

CUSTOMER CONTRACT REQUIREMENTS
Korea E-737 Upgrade Project for IFF and Link-16 System
CUSTOMER CONTRACT KD03AA5T004

CUSTOMER CONTRACT REQUIREMENTS

The following customer contract requirements apply to this Contract to the extent indicated below. Please note, the requirements below are developed in accordance with Buyer's prime contract and are not modified by Buyer for each individual Seller or statement of work. Seller will remain at all times responsible for providing to any government agency, Buyer, or Buyer's customer, evidence of compliance with the requirements herein or that such requirements are not applicable to the extent satisfactory to the requesting party.

1. Prime Contract Special Provisions The following prime contract special provisions apply to this purchase order

KD03AA5T004 Korea E-737 AEW&C .
Maintenance of Secrecy

- a. The Seller shall warrant that any and all data or information related to this contract will be held and preserved as "Confidential Matters of the Republic of Korea" in strict compliance with the relevant laws and regulations of the Republic of Korea.
- b. Regardless of whether marked with "Confidential", all information acquired from any forms of communication in relation to this contract shall not be disclosed in any way without the Buyer's prior consent.
- c. The Seller's obligations provided here shall survive termination or completion of this contract.

Warranty

a. The Seller warrants;

- (1) That the Commodity/Part/Service is in strict conformity with requirements of this contract,
- (2) That such Commodity/Part/Service is fit for the particular defense purpose expressly or impliedly made known to the Seller at the time of execution of this contract,
- (3) That such Commodity/Part/Service is free from defects in material (includes Hardware, Software, Firmware, etc.), workmanship, condition, operation, etc.
- (4) That the Commodity/Part/Service is contained or packaged in the manner appropriate for its carriage and storage, and

b. The Seller's warranty stipulated in the preceding subparagraphs shall unchangeably continue until the expiration of thirty six (36) months calculated from the latest date for Delivery of Commodity/Part/Service to the Buyer.

c. Upon discovery of any defect, Buyer shall immediately notify the Seller with request for repair or replacement. The Seller shall submit a warranty cure plan within thirty (30) days of receiving such request, and at its own risks and expenses, complete repair or replacement in the shortest period possible. If defective Commodity/Part/Service needs to be sent back to the Seller for repair or replacement, the Seller or its designated freight forwarder, shall pick up the defective Commodity/Part/Service at a time and place designated by Buyer at the Seller's own risk and expenses.

d. In the event the Seller fails to complete the repair or replacement within 180 days from receipt of the commodity from Buyer, liquidated damages for delayed warranty shall be levied as stated below from the day after the designated time period, and the total amount of the liquidated damages shall not exceed ten percent (10%) of delayed warranty item price.

(1) Liquidated damages for delayed warranty = (unit price of warranty item) X (quantity) X (number of delayed days) X (rate for delay: 0.15%)

(2) In the event a warranty plan explaining the need to have a longer cure period that exceeds 180 days due to special circumstances such as necessary time to investigate cause of failure and special cargo ship transportation is submitted and accepted, liquidated damages shall be levied after the agreed time period. The liquidated damages for delayed warranty shall be assessed separately from liquidated damages for delayed delivery.

e. In case the Seller fails to repair or replace the warranty item when the liquidated damages for delayed warranty have reached 10% of the contract value of the relevant item, Buyer shall be entitled to all of the compensations listed below. However, liquidated damages for delayed warranty shall not be levied in this case.

- (1) the contract price of the defective Commodity/Part/Service or any part thereof,
- (2) ten percent (10%) of such Contract amount as liquidated damages,
- (3) any additional damages, including but not limited to, extra costs incurred to Buyer for procurement of similar or replacement commodity from other source,

f. The defective or non-conforming Commodity/Part/Service or any part thereof repaired or furnished in replacement shall be subject to this Article to the same extent as the Commodity/Part/Service initially delivered or installed and/or integrated. Unless the parties agree otherwise, this warranty shall be equal in duration to that set forth in subparagraph b. of this Article and shall run from the date of delivery or installation and/or integration of the repaired or replaced Commodity/Part/Service or part thereof.

g. When an intensive survey was carried out to investigate the details and the reason of the defect, and when such survey proves that the Seller is liable for the defect, all expenses for the survey shall be borne by the Seller. Also, the Seller shall bear all costs necessary for the repair or the replacement, including, but not limited to, disassembling, packing and transit of the defective Commodity/Part/Service or its part(s), and transportation of the repaired or replaced Commodity/Part/Service or any part thereof back to the point where the defect was discovered.

h. The Seller shall prepare and submit to Buyer data and reports applicable to any repair required (including revision and updating of all related technical data required under this contract) at no increase in the contract price.

- i. In the event the Seller does not collect the remainders left as a result of treating warranty cases even after completion of warranty and six (6) months from expiration of the contract, Buyer or the End User can dispose of such items as it deems fit, using methods including auction and discarding. In this case, the Seller shall not protest against this disposal in civil or criminal court.
- j. If the end-customer, cannot perform any additional maintenance work (installation, testing, inspection, etc.) required to install the repaired or replaced object on the aircraft, all incurred costs shall be borne by the contractor.

Force Majeure

Immediately after the occurrence of a Force Majeure Event, the Seller shall provide notification to Buyer by email, fax, or mail as specified here within fifteen (15) days of such occurrence of Force Majeure Event. The notification shall include an attached written certificate issued by the authorized governmental organization or similar independent third party in the location where the event occurred. The notification shall indicate:

1. The Seller could not reasonably foresee occurrence of the Force Majeure Event at the time of the contract award.
2. The Seller could not control the failure of or the delay in Delivery due to such Force Majeure Event.

Prohibition of any Direct or Indirect Sale of the Commodity to North Korea

1. These special provisions are primarily purposed to prohibit any direct or indirect sale of the Commodity/Part/Service to North Korea. The Commodity/Part/Service stated herein includes any related technical data and information.
2. The Seller warrants that any goods same as or similar to the Commodity/Part/Service shall not be sold or transferred to North Korea, regardless of whether or not the Seller is involved directly in such sale or transfer.
3. In case Buyer has obtained the information that the Seller has violated these special provisions, Buyer may;
 - a. Make a claim for recovery of all payments made to the Seller, (In this case, the Commodity/Part/Service, delivered or in transit for delivery, shall be returned to the Seller at the Seller's risks and expenses.) and
 - b. Make a claim for recovery of other losses incurred to Buyer.
4. The term "sale" or "transfer" used herein covers lease, release, assignment or any other possession of the Commodity/Part/Service stated herein.
5. These special provisions are incorporated in and made part of this contract, and shall survive all other terms and conditions under this contract.