

General Terms and Conditions for the Procurement of licenses for standard software by RUAG companies with their place of business in Switzerland (GTC-P Licenses)

1. Scope and validity

- 1.1 These GTC-P Licenses provide for the conclusion, content and performance of license contracts of RUAG for the procurement of standard software.
- 1.2 These GTC-P Licenses shall be considered accepted if licensor submits an offer to RUAG or confirms an order of RUAG. General Terms and Conditions of licensor are explicitly excluded.

2. Offer and order

- 2.1 The offer is free of charge unless specified otherwise in the request for proposal.
- 2.2 The offer is binding during the period mentioned in the request for proposal or in the offer. If there is no respective information, licensor is bound for 4 months from the period of the offer.
- 2.3 If the offer deviates from the request for proposal,, licensor shall explicitly point this out.
- 2.4 Orders are only binding if they are placed in writing. Electronic orders are binding if this is foreseen in a written agreement between the parties.

3. Execution

- 3.1 Licensor shall supply the standard software to RUAG online or on data carrier in the agreed language and number.
- 3.2 Licensor shall inform RUAG at once about all circumstances, which might jeopardize, facilitate or reduce the price of the contractual performance and shall obtain all required specifications. This also includes the change of sublicensors and subcontractors.
- 3.3 If for the execution RUAG premises have to be entered, Licensor shall comply with RUAG's company regulations, in particular with the safety regulations and house rules, which he will be handed upon request.

4. Rights of use

- 4.1 Within the contractual purpose RUAG is given a temporally, spatially and factually unlimited, non-exclusive, transferrable right to use the standard software within the purpose of the contract. Licensor undertakes to base no rights on the intellectual property rights of this software, which could be opposed to the foreseen rights of use and distribution regarding the subject matter of contract.

In particular this right includes the use of the standard software on the hardware specified in the contractual document and its successor systems. For a changed operating system or higher performance class the modification and extension of the right of use requires the approval of licensor. He may only deny the approval for important reasons. The changes and extensions of the rights of use are calculated according to the original cost rate.

- 4.2 For data back-up and storage purposes RUAG may make copies of the standard software. In case of a failure of the contractually specified hardware it is entitled to use the standard software on a replacement hardware without any additional compensation.
- 4.3 For the rest the intellectual property rights (copyrights, patent rights etc.) shall remain with licensor or third parties. As far as third parties are entitled to rights, licensor guarantees that he disposes of the respective rights of use, disposal and sale.
- 4.4 Both parties are entitled to use and dispose of ideas, procedures and methods which are not protected by law, but without being under the obligation to disclose them.

5. Documentation

- 5.1 Licensor shall supply to RUAG, together with the software, a complete, reproducible documentation for the installation and operation of the software (in electronic or paper form) in the languages and number agreed upon in the contractual document.
- 5.2 RUAG may copy and use the documentation as specified in the contract. In particular, RUAG may give the end-user the documentation intended for him

- 5.3 Licensor shall promptly update the documentation as far as necessary.

6. Scope of maintenance services

- 6.1 Maintenance includes troubleshooting, the correction of program errors as well as the adjustment and enhancement of the standard software. Unless otherwise provided for in the contractual document, new functionalities and the respective rights of use are included in the remuneration for the maintenance of the software. Licensor provides his maintenance services according to the standby-, reaction- and troubleshooting times agreed upon in the contractual document.
- 6.2 Upon request licensor shall help to diagnose the cause of a fault resulting from the interaction of several systems or components. If the licensor can show that the fault was not caused by the software for the maintenance of which he is responsible, RUAG shall be billed separately for this service.
- 6.3 Upon RUAG's request and against separate remuneration:
 - licensor shall also provide his services outside the maintenance standby time;
 - maintenance also includes the necessary adjustment of the standard software on operating-, data base- and carrier systems changed by RUAG;
 - licensor also eliminates errors caused by circumstances, for which RUAG or third parties are responsible.
- 6.4 Licensor informs RUAG on a regular basis about the enhancement of the standard software which may be of interest for maintenance. In particular he calls RUAG's attention to the consequences of the enhanced standard software for the hardware. The delivery or installation of enhanced standard software may only take place with RUAG's approval.

