

LUFTHANSA TECHNIK TURBINE SHANNON

GENERAL TERMS AND CONDITIONS OF CONTRACT

Effective 1st January 2004, until further notice.

1. DEFINITIONS

The following words shall have the following meanings unless the context of their use requires otherwise:

"LTTS" shall mean Lufthansa Technik Turbine Shannon.

"Customer" shall include any person, firm or body corporate for whom or at whose request work is done or services rendered.

"Services" shall mean work undertaken by or on behalf of LTTS.

"Premises" shall mean the LTTS facility at World Aviation Park, Shannon, Ireland.

"Delivery" shall mean a component or set of components being sent from the Customer to LTTS for repair covered by one (1) purchase order.

"Re-Delivery" shall mean a component or set of components being ready for dispatch from LTTS to the Customer covered by one (1) invoice.

"Turntime" shall mean the time required to carry out a standard repair on a component which begins on receipt of the component at the LTTS facility and expires when the component has completed its repair and inspection cycle.

Any other technical expressions not otherwise defined herein shall where the context so admits have the same meaning as that in the latest edition of the World Airlines Technical Operations Glossary published by the International Air Transport Association.

Where the context permits any expression in the singular number shall include the plural and visa versa.

2. TERMS

2.1. These Terms and Conditions shall be in lieu of all Terms and Conditions appearing on any purchase order submitted by the Customer, except that the workscope, and quantity, shall be as set forth in any accepted purchase order. These Terms and Conditions contain the whole agreement between LTTS and the Customer and supersede any prior promises, representation, undertakings or implications.

2.2. LTTS shall have the right to subcontract any of the Services either in whole or part unless otherwise specifically agreed between the parties.

2.3. Any failure at any time of either party to enforce any provision of these terms and conditions will neither constitute a waiver of such provision nor prejudice the right of such party to enforce such provision at any subsequent time.

2.4. All agreements will in all respects be subject to and interpreted in accordance with the Laws of the Republic of Ireland and, in the event of any dispute, the Parties hereto agree to be bound by the jurisdiction of the Irish Courts.

3. PROCEDURES

3.1. The Customer shall at Customer's expense Deliver the components to the Premises packed in accordance with good commercial practice.

3.2. In relation to each individual Delivery, the Customer will make best endeavours to notify LTTS at least 1 week prior to shipment, of the description, number of components, and nature of expected repairs in that Delivery.

3.3. Each Delivery shall be accompanied by the Customer's purchase order.

3.4. LTTS shall notify the Customer with the results of the initial inspection of the components which shall outline expected levels of repair required and expected level of scrappage, during the repair cycle, LTTS shall notify the Customer if it transpires that the level of scrappage or repair differs significantly from that indicated in the report

3.5. Where applicable, LTTS shall Re-Deliver the components to the Customer at the Premises packed in accordance with good commercial practice. LTTS will notify the Customer of the availability of the components at which time LTTS's Re-Delivery obligations shall be deemed to be fulfilled.

3.6. The Customer shall provide LTTS with the following component details; part number and serial number, flight time and cycles since last repair and where applicable, flight time and cycles since new. In the event of any component having been involved in an abnormal incident or exceedence, the Customer shall provide a report detailing such incident or exceedence no later than at the time of delivery of the component for repair.

3.7. LTTS shall have the right to determine the extent of repairs necessary in order to make the component serviceable in accordance with the relevant manufacturers specifications.

3.8. All repair and inspection work carried out by LTTS shall be in accordance with procedures approved by the Irish Airworthiness Authority, (being a member of the Joint Aviation Authority), and where applicable, by the engine manufacturer.

3.9. LTTS shall provide to the Customer a Maintenance Release Certificate in respect of each repaired component.

3.10. LTTS shall maintain complete records of repairs carried out on each component for a period of not less than 3 years after completion of the repair.

3.11. LTTS is at liberty to destroy scrapped or non-repairable components after completion of the Services unless otherwise instructed in writing by the Customer.

4. INVOICING AND PAYMENT

4.1. Invoices shall be issued when the repair components are prepared for shipment.

4.2. Payment with no deduction shall be made within 30 days from the date of issue of the invoice in the currency of the invoice to the Bank of Ireland Shannon Industrial Estate Branch, international sort code 90-45-28 account number 23847829.

4.3. If any payment to be made hereunder is overdue then LTTS shall charge interest thereon at an annual rate of 3% above the then applicable LIBOR interest rate (being the London interbank rate) from the time applicable until the sum due is paid, such interest accruing on a daily basis.

5. CUSTODY AND CONTROL

5.1. Care, custody and control of the component shall pass from the Customer to LTTS on receipt of the components at the Premises

5.2. On completion of the Services, LTTS shall make the component available for collection by the Customer at the Premises, care custody and control of the component shall pass from LTTS to the Customer on acceptance by the Customer or its agent.

6. TAXES

The Customer shall assume full responsibility for and indemnify LTTS against all taxes (but excluding any taxes relating or calculated by reference to income or capital gains of LTTS wheresoever imposed), duties, imposts, assessments, levies and fines and the cost of any customs bonds which may arise or for which LTTS may be liable, arising in any way out of the operation of any agreement. The Customers liability and obligations under this clause shall survive the termination of the any agreement.

