



NOTICE TO PROCEED

DEC 13 2019

MR. JERUEL G. SANCHEZ

Authorized Representative

Expal Systems S.A.

Avda. Del Partenon, 16, 28042, Madrid Spain

Dear Mr. Sanchez:

In view of the approved Contract Agreement hereto attached, hereby issued is a Notice to Proceed in relation to the Acquisition of Frigate Lot 2C Sublot - 1 (76mm Ammunition) Project with Total Contract Price of **SIXTY-THREE MILLION THREE HUNDRED EIGHTY-NINE THOUSAND SEVEN HUNDRED EIGHT PESOS** (PhP63,389,708.00) for the Philippine Navy, effective upon receipt.

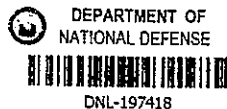
You are hereby notified to implement the Contract within the terms and conditions set forth in the Contract Agreement and strictly conform to the Implementation Schedule.

Please acknowledge receipt and acceptance of this Notice by signing both copies in the space provided below. May we further request that one (1) of the copies of the received Notice be returned to the Department of National Defense.

Truly yours,

DELFIN N. LORENZANA

Secretary



I acknowledge receipt of this Notice on DEC. 17, 2019
Name of the Representative of the Bidder JEREMY SANCHEZ
Authorized Signature [Handwritten Signature]

Contract Agreement

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and entered into on DEC 13 2019 in Quezon City, Philippines by and between:

The **DEPARTMENT OF NATIONAL DEFENSE** (“DND”, for brevity), represented by the Secretary of National Defense, **DELFIN N. LORENZANA**, with office address at Camp General Emilio Aguinaldo, Quezon City, (*hereinafter referred to as “the Procuring Entity”*)


-and-


EXPAL SYSTEMS S.A., represented by **MR. DIEGO V. GALLEGO**, Area Sales Manager, with office address at Avda. Del Partenon, 16, 28042, Madrid, Spain (*hereinafter referred to as “the Supplier”*);


WITNESSETH:


WHEREAS, on April 23, 2018, the Secretary of National Defense (**the SND**) issued amended Acquisition Decision Memorandum No. 2013-019-A-1 directing the Acquisition of Frigate Lot 2 (Missiles and Munitions), consisting of three (3) lots, with a total Approved Budget for the Contract (ABC) of TWO BILLION PESOS (Php2,000,000,000.00), delineated as follows:

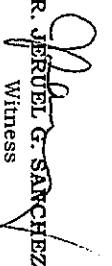
Lot 2A (Surface to Surface Missile)	Php1,195,000,000.00	Negotiated Procurement (Government-to-Government) under Section 4.2 of the Revised Implementing Rules and Regulations of RA 9184 (RIRR of RA 9184)
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COMMO CAESAR BERNARD N VALENCIA AFP
Head, Technical Working Group


DELFIN N. LORENZANA
Secretary of National Defense


LTC MARLON B DAYAO (JAGS)
Legal-Officer, Technical Working Group


MR. DIEGO V. GALLEGO
Area Sales Manager
Expal Systems S.A.


MR. JERUEL G. SANCHEZ
Witness

Lot 2B (Surface to Air Missile)	PhP670,000,000.00	Direct Contracting under Section 50 of the RIRR of RA 9184
Lot 2C Sublot-1 (76mm Ammunition)	PhP77,536,964.00	Public Bidding
Lot 2C Sublot-2 (30mm Ammunition)	PhP100,000,000.00	

COMMO
COMMO CAESAR BERNARD N VALENCIA AFP
 Head, Technical Working Group

WHEREAS, the Invitation to Bid for the Frigate Acquisition Project **Lot 2C Sublot-1 (76mm Ammunition)** of the Philippine Navy (PN) (**the Project**) was posted at the PhilGEPS, the DND Websites and at conspicuous places within the DND Building on January 30, 2019;

WHEREAS, on February 21, 2019, the DND Bids and Awards Committee 1 (**the Committee**) conducted the Submission, Opening and Bid Evaluation (SOBE) for the Project, participated in by two (2) prospective bidders, namely: **(1)** Joint Venture (JV) of Elbit Systems Land and C4I, Ltd. and IMI Systems, Ltd., and **(2)** Expal Systems S.A.

MR. DIEGO V. GALLEGO
MR. DIEGO V. GALLEGO
 Area Sales Manager
 Expal Systems S.A.

WHEREAS, after thorough evaluation, for failing to comply with the eligibility and technical requirements of the Project, the Joint Venture (JV) of Elbit Systems Land and C4I, Ltd. and IMI Systems, Ltd. was declared as “failed” and ineligible to bid. On the other hand, Expal Systems S.A. passed the initial evaluation of the eligibility and technical requirements, was declared by the Committee as eligible to bid for the project, and subsequently declared as the Single Calculated Bidder (**SCB**), with price proposal in the amount of PhP63,389,708.00, which is within the ABC of PhP77,536,964.00.