7. Distribution of the product

In the event that RUAG intends to forward the standard software as part of its services, it also has the right for distribution. In particular this includes the right for sublicensing to the end user and, if agreed in the contractual document, the right to conclude license contracts with the end user as an intermediary agent for the licensor, so that the end user has the non-transferrable and non-exclusive right to the full or partial utilization of the standard software. The right for distribution also includes the right to lease the standard software and to provide services in connection with the standard software.

8. Remuneration

- 8.1 Remuneration shall be in the form of a one-time payment or a recurring fee. Maintenance and support services may be charged according to expenditure. In this case licensor shall disclose the cost types and cost rates in his offer.
- 8.2 The remuneration compensates for all services required for the proper performance of the contract. In particular it covers installation-, test- and documentation costs for a possible initial instruction, the expenses (particularly for subsistence, travel and accommodation) the license fees, possible agreed maintenance and support services, transport packaging costs as well as public charges such as taxes and customs duties.
- 8.3 The use of the standard software during the test period is free of charge.

9. Terms of payment

- 9.1 Unless otherwise agreed, the payments become due upon acceptance. RUAG pays invoices made out after the due date within 45 days after receipt of the invoice.
- 9.2 RUAG reserves the right to return incorrect, unverifiable invoices for correction. The term of payment starts anew with corrected invoicing.
- 9.3 If partial payments (downpayments and instalments) are agreed upon, RUAG may request securities from licensor at his expense.

10. Changes to contractual specifications

- 10.1 Licensor shall inform RUAG about all developments, which for technical or economic reasons invite for specifications to be modified.

10.2 The parties may request changes to the agreed contractual specifications in writing at any time. If RUAG should want a change, licensor shall inform in writing within 20 calendar days, whether a change is possible and what consequences it will have for the performance to be provided and for the remuneration including deadlines. RUAG decides within the same period whether the change is to be realized. If licensor should want a change, RUAG shall approve or refuse the substantiated application within the same period.

10.3 Prior to their realization the change of contractual specifications and possible adjustments of remuneration, deadlines and other points of the contract are laid down in a written amendment to the contract. The adjustment of the remuneration is calculated according to the rates of the original cost basis.

11. Delivery times and default

11.1 If the parties have agreed upon an exact deadline for performance, Licensor, n case he does not meet the deadlines so fixed, comes into default without further ado; in the other cases after reminder by RUAG and granting of a reasonable respite.

11.2 Without the written approval of RUAG neither part deliveries nor advance deliveries are permitted.

11.3 RUAG shall be notified immediately in writing of each emerging default of licensor.

11.4 If licensor comes into default, he owes an amount of 1% of the entire remuneration per day of delay with a maximum of 10% of the total remuneration. In case of recurring remuneration licensor owes an amount of 10% of an annual remuneration with a maximum of an annual remuneration. The payment is also owed if the services are accepted without reservation. This payment does not relieve licensor from the other contractual obligations; however, it is credited against the compensation for damages to be paid. Personal negligence of RUAG and Force Majeure remain reserved.

12. Place of performance

12.1 Unless otherwise agreed, the premises of RUAG are the place of performance. Title and risk are transferred to RUAG at the place of performance.

13. Test period and acceptance

13.1 RUAG tests the standard software during the agreed test period, which lasts at least 30 days. In case of installation by licensor the test period begins after completed installation.

13.2 If during the test period or during the acceptance inspection major defects are detected, acceptance is postponed. Licensor remedies detected defects immediately and notifies RUAG of a new acceptance date.

13.3 If during the acceptance inspection minor defects are detected, acceptance takes place anyway with the completion of the acceptance inspection. Licensor immediately rectifies detected defects.

13.4 If RUAG does not request an acceptance inspection, the standard software is considered accepted with the successful start of the productive operation.

13.5 The delivery of an inspection report with complaints is considered a notification of defects.

14. Warranty

14.1 Licensor as specialist and in awareness of its purpose warrants that the standard software shows the agreed material and legal properties and is suitable for the specified use. Licensor expressly warrants that he is entitled to deliver and/or provide to RUAG the standard software and the services, and that no legally effective third party rights are opposed to the use of the standard software.

