

SHARE SUBSCRIPTION AND JOINT VENTURE AGREEMENT

This Share Subscription and Joint Venture Agreement (the “Agreement”), dated as of February 6, 2005 is made and entered into by and among the following parties:

Korea Undercarriage Track Co., Ltd., located at 1108-4 Bongkok-Ri, Sabong-Myeon, Jinju-City, Korea (hereinafter "KUT");

USCO SpA, or its designee, located at Via delle Nazioni, 65, 41100 Modena, Italy (hereinafter "USCO"); and

Young-Sik Moon, residing at 101-2003 Hyundai Apartment 101, Hadae-dong, Jinju-City, Korea (hereinafter “Moon”)

RECITALS

WHEREAS, KUT, Moon and USCO desire to jointly own and operate the current and future businesses of KUT;

WHEREAS, KUT and Moon are willing to and authorized to issue and sell 150,000 shares of KUT’s capital stock (the “New Shares”), KW10,000 par value, subject to the terms and conditions set forth herein and the New Shares, once issued, shall represent fifty percent (50 %) of all the issued and outstanding capital stock of KUT;

WHEREAS, USCO desires to subscribe for and purchase from KUT the New Shares subject to the terms and conditions set forth herein;

WHEREAS, KUT, Moon and USCO desire to set forth the terms and conditions of the joint operation of KUT; and

NOW THEREFORE, in reliance upon the representations and warranties made herein and in consideration of the promises and agreements herein contained, each of the parties hereto agrees as follows:

I. DEFINITIONS

- 1.1 “Affiliate” shall mean, with respect to any Person, (i) a Person directly or indirectly controlling, controlled by or under common control with such Person; (ii) a Person owning or controlling 30% or more of the outstanding voting securities of such Person; or (iii) an officer, director or partner of such Person. For this purpose, control means possession, direct or indirect, of the power to direct the management

and policies of a Person, whether by the ownership of voting securities, by contract or otherwise.

- 1.2 “Articles of Incorporation” shall mean the articles of incorporation of KUT in effect as of the date hereof.
- 1.3 “Amended Articles of Incorporation” shall mean the amended Articles of Incorporation, attached hereto as Exhibit A-2 , to conform to this Agreement.
- 1.4 “Authority” shall mean any governmental, regulatory or administrative body, agency or authority, any court of judicial authority, any arbitrator or any public, private or industry regulatory authority, whether international, national or local.
- 1.5 “Board” shall mean the board of directors of KUT.
- 1.6 “Closing” shall mean the consummation of the sale of and subscription for the New Shares contemplated in Section 2.3 hereof.
- 1.7 “Closing Date” shall mean the date upon which the Closing occurs.
- 1.8 “Common Share” shall mean a share of common stock of KUT of par value of 10,000 Korean Won per share.
- 1.9 “Company Disclosure Schedule” shall mean the schedule executed by KUT and delivered to the Shareholders in accordance with this Agreement, which shall be considered as a part of this Agreement.
- 1.10 “Company Documents” shall mean this Agreement and all other agreements, instruments and certificates to be executed and delivered by KUT in connection with this Agreement.
- 1.11 “Contracts and other Agreements” shall mean all contracts, agreements, warranties, guarantees, bonds, leases, subleases, easements, mortgages, plans, collective bargaining agreements, licenses, commitments or binding arrangements of any nature whatsoever, express or implied, written or unwritten, and all amendments thereto, entered into or binding upon KUT or to which the property of KUT may be subject.
- 1.12 “Financial Statements” shall have the meaning given to it under Section 3.7 hereof.
- 1.13 “Notice” shall have the meaning given to it under Section 9.1 hereof.
- 1.14 “Law” shall mean any law, statute, regulation, ordinance, requirement,

announcement or other binding action of an Authority.

- 1.15 “Material Adverse Change” or “Material Adverse Effect” or other similar phrase including the word “material” with respect to the total net equity of KUT shall mean any adverse change or effect or potential adverse change or effect, or any series thereof, involving more than 300,000,000 Korean Won in the aggregate.
- 1.16 The “New Shares” shall mean 150,000 Common Shares to be newly issued by KUT to USCO hereunder pursuant to Section 2.3 hereof.
- 1.17 “Offeree” shall have the meaning given to it under Section 9.1 hereof.
- 1.18 “Offeror” shall have the meaning given to it under Section 9.1 hereof.
- 1.19 “Order” shall mean any decree, order, judgment, writ, injunction, rule or consent of or by Authority.
- 1.20 “Parties” shall mean KUT, USCO and Moon collectively and “Party” shall mean KUT, USCO or Moon respectively, as the context requires.
- 1.21 “Shareholders” shall mean USCO and Moon and a “Shareholder” shall mean USCO or Moon, as the context requires.
- 1.22 “Person” shall mean any entity, corporation, company, association, joint venture, joint stock company, partnership, trust, organization, individual (including personal representatives, executors and heirs of a deceased individual), nation, state, government (including agencies, departments, bureaus, boards, divisions and instrumentalities thereof), trustee, receiver or liquidator.
- 1.23 “Representative Director” shall mean the representative director of KUT.
- 1.24 “Korean Won” shall mean the lawful currency of the Republic of Korea.

