



This document is scheduled to be published in the Federal Register on 04/24/2015 and available online at <http://federalregister.gov/a/2015-09550>, and on FDsys.gov

Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 15-03)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Pub. L. 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 15-03 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: April 21, 2015.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

APR 07 2015

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 15-03, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Egypt for defense articles and services estimated to cost \$57 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

for J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



Transmittal No. 15-03

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Arab Republic of Egypt
- (ii) Total Estimated Value:

Major Defense Equipment*	\$54 million
Other	<u>\$ 3 million</u>
TOTAL	\$57 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: 356 AGM-114K/R3 Hellfire II Air-to-Ground missiles with containers, spare and repair parts, support equipment, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering, technical and logistics support services, and other related elements of logistical and program support.
- (iv) Military Department: Army (VFX)
- (v) Prior Related Cases, if any:
 - FMS case ULB-\$450M-22Aug90
 - FMS case URC-\$12M-9Feb96
 - FMS case URB-\$47M-18Jun96
 - FMS case UVO-\$38M-6Dec02
- (vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex.
- (viii) Date Report Delivered to Congress: 07 April 2015

* as defined in Section 47(6) of the Arms Export Control Act

POLICY JUSTIFICATION

Egypt – AGM-114K/R3 Hellfire II Missiles

The Government of Egypt has requested a possible sale of 356 AGM-114K/R3 Hellfire II Air-to-Ground missiles with containers, spare and repair parts, support equipment, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering, technical and logistics support services, and other related elements of logistical and program support. The estimated cost is \$57 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country that has been and continues to be an important force for political stability and economic progress in the Middle East.

Egypt will use the enhanced capability as a deterrent to regional threats and to strengthen its homeland defense. While this potential sale would be the first transfer of the R variant of this missile to Egypt, Egypt already has the F and K variants in its inventory and will have no difficulty absorbing these additional missiles.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be Lockheed Martin Corporation in Orlando, Florida. There are no known offset agreements proposed in connection with this potential sale.

Implementation of the proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Egypt.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 15-03

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The AGM-114K/R Hellfire II is an air-to-ground missile used against heavy and light armored targets, thin skinned vehicles, urban structures, bunkers, caves and personnel. The new AGM-114R missile is Inertial Measurement Unit (IMU) based, with a variable delay fuse and improved safety and reliability.

2. The highest level for release of the AGM-114K/R Hellfire II is Secret, based upon the software. The highest level of classified information that could be disclosed by a proposed sale or by testing of the end item is Secret; the highest level that must be disclosed for production, maintenance, or training is Confidential. Vulnerability data, countermeasures, vulnerability/susceptibility analyses, and threat definitions are classified up to Secret.

3. If a technologically advance adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent system with might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that the Government of Egypt can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Egypt.