

**Contract
For
Purchase and Supply
Of**



Contract No. : KARI-10-

**Between
Korea Aerospace Research Institute
And
“ABC” Company**

General Terms and Conditions

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Preamble

This Contract made on XXX XX, 2010 by and between Korea Aerospace Research Institute("KARI") established under the law of the Republic of Korea with its principal office at 45 Eoeun-Dong, Yuseong-Gu, Daejeon 305-333 Korea, and XXX("Supplier") established under the law of XXX XXX with its principal office at XXX XXXX.

Witnesseth

Whereas, KARI is desirous of acquiring Equipment defined hereinafter;

Whereas, Supplier has the knowledge and experience in developing and manufacturing of the Equipment;

Whereas, Supplier is willing to supply and deliver Equipment to KARI;

Whereas, KARI desires to procure and Supplier desires to supply Equipment 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 **Equipment** means all parts, accessories, facilities, hardware, and software to be supplied by Supplier to KARI pursuant to this Contract.
- 1.2 **Erection Tools** means tools and other apparatus and/or instruments which are necessary for the erection and commissioning of Equipment at site.
- 1.3 **Contract** means and includes all the terms, provisions, covenants and/or other conditions in this Contract and its attachments.
- 1.4 **Supervision** means the supervising services to be rendered by Supplier and/or by the supervisors for supervising and performing the erection and test run of the Equipment at site in accordance with the Contract.
- 1.5 **Supervisor** means the person authorized by Supplier to perform the supervision.
- 1.6 **Contract Specifications** means any and all specifications and its addendum attached in Annex D, such as the Purchase Specifications and the Standard Specifications for Machinery and Equipment, and so forth, all of which shall be incorporated into and made binding as an integral part of this Contract.
- 1.7 **Site** means the area where the Equipment is to be erected, and located in the Republic of Korea.
- 1.8 **Month, Week, and Day** mean calendar month, calendar week and calendar day according to the Gregorian calendar, respectively.

- 1.9 **FCA** and **FOB** means that Supplier 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, 2000**.
- 1.10 **Final Shipment** means the date of shipment at the time when Supplier has shipped the final Equipment, 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.
- 1.11 **Completion of Work** means the completion of installation and commissioning of Equipment at KARI's site in Korea.
- 1.12 **Services** mean technology transfer, technical consulting, Inspection/Acceptance, Supervision, technical training and other services with regard to this contract.
- 1.13 **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 Equipment shall be the sum of **USDXXXX** as referred to Annex A. Offer which covers any and all costs for supply of the Equipment to the point of **FCA XXX International Airport or FOB XXX Port** and also covers all the Scope of Supplies and Services rendered by Supplier 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 Supplier 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;
- a. First payment(USDXXX) for the 90% of total contract amount shall be made against and upon the presentation of shipping documents as a proof of shipment of the Equipment.
 - b. Second and final payment(USDXXX) for the rest 10% of total contract amount shall be made against the presentation of Final Acceptance Letter issued by KARI as set forth in Article 8.5 hereof.
- 2.4 All payment under this Contract shall be made by KARI to Supplier in the currency mutually agreed upon by the Parties by means of irrevocable letter of credit to be payable at sight.
- 2.5 All banking charges incurred in Korea shall be borne by KARI, and those charges incurred outside Korea shall be borne by Supplier.
- 2.6 Supplier shall send to KARI one original and one copy of proforma invoice by registered airmail at least two weeks prior to the delivery date of the respective Equipment provided for in Purchase Specifications for Machinery and Equipment. The proforma invoice shall be valid up to the time of delivery date of the Equipment.

Article 3. Delivery

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

2000.