II. CAPITALIZATION; SUBSCRIPTION (PURCHASE OF NEW SHARES)

2.1 Capitalization The authorized capital stock as of the date hereof consists of 150,000 Common Shares, of which 150,000 Common Shares are, as of the date hereof, issued and outstanding. However, upon execution of the Amended Articles of Incorporation, attached hereto as Exhibit A-2, the total number of shares which KUT is authorized to issue shall be 300,000 Common Shares.

2.2 Moon’s purchase of Existing Shares Prior to the Closing, Moon shall purchase all Common Shares from all existing shareholders to become 100% owner of all capital stock of

KUT.

2.3 Subscription for the New Shares

(a) KUT shall issue and sell to USCO, and subject to the terms herein USCO shall subscribe for and purchase from KUT the New Shares for the total Subscription Price of US\$ 6 million (“Subscription Price”), provided that, immediately before the Closing, if based on its due diligence by USCO, it is determined that the value of total net equity (pre-tax) of KUT is less than that set forth on the Financial Statements by more than 0.3 billion Korean Won, USCO shall reduce the Subscription Price by two thirds of the difference between 0.3 billion Korean Won and the total amount of difference between the value set forth on the Financial Statements and the value determined through due diligence.

(b) The issuance of the New Shares to USCO shall be made by the method of allotment of new shares to third parties in accordance with the Articles of Incorporation.

(c) Upon the terms hereof, the Closing shall take place at First Law Offices of Korea located at 18th Fl., KEC Bldg., 275-7 Yangjae-dong, Seocho-ku, Seoul, Korea within two (2) months from the date of the execution of this Agreement.

(d) At the Closing, the following shall occur:

- (i) KUT shall deliver to USCO duly executed share certificates evidencing the New Shares subscribed for by USCO pursuant to Paragraph (a) above;
- (ii) KUT shall deliver to USCO the legal opinion referred to in Section 5.1 hereof;
- (iii) In reliance upon the representations and warranties of KUT contained herein, and as payment in full for the New Shares being subscribed for and purchased by USCO hereunder, USCO shall pay KUT US\$ 6 million; and
- (iv) USCO shall deliver to KUT the legal opinion referred to in Section 6.1 hereof.

The foregoing transactions shall be deemed to occur simultaneously at the Closing.

2.4 Capitalization Immediately upon the Closing Immediately upon the Closing, the number of the Common Shares and shareholding in KUT held by each Shareholder are set forth opposite its name below:

<u>Shareholder</u>	<u>Number of the Common Shares</u>	<u>Shareholding</u>
Moon	150,000	50 %
USCO	150,000	50 %

Total	300,000	100%
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2.5 Additional Contributions. Except as provided herein, or as otherwise required by the Commercial Act of the Republic of Korea, no Shareholder shall be obliged to make any contribution of capital or assets, or any loan to KUT, or have any liability for the debts and obligations of KUT.

III. REPRESENTATIONS AND WARRANTIES OF KUT

KUT represents and warrants as of the date hereof as follows:

3.1 Organization and Standing. KUT is duly organized and a validly existing corporation in good standing under the laws of the Republic of Korea and has all requisite corporate power and authority for the carrying on of its business as currently conducted and as proposed to be conducted. KUT is duly licensed or qualified and in good standing as a corporation authorized to do business in all jurisdictions wherein failure to so qualify would have a material adverse effect on KUT. KUT does not have any subsidiaries.

3.2 Capitalization. The total number of shares which KUT is authorized to issue is as of the date hereof is 150,000 Common Shares, of which 150,000 Common Shares are, as of the date hereof, issued and outstanding. Section 1 of the Company Disclosure Schedule, attached hereto as Exhibit C, sets forth the names of the Persons who are the registered owners of any of the issued and outstanding Common Shares and the number of shares held by such Persons as of the date hereof. There is neither outstanding security or other instrument convertible into or exchangeable for capital stock of KUT nor is there any subscription, option, warrant, right, agreement, call or commitment, other than those contemplated hereby, relating to the issuance, sale, delivery or transfer by KUT or any capital stock or convertible bonds to KUT of any class or character.

3.3 Issuance of New Shares. After giving effect to the Amended Articles of Incorporation, KUT shall be authorized to issue the New Shares by the Closing Date. The New Shares, when issued and delivered in accordance with the terms and conditions of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable. Delivery of the certificates evidencing the New Shares to USCO pursuant to this Agreement will transfer to USCO legal and valid title thereto, free and clear of any trusts, liens, pledges, security agreements, equities, options, restrictions, including restrictions on or consents to transfer, encumbrances or charges of whatever nature.

3.4 No Violation. Neither the execution and the delivery of this Agreement and all other Company Documents nor the consummation of the transactions contemplated herein and therein will (a) violate, conflict with, or constitute a default under any Contract or Other Agreement or other instrument to which KUT is a party or by which it or its property is bound; (b) require the consent of any party to any Contract or Other Agreement to which KUT is a party or by which it or its property is bound; or (c) violate any Law or Order to which KUT or its property is subject. As of the Closing Date, neither the execution and the delivery of this Agreement and all other Company Documents nor the consummation of the purchase and sale transaction of the New Shares contemplated herein will violate any provision of the Amended Articles of Incorporation of KUT.

