

KARI's General Terms & Conditions

Contract No. KARI-15-XXXX

**Between
Korea Aerospace Research Institute
and
XXXX**

General Terms and Conditions

Table of Contents

“Preamble” and “Whereas” Clause

<u>Article</u>	<u>Title</u>	<u>Page</u>
Article 1.	Definitions.....	4
Article 2.	Contract Price and Payment Term	5
Article 3.	Delivery	5
Article 4.	Extension of Delivery.....	6
Article 5.	Vessel Arrangement.....	6
Article 6.	Packing and Marking	6
Article 7.	Inspection and Acceptance.....	7
Article 8.	Performance Guarantee.....	8
Article 9.	Warranties	8
Article 10.	Performance & Warranty Bond	9
Article 11.	Liquidated Damages for Late Shipment	9
Article 12.	Sub-Contracting.....	10
Article 13.	Permits	10
Article 14.	Confidentiality.....	10
Article 15.	Industrial and/or Intellectual Property Rights	10
Article 16.	Language.....	11
Article 17.	Taxation.....	11
Article 18.	Title and Lien	11
Article 19.	Notice.....	11
Article 20.	Assignment.....	12
Article 21.	No Waiver	12
Article 22.	Force Majeure	12
Article 23.	Severability and Enforceability	12
Article 24.	Modification, Addition and Amendment.....	13
Article 25.	Independent Contractor.....	13
Article 26.	Governing Law and Arbitration.....	13
Article 27.	Termination	133
Article 28.	Entire Agreement	14
Article 29.	Effective Date	14

Annexes

Annex A. Offer

This page is intentionally blanked.

Preamble

This Contract made on December xx, 2015 by and between Korea Aerospace Research Institute("KARI") established under the law of the Republic of Korea with its principal office at 169-84 Gwahak-ro, Yuseong-Gu, Daejeon 34133 Korea, and XXXX ("Contractor") established under the law of TBD.

Witnesseth

Whereas, KARI is desirous of acquiring Material defined hereinafter ;

Whereas, Contractor has a knowledge and an experience in the development and manufacturing of the Material ;

Whereas, Contractor is willing to supply and deliver the Material to KARI ;

Whereas, KARI desires to procure and Contractor desires to supply Material in accordance with the terms and conditions provided for hereinafter set forth ;

Now, therefore, in consideration of the premises and the mutual agreements herein contained, the parties hereto have agreed to the following :

Article 1. Definitions

In this Contract where the context so admits the singular includes the plural and vice versa and the following terms shall be defined and construed as follows;

- 1.1 **Material** means all items to be supplied by Contractor to KARI pursuant to this Contract.
- 1.2 **Contract** means and includes all the terms, provisions, covenants and/or other conditions in this Contract and its attachments.
- 1.3 **Supervision** means the supervising services to be rendered by Contractor and/or by the supervisors for supervising in accordance with the Contract.
- 1.4 **Supervisor** means the person authorized by Contractor to perform the supervision.
- 1.5 **Contract Specifications** means any and all specifications and its addendum, such as the Purchase Specifications and the Standard Specifications for the Material, and so forth, all of which shall be incorporated into and made binding as an integral part of this Contract.
- 1.6 **Site** means the area where the Material is to be erected, and located in the Republic of Korea.
- 1.7 **Month**, **Week**, and **Day** mean calendar month, calendar week and calendar day according to the Gregorian calendar, respectively.
- 1.8 **FCA** means that Contractor fulfills his obligation to deliver when the goods handed over to KARI's Carrier or Forwarding Agent at the named place to be interpreted in accordance with the provisions of **INCOTERMS, 2010**.
- 1.9 **Final Shipment** means the date of shipment at the time when Contractor has shipped the final Material, in case of partial shipment, on the vessels/aircraft at the port or airport according to

the Article 3 hereof, unless otherwise mutually agreed upon.

- 1.10 **Services** mean technology transfer, technical consulting, Inspection/Acceptance, Supervision, technical training and other services with regard to this contract.
- 1.11 **Technical Data** means all data and information including, but not limited to, technical writings, sound recordings, computer software, pictorial reproductions, drawings, and any other data necessary for this contract.

