

MATERIAL PURCHASING TERMS & CONDITIONS

These T & C's apply to all Atlantic Marine Holding Companies and all its affiliates and subsidiaries.

Notwithstanding any acceptance or acknowledgment sent by Seller containing additional or different terms and conditions, performance by Seller shall be deemed an acceptance of the terms hereof.

1. **ORDER OF PRECEDENCE:** In cases of conflict between documents associated with this Purchase Order (herein P.O.) the order of precedence for such disputed matters is as follows:
 - i. P.O. and Material Purchasing Terms and Conditions;
 - ii. P.O. supplements;
 - iii. Material specifications;
 - iv. Exhibits, attachments and specifications provided to the Seller for goods and services defined as the scope of work for this P.O.

The terms and conditions in the text of the P.O. which specifically conflict with a term or condition contained herein shall be controlling.

2. **PRICE:** Seller warrants that the prices for goods covered by this contract shall not be greater than those quoted or last charged to Purchaser unless so specified on the face of this contract. Seller further warrants that the prices are the lowest prices charged by Seller to purchasers of a class similar to Purchaser under conditions similar to those specified under this contract and do not exceed the prices allowed by law. Seller warrants that all discounts and allowances are as favorable as those then offered by Seller to purchasers of a class similar to Purchaser. Seller further warrants that any price reduction made with respect to goods or services covered by this contract subsequent to the placement of this contract will be applicable to this contract. No charges in addition to those indicated in the body of this contract will be allowed, except with Purchaser's prior written approval.
3. **PAYMENT:** Payment is contingent upon receipt and acceptance of goods at final destination. Discount periods shall be calculated either from the date of receipt of acceptable invoices or from the date of receipt and acceptance of goods, whichever is later. Errors, omissions or delays in receiving invoices shall be considered just cause for withholding payment without loss of cash discount privilege.
4. **DELIVERIES:** Purchaser's production schedules are based upon the agreement that goods or services will be delivered to Purchaser by the date specified on the face of this contract. Time is therefore of the essence in this contract. If Seller shall fail to make delivery or to render timely performance, Purchaser has the right to cancel, purchase elsewhere, or hold Seller accountable for any additional costs, charges, fees or damages incurred by Purchaser in addition to any and all other remedies available under law.

Seller shall suitably pack, mark and ship in accordance with its normal procedure, the requirements of common carrier, and any written instructions from Purchaser. Purchaser's P.O. Number and part numbers and Seller's packing list number must be shown on all invoices, packing lists, bills of lading, and other necessary shipping documents. Seller shall secure the lowest cost transportation available consistent with the service required. Delivery of goods or services shall not be deemed to be complete until actually received and accepted by Purchaser. Notwithstanding any agreement to pay freight, transportation charges, payment or advances on account, title and risk of loss or damage shall be on Seller. Purchaser's count will be accepted as final and conclusive on all shipments. At Purchaser's option items delivered in error shall be returned at Seller's expense. Seller shall be responsible in all events for all goods delivered short or damaged to the P.O. specified delivery point. Seller will be responsible beyond such point if the Purchase Order specified delivery point has been designated by the Seller. Seller agrees to assist in tracing lost or delayed shipments on request of Purchaser.

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5. **INSPECTION:** All goods shall be subject to inspection by Purchaser or its designee at all reasonable times, including inspection during manufacture. If such inspection or any testing shall be performed on Seller's premises, Seller shall provide, without charge, reasonable facilities and assistance for such inspection. Inspection and approval by Purchaser at Seller's plant does not preclude rejection for defects upon discovery by subsequent inspection. Any goods rejected by Purchaser shall be promptly repaired or replaced at Seller's expense. Any and all costs incurred by Purchaser in connection with the return of goods rejected by Purchaser as defective, shall be for the account of Seller. If this contract is placed by Purchaser under a Government contract, the Government shall have the same rights of inspection as Purchaser.
6. **QUALITY AND OWNERSHIP:** Seller warrants that it has good and merchantable title to the goods sold hereunder and that said goods shall conform to the description and applicable specifications and samples. Such goods shall be of good merchantable quality and fit for the known purpose for which sold and are free and clear of all liens and encumbrances. This is in addition to any warranty of service guarantee given by Seller to Purchaser or provided by law.