3.5 Authority to Execute and Perform Agreement. KUT has all necessary corporate power and has taken all corporate action necessary for the authorization, execution and delivery of this Agreement and any other agreement or instrument executed in connection herewith and therewith, for the performance of KUT's obligations hereunder and for the authorization, issuance and delivery of the New Shares. This Agreement when executed and delivered constitutes the valid, legal and binding obligations of KUT, enforceable against KUT in accordance with its terms.

3.6 Consents and Approvals. No consent, license, approval, order or authorization of, or registration, filing or declaration with, any Authority is required to be obtained or made, and no consent of any third party is required to be obtained, by KUT in connection with the execution, delivery or performance of this Agreement, the issuance of the New Shares or the consummation

of any other transactions contemplated hereby.

3.7 Financial Statements. KUT has delivered, or shall deliver upon the execution of this Agreement, to USCO a copy of financial statements of KUT (including the balance sheet dated December 31, 2004 and the income statement dated December 31, 2004) for the year ending December 31, 2004 (the "Financial Statements" attached hereto as Exhibit B). The Financial Statements fairly and accurately reflect in all material respects the financial condition of KUT as of the relevant date thereof and for the period covered thereby and were prepared in accordance with the generally accepted accounting principles (GAAP) of Korea consistently applied.

3.8 Litigation. There is no action, proceeding, investigation or inquiry pending or threatened affecting KUT or its assets or which questions the validity of this Agreement or which could prevent or restrict consummation of the transactions contemplated hereby.

3.9 Key Executive Employees and Employment Matters. Section 2A of the Company Disclosure Schedule sets forth a true and current list of all of the key executive employees (with the title of General Manager(*Bujang*) and higher) of KUT as of date hereof.

3.10 Compliance With Labor Laws and Agreements. KUT has complied, in all material respects, with all labor agreements and all applicable Laws and Orders relating to the employment of labor, the non-compliance of which would result in a Material Adverse Effect to KUT.

3.11 Contracts. (a) All Contracts and Other Agreements are in full force and effect and unimpaired by any defaults, acts or omission of KUT; and (b) no approval or consent of any party to such Contracts and Other Agreements is required in connection with the consummation of the transactions contemplated hereby.

3.12 Transactions With Interested Persons and Affiliates. Except as disclosed in the Financial Statements, (i) No officer, director or employee (or spouse or any child thereof) of KUT or Affiliates owns, directly or indirectly, on an individual or joint basis, any material interest in, or serves as an officer, director or employee of, any customer, competitor or supplier of KUT or any Person which has a contract or arrangement with KUT, (ii) no officer, director or employee (or spouse or any child thereof) of KUT lends money to KUT or borrows money from KUT, and (iii) no shareholder, officer, director or employee has a contract or arrangement with KUT (including loan transactions).

3.13 No Undisclosed Liabilities; Corporate Records. KUT has no liabilities or obligations of any kind (absolute, accrued, contingent or otherwise, and including any guarantees by KUT of the indebtedness of any third party) which were not fully reflected or reserved against in the Financial Statements.

3.14 Title to Properties. KUT has good title to all of the properties and assets which it purports to own (real, personal and mixed, and tangible and intangible). A list of the said

properties and assets shall be described in Exhibit E attached hereto.

3.15 Leases. All leases pursuant to which KUT leases real or personal property are valid, binding and enforceable in accordance with their terms, and are in full force and effect; there are no existing defaults by KUT thereunder; and no event of default has occurred which (whether with or without notice, lapse of time or the happening of occurrence of any other event) would constitute a default thereunder.

3.16 Full Disclosure. All documents and other papers delivered to USCO by or on behalf of KUT in connection with this Agreement and the transaction contemplated herein are accurate, complete and authentic. Furthermore, the information furnished to USCO by or on behalf of KUT in connection with this Agreement and the transactions contemplated herein does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made, in the context in which they are made, not false or misleading. There is no fact which KUT has not disclosed to USCO in writing which could reasonably be expected to have a Material Adverse Effect.

IV. REPRESENTATIONS AND WARRANTIES OF USCO

USCO represents and warrants to KUT as of the date hereof and as of the Closing Date as follows:

4.1 Organization. USCO is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction and has all requisite corporate power and authority to carry on its business as currently conducted.

4.2 No Violation. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein and therein will (a) violate any provision of the charter documents of USCO; (b) violate, conflict with, or constitute a default under any contract or other instrument to which USCO is a party or by which it or its property is bound; (c) require the consent of any party to any contracts or other instrument to which USCO is a party or by which it or its property is bound; or (d) violate any Law or Order to which USCO or its property is subject.

4.3 Authority to Execute and Perform Agreement. USCO has all requisite power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. This Agreement when executed constitutes the legal, valid and binding obligations of USCO, enforceable against USCO in accordance with its terms.