14.2 Defects are to be notified within 60 calendar days after their detection. Unless otherwise agreed in the contractual document, the warranty rights lapse within 180 days after successful putting into operation of the standard software or acceptance, unless licensor knew or should have known about the defect. Maliciously concealed defects can be asserted during a period of ten years after acceptance. If the standard software is defective, RUAG can request rectification. Licensor rectifies the defect within the specified period and bears all resulting costs.

14.3 If licensor has not provided any requested rectification or not provided it successfully, RUAG can claim damages and:

- a) can deduce an amount corresponding to the reduced value from the remuneration; or

b) withdraw from the contract in whole or in part, but only in case of major defects; or

c) demand the necessary documents (particularly the source code) – as far as no legal or contractual provisions are opposed to this – and perform the respective measures at licensor's risk and expense or have them performed by a third party, but only in case of major defects.

14.4 Support services by licensor during the warranty period are considered rectifications of defects, unless licensor can prove otherwise.

15. Investment protection

15.1 Licensor warrants to RUAG for at least 6 years after expiry of the warranty period the compatibility of the standard software with licensor's developments.

15.2 Upon RUAG's request licensor maintains and supports the standard software for at least 6 years after expiry of the warranty period according to the applicable General Terms and Conditions of RUAG. After expiry of the warranty period the support services of licensor are provided against payment and at competitive conditions.

15.3 If licensor (due to garnishment, impending bankruptcy, composition procedures or other reasons) can no longer provide his services or have them provided by third parties at the same conditions or offer an economically equivalent alternative, RUAG can provide the services itself or have them provided by third parties. In this case RUAG is entitled, without further ado, to access the source code and use it, as far as this is required for the maintenance and support of the standard software.

15.4 To protect the obligations to hand-out based on warranty or software maintenance and support, RUAG may request at any time that at licensor's expense the source code is deposited with a trustworthy company or third parties or protected by technical measures, deposited on a system designated by RUAG and kept up-to-date. This provision does release licensor from his obligation to provide the services.

16. Export regulations and authorizations

16.1 Licensor keeps informed at all times about national and international export regulations (e.g. ITAR) and notifies RUAG immediately in writing if contractual services are subject to these provisions in whole or in part. This obligation applies beyond the duration of the contract.

16.2 Unless expressly otherwise agreed in writing, licensor takes all measures required to obtain further official authorizations or licenses required for the provision of the services. Where RUAG has to apply for such authorizations or licenses, Licensor provides RUAG with appropriate support, particularly for the procurement of needed information and data.

17. Infringement of intellectual property rights

17.1 Licensor shall contest at its own cost and risk any third party claims arising from infringement of intellectual property rights. If a third party initiates a lawsuit against Licensor, he shall inform RUAG immediately in writing. If the third party raises direct claims against RUAG, licensor shall participate, upon RUAG's first request, in the lawsuit according to the possibilities of the respective legal procedure. Licensor undertakes to bear all costs (including damages) accruing to RUAG from the lawsuit and its possible settlement out of court. In case of a settlement out of court licensor shall only assume the payment to the third party, if he has previously agreed to it.

17.2 If due to raised claims from intellectual property rights it is made impossible for RUAG to use the contractually owed services in whole or in part, licensor has to either change his performance in such a way that they not infringe on third party rights and still correspond to the contractually owed performance, or obtain at his expense a license from the third party. If licensor does not realize one of these possibilities in due course, RUAG may rescind the contract at once and ask licensor to return the respective services against full refund and indemnification.

18. Confidentiality

18.1 Both parties shall treat in strict confidence all information, which is neither generally known nor generally accessible, and shall use it only for the purpose of fulfilling the concluded contract. Moreover the parties shall ensure the confidential treatment by their personnel and consulted specialists. In case of doubt, all information is to be treated confidentially.

18.2 Confidential information of a party does not include information which:

- was already known to the other party, before it was made accessible by the disclosing party;

- is or becomes generally known without the other party's responsibility;
- was disclosed to the other party by a third party without any transfer restriction;
- was developed by the other party itself without using or referring to the confidential information of the protected party;
- has to be disclosed based on a legally binding decision of a law court, administrative or other authority. In this case the party under the obligation to disclose has to inform the other party immediately about the decision and support protective measures the other party may want to take.