Seller warrants that if any goods furnished by Seller hereunder fail to conform to the prescribed specifications, or are otherwise found to be defective, excluding wear and tear resulting from normal use, within one (1) year from date of initial operation or usage but not to exceed twenty-four (24) months from date of receipt by Purchaser, such goods shall be promptly repaired or replaced at Seller's expense.

7. **TOOLING:** If the contract includes jigs, dies, fixtures, patterns, or special test equipment and manufacturing aids (hereinafter referred to as tooling) used in the manufacture of the articles, such tooling and drawings thereof become the property of Purchaser or its customer immediately upon payment therefore. Tooling shall be used only for production for Purchaser and shall be kept in good condition, including necessary replacement, without expense to Purchaser, except that the cost of changes due to Purchaser's change of design shall be paid for by Purchaser. Seller shall maintain property control records for such tooling and shall promptly furnish Purchaser a list thereof upon request. Following completion or termination of this order, Seller shall hold all such tooling free of charge for six months following its furnishing of said inventory to Purchaser, and any such tooling Purchaser orders returned to it shall be delivered f.o.b. Seller's plant, properly crated for U.S. shipment. No crating charge is to be included in Seller's quotations unless expressly requested by Purchaser.
8. **PATENTS:** Seller warrants that the use of sale of any goods purchased hereunder will not infringe on any U.S. or foreign patent, trademark, copyright or any other property right (except infringement necessarily resulting from adherence to specifications or drawings, other than those of Seller's design or selection, originally submitted to Seller by Purchaser) Seller undertakes and agrees to defend at Seller's own expense, all suits, actions, or proceedings in which Purchaser, its parent and the respective subsidiaries and affiliates, is made a defendant for actual or alleged infringement of any such U.S. or foreign patent, trademark, copyright or other property right resulting from the use or sale of the goods purchased hereunder and further agrees to pay and discharge any and all judgments or decrees which may be rendered in any such suit, action or proceeding against Purchaser.
9. **TERMINATION, CANCELLATION AND SUSPENSION:** If Seller shall be adjudged bankrupt, or become insolvent or file for voluntary bankruptcy or be subjected to involuntary bankruptcy proceedings, or enter receivership proceedings, or make an assignment for the benefit of creditors, or if Seller should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to supply enough properly skilled workmen or proper materials, or if Seller should fail to make prompt payment to subsuppliers for material or labor, or otherwise is guilty of a violation of any provision of this agreement, including delivery delays beyond fifteen(15) days after specified delivery date, then Purchaser, without prejudice to any of the other rights or remedies expressly provided by law, may terminate this agreement, or any part hereof, by written notice to Seller

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Upon fifteen (15) days prior written notice, Purchaser at its own option, may suspend performance, for a reasonable time, of all or any portion of this contract at any time and for any reason. In such event, Seller's exclusive remedy shall be to deliver to Purchaser the termination and to obtain reimbursement from Purchaser for Seller's reasonable and necessary costs actually incurred up to the point of such suspension which are directly incident to the items so suspended. Purchaser shall in no event be liable for any loss of anticipated profits on items under suspension nor for any incidental loss or consequential damages, nor for any other associated charges of any nature.

Upon thirty (30) days prior written notice, Purchaser at its own option, may cancel this contract at any time, whether or not Seller is in default of any of its obligations hereunder. Upon any such cancellation, Seller agrees to waive any claim for damages, including loss of anticipated profits on account hereof. However, Purchaser agrees that Seller shall be paid an amount which when added to all installments previously paid will equal the sum of all costs properly incurred prior to the date of cancellation, plus earned profit on such incurred costs, but in no event shall such amount be greater than the purchase price. Such earned profit shall bear the same relationship to such incurred costs as the profit increment of the purchase price bears to the cost increment of such purchase price.

Purchaser reserves the right to verify the amounts of any cost and profit increments claimed by Seller, through an audit of Seller's records.