4.4 Consents and Approvals. Except for a filing of a foreign investment report by USCO to a foreign exchange bank with respect to the acquisition of the New Shares pursuant to the Foreign Investment Promotion Law of the Republic of Korea, no consent, license, approval, order or authorization of, or registration, filing or declaration with, any Authority is required to be obtained or made, and no consent of any third party is required to be obtained, by USCO in

connection with the execution, delivery or performance of this Agreement, or the consummation of any other transactions contemplated hereby.

V. CONDITIONS TO THE CLOSING BY USCO

The obligation of USCO to consummate the subscription for and purchase of the New Shares contemplated under Section 2.3 hereof is subject to satisfaction, at or before the Closing Date, of each of the following conditions unless waived in writing by USCO:

5.1 Representations and Warranties. The representations and warranties of KUT contained in this Agreement and in any other Company Documents shall be true on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date, and at the Closing KUT shall have delivered to USCO a legal opinion to such effect drafted and signed by the legal counsel of KUT in accordance with a form attached hereto as Exhibit D-1 and addressed to USCO.

5.2 No Adverse Change. Except for liabilities incurred in the ordinary course of business and consistent with past practice, there shall not have occurred between the date hereof and the Closing Date any Material Adverse Change. Should such Material Adverse Change happens, USCO shall have the option to withdraw its offer to subscribe for the New Shares and terminate its obligations under this Agreement.

5.3 Authority. All actions required to be taken by, or on the part of, KUT to authorize the execution, delivery and performance of this Agreement, and the consummation of the transaction of the issuance and sale of the New Shares contemplated hereby shall have been taken by the shareholders of KUT and the Board.

5.4 Shareholders and Board Approvals. This Agreement and the transactions contemplated hereby shall have been approved by the shareholders of KUT and the Board.

5.5 Reports to the Authority. KUT shall have filed all of the reports with the Authority in compliance with the Law.

5.6 Purchase of the Existing Shares. Moon shall have purchased all Common Shares from certain existing shareholders and thereby have 100% ownership of then outstanding capital stock issued by KUT. Moon shall have provided USCO with a shareholder registry to that effect.

5.7 Non-Competition. Before the Closing, KUT's directors, Moon and 6 designated employees including Soo An Cho, Ji Hong Kang, and Jung Hak Song, etc. (each, the "Employee" and collectively, the "Employees") shall enter into employment agreements and non-competition agreements not to engage in businesses which are competitive with and detrimental to KUT's business during the term of their employment and for 3 years after retirement from KUT (the "Non-Competition Agreement").

5.8 Subcontractor Agreements. Before the Closing, KUT shall enter into exclusive agreements with DONGHAE STEEL CO. and DAELIM INDUSTRY CO. for the exclusive supply of the following parts: master links, pin and bushings, link manufacturing (big size), etc. (to be added more specific and detailed list of parts) KUT shall also enter into an exclusive agreement with KYEONGNAM FORGING CO., LTD. for exclusive supply of forging links (to be added more specific and detailed list of parts).

5.9 Distribution Agreement. Before the Closing, KUT and USCO shall enter into a certain distribution agreement whereby USCO shall be granted an exclusive right to distribute and sell KUT's products in the following regions: Africa, Europe and Middle-East. In the event KUT seeks to sell its products to the regions of Africa, Europe and Middle-East, KUT may directly do so with approval of USCO and pursuant to the terms and conditions determined by USCO; provided, however, that KUT may sell directly its products to the United Motors only on the conditions agreed to by KUT and USCO. After the Closing, subject to the Law, KUT shall grant USCO the most favored customer status in the prices applied by KUT in the after market.

VI. CONDITIONS TO THE CLOSING BY KUT

The obligation of KUT to consummate the transactions of the issuance and sale of the New Shares shall be subject to satisfaction, at or before the Closing Date, of each of the following conditions unless waived in writing by KUT:

6.1 Representations and Warranties. The representations and warranties of USCO contained in this Agreement shall be true on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date, and at the Closing USCO shall have delivered to KUT a legal opinion to such effect drafted and signed by the legal counsel of USCO, in accordance with a form attached hereto as Exhibit D-2.

6.2 Authority. All actions required to be taken by, or on the part of, USCO to authorize the execution, delivery and performance of this Agreement, and the consummation of the transaction of the subscription for and purchase of the New Shares contemplated hereby shall have been duly and validly taken by the shareholders and the board of directors of USCO.

6.3 Reports to the Authority. USCO shall have filed a report of foreign investment in accordance with Section 4.4 hereof.

VII. COVENANTS AND AGREEMENTS OF THE PARTIES

7.1 Corporate Examinations and Investigations (Due Diligence). Upon signing this Agreement and before February 18, 2005, USCO shall be entitled, through its employees, representatives, legal counsel, accountants and technical and financial advisors ("Representative"), to make such investigations of the property and plant and such examination of the books, records and financial conditions of KUT as USCO may request. In order that

USCO may have the full opportunity to do so, KUT shall furnish USCO and its Representative during such period with all such information concerning the affairs of KUT as USCO or its Representative may request and cause KUT's officers, employees, consultants, agents, accountants and attorneys to cooperate fully with USCO or its Representative in connection with such review and examination and to make full disclosure of all information and documents reasonably requested by USCO or its Representative. Any such investigations and examinations shall be conducted at reasonable times and under reasonable circumstances.