WHEREAS, the Committee then directed the conduct of Post-Qualification (PQ) on the SCB, through Resolution No. DND/PN-FAP2C1-19-01, to determine the responsiveness of the latter’s bid pursuant to Rule X of Republic Act 9184 and its Revised Implementing Rules and Regulations (RIRR) on Post-Qualification;

WHEREAS, after the conduct of the Post Qualification on April 7-14, 2019, at the principal place of business and testing facilities of the bidder in Madrid, Spain, the PQ Team found that Expal Systems S.A. is legally, technically and financially capable to undertake the project;

MR. JERUEL G. SANCHEZ
MR. JERUEL G. SANCHEZ
 Witness

DELFIN N. LORENZANA
DELFIN N. LORENZANA
 Secretary of National Defense

LTC MARLON B DAYAO (JAGS)
LTC MARLON B DAYAO (JAGS)
 Legal Officer, Technical Working Group

WHEREAS, the Committee declared Expal Systems, S.A. as post-qualified and as the Single Calculated and Responsive Bidder (SCRB) for the Project and recommended the issuance of the Notice of Award (NOA) in favor of Expal Systems, S.A. thru Resolution No. DND/PN-FAP2C1-19-03;

WHEREAS, upon the recommendation of the DND BAC1, the Secretary of National Defense approved and issued the NOA with a Contract Price amounting to **Sixty-Three Million Three Hundred Eighty-Nine Thousand Seven Hundred Eight Pesos (PhP63,389,708.00)**, which was duly conformed to by the Supplier on June 17, 2019;

NOW THEREFORE, in view of the foregoing premises and for and in consideration of the mutual covenants and stipulations hereinafter provided, the Procuring Entity and the Supplier have agreed, as follows:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Bidding Documents referred to.

2. The following documents, as attached shall be deemed to form and be read and construed as part of this Agreement:

- a. General Conditions of Contract;
- b. Special Conditions of Contract;
- c. Schedule of Requirements;
- d. Technical Specifications;
- e. Supplemental Bid Bulletin;
- f. DND BAC1 Resolutions;
- g. Abstract of Bids;
- h. Eligibility Requirements;
- i. Financial Proposal;
- j. Performance Security; and
- k. Notice of Award

COMMO CAESAR BERNARD N VALENCIA AFP
Head, Technical Working Group

DELFIN M. LORENZANA
Secretary of National Defense

LTC MARLON B DAYAO (JAGS)
Legal Officer, Technical Working Group

MR. DIEGO V. GALLEGO
Area Sales Manager
Expal Systems S.A.

MR. JERUEL G. SANCHEZ
Witness

3. In consideration of the payments to be made by the Procuring Entity to the Supplier as hereinafter mentioned, the Supplier hereby covenants with the Procuring Entity to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of this Agreement.

4. The Procuring Entity hereby covenants to pay the Supplier in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of this Agreement at the time and in the manner prescribed by this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the date and at the place stated above.

EXPAL SYSTEMS S.A.

DEPARTMENT OF NATIONAL DEFENSE

By:

By:

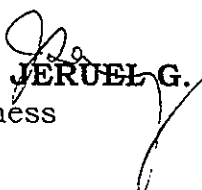


MR. DIEGO V. GALLEGO
Area Sales Manager


DELFIN N. LORENZANA
Secretary of National Defense



SIGNED IN THE PRESENCE OF:



MR. JERUEL G. SANCHEZ
Witness



COMMO CAESAR BERNARD N VALENCIA AFP
Head, Technical Working Group



LTC MARLON B DAYAO (JAGS)
Legal Officer, Technical Working Group

ACKNOWLEDGMENT

Republic of the Philippines)S.S.
Quezon City)

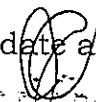
Before me, a Notary Public for and in Quezon City, this DEC 19 2019, appeared the following persons presenting to me their respective identifications, to wit:

	Competent Evidence of Identity No.	Issued at	Expiry Date
DIEGO V. GALLEGO	PASSPORT NR <u>XDD093052</u> ID NR	EMB. KWATA <u>ZUMPHR</u>	<u>APRIL 4, 2023</u>
DELFIN N. LORENZANA	<u>2016-015</u>	<u>DND</u>	<u>31 DEC 19</u>

known to me and to me known to be the same persons who executed and voluntarily signed the foregoing Contract Agreement which they acknowledged before me as their own free and voluntary act and deed with full authority to sign in that capacity.

This instrument refers to the Contract Agreement and consists of five (5) pages including this page where the acknowledgement is written duly signed by the parties and their instrumental witnesses thereof.

WITNESS MY HAND AND SEAL, on the date and place above written.


 ATTY. JOSE P. DELA CRUZ
 NOTARY PUBLIC
 Unit: December 31, 2019
 Adm. Matter No. NP-058 (2013-2019)
 PTR No. 7574912-0101-29-2019 Q.C.
 IBP Lifetime No. 15-180000
 Reg No. 49442
 MCLC VI-0017262 Valid until 4-14-2022
 Tin No. 111-979-400-000
 Add: Unit-C 104 Kalayaan Ave. Q.C.

Doc. No. 6 ;
Page No. 2 ;
Book No. III ;
Series of 2019.

COMMO CAESAR BERNARD N VALENCIA AFP
Head, Technical Working Group

DELFIN N. LORENZANA
Secretary of National Defense

LTC MARLON B DAYAO (JAGS)
Legal Officer, Technical Working Group

M. DIEGO V. GALLEGO
Area Sales Manager
Expal Systems S.A.

MR. JEROME G. SANCHEZ
Witness