Article 2. Contract Price and Payment Term

- 2.1 The Contract price for supply of the Services and Material shall be the sum of **TBD** as referred to Annex A. Offer which covers any and all costs for supply of the Material to the point of **FCA Designated Place** and also covers all the Scope of Supplies and Services rendered by Contractor specified in this Contract.
- 2.2 The contract Price is a firm and fixed amount not subject to any escalation or to any adjustment or revision for any reason whatsoever, including but not limited to the increase of actual cost incurred by Contractor in the performance of the Contract.
- 2.3 The payment of Contract amount specified in Article 2.1 shall be made as per the following payment schedule, unless otherwise agreed upon by the Parties;

	Milestone	Amount
	TBD	
Total		

- 2.4 All payment shall be made by wire transfer to the bank account as designated by Contractor in its invoices within thirty (30) calendar days from the date of the invoice.
- 2.5 All banking charges incurred in Korea shall be borne by KARI, and those charges incurred outside Korea shall be borne by Contractor.
- 2.6 The Contractor shall submit one (1) original and two (2) copies of the invoice to KARI and each invoice shall clearly indicate the Milestone Event related to the respective payment and shall accompany supporting document certifying the completion of the Milestone.

Article 3. Delivery

- 3.1 All delivery terms used in this Order and all deliveries made are to be in accordance with **Incoterms 2010**

Such delivery shall be based on :

- (a) The Material shall be manufactured and tested.
- (b) The Material shall be witnessed or inspected by KARI as per Contract Article 7, Inspection and Acceptance.
- (c) The Transshipment shall not be permitted.

- 3.2 Contractor shall advise KARI of preliminary delivery schedule and estimated measurement/weight information two(2) weeks prior to the delivery.
- 3.3 Unless otherwise mutually agreed, Contractor shall make the Equipment ready for shipment and the Equipment shall be hand over to the KARI's Carrier or Forwarding Agent at the term of **FCA Contractor's facility** by the Delivery Date of **within September 30, 2016** after the contract as stated in the delivery schedule.
- 3.4 The date of each clean on board bill/or airway bill of lading shall be construed as the date of each shipment and delivery date.
- 3.5 As soon as each shipment as provided for in this Article is made, Contractor shall send in care of ship's master two(2) copies each of the following shipping documents to KARI.
- a. Clean on board bill of lading/or Airway bill of lading
 - b. Commercial invoice
 - c. Packing list
 - d. Manufacturer's Inspection Report
 - e. Quality Assurance Certificate

Article 4. Extension of Delivery

KARI may have the right to extend the Delivery Schedule specified in Purchase Specifications of the Inquiry Documents for the period of maximum six(6) months, if necessary, at its sole discretion, with the one(1) month prior to written notice of extension to Contractor. Contractor shall, during the extension period, properly protect and secure the Material for the avoidance of loss and damage on the Material.

Article 5. Vessel Arrangement

- 5.1 The necessary space booking on board vessel or aircraft for shipping the Material shall be arranged by KARI, provided that, if requested by KARI, Contractor shall assist KARI in such arrangement of the space booking for the shipment of the Material with understanding of use of KARI's Carrier or Forwarding Agent.
- 5.2 In case KARI arranges the vessel or aircraft by itself, KARI shall inform Contractor of the vessel/aircraft name and its expected date of arrival at and departure from the shipping port/air port by written notice.
- 5.3 In case the crane is needed for handling the Material at the time of loading, Contractor shall bear the charges for such crane for loading Material.

Article 6. Packing and Marking

- 6.1 The Material shall be packed in seaworthy packing conditions according to international commercial and industrial practice. Contractor shall apply proper anti-erosion and/or anti-rust compounds or coating, protective water proof wrapping and/or packing, as the case may be.
- 6.2 Each package of the Material delivered by Contractor shall be marked indicating the following information in sequence on the frame commensurate with the size of package, and which shall be painted with color to be designated by KARI prior to each shipment.
- a.