Such delivery shall be based on:

- (a) The Product shall be the same as specified on Annex D. Technical Specifications.
 - (b) The Partial Shipment shall not be permitted without written consent of KARI. When the partial shipments are allowed under this Contract, the Contractor shall submit to KARI the written schedule of partial shipments at the time of making Contract.
 - (c) The Transshipment shall not be permitted.
- 3.2 Supplier 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, Supplier shall make the Equipment ready for shipment and the Equipment shall be handed over to the KARI's Carrier or Forwarding Agent on the delivery of **FCA XXX International Airport or FOB XXX Port** by the Delivery Date of **XXXX XXX**, and then Supplier shall complete the Installation/Acceptance Test **within one month from the date of customs clearance in Korea by KARI**, except in the event of Force Majeure as provided for in Article 26 hereof.
- 3.4 The date of KARI Forwarder's Receipt shall be constructed as the date of shipment and delivery date.
- 3.5 As soon as shipment is made, Supplier shall send (1) copy of each of the following shipping documents to KARI by Fax(+82-42-860-2666) or E-mail(XXX@kari.re.kr).
- a. KARI Forwarder's Receipt
 - b. Commercial invoice
 - c. Packing list
 - d. Manufacturer's Inspection Report

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 Supplier. Supplier shall, during the extension period, properly protect and secure the Equipment for the avoidance of loss and damage on the Equipment.

Article 5. Vessel Arrangement

- 5.1 The necessary space booking on board vessel or aircraft for shipping the Equipment shall be arranged by KARI, provided that, if requested by KARI, Supplier shall assist KARI in such arrangement of the space booking for the shipment of the Equipment 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 Supplier 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 Equipment at the time of loading, Supplier shall bear the charges for such crane for loading Equipment.

Article 6. Packing and Marking

- 6.1 The Equipment shall be packed in seaworthy packing conditions according to international commercial and industrial practice. Supplier 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 The packages are to be properly identified with tags, labels, and/or inscriptions in accordance with practice generally acceptable in the trade.
- 6.3 Upon consultation by the Parties, Supplier 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; Supplier shall make separate packing for service and spare parts from main Equipment.

Article 7. Service/Spare Parts and Erection Tools

- 7.1 Supplier shall secure a supply of spare parts required to maintain the whole system for a period of 10 years and shall update the list of spare parts in the event of modification.

Article 8. Inspection and Acceptance

- 8.1 KARI shall have the right to carry out by itself or to appoint another qualified inspector for inspection of the Equipment and general progress during the manufacture, packing and preparation for shipment of the Equipment.
- 8.2 In the event that KARI desires to dispatch its inspector or its authorized inspector for inspection of any or all Equipment, Supplier shall make due arrangement for free access of the inspector to Supplier's workshops or Sub-Supplier's workshops at reasonable time. Each party shall bear its own costs related to these inspections.
- 8.3 After inspection provided for in Article 8.1 hereof is carried out satisfactorily, KARI shall issue Pre-Acceptance Letter in the written form stating that the Equipment has been fully proven as satisfactory in all respects of the requirements of the Contract Specifications including performance and it will be pre-accepted by KARI. If KARI's representative countersigns on Supplier's certificate of inspection, such certificate shall be deemed as the said Pre-Acceptance by KARI.
- 8.4 KARI shall be entitled to refuse to accept Equipment partially or totally if the inspection or testing as aforesaid in the Article 8.1 reveals that the Equipment is not in accordance with the Contract Specifications or approved detailed descriptions, drawings and/or technical data involved. In such case Supplier shall repair, replace or modify free of charge the Equipment 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 Supplier. 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 Supplier of any of its obligations under this Contract.
- 8.5 KARI shall make the inspection upon the Equipment at KARI's site at its expense with

the presence of Supervisors or Supplier'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. Immediately after the try-out and commissioning at KARI's site, KARI shall issue the Final Acceptance Letter in the written form as attached Annex. C stating that the said Equipment has been fully proven as satisfactory in all respects of the requirements of the Contract Specifications as referred to Annex D.

- 8.6 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 Supplier and/or its Sub-Suppliers, Supplier shall, at Supplier'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 Supplier.

Article 9. Performance Guarantee

- 9.1 Supplier shall guarantee that the Services and Equipment 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 8. hereof, under the additional condition that KARI shall be satisfied with all documentation provided by Supplier, other than the Contract Specifications, and that performance parameters based on such data or documentation are established by testing and inspection.
- 9.2 Supplier shall be released from this guarantee by the Final Acceptance from KARI as provided for in the Article 8. Supplier shall provide its engineer at its own cost to rectify all the defects and/or deficiencies of the Equipment, 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.
- 9.3 In the event that Supplier 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 Supplier's expense. In the latter case, Supplier 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 10. Warranties