10. **DELAYS:** Without relieving Seller of its obligation and/or liabilities hereunder, Seller shall immediately report in writing to Purchaser any projected or actual delay whatsoever in deliveries and/or completion as defined in the subject P.O. whatsoever and its cause and proposed remedy. Seller shall continue to keep Purchaser informed and shall take all reasonable action to remedy, mitigate, and/or eliminate the cause of delay. Failure to inform the Purchaser of any such delays shall constitute default by the Seller.
11. **PERMITS:** Except as otherwise specified herein, Seller shall obtain and pay the fees for all permits and licenses and other charges, including but not limited to regulatory body and classification society fees. This P.O. is conditioned upon such permits and/or certificates being made available to the Purchaser prior to the test, delivery, and/or completion (including final payment) of the P.O.
12. **COMPLIANCE WITH LAWS:** Seller agrees that all work performed incident to this contract and that all goods furnished under this contract shall conform with all applicable federal, state and local laws, regulations, ordinances, proclamations, demands, requisitions and executive orders, and all amendments thereto which may now or hereafter govern performance hereunder, all of which are incorporated herein by reference.

Seller warrants and agrees that it has used and will continue to use due diligence to ensure that during the performance of this contract no officer, employee, agent or other representative of Seller has made or will make any payment in violation of any applicable federal, state or local law or regulation, and all amendments thereto.

Seller shall supply evidence of compliance as Purchaser may require and agrees to the fullest extent permissible by law, to indemnify and hold Purchaser harmless and defend Purchaser with respect to any claims, actions or the like arising due to the Seller's failure to so comply.

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13. **WARRANTY:** Seller represents and warrants: that the goods and/or services herein described are fit for the use intended, are merchantable, and are free from any and all defects in design, workmanship, and material, and are in strict accordance with any plans, drawings, models, specifications, and regulatory body rules whether provided by Purchaser or Seller. Seller agrees to repair, replace, or to the satisfaction of the Purchaser, Purchaser's customer, and regulatory bodies at Seller's sole cost, any goods, or workmanship which shall be found to be defective within eighteen (18) months after delivery or twelve (12) months after the physical delivery of the vessel or other item to the Purchaser's customer to which this P.O. pertains whichever occurs last. All costs and damages in connection with breaking this warranty shall be borne by Seller. Seller's agreement to replace defective goods and/or repair defective or unacceptable workmanship shall be cumulative of other remedies available to the Purchaser, including compensation to Purchaser and Purchaser's customers for damages. Any inspection, test, acceptance, or use of the goods furnished thereunder shall not diminish Seller's warranty obligations. Seller will cause to be issued to Purchaser from a bank acceptable to Purchaser, a letter of credit, in the form(s) and in an amount stipulated by Purchaser in the P.O. as security for Seller's warranty obligations. Purchaser shall have the right to assign any and/or all of the above warranties to any third party.

14. **LIABILITY AND INDEMNITY:** Seller agrees to completely defend and indemnify Purchaser, its parent, subsidiaries and affiliates, as well as the employees and agents of Purchaser, its parent, subsidiaries and affiliates against any and all claims, liabilities, expenses, losses, demands, fines and causes of action caused by or arising out of Seller's actual or alleged acts or omissions or the actual or alleged acts or omissions of Seller's agents, servants or employees; provided however, that Seller shall not be responsible to Purchaser, its parent, subsidiaries and affiliates from damages arising out of bodily injury and/or death or property damage which is the result of Purchaser, its parent, subsidiaries and/or affiliates' negligence. The Seller's defense and indemnity requirements, as set forth above, shall also extend to any third party or governmental agency acquiring an interest hereunder in connection with this contract. To the extent that state and/or federal law limits the terms and conditions of this contract, it shall be deemed so limited to comply with such state and/or federal law. This clause shall survive termination of this contract.