Korea Aerospace Research Institute (KARI CONTRACT NO:)
--

- b. Shipper's Mark
- c. Package Number
- d. Commodity Name
- e. Port of Discharge
- f. Caution Marks, if applicable
- g. Net weight, Gross weight and Cubic measurement
- h. Origin of Material
- i. Part Name and Operation Number

- 6.3 Upon consultation by the Parties, Contractor shall reimburse KARI for any and all expenses incurred by KARI as a result of improper and/or faulty packing or marking.
- 6.4 Special Packing Requirements for Service/Spare Parts ; Contractor shall make separate packing for service and spare parts from main Material.

Article 7. Inspection and Acceptance

- 7.1 KARI shall have the right to carry out by itself or to appoint another qualified inspector for inspection of the Material and general progress during the manufacture, packing and preparation for shipment of the Material.
- 7.2 In the event that KARI desires to dispatch its inspector or its authorized inspector for inspection of any or all Material, Contractor shall make due arrangement for free access of the inspector to Contractor's workshops or Sub-Contractor's workshops at reasonable time. Each party shall bear its own costs related to these inspections.
- 7.3 KARI shall be entitled to refuse to accept Material partially or totally if the inspection or testing as aforesaid in the Article 7.1 reveals that the Material is not in accordance with the Contract Specifications or approved detailed descriptions, drawings and/or technical data involved. In such case Contractor shall repair, replace or modify free of charge the Material in question to bring it into conformity with the Contract Specifications and approved detailed descriptions, drawings and/or technical data, as aforesaid, and shall notify KARI when the same are ready for new inspection or testing which shall be carried out under the same terms and conditions as the original inspection and testing. In this case, the costs incurred by KARI due to such a reinspection including but not limited to, travel expenses of KARI's inspector, any special reinspection costs and so forth, shall be borne by Contractor. Nevertheless, the failure of KARI to detect nonconformity with the Contract Specifications or detailed descriptions, drawings and/or technical data during any such inspections or testing shall not relieve Contractor of any of its obligations under this Contract.
- 7.4 KARI shall make the inspection upon the Material at KARI's site at its expense with the presence of Supervisors or Contractor's Korean Agent according to the requirements of the Inspection and

Acceptance Procedure in Standard Specifications. The detailed schedule of such inspection shall be mutually decided through mutual negotiation by the Parties.

- 7.5 In case of missing/shortage item or failure to meet guaranteed operating specifications or if the tests reveal defective or faulty materials, design and/or workmanship attributable to Contractor and/or its Sub-Contractors, Contractor shall, at Contractor's cost including airfreight, insurance, duties and taxes for customs clearance in Korea, promptly make all necessary redesign, supply and/or workmanship required to remedy such faults or defects in order to assure that the specifications are conformable to the requirements set forth in Contract Specifications. Once the defects have been corrected, the tests shall be repeated as many times as necessary until the design specifications as aforesaid are into conformity. Costs incurred in connection with any repeated tests, whether direct or indirect, shall be borne by Contractor.

Article 8. Performance Guarantee

- 8.1 Contractor shall guarantee that the Services and Material shall have the performance confirming to the requirements specified in the Contract Specifications. Such performance shall be proved by means of the provisions set forth in Article 7. hereof, under the additional condition that KARI shall be satisfied with all documentation provided by Contractor, other than the Contract Specifications, and that performance parameters based on such data or documentation are established by testing and inspection.
- 8.2 Contractor shall be released from this guarantee by the Final Acceptance from KARI. Contractor shall provide its engineer at its own cost to rectify all the defects and/or deficiencies of the Material, if any, to fulfill the requirements of Inspection and Acceptance Procedure in accordance with the requirements of the Contract Specifications, if and when such defects and/or deficiencies have been proven and admitted as not attributable to KARI.
- 8.3 In the event that Contractor does not commence rectification of such proven and admitted defects and/or deficiencies, or does not complete the said rectification with reasonable diligence, then KARI may at its option rectify the defects and/or deficiencies at Contractor's expense. In the latter case, Contractor shall reimburse KARI for all costs incurred in connection with KARI's rectification of the defects and/or deficiencies within thirty (30) days of receipt of KARI's written invoice setting forth such costs.