7.2 Conduct of Business. From the date hereof through the Closing Date, KUT shall conduct its business in such a manner so that the representations and warranties contained in Section III hereof shall continue to be true and correct as of the Closing Date as if made at and as of the Closing Date.

7.3 Cooperation; Consents. Each Party shall cooperate with the other to the end that the Parties shall (i) in a timely manner make all necessary filings with, and conduct negotiations with, all Authorities and other Persons the consent or approval of which, or a license or permit from which, is required for the consummation of the transactions contemplated by this Agreement and (ii) provide to each other such information as the other Party may reasonably request in order to enable it to prepare such filings and to conduct such negotiations.

VIII. OPERATION OF KUT AFTER THE CLOSING

8.1 Business Purposes. KUT shall have its business purposes as set forth in the Amended Articles of Incorporation.

8.2 Name of KUT. The name of KUT shall remain unchanged.

8.3 Amended Articles of Incorporation. Prior to the Closing Date, the Shareholders shall have caused the Articles of Incorporation to be amended to conform to this Agreement to the extent permissible under the applicable laws of the Republic of Korea.

8.4 Issuance of Additional Shares; Pre-emptive Right.

(a) No additional shares of KUT may be authorized or issued except upon approval by special resolution of shareholders as provided in the Amended Articles of Incorporation.

(b) In an issuance of new shares by the Company, each shareholder shall be entitled to receive an allocation thereof in proportion to the number of shares owned by such shareholder. In the event of surrender or loss of such preemptive right or fractional shares, such un-subscribed shares or fractional shares shall be disposed of in a manner to be determined by the Board of Directors.

8.5 Shareholders' Meetings; Quorum; Method of Resolution.

(a) KUT shall hold an annual meeting of shareholders within three (3) months after the end of each fiscal year. An extraordinary meeting of shareholders may be called at any time pursuant to the Amended Articles of Incorporations and the pertinent Korean law.

(b) All meetings of shareholders and all actions or resolutions to be adopted at such meetings shall comply with the procedures and formalities set forth in the Amended Articles of Incorporation.

8.6 Board of Directors.

(a) The Board of Directors of KUT shall consist of four (4) directors. Two (2) directors shall be nominated and elected by Moon and Moon shall serve as the chairman of the Board and the Representative Director of KUT until his death or his voluntary resignation. The other two (2) directors shall be nominated and elected by USCO. All directors shall not refuse to participate at any meetings of the Board of Directors without good causes.

(b) The tenure of a director shall be three (3) years, and any director may be renominated for successive terms by the Shareholder who initially nominated the director.

(c) If any Shareholder wishes to change its nominated director with or without cause, the other Shareholder shall vote accordingly; provided, however, that if such dismissal is without cause, the Shareholder proposing the dismissal shall indemnify and hold KUT and the other Shareholder(s) harmless from and against any and all damages and any other expenses that may be incurred or suffered from such action.

(d) Immediately after the Closing, the Shareholders shall cause KUT to replace the directors of KUT with those Persons nominated pursuant to Paragraph (a) above.

8.7 Representative Director. Moon shall be the Representative Director.

8.8 No Cumulative Voting. The Parties agree not to adopt a cumulative voting system with respect to the election of the directors of the Company. The Shareholders, if it shall become necessary, shall cause KUT to amend its Articles of Incorporation in such a way that the Shareholder's right to nominate directors of KUT pursuant to this Section 8.6 shall be secured to the extent permitted by applicable law.

8.9 Meeting of the Board of Directors. A meeting of the Board of Directors may be called at the request of the chairman of the Board or any two (2) directors.

8.10 Resolution of the Board of Directors. All meetings of the Board of Directors and all actions or resolutions to be adopted at such meetings shall comply with the procedures and formalities set forth in the Amended Articles of Incorporation.

8.11 Out-of-Pocket Expenses of Non-Employee Directors. KUT shall pay the reasonable

out-of-pocket expenses of non-employee directors of KUT, up to USD 1,000 per meeting or as otherwise pre-approved by KUT, incurred in attending meetings of the Board of Directors.

8.12 Confidentiality. Each Shareholder agrees that, except as otherwise provided for in this Agreement, such Shareholder shall, and such Shareholder shall cause its directors, officers, employees, agents and representatives to, maintain in strict confidence the terms and provisions of this Agreement, as well as all of the information provided to it by KUT, which the Shareholder knows or reasonably should know is confidential information of KUT (including all of the written data, summaries, reports, other proprietary information, trade secrets and information of all kinds, acquired, devised or developed in any manner from KUT's personnel or files or pursuant to this Agreement) (the "Confidential Information"), and such Shareholder will not use the Confidential Information, except as required for performance of this Agreement and will not reveal the same to any person who is not a Party to this Agreement except: (a) at the written direction of KUT; (b) to the extent necessary to comply with the Law or the Order or in connection with any arbitration proceeding; and (c) to potential bona fide investors in non-public offerings, employees, investment bankers, parties to a potential merger or acquisition transaction, lenders, affiliate companies, accountants and attorneys, in each case only where such persons or entities are under appropriate nondisclosure obligations.