15. **INSURANCE:** Seller shall take out, carry and maintain in insurance company or companies, and in policies of insurance acceptable to Purchaser, the following insurance with limits not less than indicated for the respective items:
 - a) **Worker's Compensation and Occupational Disease Insurance**, including Employers Liability Insurance and USL&H endorsement with waiver of subrogation in favor of Purchaser and complying with the laws of the State in which the work is to be performed or elsewhere as may be required.
 - b) **Comprehensive General Liability Insurance,*** including Contractual Liability and Products Completed Operations Liability with waiver of subrogation in favor of Purchaser as well as coverage on all Seller's equipment (other than motor vehicles licensed for highway use) owned, hired or used in performance of this contract with limits not less than \$2,000,000 - Bodily Injury and Property Damage combined, each occurrence and aggregate.
 - c) If performance of this contract requires the use of motor vehicles licensed for highway use, Seller shall provide the following insurance:

Automobile Liability Insurance,* including Contractual Liability with waiver of subrogation in favor of Purchaser, covering all motor vehicles owned, hired or used in the performance of this contract, with limits not less than \$1,000,000.

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*Must cover Purchaser as an additional insured and policy shall contain the following language: "Naming Purchaser as an additional insured shall not prevent recovery in any situation in which recovery would have been available had Purchaser not been named additional insured".

When requested by Purchaser, Seller shall provide certificates of insurance to Purchaser evidencing coverage of such insurance during the term of this contract. Such certificates shall provide that ten (10) days advance written notice shall be given to Purchaser in the event of any material change in, or cancellation of, such insurance.

Upon the reasonable request of Purchaser, Seller shall also provide certificates of insurance to Purchaser evidencing such insurance, covering periods subsequent to the term of this contract. The preceding sentence shall survive the termination of this contract.

The insurance requirements set forth herein shall not in any way limit the Seller's liability arising out of this contract or otherwise.

16. **INDEPENDENT CONTRACTOR:** Seller agrees that he is an Independent Contractor in the performance of any work hereunder and that neither he nor his employees shall be considered employees of Purchaser. Purchaser shall not be responsible for the direct payment of any of Seller's withholding taxes, social security payments, payments under worker's compensation or other insurance premiums, or other charges of any kind or nature, except as specifically outlined herein.

Seller hereby certifies that he will comply with the Fair Labor Standards Act and will deduct and pay over to the proper governmental authority, any withholding taxes or similar assessments which an employer is required to deduct and pay over and Seller accepts exclusive liability for any payroll taxes or contributions imposed by any federal, state or other governmental authority, covering its agents or employees.

17. **TAXES:**

Except as otherwise provided in this contract the price includes all applicable federal, state and local taxes except Sales and Use Taxes, duties and import fees. Seller shall supply evidence of compliance to Purchaser as Purchaser may require.

SALES AND USE TAXES

For material purchased for use at shipyards in the State of Alabama, the corporations maintain Direct Pay Permits with the Alabama taxing authorities. Therefore, Sales and Use Tax should not be charged to the corporations. Upon request, a copy of such Direct Pay Permits will be provided by Purchaser to Seller.

For material purchased for use at shipyards in the State of Florida:

Because most material purchases are for use in the repair or construction of marine vessels, the corporations are generally exempt from Sales and Use Taxes. In this regard the Seller will be issued the appropriate Blanket Certificate of Resale.

In those cases where Sales and Use Taxes apply the Purchaser will notify the Seller to charge and collect the appropriate taxes.

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18. **NONDISCLOSURE AND OWNERSHIP:** Ownership of, and all rights with respect to any goods purchased under this contract, including all creative ideas incorporated therein, all preliminary materials, sketches, layouts, tooling, molds, dies, negatives, photographs, designs, blueprints or specifications relating thereto shall be vested exclusively in Purchaser's company. Purchaser may copy or reproduce any and all goods purchased hereunder for any and all purposes and may use the same in any and all media as often as it may so desire.

All plans, drawings, designs and specifications supplied by Purchaser to Seller shall remain the property of Purchaser, and any information derived therefrom or otherwise communicated to the Seller, shall be regarded by him as strictly confidential and shall not without the prior written consent of Purchaser be disclosed to any third party.

Seller shall, upon Purchaser's request, promptly return all property, drawings, specifications or like material to Purchaser.