Article 9. Warranties

- 9.1 All Services shall be performed according to the highest professional industrial standards and shall conform with the requirements of this Contract and shall comply with all applicable laws and regulations. All items and Services provided or delivered by Contractor to KARI or any person designated by KARI shall be sufficient, correct, and complete to enable KARI or its Subcontractors to perform their work for this contract.
- Contractor hereby warrants the Services and Material against deviation from the Contract Specifications and against defects in workmanship, material and design when the Material is used under normal operation and proper maintenance conditions. Contractor's obligation under this warranty shall be discharged by furnishing, to KARI's site at Contractor's expense including airfreight, insurance, duties, and taxes for customs clearance in Korea, a similar part to replace any of Contractor's supply, or repairing the defective part which, within the Warranty Period specified as under, proves to have been defective in manufacture and design. Contractor may at its option inspect the defective part or request the return of defective part at Contractor's cost in order to confirm KARI's claim.
- 9.2 Warranty Period hereof shall be twelve (12) months from the date of Final Acceptance provided for in the Article 7.5.

- 9.3 Such part of the Material as found defective and replaced or repaired shall have the period of warranty for replaced or repaired part of six(6) months renewal from the date of replacement and repair, if and when the claim for replacement or repair is established and proved during the Warranty Period as set forth in the Article 9.2. Such six(6) months renewal of warranty shall continue in effect after the termination of the Warranty Period as set forth in Article 9, but in no event shall the Warranty Period be deemed shortened due to such six(6) months renewal.
- 9.4 The warranty provided for in this Article shall not apply to ordinary wear and tear or consequential damages during the Warranty Period.
- 9.5 In the event that Contractor does not commence immediately the rectification on such proven or admitted defects after receipt of notice from KARI, or does not complete the said rectification with reasonable diligence, KARI may, at its option, correct the defects at Contractor's expense. In the latter case, Contractor shall reimburse KARI for all costs incurred in connection with KARI's rectification of the defects and/or deficiencies within thirty (30) days after receipt of KARI's written invoice setting forth such costs.
- 9.6 Notwithstanding anything contained herein elsewhere, Contractor shall indemnify, defend and hold harmless KARI, its officers, directors, agents and employees from and against any and all property and/or personnel losses, injuries, deaths and/or damage arising from the defective part or parts of Material.
- 9.7 Unless otherwise specifically agreed upon by the Parties, each Material Assembly including all accessory materials and/or Material shall be treated as single unit and Contractor accepts total overall responsibility for all components and the coordination of such components as a single unit. The fact that certain components are not of Contractor's manufacture or that Sub-Contractors have been so designated by KARI shall in no way relieve Contractor from full responsibility for the entire supply of this Material. Contractor shall accept unit responsibility for the supply of each Material Assembly including all accessories to the same extent as if the entire supply of each component were of Contractor's own design and manufacture.

Article 10. Performance & Warranty Bond

- 10.1 Contractor shall furnish to KARI within three (3) weeks from the date of signing this Contract, an unconditional and irrevocable letter of guarantee issued by first class international bank acceptable to KARI for a sum equivalent to ten (10) percent of total Contract amount. Such letter of guarantee shall be drawn in favour of KARI and advised to KARI through Woori Bank (Daejeon Branch at 29 Munye-ro, Seo-Gu, Daejeon, 35241 Korea [TEL:042-488-9704](tel:042-488-9704), ext. 312) and shall be valid till the expiry date of Warranty Period provided for in the Article 9.2 plus one(1) month thereof. In case Contractor fails to furnish the requisite bank, then KARI may have the right to terminate this Contract.
- 10.2 KARI shall have an unqualified option under this guarantee to invoke the banker's guarantee and claim the amount thereunder in the event of Contractor's failing to honour any of the commitments entered into under this Contract and/or in respect of any amount due from Contractor to KARI.
- 10.3 After the Final Acceptance by KARI, the above bank guarantee shall be considered to constitute Contractor's warranty for the Material delivered by Contractor and its due performance in accordance with the terms and conditions hereof.