8.13 Modification of Corporate Governance Provisions. It is understood that, in connection with any public offering of KUT's capital stock, the size and composition of the Board may be required to change in order to comply with applicable listing requirements or provisions of Law applicable to listed companies. In such event, the Shareholders shall vote, in their capacity as shareholders and through their nominated directors of KUT, to make such changes as may be necessary in the Articles of Incorporation to preserve, to the extent possible in compliance with such requirements and applicable law, the rights of the Shareholders with respect to the governance of KUT, including the number of directors to be elected by the Shareholders, the quorum and voting rules for resolutions and any other matter affecting corporate governance.

IX. TRANSFER OF SHARES

9.1 Right of First Refusal.

(a) In the event any Shareholder desires to sell or transfer some or all of his/her shares in KUT to any person or entity, such Shareholder ("Offeror") shall first give notice ("Notice") to the other Shareholder ("Offeree") of its desire to sell, including the name of the person or entity to whom it wished to sell, the number of shares to be offered, the proposed selling price and the terms on which such shares will be offered.

The Offeree shall then have ninety (90) days ("Offer Period") after receipt of such notice to exercise, by notice to the Offeror, a right to purchase, at the same price and on the same terms, some or all of such shares. If less than all shares offered by the Offeror are purchased by the Offeree within the Offer Period, or if the Offeree does not exercise its right of first refusal within the Offer Period, the Offeror shall have an additional ninety (90) days in which to sell such

remaining shares to the third party specified in the Notice, at a price and on terms no more favorable to the third party than those specified in the First Notice.

(b) The Offeror who has transferred shares to a third party pursuant to Section 9.1 (a) or 9.2 hereof shall cause the third party to deliver to the Offeree a letter agreeing to comply with and to be bound by the ongoing and prospective provisions hereof as though it were a signatory to this Agreement.

(c) The right of first refusal under Paragraph (a) shall terminate upon the termination of this Agreement.

9.2 Permitted Transfer. Notwithstanding the foregoing 9.1, USCO and Moon may freely sell or transfer any of their respective shares of KUT between themselves with a prior written notice to the Board of Directors.

9.3 Compliance with Law. Once the purchaser or purchasers of the shares in KUT the Offeror desires to sell pursuant to Section 9.1 (a) or 9.2 are determined, KUT and the Offeror shall take necessary steps to give effect to such purchase or purchases in compliance with the Articles of Incorporation, the Commercial Act and other relevant law and regulations.

9.4 No Pledge. No Shareholder shall pledge or hypothecate its shares of KUT or otherwise use such shares as collateral or for any other purpose which could result in an involuntary transfer or assignment of such shares to third parties, unless consent to such pledge, hypothecation or such other application has been received in writing from the other Shareholder(s) holding a majority of the Common Shares held by the Shareholder(s).

X. FISCAL YEAR; BOOKS AND RECORDS; AUDIT; REPORT

10.1 Fiscal Year. The fiscal year of KUT shall commence on the first (1st) day of January of each calendar year and end on the thirty-first (31st) day of December of each calendar year.

10.2 Books and Records. The books and records of KUT shall be maintained in accordance with the generally accepted international accounting principles and shall accurately reflect the financial position of KUT.

10.3 Audit. KUT shall have the books and records of KUT audited at the end of each fiscal year during the term of this Agreement by an independent public accounting firm appointed by the Board of Directors. Such accountants and auditors shall annually provide each Shareholder with a financial report in the English language in accordance with the generally accepted international accounting principles.

10.4 Report to the Board. The Representative Director shall ensure that the following information be reported to the Board within forty-five (45) days of each quarter, in Korean and English:

- (i) interim financial statements of KUT as at the end of the preceding quarter consisting of the balance sheet, income statement, statement of cash flow, statements of changes in financial position, specifications of manufacturing cost, and surplus appropriation statement or deficit disposal statement;
- (ii) a written report comparing actual results for such quarter to the business plan and budget for the relevant year and containing comments on any other significant operational or other developments which may affect KUT and a commentary on the outlook for the next four (4) fiscal quarters; and
- (iii) a report of KUT disclosing and detailing any transactions or agreements between KUT and any of its directors, officers or Affiliates or any director or officer of any Affiliate and any other transaction or agreement other than on commercial arm's-length terms.

10.5 Inspection Right. Any Shareholder, through its authorized representatives, shall have right to inspect the books and records of KUT at any reasonable times.

10.6 Dividends.

(a) The net profits of the Company in each fiscal year shall be the annual total income deducting therefrom all expenses and shall be disposed of by the Company in the following order of priority:

1. as the earned surplus reserve, the amount of not less than 1/10 of the cash dividend at each period for the settlement of accounts until reserve reaches half of the Company's capital
2. other special reserves
3. dividends to shareholders
4. allowances to directors and officers
5. balance carried forward to the next account
6. optional reserves

(b) Payment of dividends shall be decided by the shareholders of KUT at a duly convened general meeting of shareholders.