Seller agrees to and does hereby grant to Purchaser, to the full extent of Seller's rights to do so without the payment of compensation to others, the right to reproduce, use and disclose for Governmental or other purposes all or any part of the reports, blueprints, drawings, data and technical information specified to be delivered by Seller to Purchaser under this contract, provided however, that nothing contained in this clause shall be deemed directly or by implication, to grant any license under any patent now or hereafter issued.

This Clause shall expressly survive termination or expiration of this Agreement.

19. **LIENS:** Without any additional action by Seller, Seller's acceptance of this purchase order includes a full waiver of and release of all liens, encumbrances and other rights in rem (perfected or unperfected) in respect of the goods and services covered by this order. The waiver and release by Seller hereunder includes the following additional warranties by Seller: (i) that all Sellers' subcontractors, vendors, materialmen, suppliers, journeymen, mechanics, laborers, and all other legal entities who have furnished labor, material, or services towards the performance of Seller's obligations under this purchase order have been paid and satisfied in full; (ii) that there are no unsatisfied claims nor any other indebtednesses outstanding concerning the goods and Sellers' performance of this purchase order; (iii) that it has made no hypothecation of sums owing to it which would require that another person or legal entity receive payment; (iv) that it has not committed default of any bond or other third party guarantee or security device in respect of the goods and this purchase order; (v) that the goods furnished pursuant to the is purchase order are not subject to fine, seizure, or forfeiture, in whole or in part; and (vi) that no penalty of any nature whatsoever can be assessed against any of the goods nor any property to which it becomes a fixture, accession, or component part.

All of the foregoing are continuing actions and undertakings of the Seller throughout the performance of this purchase order.

Seller warrants that all the foregoing are true and correct, and Seller undertakes that it shall save, hold, and keep harmless Purchaser from all losses whatsoever, whether such losses are occasioned by debt, account, lien, encumbrance, forfeiture, fine, seizure, hypothecation, property damage, personal injury, statutory lien rights, or other operation of law.

In addition to the foregoing, Purchaser, at its sole option, may request from Seller, and Seller will provide, a full and complete Waiver of Liens and Indemnification against Liens in a form satisfactory to Purchaser from Seller and from all of Seller's factors, other financiers, materialmen, subcontractors, and suppliers (herein "subordinates") having performed or supplied any portion of the goods or services. Hereunder, at any time, Purchaser, at its sole option, may also request from Seller, and Seller will provide, Purchaser with proof including affidavits and waiver

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of liens showing payments and release of all duties, taxes, liens, claims, charges and obligations arising by operation of law and otherwise out of Seller's and its subordinates' performance of the work hereunder and Purchaser may withhold funds due to Seller hereunder to assure itself of the discharge of all such obligations, or to satisfy any requirements of law relating to such claims against Seller and its subordinates.

20. **FORCE MAJEURE:** If, because of force majeure, either party hereto is unable to carry out any of its obligations under this contract, other than the obligations to pay money due hereunder, and if such party promptly gives to the other party hereto written notice of such force majeure, then the obligations of the party giving such notice shall be suspended to the extent made necessary by such force majeure and during its continuance, provided that the party giving such notice shall use its best efforts to remedy such force majeure insofar as possible with all reasonable dispatch. The term "force majeure" as used herein shall mean any causes beyond the control of the party affected thereby, such as, but not limited to, acts of God, acts of public enemy, insurrections, riots, fires, explosions, floods, embargoes, orders or acts of civil or military authority. Upon the cessation of the force majeure event, the party that had given original notice shall again promptly give notice to the other party of such cessation.
21. **ASSIGNMENT:** Neither this contract nor any interest under it shall be assignable by Seller without the prior written consent of Purchaser except that claims for monies due, or to become due, hereunder may be assigned by Seller without such consent. In such event, Purchaser shall promptly be furnished two (2) signed copies of any such assignment. Payment to an assignee of any such claim shall be subject to a set off or recoupment for any present or future claim or claims which Purchaser may have against Seller, except to the extent that any such claim may be expressly waived in writing by Purchaser. Purchaser reserves the right to make direct settlement and/or adjustments in price with Seller under the terms of this contract notwithstanding any assignments of claims for monies due or to become due hereunder and without notice to assignee.
22. **ENTIRETY OF CONTRACT:** The parties agree that this contract sets forth their entire agreement and that there are no other promises, representations, agreements or understandings which shall be considered a part hereof, other than those enumerated herein.