Article 11. Liquidated Damages for Late Shipment

- 11.1 If the Delivery Dates and Installation/Acceptance Test set forth in Contract Article 3.3 are not

met, KARI shall have the right to apply a liquidated damages, not by way of penalty, of zero point two (0.15) percent per day of the total Contract price unless such delay is an event of Force Majeure, and shall be deducted from the amount of the Letter of Credit at negotiation. However, the amount of said liquidated damage shall not exceed ten (10) percent of the Contract price of the Material.

- 11.2 In the event that the sum of liquidated damages for late shipment as set forth in the Article 3.3 exceeds ten (10) percent of the Contract price of the Material and the Material still has not been delivered, KARI shall have the option to elect to come to a new agreement with Contractor with regard to times of shipment and/or additional liquidated damages, however, the liquidated damages which have accrued against Contractor shall nevertheless be paid by Contractor to KARI.

Article 12. Sub-Contracting

- 12.1 Contractor shall not sub-contract any of the works related to manufacture, assembly and sub-assembly of Material for major parts to any third party without KARI's prior written consent thereof, provided that KARI shall not unreasonably withhold the sub-contract by Contractor.
- 12.2 Contractor shall be fully responsible for any sub-contracted work to any third party including the Sub-Contractors nominated or recommended by KARI.

Article 13. Permits

- 13.1 For the work to be undertaken by each party pursuant to the provisions of this Contract, each party shall obtain, acquire and/or procure on its own account all necessary permits, visas, certificates and/or licenses required by all applicable laws, regulations, ordinances and/or rules of the state, municipality, territory or political subdivision where the work pertaining to this Contract is performed or required by any other duly constituted public authority having jurisdiction over the place where the work pertaining to this Contract is performed and further agree to indemnify the other party from and against any and all liability and/or loss incurred by the other party by reason of asserted or established violation of any such laws, regulations, ordinances, rules and/or requirements. However, each party shall assist the other party in obtaining such necessary permits, visas, certificates and/or licenses mentioned in above with a reasonable care.
- 13.2 Any failure or delay of Shipment caused by any failure or delay of obtaining permits from all the necessary Governmental authorization, other than Korean Governmental authorization, shall not affect any clause of this contract and Contractor shall take the responsibilities for any results from the failure or delay of obtaining any relevant permits or licenses.

Article 14. Confidentiality

Each party shall confidentially treat all documents, data, materials and information supplied by one to the other, and shall not disclose the above to any third party, and shall not use the above for any other purpose than for the performance of this Contract without prior written consent from the other party. However this Confidentiality obligation shall not be apply to the information which is made available to the general public.

Article 15. Industrial and/or Intellectual Property Rights

- 15.1 KARI acknowledges and Contractor guarantees that all the Industrial and/or Intellectual Property Rights related to the Services and Material provided are owned by Contractor.

- 15.2 Contractor shall indemnify KARI from and against any and all disputes or claims brought forward by a third party on the ground that KARI's use of the Services and Material supplied by Contractor hereunder has infringed any Industrial and/or Intellectual Property Rights of the third party.

Article 16. Language

Any and all documents in connection with this Contract shall be made in English.

However, when mutually agreed upon by the Parties, the documents may be prepared in other language than English.

Article 17. Taxation

- 17.1 Any and all duties and taxes including but not limited to customs duties, income taxes, sales taxes, value added taxes and any other tax-like charges imposed, levied or charged to Contractor in outside of Korea shall be for account of Contractor. Any other duties and taxes imposed, levied or charged in Korea shall be for account of KARI, except the duties and taxes regarding the aforesaid Article 7. Inspection and 9. Warranties which are already included into total contract amount.

- 17.2 Any and all charges including but not limited to banking charges, cable charges, forwarding charges and the like to be incurred by each party shall be for account of each party respectively.

