

MOVING THE WORLD AT WORK



International Credit Executives Group
Advanced Letter of Credit Workshop

Nancy Ebben, Oshkosh Corporation
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Oshkosh Corporation Classification - Restricted


Manufacturer of Heavy Trucks and Truck Bodies

Oshkosh Corporation Business Segments:

- Access Equipment
 - JLG, Jerr-dan
- Defense
 - Oshkosh Defense, LLC
- Commercial
 - McNeilus, Iowa Mold Tooling, Con-e- Co, London Machinery
- Fire and Emergency
 - Pierce, Airport, Frontline



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LETTER OF CREDIT WORKSHOP 11/13/2019 2

Oshkosh Corporation Classification - Restricted

Advised versus Confirmed Letters of Credit

- Advised with Credit Insurance
 - Available With: Any Bank, Advising Bank, Issuing Bank
 - Available By: Payment, Negotiation, Acceptance, Deferred Payment
- Advising Bank: "Purchase of Documents Without Recourse"
- Advising Bank "Negotiates": Purchase of Documents with Recourse



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LETTER OF CREDIT WORKSHOP 11/13/2019 3

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Advised versus Confirmed Letters of Credit (Continued)

- Advising Bank holds reimbursement instructions to debit account or claim reimbursement
- Confirmed; and Confirming Bank gets Credit Insurance
 - Exporter's Certificate
- Confirmed; but not on percent requiring Applicant's Acceptance/Approval
- Irrevocable Reimbursement Undertaking


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Sight Versus Usance Letter of Credit

- Acceptance versus Deferred Payment
 - Draft required to discount Deferred Payment
 - Date of Draft
 - » Use Invoice or B/L Date and state "60 days date"
- Acceptance and Discount charges for Beneficiary unless specifically state Applicant
 - Can be used after shipment to extend credit with copies of shipping documents
 - If available with Issuing Bank


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Sight Versus Usance Letter of Credit (Continued)

- If available with Issuing Bank, Issuing Bank accepts and Advising Bank discounts after maturity date advised


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Letters of Credit With FCA/FOB Terms

- FCA Factory
 - Forwarder's Cargo Receipt
 - State: Date of FCR is to be considered the Shipment Date
- FCA US Port
 - Cannot deliver to port/enter Terminal if Applicant has not made a Booking
 - Use FCA City
- FOB US Port



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Revolving Letters of Credit

- LC can be issued for lesser amount if pre-determined partial shipments
 - \$300,000 Contract Amount with 3 equal shipments of \$100,000 each. LC issued for \$100,000
- Confirming Bank may still look at total commitment amount
- Increase automatically or by Amendment



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Transferable Letters of Credit

- LC issued by End User in favor of Distributor who then transfers to Supplier
 - Distributor is 1st Beneficiary and Supplier is 2nd Beneficiary
 - Can change the Amount, Expiry, Shipment Date, Insurance %
 - Define the appropriate party issuing a required document

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Things To Watch Out For

- Payments made outside the LC
- Some parts shipping from suppliers outside the United States
- Milestone payments

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Questions or Comments?



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Thank You!



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