In Contracts where the Seller is located outside the United States of America, all terms used herein which are defined by the "International Commercial Terms 2000", ("INCOTERMS2000") shall be considered a part hereof, other than those enumerated herein.

23. **AMENDMENTS - NOTICE:** No amendment, modification or supplement to this contract shall be binding unless it is in writing, signed by a Corporate officer or his authorized representative. All notices under this contract shall be in writing and addressed to the Purchaser or Seller as the case may be, and directed to the individual specified on the face of this contract.
24. **GOVERNING LAW:** If this contract or contract release is issued by Atlantic Dry Dock Corp. or Atlantic Marine, Inc. - Jacksonville, then it shall be governed by the laws of the State of Florida and Seller agrees that all disputes in respect to this contract or contract release shall be subject to the courts, state and federal, located in Jacksonville, Duval County, Florida.

If however, this contract or contract release is issued by Alabama Shipyard, Inc. or Atlantic Marine, Inc. - Mobile, then it shall be governed by the laws of the State of Alabama, and Seller agrees that all disputes in respect to this contract or contract release shall be subject to the United States District Court, Southern District of Alabama, or Circuit Courts of Mobile County, Alabama, depending only on the amount in controversy.

NOTWITHSTANDING THE PREVIOUS TWO PARAGRAPHS OF THIS ARTICLE 24, if the Seller is outside the United State of America, then the parties agree that, for all purposes whatsoever save choice of law rules, the validity, interpretation, and performance of the contract, and any part thereof, shall be exclusively governed by the

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laws of England, together with any subsidiary agreements arising hereunder. In such instances as found necessary, disputes will be subject to arbitration in London, England, pursuant to an application to the London Maritime Arbitrator Association ("Association") to appoint one sole arbitrator to hear the dispute. The arbitrators will proceed subject to the rules of the Association and the law of England, including the Arbitration Acts of 1950 to 1979, and statutory modifications thereto. The language of the arbitration shall be English. If the Association fails to promptly appoint an arbitrator within fifteen (15) days, then the provisions of section 6(4)(b) of the Arbitration Act of 1979 shall apply. The award shall be final and binding, however, the parties may appeal to the commercial court on points of law of general importance. Any award may require specific performance.

25. **EFFECT OF PURCHASER'S APPROVAL:** Any approval of Purchaser shall not relieve Seller of any duty, responsibility or obligation imposed on it by any provision of this contract.
26. **WAIVERS:** No waiver by either party of any breach of any of the covenants or conditions herein contained, performed by the other party shall be construed as a waiver of any succeeding breach of the same or of any other covenant or condition.
27. **PUBLICITY, PROMOTION OR ADVERTISEMENT:** Seller shall not without the prior written consent of Purchaser, issue any news release, advertisement, publicity or promotional material regarding this contract or any other information regarding Purchaser (including confirmation or denial thereof).
28. **SEPARABILITY OF PROVISIONS:** The invalidity, illegality and unenforceability of any provision(s) of this contract shall in no way affect or impair the validity, legality and enforceability of the remaining provisions hereof.

In the event of any conflict between any clauses under and above the heading "Government Contracts" the clauses under the heading "Government Contracts" shall apply; and the clauses contained therewith shall apply only to the extent they provide additional rights to, or lessen obligations of Purchaser and/or the United States Government. Purchaser and Seller reserve the right to cancel or modify any obligation contained herein or hereon without the consent of any third party.

29. **PRESUMPTIONS:** Should any provision of this Agreement require interpretation, the person interpreting or construing this Agreement shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that the document is to be construed more strictly against the party who itself or through its agents prepared the document. The headings contained in this Agreement are for reference purposes only and shall not affect the construction or interpretation of this Agreement.