- 10.1 All Services shall be performed according to the highest professional industrial standards and shall conform to the requirements of this Contract and shall comply with all applicable laws and regulations. All items and Services provided or delivered by Supplier 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. Supplier hereby warrants the Services and Equipment against deviation from the Contract Specifications and against defects in workmanship, material and design when the Equipment is used under normal operation and proper maintenance conditions. Supplier's obligation under this warranty shall be discharged by furnishing, to KARI's site at Supplier's expense including airfreight, insurance, duties, and taxes for customs clearance in Korea, a similar part to replace any of

- Supplier's supply, or repairing the defective part which, within the Warranty Period specified as under, proves to have been defective in manufacture and design. Supplier may at its option inspect the defective part or request the return of defective part at Supplier's cost in order to confirm KARI's claim.
- 10.2 Warranty Period hereof shall be 2 years after the date of Final Acceptance provided for in the Article 8.5. and Warranty shall cover the replacement of faulty parts, the labor required for repair, traveling cost and all necessary costs.
- 10.3 Such part of the Equipment 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 10.2 Such six(6) months renewal of warranty shall continue in effect after the termination of the Warranty Period as set forth in Article 10, but in no event shall the Warranty Period be deemed shortened due to such six(6) months renewal.
- 10.4 The warranty provided for in this Article shall not apply to ordinary wear and tear or consequential damages during the Warranty Period
- 10.5 In the event that Supplier 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 Supplier's expense. In the latter case, Supplier 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.
- 10.6 Notwithstanding anything contained herein elsewhere, Supplier 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 Equipment.
- 10.7 Unless otherwise specifically agreed upon by the Parties, each Equipment Assembly including all accessory materials and/or equipment shall be treated as single unit and Supplier 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 Supplier's manufacture or that Sub-Suppliers have been so designated by KARI shall in no way relieve Supplier from full responsibility for the entire supply of this Equipment. Supplier shall accept unit responsibility for the supply of each Equipment Assembly including all accessories to the same extent as if the entire supply of each component were of Supplier's own design and manufacture.

Article 11. Performance & Warranty Bond

- 11.1 Supplier 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 1495 Dunsan-Dong Seo-Gu Daejeon, Korea TEL:+82-42-488-9704) and shall be valid till the expiry date of Warranty Period provided for in the Article 10.2 plus one(1) month thereof. In case Supplier fails to furnish the requisite bank guarantee as referred to the Annex B-1, then KARI may have the right to terminate this Contract. Or, if it is impossible for the Supplier to furnish bank guarantee, Supplier shall deposit the guarantee amount to KARI during the warranty period. KARI shall refund the deposit amount to the Supplier when the period is ended without any critical claims.

- 11.2 Otherwise Supplier's Korean Agent shall establish the Performance Bond in the form of cash(Korean currency), certified check or surety bond issued by the Korean Guarantee Insurance Company payable in Korean Won.
- 11.3 KARI shall have an unqualified option under this guarantee to invoke the banker's guarantee and claim the amount thereunder in the event of Supplier's failing to honour any of the commitments entered into under this Contract and/or in respect of any amount due from Supplier to KARI.
- 11.4 Upon the KARI's issuance of Final Acceptance Letter for the Equipment as referred to the Annex C, the above bank guarantee shall be considered to constitute Supplier's warranty for the Equipment delivered by Supplier and its due performance in accordance with the terms and conditions hereof.

Article 12. Service Conditions

- 12.1 Maintenance services shall be provided by Supplier during the equipment lifetime at minimum expense. For 5 years the basic and extended warranties expire, two (2) kinds of maintenance service are requested. One is for the regular maintenance and the other is for the urgent maintenance during a test period of KARI.
- 12.2 For the regular maintenance, the deadline for action is 2 weeks(for A/S team in Korea, 1 week) after receipt of service notification from KARI. For the urgent maintenance, the deadline for action is 5 days (for A/S team in Korea, 2 hrs) after receipt of service notification from KARI.
- 12.3 To meet the deadline of the urgent maintenance service, KARI will notify the Supplier of the test starting date and the 2weeks period before the test date. According to this, Supplier shall stand by the maintenance at its own cost. The number of the urgent maintenance service requests is limited to 5 times during the entire 5 year maintenance period.
- 12.4 Supplier shall immediately answer the KARI's operational and maintenance questions by FAX or telephone calls until the system is dismantled by KARI.