7. WARRANTY

LTTS warrants that it will repair or replace at no extra charge to the Customer any component that fails or is shown to be defective within 1000 flight hours or 12 months, whichever comes first, after the date of certification of repair by LTTS provided that:

- a) No operational mishandling has taken place which might cause accelerated deterioration of the part,
- b) The defect or failure is clearly shown to result from inferior workmanship on the part of LTTS,
- c) The component has not been repaired or modified after last repair by LTTS,
- d) Notification of the warranty claim is received by LTTS not later than 4 weeks after the occurrence of the defect or failure.

Subject to the provisions of Clause 10 hereunder the provisions of this warranty are in substitution for, and exclude all express, implied, statutory or other warranties, guarantees, conditions or liabilities (whether as to fitness, quality, standard of workmanship or otherwise), and, save as provided herein, LTTS will not be liable in tort or in contract, or otherwise, to the Customer at any time for loss of, or damage to, any components, arising out of the installation and subsequent use thereof in any engine or otherwise.

8. INDEMNITY/ INSURANCE

8.1. Save in respect of any liability of LTTS under Clause 7, LTTS, its agents, sub-contractors and wholly owned subsidiaries, and its and their respective employees, shall not be responsible for, and the Customer will indemnify and hold harmless LTTS, its agents sub-contractors and wholly owned subsidiaries, and its and their respective employees from and against any and all claims, costs and or liabilities howsoever arising and of what ever nature, and whether in contract or in tort in respect of the Services provided to the Customer under this Agreement, unless caused by the wilful misconduct and gross negligence of LTTS, its agents, sub-contractors and wholly owned subsidiaries, and its and their respective employees acting in the scope of their employment or subcontract respectively.

Regardless of the above LTTS, its agents, sub-contractors and wholly owned subsidiaries, and its and their respective employees shall not be responsible for any consequential damages.

8.2

The Customer agrees to effect and maintain if full force Hull All Risks Insurance and All Risk Property Insurance containing a Waiver of Subrogation in favour of LTTS, its agents, sub-contractors and wholly owned subsidiaries, and its and their respective employees as well as a comprehensive Legal Liability Insurance including LTS, its agents, sub-contractors and wholly owned subsidiaries, and its and their respective employees as additional assured. Upon request, Customer will provide LTTS with a Certificate of Insurance evidencing these provisions.

9. FORCE MAJEURE

LTTS will be excused from liability in respect of any failure to perform its obligations under these Terms and Conditions of Contract arising from any of the following causes:

- a.) Labour disputes involving complete or partial stoppage of work or strikes, threatened or actual,
- b.) Force Majeure, or any other cause reasonably beyond the control of either party, including but not limited to acts of god, governmental interference, direction or restriction, supervening illegality, war, civil commotion, riot, explosion or flooding,

c.) Non-availability of spares, modification kits or any other material required for the repair of the components due to any reason beyond the control of LTTS.

Provided that LTTS shall promptly notify the Customer of the cause and probable duration of any such failure, and will use its reasonable endeavours to minimise the effects thereof.

10. TERMINATION

10.1 Either party may terminate any contract by written notice to the other at any time if any of the following occur:

10.1.1. The other party files a voluntary petition in bankruptcy or insolvency.

10.1.2. Proceedings in bankruptcy or insolvency are instituted against the other party and are not contested or opposed within 30 days thereafter.

10.1.3. A Court takes and retains for at least 30 days, jurisdiction of the other party or its assets under any re-organisation or insolvency.

10.1.4. A receiver of the other party, or of a substantial proportion of its assets, is appointed and is not discharged within 30 days.

10.1.5. The other party becomes insolvent or suspends business.

10.1.6. The other party makes an assignment for the benefit of its creditors.

10.1.7. The other party commits a substantial breach of this agreement which is incapable of remedy.

10.1.8. The other party commits a material breach under this agreement which is capable of being remedied and which shall not have been remedied within 30 days of the receipt of a notice in writing requiring the remedy of such default.

10.2 Upon notification or termination of the Agreement so provided in this Clause then:

10.2.1. LTTS agrees that any work in progress at the intended date of termination shall be completed (unless the parties otherwise agree) and the provisions of any agreement shall continue to apply until all matters in respect thereof have been discharged.

10.2.2. LTTS's warranty for Services will remain valid for the period as stated in Clause 7 hereof.

11. COMPLIANCE WITH U.S. GOVERNMENT REGULATIONS:

11.1. The Customer acknowledges that it is familiar with current Export Administration Regulations of the U.S. Department of Commerce, and the International Traffic In Arms Regulations (I.T.A.R.) of the U.S. Department of State (hereinafter called "the Regulations") and warrants to LTTS that none of the components in respect of which Services are to be rendered under this Agreement shall be exported directly or indirectly to a prohibited destination.

11.2. The Customer undertakes to keep itself informed of the Regulations (including amendments and changes thereto) and agrees to comply therewith.

11.3. All provisions in this Agreement which refer to the U.S. Government, U.S. Department of State, or the U.S. Department of Commerce, as amended, shall remain binding on the parties after the termination of the Agreement.