Article 18. Title and Lien

- 18.1 Title and risk of the Material shall be passed to KARI by Contractor upon shipment of the Material by Contractor to KARI.

- 18.2 Title passed by Contractor to KARI shall be free and clear of any lien, restriction, reservation, security interest and/or encumbrance.

Article 19. Notice

Any and all notice to be given to either party shall be given to the following addresses by registered airmail or other telecommunication media. Either party may change its address by giving prior notice to the other party in the manner provided for herein.

For KARI :

COMMERCIAL ITEM

Mr. In-Kyu Jeon
Procurement Team
Korea Aerospace Research Institute
169-84 Gwahangno, Yuseong-gu, Daejeon,
305-806, Korea

Tel : (042) 860-2613

Fax : (042) 860-2666

TECHNICAL ITEM

Dr. Joon-Tae Yoo
Launcher Structure & Materials Team

Tel : (042) 860-2928

For Contractor :

XXXX

Article 20. Assignment

This Contract and any right or obligation hereunder shall not be transferable or assignable by Contractor to a third party without the prior written consent of KARI.

Article 21. No Waiver

The failure of KARI at any time to exercise any of its right hereunder except for rights specially limited as to the dates of exercise thereof, shall not be, or not be construed to be, a waiver of such rights nor prevent KARI from subsequently asserting or exercising such rights.

Article 22. Force Majeure

- 22.1 Force Majeure hereunder shall be constructed as follows :
War, preparation for war, blockade, revolution, insurrection, mobilization, civil commotions, riots, earthquakes, tidalwaves, typhoons, storms, floods, or any other conditions of similar nature beyond reasonable control of the Parties.
- 22.2 Should any event or circumstances of Force Majeure arise upon Contractor, Delivery Date stipulated in this Contract shall be equally extended for a period which such events or circumstances will last provided that notice is given by the party claiming Force Majeure as required in Article 22.3.
- 22.3 Within fourteen(14) days from the date of commencement of events or circumstances that may cause any delay in delivery of the Material by Force Majeure on account of which either party claims that it is entitled, under the Contract, to any extension of the time for the performance of the Contract, such party shall advise the other in writing of the date when such delay commenced, and the reasons therefore as enumerated in this Contract; likewise, within fourteen (14) days after the delay ends, either party shall advise the other in writing of the date when such delay ended, and shall also specify the redetermined time by which the performance of the Contract is to be completed. In case one party fails to acknowledge such notification hereunder within fourteen (14) days after receipt thereof, the date of dispatch of notice in writing shall be considered the date of notification.
- 22.4 Force Majeure shall be established by reasonable written evidence of the Chamber of Commerce and Industry of the country of the party claiming Force Majeure which shall accompany the written notification of Force Majeure submitted pursuant to Article 22.3.

Article 23. Severability and Enforceability

- 23.1 If any part or parts of this Contract is or are not effective by any reason whatsoever, the other effective parts of this Contract shall not be influenced by such ineffectiveness. In such a case, the Parties shall amend, modify or improve such an ineffective part or parts of this Contract immediately to make it effective.
- 23.2 If any provision of this Contract is held void or unenforceable subject to above severability, the Parties hereto shall consult with each other in good faith to agree upon a remedy measure with a view to continuing and maintaining this Contract. In case any remedial measure is not agreed upon by the Parties hereto within three (3) months, this Contract shall become null and void, retroactive to the date when the cause thereof was arisen.

Article 24. Modification, Addition and Amendment

No modification, addition and/or amendment in the terms and conditions hereof shall bind on the Parties hereto unless these are reduced to writing and duly agreed upon by the Parties hereto.

Article 25. Independent Contractor

Each party shall act as an independent contractor, and neither party shall be deemed as a representative, agent, employee or the like of the other party by this Contract.

