

GENERAL TERMS AND CONDITIONS FOR THE PURCHASE OF GOODS OR SERVICES

1. DEFINITIONS

- (a) The Term "Seller" shall refer to the individual(s) or entity bidding to furnish the goods and services listed herein to Krauss-Maffei Corporation or any of its affiliated companies.
- (b) The term "Purchaser" shall refer to Krauss-Maffei Corporation or any of its affiliated companies.
- (c) The term "Agreement" shall refer to all of the writings contained in this Purchase Order, including the part entitled "Terms and Conditions of Purchase."
- (d) The term "Order" shall refer to this Purchase Order.

2. OFFER AND ACCEPTANCE- This Purchase Order shall constitute an offer made by Purchaser to Seller to purchase the goods and services specified herein. Seller's acceptance of this Purchase Order is expressly limited to Seller's acceptance of all of the terms and conditions contained in the Agreement. PURCHASER HEREBY OBJECT TO AND REJECTS ANY TERMS CONTAINED IN ANY OF SELLER'S DOCUMENTS WHICH ARE IN ADDITION TO OR IN CONFLICT WITH ANY OF THE TERMS AND CONDITIONS CONTAINED IN THE AGREEMENT. If this Purchase Order is deemed to be an acceptance of a prior offer made by Seller with respect to the goods and services specified herein, such acceptance shall be expressly conditional on Seller's assent to all of the terms and conditions contained in the Agreement.

3. TIME IS OF THE ESSENCE- Delivery of the goods and performance of the services at the time(s) specified herein are of the essence of the Agreement. In the event that Seller shall fail to deliver goods of the quality or within the time specified, Purchaser at its own option may cancel this Purchase Order and refuse to accept such goods or any undelivered portions without any further liability, obligation, or expense; and in addition to other legal or equitable remedies, Purchaser may purchase the goods elsewhere and charge Seller for any loss incurred. If delivery of the goods or performance of the services is delayed due to Seller's fault Purchaser is - without prejudice to further rights - entitled to liquidated damages amounting to 1 % for each started week of delay, up to a maximum of 10 % of the respective contract value.

4. MODIFICATIONS- No modifications of the Agreement shall be effective unless made in writing and signed by an authorized representative of Purchaser. Purchaser shall have the right to make changes at any time in the goods, services, quantities, destinations, specifications, drawings, designs or delivery schedules covered by the Agreement. If any such change causes an increase or decrease in the cost of or time required for furnishing the goods and services listed herein, an equitable adjustment shall be made in the purchase price and/or delivery schedule and the Agreement will be modified accordingly. Any request by Seller for an adjustment under this clause shall be deemed waived unless made within fifteen (15) days from the date Seller is notified of any change by Purchaser. Nothing in this clause, however, shall excuse Seller from proceeding with the Agreement as changed.

5. PRICE TERMS- The goods and services listed herein shall be furnished at the price(s) set forth in the Agreement. Seller warrants that the price for the goods and services listed herein is no less favorable than those currently extended to any other customer for the same or similar goods and services in similar quantities. Purchaser shall receive the full benefit of all discounts, premiums and other favorable terms of payment customarily offered by Seller to its customers. In the event Seller reduces its price for the goods and/or services listed herein, Seller agrees to reduce the prices

to Purchaser correspondingly. Seller warrants that the prices in the Agreement shall be complete, and no additional charges of any type shall be added without Purchaser's express written consent, including but not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing and crating. All cash discounts shall be computed on the date of receipt by Purchaser of a final invoice for the goods and services listed herein. Purchaser may pay invoices at his own option net 90 days or 30 days with 3 % cash discount. Cash discounts shall be based on the full amount of the invoice, less freight charges and taxes if itemized separately on the invoice.

6. NO DEVIATIONS- The Agreement must not be performed at prices or with materials other than those set forth herein without the written consent of Purchaser.

7. SHIPPING- Shipments shall be made as specified in this Agreement. Seller shall follow Purchaser's written instructions as to the mode and routing of shipments. In addition to other rights and remedies provided hereinafter, Purchaser may reject items shipped contrary to instructions or that are not in adequate packing "if specified". Seller must prepay all transportation costs associated with the delivery of the goods listed herein to Purchaser. Prepaid transportation costs must be evidenced by a receipted transportation bill. Partial shipments must be identified as such on the shipping memoranda and on the invoice. Foreign sellers must furnish Purchaser with: (a) a Proforma invoice and (b) an Express Bill of Lading.