18.3 This obligation of confidentiality already exists prior to the conclusion of the contract and remains valid for a period of 3 years after termination of the contractual relationship.

18.4 Without the approval of the other party the disclosure of information to third parties is not permitted. The companies of the RUAG Group, particularly the RUAG Holding AG as well as its subsidiaries and enlisted specialists (lawyers, auditors, experts) are not third parties in terms of this agreement. If the approval is given, the obligations of confidentiality are to be transferred to the receiving third party.

18.5 Advertising and publications about specific services in connection with the contractual relationship require the written approval of the other party. Without the written approval of RUAG licensor may not advertise the fact that cooperation between the parties exists or existed, and may not give RUAG as a reference.

18.6 If a party violates the above-mentioned obligations of confidentiality, it owes, unless otherwise agreed, a payment to the other party, unless it can prove that it was not at fault. For each case the payment amounts to 10% of the total remuneration respectively 10% of the annual remuneration in case of a recurring remuneration, but no more than CHF 50'000.00 per case. This payment does not relieve the respective party from the obligation of confidentiality; but it is credited against the damages to be paid. Possible penal consequences remain reserved.

19. Data protection

19.1 The parties commit themselves to adequate data protection, corresponding to Swiss legislation. In particular they undertake to take economically, technically and organizationally reasonable measures to protect the data affected by contract performance effectively against unauthorized knowledge by third parties.

19.2 Personal data may only be processed for the purpose and to the extent required for the fulfillment of the contract and for safeguarding a high service and security standard. To this extent and for this purpose personal data may also be passed on to another company of the RUAG Group and to domestic and foreign business partners, as far as legally admissible.

19.3 The parties transfer these commitments to their sublicensors, sublicensees, subcontractors and other third parties enlisted for the fulfillment of the contract.

20. Compliance

20.1 Licensor complies with applicable legal standards, particularly with the competition and antitrust laws, industrial safety and child protection provisions (e.g. regarding conflict commodities), the prohibition of trafficking in women and with the core conventions of the International Labor Organisation, as well with the provisions against counterfeits or for the protection of the environment and of health.

20.2 Licensor commits himself not to accept financial or other favors, if in return the giving party expects an unjustified advantage or is rewarded. He also commits himself to observe the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions concluded within the OECD on 17 December 1997 also in private business transactions.

20.3 Licensor shall commit his personnel, sublicensors, subcontractors and other third parties enlisted for the fulfillment of the contract contractually to compliance with this article.

20.4 If Licensor violates the above-mentioned compliance commitments, he shall owe a contractual penalty, unless he can prove that he was not at fault. For each case of violation this penalty amounts to 10% of the total remuneration or 10% of an annual remuneration in case of a recurring remuneration, but no more than CHF 50'000.00. This payment does not relieve licensor from his contractual obligations.

21. Termination of contract

21.1 If a license contract is concluded for an indefinite time period and with recurring remuneration, it may be terminated by RUAG as of the end of a calendar month, observing a period of notice of 30 days. Support services may be terminated separately by RUAG at any time, after 6 years at the earliest by licensor. The period of notice is 3 months.

21.2 A license contract may be terminated at any time without notice if the other party is in severe breach of contract. Claims for damages and claims of RUAG for further use of the software remain reserved. In all these cases the remuneration is calculated pro rata temporis.

21.3 RUAG shall destroy the original software and any copies and shall on request, submit confirmation within 30 days of the termination of the contract. In justified cases RUAG may keep a copy of the standard software for archiving purposes.

22. Assignment and pledging

The contractual relationship or rights and duties therefrom can only be assigned or pledged after previous written approval of the other contracting party. Apart from that RUAG may assign rights and duties from the contract to another company from the RUAG Group at any time.

23. Applicable law and jurisdiction

23.1 For the rest material Swiss law shall apply, excluding the rules of conflicts of legal systems (in particular Federal Law on International Private Law of 18.12.1987). The United Nations Convention on Contracts for the International Sale of Goods shall be expressly excluded.

23.2 For all disputes arising out of or in connection with the contractual relationship only the law courts at the domicile of RUAG shall be competent.