Article 13. Liquidated Damages for Late Shipment

- 13.1 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(0.2) 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 Equipment.
- 13.2 In the event that the sum of liquidated damages for late shipment as set forth in the Article 13.1 exceeds ten(10) percent of the Contract price of the Equipment and the Equipment or any part thereof still has not been delivered, KARI shall have the option to elect to come to a new agreement with Supplier with regard to times of shipment and/or additional liquidated damages, however, the liquidated damages which have accrued against Supplier shall nevertheless be paid by Supplier to KARI.

Article 14. Drawings, Machine Specifications and Approval Procedures

- 14.1 Supplier shall provide KARI with general and detailed drawings and technical data sufficient to define the civil works, foundation requirements for construction, erection, start-up, operation and maintenance for the Equipment and the components thereof as per the Annex D, the Technical Specifications.
- 14.2 In case a Contract require approval of the drawings prior to manufacture, the Contractor shall submit detailed manufacturing drawings to KARI for approval within the period designated in the Technical Specification as per the Annex D.

Article 15. Reports for Work Progress

Supplier shall submit the overall progress status report in the form of bar-chart within thirty(30) days after the contract and thereafter, Supplier shall furnish KARI with monthly progress reports on this Contract status including the manufacturing status of all Equipment and the preparation for shipment. KARI will have the right to review any internal statements of documentation of Supplier and/or its Sub-Suppliers to assure that progress conforms to the said reports.

Article 16. Sub-Contracting

- 16.1 Supplier shall not sub-contract any of the works related to manufacture, assembly and sub-assembly of Equipment 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 Supplier.
- 16.2 Supplier shall be fully responsible for any sub-contracted work to any third party including the Sub-Suppliers nominated or recommended by KARI.

Article 17. Permits

- 17.1 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.
- 17.2 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 Supplier shall take the responsibilities for any results from the failure or delay of obtaining any relevant permits or licenses and return One hundred percent(100%) of the amount paid by KARI under this Contract .

Article 18. 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 19. Industrial and/or Intellectual Property Rights

- 19.1 KARI acknowledges and Supplier guarantees that all the Industrial and/or Intellectual Property Rights related to the Services and Equipment provided are owned by Supplier.
- 19.2 Supplier 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 Equipment supplied by Supplier hereunder has infringed any Industrial and/or Intellectual Property Rights of the third party.

Article 20. 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 21. Taxation

- 21.1 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 Supplier in outside of Korea shall be for account of Supplier. Any other duties and taxes imposed, levied or charged in Korea shall be for account of KARI, except the duties and taxies regarding the aforesaid Article 8. Inspection, 10. Warranties and 12. Supervision and Training Services which are already included into total contract amount.
- 21.2 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 22. Title and Lien

- 22.1 Title and risk of the Equipment shall be passed to KARI by Supplier upon shipment of the Equipment by Supplier to KARI.
- 22.2 Title passed by Supplier to KARI shall be free and clear of any lien, restriction, reservation, security interest and/or encumbrance.

Article 23. 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. Hang-Seok Cho
 International Contract Department

TECHNICAL ITEM
 Mr. Jong-Min Lim
 Space Environment Test Department

Tel : +82-42-860-2659
Fax : +82-42-860-2666
(E-mail address : witHu4ever@kari.re.kr)

Tel : +82-42-860-2562
Fax : +82-42-860-2234
(E-mail address : acoust@kari.re.kr)

For Supplier :

Tel :
Fax :

Article 24. Assignment

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

Article 25. 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 26. Force Majeure

- 26.1 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.
- 26.2 Should any event or circumstances of Force Majeure arise upon Supplier, 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 26.3.
- 26.3 Within fourteen(14) days from the date of commencement of events or circumstances that may cause any delay in delivery of the Equipment 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.
- 26.4 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 26.3.

Article 27. Severability and Enforceability

- 27.1 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.