Unless otherwise specified, Seller must forward copies of the Bill of Lading and the invoice to Purchaser with the shipment. All other documents must be forwarded to Purchaser by Seller by air mail the day of such shipment. A packing list showing Purchase Order Number must accompany each shipment. All goods are sold FOB Purchaser's facility (if of United States Origin) and FCA Purchaser's facility (if of non-United States Origin), unless otherwise specified on the face hereof. All expenses and risk of loss for any damages incurred in transportation of the goods to the place of destination or storage of the goods at the place of destination, including any risk of loss of loading or unloading shall be borne solely by Seller. No charge shall be made by Seller to Purchaser for packaging, crating, drayage, or similar costs. Items shall be packed in accordance with good commercial practice to insure against damage from weather and/or transportation.

8. RISK OF LOSS- Regardless of passage of title, and unless otherwise specified on the face hereof, all risk of loss or damage to the goods shall remain with Seller until final acceptance by Purchaser. Seller shall bear all risk as to rejected items after notice of rejection, providing that loss or damage of such goods does not solely result from negligence of Purchaser's employees acting within the scope of their employment.

9. ACCEPTANCE OF GOODS- Purchaser will be deemed to have accepted the Goods unless it notifies Seller in writing of any Nonconforming Goods or Excess Goods after a reasonable opportunity to inspect and test the goods, and furnishes such written notification or other documentation to Seller. This sole method of acceptance is intended to exclude all other methods of acceptance contemplated under Section 2-6060 of the code or otherwise. Goods rejected by Purchaser shall be held for Seller's instructions and at Seller's risk, and if Seller so directs, the rejected goods will be returned to Seller at Seller's expense or, if no instructions to return the goods to Seller are received by Buyer within a reasonable time, they will be disposed of or sold by Purchaser for Seller's account. Certificates of inspection or tests shall be furnished to Purchaser at Seller's expense if required by Purchaser. Payments for goods prior to their inspection by Purchaser shall not constitute an acceptance thereof.

Acceptance of all or part of the goods shall not be deemed to be a waiver of Purchaser's right, either to cancel or return all or any part thereof because of failure to conform to instructions, specifications, drawings, or data, or by reason of defects, latent or patent, or breach of Seller's warranty (expressed or implied) or to make any claim for damages, including manufacturing costs or loss of profits or other special damages suffered by Purchaser. In addition to any other remedies provided by law, defective goods will be rejected by Purchaser and the unit prices thereof will be debited against the invoice covering the shipment in which such goods were included, unless the defects are not discovered until after payment in which case they will be debited against the subsequent invoices.

10. COST OF REWORK- The cost of any rework the Purchaser has to perform to bring delivered goods within manufactured tolerances and specifications in order to meet the requirements of this Order will be deducted from the purchase price.

11. EXPRESS WARRANTY- Seller warrants that for a period of at least two (2) years from the date of delivery to a final end user of the part manufactured or distributed by Purchaser into which have been incorporated goods delivered pursuant hereto (or, if such goods are not incorporated into a component part, for a period of at least two (2) years from the date of delivery thereof to Purchaser), such goods will be free from defects in material, design, workmanship and title, will be fit and sufficient for the purposes intended, will be merchantable, and will conform to any specifications, drawings, samples or other descriptions furnished or specified by Purchaser. Seller agrees to waive the time limitation to which the foregoing warranties are subject in the event that after the applicable warranty period has expired, there are failures of, or defects discovered in, a statistically significant portion of the goods sold hereunder, or a defect is discovered which, in Purchaser's opinion, poses a significant threat of damage to property or to the health or safety of any person.

12. SELLER'S LIABILITY- SELLER SHALL BE LIABLE FOR ALL COSTS, EXPENSES AND DAMAGES, WHETHER DIRECT, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL, OR CONSEQUENTIAL, ARISING FROM A BREACH OF THE AGREEMENT. ANY CONTRARY PROVISION IN ANY OF SELLER'S DOCUMENTS IS HEREBY EXPRESSLY OBJECT TO AND REJECTED.

13. COMPLIANCE WITH LAWS- Seller represents and warrants that all goods delivered and services furnished pursuant to the Agreement conform with applicable federal state and local laws, ordinances and regulations, including the federal Occupational Safety and Health Act, The Fair Labor Standards Act, as amended, including Sections 6, 7, and 12 thereof and orders of the United States Department of Labor issued under Section 14 thereof and ASPR 12-802 "nondiscrimination in Employment. All provisions of Executive Order 11246 as amended, (41 CFR 60-1.4 (A)(7), Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended, (38 U.S.C. 2012) and Section 503 of the Rehabilitation Act of 1973, as amended, (41 CFR 60-741);' and that Seller shall defend and save Purchaser harmless from loss, liability or expense by reason of any actual or alleged violation thereof.

