Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instrument of assignment in favor of the US Government) in obtaining recovery.

4. PREVENTION OF PILFERAGE:

a. The Korean National Railroad shall throughout the term of this agreement institute and maintain adequate controls and security measures to prevent pilferage during the time that any US Government property or freight is under the control of Korean National Railroad notwithstanding the presence of US Government military or civilian personnel for security or other reason.

b. In the event that any employee of the Korean National Railroad by direct act, or otherwise, commits, condones, fails to report, or otherwise is illegally involved in the theft of US Government property or freight, the Korean National Railroad will remove such individual from all work under this agreement.

5. IDENTIFICATION OF KOREAN NATIONAL RAILROAD'S EMPLOYEES:

a. All persons hired by the Korean National Railroad for performance under this agreement requiring entry to a US Government installation shall be processed through the 25th Trans Cen (MC), and approved for entry as required by: (1) for Korean National Railroad requiring entry onto a US Army installation, AR 604-5, AR 606-15 and USFK Reg 190-7; and (2) for Korean National Railroad requiring entry onto a US Air Force installation, AFR 125-37, AFR 205-32, and 5 AFR 125-3 (plus any local supplements to these regulations).

b. In addition, the Korean National Railroad shall insure that each of his employees requiring entry possess an identification badge or pass as may be approved by (1) for entry onto US Army installations, the Provost Marshal for the area in which the work is to be performed; or (2) for entry onto US Air Force installations, the Pass and Registration Office (Security Police) for the applicable installation. Each employee shall wear his badge upon his person at all times while on duty within a US Government installation or at such times and places where identification is required, and in such a manner that it will be plainly visible as a means of identification.

c. The Korean National Railroad is responsible to assure employees return identification badges or pass to the 25th Trans Cen (MC):

- (1) Upon suspension, termination or removal of an employee(s).
- (2) Upon completion or termination of this agreement.
- (3) Upon the request of the Commander, 25th Trans Cen (MC) when abuse or misuse of any pass has been committed by employee(s) of Korean National Railroad.

ANNEX - E

CLAIM PROCEDURES

1. PROCEDURES FOR HANDLING AND DISPOSITION OF CLAIM ACTIONS:

a. Claims against the Korean National Railroad shall be made at the time that the loss, damage, or injury is discovered, or within a reasonable time thereafter, through the Commander, 25th Trans Cen (MC) to the Main Office, Korean National Railroad or the destination stationmaster; however, the initiation of written claims by the Commander, 25th Trans Cen (MC) shall not be delayed over six (6) months following the date when the shipment was delivered or the incident occurred or the situation comes to the attention of the US Government whichever is later.

b. After joint inventory - inspection, the Korean National Railroad's destination stationmaster or his representative will prepare a Carrier's Inspection (KNR Form) and will provide 2 copies thereof to US Government as soon as possible. It is understood that the Carrier's Inspection Report is merely a statement of fact and does not constitute an admission of liability on the behalf of the Korean National Railroad.

c. If the Korean National Railroad admits the liability of loss or damage of US Government property or freight and/or the liability of injury to or death of US/UN personnel and if the Korean National Railroad agrees upon the amount to be paid to the US Government, the amount shall be reimbursed to the US Government. The Korean National Railroad will render a check for the amount of the claim payable in WON to the 175th Finance and Accounting Office-Korea, APO 96301-0073.

d. If the Korean National Railroad does not accept liability, the Korean National Railroad will submit to the Commander, 25th Trans Cen (MC), why the claim is disputed.

e. The Korean National Railroad and the US Government shall make faithful efforts to mutually resolve any disagreement. In the event mutual agreement cannot be reached on how a claim is to be disposed of, the claim shall be referred to the Joint Committee, SOFA for final resolution (para 1e, basic agreement, page 1).

f. The US Government will forward the following supporting documents in duplicate, as a minimum, to the Korean National Railroad with the claim:

- (1) Decision of Commander, 25th Trans Cen (MC).
- (2) List of Items.
- (3) Basis of Price Computation.
- (4) Copy of GBL.
- (5) Carrier's Inspection Report.

(6) A copy of Transportation Discrepancy Report, Standard Form 361.

(7) Statement of Consignee concerning situations prescribed in para 3.1.2.12 through 3.1.2.16, of Technical Specifications of this agreement (ANNEX-B).

(8) Any other documents, if any.

2. THIRD PARTY CLAIMS:

The Korean National Railroad will be held harmless by US Government from claims of third parties for loss, damage, bodily injury or death suffered by third parties, if it is clearly established that the claims of such third parties are solely caused by negligent acts or omissions of US Government or its employees occurring within Korean National Railroad's station facilities in performance of duties directly related to services rendered by the Korean National Railroad under this agreement. Paragraph 3d(2) on page D-2 of Annex D shall govern situations where the liability for third party claims results from the contributory negligence of KNR and the US Government.