(c) KUT is authorized to withhold from dividends to the Shareholders and to pay over to the Korean taxing authority any amount which it will be required to be so withheld pursuant to applicable Korean law. All amounts withheld pursuant to applicable law with respect to any dividend to any Shareholder shall be treated as amounts distributed to such Shareholder pursuant to this Section 10.6 for all purposes under this Agreement.

XI. TERM AND TERMINATION

11.1 Term. This Agreement shall come into force and effect upon the signing of this Agreement by all of the Parties and continue in full force and effect while all of the Shareholders own any shares in KUT unless terminated earlier pursuant to Section 11.2 or 11.3 below.

11.2 Termination Prior to the Closing.

This Agreement may be terminated forthwith upon sending notice in writing to the other parties by any Party, if the Closing shall not have occurred on or before April 7, 2005, and the failure to consummate the Closing on or before such date did not result from the failure by the Party seeking such termination to fulfill any condition set forth in Section V or VI hereof.

11.3 Liquidated Damages. If the Closing is not consummated until April 7, 2005 due to the willful, malicious or unreasonable behavior or non-cooperation of any Party (the “Breaching Party”), the Breaching Party shall pay USD 2 million as liquidated damages to the non-breaching Party and the non-breaching Party shall have rights to such monetary damages and to recover all costs incurred in connection with the execution of this Agreement, including, without limitation, legal, accountancy, actuarial and other professional fees.

11.4 Termination after the Closing.

- (a) After the Closing, this Agreement shall not be terminated unless all of the Shareholders agree to terminate it; provided that the Shareholders may terminate this Agreement if any Shareholder, who violates or breaches any of its obligations under this Agreement (the “Defaulting Party”), would not have corrected such violation or breach within sixty (60) days after the receipt of the Shareholders’ notice of demand for corrective action by the Defaulting Party.
- (b) After the Closing, if any Shareholder ceases to hold any shares in KUT, this Agreement shall terminate with respect to such Shareholder, except that the Confidentiality Provision provided in Section 8.12 hereof shall continue to bind such Shareholder.

11.5 Consequences of Termination.

- (a) If the Shareholders terminate this Agreement pursuant to Section 11.4, the Shareholders shall have the right to claim damages from the Defaulting Party to the extent provided by the Korean law.
- (b) Termination of this Agreement shall be without prejudice to the accrued rights and liabilities of the Parties at the date of termination, unless waived in writing by mutual agreement of the Parties.
- (c) Upon termination of this Agreement under Section 11.4 hereof by the consent of all Shareholders, the Shareholders may cause KUT to be liquidated; provided, however, in the event where the willful, malicious, or unreasonable violation or breach of any of its obligations under this Agreement are committed by the Shareholder(s) causing the

termination of this Agreement and such violation or breach is not corrected within six (6) months after the receipt of the notice of demand for corrective action referred to in Section 11.4 (a), the Shareholder(s) who did not cause the termination of this Agreement shall also have the right to purchase in proportion of their respective shareholding ratio the shares of the Shareholder causing the termination of this Agreement at the net book value or cause the Shareholder causing the termination of this Agreement to purchase their shares at the fair market value to be determined by such an accounting firm as may be selected by unanimous consent of the Shareholders.

- (d) If any Shareholder acquires the shares of the other Shareholder(s) upon termination of this Agreement, the Shareholder acquiring the shares shall cause KUT to remove the name or logo of the Shareholder selling the shares from the name and stationery of KUT as of termination of this Agreement and to take any and all actions and measures required for such removal. If any Shareholder ceases to be a shareholder of KUT, the Shareholder shall be entitled to demand KUT to remove the name or logo of the Shareholder from the name and stationery of KUT as of termination of this Agreement as provided in Section 11.4 (b) hereof.

XII. NOTICE

12.1 Method of Notice. Any notice, request, and other correspondence under and in connection with this Agreement shall be in writing and in English and be delivered by personal service, courier, facsimile transmission (being followed by a confirmation copy by mail) or by first class, registered or certified mail, postage prepaid, to the following addresses:

If to USCO, to the address indicated on the first page hereto.

If to KUT and Moon, to:

1108-4 Bongkok-Ri
Sabong-Myeon
Jinju-City, Korea

12.2 Notice Date. All notices and other communications shall be deemed received upon actual receipt when personally delivered, upon acknowledgement of receipt if sent by facsimile, or upon the expiration of the tenth (10th) day after being deposited in the mails, postage prepaid, certified or registered mail, addressed to the Party at its address set forth in Section 13.1 above.

12.3 Change of Address. Any Party hereto may at any time change its address by notifying the other Parties of such change in accordance with the procedures provided in Section 12.1 hereof.

XIII. GOVERNING LAW AND ARBITRATION

13.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Republic of Korea.

13.2 Arbitration. All disputes, controversies or differences which may arise between the Parties out of or in relation to this Agreement shall be finally settled by arbitration in accordance with the Arbitration Rules of the Korean Commercial Arbitration Board. The arbitration shall be held in Seoul and conducted in the English language. The award of the arbitrators shall be final and binding on all Parties.