14. TERMINATION

(a) If Seller breaches the Agreement and such breach continues for a period of ten (10) days after Seller receives written notice thereof from Purchaser, Purchaser shall have the right to terminate all or any part of the Agreement without liability. For the purposes of this paragraph, a breach of Agreement includes, but is not limited to, the following: (i) Seller's failure to furnish the goods and/or services to Purchaser at the time(s) specified herein, (ii) Seller's delivery to Purchaser of defective or nonconforming

goods, or (iii) Seller's failure upon request to provide Purchaser with reasonable assurances of future performance.

(b) In the event of termination of the agreement pursuant to the above paragraph, Seller shall be liable to Purchaser for all damages sustained by reason of the breach which gave rise to the termination, including, but not limited to, any additional costs incurred by Purchaser in procuring similar goods and/or services from another source.

(c) Purchaser shall have the right to terminate this Agreement for its sole convenience. In the event of such termination, Seller shall immediately stop all work and shall forthwith cause all of its suppliers and subcontractors to cease work and take any action necessary to protect property in Seller's possession in which Purchaser has or may acquire an interest. Termination by Purchaser under this paragraph shall be without prejudice to any claims or damages or otherwise of Purchaser against Seller. Upon approval by Purchaser, Seller shall be paid a reasonable termination charge consisting solely of a percentage of the purchase price reflecting the percentage of the work performed prior to the notice of termination. Within thirty (30) days after receipt of a termination notice, Seller shall submit its claim. Purchaser reserves the right to verify the claim by auditing all relevant records. Seller shall not be paid for any work performed after receipt of the notice of termination, or for any costs incurred by Seller's suppliers or subcontractors which Seller could reasonably have avoided. In no event shall Purchaser be liable for loss of profits or other cancellation charges. Termination by Purchaser hereunder will be without prejudice to any Claims, or damages or otherwise, of Purchaser against Seller.

(d) Purchaser shall have the right to terminate this Agreement without liability upon the occurrence of any of the following, (i) insolvency of Seller, (ii) the filing of an involuntary or voluntary petition of bankruptcy against Seller; (iii) the execution by Seller of any assignment for the benefit of creditors; (iv) the appointment of a receiver over Seller's assets.

15. INSURANCE- Seller shall maintain insurance coverage in amounts not less than the following; (a) Worker's Compensation -Statutory Limits for the state or states in which the Agreement is to be performed (or evidence of authority to self-insure); (b) Comprehensive General Liability (including Products Liability, Completed Operations Liability and Blanket Contractual Liability) - \$1,000,000 per person (bodily injury or death), and \$1,000,000 per occurrence (property damage), and (c) Automobile Liability (including owned, non-owned and hired vehicles) \$1,000,000 per person (bodily injury or death), and \$1,000,000 per occurrence property damage). At Purchaser's request, Seller shall furnish certificates of insurance setting forth the amounts of coverage, policy numbers and dates of expiration for insurance maintained by Seller. Such certificates shall provide that Purchaser shall receive thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverages. Seller's purchase of insurance coverage and the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under the Agreement. In the event of Seller's breach of this paragraph 15, Purchaser shall have the right to cancel the undelivered portion of any goods and/or services covered by the Agreement and shall not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation.

16. INDEMNITY- to the fullest extent permitted by law, Seller agrees to indemnify, save harmless and defend Purchaser and its affiliated companies, their successors, assigns, directors, officers, employees, agents and customers (collectively, the 'Indemnitees') from and against any loss, liabilities, costs, expenses, suits, actions, claims and all other obligations

and proceedings, including without limitation all judgments rendered against, and all fines and penalties imposed upon, the Indemnitees, and all attorney's fees and any other costs of litigation (collectively, the "Liabilities") arising out of injuries to person, including death, or damage to property caused by Seller, its employees, agent or subcontractors, or in any way attributable to the performance of Seller hereunder, including without limitation, breach of any express or implied warranty, strict liability, or negligence; provided, however, that Seller's obligation to indemnify Purchaser shall not apply to any liabilities solely arising from Purchaser's negligence. Seller agrees to indemnify, save harmless and defend the Indemnitees from and against all Liabilities arising out of actual or alleged infringement of any United States or foreign patent, trademark, copyright or any other proprietary right relative to the goods.