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30. **GIFTS AND ENTERTAINMENT:** Purchaser's employees, and members of his/her immediate family, shall not solicit or accept gifts, favors, and loans or similar indulgences or any other kind of benefit from outside parties who do or might do business with the Purchaser. Advertising novelties, promotional items of \$25.00 or less in value, occasional meals, refreshments or entertainment having a value of \$25.00 or less per occasion, provided such items in aggregate do not exceed \$150.00 in a calendar year, may be received. Cash gifts and gift checks and gifts having an investment value such as stock, bonds, etc., are strictly prohibited.

Specifically, these restrictions include employees who are involved in:

- ♦ Placing purchase orders with suppliers or subcontractors;
- ♦ Selecting, recommending or approving suppliers;
- ♦ Receiving, testing inspection or quality functions; or
- ♦ Evaluating supplier proposals, paying invoices or collecting money from customers.

No party shall, under any circumstances, tolerate the offer, solicitation, or giving of any payment by any of Purchaser's employees, in the nature of an undisclosed commission, kickback, or bribe, in connection with obtaining or retaining business, a contract, or an award or otherwise bestowing a special favor or advantage. Further, none of Purchaser's employees shall accept loans from any person or entities having or seeking business with Purchaser except recognized financial institutions at normal interest rates prevailing at the time of borrowing. This prohibition extends to the employee's family and household.

Any acts by Seller or its employees to violate or entice to violate the foregoing provisions is grounds for immediate cancellation of the contract.

31. **CONFIDENTIALITY:** Seller shall, in the course of his work hereunder, be exposed to and have access to information and data, which is considered the proprietary information of Purchaser. Seller agrees that Seller, its agents and or employees shall not, during the term of this contract or subsequent to the expiration thereof, disclose to any third party any information which Seller may acquire from or about Purchaser or any information related to the business of Purchaser and Seller shall not use for his own benefit any such information or data. This restriction is not intended to extend to any information that is public knowledge or is made public by Purchaser. In the event of a breach by Seller, Purchaser shall have the right to bring an action for an immediate injunction (without posting bond) to enjoin the Seller from breaching this Contract. Nothing in this clause shall waive any other rights or remedies that the non-breaching party may have against the breaching party.

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32. **GOVERNMENT CONTRACTS:** The following additional provisions apply when this contract is issued in connection with a United States Government contract, or subcontract of any lower tier thereunder received by Purchaser (such contract or subcontract being hereinafter called "Purchaser Contract").

The clauses set forth or referred to in the following paragraph refer to the Federal Acquisition Regulation (FAR) and are hereby incorporated herein by reference.

C.F.R. 52.203-6 Restrictions on Subcontractor Sales to the Government;
C.F.R. 52.203-7 Anti-Kickback Procedures;
C.F.R. 52.208-1 Required Sources for Jewel Bearings and Related items;
C.F.R. 52.214-26 Audit and Records-Sealed Bidding;
C.F.R. 52.214-28 Subcontract Cost or Pricing Data-Modifications-Sealed Bidding;
C.F.R. 52.215-2 Audit and Records-Negotiations;
C.F.R. 52.215-24 Subcontract Cost or Pricing Data;
C.F.R. 52.215-25 Subcontract Cost or Pricing Data-Modifications;
C.F.R. 52.215-36 Integrity of Unit Prices;
C.F.R. 52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation;
C.F.R. 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans
C.F.R. 52.222-26 Equal Opportunity;
C.F.R. 52.222-36 Affirmative Action for Handicapped Workers;
C.F.R. 52.222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era;
C.F.R. 52.223-2 Clean Air and Water;
C.F.R. 52.223-3 Hazardous Material Identification and Material Safety Data;
C.F.R. 52.225-11 Certain Restricted Areas;
C.F.R. 52.227-1 Authorization and Consent;
C.F.R. 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement);
C.F.R. 52.230-3 Cost Accounting Standards;
C.F.R. 52.246-23 Limitation of Liability;
C.F.R. 52-248-1 Value Engineering.