Article 26. Governing Law and Arbitration

27.1 This Contract shall be construed and governed by the laws of the Republic of Korea.

27.2 Any disputes, controversies, or differences which may arise between the Parties, out of or in relation to or in connection with this Contract or for the breach thereof, shall be finally settled by arbitration in Seoul, Korea in accordance with the Commercial Arbitration Rules of The Korean Commercial Arbitration Board and under the Law of Korea, the award rendered by the arbitrator(s) shall be final and binding upon both Parties concerned.

Article 27. Termination

27.1 KARI may terminate this Contract upon written notice to Contractor:

- (a) If Contractor commits a material breach of any of its obligations under this Contract which shall not be remedied within thirty (30) days from the giving of written notice requiring such breach to be remedied;
- (b) If Contractor becomes incapable for a period of one hundred and twenty (120) consecutive days of performing any of its obligations under this Contract because of Force Majeure; or
- (c) If Contractor or its creditors or any other eligible party shall file for its liquidation, bankruptcy, receivership, reorganization, dissolution or similar proceedings, or if Contractor is unable to pay any debts as they became due (except debts contested in good faith), or if Contractor's creditors have taken over its management, or if the relevant financial institutions have suspended Contractor's clearing house privileges, and all such events has not been terminated within 30 days from occurrence.
- (d) If the aggregate number of days of delay should exceed one hundred and eighty (180) days, excluding days of delay excused by KARI in writing.

In the event of such termination, Contractor shall return to KARI all materials, data and documentation provided by KARI, at no cost to KARI, and Contractor shall return to KARI all the amounts received from KARI up to the date of such termination for milestones not achieved yet, provided that KARI shall return all Deliverable items provided by Contractor up to the date of such termination, in the manner of "as is".

In the event of the termination pursuant to (a), (c) and (d) above, Contractor shall also pay ten percent (10%) of the Contract Price as termination charge. In such event, KARI shall be paid with the above 10% of the Contract Price by forfeiting the Performance Bond.

27.2 KARI may terminate this Contract, in whole or in part, at any time for its convenience, upon sixty (60) days prior written notice to Contractor. In case of such termination for convenience,

Contractor shall be entitled to the amount paid and payable up to the date of termination and additional remuneration for all 'work in process', which in any event shall not exceed the Contract Price.

27.3 Contractor may terminate this Contract upon written notice to Kari:

- (a) If KARI commits a material breach of any of its obligations under this Contract which shall not be remedied within thirty (30) days from the giving of written notice requiring such breach to be remedied;
- (b) If KARI becomes incapable for a period of one hundred and twenty (120) consecutive days of performing any of its obligations under this Contract because of Force Majeure; or
- (c) If KARI or its creditors or any other eligible party shall file for its liquidation, bankruptcy, receivership, reorganization, dissolution or similar proceedings, or if KARI is unable to pay any debts as they became due (except debts contested in good faith), or if KARI's creditors have taken over its management, or if the relevant financial institutions have suspended Contractor's clearing house privileges, and all such events has not been terminated within 30 days from occurrence.

Article 28. Entire Agreement

This Contract represents the entire agreement between the Parties hereto with respect to supply of the Material and Services as per the Scope of Supplies specified in contract Specifications and supersedes any other agreement or understanding, written or verbal, that the Parties heretofore may have had. No modification, no future representation, promise or agreement shall be binding on either party unless made in writing and signed on its behalf by its duly authorized representative.

Article 29. Effective Date

- 29.1 The effective date of this Contract("EDC") is the date on which all of the following conditions have been satisfied:
- (a) The duly authorized representatives of the Parties have signed this Contract; and
 - (b) The appropriate governmental authorities of the Republic of Korea and Contractor's country have duly approved this Contract, if required.
- 29.2 Any amendment to this Contract shall be effective upon signature by the duly authorized representatives of both Parties and the approval of such amendment by the Government of the Republic of Korea, if required.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract in duplicate in English by causing these presents to be signed by their duly authorized representatives as of the day and year first above written.

Signed for and on behalf of KARI

Signed for and on behalf of Contractor

By : Korea Aerospace Research Institute
Name : GwangRae CHO, Ph.D.
Title : President

By :
Name :
Title :

Annex A.
Offer