17. AFFIDAVIT AND SECURITY INTEREST- Before final payment is made, Seller shall, if requested, satisfy Purchaser with affidavits or other evidence that there are no outstanding liens for labor or materials against the property of Purchaser or any of its customers by reason of any work done or goods furnished hereunder.

In addition, Seller agrees to grant Purchaser, if requested, a security interest in the goods manufactured for Purchaser hereunder and all related raw materials, components, work in progress and inventory whether owned or hereafter acquired and products and proceeds thereof (the "Collateral") as security of any and all advances or progress payments now or hereafter made. Seller will not sell, assign or otherwise dispose of any Collateral nor create, suffer, or permit to attach or exist any lien encumbrance on the Collateral, except for Purchaser's interest.

18. CONFIDENTIALITY Developments- Purchaser retains ownership of all proprietary data and confidential information disclosed to Seller by or on behalf of Purchaser in connection with the Agreement. Seller agrees not to use any proprietary data except as necessary to complete the Agreement. Seller shall NOT disclose any confidential information or proprietary data to any third-party without the prior written consent of Purchaser. For purposes hereof, "Proprietary Data" and "Confidential Information" includes all tools, patterns, drawings or equipment supplied by Purchaser or if supplied by Seller especially for this Order, the cost or substantially all of the cost of which is included in the price to be paid for the goods ordered hereunder and relating to or for use in the manufacturing of goods sold hereunder, all design, engineering and technical information (whether patentable or not) and other information concerning Purchaser's trade secrets, including, but not limited to Purchaser's manufacturing methods or processes, treatments and chemicals composition, plant layout and tooling. Seller agrees that where Seller undertakes activity of a research, development, and/or design nature using Proprietary Data and Confidential Information to produce a design or product specification, including materials (collectively "Work Product"), Purchaser shall own all rights in any such Work Product and in any invention, discovery, know-how, and trade secret, and copyright relating to or incorporated in any such Work Product, and Seller, at Purchaser's expense, shall execute all documents and do all things necessary to enable Purchaser to obtain full legal title to and in such rights.

19. GENERAL

(a) Entire Agreement. Seller and Purchaser expressly stipulate and agree that the Agreement contains the entire agreement and understanding relating to this transaction and that there are no other agreements or understanding, expressed or implied, verbal or written, between them concerning the same.

(b) Severability. If a provision of the Agreement is held to be invalid or unenforceable, the Agreement shall continue in full force and effect and shall be construed as if the invalid or unenforceable provision was omitted.

(c) Waiver. No waiver of any breach of the agreement shall be construed as a waiver of any prior, concurrent or subsequent breach hereof.

(d) Governing Law. The Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, and venue for any action pursuant hereto shall be in the appropriate state court in Kenton County, Kentucky, or federal district court for the Eastern District of Kentucky located in Covington, Kentucky. Neither the 1980 United Nations Convention on Contracts for the International Sale of Goods nor the United Nations Convention on the Limitation Period in the International Sale of Goods will apply to this Agreement or any transaction under it. Buyer and Seller hereby agree that any dispute which may arise between them arising out of or in connection with this Agreement shall be adjudicated before a court located in Kenton County, Kentucky and they hereby submit to the exclusive jurisdiction of the federal and state courts located in Kenton County Kentucky with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement, and consent to the service of process in any such action or legal proceeding by means of (i) registered or certified mail, return receipt requested, in care of, with respect to Seller, Seller's Florence, Kentucky address, and with respect to Buyer, any such address as Buyer has, from time to time, furnished to Seller in writing, or (ii) such other manner as may be permitted by applicable law.

(e) Arbitration. Any controversy or claim, legal or equitable, arising out of or relating to the Agreement, or the breach thereof, shall be settled by an arbitration procedure agreed to by the parties, or absent such an agreed arbitration procedure, in accordance with the commercial Arbitration rules of the American Arbitration Association. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitration proceeding shall take place and the arbitration award shall be given in writing in Cincinnati, Ohio unless the parties agree otherwise.

(f) Assignment. Neither the Agreement nor any rights or benefits hereunder are assignable by Seller without the prior written consent of Purchaser. Any such prohibited assignment shall be null and void.

(g) Attorney's Fees. In the event that Purchaser is the prevailing party in any action, proceeding or arbitration between Purchaser and Seller concerning the interpretation and/or enforcement of any of the terms or provisions of the Agreement, Seller shall be liable to Purchaser for all costs, including reasonable attorney's fees, incurred by Purchaser with respect to such action, proceeding or arbitration.