XIV. MISCELLANEOUS PROVISIONS

14.1 Binding Effect on Successors. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, but neither this Agreement nor any rights hereunder shall be assignable directly or indirectly to any third party by any Party without the prior written consent of the other Parties except for transfer of shares in accordance with Section 9.2 hereof.

14.2 Headings. The heading of the sections and paragraphs in this Agreement are for convenience of reference only and do not form any part of this Agreement for the purpose of interpretation or construction of this Agreement.

14.3 Invalid Provision. If any provision of this Agreement or the application of any such provision to any person or circumstance is determined to be invalid or unenforceable to any extent by any arbitration or court of competent jurisdiction, then the parties shall endeavor to substitute another valid provision, and it shall be enforced to the fullest extent permitted by law.

14.4 Entire Agreement; Amendment. This Agreement supercedes all previous representations, understandings or agreements, oral or written, between the Parties with respect to the subject matter hereof, and it contains the entire understanding of the parties. No changes, alterations or modifications hereto shall be effective unless made in writing and signed by the Parties and, if required, upon approval by the competent Authorities. Notwithstanding the foregoing, any provision of this Agreement may be amended with the written consent of KUT and the Shareholders holding a majority of the Common Shares held by the Shareholders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Shareholder and KUT.

14.5 Expenses.

- (a) Each of the parties hereto shall pay the fees and expenses of its respective counsel, accountants and other experts (including any broker, finder, advisor or intermediary) and shall pay all other expenses incurred by it in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated

hereby.

- (b) The provisions of this Section 14.5 hereof shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement or the consummation of the transactions contemplated hereby, the invalidity or unenforceability of any term or provision of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the day and year first written above.

Korea Undercarriage Track Co., Ltd.

By: _____
Name: _____
Title: _____

USCO SpA

By: _____
Name: _____
Title: _____

Young-Sik Moon

By: _____
Name: _____

Exhibit A-1

Articles of Incorporation of KUT

Exhibit A-2

**Amended Articles of Incorporation
(To be amended and executed by February __ , 2005)**

Exhibit B

Financial Statements

Exhibit C

Company Disclosure Schedule

Section 1. Names of the Persons who are the registered owners of any of the issued and outstanding Common Shares and the number of shares held by such Persons as of the date hereof

<u>Names</u>	<u>No. of Shares</u>
Young-Sik Moon	75,000
Soo-An Cho	75,000

Section 2A. Names of key executive employees (with the title of General Manager(*Bujang*) and higher) of KUT

(Attached below)

Exhibit D-1

Legal Opinion by Counsel by KUT

(Attached below)

Exhibit D-2

Form of Legal Opinion by Counsel of USCO

I am an attorney licensed to practice law in Italy and the counsel for USCO. This opinion is to follow requirement in article 6.1 of the Share Subscription and Joint Venture Agreement (“The Agreement”) among KUT, USCO and Moon dated February 6, 2005. In expressing this opinion, we reviewed various documents, including attached documents, and discussed with officers of USCO to confirm those documents and facts to the extent I believe was necessary. Capitalized wordings have same meaning as appears in the Agreement.

1. Organization and Standing. USCO is duly organized and a validly existing corporation in good standing under the laws of Italy and has all requisite corporate power and authority for the carrying on of its business as currently conducted and as proposed to be conducted. USCO is duly licensed or qualified and in good standing as a corporation authorized to do business in all jurisdictions wherein failure to so qualify would have a material adverse effect on USCO.

2. No Violation. Neither the execution and the delivery of the Agreement and all other Company Documents nor the consummation of the transactions contemplated herein and therein will (a) violate, conflict with, or constitute a default under any Contract or Other Agreement or other instrument to which USCO is a party or by which it or its property is bound; (b) require the consent of any party to any Contract or Other Agreement to which USCO is a party or by which it or its property is bound; or (c) violate any Law or Order to which USCO or its property is subject. As of the Closing Date, neither the execution and the delivery of the Agreement and all other Company Documents nor the consummation of the purchase and sale transaction of the New Shares contemplated herein will violate any provision of the Articles of Association, bylaws or other USCO documents.

3. Authority to Execute and Perform Agreement. USCO has all necessary corporate power and has taken all corporate action, including approval of the shareholders meeting and the board of directors meeting necessary for the authorization, execution and delivery of the Agreement and any other agreement or instrument executed in connection herewith and therewith, for the performance of USCO's obligations in the Agreement. The Agreement when executed and delivered constitutes the valid, legal and binding obligations of USCO, enforceable against USCO in accordance with its terms.

4. Consents and Approvals. No consent, license, approval, order or authorization of, or registration, filing or declaration with, any Authority is required to be obtained or made, and no consent of any third party is required to be obtained, by USCO in connection with the execution,

delivery or performance of the Agreement or the consummation of any other transactions contemplated hereby, except report requirement to Korean Government as advised from Korean counsel of USCO.

By -----
Attorney

Copy of corporate registration and English translation thereof.
Resolutions of the shareholders and the board, and English translation thereof
Certificate of report to Korean Government or its agency (to be supplied after payment of share price)

Exhibit E

List of KUT's Properties and Assets

(Attached below)