- 27.2 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 28. 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 29. 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 30. Governing Law and Arbitration

- 30.1 This Contract shall be construed and governed by the laws of the Republic of Korea.
- 30.2 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 31. Termination

- 31.1 KARI shall have the right to terminate this Contract at any time, which termination hereof shall be effective immediately upon its written notice to Supplier without prejudice to any other provisions hereof in case of insolvency of Supplier, commencement of liquidation of its business, appointment of any receiver or filing of bankruptcy or corporate organization petition by or against Supplier. In this case Contractor shall return One hundred percent(100%) of the amount paid by KARI under this Contract
- 31.2 KARI may terminate this Contract, which termination hereof shall be effective immediately upon its written notice to Supplier in case of Supplier's material violation, non-performance or default of any provision of this Contract which has not been cured to the satisfaction of KARI within ninety (90)days after the written notice given to Supplier specifying such violation, non-performance or default. In this case Contractor shall return One hundred percent(100%) of the amount paid by KARI under this Contract

Article 32. Entire Agreement

This Contract represents the entire agreement between the Parties hereto with respect to supply of the Equipment 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 33. Effective Date

- 33.1 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 Supplier's country have duly approved this Contract, if required.
- 33.2 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 Supplier

By : Korea Aerospace Research Institute
Name : Joo-Jin Lee, Ph.D.
Title : President

By : ABC Company
Name :
Title :

Annex A.
Offer



Annex B.
Proforma of bank guarantee letter

Date :

Korea Aerospace Research Institute
45 Eoeun-Dong Yuseong-Gu, Daejeon,
305-333, Korea

Attention : Hee-Seok Kwon
Head of International Contract Department.

Dear Sir,

At the request of our Customer, (Supplier and Address), we hereby establish our irrevocable Letter of Credit committing unconditional payment to the beneficiary in favor of Korea Aerospace Research Institute(KARI) in the aggregate amount of (10% of Contract Value) Say, (United States Dollars Written Amount), expiring at our counters in (Bank's location), covering the performance by (Supplier) for Contract Number(Contract Number) to supply (Contract Description).

Up to the face amount of this Credit in the aggregate, the reimbursement is available to you upon presentation of your Draft(s) drawn on us At Sight when each Draft is accompanied by the following documents :

- 1) Your invoice to (Suppliers) in the Amount of the Draft presented :
- 2) The written statement signed by a purportedly authorized officer of KARI, stating the Amount of the invoice is due and payable to KARI under the order and that (Supplier) is in default of its obligations to KARI thereunder:
- 3) A copy of your telex sent to (Supplier) dated at least ten(10) days prior to the date of the Draft presented, simple notifying (Supplier) that it is in fault under the Order.

All bank charges are for the account of (Supplier).

This bond shall be valid until Warranty Period plus one month.
Thereafter, this bond shall be null and void, even if it is not returned to us.

We hereby agree with you that all Drafts drawn under and in compliance with the Terms and Conditions of this Credit will be duly honored if drawn and presented at our counters on or before the expiration date of this Credit.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No.500.

(Bank Name)

By :

Title:

Annex C.
Final Acceptance Letter
(Certificate of Completion)

CONTRACT NO.: _____

L/C NO.: _____

Dear Mr. _____;

We, Korea Aerospace Research Institute(KARI) in Korea certify that the captioned equipments have been successfully tried-out and/or tested at KARI's job site by _____ in accordance with the Contract Article 8, and are issuing this certificate to ABC Company for the negotiation of 10% (_____) with, _____, the advising bank.

Confirmed by :

Hang-Seok Cho
International Contract Department
KARI

Annex D.
Technical Specification



Annex E.
Power of Attorney

"Sample"

Date :

Ref. No. :

Power of Attorney

To : Korea Aerospace Research Institute(KARI)
45 Eoeun-Dong Yuseong-Ku Daejeon Korea

Enquiry No. : KARI-

Know all persons by these presents, that the under signed doses hereby nominate, constitute and appoint (Korean Agent Name/Agent Representative Name) is true and lawful attorney in fact, for the (Foreign Manufacturer or Supplier Name) in its name, place and stead, and for its use and benefit ;

1. To sign the contract and establish performance bond to KARI on behalf of (Manufacturer Name)
2. This power of attorney shall remain in full force and effect until six months from below date.
3. In witness whereof, the (Foreign Manufacturer or Supplier Name) has caused this power of attorney to be executed by its duly authorized officer as of (specific date).

Signature _____

Name :

Title :