



DEFENSE SECURITY COOPERATION AGENCY

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MAY 25 2018

MEMORANDUM FOR DEPUTY UNDERSECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
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DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION
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DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, NATIONAL GEOSPATIAL – INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DIRECTOR, DEFENSE TECHNOLOGY SECURITY
ADMINISTRATION

SUBJECT: Alternative Pricing Methodology for Excess Defense Articles: Army M1A1 Main Battle Tank Structures and M88A1 Heavy Equipment Recovery Combat Utility Lift Evacuation System (HERCULES) Armored Recovery Vehicle (ARV) Structures at Sierra Army Depot and Anniston Army Depot, DSCA Policy 18-22

Reference: Office of the Under Secretary of Defense Comptroller (OUSD(C)), Alternative Pricing Methodology for Excess Defense Articles, March 26, 2018

This memorandum implements the approval by OUSD(C) to apply an alternative pricing methodology to Excess Defense Equipment (EDA) of M1A1 tank structures and M88A1 HERCULES ARV structures effective March 26, 2018. This alternative pricing method will allow these excess vehicles from stock to be sold at a combination of scrap value and fair value instead of the highest market value or fair value. These vehicles are excess to the Army approved force acquisition objective and approved force retention stock. In addition, these

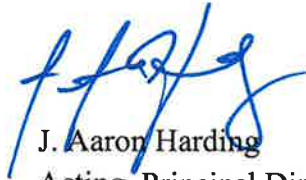


vehicles are in long-term storage and in poor condition with much of the original acquisition value lost through discarding or scrapping of parts during the refurbishment process.

The alternative fair value pricing will be computed using the Federal Condition Code F-9 (reparable/poor) of 5% multiplied by the established inventory price of only the retained items (Calculation should not include costs for discarded or scrap items).

This alternative pricing will expire when the inventory is depleted. The Department of Defense Financial Management Regulation, Volume 15, Chapter 7, paragraph 070304.A.3 remains unchanged.

Should you have any questions, please contact Ms. Candace Sampere, DSCA DBO/FPA, at (703)697-8871 or candace.j.sampere.civ@mail.mil.



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